NewRiver REIT PLC

Unaudited half year results for the six months ended 30 September 2021

25 November 2021

Rebuilding earnings with a significantly strengthened balance sheet

Allan Lockhart, Chief Executive commented: "We are pleased to report that in the first half of FY22 our operational and financial metrics have improved significantly. Underlying Funds From Operations have increased by 67% and we have declared an interim dividend of 4.1 pence which compares favourably to the 3.0 pence per share paid in respect of the entire FY21. We have strengthened our balance sheet with LTV reduced from 51% at year end to 39% as a result of stabilising valuations and £236 million of disposals in the first half, including the disposal of Hawthorn. Following £335 million of debt repayment during the period we currently have no refinancing obligations on drawn debt until March 2028.

We have sustained the resilient operational performance achieved during the pandemic. Rent collection is moving to a normalised position and we have maintained our leasing momentum with average pricing exceeding valuers' ERVs over the last twelve months.

We end the first half of the year in a stronger position and, with the benefit of an improving market backdrop and our clear strategic plan, we are well positioned to achieve our medium term target of a consistent 10% total accounting return."

Financial results

- Underlying Funds From Operations up 67% to £15.5m
- UFFO per share up 70% to 5.1p
- Interim dividend of 4.1p per share (HY21: nil) in line with revised policy announced in June
- Retail Net Property Income up 6.8% to £25.2m
- Retail portfolio valued at £702m; down -3.1% on like-for-like basis
- Retail IFRS loss after tax of -£16.6m (HY21: loss of -£79.3m)
- Pub IFRS loss after tax of -£33.3m including loss on disposal (HY21: loss of -£13.0m)
- EPRA NTA per share down 13% to 131p; 11p reduction as a result of Hawthorn disposal

Positive strategic progress

- Completed the disposal of pub business, Hawthorn, for gross proceeds of £224.0m
- Completed £24.4m of retail disposals at 2.2% premium to valuation; on track to exit Work Out assets by end FY23
- Disposal of "Regeneration" Shopping Centre in Penge delivered as planned post period end for gross proceeds of £12.4m, reflecting net initial yield of 3.1% and 35% premium to March 2021 valuation

Strong financial position

- LTV reduced from 50.6% at 31 March 2021 to 39.4% at 30 September 2021; now within guidance
- Net debt reduced by 44% to £276.4m
- Weighted average debt maturity extended from 4.3 years to 5.2 years and no maturity on drawn debt until 2028
- Fully unsecured balance sheet with drawn debt reduced by £335m
- Significant cash and available liquidity of £162.3m

Resilient operational performance

- Rent cash collection for H1 averaging 90% - significantly ahead of last year - and Q3 tracking at almost 90% cash collection
- 383,800 sq ft new lettings and renewals completed across the portfolio; long-term transactions at average 11.6% premium to ERV
- High, stable retail occupancy of 95.8% (31 March 2021: 95.8%)
- Entered into portfolio agreement with APCOA, Europe's largest car parking solutions operator, which is performing ahead of expectations
- 670,000 sq ft of planning consents in relation to Cowley and Burgess Hill secured in financial year to date

Continued focus on ESG

- Committed to net zero target aligned with a 1.5°C scenario and on track to publish pathway in FY22
- Net zero asset assessments undertaken to understand indicative costs of reaching net zero carbon
- Signatory of the Better Building Partnership Climate Commitment
- 13% uplift in our 2021 GRESB score to 68

Results summary

Performance	Note	HY22	HY21	Change
Underlying Funds From Operations (‘UFFO’)	(1)	£15.5m	£9.3m	+67%
UFFO per share	(1)	5.1p	3.0p	+70%
Ordinary dividend		4.1p	-	
Ordinary dividend cover	(2)	125%	-	
Interest cover	(3)	2.7x	3.5x	
Net Property Income		£32.4m	£27.1m	
IFRS Loss after taxation		-£49.9m	-£92.3m	
IFRS Basic EPS		-16.3p	-30.1p	
Total Accounting Return	(4)	-11.3%	-14.9%	
GRESB Score	(5)	68	60	

Balance Sheet	Note	Sep 2021	March 2021	Change
IFRS Net Assets		£402.1m	£460.4m	
EPRA NTA per share	(6)	131p	151p	-13%
Balance Sheet (proportionally consolidated)	(7)	**Sep 2021**	**March 2021**	
Net debt		£276.4m	£493.3m	
Principal value of gross debt	(8)	£318.1m	£653.1m	
Cash		£37.3m	£154.3m	
Weighted average cost of debt	(9)	3.4%	3.2%	
Weighted average debt maturity	(10)	5.2 years	4.3 years	
Loan to value	(11)	39.4%	50.6%	

Notes:
(1) Underlying Funds From Operations (‘UFFO’) is a Company measure of underlying operational profits which excludes one off or non-cash adjustments as set out in Note 11 to the Financial Statements and in the Finance Review. UFFO is used by the Company as the basis for ordinary dividend policy and cover
(2) Ordinary dividend cover is calculated with reference to UFFO
(3) 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
(4) Total Accounting Return is the EPRA NTA per share movement during the half, plus dividends paid in the period, divided by EPRA NTA per share at the start of the period
(5) GRESB is the leading sustainability benchmark for the global real estate sector, and its annual assessment scores participating companies out of 100
(6) EPRA Net Tangible Assets (‘NTA’) is based on IFRS net assets excluding the mark to market on derivatives and debt instruments, deferred taxation on revaluations, goodwill, and diluting for the effect of those shares potentially issuable under employee share schemes
(7) Proportionally consolidated means Group and share of JVs & associates
(8) Principal value of gross debt being £300.0 million of Group and £18.1 million share of JVs & associates
(9) Cost of debt assuming £125 million revolving credit facility is fully drawn
(10) Contracted weighted average debt maturity on total debt. September 2021 position includes impact of one-year RCF extension agreed post period end
(11) Is the ratio of gross debt less cash, short-term deposits and liquid investments to the aggregate value of properties and investments

For further information

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

Results presentation

A pre-recorded presentation will be streamed at 09:30am today on our website (www.nrr.co.uk) and at the following link: https://secure.emincote.com/client/newriver/halfyearresultsfy22. This will be followed immediately by a live Q&A session for investors and analysts.

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

Forward-looking statements

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

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

Chief Executive's review

Strong recovery in financial performance

We have made excellent progress in rebuilding Underlying Funds From Operations, delivering £15.5 million in the first half. This exceeds the £11.5 million UFFO delivered in the whole of the previous financial year and demonstrates our strong recovery. As a result our dividend has also increased to 4.1 pence per share.

Our portfolio valuation is now stabilising, with a like-for-like reduction in the retail portfolio of only -3.1%, compared to -9.4% in the first half and -6.1% in the second half of the last financial year. Core and Regeneration Shopping Centre valuations are stabilising while Retail Parks continue to deliver capital growth. The overall decline is driven by our Work Out assets which we are on track to exit by the end of FY23.

Disposals of £236 million in the first half, including the disposal of our pub business Hawthorn, have significantly strengthened our balance sheet, by reducing LTV from 50.6% as at March 2021 to 39.4% in September.

During the period we have also engaged with our unsecured lenders to achieve the right balance between maintaining liquidity, maximising finance cost efficiency and extending debt maturity. Post period end we have agreed an extension of our undrawn Revolving Credit Facility ('RCF') to August 2024. We now have no refinancing requirements based on current drawings until FY28 and a cash and liquidity position in excess of £162 million.

Post period end we have completed an additional £16.8 million of retail disposals, reducing our LTV to 38.0% on a pro forma basis. This has resulted in additional balance sheet strength and moves us closer to a position where we have surplus capital to deploy in line with our capital allocation policy.

Revised strategy underway

Our revised retail strategy aims to deliver a consistent 10% total accounting return underpinned by a resilient retail portfolio, focused on Retail Parks, Core Shopping Centres and Regeneration, and a strong and flexible balance sheet.

Our strategy incorporates three main pillars: disposals, redeployment and regeneration.

Disposals will be focused on assets where we believe we can achieve a lower risk profile or higher return through disposal and redeployment of capital. We expect our disposal programme over the next five years to total approximately £300 million.

In the first half of the year we completed the disposal of £236 million of assets, of which Hawthorn was the most significant. Our strategic decision to dispose of Hawthorn, first announced in April 2021, reflected our assessment of the forward looking risk and return profile of this business. The pricing achieved represented an earnings multiple of 11.5x, based on the estimated pro-forma EBITDA for the year ended 31 March 2020, which was at the upper end of our pricing expectations, and was the key contributor in reducing LTV from 50.6% presented at March 2021 to 39.4% at September 2021.

Furthermore, the proceeds enabled us to significantly reduce our drawn debt position; since March 2021 drawn borrowings have reduced by £335 million through the repayment of the £170 million outstanding balance on the RCF and the £165 million term loan.

Alongside the disposal of Hawthorn we have also made good progress with our retail disposal programme. We plan to exit our Work Out assets, which represent only 15% of our portfolio by value, by the end of FY23. To date we have completed the disposal of four Work Out shopping centres and we expect to have completed the disposal of the remaining seven Work Out assets that have been identified for sale by the end of FY23. We are also well underway with asset management initiatives to reposition four of our Work Out assets into Core shopping centres. One such example is the Capitol Centre, Cardiff where we are setting out to create a new and re-energised destination within the city centre. We have exchanged the Agreement for Lease with Kommune to deliver a new food hall which will bring together exciting independent kitchens and retailers for a social all-day dining experience at the heart of the centre. The space will extend to 15,000 sq ft with over 500 covers. We will also undertake a refurbishment and re-branding of the centre coupled with the significant expansion of the gym operator.

Redeployment, our second pillar, drives our increasing resilience. We use our internal models, market research and in-house experience to identify potential acquisition targets which display resilient characteristics. We have the option of acquiring these assets either on our balance sheet or through capital partnerships.

Capital partnerships offer significant financial flexibility in relation to our equity investment which means that we can generate higher returns through a capital light approach whilst enhancing risk diversification.

Building on our successful capital partnership with BRAVO we completed the acquisition of a 10% interest in The Moor, Sheffield, as part of a £41.0 million acquisition (NewRiver share; £4.1 million) during the period. The Moor is a 680,000 sq ft retail and leisure estate across 28 acres in Sheffield city centre which offers numerous development opportunities and is already performing well above expectations. Since FY20, the assets under management within our BRAVO capital partnership have grown to over £200 million and we expect this figure to grow over the medium term to approximately £500 million.

Regeneration is the third pillar of our strategy which has the potential to deliver capital growth through the redevelopment of surplus retail space into a sustainable alternative use, principally residential.

The capital growth potential associated with our Regeneration activity is demonstrated by our recent disposal of Blenheim Shopping Centre in Penge. We sold this asset to a leading residential developer for gross proceeds of £12.4 million, reflecting a net initial yield of 3.1% and a 35% premium to its March 2021 valuation, following our successful pre-application consultation with Bromley Council.

Further Regeneration highlights include the completion of Section 106 and Section 278 agreements triggering the issue of formal planning consent at Templars Square Shopping Centre in Cowley and successful pre-application discussions relating to our regeneration project at Grays Shopping Centre in Thurrock. The valuation of our Regeneration assets has been relatively stable over the period (-1.6% decline) and we expect to see future capital growth as our projects progress.

Resilient operational performance

Our retail portfolio, focused on essential retailing for local communities, continued to generate strong operational metrics during the period. Rent collection is now close to a normalised position. Encouragingly, the vast majority of occupiers are making rental payments in accordance with COVID deferral agreements and we are continuing to collect payments in respect of the previous financial year. Average cash collection rates for the half-year stand at 90%, a significant improvement compared to the same point last year when we had collected 79%. We believe that our affordable rents, strong occupier relationships and improving trading backdrop have enabled us to deliver a strong performance despite the UK Government's rental moratorium being extended to March 2022.

During the period we completed 383,800 sq ft new lettings and renewals across our retail portfolio with long-term deals on average terms 11.6% ahead of valuation ERV. Leasing pricing has, on average, exceeded ERV across the last twelve months. Our sustained leasing activity has ensured a high, stable occupancy rate of 95.8% (31 March 2021: 95.8%).

We have secured 670,000 sq ft of planning consents relating to Cowley and Burgess Hill developments and we have now started the preparatory work to secure planning permission for at least a 250 unit build to rent scheme at The Moor, Sheffield. We are underway with works to create a 19,000 sq ft unit for Aldi in Dewsbury and following period end we completed our development of an 85-room Premier Inn at a former high street unit in Romford, Greater London, which we previously sold as part of a pre-let forward funding agreement.

ESG focus – improving credentials and net zero carbon pathway

Following our net zero carbon commitment made in the previous financial year in support of the UK's aim of achieving net zero carbon emissions by 2050, we have now formalised our net zero carbon pathway outlining how we will meet our carbon reduction targets. The pathway will be submitted to the Science Based Targets initiative (SBTi) this January and should be formally approved by the end of this financial year. In addition, we have now signed the Better Building Partnership Climate Commitment.

This summer we commenced work to assess the costs associated with reaching net zero carbon at our assets and we plan to report on these findings next year. Furthermore, every one of our assets now has an Environmental and Social Plan which identifies and assesses the feasibility of various asset-level initiatives that would contribute to the achievement of our short, medium and long-term ESG targets.

In terms of ESG performance we achieved a 13% uplift in our 2021 GRESB score. Pleasingly, we achieved the maximum score for the Social and Governance sections and achieved the greatest outperformance versus the benchmark in Risk Management, Stakeholder Engagement, Leadership Practices and Tenants and Community.

This year we have also been awarded Gold in the European Public Real Estate Association for Sustainability Best Practice Recommendations and Best Practices Recommendations. Both sets of recommendations focus on transparency and improving the comparability across the reports of different companies operating in Europe. Our award represents a significant improvement on the Bronze we were awarded last year.

Improving market backdrop and outlook

Consumer spending continues its rebound and it is clear that, despite an understandable acceleration in online shopping over the pandemic, physical retail remains the dominant channel accounting for almost 60% of non-food sales. Within the grocery sector less than 15% of food sales are performed online and almost 90% of the UK online grocery market is fulfilled from retail outlets.

Outstripping the growth in online retail is click & collect; spend in this area is forecast to increase by £3.1 billion in the next five years across all UK retail, rising 45.8% to reach £9.8 billion by 2024. This is very supportive for our community centred assets which have the retailers, parking and accessibility required for this type of fulfilment model. Retailers recognise the role of physical store networks as effective fulfilment centres which can also be used to process online returns at reduced costs. Indeed, major retailers are actively encouraging click & collect for economic reasons and multichannel retailers within our own portfolio have highlighted the vital importance of stores to their online sales fulfilment. Amazon, the UK's largest online retailer, also recognises the important role that physical stores can offer in customer engagement through click & collect which is why Amazon is increasing their Amazon Fresh and Amazon 4-star store formats.

Coupled with an improvement in the consumer and retailer backdrop, liquidity in the retail real estate market has shown a clear improvement this year. This is particularly the case in the retail park sector where 2021 is expected to record the second highest deal volume in the past 10 years. Transaction volumes for shopping centres are already three times higher than the whole of 2020. The improving liquidity across the retail asset class, driven by private investors in shopping centres and increasingly institutional investors in retail parks, offers support for further valuation growth.

With improving market sentiment, a strengthened balance sheet and resilient retail strategy we are well positioned to achieve our objectives and deliver attractive shareholder returns.

Allan Lockhart
Chief Executive

Portfolio review

Highlights

- Rent cash collection for H1 averaging 90% - significantly ahead of last year – and Q3 tracking at a similar level
- Completed 383,800 sq ft new lettings and renewals; long-term deals on average 11.6% above valuation ERV
- Retail occupancy remains high at 95.8% (31 March 2021: 95.8%); average rent affordable at £11.51 per sq ft
- Entered into portfolio agreement with APCOA, Europe's largest car parking solutions operator, performing ahead of expectations
- 670,000 sq ft of planning consents in relation to Cowley and Burgess Hill secured in financial year to date
- Completed construction of 85-room Premier Inn in Romford alongside a new lease
- Like-for-like retail valuation movement of only -3.1% during the period indicating valuation stabilisation

Retail operations

Overview

Our UK-wide retail portfolio comprises 30 community shopping centres, 18 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 near to where people live, 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.

Rent collection

Rent collection figures have progressively improved as we emerge from the pandemic period. Occupiers continue to make payments due under COVID deferral agreements, increasing our rent collection rate in respect of FY21, and the rent collection rate in FY22 to date is tracking at 89%. This represents a material improvement compared with the same point last year. Despite the extension of the UK Government's rental moratorium until March 2022 we have managed to achieve rent collection figures approaching pre-pandemic periods. This reflects the improving market backdrop, the strength of our occupier relationships, the affordability of our rents and the resilience of value and essential retail.

Rent cash collection rate by quarter

	Q1	Q2	Q3
As at 18 November 2021	88%	92%	88%
As at 20 November 2020	77%	81%	81%

Leasing activity

During the period we completed 383,800 sq ft of new lettings and renewals across our retail portfolio, representing £2.5 million of annualised rent. On average, long-term deals were signed 11.6% ahead of March 2021 ERVs. There have been no new material Company Voluntary Arrangements (CVAs) or Administrations in the period, reflecting the improved trading environment and the strength of our diversified retailer base as we emerge from the pandemic period. Occupiers affected by CVAs and Administrations in the previous financial year, primarily BrightHouse, New Look, Clarks, Clintons and Peacocks, have now been replaced or we have reached revised rental agreements with them at long-term sustainable rents.

Mid-market fashion and department stores have remained the most vulnerable sectors within retail. Long recognising this 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.

Long-term leasing deals had an average length of 6.7 years. Our leasing activity continued to reflect our focus on occupiers providing convenience and value, as we signed deals with retailers including Homebase, Superdrug, Boots and Costa. Our occupancy rate remained high and stable at 95.8% (31 March 2021: 95.8%) with an encouraging retention rate of 91% which reflects the ongoing appeal of our space.

In November we exchanged on an agreement for lease with Kommune, a social dining operator, who will enter into a new 10 year lease over 15,000 sq ft in the heart of the Capitol Shopping Centre, Cardiff. This is a significant milestone for the Capitol Centre and will be combined with the refurbishment and re-branding of the centre. This is integral to repositioning the Centre from our Work Out shopping centre category to Core. We expect to be well progressed with the rejuvenation of the Capitol by summer 2022.

APCOA agreement

During the period we completed a long-term portfolio agreement with APCOA, Europe's largest car parking solutions operator, to deliver their innovative urban mobility hub concept across external areas within our shopping centres and retail parks. This commercial partnership will reactivate under-utilised space, increase our ancillary revenue and improve customer experience by expanding the range of services available at our community centred retail assets. Additional revenue streams will be generated from a range of community focused projects including the provision of electric vehicle charging, cycle parks, multi-locker hubs for customers and local businesses, car maintenance servicing and valeting, dark kitchens as well as many more innovative solutions. A number of these projects are already underway and performing ahead of expectations with more planned to launch later in the year.

Third-party asset management platform

Following the five-year renewal of our third-party asset management mandate earlier this year with Canterbury City Council for Whitefriars Shopping Centre, we are pleased to have secured a further mandate with Canterbury City Council for the new Riverside development. This is a cinema and leisure led development, only a 15-minute walk from the city centre, which includes 189 social housing units and 491 student accommodation units. The anchor tenant, Curzon Cinema, is expected to open in summer 2022 and we are under offer and in negotiations with a number of national F&B operators

Occupational profile

Our retail rental income is well-diversified, with 1,700 leases across over 800 different occupiers, primarily focused on providing essential goods and services. Our top tenants in terms of gross rental income at period end were B&M, Poundland and Wilko, each accounting for under 3% of total rent. This diversification, combined with our affordable rents of £11.51 per sq ft, underpins the sustainability of our income.

Top occupiers

Rank	Occupier	% Total gross income
1	B&M	2.8
2	Poundland	2.8
3	Wilko	2.6
4	Primark	2.4
5	Boots	2.3
6	Superdrug	2.3
7	TK Maxx	2.2
8	Marks & Spencer	2.0
9	Sainsbury's	1.8
10	Iceland	1.8
	Subtotal	**23.0**
11-25	e.g. Next, B&Q, WHSmith, Home Bargains	16.1
26-100	e.g. Greggs, Costa, Tesco, Dunelm	27.4
	Total	**66.5**

Development

We have made great progress during the first half of the financial year and following the period end across our development and regeneration opportunities. The highlights include the sale of Blenheim Shopping Centre, Penge for £12.4 million, reflecting a net initial yield of 3.1%, the handover of a new 85 bed hotel to Premier Inn as part of a pre-let forward funding agreement and the release of planning Decision Notices for both Cowley and Burgess Hill totalling 670,000 sq ft. We expect this progress to continue into the second half of the financial year.

Residential-Led Regeneration

As owners of large site footprints in town centre, amenity abundant and public transport linked locations, our regeneration projects give us an opportunity to sustainably improve neighbourhoods and deliver asset value growth. Regeneration of historically under-invested town centres and 'Levelling Up' has surged to the top of the Government's agenda and this presents an opportunity for us. Typically, the regeneration projects are residential-led and allow us to rationalise retail space to provide much needed new homes.

We work with local authorities to define an initial scheme with low capex and once proven, we advance through a staged programme of capital investment to a point where the proposals will generate value. We can then draw on a range of options for disposal or project delivery to ensure capital growth in a capital light way.

The majority of our development pipeline is within the Regeneration Shopping Centre portfolio.

A summary of the key regeneration projects is provided below.

Penge: In October 2021 we completed the sale of the fully let Blenheim Shopping Centre, Penge, to a residential development company focused on Greater London for gross proceeds of £12.4 million, reflecting a net initial yield of 3.1%, a 35% premium to its March 2021 valuation. The asset was acquired in December 2015 for £6.9 million, and the Company spent a further £2.3 million to unlock the opportunity to deliver in excess of 250 new homes. This disposal completed following our successful acquisition of the freehold title from The London Borough of Bromley Council in June 2021 and a pre-application planning consultation. It demonstrates the significant returns available through our regeneration activity and an ability to deliver social benefits as the title holder of the site must deliver a minimum of 35% affordable housing provision within the new scheme.

Cowley: We acquired Templars Square Shopping Centre in Cowley, Oxford for £24.6 million in December 2012. In July 2017, Oxford City Council approved plans for a major 236,000 sq ft residential led mixed-use development to regenerate Templars Square Shopping Centre. Following period end we completed the Section 106 and Section 278 agreements which enabled Oxford City Council to release the planning Decision Notice. This asset is currently under offer and we expect to complete the transaction before the financial year end.

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. Working closely with Thurrock Council we are now progressing with the next stage of detailed design drawings ahead of submitting an outline planning application which will open the streets of the town centre, create new public squares and green spaces with up to 900 new homes. The reduced retail offering will ensure more resilient retail space and a long-term sustainable future for both the existing community and future residents.

We are already in discussions with a potential capital partner to collaborate with once we have achieved the outline planning consent.

Bexleyheath: We acquired the Broadway Shopping Centre in Bexleyheath for £120.3 million in 2016. The shopping centre and adjacent Broadway Square Retail Park comprise 519,700 sq ft of retail space across an 11-acre site in the centre of Bexleyheath, only 12 miles from central London. Bexley Council have identified a requirement for an additional 1,500 new homes in the town centre.

The potential development provides a rare opportunity to enhance the future direction of the town centre. Our latest designs demonstrate the potential for up to 600 residential units and we plan to start pre-application discussions with the Council by the final quarter of this financial year. Once outline planning consent is secured, we have the option of a disposal or entering a 50:50 capital partnership. We have received early interest from major housebuilders.

Burgess Hill: In September 2020, Mid Sussex District Council approved our revised planning application for a 465,000 sq ft mixed-use regeneration scheme in Burgess Hill town centre. Working closely with local stakeholders, we adjusted the design of the scheme to increase residential provision from 142 units to 172, and reduce space designated for retail. Following completion of the Section 106, the planning Decision Notice was issued by Mid Sussex District Council in July 2021. We are now considering a partial implementation approach which could bring forward 172 homes, a new car park and refurbished retail units as phase one of the consented scheme.

Sheffield: In April 2021 we completed the acquisition of a 10% interest in The Moor, Sheffield, as part of a £41.0 million acquisition by our BRAVO relationship. The Moor is a 680,000 sq ft retail and leisure estate across 28 acres 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.

NewRiver identified significant mixed-use development opportunities at The Moor and in phase one of our regeneration proposals, we will be looking to obtain planning consent for at least a 250 unit Build To Rent scheme on the current Wickes site.

Development Opportunities

Our overall portfolio presents a range of opportunities for smaller-scale, value-add development projects which we typically fund and deliver ourselves. The sites become available through surplus land, largely on car parks, and a requirement to rationalise retail floor space.

A summary of the key development projects is provided below.

Romford: Following period end we issued practical completion for the development of an 85-room Premier Inn at a former department store in Romford, Greater London. This development has been sold to a property investor as part of a pre-let forward funding agreement and we received a bullet payment of £505,000 on the completion of our lease with Premier Inn. Our development team's efforts resulted in the award of BREEAM 'Very Good' certification for our design stages of the construction of the Premier Inn, a significant achievement for a retrofit project.

Wallsend: In February 2021 planning consent was granted for the development of a new medical centre on land adjacent to The Forum Shopping Centre in Wallsend. In conjunction with North Tyneside Council, we completed on the sale of the option site to a primary care property specialist in July 2021, and we anticipate that the new medical centre will be open by Summer 2022. As well as improving the amenity for the community, it will also improve footfall into the shopping centre.

Dewsbury: In the previous financial year we 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 will be vacated by Next. We achieved planning in March 2021 and our works for the Aldi store are now underway with practical completion on track for May 2022.

Fareham: We are in the process of seeking permission for the reconfiguration of the highway infrastructure and parking arrangements within Locks Heath Shopping Village. Following revision of plans and having been recommended for approval at the September 2021 Planning Committee, we anticipate securing permission this year. The scheme will greatly improve our customer experience and make surplus land available for new homes which will give more vitality to the centre, increase footfall, and generate capital value.

Newton Mearns: We are under offer to a residential developer to dispose of a surplus car parking site at The Avenue Shopping Centre, Newton Mearns for the creation of 30 new homes.

Witham: We are working up proposals to deliver a new medical centre and 50 new homes at a thriving centre, Newlands Shopping Centre, in our Core portfolio.

Sprucefield: As part of our BRAVO relationship, we are developing proposals to deliver two new drive-thru units and a restaurant unit, with offers having been received on each. We are also in discussions with occupiers to sell surplus land that will accommodate new separate retail units of 30,000 sq ft and 20,000 sq ft with associated car parking.

Hastings: NewRiver and Hastings Borough Council, through a Memorandum of Understanding agreement signed in November 2020, have worked closely together to help prepare and submit a bid to the Government's Towns Fund and in July the Ministry of Housing, Communities & Local Government confirmed that £24.3 million grant funding has been allocated to Hastings. Hastings Town Centre has been allocated £8 million, £2 million of which was allocated to NewRiver's Priory Meadow shopping centre. The funds will be deployed in the conversion of a former retail unit into office and gym space and in the delivery of approximately 100 new apartments.

Valuation

At 30 September 2021, our portfolio was valued at £702 million (31 March 2021: £974 million), reflecting the impact of the Hawthorn pub disposal (£248 million), retail disposals (£10 million) and a 3.1% like-for-like decline in retail portfolio valuation (£22 million). The like-for-like decline was driven by 7 bps outward yield shift and a minimal 0.8% decline in ERVs, mirroring our resilient leasing performance during the period. The portfolio is now valued off an equivalent yield of 9.0% (FY21: 8.9%).

The valuation movement across our retail portfolio of -3.1% in the six months to 30 September compares favourably to retail portfolio movements of -9.4% in the first half and -6.1% in the second half of FY21 and represents the strongest performance in over two years. We are encouraged by this evidence that valuations are now stabilising after a prolonged period of market uncertainty and volatility. Excluding Work Out and Other assets the portfolio valuation increased by 0.4% in the six months to 30 September 2021.

Investor demand and liquidity are increasing across the wider retail market. Retail parks continue to grow in appeal; £2.7 billion of retail park transactions have already concluded in the first three quarters of this calendar year and 2021 is on track to produce the highest retail park investment volumes since 2015. Yields show evidence of further compression across retail parks, reflecting stable income streams and growing occupier demand. The average transaction size in 2021 to date is £23.3 million which is in line with our own retail park assets which have an average lot size of £17.5 million.

Shopping centre liquidity, while less pronounced than that of retail parks, is also increasing. Transaction volumes in the first three quarters of this year are already three times higher than the whole of 2020 and the number of transactions is now on par with 2016. Transactions have been concentrated at the smaller scale end of the market which is supportive to our ongoing disposal of Work Out assets which have a low average lot size of £8.0 million. Increasing liquidity across the retail asset class offers support for further valuation improvement in our own portfolio.

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

As at 30 September 2021		**Portfolio Weighting**	***Valuation Movement H1***	**Topped-up NIY**	**NEY**	**LFL ERV Movement**
	(£m)	**(%)**	***(%)***	**(%)**	**(%)**	**(%)**
Shopping Centres – Core	214	30%	-0.4%	9.7%	9.4%	-0.2%
Shopping Centres – Regeneration	209	30%	-1.6%	6.0%	6.6%	-0.7%
Retail Parks	159	23%	4.0%	7.1%	7.2%	-0.5%
Total excluding Work Out & Other	**582**	**83%**	**+0.4%**	**7.7%**	**7.9%**	**-0.4%**
Shopping Centres – Work Out	104	15%	-18.9%	11.0%	15.0%	-1.8%
Other	16	2%	-5.9%	4.5%	8.0%	-0.6%
Total	**702**	**100%**	**-3.1%**	**8.2%**	**9.0%**	**-0.8%**

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

Our valuations are close to stabilisation, particularly in our Core shopping centre portfolio which recorded a -0.4% decline and our Regeneration shopping centres which recorded a -1.6% decline, reflecting increasing stabilisation in yields and ERVs.

Our retail park portfolio delivered +4.0% capital growth in the first half which followed +0.7% of capital growth in the six months to 31 March 2021, driven by yield compression and stable income.

The Work Out shopping centre portfolio, which represents only 15% of all our gross assets, suffered a further valuation decline of 18.9% as a result of a 1.8% reduction in ERVs and an equivalent yield expansion of 192 bps to 15.0%. This decline reflects increased transactional activity for similar shopping centres over the last six months which has enabled greater price transparency. The influence of our Work Out assets on our total portfolio valuation performance will reduce significantly as we sell or reposition Work Out assets and, in this regard, we are on track to have no Work Out assets by the end of FY23.

In the six months to 30 September 2021, our retail portfolio delivered a total return of 0.8%, comprising an income return of 4.0% and a capital return of -3.1%. Whilst our income return outperformed the MSCI All Retail quarterly index by 110bps, our capital return underperformed the index which showed capital values increasing by 2.5% during the period. This underperformance is largely attributable to the anticipated write down in our Work Out Shopping Centres. Our Core and Regeneration Shopping Centres delivered a total return of 4.7% and 1.1% respectively, outperforming the MSCI Shopping

Centre index by 540bps and 180bps. Our retail park portfolio produced a total return of 8.2% (compared to the MSCI Retail Warehouse index at 11.1%); this underperformance was driven by the MSCI index benefitting from a greater bounce back in values amongst more volatile assets which experienced steep valuation declines during the pandemic. Despite this recent bounce back, over the past 18 months the NewRiver retail portfolio has comfortably outperformed the All Retail, Shopping Centre and Retail Warehouse indices.

Year to 30 September 2021	**Total Return**	**Income Return**	**Capital Growth**
NRR portfolio	0.8%	4.0%	-3.1%
MSCI All Retail Benchmark	5.4%	2.9%	2.5%
Relative performance	-460bps	+110bps	-560bps

Year to 30 September 2021	**Total Return**
Core Shopping Centres	
NRR portfolio	4.7%
MSCI - Shopping Centre Benchmark	-0.7%
Relative performance	+540bps
Regen Shopping Centres	
NRR portfolio	1.1%
MSCI - Shopping Centre Benchmark	-0.7%
Relative performance	+180bps
Retail Warehouses	
NRR portfolio	8.2%
MSCI – Retail Warehouse Benchmark	11.1%
Relative performance	-290bps

Finance review

We have had an active start to the financial year, in which we have successfully completed the disposal of the Hawthorn pub business and proactively engaged with our bank lenders meaning that we end the half in a much stronger financial position, with LTV reduced to within guidance, our fully unsecured balance sheet status maintained, finance cost efficiency improved and debt maturity extended.

In addition, we have begun the process of rebuilding Underlying Funds From Operations ('UFFO'), delivering £15.5 million in the first half which exceeds the £9.3 million in the first half of the last financial year and the £11.5 million delivered in the whole of FY21. Our dividend policy is now linked directly to UFFO, which means that as our UFFO has increased in the first half, so too has our dividend. We paid a dividend of 3.0 pence per share during the period, which related to FY21, and the Board is pleased to declare a dividend of 4.1 pence per share relating to the first half of the new financial year, payable in January 2022.

Our IFRS loss after tax was £49.9 million, compared to a loss of £92.3 million in the first half of FY21, reflecting the one-off impact of the loss on disposal of Hawthorn of £39.4 million and a non-cash reduction in portfolio valuation of £22.2 million. The reduction in portfolio valuation compares favourably to the reduction of £94.7 million experienced in the first half of the prior year, as we are starting to see signs of stabilisation in our portfolio valuation.

Our portfolio was valued on a proportionally consolidated basis at £702 million at 30 September 2021, compared to £974 million at 31 March 2021, with the reduction due principally to the completion of the disposal of the Hawthorn pub business which had a valuation of £248 million at 31 March 2021. EPRA Net Tangible Assets per share were 131 pence (31 March 2021: 151 pence) and IFRS net assets were £402.1 million (31 March 2021: £460.4 million), with the majority of the reduction in both measures explained by the disposal of the Hawthorn pub business. We have started to see signs of stabilisation in our portfolio valuation, with a like-for-like reduction in the retail portfolio of 3.1% compared to 9.4% in the first half and 6.1% in the second half of the last financial year. Importantly in Core shopping centres, Regeneration shopping centres and Retail parks, which are the resilient retail sectors on which NewRiver will be focused going forward, we saw an increase in portfolio valuation of 0.4% in the first half, with the majority of the declines concentrated in the Work Out shopping centres, which now account for only 15% of the total portfolio and which we are committed to exiting by the end of FY23.

Financial position strengthened and unsecured status maintained

Since the start of the financial year we have focused on strengthening our balance sheet position through the completion of the disposal of Hawthorn and by engaging with our unsecured bank lenders in order to strike the right balance between maintaining appropriate liquidity, maximising finance cost efficiency and improving debt maturity.

We completed the disposal of Hawthorn on 20 August 2021, having first announced our intention to sell the business on 14 April 2021. The pricing achieved represented an earnings multiple of 11.5x, based on the estimated pro-forma EBITDA for the year ended 31 March 2020, which was at the upper end of our pricing expectations. The disposal was the key contributor to the reduction in LTV in the first half, from 50.6% presented at March 2021 to 39.4% at September 2021. Critically, at this level LTV is back within our policy of <40% and this position has improved subsequent to the period end with an additional £16.8 million of retail disposals completed so far in the second half, reducing LTV further to 38.0% on a pro-forma basis. In addition to improving our LTV position, the disposal of Hawthorn was the principal contributor to the reduction in our net debt position during the first half, from £493.3 million at 31 March 2021 to £276.4 million at 30 September 2021.

Alongside the Hawthorn disposal, during the first half we also focused on redressing the balance between the constituent elements of net debt: cash and gross debt. Our strategy of maximising our cash holdings during the COVID-19 pandemic meant that our position at 31 March 2021 was significantly elevated at £154.3 million, increased from an already elevated balance of £82.1 million in March 2020, which included £170 million of drawn Revolving Credit Facility ('RCF'). The elevated cash position in March 2020, relative to the pre-pandemic position of £27.6 million in March 2019 (shown in the following table), reflected our decision to draw an additional £50 million of RCF in March 2020 to preserve cash at the onset of the pandemic whilst the further increase in March 2021 reflected the cash proceeds relating to the £81.2 million of disposals completed during FY21.

Proportionally consolidated	September 2021	March 2021	March 2020	March 2019
	£m	£m	£m	£m
Cash	37.3	154.3	82.1	27.6
Principal value of gross debt	(318.1)	(653.1)	(652.4)	(510.0)
Net debt[1]	(276.4)	(493.3)	(563.6)	(475.1)
Drawn RCF	*-*	*(170.0)*	*(170.0)*	*(45.0)*
Total liquidity[2]	*162.3*	*199.3*	*127.1*	*197.6*
Gross debt repaid / (drawn) in period / year	*335.0*	*(0.7)*	*(142.4)*	*(41.0)*

1. Including unamortised arrangement fees
2. Cash and undrawn RCF. September 2021 column reflects the bank facility amendment & restatement signed in October 2021

As COVID-19 lockdown measures continued to ease and operational performance improved at the start of this financial year, we made the decision to repay £70 million of drawn RCF in June 2021. Immediately following the completion of the Hawthorn disposal in August 2021, with our cash position reflecting the net disposal proceeds, we repaid a further £100 million of drawn RCF which meant that our RCF was fully undrawn from that point. In September 2021, as discussions with our bank lenders around future debt requirements reached a conclusion, we cancelled the £165 million term loan and associated interest rate swaps. We expect that these actions will reduce annualised debt costs by £7 million per annum, which is 35% of the cash interest proportion of our annual finance costs, and we will see a full 6 months of benefit of these savings in the second half of the financial year.

Proportionally consolidated	Cash	Gross Debt	Unamortised fees	Net Debt
	£m	£m	£m	£m
March 2021	**154.3**	**(653.1)**	**5.5**	**(493.3)**
June 2021 RCF repayment	(70.0)	70.0		
August 2021 - Hawthorn proceeds received	201.1			201.1
August 2021 RCF repayment	(100.0)	100.0		
September 2021 - Term loan cancellation	(165.0)	165.0	(0.6)	(0.6)
Other H1 movements[1]	16.9		(0.5)	16.4
September 2021	**37.3**	**(318.1)**	**4.4**	**(276.4)**

1. Other H1 movements is formed of operating, financing and investing cash flows

Having cancelled the £165 million term loan in September, our unsecured bank facilities had reduced to a fully undrawn £215 million RCF expiring in August 2023. Immediately following the period end we reached agreement with our bank lenders to reduce the quantum and to extend the maturity of the RCF. Having undertaken detailed analysis of our future debt requirements, including the maximum level of possible drawings under a range of portfolio valuation scenarios while maintaining LTV within our guidance, we believe that a £125 million RCF provides NewRiver with the appropriate level of liquidity. In addition, we have negotiated a £50 million accordion which means that if required the facility size can be increased to £175 million in the future, subject to lender consent.

When the unsecured bank facility was originally negotiated in August 2017, the agreement was drafted as a five year term expiring in August 2022 with two '+1' options to extend the term to August 2024, at the consent of lenders. In September 2018, the first extension option was granted, increasing the maturity to August 2023, and in October 2021 as part of the RCF negotiation, we agreed the second extension with our bank lenders, increasing the RCF expiry to August 2024.

This means that the RCF now has just under three years to expiry, in-line with the likely term we would have achieved on a new facility in today's market. As such, in negotiating the extension we have achieved the same result as a new three year facility in the most efficient way possible, using existing covenants and documentation. The positive net result is that, despite a challenging lending market in relation to retail assets and with concerns around inflation and interest rate rises, we have secured access to up to £175 million of liquidity with no refinancing requirement until FY25.

In summary, we ended the first half in a much stronger financial position, with LTV reduced to within guidance and our already conservative covenant headroom significantly improved. Furthermore, we have worked collaboratively with our bank lenders to right size our bank facilities to strike the appropriate balance between finance cost efficiency and liquidity. We have also extended maturity so that our fully unsecured balance sheet has no refinancing requirement until FY25, and no refinancing requirement based on current drawings until FY28.

Key performance measures

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

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

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

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

Hawthorn disposal

On 14 April 2021, we announced three strategic priorities, one of which was to divest ourselves of Hawthorn, our community pub business. The rationale for this decision was that the Board believed that the pub portfolio was sub-scale in a sector likely to see significant consolidation opportunities which could not be unlocked under NewRiver's ownership due to its status as a REIT. Furthermore, the divestment of Hawthorn would have a beneficial impact on NewRiver's LTV, potentially reducing this to within our guidance level depending on the pricing achieved.

On 26 July 2021, we announced that we had agreed the sale of Hawthorn to AT Brady Bidco Limited ('Admiral Taverns') for gross proceeds of £224.0 million, and we announced the completion of the disposal on 20 August 2021. The pricing achieved reflected an earnings multiple of 11.5x based on the estimated pro-forma EBITDA for the year ended 31 March 2020 which was at the upper end of our pricing expectations and compares favourably to other transactions completed in the pub sector in recent years.

The pricing achieved represented a loss of £39.4 million, or a discount of 15%, when compared to book value. This discount is due to both the disposal being a portfolio transaction, as NewRiver itself experienced as we amassed the pub portfolio starting in 2013, acquiring individual portfolios at a blended discount of 15% to their individual asset valuations; and that in Hawthorn we sold a trading business including the administrative costs of operating the pub platform, which are not reflected in the individual asset valuations and which ran at £9.5 million in FY21.

Following the completion of the sale of Hawthorn, the following additional table is included to show the proportionally consolidated UFFO figure split between retail (continuing operations) and Hawthorn (discontinued operations).

	30 September 2021			30 September 2020		
UNDERLYING FUNDS FROM OPERATIONS	**Retail £m**	**Hawthorn[1] £m**	**Total £m**	**Retail £m**	**Hawthorn £m**	**Total £m**
Revenue	38.3	18.1	56.4	41.6	16.6	58.2
Property operating expenses	(13.1)	(10.9)	(24.0)	(18.0)	(13.1)	(31.1)
Net property income	**25.2**	**7.2**	**32.4**	**23.6**	**3.5**	**27.1**
Administrative expenses	(6.0)	(4.2)	(10.2)	(6.1)	(4.7)	(10.8)
Other income	-	4.8	4.8	2.7	1.6	4.3
Operating profit	**19.2**	**7.8**	**27.0**	**20.2**	**0.4**	**20.6**
Net finance costs			(11.4)			(12.3)
Taxation			(0.1)			1.0
Underlying Funds From Operations			**15.5**			**9.3**
UFFO per share (pence)			**5.1**			**3.0**
Ordinary dividend per share (pence)			**4.1**			**-**
Ordinary dividend cover			**125%**			**-**
Admin cost ratio			17.7%			22.0%
Admin cost ratio – continuing operations			16.4%			18.5%
Weighted average # shares			306.6			306.4

1. Pubs performance from 1 April 2021 to 20 August 2021 when disposal of Hawthorn business was completed.

Hawthorn is disclosed as a single line entitled "discontinued operations" in the Condensed consolidated statement of comprehensive income on page 30 of this document. The reconciliation of loss after taxation to UFFO in the "Underlying Funds From Operations" section of this review bridges the figure disclosed within the Condensed consolidated statement of comprehensive income to Hawthorn's UFFO contribution from 1 April to 20 August 2021. The table above shows the UFFO contribution from Hawthorn on a line-by-line basis and the following table shows the net contribution from Hawthorn.

Hawthorn contributed £7.8 million of operating profit pre-disposal, which compares to £0.4 million in the prior period. The key reason for the increase is the recognition of an insurance settlement of £3.3 million in the current period, which related to income disruption during the first national lockdown in the prior period. This settlement was recognised in the current period within Other income, but in effect replaced Net property income lost in the prior period, hence the line-by-line UFFO table above shows large year on year movements in the Hawthorn column in both the Net property income and Other income lines.

Analysis of contribution from Hawthorn (£m)

Contribution from Hawthorn for the six months ended 30 September 2020		**0.4**
Income disruption insurance claim	3.3	
HY21 contribution proforma incl. insurance claim		**3.7**
Lifting of Covid restrictions		2.7
Period of ownership		(1.9)
HY22 contribution proforma for insurance payment		**4.5**
Income disruption insurance payment	3.3	
Contribution from Hawthorn for the six months ended 30 September 2021		**7.8**

Removing the impact of the timing of the insurance settlement, the contribution from Hawthorn increased from £3.7 million in the prior period, to £4.5 million in the current period. This increased contribution reflects the impact of UK-wide operating restrictions in the prior period, specifically the first national lockdown in Q1, and the relaxing of operating restrictions in the current period, the effect of which was offset by our shorter period of ownership following the disposal of the pubs on 20 August 2021.

Underlying Funds From Operations

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

Reconciliation of loss after taxation to UFFO

	30 September 2021			30 September 2020		
	Retail[1] £m	**Hawthorn[2] £m**	**Total £m**	**Retail £m**	**Hawthorn £m**	**Total £m**
Loss for the period after taxation	**(16.6)**	**(33.3)**	**(49.9)**	**(79.3)**	**(13.0)**	**(92.3)**
Adjustments						
Revaluation of property	24.6	-	24.6	80.6	12.3	92.9
Revaluation of joint ventures' investment properties	(2.4)	-	(2.4)	1.8	-	1.8
Loss/(profit) on disposal of investment properties	2.8	(0.8)	2.0	1.5	0.6	2.1
Changes in fair value of financial instruments and associated close out costs	(0.6)	-	(0.6)	1.2	-	1.2
Loss on disposal of subsidiary	-	39.4	39.4	2.2	-	2.2
Acquisition costs	-	-	-	-	0.1	0.1
Deferred tax	-	1.9	1.9	-	0.1	0.1
EPRA earnings	**7.8**	**7.2**	**15.0**	**8.0**	**0.1**	**8.1**
Depreciation of property	-	0.4	0.4	-	0.3	0.3
Forward looking element of IFRS 9	(0.3)	-	(0.3)	0.6	-	0.6
Abortive fees	-	0.2	0.2	0.3	-	0.3
Share-based payment charge	0.2	-	0.2	-	-	-
Underlying Funds From Operations	**7.7[3]**	**7.8**	**15.5**	**8.9**	**0.4**	**9.3**

1. Retail UFFO after tax for the six months ended 30 September 2021, including all Group net finance costs. Disclosed as "continuing operations" in the Condensed consolidated statement of comprehensive income
2. Pub operating performance from 1 April 2021 to 20 August 2021 when disposal of Hawthorn business was completed. Disclosed as "discontinued operations" in Condensed consolidated statement of comprehensive income
3. The Retail column reflects the full impact of the finance costs of £11.4 million (HY FY21: £12.3 million) none of which has been allocated to Hawthorn

Underlying Funds From Operations is represented on a proportionally consolidated basis in the following table. The following UFFO commentary is focused on the continuing business, and the "Contribution from Hawthorn" during the period is discussed separately in the "Hawthorn disposal" section of this review.

	30 September 2021				30 September 2020
UNDERLYING FUNDS FROM OPERATIONS	**Group £m**	**Non-cash adjustments[1] £m**	**JVs & Associates £m**	**Proportionally consolidated £m**	**Proportionally consolidated £m**
Revenue	36.0	-	2.3	38.3	41.6
Property operating expenses	(12.4)	(0.3)	(0.4)	(13.1)	(18.0)
Net property income	**23.6**	**(0.3)**	**1.9**	**25.2**	**23.6**
Administrative expenses	(6.1)	0.2	(0.1)	(6.0)	(6.1)
Other income	-	-	-	-	2.7
Operating profit	**17.5**	**(0.1)**	**1.8**	**19.2**	**20.2**
Contribution from Hawthorn[2]	(33.3)	41.1	-	7.8	0.4
Net finance costs	(10.5)	(0.6)	(0.3)	(11.4)	(12.3)
Taxation	-	-	(0.1)	(0.1)	1.0
Underlying Funds From Operations				**15.5**	**9.3**
UFFO per share (pence)				**5.1**	**3.0**
Ordinary dividend per share (pence)				**4.1**	**-**
Ordinary dividend cover				**125%**	**-**
Admin cost ratio				17.7%	22.0%
Admin cost ratio – continuing operations				16.4%	18.5%
Weighted average # shares				306.6	306.4

1. Adjustments to Group figures to remove non-cash items, principally forward looking element of IFRS 9 £0.3 million, share-based payment charge £(0.2) million, changes in fair value of financial instruments and associated close out costs £0.6 million. Adjustments to Contribution from Hawthorn include £(39.4) million of loss on disposal, profit on disposal of investment properties £0.8 depreciation on public houses £(0.4) million, abortive fees and acquisition costs £(0.2) million and Deferred tax £(1.9) million
2. Pub operating performance from 1 April 2021 to 20 August 2021 when disposal of Hawthorn business was completed. Disclosed as "discontinued operations" in Condensed consolidated statement of comprehensive income. See "Hawthorn disposal" section of this review for performance commentary

Net property income

Analysis of retail net property income (£m)

Retail net property income for the six months ended 30 September 2020		**23.6**
Like-for-like rental income	(0.7)	
Lease modifications	(0.8)	
Rent and service charge provisions	4.0	
Car park and commercialisation income	0.8	
Retail NRI recovery		**3.3**
Asset management fees		0.5
		27.4
Net disposals		(2.2)
Retail net property income for the six months ended 30 September 2021		**25.2**

On a proportionally consolidated basis, retail net property income was £25.2 million for the six months to 30 September 2021 compared to £23.6 million in the six months ended 30 September 2020. The principal reasons for the £1.6 million increase were the recovery of £3.3 million of net property income previously lost due to COVID-19 impact, offset by our net disposal activity which reduced net property income by £2.2 million.

In the year to 31 March 2021, we grouped a number of items directly impacted by the pandemic under the heading of "COVID-19 impact", showing a reduction in net property income of £15.2 million during FY21. We have maintained the categorisation in the first half of FY22 as "Retail NRI recovery", which shows that £3.3 million of income disruption has been recovered to date. The key reason for this recovery is the net benefit of £4.0 million period on period shown by Retail rent and service charge provisions, reflecting the conservative approach we took in the prior period in providing against retail rents and service charge amounts that we deemed unlikely to be received as a result of COVID, and reflecting our continued resilient rent collection.

This is partially offset by a modest decline in like-for-like income of £0.7m due mainly to the full year impact of FY21 CVAs and Admins, where the majority of revenues lost in FY21 fell in the second half of the prior year leaving the first half of the prior year largely unaffected. Similarly, the majority of lease modifications, for example rent free periods offered as a result of the impact of COVID-19, were documented in the second half of FY21, which means that there has been a £0.8 million decline in the first half, again reflecting the full year impact of these arrangements.

Car park and commercialisation income has increased by £0.8 million, which is still some way below pre-Covid levels but encouragingly and importantly we have seen a positive trend from Q1 to Q2.

The £0.5 million increase in asset management fee income reflects the continued growth of our capital partnership with BRAVO, with two further asset management mandates added in the last 12 months on Sprucefield Retail Park and The Moor in Sheffield.

Net disposals reduced net property income by £2.2 million, with the majority of the reduction explained by our BRAVO capital partnership transactions, namely the acquisition of The Moor in Sheffield (NRR 10% share) which contributed £0.3 million of increase, offset by the disposal of 90% of Sprucefield Retail Park into the BRAVO partnership which reduced net property income by £1.7 million. The balance of the reduction relates to the remainder of the £67.4 million of disposals completed during FY21.

Administrative expenses

Retail administrative expenses were £6.0 million in the six months to 30 September 2021, broadly in-line with the £6.1 million incurred in the six months ended 30 September 2020. During the first half we completed an extensive review of our cost base, following which we have set a target to reduce admin costs by 15% from the baseline FY21 figure of £12 million. We have targeted unlocking these savings by the end of FY23, so that we expect to see the fully annualised impact of these savings in FY24.

Other income

There was no other income recognised across the Retail portfolio in the six months ended 30 September 2021, compared to £2.7 million in the six months ended 30 September 2020. The prior year figure related primarily 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.

As covered in the “Hawthorn disposal” section of this review, on the pub side of the business we recognised £4.8 million of other income which increased from £1.6 million in the first six months of FY21 due to the recognition of £3.3 million in settlement of an income disruption claim relating to Q1 FY21 when the pubs were unable to trade due to lockdown restrictions across the UK. We have an ongoing insurance claim on the retail side of the business covering the same period of disruption.

Net finance costs

Net finance costs were £11.4 million in the first half, compared to £12.3 million in the first half of FY21. The reduction is due to a reduction in LIBOR, and the repayment of £170 million of RCF during the period.

Looking forward, we anticipate that our actions in the first six months of the year, principally repaying the £170 million of RCF during the half and cancelling £165 million of term loan and associated swaps, will save £7 million of net finance costs per annum versus the year ended 31 March 2021. The RCF was repaid in two tranches of £70 million at the end of June and £100 million in August immediately following the Hawthorn disposal, and the term loan was cancelled in late September. Therefore the finance costs in the first six months of the year only reflect a small proportion of the savings we have unlocked, and we expect to receive a full half of benefit of the annualised £7 million of savings unlocked in the second half of FY22.

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 Hawthorn portfolio and other sources of income.

Dividends

At the FY21 full year results in June 2021, encouraged by the success of the vaccine roll-out in the UK, the easing of national COVID-19 restrictions and NewRiver’s increased cash and liquidity position and resilient performance during the pandemic, the Board declared a dividend of 3.0 pence per share in respect of the year ended 31 March 2021, which was paid on 3 September 2021.

This dividend was the first to be paid under NewRiver’s new dividend policy, which was also announced at the full year results in June. Under the new policy, NewRiver will pay dividends equivalent to 80% of UFFO, and 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.

In-line with this policy, the Board has declared a dividend of 4.1 pence per share in respect of the six months ended 30 September 2021, based on 80% of UFFO per share of 5.1 pence. The dividend will be paid on 14 January 2022. The ex-dividend date will be 9 December 2021, with an associated record date of 10 December 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 30 September 2021			As at 31 March 2021
	Group £m	JVs & Associates £m	Proportionally consolidated £m	Proportionally consolidated £m
Properties at valuation[1]	655.1	47.2	702.3	974.2
Right of use asset	80.6	-	80.6	86.5
Investment in JVs & associates	32.1	(32.1)	-	-
Other non-current assets	0.7	1.5	2.2	3.5
Cash	34.6	2.7	37.3	154.3
Other current assets	16.7	0.7	17.4	27.2
Total assets	819.8	20.0	839.8	1,245.7
Other current liabilities	(42.1)	(2.1)	(44.2)	(49.5)
Lease liability	(79.8)	-	(79.8)	(84.9)
Borrowings[2]	(295.8)	(17.9)	(313.7)	(647.6)
Other non-current liabilities	-	-	-	(3.3)
Total liabilities	(417.7)	(20.0)	(437.7)	(785.3)
IFRS net assets	**402.1**	**-**	**402.1**	**460.4**
EPRA adjustments:				
Goodwill			-	(0.5)
Deferred tax			-	0.7
Fair value financial instruments			-	2.6
EPRA NTA			**402.1**	**463.2**
EPRA NTA per share			**131p**	**151p**
IFRS net assets per share			**131p**	**150p**
LTV			**39.4%**	**50.6%**

1. See Note 13 for a reconciliation between Properties at valuation and categorisation per Consolidated balance sheet
2. Principal value of gross debt, less unamortised fees

Net assets

As at 30 September 2021, IFRS net assets were £402.1 million (31 March 2021: £460.4 million). The reduction was primarily due to the disposal of Hawthorn, the community pub business, as outlined in the “Hawthorn disposal” section of this review. Portfolio valuation decline was also a contributor, but encouragingly much less so than we have seen over the last 18 months, with a modest 3.1% like-for-like decrease in portfolio valuation, compared to a 15.2% decrease across the retail portfolio in the year ended 31 March 2021.

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 13% to £402.1 million, from £463.2 million at 31 March 2021, as did EPRA NTA per share which decreased to 131 pence per share at 30 September 2021 from 151 pence per share at 31 March 2021. The decrease in EPRA NTA and EPRA NTA per share is primarily due to the Hawthorn disposal and the modest 3.1% decrease in portfolio valuation.

Properties at valuation

Proportionally consolidated properties at valuation was £702.3 million at 30 September 2021, compared to £974.2 million at 31 March 2021, with the reduction due to the completion of the Hawthorn disposal and a modest 3.1% like-for-like decline in valuations. Importantly in Core shopping centres, Regeneration shopping centres and Retail parks, which are the resilient retail sectors on which NewRiver will be focused going forward, we saw an increase in portfolio valuation of 0.4%, with the majority of the declines concentrated in the Work Out shopping centres, which now account for only 15% of the total portfolio and which we are committed to exiting by the end of FY23.

Debt & financing

	Proportionally consolidated		
	30 September 2021	31 March 2021	30 September 2020
Principal value of gross debt	£318.1m	£653.1m	£654.4m
Weighted average cost of debt[1]	3.4%	3.2%	3.3%
Weighted average debt maturity – total[2]	5.2 yrs	4.3 yrs	4.8 yrs
Weighted average debt maturity – drawn only[3]	6.2 yrs	4.5 yrs	5.0 yrs

1. Cost of debt assuming £125 million revolving credit facility is fully drawn. Currently entirely undrawn
2. Contracted weighted average debt maturity on total debt. September 2021 position includes impact of one-year RCF extension agreed post period end
3. Contracted weighted average debt maturity on drawn debt only. September 2021 position includes impact of one-year RCF extension agreed post period end

Our principal value of gross debt has reduced by £335 million since 31 March 2021, due to the repayment of £170 million of drawn RCF and the cancellation of our £165 million term loan following the completion of the Hawthorn disposal.

Our weighted average cost of debt has increased slightly, principally due to the fact that the unsecured corporate bond now constitutes a larger proportion of our debt structure following the debt reduction and the coupon on the unsecured bond is 3.5%, hence the weighted average cost of debt has increased towards this level. Weighted average debt maturity increased to 5.2 years from 4.3 years because the unsecured bond does not expire until March 2028 and now constitutes a larger proportion of our debt structure and because we managed to agree a one-year RCF extension with our bank lenders immediately post period end. On a drawn basis, i.e. including the bond only, weighted average debt maturity increases further to 6.2 years.

Share premium account

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

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. We have five financial policies in total, including LTV and interest cover which also appear as debt covenants on our unsecured bank facilities and our bond.

During the year ended 31 March 2021, we experienced significant retail valuation and pub income decline due to COVID-19, which led to us being outside of policy on LTV, Balance sheet gearing and Net debt: EBITDA. However, the actions we completed during the first half, together with the continued resilience of our operational performance and the stabilisation we are starting to see in our valuations mean that we are now in compliance with all five policies.

	Financial policy	Proportionally consolidated		
		30 September 2021	31 March 2021	30 September 2020
Loan to value	Guidance <40% Policy <50%	39.4%	50.6%	48.1%
		Group		
		30 September 2021	31 March 2021	30 September 2020
Balance sheet gearing	<100%	65%	104%	95%
		Proportionally consolidated		
		HY22	FY21	HY21
Net debt: EBITDA	<10x	6.9x	14.6x	9.0x
Interest cover[1]	>2.0x	2.7x	2.3x	3.5x
Ordinary dividend cover[2]	>100%	125%	127%	-

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

Our LTV reduced from 50.6% at 31 March 2021 to 39.4% at 30 September 2021 principally due to the disposal of Hawthorn, the community pub business, which completed during the first half. Furthermore, we have completed £16.8 million of retail disposals post period end, reducing LTV further to 38.0% on a proforma basis. At this level, LTV is now within our policy and importantly within our guidance to be below 40%. Although the further £50.8 million of retail disposals we currently have exchanged or under offer will provide the Company with surplus capital to invest, we remain absolutely committed to maintaining our LTV within our guidance to be below 40%.

Balance sheet gearing is now also within guidance, at 65% compared to 104% at 31 March 2021 and Net debt: EBITDA ratio is also now within our stated policy, at 6.9x, compared to 14.6x in the year ended 31 March 2021. Again, the improvements reflect the successful completion of the Hawthorn disposal, with Net debt: EBITDA also enhanced due to improved operational performance following the relaxation of Covid restrictions.

Interest cover was within policy at 31 March 2021 at 2.3x and has improved from there to 2.7x due to improved operational performance. We would expect this measure to improve further from here, benefitting from the finance cost savings we have unlocked in the first half and as income continues to recover.

We declared an ordinary dividend of 4.1 pence per share in relation the first half, in-line with the dividend policy we launched at the full year which links dividends directly to UFFO and means that the dividend is fully covered, in-line with our financial policy.

Additional guidelines

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

	Guideline	**30 September 2021**
Single retailer concentration	<5% of gross income	2.8% (B&M and Poundland)
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	N/A following Hawthorn disposal

Conclusion

This has been an important and successful six months for NewRiver, during which we have worked relentlessly to reposition the Group for future growth, with our efforts focused on maintaining and enhancing our existing strengths and eliminating barriers to investment in NewRiver.

Throughout the Covid period, one of the key strengths of NewRiver has been its unsecured balance sheet, and we have enhanced this strength through repaying our RCF and extending its maturity to preserve valuable liquidity so that our earliest maturity on drawn debt is not until 2028. The completion of the Hawthorn disposal has dramatically improved our LTV position, and with the debt reduction exercise we have completed in the first half, we are now comfortably within all of our financial policies.

We have made encouraging progress towards rebuilding UFFO, with the level of UFFO reported in the first half already eclipsing the figure reported for the whole of FY21 and with the benefit of the finance cost savings unlocked during the first half to come through in the second half and beyond. We are seeing signs of stability in our valuations, with the resilient retail sectors we will focus on in the future showing either flat or growing valuations, which gives us the stable platform we need in order to grow from here.

Looking forward, we are confident that through our actions in the first half we have taken the important first steps that will enable NewRiver to deliver our target 10% total accounting return over the medium term.

Will Hobman
Chief Financial Officer

Principal risks and uncertainties

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 recent periods 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 is particularly pertinent when adapting to emerging and external risks such as a global pandemic. This flexibility enables the business to adjust and respond to fast-changing situations and prove its resilience and adaptability.

The Board has ultimate responsibility for the risk management and internal controls of the Company, and regularly evaluates its appetite for risk, ensuring its 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 is reviewed regularly. The Company maintains a risk register in which a range of categories are considered. These risks are linked to the business model and strategic priorities of the Company.

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.

Principal risk areas are:

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

Risk assessment during the six months to 30 September 2021

The general risk environment in which the Company operates improved throughout the period. Easing of restrictions by the UK and other national governments from April 2021 has reduced some risk relating to COVID-19, particularly in our macroeconomic, catastrophic external event and asset management risk categories. 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 period.

External Risks

Risk and impact	Monitoring and management	Change in risk assessment during the period
1. Macroeconomic Economic conditions in the UK and changes to fiscal and monetary policy may impact market activity, demand for investment assets, the operations of our occupiers or the spending habits of the UK population.	• The Board regularly assesses the Company's strategy in the context of the wider macroeconomic environment. This continued review of strategy focuses on positioning our portfolio for the evolving economic situation. • The Board and management team consider updates from external advisers, reviewing key indicators such as forecast GDP growth, employment rates, interest rates and Bank of England guidance and consumer confidence indices. • Our portfolio is focused on resilient market sub-sectors such as essential retailers 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**. • Retail sales rebounded after each lockdown. However despite the success vaccination programme there remains a risk of further restrictions. • The uncertainty around the impact of the COVID-19 pandemic continues to result in declines in asset valuations. However, the rate of decline has slowed markedly and the disposal of the Hawthorn business and subsequent debt repayment means our headroom has also improved. • Possible higher inflation could fuel wage growth and costs leading to rate increases above current forecasts. • The Bank of England is expecting a recovery to pre-pandemic levels in the first quarter of 2022 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.	• 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 the BPF and the High Street task force.	• Political and regulatory risk has decreased slightly in the period and is considered a **medium to high impact** risk with a **medium to high probability**. • Political uncertainty surrounding COVID-19 has improved with the roll out of vaccinations and opening up of restrictions. • 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 was again extended and will now expire on 31 March 2022. • 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.	• 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 decreased during the period and is considered a **medium impact** risk with a **medium probability**. • The impact of COVID-19 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 or restrictions. • 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 successful roll out of vaccinations and the opening up of restrictions was positive and our operational performance has proved the resilience of our portfolio.
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.	• 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 included TCFD disclosures in our Annual Report 2021.	• Climate change risk has remained the same during the period and is considered a **medium to high impact** risk with a **medium to high probability**. • ESG has risen up the agenda of many stakeholders and expectations of compliance with best practice have increased • Regulatory requirements have also increased during the period, in addition to the scoring criteria for certain ESG benchmarks such as GRESB • Our ESG committee pre-empted these changes and our initiatives and disclosure continue to evolve in-line with best practice. • ESG is embedded into capital allocations and is considered for all future acquisitions.
5. Changes in technology and consumer habits and demographics. Changes in the way consumers live, work, shop and use technology could have an adverse impact on demand for our assets**.**	• The Board and Executive Committee regularly assess our overall corporate strategy, and acquisition, asset management and disposal decisions in the context of current and future consumer demand. Our strategy is designed to focus on resilient assets that take into account these future changes. • We closely assess the latest trends reported by CACI, our research provider, to ensure we are aligned with evolving consumer trends. • Our retail portfolio is focused on essential spending on goods and services which are resilient to the growth of online retail. • Our retail parks are ideally positioned to help retailers with their multi-channel retail strategies.	• Changes in technology and consumer habits risk has remained the same during the year and is considered a **medium impact** risk with a **low to medium probability**. • Although COVID-19 lockdown restrictions 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**.**	• 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 are have reviewed our IT systems and have a number of focus areas to enhance over the year. • Cyber insurance cover is in place.	• This was a new Principal risk in 2021. Whilst this risk has always been recorded and monitored on our risk register its prominence was elevated in 2021 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. Staff continue to work from home on a flexible basis.

Operational Risks

Risk and impact	Monitoring and management	Change in risk assessment during the period
7. People The inability to attract, retain and develop our people and ensure we have the right skills in place could prevent us from implementing our strategy. .	• Attracting, retaining and developing talent is core to our HR strategy, which is regularly reviewed by the Board and Executive Committee. • We undertake an 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 wellbeing during the pandemic and have actively sought regular feedback from staff. Mindful of mental and physical wellbeing during these prolonged periods of self-isolation and working from home we devised an active programme of staff events to help staff keep engaged. We have actively encouraged flexible working arrangements as workers return to offices.
8. Financing If gearing levels become higher than our risk appetite or lead to breaches in bank covenants this would impact our ability to implement our strategy. The business could also struggle to obtain funding or face increased interest rates as a result of macroeconomic factors.	• The Board regularly assesses Company financial performance and scenario testing, covering levels of gearing and headroom to financial covenants and assessments by external rating agencies. • The Company has a programme of active engagement with key lenders and shareholders. • The Company has a wholly unsecured balance sheet, which mitigates the risk of a covenant breach caused by fluctuations in individual property valuations. • The Company has long-dated maturity on its debt, providing sufficient flexibility for refinancing. • 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 has reduced during the period and is considered a **low to medium 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 unsecured balance sheet, means we have significantly mitigated the risk of not being able to secure sufficient financing. • The strength of the Company Balance sheet improved further with the sale of the Pub business in August 2021. • The Company has also recently extended the maturity on its Revolving Credit Facility to August 2024. • Through its asset disposal programme strategy the Company has managed to mitigate the impact COVID-19 might otherwise have had on its 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	• 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 remained the same during the period and is considered a **medium to high impact** risk with a **medium to high probability**. • The COVID-19 pandemic placed restrictions on the operations of our occupiers and impacted performance and rent collection at our assets. These have improved greatly and are normalising towards pre-pandemic levels. • There have however been a number of high-profile retail failures since the beginning of the pandemic, including amongst our occupier base. • Our COVID-19 response was focused on supporting occupiers and ensuring businesses could emerge from the crisis in robust financial shape. • The successful roll out of vaccinations and the opening up of restrictions was positive and our operational performance has proved the resilience of our assets.
10. Development Delays, increased costs and other challenges could impact our ability to pursue our development pipeline and therefore our ability to profitably recycle development sites and achieve returns on development.	• We apply a risk-controlled development strategy through negotiating long-dated pre-lets (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.	• Development risk has increased through the period and is considered a **low to medium impact** risk with a **low to medium probability**. • Although the COVID-19 pandemic brought delays to many development projects, they remain a small part of our portfolio and committed capex is low. • Although supply issues and increases in costs of building supplies will impact developments, again as they remain a small part of portfolio the overall impact 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.	• 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 sectors. • We have the ability to acquire in joint ventures, thereby sharing risk.	• Acquisition risk has increased through the period and is considered a **low to medium impact** risk with a **low to medium probability**. • The lack of supply and relative price of some assets may reduce opportunities for acquisition. • 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.	• Our portfolio is focused on high-quality assets with low lot sizes, making them attractive to a wide pool of buyers. • Assets are valued every six months by external valuers, enabling informed disposal pricing decisions. • Disposals are subject to approval by the Board and Executive Committee, who are highly experienced in the retail and pub real estate sectors. • Our portfolio is large and our average asset lot size is small, meaning that each asset represents only a small proportion of revenues and profits, thereby mitigating the impact of a sale not proceeding	• Disposal risk has remained the same during the period and is considered a **medium impact risk** with a **medium probability.** • We have an active and successful 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.

Directors' Responsibility Statement

The directors confirm that these condensed interim financial statements have been prepared with UK adopted International Accounting Standard 34. 'Interim Financial Reporting' and the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority and that the interim management report includes a fair review of the information required by DTR 4.2.7 and DTR 4.2.8 namely:

(a) An indication of important events that have occurred during the first six months of the financial year and their impact on the condensed consolidated interim set of financial statements; and

(b) Material related-party transactions in the first six months of the financial year and any material changes in the related-party transactions described in the last Annual Report

On behalf of the Board

Allan Lockhart	Will Hobman
Chief Executive	Chief Financial Officer

25 November 2021

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

Independent review report to NewRiver REIT plc
Report on the condensed consolidated interim financial statements

Our conclusion

We have reviewed NewRiver REIT plc's condensed consolidated interim financial statements (the "interim financial statements") in the unaudited half year results of NewRiver REIT plc for the 6 month period ended 30 September 2021 (the "period").

Based on our review, nothing has come to our attention that causes us to believe that the interim financial statements are not prepared, in all material respects, in accordance with UK adopted International Accounting Standard 34, 'Interim Financial Reporting' and the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority.

What we have reviewed

The interim financial statements comprise:

- the Condensed Consolidated Balance Sheet as at 30 September 2021;
- the Condensed Consolidated Statement of Comprehensive Income for the period then ended;
- the Condensed Consolidated Cash Flow Statement for the period then ended;
- the Condensed Consolidated Statement of Changes in Equity for the period then ended; and
- the explanatory notes to the interim financial statements.

The interim financial statements included in the unaudited half year results of NewRiver REIT plc have been prepared in accordance with UK adopted International Accounting Standard 34, 'Interim Financial Reporting' and the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority.

Responsibilities for the interim financial statements and the review

Our responsibilities and those of the Directors

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

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

What a review of interim financial statements involves

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

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

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

PricewaterhouseCoopers LLP
Chartered Accountants
London
25 November 2021

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the six months ended 30 September 2021

Unaudited	Note	Six months ended 30 September 2021 Operating and financing 2021 £m	Fair value adjustments 2021 £m	Total 2021 £m	Six months ended 30 September 2020 (Re-presented)* Operating and financing 2020 £m	Fair value adjustments 2020 £m	Total 2020 £m
Revenue	4	36.0	-	36.0	39.4	-	39.4
Property operating expenses**	5	(12.4)	-	(12.4)	(18.0)	-	(18.0)
Net property income		23.6	-	23.6	21.4	-	21.4
Administrative expenses	6	(6.1)	-	(6.1)	(6.3)	-	(6.3)
Other income	7	-	-	-	2.7	-	2.7
Share of loss from joint ventures	14	(1.2)	0.6	(0.6)	1.1	(1.5)	(0.4)
Share of profit / (loss) from associates	15	0.4	1.8	2.2	-	(0.3)	(0.3)
Net valuation movement		-	(24.6)	(24.6)	-	(80.6)	(80.6)
Loss on disposal of a subsidiary	8	-	-	-	(2.2)	-	(2.2)
Loss on disposal of investment properties	9	(0.6)	-	(0.6)	(1.5)	-	(1.5)
Operating loss		16.1	(22.2)	(6.1)	15.2	(82.4)	(67.2)
Finance income	10	1.2	-	1.2	0.1	-	0.1
Finance costs	10	(11.7)	-	(11.7)	(13.2)	-	(13.2)
Loss for the period before taxation		5.6	(22.2)	(16.6)	2.1	(82.4)	(80.3)
Taxation		-	-	-	1.0	-	1.0
Loss for the period after taxation from continuing operations		5.6	(22.2)	(16.6)	3.1	(82.4)	(79.3)
Loss for the period from discontinued operations*	3	(31.4)	(1.9)	(33.3)	(0.6)	(12.4)	(13.0)
Loss for the period – Reported Group		(25.8)	(24.1)	(49.9)	2.5	(94.8)	(92.3)

Loss for the period after taxation							
– continuing operations		5.6	(22.2)	(16.6)	3.1	(82.4)	(79.3)
– discontinued operations		(31.4)	(1.9)	(33.3)	(0.6)	(12.4)	(13.0)
Loss for the period – Reported Group				(49.9)			(92.3)
Other comprehensive income							
Revaluation of property, plant and equipment – discontinued operation				-			(0.1)
Total comprehensive loss for the period				(49.9)			(92.4)
Loss per share - continuing operations							
Basic (pence)	11			(5.4)			(25.9)
Diluted (pence)	11			(5.4)			(25.9)
Loss per share - discontinued operations							
Basic (pence)	11			(10.9)			(4.2)
Diluted (pence)	11			(10.9)			(4.2)

*Re-presentation relates to the sale of Hawthorn which was completed on 20 August 2021 and has been presented as a discontinued operation above, please see note 3. All other activities derive from continuing operations of the Group.

**Included in property operating expenses is a loss allowance reversal of £2.4 million and an impairment charge to write off of £1.8 million (2020: £5.3 million charge (re-presented)) of expected credit loss relating to tenant debtors for continuing operations.

CONDENSED CONSOLIDATED BALANCE SHEET
As at 30 September 2021

	Note	30 September 2021 £m *Unaudited*	31 March 2021 £m *Audited*
Non-current assets			
Investment properties	13	715.0	934.9
Right of use asset		2.6	3.5
Investments in joint ventures	14	21.0	25.6
Investments in associates	15	11.1	5.3
Property, plant and equipment	16	0.7	54.1
Goodwill		-	0.5
Total non-current assets		750.4	1,023.9
Current assets			
Trade and other receivables	17	16.7	26.0
Cash and cash equivalents		34.6	150.5
		51.3	176.5
Assets held for sale	18	18.1	25.5
Total current assets		69.4	202.0
Total assets		819.8	1,225.9
Liabilities			
Current liabilities			
Trade and other payables	19	42.1	46.9
Lease liability		0.7	0.7
Total current liabilities		42.8	47.6
Non-current liabilities			
Derivative financial instruments		-	2.6
Deferred tax liability		-	0.7
Lease liability		79.1	84.9
Borrowings	20	295.8	629.7
Total non-current liabilities		374.9	717.9
Net assets		402.1	460.4
Share capital	21	3.1	3.1
Share premium	21	0.5	227.4
Merger reserve	21	(2.3)	(2.3)
Retained earnings	21	400.8	232.2
Total equity		402.1	460.4
Net Asset Value (NAV) per share (pence)			
EPRA	11	131p	151p
Basic	11	131p	150p
Diluted	11	131p	150p

The interim financial statements were approved by the Board of Directors on 25 November 2021 and were signed on its behalf by:

Allan Lockhart — Chief Executive
Will Hobman — Chief Financial Officer

NewRiver REIT plc
Registered number: 10221027

CONDENSED CONSOLIDATED CASH FLOW STATEMENT
For the six months ended 30 September 2021

Unaudited	Six months ended 30 September 2021 £m	30 September 2020 £m
Cash flows from operating activities		
Loss for the period before taxation – continuing operations	(16.6)	(80.3)
Loss for the period before taxation – discontinued operations*	(31.4)	(12.9)
Loss for the period before taxation – Reported Group	(48.0)	(93.2)
Adjustments for:		
(Profit) / loss on disposal of investment property and property plant and equipment	(0.2)	2.1
Loss on disposal of subsidiaries	39.4	2.2
Net valuation movement	24.6	92.9
Net valuation movement in joint ventures	(0.6)	1.5
Net valuation movement in associates	(1.8)	0.3
Share of income from joint ventures	1.2	(1.1)
Share of income from associates	(0.4)	-
Net finance expense	11.5	11.9
Revaluation of derivatives	(1.0)	1.2
Rent free lease incentives	(1.2)	(1.6)
Movement in expected credit loss	(2.1)	5.5
Amortisation of legal and letting fees	0.1	0.1
Share based payment expense	0.2	-
Depreciation on property plant and equipment	0.8	0.7
Cash generated from operations before changes in working capital	22.5	22.5
Changes in working capital		
Decrease / (Increase) in trade and other receivables	8.1	(7.1)
Increase in payables and other financial liabilities	5.6	6.2
Cash generated from operations	36.2	21.6
Interest paid	(6.1)	(6.2)
Dividends received from joint ventures	4.4	-
Net cash generated from operating activities	34.5	15.4
Cash flows from investing activities		
Interest income	-	0.1
Cash proceeds net of cash disposed and transaction costs from the disposal of subsidiaries	201.1	38.5
Purchase of investment property	(7.3)	-
Investment in associate	(3.7)	(2.0)
Disposal of investment properties	11.1	12.1
Development and other capital expenditure	(5.7)	(4.7)
Purchase of plant and equipment	(3.0)	(0.7)
Net cash used in investing activities	192.5	43.3
Cash flows from financing activities		
Repayment of borrowings	(335.0)	-
Repayment of principal portion of lease liability	(0.2)	(0.3)
Dividends paid – ordinary**	(7.7)	(1.4)
Net cash used in financing activities	(342.9)	(1.7)
Cash and cash equivalents at beginning of the period	150.5	80.8
Net (decrease)/increase in cash and cash equivalents	(115.9)	57.0
Cash and cash equivalents at 30 September	34.6	137.8

*See note 3 for disclosure regarding cash flows relating to discontinued operations.

**Dividends paid in the six months ended 30 September 2020 relates to withholding tax paid relating to previous periods.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
As at 30 September 2021

	Note	Share capital £m	Share premium £m	Merger reserve £m	Retained earnings £m	Total equity £m
As at 31 March 2021 *(Audited)*		3.1	227.4	(2.3)	232.2	460.4
Loss for the period after taxation						
– continuing operations		-	-	-	(16.6)	(16.6)
– discontinued operations		-	-	-	(33.3)	(33.3)
Loss for the period after taxation and total comprehensive loss – Reported Group		-	-	-	(49.9)	(49.9)
Transactions with equity holders						
Transfer from share premium		-	(227.4)	-	227.4	-
Net proceeds from issue of new shares		-	0.5	-	-	0.5
Share based payments		-	-	-	0.2	0.2
Dividends paid	12	-	-	-	(9.1)	(9.1)
As at 30 September 2021 *(Unaudited)*		3.1	0.5	(2.3)	400.8	402.1

	Note	Share capital £m	Share premium £m	Merger reserve £m	Retained earnings £m	Total equity £m
As at 31 March 2020 *(Audited)*		3.1	227.4	(2.3)	382.4	610.6
Loss for the period after taxation						
– continuing operations		-	-	-	(79.3)	(79.3)
– discontinued operations		-	-	-	(13.0)	(13.0)
Loss for the period after taxation and total comprehensive loss – Reported Group		-	-	-	(92.3)	(92.3)
Revaluation of property, plant and equipment - discontinued operations		-	-	-	(0.1)	(0.1)
Total comprehensive loss for the period		-	-	-	(92.4)	(92.4)
Transactions with equity holders		-	-	-	-	-
As at 30 September 2020 *(Unaudited)*		3.1	227.4	(2.3)	290.0	518.2

NOTES TO THE FINANCIAL STATEMENTS

1. Accounting policies

General information

NewRiver REIT plc (the 'Company') and its subsidiaries (together the 'Group') is a property investment group specialising in commercial real estate in the UK. The Company is registered and domiciled in the UK and its registered office is 16 New Burlington Place, London, W1S 2HX.

The condensed consolidated interim financial statements (‘interim financial statements’) including the notes to the interim financial statements are unaudited and do not constitute statutory accounts as defined in section 434 of the Companies Act 2006. The financial information for the year ended 31 March 2021 included in this report was derived from the statutory accounts for the year ended 31 March 2021, a copy of which has been delivered to the Registrar of Companies. The auditor’s report on these accounts was unqualified, did not include a reference to any matters to which the auditor drew attention by way of emphasis of matter and did not contain a statement under sections 498 (2) or (3) of the Companies Act 2006.

These interim financial statements have been approved for issue by the Board of Directors on 25 November 2021.

Summary of significant accounting policies

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

Basis of preparation

The interim financial statements for the 6 month period ended 30 September 2021 have been prepared on the basis of the policies set out in the annual consolidated financial statements for the year ended 31 March 2021 and in accordance with UK adopted IAS 34 and the Disclosure Guidance and Transparency Rules sourcebook of the UK’s Financial Conduct Authority.

The interim financial statements need to be read in conjunction with the annual consolidated financial statements for the year ended 31 March 2021 which were prepared in accordance with IFRS in conformity with the requirements of the Companies Act 2006 and IFRS adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union.

In the year to 31 March 2022 the annual financial statements will be prepared in accordance with IFRS as adopted by the UK Endorsement Board, this change in basis of preparation is required by UK company law for the purposes of financial reporting as a result of the UK’s exit from the EU on 31 January 2020 and the cessation of the transition period on 31 December 2020; this change does not constitute a change in accounting policy but rather a change in framework which is required to ground the use of IFRS in company law; and there is no impact on recognition, measurement or disclosure between the two frameworks in the period reported.

The current period financial information presented in this document has been reviewed, not audited. The same accounting policies are followed in the half year report as applied in the Group’s latest annual audited financial statements.

Discontinued operations

On 20 August 2021, the Group sold its pub segment, Hawthorn, which constituted a major line of business. As such the comparative information has been re-presented to show the results of Hawthorn as a discontinued operation. Further details can be found in notes 3 and 8.

Going concern

The Group’s going concern assessment considers the Group’s principal risks, and is dependent on a number of factors, including cashflow and liquidity, continued access to borrowing facilities and the ability to continue to operate the Group’s unsecured debt structure within its financial covenants. The Group’s balance sheet is unsecured, which means that none of its debt is secured against any of its property assets. This type of financing affords significant operational flexibility, and consists of a £125 million (plus £50 million accordion, at lenders’ consent) of undrawn revolving credit facility (‘RCF’) and a £300 million unsecured corporate bond with the earliest expiry date being August 2024 and the earliest on drawn debt being March 2028. The debt has a number of financial covenants that the Group is required to comply with including an LTV covenant of less than 60% on the RCF (65% on the bond), and a 12 month historical interest cover ratio of more than 1.75x on the RCF (1.50x on the bond), 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 Board approved budget. This forecast is based on a reasonable worst case scenario, which includes the key assumptions listed below.

- A further 5% blended reduction in capital values across the portfolio in the second half of FY22, in addition to the 3.1% capital reduction recorded in the period ended 30 September 2021, with capital values to remain flat throughout FY23;
- Over 30% reduction in forecast net income from pre-covid levels as at March 2020 relating to the Group’s Retail portfolio, excluding agreed deferments; this reflects a significant downside to rental agreements re-geared or re-negotiated throughout the pandemic given that 93% of rents relating to FY21 were collected or alternative payments agreed at the time of reporting despite the multiple national lockdowns in place throughout the year; FY22 rent collection or alternative payments agreed for the period ended 30 September 2021 is 89% at the time of reporting;

- No disposal proceeds are assumed throughout the forecast period which have not yet completed at the time of reporting, despite the completion of £81 million of disposals during FY21, at a relatively tight discount to book values, and £24 million of retail disposals completed in FY22 so far with a further £51 million now under offer or exchanged at the date of approval of these financial statements.

Under this scenario, the Group is forecast to maintain sufficient cash and liquidity resources, and remain compliant with its financial covenants over the going concern period. Further stress testing was performed on this scenario which demonstrated that the Group's drawn debt covenants could absorb a further valuation decline of 33% and a further 56% reduction in annual net rental income before breaching covenant levels. The Group maintains sufficient cash and liquidity reserves to continue in operation and pay its liabilities as they fall due throughout the going concern assessment period and as such the Directors conclude a going concern basis of preparation is appropriate.

Statement of compliance

The information for the year ended 31 March 2021 does not constitute statutory accounts as defined in section 434 of the Companies Act 2006. A copy of the statutory accounts for that year has been delivered to the Registrar of Companies. The auditor's report on those accounts was not qualified, but the auditors did draw attention by way of emphasis to the material uncertainty within the valuation of public houses for the pub business, which were disposed of on 20 August 2021.

Basis of consolidation

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

New accounting polices

There have been no new accounting policies adopted in the period.

New standards and amendments

The Group has adopted the following amendments for the first time in the 6 months ended 30 September 2021:

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

Adopting these amendments 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. These were disclosed in the 31 March 2021 audited financial statements and there has been no significant update as at the date of this report. No material impact is expected upon the adoption of these standards and amendments.

2. Critical accounting judgements and estimates

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

REIT Status

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

Sources of estimation uncertainty

Investment property

The Group's investment properties are stated at fair value. The assumptions and estimates used to value the properties are detailed in note 13. Small changes in the key estimates, such as the estimated rental value, can have a significant impact on the valuation of the investment properties, and therefore a significant impact on the consolidated balance sheet and key performances measures such as Net Tangible Assets per share. Rents and ERVs have a direct relationship to valuation, while yield has an inverse relationship. Estimated costs of a development project will inversely affect the valuation of development properties. There are interrelationships between all these unobservable inputs as they are determined by market conditions. The existence of an increase in more than one unobservable input could be to magnify the impact on the valuation, see note 13 for sensitivity analysis. The estimated fair value may differ from the price at which the Group's assets could be sold. Actual realisation of net assets could differ from the valuation used in these financial statements, and the difference could be significant.

3. Segmental reporting and discontinued operations

The Group's operations has historically been 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 consisted 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.

On 20 August 2021, the Group disposed of its pub segment. These have therefore been classified as discontinued operations.

Segment revenues and result		Six months ended 30 September 2021			Six months ended 30 September 2020 (re-presented)		
		Retail	Pubs	Group	Retail	Pubs	Group
	Note	£m	£m	£m	£m	£m	£m
Property rental and related income		27.9	2.3	30.2	33.5	6.0	39.5
Managed pub income		-	10.4	10.4	-	7.2	7.2
Turnover related rent		-	5.4	5.4	-	3.4	3.4
Service charge income		7.5	-	7.5	6.2	-	6.2
Amortisation of tenant incentives and letting costs		(0.7)	-	(0.7)	(0.9)	-	(0.9)
Asset management fees		1.0	-	1.0	0.5	-	0.5
Surrender premiums and commissions		0.3	-	0.3	0.1	-	0.1
Segment revenue	4	36.0	18.1	54.1	39.4	16.6	56.0
Service charge expense		(10.4)	-	(10.4)	(9.8)	-	(9.8)
Rates		(1.0)	(0.1)	(1.1)	(1.2)	(0.2)	(1.4)
Other property operating expenses		(1.0)	(10.8)	(11.8)	(7.0)	(12.9)	(19.9)
Property operating expenses	5	(12.4)	(10.9)	(23.3)	(18.0)	(13.1)	(31.1)
Net property income		23.6	7.2	30.8	21.4	3.5	24.9
Other income	7	-	4.8	4.8	2.7	1.6	4.3
Segment result		23.6	12.0	35.6	24.1	5.1	29.2
Administrative expenses	6	(6.1)	(4.8)	(10.9)	(6.3)	(5.1)	(11.4)
Share of joint ventures' and associates' profit / (loss) after tax	14/15	1.6	-	1.6	(0.7)	-	(0.7)
Net valuation movement		(24.6)	-	(24.6)	(80.6)	(12.3)	(92.9)
(Loss) / profit on disposal of investment properties	9	(0.6)	0.8	0.2	(1.5)	(0.6)	(2.1)
Loss on disposal of subsidiaries	8	-	(39.4)	(39.4)	(2.2)	-	(2.2)
Finance income	10	0.2	-	0.2	0.1	-	0.1
Finance costs	10	(11.2)	-	(11.2)	(12.0)	-	(12.0)
Changes in fair value of financial instruments and associated close out costs	10	0.5	-	0.5	(1.2)	-	(1.2)
Taxation		-	(1.9)	(1.9)	1.0	(0.1)	0.9
Loss for the period after taxation		(16.6)	(33.3)	(49.9)	(79.3)	(13.0)	(92.3)

Cash flows from discontinued operations

	Six months ended 30 September 2021	30 September 2020
	£m	£m
Cash flows from operating activities	13.8	6.9
Cash flows from investing activities	193.0	3.9
Total cash flows from discontinued operations	206.8	10.8

	30 September 2021	31 March 2021

Segment assets

	Retail	Pubs	Unallocated	Total	Retail	Pubs	Unallocated	Total
	£m	£m	£m	£m	£m	£m	£m	£m
Non-current assets								
Investment properties	715.0	-	-	715.0	739.3	195.6	-	934.9
Investments in joint ventures	21.0	-	-	21.0	25.6	-	-	25.6
Investment in associates	11.1	-	-	11.1	5.3	-	-	5.3
Public houses	-	-	-	-	-	52.7	-	52.7
Property, plant and equipment	-	-	0.7	0.7	-	-	1.4	1.4
Other non-current assets	-	-	2.6	2.6	-	-	4.0	4.0
Total non-current assets				750.4				1,023.9
Current assets								
Trade and other receivables	16.7	-	-	16.7	25.1	0.9	-	26.0
Cash and cash equivalents	-	-	34.6	34.6	-	-	150.5	150.5
Assets held for sale	18.1	-	-	18.1	25.5	-	-	25.5
Total current assets including assets held for sale				69.4				202.0
Segment assets	781.9	-	37.9	819.8	820.8	249.2	155.9	1,225.9

4. Revenue

	Six months ended 30 September 2021	Six months ended 30 September 2020
	£m	£m
Property rental and related income*	27.9	33.5
Amortisation of tenant incentives and letting costs	(0.7)	(0.9)
Surrender premiums and commissions	0.3	0.1
Rental related income	27.5	32.7
Asset management fees	1.0	0.5
Service charge income	7.5	6.2
Revenue – continuing operations	36.0	39.4
Revenue – discontinued operations	18.1	16.6
Revenue – Reported Group	54.1	56.0

*Included within property rental and related income is car park income of £2.2 million (30 September 2020: £1.2 million) which falls under the scope of IFRS 15. The remainder of the income is accounted for in accordance with IFRS 16.

Asset management fees, managed pub income (now within discontinued operations) and service charge income, representing the billing of costs on the day-to-day maintenance of assets, is within the scope of IFRS 15.

5. Property operating expenses

	Six months ended 30 September 2021	Six months ended 30 September 2020
	£m	£m
Service charge expense	10.4	9.8
Rates on vacant units	1.0	1.2
Expected credit (reversal) / charge	(0.6)	5.3
Other property operating expenses	1.6	1.7
Property operating expenses – continuing operations	12.4	18.0
Property operating expenses – discontinued operations	10.9	13.1
Property operating expenses – Reported Group	23.3	31.1

6. Administrative expenses

	Six months ended 30 September 2021 £m	Six months ended 30 September 2020 £m
Wages and salaries	2.8	3.0
Social security costs	0.4	0.4
Other pension costs	0.1	0.1
Staff costs	3.3	3.5
Depreciation	0.3	0.3
Share based payments	0.2	-
Other administrative expenses	2.3	2.5
Administrative expenses – continuing operations	6.1	6.3
Administrative expenses – discontinued operations	4.8	5.1
Administrative expenses – Reported Group	10.9	11.4

Net administrative expenses ratio is calculated as follows:

	Six months ended 30 September 2021 £m	Six months ended 30 September 2020 £m
Administrative expenses	6.1	6.3
Adjust for:		
Asset management fees	(1.0)	(0.5)
Share of joint ventures' and associates administrative expenses	0.1	0.1
Share-based payments	(0.2)	-
Abortive fees	-	(0.3)
Group's share of net administrative expenses – continuing operations	5.0	5.6
Group's share of net administrative expenses – discontinued operations	4.2	4.7
Group's share of net administrative expenses – Reported Group	9.2	10.3
Property rental and related income*	28.2	28.2
Share of joint ventures' and associates' property income	2.3	2.0
Property rental, other income and related income – continuing operations	30.5	30.2
Property rental, other income and related income – discontinued operations	21.4	16.6
Property rental, other income and related income – Reported Group	51.9	46.8
Net administrative expenses as a % of property income (including share of joint ventures) – continuing operations	16.4%	18.5%
Net administrative expenses as a % of property income (including share of joint ventures) - discontinuing operations	19.6%	28.3%
Net administrative expenses as a % of property income (including share of joint ventures) – Reported Group	17.7%	22.0%

*This balance includes a reversal of an expected credit loss of £0.3 million (30 September 2020: £5.3 million), which excludes the £0.3 million credit relating to the forward looking element of the calculation (30 September 2020: £0.6 million charge) and includes the expected credit loss held in joint ventures and associates of £0.1 million (30 September 2020: £0.4 million).

Average monthly number of staff

Directors	7	7
Operations and asset managers	17	17
Support functions	32	30
Total - continuing operations	56	54
Total - discontinued operations	103	130
Total – Reported Group	159	184

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

7. Other income

	Six months ended 30 September 2021 £m	Six months ended 30 September 2020 £m
Insurance proceeds	-	2.7
Other income – continuing operations	-	2.7
Other income – discontinued operations*	4.8	1.6
Other income – Reported Group	4.8	4.3

*Included within other income – discontinued operations is dilapidation income, government grant income and insurance income in relation to Covid-19 interruption claims.

8. Loss on disposal of subsidiary

Six months to 30 September 2021

Hawthorn

On 20 August 2021 NewRiver REIT plc ('NRR') completed the sale of the entire issued share capital of Hawthorn Leisure REIT Limited ('Hawthorn'), the entity that held, either directly or indirectly through its wholly-owned subsidiaries, NewRiver's entire community pub business to AT Brady Bidco Limited. Financial performance for the period to 20 August 2021 is included in Note 3 – Segmental reporting and discontinued operations.

Subsidiaries disposed

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

	20 August 2021 £m
Gross disposal proceeds	224.0
Net assets disposed of:	
Investment property	(202.3)
Managed houses	(53.8)
Property, plant and equipment	(1.2)
Cash	(16.6)
Other liabilities	19.9
Carrying value	(254.0)
Loss on disposal before transaction costs	(30.0)
Transaction costs	(9.4)
Loss on disposal (discontinued operations – Note 3)	(39.4)

Six months to 30 September 2020

On the 30 September 2020, the Group disposed of a subsidiary which owned Sprucefield Retail Park for gross disposal proceeds of £38.5 million with a carrying value of £40.7 million, resulting in a loss of £2.2 million. The Group then acquired a 10% interest, see note 15.

9. Loss on disposal of investment properties

	Six months ended 30 September 2021 £m	Six months ended 30 September 2020 £m
Gross disposal proceeds	5.7	6.4
Carrying value	(6.0)	(7.7)
Cost of disposal	(0.3)	(0.2)
Loss on disposal of investment properties – continuing operations	(0.6)	(1.5)
Profit / (loss) on disposal of investment properties – discontinued operations	0.8	(0.6)
Profit / (loss) on disposal of investment properties – Reported Group	0.2	(2.1)

10. Finance income and finance costs

	Six months ended 30 September 2021 £m	Six months ended 30 September 2020 £m
Finance income		
Income from loans with joint ventures and associates	(0.2)	(0.1)
Revaluation of derivatives	(1.0)	-
Finance costs		
Interest on borrowings	9.8	10.5
Finance cost on lease liabilities	1.4	1.5
Revaluation of derivatives	-	1.2
Write off of term loan	0.5	-
Net finance expense – continuing operations	10.5	13.1
Net finance expense – discontinued operations	-	-
Net finance expense – Reported Group	10.5	13.1

11. EPRA Performance measures

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

	Six months ended					
	30 September 2021			30 September 2020		
	Continuing* £m	Discontinued £m	Total £m	Continuing £m	Discontinued £m	Total £m
Loss for the period after taxation	(16.6)	(33.3)	(49.9)	(79.3)	(13.0)	(92.3)
Adjustments						
Revaluation of property	24.6	-	24.6	80.6	12.3	92.9
Changes in fair value of financial instruments and associated close out costs	(0.5)	-	(0.5)	1.2	-	1.2
Loss on disposal of subsidiaries	-	39.4	39.4	2.2	-	2.2
Acquisition costs	-	-	-	-	0.1	0.1
Deferred tax	-	1.9	1.9	-	0.1	0.1
(Profit) / loss on disposal of investment properties	0.6	(0.8)	(0.2)	1.5	0.6	2.1
Group's share of joint ventures' adjustments						
Revaluation of investment properties	(2.4)	-	(2.4)	1.8	-	1.8
Fair value of derivatives	(0.1)	-	(0.1)	-	-	-
Loss on disposal of investment properties	2.2	-	2.2	-	-	-
EPRA earnings	7.8	7.2	15.0	8.0	0.1	8.1
Depreciation of property	-	0.4	0.4	-	0.3	0.3
Forward looking element of IFRS 9**	(0.3)	-	(0.3)	0.6	-	0.6
Abortive fees	-	0.2	0.2	0.3	-	0.3
Share-based payment charge	0.2	-	0.2	-	-	-
Underlying Funds From Operations (UFFO)	7.7	7.8	15.5	8.9	0.4	9.3

*The continuing column reflects the full impact of the finance costs of £10.5 million (30 September 2020: £13.1 million) none of which has been allocated to discontinued operations.
**Forward looking element of IFRS 9 relates to a provision against debtor balances in relation to invoices in advance for future rental income. These balances are not due in the current period and therefore no income has yet been recognised in relation to these debtors.

	Six months ended	
	30 September 2021	30 September 2020
Number of shares	No. m	No. m
Weighted average number of ordinary shares for the purposes of Basic EPS, UFFO and EPRA	306.6	306.4
Effect of dilutive potential ordinary shares:		
Deferred bonus shares	1.0	0.1
Weighted average number of ordinary shares for the purposes of diluted EPS	307.6	306.5

Performance measures (pence)	Six months ended					
	30 September 2021			30 September 2020		
	Continuing	Discontinued	Total	Continuing	Discontinued	Total
IFRS Basic EPS	(5.4)	(10.9)	(16.3)	(25.9)	(4.2)	(30.1)
EPRA Basic EPS	2.5	2.4	4.9	2.6	-	2.6
UFFO Basic EPS	2.5	2.6	5.1	2.9	0.1	3.0
IFRS Diluted EPS	(5.4)	(10.9)	(16.3)	(25.9)	(4.2)	(30.1)
EPRA Diluted EPS	2.5	2.3	4.8	2.6	-	2.6
UFFO Diluted EPS	2.5	2.5	5.0	2.9	0.1	3.0

EPRA NTA per share and basic NTA per share:

	30 September 2021 £m	Shares m	Pence per share	31 March 2021 £m	Shares m	Pence per share
Net assets	402.1	307.0	131p	460.4	306.5	150p
Unexercised employee awards	-	1.0		-	0.8	
Diluted net assets	402.1	308.0	131p	460.4	307.3	150p
Fair value of deferred tax liability	-	-		0.7	-	
Fair value derivatives	-	-		2.6	-	
Goodwill	-	-		(0.5)	-	
EPRA net assets	402.1	308.0	131p	463.2	307.3	151p

12. Dividends

There were no dividends paid in the prior year; the dividend paid in the period is set out below:

	PID	Non-PID	Pence per share	£m
Period to September 2021				
Ordinary dividends				
3 September 2021	3.0	-	3.0	9.1
	3.0	-	3.0	9.1

Property Income Distribution (PID) dividends

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

Non-PID dividends

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

13. Investment properties

	30 September 2021 £m	31 March 2021 £m
Fair value brought forward 31 March 2021 / 31 March 2020	851.9	1,102.3
Acquisitions	7.3	-
Capital expenditure	6.1	10.0
Lease incentives, letting and legal costs	1.1	2.4
Reclassification to property, plant and equipment	-	(4.1)
Transfer from assets held for sale	25.5	-
Transfer to assets held for sale	(18.1)	(25.5)
Disposals	(10.0)	(44.7)
Disposal of subsidiary businesses	(202.3)	(40.7)
Net valuation movement	(24.5)	(147.8)
Fair value carried forward	637.0	851.9
Right of use asset (investment property)	78.0	83.0
Fair value carried forward	715.0	934.9

Retail – continuing operations

The Group's investment properties have been valued at fair value on 30 September 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 Group is exposed to changes in the residual value of properties at the end of current lease agreements. The residual value risk born by the Group is mitigated by active management of its property portfolio with the objective of optimising tenant mix in order to:

- achieve the longest weighted average lease term possible;
- minimise vacancy rates across all properties; and

- minimise the turnover of tenants with high quality credit ratings.

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

The fair value as at 30 September 2021 / 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.

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 and +/-100bps for NEY to capture sensitivities in these key valuation assumptions, and deem it to be a reasonable worst case scenario.

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

The inputs to the valuation include:

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

There were no changes to valuation techniques during the year. Valuation reports are based on both information provided by the Group, e.g. current rents and lease terms which is derived from the 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.

September 2021: Sensitivity impact on valuations of a 10% change in estimated rental value and absolute yield of 100 bps.

		Impact on valuations of a 10% change in ERV		*Impact on valuations of 100 bps change in yield*	
Asset Type Retail asset valuation	*£m*	*£m Increase 10%*	*£m Decrease 10%*	*£m Increase 1.0%*	*£m Decrease 1.0%*
Shopping Centres - Core	*208.3*	*18.5*	*(17.5)*	*(22.2)*	*27.1*
Shopping Centres - Regeneration	*208.7*	*16.5*	*(17.2)*	*(25.3)*	*34.1*
Shopping Centres – Work Out	*104.3*	*6.8*	*(6.5)*	*(5.9)*	*7.2*
Retail parks	*117.6*	*8.6*	*(9.4)*	*(13.0)*	*17.0*
High street and other	*16.2*	*0.9*	*(0.5)*	*(0.2)*	*0.6*
	*655.1**	*51.3*	*(51.1)*	*(66.6)*	*86.0*

*This number includes assets held for sale of £18.1 million.

March 2021: Sensitivity impact on valuations of a 10% change in estimated rental value and absolute yield of 100 bps.

		Impact on valuations of a 10% change in ERV		*Impact on valuations of 100 bps change in yield*	
Asset Type Retail asset valuation	*£m*	*£m Increase 10%*	*£m Decrease 10%*	*£m Increase 1.0%*	*£m Decrease 1.0%*
Shopping Centres - Core	*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 parks	*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 £25.5 million.

Reconciliation to net valuation movement in consolidated statement of comprehensive income

	30 September 2021 £m	31 March 2021 £m
Net valuation in investment properties	(24.5)	(147.8)
Net valuation in property, plant and equipment	-	(6.6)
Net valuation movement in right of use asset	(0.1)	(0.3)
Net valuation movement in consolidated statement of comprehensive income	(24.6)	(154.7)

Reconciliation to properties at valuation in the portfolio

	Note	September 2021 £m	March 2021 £m
Investment property	13	637.0	851.9
Property, plant and equipment	16	-	52.7
Assets held for sale	18	18.1	25.5
Properties held in joint ventures*	14	31.9	35.2
Properties held in associates	15	15.3	8.9
Properties at valuation		702.3	974.2

*Included in non-current assets in joint ventures is a £1.5 million (31 March 2021: £1.5 million) loan to joint ventures which should be deducted from this balance.

Pubs – discontinued operations

As at the 31 March 2021, the valuations across the leisure and hospitality sector, including pubs were 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. The external valuers confirmed that the inclusion of the "material valuation uncertainty" declaration did not mean that the valuations for NewRivers pub portfolio could not be relied upon. Rather, the phrase was used in order to be clear and transparent with all parties, in a professional manner that – in the extraordinary circumstances at 31 March 2021 – less certainty could be attached to valuations than would otherwise have been the case. Investment property for which there is material uncertainty amount to £nil at the period end as the pub business has been disposed of (2021: £195.6 million).

For the purposes of the Circular for the sale of Hawthorn, Colliers performed a valuation at 30 June 2021 for the Hawthorn assets which identified no material valuation movements from 31 March 2021. The Directors are satisfied that there has been no material valuation movement between 30 June 2021 and the date of disposal on 20 August 2021.

Sensitivities of measurement of significant inputs

Given the disposal of Hawthorn business on 20 August 2021 no sensitivity analysis has been presented. Any change in valuation of the pub investment property assets at the date of disposal would have no net impact on the total loss for the period from discontinued operations in the condensed consolidated statement of comprehensive income.

14. Investments in joint ventures

Name	Country of incorporation	30 September 2021 % Holding	31 March 2021 % Holding
NewRiver Retail Investments LP ('NRI LP')	Guernsey	50	50
NewRiver Retail (Napier) Limited ('Napier')	UK	50	50

	30 September 2021 £m	31 March 2021 £m
Opening balance 31 March 2021 / 31 March 2020	25.6	22.1
Group's share of (loss) / profit after taxation excluding valuation movement	(1.2)	2.3
Net valuation movement	0.6	1.2
Other movement	0.4	-
Distributions	(4.4)	-
Investment in joint ventures	21.0	25.6

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

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

Balance sheet	30 September 2021				31 March 2021			
	Napier	NRI LP	Total	Group's share	Napier	NRI LP	Total	Group's share
	£m	£m	£m	£m	£m	£m	£m	£m
Non-current assets	63.8	-	63.8	33.4	62.4	8.0	70.4	36.8
Current assets	4.2	0.5	4.7	2.4	7.0	1.6	8.6	4.3
Current liabilities	(5.1)	(0.1)	(5.2)	(1.1)	(6.5)	(1.0)	(7.5)	(1.8)
Borrowings due in more than one year	(27.4)	-	(27.4)	(13.7)	(27.3)	-	(27.3)	(13.7)
Net assets	35.5	0.4	35.9	21.0	35.6	8.6	44.2	25.6

Statement of comprehensive income	Six months ended 30 September				Six months ended 30 September			
	2021	2021	2021	2021	2020	2020	2020	2020
	Napier	NRI LP	Total	Group's share	Napier	NRI LP	Total	Group's share
	£m	£m	£m	£m	£m	£m	£m	£m
Revenue	2.8	0.2	3.0	1.5	3.4	0.6	4.0	2.0
Property operating expenses	(0.3)	(0.1)	(0.4)	(0.2)	(0.6)	(0.4)	(1.0)	(0.5)
Net property income	2.5	0.1	2.6	1.3	2.8	0.2	3.0	1.5
Administration expenses	(0.1)	(0.1)	(0.2)	(0.1)	(0.2)	-	(0.2)	(0.1)
Net finance costs	(0.5)	-	(0.5)	(0.2)	(0.6)	-	(0.6)	(0.3)
	1.9	-	1.9	1.0	2.0	0.2	2.2	1.1
Net valuation movement	1.3	-	1.3	0.6	(1.6)	(1.5)	(3.1)	(1.5)
(Loss) / profit on disposal	-	(4.4)	(4.4)	(2.2)	-	0.1	0.1	-
Loss after taxation	3.2	(4.4)	(1.2)	(0.6)	0.4	(1.2)	(0.8)	(0.4)
Add back net valuation movement	(1.3)	-	(1.3)	(0.6)	1.6	1.5	3.1	1.5
Group's share of joint ventures' profit / (loss) before valuation movements	1.9	(4.4)	(2.5)	(1.2)	2.0	0.3	2.3	1.1

The Group's share of contingent liabilities in the joint ventures is £nil (March 2021: £nil).

15. Investments in associate

The Group has one investment in an 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 (Sprucefield) Limited.

	30 September 2021	31 March 2021
	£m	£m
Opening balance 31 March 2021 / 31 March 2020	5.3	0.9
Additions to Investment in associate	3.7	3.7
Other movement	(0.1)	-
Group's share of profit after taxation excluding valuation movement	0.4	0.1
Net valuation movement	1.8	0.6
Investment in associate	11.1	5.3

On 1 April 2021, Sealand S.à.r.l, completed an acquisition of The Moor, in Sheffield, via NewRiver Retail (Hamilton) Limited, in which the Group holds a 10% interest. The gross asset value at the date of the transaction was £41.0 million and NewRiver will hold a 10% interest in the asset (NewRiver share: £4.1 million).

Name			30 September 2021	31 March 2021
	Year-end	Country of incorporation	% Holding	% Holding
NewRiver Retail (Nelson) Limited	31 December	UK	10	10
NewRiver Retail (Hamilton) Limited	31 December	UK	10	10
NewRiver (Sprucefield) Limited	31 December	UK	10	10

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

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

Balance sheet	30 September 2021		31 March 2021	
	Total	Group's share	Total	Group's share
	£m	£m	£m	£m
Non-current assets	153.1	15.3	89.5	8.9
Current assets	10.2	1.0	6.7	0.7
Current liabilities	(69.4)	(6.9)	(37.5)	(3.8)
Borrowings due in more than one year	(42.2)	(4.2)	(42.1)	(4.2)
Net assets	51.7	5.2	16.6	1.6
Loans to associates	-	5.9	-	3.7
Net assets	51.7	11.1	16.6	5.3

Statement of comprehensive income	Six months ended 30 September		Six months ended 30 September	
	2021	2021	2020	2020
	Total	Group's share	Total	Group's share
	£m	£m	£m	£m
Revenue	8.1	0.8	1.9	0.2
Property operating expenses	(1.8)	(0.2)	(0.7)	(0.1)
Net property income	6.3	0.6	1.2	0.1
Administration expenses	(0.5)	-	(0.1)	-
Net finance costs	(2.1)	(0.1)	(0.8)	(0.1)
	3.7	0.5	0.3	-
Net valuation movement	18.0	1.8	(2.8)	(0.3)
Taxation	(0.7)	(0.1)	-	-
Profit / (loss) after taxation	21.0	2.2	(2.5)	(0.3)
Add back net valuation movement	(18.0)	(1.8)	2.8	0.3
Group's share of associates' profit before valuation movements	3.0	0.4	0.3	-

16. Property, plant and equipment

	Office equipment	Fixtures and fittings	Public houses	Total
	£m	£m	£m	£m
Cost or valuation				
At 1 April 2021	2.4	0.6	55.4	58.4
Additions	0.6	0.1	2.3	3.0
Disposals	-	-	(0.8)	(0.8)
Disposals on sale of subsidiaries	(2.1)	-	(56.9)	(59.0)
At 30 September 2021	0.9	0.7	-	1.6
Accumulated depreciation				
At 31 March 2021	1.1	0.5	2.7	4.3
Charge for the period	0.1	-	0.4	0.5
Disposals	(0.8)	-	(3.1)	(3.9)
At 30 September 2021	0.4	0.5	-	0.9
Net book value at 30 September 2021	0.5	0.2	-	0.7
Net book value at 31 March 2021	1.3	0.1	52.7	54.1

The Group's public houses were disposed of in the period. As at 31 March 2021 they were valued at fair value by independent valuers, Colliers International Valuation UK LLP, on the basis of fair value in accordance with the Current Practice Statements contained in The Royal Institution of Chartered Surveyors Valuation – Professional Standards, (the 'Red Book'). The valuations are performed by appropriately qualified valuers who have relevant and recent experience in the sector. Please see note 13 for further information on the valuation of the Group's properties. As mentioned in note 13, there was a material uncertainty clause relating to the public house valuations, amounting to £52.7 million in the note above as at 31 March 2021.

Depreciation is also charged on the right of use asset of £0.3 million (31 March 2021: £0.4 million), which is not included in the note above.

17. Trade and other receivables

	30 September 2021 £m	31 March 2021 £m
Trade receivables (net)*	5.2	9.6
Restricted monetary asset	5.6	5.6
Service charge receivables**	1.8	2.6
Other receivables	2.4	4.9
Prepayments	0.8	1.9
Accrued income	0.9	1.4
	16.7	26.0

*Trade receivables are shown after deducting a loss allowance of £4.7 million (31 March 2021: £9.3 million). The provision for doubtful debts is calculated as an expected credit loss on trade receivables in accordance with IFRS 9. The credit to the condensed consolidated statement of comprehensive income within property operating expenses in relation to doubtful debts made against tenant debtors was £2.1 million in relation to continuing operations (31 March 2021: £5.6 million charge from continuing and discontinuing operations). The Group has calculated the expected credit loss by applying a forward-looking outlook, impacted by the Covid-19 pandemic, to historical 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 economic conditions and likelihood that tenants will pay.

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

**Included in service charge receivables is £1.1 million of Value Added Taxation (31 March 2021: £0.4 million) and £0.7 million of service charge debtors (31 March 2021: £2.2 million).

18. Assets held for sale

	30 September 2021 £m	31 March 2021 £m
Opening balance at 1 April 2021 / 1 April 2020	25.5	-
Transfer to investment properties	(25.5)	-
Transfer from investment properties	18.1	25.5
Closing balance 30 September 2021 / 31 March 2021	18.1	25.5

As at 30 September 2021 there were four assets that were in negotiations for sale with a third party. These assets, totalling £18.1 million were considered to be in a condition ready for sale and are considered to meet the held for sale criteria under IFRS. During the six months ended 30 September 2021 the £25.5 million of properties held for sale as at 31 March 2021 were not sold and are no longer available for sale as the Group decided to retain them, therefore they have been transferred back to investment property. In October 2021, three of the four assets included as Held for Sale as at 30 September were sold for consideration of £16.8 million in line with their carrying value. See note 25.

19. Trade and other payables

	30 September 2021 £m	31 March 2021 £m
Trade payables	3.9	4.4
Service charge liabilities*	9.1	10.9
Other payables	3.4	7.0
Accruals	16.7	15.0
Value Added Taxation	2.3	2.2
Rent received in advance	6.7	7.4
	42.1	46.9

*Service charge liabilities include accruals of £nil (31 March 2021: £0.3 million), service charge creditors and other creditors of £1.5 million (31 March 2021: £2.8 million) and deferred income of £7.6 million (31 March 2021: £7.8 million).

20. Borrowings

Maturity of bank facilities:	Carrying amount 30 September 2021 £m	Carrying amount 31 March 2021 £m
Between two and three years	-	335.0
Between three and four years	-	-
After five years	300.0	300.0
	300.0	635.0
Less unamortised fees / discount	(4.2)	(5.3)
	295.8	629.7

Unsecured borrowings:	Maturity date	Facility	Facility drawn	Unamortised facility fees / discount	
		£m	£m	£m	£m
Revolving credit facility*	August 2023	215.0	-	(0.8)	(0.8)
Corporate bond	March 2028	300.0	300.0	(3.4)	296.6
		515.0	300.0	(4.2)	295.8

*On 21 October the Group extended the maturity of its revolving credit facility to August 2024 and at the same time cancelled £90 million of the facility, reducing it from £215 million to £125 million with a £50 million accordion subject to lenders consent. The revolving credit facility also references Sterling Over Night Indexed Average ('SONIA') as its floating rate.

In the period the Group drew down £nil (year-ended March 2021: £nil) and repaid £170 million (March 2021: £nil) of the revolving credit facility. In addition, on 28 September 2021 the Group fully repaid and cancelled its £165 million Term loan.

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. As at 30 September 2021 the fair value was £315.6 million (31 March 2021: £283.7 million). The fair value of the Group's bank loan is approximately the same as their carrying amount, after adjusting for the unamortised arrangement fees, and also represents Level 2 fair value measurement.

21. Share capital and reserves

Share capital

			Number of shares		
Ordinary shares	Number of shares issued	Price per share	Total	Held by EBT	Shares in issue
	m's	pence	m's	m's	m's
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
Scrip dividends issued	0.5	0.82	309.5	2.7	306.8
Shares issued under employee share schemes	0.1	-	309.5	2.6	306.9
30 September 2021			309.5	2.6	306.9

	Share capital	Share premium	Total
	£'000	£'000	£'000
31 March 2020	3,062	227,349	230,411
31 March 2021	3,062	227,349	230,411
Transfer of Share premium	-	(227,349)	(227,349)
Shares issued under employee share schemes	2	-	2
Scrip dividends issued	5	450	455
30 September 2021	3,069	450	3,519

Merger reserve
The merger reserve arose as a result of a scheme of arrangement and group reorganisation in 2016 and represents the nominal amount of share capital that was issued to shareholders of NewRiver Retail Limited.

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

Retained earnings
Retained earnings consist of the accumulated net comprehensive profit of the Group, less dividends paid from distributable reserves and transfers from equity issues where those equity issues generated distributable reserves and through the cancellation of share premium accounts via a capital reduction.

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 2.6 million ordinary shares held by the EBT.

22. Financial instruments and risk management

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

Risk management parameters are established by the Board on a project-by-project basis. Reports are provided to the Board quarterly and also when a new principal risk or the removal of a principal risk requires authorisation by the Board.

Financial instruments

	Valuation level	30 September 2021 £m	31 March 2021 £m
Financial assets			
Financial assets at amortised cost			
Trade and other receivables		13.9	22.4
Cash and cash equivalents		34.6	150.5
		48.5	172.9
Financial liabilities			
Fair value through profit or loss			
Interest rate swaps	2	-	(2.6)
At amortised cost			
Borrowings		(295.8)	(629.7)
Lease liabilities		(79.8)	(85.6)
Payables and accruals		(25.4)	(29.4)
		(401.0)	(747.3)
		(352.5)	(574.4)

23. Related party transactions

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

During the period the Company paid £1.5 million (30 September 2020: £1.0 million) in professional legal fees to CMS Cameron McKenna Nabarro Olswang LLP for property services and for the disposal of Hawthorn at commercial market rates. Allan Lockhart, CEO of NewRiver, has a personal relationship with one of the Partners at CMS who along with other Partners provides these legal services.
The Group has loans with joint ventures of £3.0 million (30 September 2020: £3.0 million) (note 14) and loans with associates of £5.9 million (30 September 2020: £3.3 million) (note 15). The Group was paid dividends from joint ventures of £4.4 million in the period (30 September 2020: £nil) (note 14).

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

	Six months ended 30 September 2021 £m	30 September 2020 £m
NewRiver Retail Investments LP	-	0.1
NewRiver Retail (Nelson) Limited	0.1	0.1
NewRiver Retail (Napier) Limited	0.1	0.1
NewRiver Retail (Sprucefield) Limited	0.1	-
NewRiver Retail (Hamilton) Limited	0.1	-

As at 30 September 2021, an amount of £0.2 million (September 2020: £0.1 million) was due to the Group relating to management fees.

During the period, the Group has recognised £0.2 million (September 2020: £0.1 million) of interest from joint ventures and associates and as at 30 September 2021 the amount owing to the Group was £0.1 million (September 2020: £0.1 million).

24. Contingent liabilities

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

25. Post balance sheet events

On 21 October 2021 the Group extended the maturity of its revolving credit facility to August 2024 and at the same time cancelled £90 million of the facility, reducing it from £215 million to £125 million with a £50 million accordion subject to lenders consent. The revolving credit facility also references SONIA as its floating rate.

Since 30 September 2021, the Group has disposed of three assets for £16.8 million in-line with carrying value.

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

EPRA performance measures

The information in this section 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.

	HY22	**HY21**
EPRA Earnings per Share (EPS)	4.9p	2.6p
EPRA Cost Ratio (including direct vacancy costs)	55.2%	60.8%
EPRA Cost Ratio (excluding direct vacancy costs)	52.8%	58.1%

	September 2021	**March 2021**
EPRA NRV per share	144p	170p
EPRA NTA per share	131p	151p
EPRA NDV per share	125p	155p
EPRA NIY	7.5%	8.4%
EPRA 'topped-up' NIY	8.2%	8.9%
EPRA Vacancy Rate	4.2%	4.2%

EPRA Earnings per Share: 4.9p

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

	HY22 (£m)	**HY21 (£m)**
Earnings per IFRS income statement	(49.9)	(92.3)
*Adjustments to calculate EPRA Earnings, **exclude:***		
Changes in value of investment properties, development properties held for investment and other interests	24.6	92.9
Profits or losses on disposal of investment properties, development properties held for investment and other interests	39.2	4.3
Negative goodwill / goodwill impairment	-	-
Changes in fair value of financial instruments and associated close-out costs	(0.5)	1.2
Acquisition costs on share deals and non-controlling joint venture interests	-	0.1
Deferred tax in respect of EPRA adjustments	1.9	0.1
Adjustments to above in respect of Joint Ventures and Associates (unless already included under proportional consolidation)	(0.3)	1.8
EPRA Earnings	**15.0**	**8.1**
Basic number of shares	306.6m	306.4m
EPRA Earnings per Share (EPS)	**4.9p**	**2.6p**
EPRA Earnings – continuing operations	***7.8***	***8.0***
EPRA Earnings per Share (EPS) – continuing operations	***2.5p***	***2.6p***

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

	HY22 (£m)	HY21 (£m)
EPRA Earnings	**15.0**	**8.1**
Share-based payment charge	0.2	-
Depreciation of property	0.4	0.3
Abortive costs	0.2	0.3
Forward looking element of IFRS 9	(0.3)	0.6
Underlying Funds From Operations (UFFO)	**15.5**	**9.3**
Basic number of shares	306.6m	306.4m
UFFO per share	**5.1p**	**3.0p**
Underlying Funds From Operations (UFFO) – continuing operations	***7.7***	***8.9***
UFFO per share – continuing operations	***2.5p***	***2.9p***

EPRA NRV per share: 144p; EPRA NTA per share: 131p; EPRA NDV per share: 125p

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

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

30 September 2021	**EPRA NRV (£m)**	**EPRA NTA (£m)**	**EPRA NDV (£m)**
IFRS Equity attributable to shareholders	402.1	402.1	402.1
Fair value of financial instruments	-	-	-
Deferred tax in relation to fair value gains of Investment Property/ PPE	-	-	-
Goodwill as per the IFRS balance sheet	-	-	-
Fair value of debt	-	-	(15.6)
Purchasers' costs	41.7	-	-
EPRA NRV/NTA/NDV	**443.8**	**402.1**	**386.5**
Fully diluted number of shares	308.0m	308.0m	308.0m
EPRA NRV/NTA/NDV per share	**144p**	**131p**	**125p**

31 March 2021	**EPRA NRV (£m)**	**EPRA NTA (£m)**	**EPRA NDV (£m)**
IFRS Equity attributable to shareholders	460.4	460.4	460.4
Fair value of financial instruments	2.6	2.6	-
Deferred tax in relation to fair value gains of Investment Property/ PPE	0.7	0.7	-
Goodwill as per the IFRS balance sheet	-	(0.5)	(0.5)
Fair value of debt	-	-	16.3
Purchasers' costs	60.1	-	-
EPRA NRV / NTA / NDV	**523.8**	**463.2**	**476.2**
Fully diluted number of shares	307.3m	307.3m	307.3m
EPRA NRV / NTA / NDV per share	**170p**	**151p**	**155p**

EPRA NIY: 7.5%; EPRA 'topped-up' NIY: 8.2%

Definition
The basic EPRA NIY calculates the annualised rental income based on the cash rents passing at the balance sheet date, less non-recoverable property operating expenses, divided by the market value of the property, increased with (estimated) purchasers' costs.

In respect of the 'topped-up' NIY, an adjustment to the EPRA NIY in respect of the expiration of rent-free periods (or other unexpired lease incentives such as discounted rent periods and step rents).

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

		September 2021 (£m)	**March 2021 (£m)**
Properties at valuation – wholly owned		637.0	904.6
Properties at valuation – share of Joint Ventures & Associates		47.2	44.1
Trading property (including share of Joint Ventures & Associates)		18.1	25.5
Less: Developments		(31.6)	(32.0)*
Completed property portfolio		**670.7**	**942.2**
Allowance for estimated purchasers' costs and capital expenditure		41.1	47.3
Grossed up completed property portfolio valuation	**B**	**711.8**	**989.5**
Annualised cash passing rental income		66.5	96.4
Property outgoings		(13.4)	(13.7)
Annualised net rents	**A**	**53.1**	**82.7**
Add: Notional rent expiration of rent free periods or other lease incentives		5.5	5.4
Topped-up net annualised rent	**C**	**58.6**	**88.1**
EPRA NIY	**A/B**	**7.5%**	**8.4%**
EPRA 'topped-up' NIY	**C/B**	**8.2%**	**8.9%**

*Residual development value retrospectively applied to Grays as at March 2021. Previously stated 8.2% EPRA NIY and 8.8% EPRA 'topped-up' NIY.

Continuing operations as at March 2021 calculated as 7.4% EPRA NIY and 8.2% EPRA 'topped-up' NIY.

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.

		September 2021 (£m)	**March 2021 (£m)**
Calculation of EPRA Vacancy Rate		£m	£m
Estimated Rental Value of vacant retail space	A	2.6	2.8
Estimated rental value of the retail portfolio	B	63.2	66.0
EPRA Vacancy Rate	**A/B**	**4.2%**	**4.2%**

EPRA Cost Ratio (including direct vacancy costs): 55.2%;
EPRA Cost Ratio (excluding direct vacancy costs): 52.8%

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.

		HY22 (£m)	HY21 (£m)
Administrative/operating expenses per IFRS		24.1	32.3
Net service charge costs/fees		2.9	3.6
Management fees less actual/estimated profit element		(1.0)	(0.5)
Other operating income/recharges intended to cover overhead expenses less any related profits		-	(4.4)
Share of Joint Ventures and Associates expenses (net of other income)		0.5	0.6
Exclude (if part of the above):			
Ground rent costs		0.4	0.1
EPRA Costs (including direct vacancy costs)	**A**	**26.9**	**31.7**
Direct vacancy costs		(1.2)	(1.4)
EPRA Costs (excluding direct vacancy costs)	**B**	**25.7**	**30.3**
Gross Rental Income less ground rents – per IFRS		46.4	50.2
Add: share of Joint Ventures and Associates (Gross Rental Income less ground rents)		2.3	2.0
Gross Rental Income	**C**	**48.7**	**52.2**
EPRA Cost Ratio (including direct vacancy costs)	**A/C**	**55.2%**	**60.8%**
EPRA Cost Ratio (excluding direct vacancy costs)	**B/C**	**52.8%**	**58.1%**
EPRA Cost Ratio (including direct vacancy costs) – continuing operations		***38.9%***	***43.1%***
EPRA Cost Ratio (excluding direct vacancy costs) – continuing operations		***35.3%***	***39.7%***

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

		HY22 (£m)	HY21 (£m)
EPRA Costs (including direct vacancy costs)	**A**	**26.9**	**31.7**
Exclude			
Ground rent costs		(0.4)	(0.1)
Share of Joint Ventures and Associates property expenses (net of other income)		(0.4)	(0.5)
Other operating income/recharges intended to cover overhead expenses less any related profits		-	4.4
Net service charge costs/fees		(2.9)	(3.6)
Property operating expenses (excluding service charge cost)		(13.3)	(20.7)
Tenant incentives (included within income)		(0.1)	(0.1)
Letting & legal costs (included within income)		(0.6)	(0.8)
Group's share of net administrative expenses as per IFRS	**D**	**9.2**	**10.3**
EPRA Gross Rental Income	**C**	**48.7**	**52.2**
Ground rent costs		(0.4)	(0.1)
Expected credit loss (included in property expenses)		0.3	(5.3)
Other income		3.3	-
Gross Rental Income	**E**	**51.9**	**46.8**
Administrative cost ratio as per IFRS	**D/E**	**17.7%**	**22.0%**
Administrative cost ratio as per IFRS – continuing operations		***16.4%***	***18.5%***

Alternative Performance Measures (APMs)

In addition to information contained in the Group interim financial statements, Alternative Performance Measures ('APMs'), being financial measures which are not specified under IFRS, are also used by management to assess the Group's performance. These include a number of measures contained in the 'Financial Statistics' table at the beginning of this document. These APMs include a number of European Public Real Estate Association ('EPRA') measures, prepared in accordance with the EPRA Best Practice Recommendations reporting framework. We report these because management considers them to improve the transparency and relevance of our published results as well as the comparability with other listed European real estate companies.

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

APM	Nearest IFRS measure	Explanation and reconciliation
Underlying Funds From Operations ('UFFO') and UFFO per share	(Loss) / Profit for the period after taxation	'Underlying Funds From Operations' section of the 'Finance Review'
EPRA Net Tangible Assets ('NTA') and EPRA NTA per share	Net Assets	'Balance sheet' section of the 'Finance Review'
Dividend cover	N/A	'Financial Policies' section of the 'Finance Review'
Admin cost ratio	N/A	Note 6 of the Interim Financial Statements
Interest cover	N/A	Note 3 of the 'Results summary' table
EPRA EPS	IFRS Basic EPS	Note 11 of the Interim Financial Statements
EPRA NNNAV	Net Assets	'EPRA performance measures' section of this document
EPRA NIY	N/A	'EPRA performance measures' section of this document
EPRA 'topped-up' NIY	N/A	'EPRA performance measures' section of this document
EPRA Vacancy Rate	N/A	'EPRA performance measures' section of this document
Total Accounting Return	N/A	Note 4 of the 'Results summary' table
Weighted average cost of debt	N/A	Note 9 of the 'Results summary' table
Weighted average debt maturity	N/A	Note 10 of the 'Results summary' table
Loan to Value	N/A	Note 11 of the 'Results summary' table

Glossary

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

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

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 and gains/losses on disposals.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Passing rent: Is the gross rent, less any ground rent payable under head leases.

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

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

Property Income Distribution (PID): As a REIT the Group is obliged to distribute 90% of the tax-exempt profits. These dividends, which are referred to as PIDs, are subject to withholding tax at the basic rate of income tax. Certain classes of shareholders may qualify to receive the dividend gross. See the Group's 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.

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 measures the Company's underlying operational profits, excluding one-off or non-cash adjustments such as portfolio valuation movements and profits or losses on the disposal of investment properties.

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.