NEW RIVER

Press Release

NewRiver REIT plc Half Year Results

22 November 2017

Well positioned convenience-led portfolio with a strong platform to deliver growing cash returns

Paul Roy, Chairman, commented: "I am pleased to report another successful and highly active period for NewRiver across all aspects of the business, as we continue to build a strong platform to deliver growing cash returns.

In the capital markets, we have put down important foundations for the future. We raised £225 million of equity at a substantial premium to net asset value, and completed the transitional move from secured to unsecured borrowing by raising £430 million of unsecured facilities, providing us with increased flexibility and maturity at a reduced cost.

Despite a more challenging environment, we continue to be encouraged by the long-term trends we are seeing across our convenience and community-focused retail and leisure portfolio. Convenience is a key driver for our customers and their frequent spend on non-discretionary items makes us resilient to the growth of online, as well as fluctuations in the consumer economy over the long-term.

Looking ahead, with our well positioned convenience-led community-focused portfolio and financial capacity, we are confident in our ability to continue to deliver growing cash returns to our shareholders."

Convenience-led strategy delivering growing and sustainable cash returns to shareholders

- Funds From Operations ('FFO') up 8% to £26.5 million (HY17: £24.5 million); FFO per share of 10.0 pence (HY17: 10.5 pence), following issue of 67 million new ordinary shares
- Ordinary dividend per share increased by 5% to 10.5 pence (HY17: 10.0 pence); currently 95% covered by FFO as £225 million of equity raised in July 2017 not yet fully deployed
- Third quarter ordinary dividend announced today of 5.25 pence per share (Q3 FY17: 5.00 pence)
- EPRA NAV per share increased 2% to 297 pence (March 2017: 292 pence); revaluation surplus of +0.2%; Total Property Return +4.9%, +140 bps vs MSCI-IPD All Retail benchmark; Total Accounting Return +6.3%
- IFRS profit after tax of £29.3 million (HY17: £6.5 million) due to positive fair value movements; IFRS basic EPS 11.0 pence (HY17 2.8 pence); IFRS net assets £906.2 million (March 2017: £684.5 million)

Successfully raised £225 million of equity at a 15% premium to EPRA net asset value

- Significantly over-subscribed equity raise in July 2017 priced at 335 pence per share, a 14.7% premium to March 2017 EPRA NAV (292 pence per share) and a 2.9% discount to the 20 day average closing price[1]
- Immediately acquired the remaining 50% share in BRAVO JVs for a cash consideration of £59.4 million, gaining control over 4 convenience-led community shopping centres in Belfast, Glasgow, Hastings and Middlesbrough with a gross asset value of £240 million, at an equivalent yield of 7.7%
- Remaining equity to be deployed with discipline into accretive acquisitions and risk-controlled developments

Completed transitional move from secured to unsecured financing with £430 million of new facilities[2]

- Successfully arranged £430 million of new unsecured debt facilities to replace the majority of secured debt; new facilities include a £215 million revolving credit facility ('RCF'), a £165 million term loan and a £50 million bridge
- Unsecured facilities provide increased flexibility and debt maturity at an all-in cost of debt of 3.6% (March 2017: 3.5%) which will reduce to 2.85% once the £215 million RCF is fully drawn
- Loan to value of 25% (March 2017: 37%) reduced following equity raise, will increase to <40% in line with guidance
- Interest cover remains strong at 4.6x (HY17: 4.3x)

Maximising income and crystallising value through active asset management and profitable recycling

- 113 leasing events across 505,600 sq ft; long term retail deals on average +1.5% vs ERV
- Retail occupancy maintained at 97% (March 2017: 97%); affordable average retail rent of £12.82 psf
- Retail like-for-like net income -0.4%; +0.9% excluding impact of BHS admin; two BHS units let to Primark in period
- Like-for-like footfall across shopping centre portfolio -0.2% outperforming the UK benchmark by 70bps
- Crystallised value recognised in FFO of £0.4 million through £37.1 million of disposals completed on average 4% ahead of March 2017 valuation; disposals completed 13% ahead of total cost, generating £4.3 million of cash profit

Generating value and secure long-term income streams through risk-controlled developments

- Enabling works underway at 465,000 sq ft mixed-use regeneration of Burgess Hill town centre; exchanged conditional contracts for the pre-sale of the entire residential element for £34 million in the period; retail & leisure element now 60% pre-let, from 49% in March 2017
- 62,000 sq ft consented retail park in Canvey Island, Essex now 75% pre-let, from 52% in March 2017
- Planning consent obtained for a 236,000 sq ft mixed-use development scheme in Cowley, Oxford
- Outline planning consent obtained for a 100 unit residential scheme in Stamford, Lincolnshire
- Further progress made on rolling convenience store programme, with three further c-stores completed meaning 14 delivered to the Co-operative to date; 15th to be delivered in Q4, triggering £750k performance fee receipt

Notes:

(1) The average closing share price over the 20 trading days up to and including 14 June 2017 adjusted for FY17 special dividend (3.0 pence per share) and the FY18 Q1 ordinary dividend (5.25 pence per share)
(2) All debt metrics presented on a proportionally consolidated basis

Financial Statistics

Performance (6 months ended September)	Note	HY18	HY17	Change
Funds From Operations ('FFO')	(1)	£26.5m	£24.5m	+8%
FFO PS (Pence Per Share)	(1)	10.0	10.5	-5%
Ordinary dividend (Pence Per Share)		10.5	10.0	+5%
Dividend cover	(1)	95%	105%	
Net property income		£40.1m	£38.3m	+5%
Like-for-like net income growth		-0.4%	+0.2%	
Capital return		+1.1%	-1.1%	
Property valuation movement and disposals		+£2.3m	-£11.4m	
Valuation surplus/(deficit)		+0.2%	-1.0%	
Admin cost ratio		14%	14%	
Interest cover	(2)	4.6x	4.3x	
IFRS Profit after taxation		£29.3m	£6.5m	+351%
IFRS Basic EPS (Pence Per Share)		11.0	2.8	+293%
EPRA EPS (Pence Per Share)		9.3	9.7	-4%
Total Shareholder Return		+4.7%	+2.7%	
Total Accounting Return (paid basis)	(3)	+6.3%	+1.6%	

Balance Sheet	Note	Sep 2017	March 2017	Change
IFRS Net Assets		£906.2m	£684.5m	+32%
EPRA NAV per share (Pence Per Share)		297	292	+2%
Balance sheet gearing		33%	52%	
Shares in issue		302.8m	234.0m	
Balance Sheet (proportionally consolidated)	**Note**	**Sep 2017**	**March 2017**	**Change**
Principal value of gross debt		£380.9m	£470.9m	
Cash		£71.7m	£49.6m	
Net debt		£304.0m	£417.9m	
Cost of debt	(4)	3.6%	3.5%	+10bps
Average debt maturity	(5)	4.0 years	2.5 years	
Loan to value		25%	37%	
% of debt at fixed/capped rates		100%	97%	

Notes:
(1) Funds From Operations ('FFO') is a Company measure of cash profits which includes realised recurring cash profits plus realised profits (or losses) on the sale of properties and excludes other one off or non-cash adjustments as set out in Note 7 and the Chief Financial Officer's review. FFO is used by the Company as the basis for dividend payments and cover
(2) Interest cover is tested at property level and is the basis for banking covenants. It is calculated by comparing actual net rental income received versus cash interest payable.
(3) Total Accounting Return (paid basis) equals EPRA NAV per share growth plus dividends paid in the period
(4) Cost of debt assuming £215 million revolving credit facility is fully drawn is 2.85%
(5) Average debt maturity is 5.5 years excluding £50 million bridge which matures in February 2019 and assuming 2 year extension options are bank approved

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

The results presentation will be held at 9.30am today at the offices of Eversheds Sutherland (International) LLP, 1 Wood St, London EC2V 7WS. The presentation will be broadcast live via webcast and conference call.

A live audio webcast will be available at: http://view-w.tv/965-1325-18743/en

A recording of this webcast will be available on the same link after the presentation, and on the Company's website (http://www.nrr.co.uk/investor-center) later in the day.

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

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

About NewRiver

NewRiver REIT plc (ticker: NRR) is a premium listed REIT on the London Stock Exchange and a constituent of the FTSE 250 and EPRA indices. The Company is a specialist real estate investor, asset manager and developer focused solely on the UK retail and leisure sector.

Founded in 2009, NewRiver is one of the UK's largest owner/managers of convenience-led community shopping centres with a property portfolio of £1.2 billion principally comprising 33 UK wide shopping centres together with further nationwide retail and leisure assets. The portfolio totals 8 million sq. ft. with over 2,000 occupiers, an annual footfall of 150 million and a retail occupancy rate of 97 per cent. Visit www.nrr.co.uk for further information.

LEI number: 2138004GX1VAUMH66L31

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.

Executive review

This has been another active period for NewRiver across all aspects of the business, during which we have completed a £225 million equity raise and the transitional move to unsecured funding, both of which provide the business with a strong platform from which to deliver growing cash returns to our shareholders.

In July we successfully raised £225 million of equity at a 15% premium to March 2017 EPRA net asset value and at less than a 3% discount to our 20 day average closing price. We immediately deployed £59 million of this into the acquisition of the remaining 50% share in the BRAVO joint ventures, giving us control over a portfolio of four convenience-led shopping centres in Belfast, Glasgow, Hastings and Middlesbrough with a gross asset value of £240 million at an equivalent yield of 7.7%. We have been responsible for the day to day management of these assets since they were purchased by the joint ventures in 2013 and 2014, and so when we completed the buyout we were already well aware of the asset management opportunities available. We were able to sign long-term leases with Primark on the former BHS units in Belfast and Hastings within weeks of completing the acquisition, making Primark our largest occupier on a contracted basis.

In August we completed the transitional move to unsecured funding, replacing £414 million of secured facilities with £430 million of unsecured facilities. The new unsecured funding provides us with increased flexibility and debt maturity, and we will benefit from a reduced cost of debt once the £215 million revolving credit facility ('RCF') is fully deployed. The move from secured to unsecured funding marks a significant milestone for the Company, and further demonstrates the benefits of our conservative financial policies and increased scale. Importantly, we were able to achieve all of this with minimal breakage costs and by utilising the strong banking relationships we have established over many years.

Our LTV was 25% at 30 September 2017, down from 37% at 31 March 2017, with the reduction primarily because we have not yet fully deployed the proceeds from our £225 million equity raise. Our interest cover remained robust at 4.6x and our weighted average cost of debt was 3.6%, and will reduce to 2.85% as we deploy our RCF.

Our Funds From Operations ('FFO') of £26.5 million were up 8% compared with the same period last year due principally to acquisitions made in the period. FFO includes £0.4 million of 'Profit on disposal of investment properties', being the difference between disposal proceeds received and valuation at 31 March 2017. The cash profit on these disposals, being proceeds less purchase price plus subsequent capex, was significantly greater, at £4.3 million.

The Board approved two quarterly dividend payments of 5.25 pence per share, resulting in an interim dividend of 10.5 pence per share, up 5% compared with the same period last year. We have also announced a third quarter dividend of 5.25 pence per share, further demonstrating the confidence we have in the sustainability of the cash returns generated by our convenience-led, community-focused portfolio. Our portfolio valuation now stands at £1.2 billion, with a valuation surplus of 0.2% in the half, and our EPRA net asset value per share increased by 5 pence to 297 pence, reflecting both the valuation surplus and the premium attached to our £225 million equity raise. Our IFRS net assets increased to £906 million, due principally to the same factors.

We have been active across our retail portfolio, completing 505,600 sq ft of new lettings and renewals, with long term deals completed on terms on average 1.5% ahead of ERV and our high level of occupancy maintained at 97%. We have started to see a trend of retailers becoming increasingly discerning when making decisions around their physical store portfolios, meaning that some deals are taking longer to complete than in the past, and therefore it is increasingly important for landlords to own the right assets in the right locations and to provide affordability to occupiers. The two Primark deals and high level of development pre-lets signed in the period demonstrate that NewRiver remains well positioned, and importantly our rents remain affordable for our occupiers at £12.82 psf on average, which we believe underpins the sustainability of our income stream.

During the period, we continued to successfully apply our active asset management approach to our pub and c-store portfolio. At the time of the Trent portfolio acquisition, we signed a four year leaseback agreement with Marston's Plc which ends in December 2017. Of the 187 pubs held in the Trent portfolio, we have now transferred the management of the vast majority to a specialist pub management company, with the final 28 to be transferred over the next few weeks. In the Mantle portfolio, we continued our programme of targeted capital investment during the period, investing £0.6 million and completing 20 projects. We have continued to make selective and profitable disposals from our pub portfolio, selling a further six pubs for £2 million in the period representing a 19% premium to March 2017 valuation.

We have made significant progress across our 1.9 million sq ft risk-controlled development pipeline during the period, which we believe will be a key driver of long term returns for our shareholders. At our 465,000 sq ft regeneration project in Burgess Hill, we exchanged conditional contracts for the pre-sale of the entire residential element to a private residential investment company for £34 million. We also signed leases with H&M and Wildwood, meaning that the retail & leisure element of the scheme is now 60% pre-let, from 49% at the full year. Including the forward sale of all of the residential units and the pre-lets secured, we have now de-risked 75% of the development. Following this progress, and in line with our risk-controlled approach to development, we have now commenced on-site enabling works.

At Canvey Island, where we have planning consent for a 62,000 sq ft retail park, we added M&S Foodhall and Costa to the occupier line-up during the period, meaning the project is now 75% pre-let, from 52% at 31 March 2017. Post period end, we appointed our preferred contractor and we plan to begin onsite works early in the new year with completion expected in late 2018.

During the half we received planning consent for our 236,000 sq ft mixed-use development in Cowley, Oxford. The development is in line with our strategy to capitalise on opportunities in the air space above or adjacent to existing assets and will regenerate the existing Templars Square shopping centre, meet strong demand for new housing in the local area, introduce a budget hotel and create a much-needed leisure quarter for the local community. The Company is currently reviewing its options for the 226 residential units given the strong demand for housing in Oxford.

Post period end, we obtained outline planning consent for the provision of up to 100 dwellings on a brownfield site located less than 1 mile from the centre of Stamford, Lincolnshire, having submitted an outline planning application in March 2017. We originally acquired the site from Morrisons in July 2015, and with planning consent secured it is likely we will look to crystallise the value we have created for our shareholders through profitable capital recycling.

The convenience store programme within our pub portfolio continued to progress, and we handed over a further three c-stores to the Co-operative ('Co-op') in the period taking the total number completed to date to 14. We are on site for the construction of a further six c-stores totalling 21,200 sq ft, which means that we are on track to deliver our 15th c-store in the final quarter of this financial year, at which time we will begin to receive performance fees from the Co-op.

We have a track record of recycling assets profitably once we have completed our active asset management initiatives, and during the half we sold £37 million of assets across our retail and pub portfolios at prices on average 4% ahead of valuation, generating a cash profit of over £4 million. The largest of these was Clough Road Retail Park in Hull, which we purchased from an institution in June 2014 for £7.5 million. We completed a comprehensive programme of asset management enhancements, increasing occupancy from 75% to 100% and improving the occupier line-up, and then sold the park in July 2017 for £11.2 million.

Outlook

Looking ahead, we expect that the broader retail occupational market will remain challenging and that retailers will continue to be selective when it comes to taking space. A specialist and active asset manager like NewRiver is often able to benefit from opportunities that arise from such challenges.

We have a clear focus on community and convenience retailing, an area of the market forecast to grow over the next decade, and that is benefiting from changes in consumer behaviour and the increased influence of the ageing population in the UK. We also have a proven track record of maintaining strong operational metrics through active asset management, and an in-built risk-controlled development pipeline which we are confident will be a key driver of long term returns for our shareholders.

The combination of our customers' focus on convenience and their frequent spend on non-discretionary everyday essentials continues to make NewRiver's assets more resilient to fluctuations in the consumer economy and the growth of online retailing. Additionally, located at the heart of local communities, our shopping centres serve an invaluable social purpose where people can shop, meet, eat and drink on a regular basis with friends and family.

Our well-positioned portfolio, combined with the significant actions we have taken during the period, give us a strong platform to provide sustainable income growth. We will also remain disciplined with capital and stock selection, confident that there will be opportunities for us to acquire suitable assets and build our portfolio.

Allan Lockhart - Property Director
Mark Davies – Chief Financial Officer
21 November 2017

Property review

Highlights

- Portfolio increased by 9% to £1.2 billion (March 2017: £1.1 billion) due to net acquisitions and valuation surplus +0.2%
- Ungeared Total Property Return +4.9%, outperforming the MSCI-IPD All Retail benchmark by 140 bps
- Acquired the remaining 50% share in BRAVO JVs giving control over four convenience-led community shopping centres with a gross asset value of £240 million, at an equivalent yield of 7.7%
- Retail occupancy maintained at 97% (March 2017: 97%)
- 113 total leasing events across 505,600 sq ft; new long term retail leasing events on average 1.5% ahead of ERV
- Retail like-for-like net income -0.4%, excluding impact of BHS +0.9%; affordable average retail rent of £12.82 per sq ft (March 2017: £12.45 per sq ft)
- Like-for-like shopping centre footfall -0.2%, outperforming benchmark by 70bps
- Pre-sold entire 161,700 sq ft residential element of our major mixed-use regeneration in Burgess Hill for £34 million
- 62,000 sq ft Canvey Island Retail Park now 75% pre-let from 52% in March 2017
- Obtained planning consent for 441,600 sq ft of development, including 236,000 sq ft mixed-use regeneration in Cowley, Oxford and outline planning consent obtained for a 100 unit residential scheme in Stamford, Lincolnshire
- Three further c-stores delivered to the Co-op; total delivered to date to 14; performance fees receivable from the Co-op once 15th store delivered in Q4 FY18

Portfolio overview

As at 30 September 2017	Valuation NRR share	Weighting NRR share	Valuation surplus/ (deficit)	NIY	NEY	LFL ERV Movement
	£m	%	%	%	%	%
Shopping centres	824	67	(0.1)	6.8	7.3	(0.8)
Retail warehouses	139	11	+2.8	6.3	7.1	+1.5
High street (Big Boxes)	28	2	(1.8)	8.1	7.4	(3.7)
Retail development	65	6	+3.6	N/A	N/A	N/A
Pubs & convenience stores	177	14	(1.6)	10.1	10.1	N/A
Total	**1,233**	**100**	**+0.2**	**7.2**	**7.7**	**(0.6)**

During the half, our portfolio valuation increased to £1.23 billion, from £1.13 billion in March 2017. The acquisition of the remaining 50% share in the BRAVO JVs contributed additional gross asset value of £120 million, supported by a valuation surplus of +0.2% and offset marginally by £37.1 million of profitable capital recycling.

The portfolio initial yield stood at 7.2% in September 2017, from 7.5% in March 2017, due to the acquisition of the Bravo portfolio, which was lower yielding, and reflecting good performance at Bexleyheath, following our recent asset management successes.

	Total Return %	Income Return %	Capital Growth %
NRR portfolio	4.9%	3.7%	1.1%
MSCI-IPD All Retail	3.4%	2.5%	0.9%
Relative performance	**+140bps**	**+120bps**	**+20bps**

Our portfolio again outperformed the MSCI-IPD All Retail benchmark across total, income and capital returns. Our total return of 4.9% compares to the MSCI-IPD All Retail benchmark of 3.4%, an outperformance of 140 bps.

Disciplined stock selection

In July 2017, we acquired the remaining 50% share in the BRAVO joint ventures for a cash consideration of £59.4 million. The acquisition price implied a total gross asset value of £240 million, representing an equivalent yield of 7.7%.

The transaction allowed us to gain control over 4 convenience-led community shopping centres which we are very familiar with having been responsible for their day to day asset management since the joint venture was established in 2013. Importantly, we have a clear understanding of each asset's growth potential, and we are we are confident that this acquisition will produce attractive long term returns for our shareholders.

BRAVO acquisition	Gross Asset Value £m	Share acquired £m	Equivalent yield %
The Abbey Centre, Belfast	82.0	41.0	7.6
Priory Meadow Shopping Centre, Hastings	62.6	31.3	7.2
Hillstreet Shopping Centre, Middlesbrough	61.0	30.5	8.1
The Avenue Shopping Centre, Glasgow	34.4	17.2	8.2
Total	**240.0**	**120.0**	**7.7**

The Abbey Centre, Belfast
The Abbey Centre is a 320,000 sq ft shopping centre located 6 miles north of Belfast providing a convenient alternative to city centre shopping, with robust footfall of over 5 million in the last 12 months despite the closure of its 40,000 sq ft BHS last year. The centre currently has 2 anchor stores; a 44,000 sq ft Next flagship store which opened in December 2016 and a 35,000 sq ft Dunnes flagship store which opened in August 2017. The occupier line-up also includes a 15,000 sq ft New Look unit which opened in June 2017 and a Nandos unit which opened in April 2017.

Having taken 100% control of the Abbey Centre in July 2017, in August we agreed a new 15 year lease with Primark on the 40,000 sq ft unit vacated by BHS. Primark was already an occupier at the Abbey Centre, trading strongly out of 19,000 sq ft and this upsize provides further endorsement of the quality of this centre.

Including the new Primark store, we expect to open in Summer 2018, at acquisition the centre was 95% occupied, with average rents of £14.68 psf and an unexpired lease term of 5.2 years.

Near term active asset management initiatives include re-letting the unit to be vacated by Primark. We are already in solicitors hands with an existing occupier looking to upsize into the ground floor of the Primark unit, and early discussions are also ongoing with a number of gym operators for the first floor space. With pent up demand and few vacant units, the future asset management challenge is to secure possession of units to continue the trend of rental growth that has been achieved since purchase.

Priory Meadow Shopping Centre, Hastings
Priory Meadow Shopping Centre is a 290,000 sq ft shopping centre located in the heart of Hastings, in close proximity to Hastings train station and featuring a 1,000 space car park which is the main parking provision in the town. Priory Meadow is the only covered shopping centre in Hastings and has a strong and isolated catchment, with robust footfall of 8 million in the last 12 months, despite the closure of its 40,000 sq ft BHS in August 2016. The centre is anchored by a 43,000 sq ft Marks & Spencer store with an occupier line-up including Poundland, Boots and H&M.

Having taken 100% control of the Priory Meadow in July 2017, in August we agreed a new 20 year lease with Primark on the 40,000 sq ft unit vacated by BHS in August 2016.

Including the new Primark store, which we expect to open in time for Easter 2018, at acquisition the centre was 100% occupied, with average rents of £12.08 psf and an unexpired lease term of 10.7 years.

Near term active asset management initiatives include the construction of a coffee pod in Queens Square, which is under offer to a national operator, and we are also exploring options to bring a national gym operator into the shopping centre. We recently completed the 1st phase of our car park refurbishment, replacing the barriers and ticket machines, with the 2nd phase enhancing the branding, signage and entrances to be completed after Christmas.

Hillstreet Shopping Centre, Middlesbrough
Hillstreet Shopping Centre is a 240,000 sq ft shopping centre located in the heart of Middlesbrough and is the dominant shopping destination in the community, with footfall of almost 12 million in the last 12 months. The centre is anchored by a 62,000 sq ft Primark store with an occupier line-up including M&S, Sports Direct, Poundworld and Home Bargains.

At acquisition the centre was 97% occupied, with average rents of £18.02 psf and an unexpired lease term of 4.3 years.

Looking ahead, the Tees Valley devolution deal agreed by the Government in November 2015, and the election of a metro mayor have given the area greater control over its economic prospects, including transport and business, as well as significant funds to invest in local projects. In addition, the arrival of direct London trains due by 2021 has given the Council and the region new impetus and we have been working in partnership with them on a number of “step change” schemes, including a new passenger transport interchange, leisure, hotel, restaurants, a college and digital media innovation centre located adjacent to Hillstreet Shopping Centre.

The Avenue Shopping Centre, Glasgow

The Avenue Shopping Centre is a 202,000 sq ft shopping centre located in Newton Mearns, an affluent suburb of Glasgow, with footfall of over 4 million in the last 12 months. The centre is anchored by a 103,000 sq ft Asda foodstore with an occupier line-up featuring M&S Foodhall, Boots and a number of high quality independent retailers.

At acquisition, the centre was 96% occupied, with average rents of £12.56 psf and an unexpired lease term of 4.8 years.

Following the recently completed car park refurbishment works we are in discussions with a number of gym operators, children’s nursery operators and coffee offers for a potential adjoining development which we believe would drive footfall and dwell time.

Profitable capital recycling

Since 1 April 2017 we have completed £37.1 million of disposals, on terms on average 4% ahead of valuation and 13% ahead of total cost (being purchase price plus subsequent capex), generating a cash profit of £4.3 million. In line with our strategy, these disposals were typically of mature assets where our estimates of forward looking returns were below target levels, assets where we believe that the risk profile has changed, or assets sold to special purchasers.

Since 1 April 2017	Number of Transactions	Disposal price £m	Total cost £m	Disposal vs Total cost %	March 2017 Valuation £m	Disposal vs Valuation %
Retail Warehouse	3	20.2	17.9	**13**	19.8	**3**
High Street	2	14.9	13.0	**15**	14.3	**4**
Pubs & pub land	9	2.0	1.9	**4**	1.7	**19**
Total	**14**	**37.1**	**32.8**	**13**	**35.8**	**4**

We completed the disposal of three retail warehouse assets for a total of £20.2 million, 3% ahead of March 2017 valuation and 13% ahead of total cost. The largest retail warehouse transaction was the disposal of the Clough Road Retail Park in Hull. We acquired Clough Road in June 2014 as part of the Linear Portfolio, and we sold the asset having completed a comprehensive programme of asset management enhancements in the year ended 31 March 2017.

We paid £7.5 million for the 95,500 sq ft park which was only 85% let, was in need of investment and had adjacent PC World and Currys units. Within a year of acquisition, we had let the vacant unit to Go Outdoors and the park was fully occupied. We then signed a new 10 year lease with Currys and negotiated the surrender of the PC World unit, which we then sub-divided and re-let to Office Outlet and Halfords at an improved rental level. In November 2016, we completed the construction of a coffee pod in the car park, with Costa signed on a 15 year lease, and in July 2017 we sold the asset for £11.2 million, generating a cash profit on cost of £1.2 million.

We completed the disposal of two high street assets for a total of £14.9 million, 4% ahead of March 2017 valuation and 15% ahead of total cost. The largest high street disposal was in Warrington, where Primark purchased a unit from us which they occupy on a lease with an unexpired term of 16 years for £8.0 million, 3% ahead of March 2017 valuation. We made the decision to sell the asset, because as a solus unit there was limited scope for asset management enhancement and our estimated forward looking returns were below target levels. Importantly, this disposal demonstrates that we select the right assets in the right locations for our retailers, because Primark only looks to buy back their best performing assets.

We made a number of disposals across our pub portfolio comprising pub sales to tenants and sales of non-core ancillary land. In total we sold six pubs and three plots of land adjacent to pubs for £2.0 million.

Active asset management

Our active asset management is a key driver of long-term capital value and the generation of cash returns to shareholders. We have an active and hands on approach to asset management utilising our in-house expertise, a deep understanding of our market and strong relationships with our occupiers which means we are able to deliver the right space in the right locations on terms mutually beneficial to all stakeholders.

Retail

We continued to sign leases on terms ahead of valuers' estimates in the period, completing 505,600 sq ft of new lettings and renewals across our retail portfolio, with long term deals secured on average 1.5% ahead of March 2017 ERV. This high volume of leasing activity means that our occupancy rate was sustained at 97% at September 2017. Footfall across the shopping centre portfolio was down marginally by 0.2% on a like-for-like basis, importantly outperforming the national benchmark by 70 bps.

The key leasing deals signed during the period were both on space formerly occupied by BHS. When BHS went into administration in 2016, we had exposure of 1% of total rent spread across three centres. Having taken full control of the Abbey Centre, Belfast, and Priory Meadow, Hastings, in July 2017 as part of the BRAVO JV acquisition, in August we signed long term leasing deals with Primark at both centres.

At the Abbey Centre, we agreed a new 15 year lease with Primark on the 40,000 sq ft unit vacated by BHS. Primark was already an occupier at the Abbey Centre, trading strongly out of 19,000 sq ft and this upsize provides further endorsement of the quality of this centre, as well as providing a good example of why, as active asset managers, the BHS administration presented us with two well timed opportunities. Firstly we were able to relocate Dunnes Stores, the leading Irish independent store operator, temporarily whilst we extended their store by 15,000 sq ft and secondly we were able to agree the upsize with Primark, a best in class retailer. We are currently on-site completing landlord works, and we hope to hand over the Primark at the end of the calendar year, with the store expected to be open and trading in Summer 2018.

At Priory Meadow, we agreed a new 20 year lease with Primark on the 40,000 sq ft unit vacated by BHS. Primark is a new entrant to the town, and this deal is a good example of our active and forensic approach to asset management. Using the strong relationship we have established with Primark, our 4th largest retailer based on current rent roll[1], and the detailed analysis we compile on each of our assets, we were able to approach them proactively with data convincing them that Hastings would be a great location for them. For example, we were able to show a projected turnover for Primark of up to £18 million, compared with just over £3 million achieved by BHS, and demonstrate that the local catchment was ideally suited for Primark's core shoppers (Financially Stretched and Urban Adversity). Following this, in our recent 2017 Off-Peak Survey, completed as lease negotiations were being finalised, we were able to demonstrate that Primark was the 'Top Requested Brand' at the centre, with 37% of respondents requesting a Primark, compared with 5% for the retailer ranked in second place. Primark is now on-site completing fit out works, and they expect to be open and trading in time for Easter 2018.

Our average rents remain affordable at £12.82 per sq ft, with the increase from £12.45 at March 2017 due predominantly to the BRAVO acquisition. The combination of our high occupancy and affordable average rents indicates to us that retailers are trading profitably at our assets, underpinning the sustainability of our income.

We made good progress in the period implementing our active asset management initiatives across the retail portfolio. At the Ridings Centre in Wakefield, we completed phase one of the asset management works identified at acquisition in January 2016, spending £1.1 million in total. Pre-acquisition, the shopping centre had seen limited capital investment for a number of years, and so these works included rebranding the centre and improving basic facilities such as signage and wayfinding. A new food lounge called 'The Garden' will open next month alongside a new children's play area called 'The Den'. Importantly, footfall increased by 15% in the period and we have made significant progress on improving the gross to net rent conversion rate, which was close to 50% at acquisition and now stands at just over 60%. The next phase of works will include significantly improved entrances, creating a new customer service lounge, improved car parking environment, continued improvement of signage/ wayfinding and further development of brand partnerships with our major retail partners.

We remained active across our retail warehouse portfolio, completing a programme of active asset management works at Coalville Retail Park in Leicestershire during the period. In July 2015 we paid £7.3 million for the 55,300 sq ft park as part of the Ramsay Portfolio. At acquisition, the park was anchored by B&M, with Poundstretcher, Ponden Mill, Jollyes Petfood and Littlewoods Clearance completing the occupier line-up. With a weighted average unexpired lease term of less than two years at acquisition, we were able to apply our active asset management approach to completely reposition the asset, signing new leases on every unit in the park. We retained two of the existing occupiers, agreeing a new 15 year lease with B&M in the year to March 2017, and a new 10 year lease with Poundstretcher in the current period, and improved the rest of the occupier line-up, by introducing Pets at Home, Peacocks and Sports Direct. Following this work, the unexpired lease term now stands at 11.7 years, with total rent increased by 17% and a valuation uplift since acquisition of just under 33%.

1. Including the deals with Primark in Belfast and Hastings, i.e. on a contracted basis, Primark is our largest retailer

Pubs

Pub portfolio movements

	# Pubs acquired	Pubs sold	Closed for c-store conversion	# Pubs held at 31 March 2017	Pubs sold	Closed for c-store conversion	# Pubs held at 30 Sept 2017
Trent	**202**	(6)	(7)	**189**	-	(2)	**187**
Mantle	**158**	(3)	-	**155**	(6)	-	**149**
Total	**360**	**(9)**	**(7)**	**344**	**(6)**	**(2)**	**336**

In October 2013, we acquired a portfolio of 202 pubs from Marston's Plc (the 'Trent' portfolio). Each pub in the portfolio was handpicked by management for its high roadside visibility, high passing footfall and prominent location, with the intention of converting a significant number for retail/residential use. The pubs in the portfolio traded strongly, with high occupancy and strong income returns, and consequently in August 2015 we acquired a second portfolio of 158 pubs from Punch Taverns (the 'Mantle' portfolio). We have since sold 15 pubs and closed nine for convenience store conversion meaning we now have 336 pubs remaining in our portfolio.

Trent portfolio transfer programme

	At 31 March 2017	At 30 September 2017
Transferred to NewRiver	44	101
Leaseback surrendered and new 15 year leases agreed in FY17	22	22
Closed for c-store conversion	-	(2)
Pubs to be transferred in tranches by 14 December 2017	123	66
Total Trent pubs held	**189**	**187**

At the time of the Trent portfolio acquisition, we signed a four year leaseback agreement with Marston's Plc, which comes to an end in December 2017. We put in place a structured programme to transfer the management of the Trent pubs to the management of NewRiver and LT Management, and through a detailed estate review, involving all relevant stakeholders, we split the transfer into small batches in order to manage the programme effectively and minimise disruption to trade.

Throughout the programme our high quality in-house team of pub specialists have visited each site and worked with the publicans to ensure a smooth transition. Pleasingly, the majority of publicans have chosen to remain in their pubs following the transfer and our operations managers and instructed solicitors will ensure that new leases and tenancies are implemented seamlessly. For the minority of pubs where the publican intends to vacate, we will utilise our tried and tested lettings programme to recruit high quality publicans who will continue to grow the business. Throughout the transfer programme we have worked closely with Marston's to ensure that the process has run as smoothly as possible.

We were active in negotiating the transfer of a number of pubs in advance of the deadline, which meant that at the start of the period we had 123 Trent pubs to transfer. During the period we transferred a further 57 pubs, with an additional tranche of 38 completed post period end. We are on track to transfer the management of the remaining 28 pubs in December.

Mantle capex programme

Across the Mantle portfolio we have continued our programme of targeted capital investment in order to drive trade and increase values. During the period, we invested £0.6 million in projects including external redecoration and improved signage to enhance curb appeal, internal refurbishment to enhance the customer experience and extensive works to improve kitchens, toilets and tenant accommodation. At the 20 pubs where we have completed refurbishment works, we have seen significant improvements to both rental income and sales volumes, and we expect to invest a further £0.5 million in the second half of the year.

Risk-controlled development

During the period we made significant progress across our risk-controlled development pipeline which totals 1.9 million sq ft (1.6 million sq ft in the near-term) including our Retail (1,659,500 sq ft) and Pub (283,200 sq ft) portfolios, and which we believe will be a key driver of long term returns for our shareholders.

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, and our development strategy includes:

- Regeneration of existing space (e.g. new food court at Montague Centre, Worthing)
- Development of sites acquired in portfolio acquisitions (e.g. Canvey Island Retail Park)
- Capitalising on opportunities within our ownership above or adjacent to our assets (e.g. Cowley, Oxford, new build c-store/residential development)
- Complete redevelopment of existing assets (e.g. Burgess Hill, c-store/residential pub conversions)

Total development pipeline

	Shopping Centre Sq ft	Retail W'house Sq ft	Hotel Sq ft	C-stores Sq ft	Residential Sq ft	Total Pipeline Sq ft	Retail & Leisure Pre-let %	Residential Pre-sold %
Completed in period/ Under construction	15,000	-	-	34,700	-	**49,700**	100	n/a
Planning granted	286,800	92,400	87,700	58,200	560,000	**1,085,100**	69	29
In planning	-	-	-	23,900	51,900	**75,800**	100	-
Pre-planning	129,400	29,000	-	13,200	190,400	**362,000**	8	-
Near-term pipeline	**431,200**	**121,400**	**87,700**	**130,000**	**802,300**	**1,572,600**		
Early feasibility stages	107,600	-	30,000	-	232,500	**370,100**	-	-
Total pipeline	**538,800**	**121,400**	**117,700**	**130,000**	**1,034,800**	**1,942,700**		

During the period, we completed 28,500 sq ft of fully pre-let development, with 21,200 sq ft currently under construction. We pre-sold the entire 161,700 sq ft residential element of our major mixed-use regeneration in Burgess Hill, and agreed pre-lets on 43,500 sq ft of development space. We secured planning permission for 441,600 sq ft of development, including a 236,000 sq ft mixed-use regeneration in Cowley, Oxford and outline planning permission for up to 100 residential units in Stamford. With planning consent secured, it is likely we will look to crystallise the value we have created in Stamford through profitable capital recycling.

Retail

Retail portfolio development pipeline

	Shopping Centre Sq ft	Retail Warehouse Sq ft	Hotel Sq ft	Residential Sq ft	Total Pipeline Sq ft	Retail & Leisure Pre-let %	Residential Pre-sold %
Completed in period/ Under construction	15,000	-	-	-	**15,000**	100	n/a
Planning granted	286,800	92,400	87,700	461,900	**928,800**	65	35
In planning	-	-	-	22,900	**22,900**	n/a	-
Pre-planning	129,400	29,000	-	182,900	**341,300**	-	-
Near-term pipeline	**431,200**	**121,400**	**87,700**	**667,700**	**1,308,000**		
Early feasibility stages	107,600	-	30,000	213,900	**351,500**	-	-
Total Retail pipeline	**538,800**	**121,400**	**117,700**	**881,600**	**1,659,500**		

Completed in period/Under construction

Abbey Centre, Belfast: At the Abbey Centre, which we now own in full having acquired the remaining 50% interest during the period, we completed the latest phase of development works, delivering a 15,000 sq ft extension to create a 35,000 sq ft flagship unit for Dunnes Stores, the leading Irish department store operator. The store opened on 31 August 2017 and footfall across the shopping centre increased by an impressive 12% in September compared with the same period last year. The Dunnes opening follows the new Next anchor store which opened in December 2016, and precedes the new flagship Primark store which we expect to open in the former BHS unit in Summer 2018.

Planning granted

Canvey Island Retail Park: During the period we made further progress in leasing up the development, meaning at the period end we were 75% pre-let, increased from 52% in March 2017. We agreed leases with M&S Foodhall and Costa in the period, joining a high quality line-up including B&M and Sports Direct. Having de-risked the project through successful pre-letting, post period end we appointed our preferred contractor (Readie Construction Ltd) and we plan to deliver the development in 2018. We acquired the Canvey Island site in July 2015 as part of the Ramsay portfolio, and submitted a planning application in June 2016 to create a 62,000 sq ft retail park, receiving planning permission in early November 2016.

Burgess Hill: In July 2017, we exchanged conditional contracts for the pre-sale of the entire residential element of the 465,000 sq ft mixed-use regeneration of Burgess Hill town centre. Delph Property Group, a well-established family run residential investment company, agreed to purchase all 142 residential units for £34 million, which compares to an estimated construction cost for the entire scheme of £47 million.

Under the terms of the pre-sale agreement, 10% of the total consideration was placed in escrow at exchange, a further 10% will be released to NewRiver once the construction contract is placed and a final 10% will be placed in escrow at construction commencement, with the total balance remitted to NewRiver on completion, which is expected in 2020. Simultaneously, we exchanged on an Agreement for Lease with Mid Sussex District Council for a new Head Lease on the shopping centre, which is another important milestone for the redevelopment.

As well as 142 new residential units, the redevelopment will provide a 10-screen multiplex cinema, a 63-bed hotel, an improved retail offer and new restaurant and leisure provisions, additional car park spaces, an improved public realm and a new purpose-built library for the Council. The retail & leisure element of the scheme is now 60% pre-let, from 49% in March 2017, with pre-lets agreed with H&M and Wildwood in the period, further enhancing the high quality and long dated income stream which also includes Cineworld, Nandos, Next and Travelodge. Including the forward sale of all of the residential units and the pre-lets secured, we have now de-risked 75% of the development.

As a consequence of this activity, and in line with our risk-controlled development approach, during the period we commenced works to relocate the existing Lidl and Iceland units away from our shopping centre. In July 2017, we exchanged contracts with Lidl to relocate them to an alternative site in the town, and we are now preparing the site to allow Lidl to begin construction of their new store which is expected to open in 2019.

In August 2017 we agreed a new 10 year lease with Iceland on a high street unit opposite the existing centre, which we have owned since 2011 and which had been let to Store 21 previously. We are currently stripping out the unit so that Iceland can complete their fit-out works shortly. In mid-2018, once the Iceland relocation works are complete and the library has been relocated, we plan to commence the first phase of demolition works on the existing centre.

Cowley, Oxford: In July 2017, we obtained planning consent from Oxford City Council for our major mixed-use development to regenerate Templars Square shopping centre, meet strong demand for new housing in Oxford and add a much needed choice of restaurants and hotels to Cowley. Templars Square shopping centre has been at the heart of Cowley for over fifty years and is of great importance to the local community. We have owned the shopping centre since December 2012 and submitted a planning application in November 2016, following a comprehensive programme of council and community engagement, before obtaining planning consent in July 2017.

The 236,000 sq ft development will include 226 new residential apartments, a 71-bed Travelodge, 2 new restaurant units, modernised car parks, a major improvement of the public realm and new entrances to the centre. The development is in line with our strategy to capitalise on development opportunities in the air space above or adjacent to existing assets, importantly the shopping centre will continue to operate throughout the development and we are confident that its rental tone will benefit from the improvement works. The hotel & leisure element of the scheme is already 82% pre-let, and we have seen good demand for the restaurant units from a range of operators.

With planning consent secured, we are now working with Oxford County Council to secure a section 278 agreement for the proposed highways improvements, with the aim of commencing technical design of the scheme at the end of the year.

Stamford, Lincolnshire: Post period end, we obtained outline planning consent for the provision of up to 100 dwellings on a brownfield site located less than 1 mile from the centre of Stamford, having submitted an outline planning application in March 2017. The 8 acre site was acquired in July 2015 as part of the Ramsay portfolio, along with our Canvey Island development site and two other development sites. With planning consent secured, it is likely we will look to crystallise the value we have created for our shareholders through profitable capital recycling.

Pre-planning

Blenheim Shopping Centre, Penge: At the Blenheim Shopping Centre, our proposal includes the provision of a revitalised Greater London shopping centre, along with a significant residential element in the air space above the asset. The shopping centre is located seven miles from Central London with strong transport links, and was acquired from an institution in December 2015 for a total consideration of £6.9 million, reflecting a net initial yield of 6.2% and an equivalent yield of 7.9%.

During the period, we completed the surrender of the lease on the car park above the centre and redesigned our scheme to maximise the residential element, unlocking the opportunity to deliver up to 100 residential units above the centre. We aim to hold a formal pre-application meeting with Bromley Council by the end of 2017.

Capitol Shopping Centre, Cardiff: We continue to implement our strategy to enable a major re-positioning of the Capitol Shopping Centre, which we acquired in January 2016 as part of the Neptune Portfolio. The centre is well located in the city centre, benefiting from a high volume of commuter traffic from Cardiff Queen Street Station as well as a significant student population. We plan to deliver over 100,000 sq ft of reconfigured retail & leisure space, as well as constructing up to 400 student accommodation units in the air space above the centre.

Early feasibility stages

We believe that our risk-controlled development pipeline will be a key driver of future growth and we are currently reviewing a number of medium-term opportunities from within our retail portfolio. These opportunities include 107,600 sq ft of extensions across our shopping centre portfolio and over 200,000 sq ft of residential potential above our shopping centre in Bexleyheath, South East London. We are working with the London Borough of Bexley to prepare a town centre development brief that will pave the way for future development on the site.

Pubs

Pubs portfolio development pipeline

	C-stores Sq ft	Residential Sq ft	Total Pipeline Sq ft	Retail & Leisure Pre-let %	Residential Pre-sold %
Completed in period/ Under construction	34,700	-	**34,700**	100	n/a
Planning granted	58,200	98,100	**156,300**	100	-
In planning	23,900	29,000	**52,900**	100	-
Pre-planning	13,200	7,500	**20,700**	100	-
Near-term pipeline	**130,000**	**134,600**	**264,600**		
Early feasibility stages	-	18,600	**18,600**	n/a	-
Total Pubs pipeline	**130,000**	**153,200**	**283,200**		

As well as generating high levels of low risk cash returns, our portfolio of 336 pubs contains a number of in-built value creating development opportunities. These include the potential to build convenience stores or residential units on surplus land adjacent to pubs which was effectively acquired with zero value, and opportunities to convert pubs into convenience stores or residential units.

Convenience stores ('c-stores')

We have an overarching agreement with the Co-operative ('Co-op') to deliver up to 40 c-stores for fixed lease terms of 15 years at rents ranging from £15.00-17.50 per sq ft, with RPI linked increases capped at 4% and collared at 1%. The agreement also includes performance fees of up to £3.4 million, with the first receipt triggered by the delivery of our 15th c-store to the Co-op, which we expect to occur in the final quarter of this financial year.

To date we have handed over 14 c-stores to the Co-op, with three c-stores totalling 10,000 sq ft handed over during the period. Of the stores delivered to date, 10 utilised surplus land adjacent to the existing pubs, two were pub conversions and two were new builds on sites previously occupied by pubs.

We are on site for the construction of a further six c-stores totalling 21,200 sq ft and we have consent to construct a further 10 totalling 37,200 sq ft.

Residential

Our pubs portfolio development pipeline includes the potential for almost 200 residential units across 59 pub sites. To date we have received planning consent for 107 residential units across 36 pub sites, with consent received for 42 units across 14 pub sites in the first half. Using our in-house residential planning expertise, our strategy with these residential opportunities is to create value by obtaining planning consent, and then to realise value by selling on to local developers.

Allan Lockhart
Property Director
21 November 2017

Chief Financial Officer's review

This has been another profitable period for the Company generating £26.5m of Funds From Operations ("FFO") and our continued focus on income returns has delivered a progressive dividend with a further increase in the period of 5% to 10.5p per share (HY17:10p per share).

It has been yet again a very active time for the Company with many highlights listed below. However, it's our Management of the Balance Sheet that I'd like focus on as we've achieved a lot in six months.

Firstly, we raised £225m of equity at 335p per share which represented a 14.7% premium to our Net Asset Value per share. The transaction was an opportunity to add some scale to the Balance Sheet in advance of our debt discussions which proved to be very important and we were also able to welcome some new shareholders to the register who used the transaction as a liquidity event to invest. Existing shareholders who were not able to participate benefited from our Premium rating.

Secondly, we moved the majority of our borrowings from a secured to an unsecured debt structure. I genuinely feel this is a transformational transaction because it achieves many key things:

- A more flexible debt structure
- A reduced cost of debt when fully drawn
- Access to a much bigger pool of capital to help support the Balance Sheet in the future;
- Finally, we know from our analysis an unsecured debt structure reduces the risk profile of the Company due to its flexibility and less onerous covenant and reporting requirements

Following these key events in the period we have been looking at further issuance of unsecured debt to replace the remaining secured facilities totalling £177m that are due for repayment in 2019 and 2021. The natural next step in our progression would be a Private Placement or a Publicly listed Corporate Bond. The latter would require a Corporate rating. A benchmark issue would be a minimum issue of £250m and Investment Grade Credit Rating and good progress towards achieving this has been made during the period. With all of this in mind the Company will explore its options in the debt capital markets as we make the next step.

Financial Highlights

Our convenience-led, community-focused retail and leisure portfolio has delivered another highly profitable period for our shareholders, with Funds From Operations ('FFO') increasing by 8.2% to £26.5 million, from £24.5 million in HY17. FFO per share was 10.0 pence, and our ordinary dividend per share increased by 5.0% to 10.5 pence (HY17: 10.0 pence). We were an early adopter of a quarterly dividend which reflects our focus on returning cash profits to shareholders.

IFRS Profit for the period after tax of £29.3 million increased from £6.5 million in HY17 due predominantly to £16.1 million of adverse non-cash fair value movements in HY17, compared with a favourable movement of £4.1 million in the current period. IFRS net assets increased by 32.4% to £906.2 million, from £684.5 million at 31 March 2017, predominantly due to our £225 million equity raise. EPRA NAV per share increased by 1.7% to 297 pence per share, from 292 pence per share at 31 March 2017.

Reflecting our confidence in the strength and sustainability of our underlying cash profits, the Board has approved a Q3 FY18 dividend of 5.25 pence per share, a further increase of 5% (Q3 FY17 5.00 pence). Other key highlights include:

- Completed significantly over-subscribed equity raise in July 2017 priced at 335 pence per share, representing 14.7% premium to March 2017 EPRA NAV (292 pence per share)
- Completed transformational move from secured to unsecured financing, with £430 million of new facilities raised to replace majority of secured debt; new facilities provide increased flexibility and debt maturity, and will reduce cost of debt once £215 million revolving credit facility ('RCF') is fully drawn
- Cost of debt 3.6% (March 2017: 3.5%) to reduce to 2.85% as RCF is drawn
- Interest cover of 4.6x (HY17: 4.3x)
- Loan to value reduced to 25% (March 2017: 37%)

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 (in accordance with IFRS 11 Joint Arrangements) and all subsidiaries are consolidated at 100%.

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 also presented on this basis.

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 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 (BPR) reporting framework. We report a number of 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. The measures used in the review below are all APMs presented on a proportionally consolidated basis unless otherwise stated.

The APM on which Management places most focus, reflecting the Company's commitment to driving cash income returns and growing the dividend, is Funds From Operations ('FFO'). We feel that this measure is most appropriate when considering our dividend policy as it is a cash measure and it is familiar to non-property and international investors. Funds From Operations is a Company measure determined by cash profits which includes realised recurring cash profits, realised profits or losses on the sale of properties and excludes other one off or non-cash adjustments.

The relevant sections of this Review contain supporting information, including reconciliations to the IFRS financial statements. Definitions for APMs are also included in the Glossary.

Capital markets activity

During the period, we completed £655 million of capital markets activity, raising £225 million of equity and £430 million of unsecured debt.

In June 2017, we announced our intention to raise not less than £200 million of equity, to deploy into accretive acquisitions, underpinned by the acquisition of the remaining units in the BRAVO units, and our risk-controlled development pipeline. The equity raise was significantly over-subscribed, which meant that we were able to raise £225 million priced at 335 pence per share, a 14.7% premium to March 2017 EPRA NAV (292 pence per share) and a 2.9% discount to the 20 day average closing price.

Following our equity raise, in August 2017 we completed the transformational move from a secured to an unsecured debt structure, arranging £430 million of new unsecured debt facilities to replace the majority of our secured debt facilities, with the new facilities provided by a syndicate of banks with whom we have enjoyed long standing relationships. When we announced full year results in May 2017, we expected to complete the refinancing exercise by the end of FY18, but the increased balance sheet scale provided by our equity raise helped accelerate the process and meant that we were able to complete the refinancing significantly ahead of schedule. This has proved helpful and timely given movements in the interest rate outlook since closing the transaction.

The new facilities include a £165 million term loan and a £215 million revolving credit facility ('RCF'), with an initial maturity of five years which can be extended to a maximum of seven years subject to lender consent. The remaining £50 million is a term loan with a maturity of 18 months, providing the Company with flexible funding to allow further diversification of debt funding in the near future. The refinancing exercise provides the Company with increased flexibility and an increased debt maturity, and will provide a reduced cost of debt once the £215 million RCF is drawn. The new term loans, totalling £215 million, and existing cash resources of £139 million were used to repay the £414 million of existing secured facilities, of which £354 million was drawn at the time of completion.

Our average debt maturity at March 2017 was 2.5 years which put the Company in the best possible position to complete the refinancing with minimal breakage costs, maximising the cost benefit to our shareholders. As a consequence, the new facilities were arranged with total cash breakage costs of just £2.8 million, being £1.0 million of redemption fees on the secured facilities and payments for interest rate swap close-outs of £1.8 million. We recognised exceptional costs in respect of our unsecured refinancing in IFRS profit after tax of £3.0 million, being the sum of the £1.0 million of cash redemption fees noted above, and a £2.0 million non-cash write-off of unamortised fees.

As part of the new facility agreement, we were required to put in place interest rate hedging in respect of a minimum of 75% of the term facility, for which we utilised existing hedging arrangements and entered into a new five-year interest rate swap at a fixed rate of 0.77% over £137 million of the term loan. Interest rate swaps from the secured debt were retained and provide a weighted average fixed rate of 0.83%. We also retained £128 million of interest rate caps from our secured borrowings at rates ranging from 0.75% to 2.5% and these are currently providing hedging for the shorter dated £50 million term loan.

The margin payable on all of the new unsecured facilities was 185 basis points for the initial interest period. The margin will reduce to 175 basis points at the next interest period due to the company's LTV ratio of 25% as at 30 September (March 2017: 37%). Assuming that the RCF is fully drawn, the Company's cost of debt will reduce to 2.85%, from 3.6% as at 30 September 2017. The Company's weighted average debt maturity at 30 September 2017 was 4.0 years, increased from 2.5 years in March 2017. Excluding the £50 million term loan, which we expect will be refinanced in the coming months, and assuming that the 2 year extension options on the remaining £380 million of unsecured facilities are bank approved, this maturity increases to 5.5 years.

Funds From Operations

The following table reconciles IFRS profit after taxation to Funds From Operations ('FFO'), which is the Company's measure of cash profits.

Reconciliation of IFRS profit after taxation to Funds From Operations

	30 September 2017 £'000	30 September 2016 £'000
IFRS profit for the period after taxation	**29,257**	6,498
Adjustments		
Revaluation of investment properties	**(2,215)**	8,177
Revaluation of joint ventures' investment properties	**274**	3,204
Revaluation of derivatives	**(2,155)**	4,375
Revaluation of joint ventures' derivatives	**(37)**	358
Share-based payment charge	**1,400**	700
Gain on bargain purchase	**(2,964)**	-
Exceptional cost in respect of unsecured refinancing	**2,954**	-
Exceptional cost in respect of move to the Main Market	-	1,174
Funds From Operations	**26,514**	24,486

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

FUNDS FROM OPERATIONS	**30 September 2017**			30 September 2016
	Group £'000	**Joint ventures £'000**	**Proportionally consolidated £'000**	Proportionally consolidated £'000
Gross income	46,770	3,157	**49,927**	45,638
Property operating expenses	(9,269)	(530)	**(9,799)**	(7,335)
Net property income	37,501	2,627	**40,128**	38,303
Administrative expenses	(5,803)	(248)	**(6,051)**	(4,879)
Net finance costs	(6,758)	(593)	**(7,351)**	(8,322)
Profit on disposal of investment properties	502	(114)	**388**	(61)
Taxation	(600)	-	**(600)**	(555)
Funds From Operations	**24,842**	**1,672**	**26,514**	24,486
FFO per share (pence)			**10.0**	10.5
Ordinary dividend per share (pence)			**10.5**	10.0
Dividend Cover			**95%**	105%
Admin cost ratio			**14.3%**	14.1%

Net property income

Analysis of net property income (£m)

Net property income for the 6 months ended 30 September 2016	**38.3**
Retail: Acquisitions	2.0
Retail: Disposals	(0.3)
Retail: Held for development	(0.5)
Retail: Like-for-like net property income	(0.1)
Retail: BRAVO JV promote	2.2
Pubs & c-store portfolio	(1.1)
Other	(0.4)
Net property income for the 6 months ended 30 September 2017	**40.1**

On a proportionally consolidated basis, net property income increased by 4.7% to £40.1 million, from £38.3 million in HY17 with the key driver being the acquisition of the remaining 50% share in the BRAVO joint ventures in July 2017 for a cash consideration of £59.4 million.

The acquisition gave us control over a portfolio of four convenience-led shopping centres in Belfast, Glasgow, Hastings and Middlesbrough, and added £1.6 million of net rent in the period. The acquisition of Cuckoo Bridge Retail Park part-way through the comparative period, in June 2016, added a further £0.3 million of net rent in the current period. We completed £35.8 million of retail portfolio disposals in the current period, which reduced net rent by £0.3 million.

Assets held for development reduced net property income by £0.5 million. This reduction occurred due to the significant progress made across our risk-controlled development pipeline over the last 12 months. For example, we continued to make progress at our major mixed-use regeneration in Burgess Hill, including pre-selling the entire residential element of the scheme to a private residential investment company for £34 million. As a consequence of this progress, we secured vacant possession of additional units in preparation for the construction phase of the development, meaning net property income in Burgess Hill reduced by £0.3 million.

Retail like-for-like net property income reduced by £0.1 million or 0.4% in the period. The key driver of this small reduction was the administration of BHS which occurred during the prior period. Adjusting retail like-for-like for the impact of BHS, like-for-like net property income increased by 0.9% across the retail portfolio.

We had exposure to BHS of 1% of total rent spread across three shopping centres, in Belfast, Hastings and Kilmarnock, and during the period we made excellent progress in re-letting this space. Having acquired BRAVO's equity stake in the Abbey Centre, Belfast, and Priory Meadow, Hastings, in August we signed long term leasing deals at both centres with Primark, who we consider to be a best in class value retailer. We anticipate that both of these stores will be open by Summer 2018, providing enormous benefit to two strong community assets.

Having been responsible for the management of the portfolio of shopping centres acquired from the BRAVO fund since 2013, we also received a £2.2 million promote in the period based on the returns generated to date.

Net property income across the Pubs & c-store portfolio reduced by £1.1 million from £7.8 million to £6.7 million during the period. The drivers of the reduction in net property income across the Pubs & c-store portfolio are analysed in more detail in the following table:

Analysis of Pubs & c-stores net property income (£m)

Pubs & c-store portfolio net property income for the 6 months ended 30 September 2016	**7.8**
Pub & excess land disposals	(0.2)
22 pubs re-let on 15 year RPI linked leases	(0.3)
Trent transfer programme:	
Reduction in income due to transfer programme	(2.0)
Increase in income due to transfer programme	1.5
C-store programme:	
C-store construction works	(0.2)
Rent from new c-stores	0.3
Mantle pubs closed for capex programme	(0.2)
Pubs & c-store portfolio net property income for the 6 months ended 30 September 2017	**6.7**

We have sold 13 pubs since 1 April 2016, generating disposal proceeds of £5.9 million and reducing net property income by £(0.2) million. These disposals were mostly made to existing tenants, and were completed on terms on average 7% ahead of valuation. At the period end we had 336 pubs in our portfolio (187 in the Trent portfolio, 149 in the Mantle portfolio).

In November 2016, at the start of the Trent transfer programme, we agreed new 15 year RPI linked leases with Marston's on 22 pubs in the Trent portfolio. In exchange for a new index-linked and long-term value creating income stream, we agreed to a reduction in annual income, of which we saw £0.3 million in the period.

At the time of the Trent portfolio acquisition, we signed a four year leaseback agreement with Marston's Plc, which comes to an end in December 2017. We started the Trent transfer programme in November 2016, which meant that at the start of the period we had 123 Trent pubs to transfer. During the period we transferred a further 57 pubs, with an additional tranche of 38 completed post period end. The transfer of the Trent pubs has led to net reduction in income in the period of £0.5 million, as a result of a short period of income disruption as the pubs are transferred, and we expect to replace the majority of this income as we monetise the savings in business rates that we've seen across the pub portfolio.

We have closed a number of pubs for conversion into c-stores, and pubs adjacent to c-store development sites which inevitably experience a reduction in income during the c-store construction process, so as we have continued our rolling c-store programme this has reduced pub income by £0.2 million. During the period we had 11 c-stores open and trading, compared with just 1 at the start of the prior period which added £0.3m to net property income. We have now delivered 14 c-stores to the Co-op, and we expect to deliver the 15th c-store in the final quarter of this financial year, which will trigger a bonus receipt of £750,000 from the Co-op. We will then receive payments of between £75,000 and £200,000 for each c-store delivered.

Lastly, we are currently undertaking a targeted capex programme in our Mantle pub portfolio, spending £0.6 million in the period and completing works on 20 pubs. As these pubs were closed while the capex was completed we saw a reduction in income of £0.2 million in the period, but importantly we are on target to achieve more than a 20% income return on investment on completed projects.

Administrative expenses

Administrative expenses increased by 24.5% during the period, to £6.1 million from £4.9 million, principally due to the increased scale of the business. Importantly, our admin cost ratio remained in line with the prior period, at 14%, which reflects the fact that our administrative expenses have grown in line with income and assets on the balance sheet.

Net finance costs

Net finance costs reduced by 12.0% during the period, to £7.3 million from £8.3 million. The reduction in net finance costs was due primarily to the £225 million of equity raised in July 2017, which we have not yet fully deployed meaning that the weighted average amount of gross debt held during the period has reduced to £437 million from £458 million in the prior period.

In addition to these finance costs, we recognised exceptional costs of £3.0 million in IFRS profit after tax, linked to the £414 million of secured facilities closed out as part of the refinancing exercise completed in August 2017. Of these costs, £1.0 million was paid in cash redemption fees, and £2.0 million related to the non-cash write-off of unamortised fees.

Profit on disposals

We completed £37.1 million of profitable capital recycling during the period, on terms on average 3.8% ahead of valuation, generating a profit on disposal included within FFO of £0.4 million. Disposals included three retail parks, two high street assets, six pubs and three parcels of ancillary land adjacent to pubs.

On a cash basis, these disposals were completed on terms 13.1% ahead of total cost (being purchase price plus subsequent capex) generating a cash profit of £4.3 million. This figure is not reflected in the financial statements (or FFO) because our property portfolio is marked to market in line with IFRS.

Taxation

As a REIT we do not pay corporation tax on qualifying UK property rental income and gains arising from disposal of exempt property assets. We earn operating income through our pub portfolio and asset management fees in joint ventures which are taxable, and therefore during the period we incurred a corporation tax charge of £0.6 million, which was in-line with the charge incurred in the prior period.

Dividends

At NewRiver, we are proud of our track record of delivering a growing ordinary dividend to our shareholders, and we are committed to maintaining this discipline in the future. Our dividend policy is driven by two key objectives:

- Growing cash FFO and FFO per share so that we can continue to pay a growing and fully covered dividend
- The REIT requirement to pay out at least 90% of recurring cash profits

	Paid in period			Declared in period		
	Ordinary	Special	Total	Ordinary	Special	Total
FY17 Q4	5.00		**5.00**			
FY17 Special		3.00	**3.00**			
FY18 Q1	5.25		**5.25**	5.25		**5.25**
FY18 Q2				5.25		**5.25**
Total	**10.25**	**3.00**	**13.25**	**10.5**	**-**	**10.5**

During the period we paid 10.25 pence per share of ordinary dividends, being two quarterly dividends from Q4 FY17 and Q1 FY18, and we paid a 3.0 pence per share special dividend, relating to FY17.

During the period, we declared a total ordinary dividend of 10.5 pence per share, a 5% increase from 10.0 pence in HY17, which was 95% covered by FFO of 10.0 pence per share. The dividend was not fully covered in the half because, of the £225 million of equity raised in July 2017, we have currently deployed only £59.4 million into the acquisition of the remaining 50% interest in the BRAVO joint ventures. We are committed to a delivering a fully covered dividend to our shareholders, and this is one of our five key Financial Policies which are explained in the 'Net debt & financing' section of this Review.

Today, we also announced our ordinary dividend for the third quarter of FY18 of 5.25 pence, an increase of 5% compared with Q3 FY17. The dividend will be paid on 9 February 2018 to shareholders on the register at close of business on 29 December 2017. The ex-dividend date will be 28 December 2017. The quarterly 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 2017			As at 31 March 2017
BALANCE SHEET	**Group £'000**	**Joint ventures £'000**	**Proportionally consolidated £'000**	Proportionally consolidated £'000
Properties at valuation	**1,219,854**	**12,685**	**1,232,539**	1,130,568
Investment in joint ventures	**8,904**	**(8,904)**	**-**	-
Other non-current assets	**558**	**-**	**558**	351
Cash	**71,217**	**525**	**71,742**	49,574
Other current assets	**10,472**	**13**	**10,485**	6,190
Total assets	**1,311,005**	**4,319**	**1,315,324**	1,186,683
Other current liabilities	**(32,770)**	**(333)**	**(33,103)**	(32,497)
Debt	**(371,728)**	**(3,986)**	**(375,714)**	(467,357)
Other non-current liabilities	**(292)**	**-**	**(292)**	(2,291)
Total liabilities	**(404,790)**	**(4,319)**	**(409,109)**	(502,145)
IFRS net assets	**906,215**	**-**	**906,215**	684,538
EPRA adjustments:				
Warrants in issue			**516**	535
Unexercised employee awards			**1,276**	3,861
Fair value derivatives			**417**	4,144
EPRA net assets			**908,424**	693,078
EPRA NAV per share			**297p**	292p
LTV			**25%**	37%

Net assets

At 30 September 2017, IFRS net assets increased by 32.4% to £906.2 million, from £684.5 million at 31 March 2017. This increase was primarily due to the oversubscribed £225 million equity raise in July 2017.

EPRA net assets ('EPRA NAV') is calculated by adjusting IFRS net assets to reflect the potential impact of dilutive ordinary shares, and to remove the fair value of any derivatives held on the balance sheet. These adjustments are made with the aim of improving comparability with other European real estate companies. EPRA NAV increased by 31.1% to £908.4 million, from £693.1 million at 31 March 2017. EPRA NAV per share increased by 1.7% to 297 pence per share, from 292 pence per share at 31 March 2017, due primarily to the fact that we issued £225 million of equity at 335 pence per share, representing a 14.7% premium to last reported EPRA NAV (31 March 2017: 292 pence per share).

Properties at valuation

Properties at valuation increased by £102.0 million in the six months from March 2017, due to acquisitions, capital expenditure and valuation surplus, less disposals. The acquisition of the remaining 50% of the units in the BRAVO joint ventures added £122.3 million. We invested £8.5 million of capital expenditure during the half, spending £2.8 million on our rolling c-store development programme, and we generated a valuation surplus of £1.9 million. We completed £35.8 million of profitable capital recycling during the period, completing the disposal of three retail parks, two big box high street assets, six pubs and three parcels of ancillary land adjacent to pubs.

Net debt & financing

Net debt

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

Proportionally consolidated net debt at 31 March 2017	**417.9**
Operating activities	
Net cash inflow from operations before working capital movements	(25.4)
Changes in working capital	6.9
Investing activities	
Purchase of investment properties	2.9
BRAVO JV acquisition – Purchase price (net of cash acquired)	53.6
BRAVO JV acquisition – Share of debt acquired	60.6
Disposal of investment properties	(37.4)
Development and other capital expenditure	9.9
Financing activities	
Shares issued	(222.0)
Refinancing costs – Cash	2.8
Refinancing costs – Non-cash	2.0
Purchase of derivatives	2.4
Ordinary dividends paid	23.4
Special dividends paid	7.0
Other	(0.6)
Proportionally consolidated net debt at 30 September 2017	**304.0**

Net debt decreased by 113.9 million, to £304.0 million from £417.9 million, primarily as a result of the successful equity raise completed during the period, and the subsequent acquisition of BRAVO units.

Operating activities generated a net cash inflow from operations before working capital movements of £25.4 million, compared with FFO of £26.5 million, demonstrating the highly cash generative nature of our business.

Investing activities included the acquisition of the remaining units in the BRAVO joint ventures, which increased net debt by £114.2 million, being the sum of the purchase price (net of cash acquired) of £53.6 million, and the share of debt acquired in the transaction of £60.6 million. Proceeds of £37.4 million were received on the profitable disposal of a number of assets during the period, on terms 3.8% ahead of valuation and 13.1% ahead of total cost (being purchase price plus subsequent capex), generating a cash profit of £4.3 million.

Financing activities led to a reduction in net debt, principally due to shares issued generating £222.0 million of cash proceeds, being the net proceeds (after costs) of the equity issue of £220.0 million, and £2 million received from the exercise of share options. The new unsecured debt facilities were arranged with total cash breakage costs of just £2.8 million, being £1.0 million of redemption fees on the secured facilities replaced by the new facilities and payments for interest rate swap close-outs of £1.8 million, and a non-cash write off of unamortised fees of £2.0 million. During the period we paid £23.4 million of ordinary dividends (10.25 pence per share), and £7.0 million of special dividends (3.0 pence per share).

Financial Policies

	Financial Policies	Proportionally consolidated	
		30 September 2017	31 March 2017
Net debt		£304.0m	£417.9m
Principal value of gross debt		£380.9m	£470.9m
Weighted average cost of drawn debt		3.6%[1]	3.5%
Weighted average debt maturity of drawn debt		4.0 yrs[2]	2.5 yrs
Loan to value	Guidance <40% Policy <50%	25%	37%
		30 September 2017	30 September 2016
Net debt: EBITDA	<10x	4.4x	6.8x
Interest cover	>2.0x	4.6x	4.3x
Dividend cover	>100%	95%	105%
		Group	
		30 September 2017	31 March 2017
Balance sheet gearing	<100%	33%	52%

1. Cost of debt assuming £215 million revolving credit facility is fully drawn is 2.85%
2. Average debt maturity is 5.5 years excluding £50 million bridge which matures in February 2019 and assuming 2 year extension options are bank approved

Our conservative Financial Policies were put in place in consultation with shareholders and form a key component of our financial risk management strategy. We now report five Financial Policies, including 'Net debt: EBITDA' for the first time, and we are comfortably within all of our policies, with dividend cover forecast to return when further acquisitions are made.

- Our Loan to Value was 25% at 30 September 2017, decreased from 37% at 31 March 2017 as we have not yet fully deployed the £225 million of equity raised in the period. Our guidance is that our LTV will be below 40%, even when our equity proceeds are fully deployed.
- Our interest cover was 4.6x at 30 September 2017, increased from 4.3x in September 2016 and significantly ahead of our financing policy which requires a minimum cover of 2.0x.
- Our dividend cover, calculated with reference to FFO per share was 95% at 30 September 2017, and it is our policy to have at least 100% dividend cover. Our dividend was not fully covered because we have not yet fully deployed the proceeds of the £225 million equity raise completed in the period. We are committed to delivering a growing and fully covered dividend to our investors, and we will remain disciplined and active in the investment market.
- Our balance sheet gearing reduced to 33% from 52% at 31 March 2017, again due to the equity raise and refinancing.

Additional guidelines

Sitting alongside our Financial Policies are Additional Guidelines, used by Management when analysing operational and financial risk, which we disclose in the following table:

	Guideline	30 September 2017
Single retailer concentration	<5%	2.3%
Development expenditure	<10% of GAV	1%
Risk-controlled development	>70% pre-let or pre-sold on committed	100%
Pub & c-store weighting	<20% of GAV	14%

- Our largest single retailer concentration at the period end was Poundland, with a single retailer concentration, expressed as a percentage of total rent roll, of 2.3%. On a contracted basis, including deals signed on units that are not yet open and trading, Primark would be our largest single retailer concentration, with 2.5% of contracted rents.
- Our development expenditure in the last 12 months as a proportion of total gross asset value was 1%.
- Our risk-controlled approach to development means that we will not commit to a new development unless we have pre-let or pre-sold at least 70% by area, and we are currently 100% pre-let on committed developments.
- We are comfortable with our pub weighting, currently 14% including c-stores, and we envisage that pubs will remain an important part of our portfolio.

Summary

As the steward of the NewRiver balance sheet our activities in the capital markets during the period have put down a solid foundation and leave us well placed to continue to deliver sustainable cash returns to our shareholders.

Mark Davies
Chief Financial Officer
21 November 2017

Principal risks and uncertainties

The principal risks of the business are set out on pages 55-57 of the Group's 2017 Annual Report & Accounts alongside their potential impact and related mitigations.

The Board has considered the principal risks and uncertainties that the Group is exposed to, and which may impact performance, in light of the continued political and economic uncertainty following the EU referendum vote last year and the UK general election results earlier this year. Whilst we consider the principal risks are unchanged from those set out in the Annual Report and Accounts published in June 2017, the Board is aware that market uncertainty could lead to some risks being elevated.

The Board has reviewed the principal risks in the context of the second half of the current financial year and believes there has been no material change to the risks outlined in the Group's Annual Report, and that the existing mitigation measures within the business remain relevant for the risks highlighted.

Our principal risks and uncertainties which may impact the business over the remaining six months of the year are summarised below.

General Commercial – Economic recession due to uncertainty from Brexit and world events, or future Government policy which adversely affects the Company's ability to manage its assets effectively.

Corporate Strategy and Performance – Failure to communicate sufficiently and effectively with investors, leading to a depressed share price and demand for equity, or growth in online retail spend could be perceived as a threat to traditional bricks and mortar retailers.

Financial – Breach of debt covenants could trigger loan defaults and repayment of facilities putting pressure on surplus cash resources. Ensuring that there is adequate working capital for capital expenditure, development projects and acquisitions.

Compliance – Breach of any of the regulations governing the business of the Group, such as listing rules, UK Corporate Governance Code and The Pubs Code.

Asset Management – Instability and subdued economic activity could lead to reductions in disposable income, impacting demand for retailer goods and ultimately leading to business failure and administrations, or failure in performance by individual assets against their business plans.

Development - Poor control of development projects could lead to inadequate returns on investment, or over-exposure to developments could put pressure on cash flow and debt financing.

Directors' Responsibility Statement

We confirm to the best of our knowledge:

(a) The condensed set of financial statements has been prepared in accordance with IAS 34 'Interim Financial Reporting';

(b) The interim management report includes a fair review of the information required by DTR 4.2.7R (indication of important events during the first six months and description of principal risks and uncertainties for the remaining six months of the year); and

(c) The interim management report includes a fair review of the information required by DTR 4.2.8R (disclosure of related parties' transactions and changes therein).

On behalf of the Board

Allan Lockhart	Mark Davies
Property Director	Chief Financial Officer

21 November 2017

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

We have been engaged by the company to review the condensed set of financial statements in the half-yearly financial report for the six months ended 30 September 2017 which comprises the condensed consolidated statement of comprehensive income, the condensed consolidated balance sheet, the condensed consolidated cash flow statement, the condensed consolidated statement of changes in equity and related notes 1 to 16. We have read the other information contained in the half-yearly financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

This report is made solely to the company 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. Our work has been undertaken so that we might state to the company those matters we are required to state to it in an independent review report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company, for our review work, for this report, or for the conclusions we have formed.

Directors' responsibilities

The half-yearly financial report is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the half-yearly financial report in accordance with the Disclosure and Transparency Rules of the United Kingdom's Financial Conduct Authority.

As disclosed in note 1, the annual financial statements of the group are prepared in accordance with IFRSs as adopted by the European Union. The condensed set of financial statements included in this half-yearly financial report has been prepared in accordance with International Accounting Standard 34 "Interim Financial Reporting" as adopted by the European Union.

Our responsibility

Our responsibility is to express to the company a conclusion on the condensed set of financial statements in the half-yearly financial report based on our review.

Scope of review

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 inquiries, 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.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-yearly financial report for the six months ended 30 September 2017 is not prepared, in all material respects, in accordance with International Accounting Standard 34 as adopted by the European Union and the Disclosure and Transparency Rules of the United Kingdom's Financial Conduct Authority.

Deloitte LLP

Statutory Auditor
Guernsey, Channel Islands
21 November 2017

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the six months ended 30 September 2017

Unaudited	Notes	Six months ended 30 September 2017 Operating and financing £'000	 Fair value adjustments £'000	 Total £'000	Six months ended 30 September 2016 Operating and financing £'000	 Fair value adjustments £'000	 Total £'000
Gross income	4	49,734	-	49,734	40,455	-	40,455
Property operating expenses	5	(9,269)	-	(9,269)	(6,823)	-	(6,823)
Net property income		40,465	-	40,465	33,632	-	33,632
Administrative expenses	6	(7,203)	-	(7,203)	(6,487)	-	(6,487)
Share of income from joint ventures	10	1,673	(237)	1,436	3,710	(4,115)	(405)
Net valuation movement	9	-	2,215	2,215	-	(8,177)	(8,177)
Profit on disposal of investment properties		502	-	502	(57)	-	(57)
Operating profit		35,437	1,978	37,415	30,798	(12,292)	18,506
Finance income		24	-	24	54	-	54
Finance costs		(7,748)	(1,989)	(9,737)	(7,731)	-	(7,731)
Revaluation of derivatives		-	2,155	2,155	-	(3,822)	(3,822)
Profit for the period before taxation		27,713	2,144	29,857	23,121	(16,114)	7,007
Taxation		(600)	-	(600)	(509)	-	(509)
Profit for the period after taxation		27,113	2,144	29,257	22,612	(16,114)	6,498
IFRS earnings per share (pence)							
Basic	7			11.0			2.8p
Diluted	7			10.9			2.8p

There were no items recognised as other comprehensive income that have not already been recognised in profit for the period after taxation. As such, this represents total comprehensive income for the period.

All activities derive from continuing operations of the Group. Certain comparatives have been restated. See note 1.

CONDENSED CONSOLIDATED BALANCE SHEET
As at 30 September 2017

	Notes	30 September 2017 Unaudited £'000	31 March 2017 Audited £'000
Non-current assets			
Investment properties	9	1,219,854	995,928
Investments in joint ventures	10	8,904	71,763
Property, plant and equipment		558	351
Derivative financial instruments		2,201	626
Total non-current assets		1,231,517	1,068,668
Current assets			
Trade and other receivables		8,271	5,373
Cash and cash equivalents		71,217	45,956
Total current assets		79,488	51,329
Total assets		1,311,005	1,119,997
Current liabilities			
Borrowings	11	-	100,084
Trade and other payables		31,245	28,729
Current taxation		1,525	1,200
Derivative financial instruments		-	160
Total current liabilities		32,770	130,173
Non-current liabilities			
Derivative financial instruments		292	2,291
Borrowings	11	371,728	302,995
Total non-current liabilities		372,020	305,286
Net assets		906,215	684,538
Equity			
Share capital	12	3,022	2,340
Share premium	12	223,031	1,691
Merger reserve	12	(2,335)	(2,335)
Retained earnings		682,497	682,842
Total equity		906,215	684,538
Net asset value (NAV) per share			
Basic	7	299p	292p
Diluted	7	297p	290p

Certain comparatives have been restated. See note 1.

CONDENSED CONSOLIDATED CASH FLOW STATEMENT
For the six months ended 30 September 2017

Unaudited		Six months ended 30 September 2017 £'000	30 September 2016 £'000
Cash flows from operating activities			
Profit for the period before taxation		29,857	7,007
Adjustments for:			
Profit on disposal of investment property		(502)	57
Net valuation movement	9	(2,215)	8,177
Net valuation movement in joint ventures	10	274	3,204
Share of income from joint ventures		(1,710)	(3,352)
Gain on bargain purchase	13	(2,964)	-
Net interest expense		9,713	7,494
Revaluation of derivatives		(2,155)	3,822
Rent free lease incentives		(1,995)	(350)
Movement in provision for bad debts		205	53
Amortisation of legal and letting fees		185	90
Depreciation on property plant and equipment		225	74
Share based-payment expense		1,400	700
Cash generated from operations before changes in working capital		30,318	26,976
Changes in working capital			
(Increase)/decrease in receivables and other financial assets		(2,256)	1,645
Decrease in payables and other financial liabilities		(4,650)	(2,374)
Cash generated from operations		23,412	26,247
Interest paid		(6,543)	(7,115)
Corporation tax paid		(275)	-
Dividends received from joint ventures	10	1,916	1,900
Net cash inflow from operating activities		18,510	21,032
Cash flows from investing activities			
Interest income		24	54
Purchase of investment properties	9	(2,932)	(160,842)
Net cash outflows on business combinations	13	(53,646)	-
Disposal of investment properties		37,426	5,585
Development and other capital expenditure		(8,422)	(9,494)
Purchase of plant and equipment		(431)	(116)
Net cash used in investing activities		(27,981)	(164,813)
Cash flows from financing activities			
Proceeds from issuance of new shares		222,022	93
Repayment of bank loans		(365,620)	(62,964)
New borrowings		211,048	153,854
Purchase of derivatives		(2,362)	(728)
Dividends paid – special	8	(7,019)	-
Dividends paid – ordinary	8	(23,337)	(22,657)
Net cash generated from financing activities		34,732	67,598
Cash and cash equivalents at beginning of the period		45,956	114,071
Net increase/(decrease) in cash and cash equivalents		25,261	(76,183)
Cash and cash equivalents at end of period		71,217	37,888

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
As at 30 September 2017

Unaudited	Notes	Share capital £'000	Share premium £'000	Merger reserve £'000	Hedging reserve £'000	Retained earnings £'000	Total £'000
As at 31 March 2016		2,334	-	(2,334)	(1,842)	691,709	689,867
Profit for the period after taxation		-	-	-	-	6,498	6,498
Total comprehensive income for the period		-	-	-	-	6,498	6,498
Transactions with equity holders							
Net proceeds from issue of shares		-	-	-	-	143	143
Share-based payments		-	-	-	-	700	700
Dividends paid		-	-	-	-	(22,657)	(22,657)
As at 30 September 2016		2,334	-	(2,334)	(1,842)	676,393	674,551
Profit for the period after taxation		-	-	-	-	29,703	29,703
Revaluation of derivatives		-	-	-	1,842	-	1,842
Total comprehensive income for the period		-	-	-	1,842	29,703	31,545
Transactions with equity holders							
Net proceeds from issue of shares		6	1,691	(1)	-	-	1,696
Share-based payments		-	-	-	-	734	734
Dividends paid		-	-	-	-	(23,988)	(23,988)
As at 31 March 2017		2,340	1,691	(2,335)	-	682,842	684,538
Profit for the period after taxation		-	-	-	-	29,257	29,257
Total comprehensive income for the period		-	-	-	-	29,257	29,257
Transactions with equity holders							
Net proceeds from issue of shares	12	682	226,902	-	-	-	227,584
Cost of issue of new shares	12	-	(5,562)	-	-	-	(5,562)
Share-based payments		-	-	-	-	1,400	1,400
Dividends paid	8	-	-	-	-	(31,002)	(31,002)
As at 30 September 2017		3,022	223,031	(2,335)	-	682,497	906,215

Certain comparatives have been restated. See note 1.

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.

These condensed consolidated financial statements have been approved for issue by the Board of Directors on 21 November 2017.

Scheme of arrangement

During the prior period, the Group completed its move from AIM to the premium listing segment of the official list, trading on the Main Market of the London Stock Exchange. NewRiver REIT plc became the ultimate parent company, with the former parent company, NewRiver Retail Limited, becoming a direct subsidiary of NewRiver REIT plc, in a scheme of arrangement on 18 August 2016. The principal steps of the group reorganisation were as follows:

NewRiver REIT plc was incorporated in the United Kingdom on 8 June 2016 under the Companies Act 2006 as a public company. On incorporation, the share capital of NewRiver REIT plc was £50,000.02 divided into 2 ordinary shares of 1 pence and 50,000 redeemable preference shares of £1. The preference shares were redeemed on 12 October 2016.

As part of a scheme of arrangement under Guernsey law, all issued ordinary shares in the capital of NewRiver Retail Limited, the former holding company of the Group, were cancelled by way of a reduction of capital on 18 August 2016. Following the cancellation of the shares, NewRiver Retail Limited issued a corresponding number of ordinary shares to the Company, such that the Company held all of the issued shares in the capital of NewRiver Retail Limited. The Company, in turn, issued ordinary shares to the former shareholders of NewRiver Retail Limited on a one-for-one basis. The result of the share cancellation and share issue was that the Company became the ultimate parent company of the Group.

Throughout the period from incorporation to 18 August 2016, NewRiver REIT plc was a dormant company with no revenues and no assets and did not constitute a business as defined by IFRS 3 Business Combinations. The transaction therefore falls outside the scope of that standard. Following the guidance regarding the selection of an appropriate accounting policy provided by IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors, the transaction has been accounted for using the principles of merger accounting, allowed for group reconstructions, as set out in FRS 102, the Financial Reporting Standard applicable in the UK and Republic of Ireland.

This policy, which does not conflict with IFRS, reflects the economic substance of the transaction as a continuation of the previous Group. The comparatives presented in these condensed consolidated financial statements include the consolidated results and financial position of NewRiver Retail Limited for the period to 18 August 2016.

In order to present equity as a continuation of the previous Group, share capital and reserves have been restated at the preceding reporting date as follows:

	Share capital £'000	Merger reserve £'000	Other reserves £'000	Hedging reserve £'000	Share option reserve £'000	Revaluation reserves £'000	Retained earnings £'000	Total £'000
1 April 2016 (as previously reported)	-	-	554,599	(1,842)	1,961	16,901	118,248	689,867
Presentation of reserves	-	-	(554,599)	-	(1,961)	(16,901)	573,461	-
Cancellation of shares in former parent company (no par value)	-	-	-	-	-	-	-	-
Issue of new shares in new parent company (233,393,712 x 1p per share)	2,334	(2,334)	-	-	-	-	-	-
1 April 2016 (as currently reported)	2,334	(2,334)	-	(1,842)	-	-	691,709	689,867

In addition, the Company has restated the presentation of gains and losses on derivative financial instruments. These were presented in the statement of changes in equity in the prior period. However, during the year ended 31 March 2017 these gains and losses were recognised in the income statement and the cumulative amount previously recognised in equity was recycled to the income statement at the year end. The impact on profit after taxation for the six months ended 30 September 2016 was to recognise an expense of £4,558,000. There was no impact on Funds From Operations, EPRA earnings or net assets.

Going concern

The Directors of the Company have reviewed the current and projected financial position of the Group making reasonable assumptions about future trading and performance. The key areas reviewed were:

- Value of investment property
- Timing of property transactions
- Capital expenditure and tenant incentive commitments
- Forecast rental income
- Loan covenants
- Capital and debt funding

The Group has cash and short-term deposits, significant undrawn borrowing facilities, as well as profitable rental income streams and as a consequence the Directors believe the Group is well placed to manage its business risks. The Group is currently well within the prescribed financial covenants on its borrowing facilities.

After making enquiries and examining major areas which could give rise to significant financial exposure, the Board has a reasonable expectation that the Company and the Group have adequate resources to continue its operations for the foreseeable future. Accordingly, the Group continues to adopt the going concern basis in preparation of these condensed consolidated financial statements.

Statement of compliance

The information for the year ended 31 March 2017 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, did not include a reference to any matters to which the auditors drew attention by way of emphasis without qualifying the report and did not contain statements under section 498(2) or (3) of the Companies Act 2006.

The annual financial statements are prepared in accordance with IFRSs as adopted by the European Union. The condensed set of financial statements included in this half yearly financial report has been prepared in accordance with International Accounting Standard 34 'Interim Financial Reporting', as adopted by the European Union.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and its subsidiaries. The consolidated financial statements account for interest in joint ventures using the equity method of accounting per IFRS11.
The same accounting policies, presentation and methods of computation are followed in the condensed set of financial statements as applied in the Group's latest audited financial statements, a copy of which can be found on our website www.nrr.co.uk. The Group's financial performance is not seasonal.

2. Critical accounting judgements and estimates

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

Significant judgements

Investment properties
The Group's investment properties are stated at fair value, based on an independent external appraisal. The valuation of the Group's investment property portfolio is inherently subjective due to, amongst other factors, the individual nature of each property, forecast trading EBITDA, the status of planning consent, the assumption that vacant possession will be obtained, development cost projections, tenant credit risk and the expected future rental income. As a result, the valuation of the Group's investment property portfolio is subject to a degree of uncertainty and is based on information available at the date of valuation.

Taxation
The Company has elected for REIT status. To continue to qualify from the regime, the Group is required to comply with certain conditions as defined in the REIT legislation. Management are required to exercise judgement to determine whether each property acquisition should be included within the REIT rental property income business and whether, on disposal of that property, any gain arising is capital or trading in nature and therefore whether it has triggered a tax charge to be payable to HMRC.

The Group has unrecognised tax losses carried forward at 30 September 2017. Judgement is required in assessing the likelihood that taxable income will be available to utilise the losses.

Accounting for acquisitions
Management must assess whether the acquisition of property through the purchase of a corporate vehicle should be accounted for as an asset purchase or a business combination. Management exercise judgement to determine whether the acquired business or property contains processes and inputs in addition to property. When management conclude that processes and inputs are being acquired in addition to the property then the transaction is accounted for as a business combination. Where there are no such items, the transaction is treated as an asset purchase.

Business combinations are accounted for using the acquisition method whereby any excess of the purchase consideration over the fair value of the net assets acquired is recognised as goodwill and reviewed annually for impairment. Any discount received or acquisition related costs are recognised in the income statement. The key judgements regarding the recognition as a business combination reflect the inputs, processes and outputs that can be clearly defined as part of this transaction. See note 13 for further information.

Sources of estimation uncertainty

As noted above, the Group's investment properties are stated at fair value. The assumptions and estimates used to value the properties are detail in note 9. Small changes in the key estimates, such as the estimated future rental income, can have a significant impact on the valuation of the investment properties, and therefore a significant impact on the balance sheet and key performances measures such as Net Asset Value per share. Certain estimates require an assessment of factors not within management's control, such as overall market conditions. There have been no changes in estimates of amounts reported in prior periods which have a material impact on the current half-year period.

Rents and estimated rental values (ERVs) have a direct relationship to valuation as well as EBITDA and multiple assumptions specifically in relation to the pub portfolio, 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. The impact on the valuation will be mitigated by the interrelationship of two unobservable inputs moving in directions which have an opposite impact on value e.g. an increase in rent may be offset by an increase in yield, resulting in no net impact on the valuation.

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

The chief operating decision maker is the Board of Directors. The Board of Directors are of the opinion that the principal activity of the Group is to invest in commercial real estate in the UK.

IFRS requires operating segments to be identified on the basis of internal financial reports about components of the Group that are regularly reviewed by the chief operating decision maker i.e. the Board of Directors. The internal financial reports received by the Board contain financial information at a Group level and there are no reconciling items between the results contained in these reports and the amounts reported in the financial statements.

The property portfolio includes investment properties located throughout the UK, predominantly regional investments outside London and comprises a diverse portfolio of commercial buildings including shopping centres, retail warehouses, high street assets and pubs. The Directors consider that these properties all contribute to delivering on a strategy of targeting higher-yielding property that offer attractive returns through rental income. Therefore, these individual properties have been aggregated into a single operating segment.

All of the Group's properties are based in the UK. No geographical grouping is contained in any of the internal financial reports provided to the Board and, therefore, no geographical segmental analysis is disclosed.

4. Gross income

	Six months ended	
	30 September 2017	30 September 2016
	£'000	£'000
Property rental and related income	**43,929**	39,974
Asset management fees	**406**	393
Realised gain received from joint venture	**5,201**	-
Surrender premiums and commissions	**198**	88
Gross income	**49,734**	40,455

5. Property operating expenses

	Six months ended	
	30 September 2017	30 September 2016
	£'000	£'000
Service charge expense	**3,156**	1,938
Amortisation of tenant incentives and letting costs	**743**	566
Ground rent	**1,246**	1,597
Rates on vacant units	**1,241**	1,154
Other property operating expenses	**2,883**	1,568
Property operating expenses	**9,269**	6,823

Property operating expenses have increased by 36% whilst property rental and related income has increased by 23%. The principal reasons for the increase is presentation of costs in relation to the pub portfolio. A proportion of the pub portfolio is transitioning from receiving a net rent to a leased model whereby the group receives gross income and pays operating expenses.

6. Administrative expenses

	Six months ended 30 September 2017	30 September 2016
	£'000	£'000
Wages and salaries	2,371	2,454
Social security costs	988	787
Other pension costs	65	65
Staff costs	3,424	3,306
Depreciation	225	74
Operating lease payments	102	119
Other administrative expenses	2,052	1,114
	5,803	4,613
Share-based payments	1,400	700
Exceptional cost in respect of move from AIM to the main market	-	1,174
Administrative expenses	7,203	6,487

Net administrative expenses ratio is calculated as follows:

	Six months ended 30 September 2017	30 September 2016
	£'000	£'000
Administrative expenses	7,203	6,487
Adjust for:		
Asset management fees	(406)	(393)
Share of joint ventures' administrative expenses	248	266
Group's share of net administrative expenses	7,045	6,360
Property rental and related income	43,929	39,974
Realised gain received from joint venture	5,201	-
Less gain on bargain purchase	(2,964)	-
Share of joint ventures' property rental income	3,148	5,157
	49,314	45,131
Net administrative expenses as a % of property income (including share of joint ventures)	14.3%	14.1%
Average staff numbers including Directors		
Directors	7	7
Asset managers	20	20
Support functions	28	24
	55	51

7. Performance measures

The Group's key performance measure is 'Funds from Operations' or 'FFO'. This performance measure is intended to measure the underlying profitability of the Group and as such includes realised gains on disposals and adds back expense recognised for non-cash share-based payment, unrealised gains and the one-off cost in respect of the costs of the move to the main market. The measure is not intended to replace the cash measures disclosed in the cash flow statement.

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

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

	Six months ended	
	30 September 2017	30 September 2016
	£'000	£'000
Profit for the period after taxation	**29,257**	6,498
Adjustments		
Revaluation of investment properties	**(2,215)**	8,177
(Profit)/loss on disposal of investment properties	**(502)**	57
Revaluation of derivatives	**(2,155)**	4,375
Gain on bargain purchase	**(2,964)**	-
Refinance costs - write off of unamortised fees[1]	**1,989**	-
Refinance costs - early redemption and associated fees	**965**	-
Group's share of joint ventures' adjustments		
Revaluation of investment properties	**274**	3,204
Loss on disposal of investment properties	**114**	-
Revaluation of derivatives	**(37)**	358
EPRA earnings	**24,726**	22,669
Profit/(loss) on disposal of investment properties	**502**	(57)
Loss on disposal of joint ventures' investment properties	**(114)**	-
Share-based payment charge	**1,400**	700
Exceptional cost in respect of move to the main market	**-**	1,174
Funds From Operations (FFO)	**26,514**	24,486

[1] As shown in the Condensed Consolidated Statement of Comprehensive Income, the Group has recognised an expense of £1,989,000 in relation to writing off unamortised fees following the early repayment of certain borrowings. See note 11 for details.

	Six months ended	
	30 September 2017	30 September 2016
Number of shares	**No. 000s**	No. 000s
Weighted average number of ordinary shares for the purposes of Basic EPS, FFO and EPRA	**266,452**	233,669
Effect of dilutive potential ordinary shares:		
Share options	**163**	466
Deferred bonus shares	**609**	314
Performance share plan	**1,133**	423
Warrants	**231**	204
Weighted average number of ordinary shares for the purposes of diluted EPS	**268,588**	235,076
Performance measures (pence)		
Basic EPS	**11.0p**	2.8p
Diluted EPS	**10.9p**	2.8p
FFO per share	**10.0p**	10.5p
Diluted FFO per share	**9.9p**	10.4p
EPRA EPS	**9.3p**	9.7p
Diluted EPRA EPS	**9.2p**	9.6p

The number of shares used in the performance measures for the prior period's earnings includes the weighted average of NewRiver Retail Limited's shares up to 18 August 2016 and NewRiver REIT Plc's shares from that date. NewRiver REIT Plc issued the same number of shares as NewRiver Retail Limited had in issue in 18 August 2016. See note 1 for further details.

EPRA NAV per share and basic NAV per share:

	30 September 2017			31 March 2017		
	£'000s	Shares 000s	Pence per share	£'000s	Shares 000s	Pence per share
Net assets	**906,215**	**303,030**	**299**	684,538	234,119	292
Warrants in issue	**516**	**380**		535	377	
Unexercised employee awards	**1,276**	**2,273**		3,861	2,938	
Diluted net assets	**908,007**	**305,683**	**297**	688,934	237,434	290
Fair value derivatives	**417**	**-**		4,144		
EPRA net assets	**908,424**	**305,683**	**297**	693,078	237,434	292

8. Dividends

Payment date	PID	Non-PID	Pence per share	£'000
Six months to September 2017				
Special dividends				
4 August 2017	**3.00**	**-**	**3.00**	**7,019**
Ordinary dividends				
11 May 2017	**5.00**	**-**	**5.00**	**11,699**
4 August 2017	**5.25**	**-**	**5.25**	**12,284**
	13.25	**-**	**13.25**	**31,002**
Year to March 2017				
Ordinary dividends				
13 May 2016	2.75	2.00	4.75	11,086
17 August 2016	5.00	-	5.00	11,673
28 October 2016	5.00	-	5.00	11,677
1 January 2017	5.00	-	5.00	11,696
	17.75	2.00	19.75	46,132

9. Investment properties

	30 September 2017 £'000	31 March 2017 £'000
Fair value brought forward	**995,928**	839,107
Acquisitions	**2,932**	162,146
Capital expenditure	**7,791**	15,572
Properties acquired in business combinations (see note 13)	**244,657**	-
Lease incentives, letting and legal costs	**2,378**	2,771
Disposals	**(36,047)**	(8,638)
Net valuation movement	**2,215**	(15,030)
Fair value carried forward	**1,219,854**	995,928

The Group's investment properties have been valued at 30 September 2017 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 fair value at 30 September 2017 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.

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

The relationship of unobservable inputs to fair value are the higher the rental values and the lower the yield, the higher the fair value.

In respect of the pub portfolio the valuer makes judgements on whether to use residual value or a higher value to include development potential where appropriate. Where no conversion opportunity has been identified at present, the valuer has not specifically considered an alternative use valuation.

The inputs to the valuation include:

- Rental value – total rental value per annum
- Equivalent yield – the discount rate of the perpetual cash flow to produce a net present value of zero assuming a purchase at the valuation
- EBITDA multiples and maintainable earnings from each pub
- Estimated development costs

There were no changes to valuation techniques during the period.

Valuation reports are based on both information provided by the Group, e.g. current rents and lease terms which is derived from the Company's financial and property management systems and is subject to the Group's overall control environment, and assumptions applied by the valuers, e.g. ERVs and yields. These assumptions are based on market observation and the valuers' professional judgement.

Revenues are derived from a large number of tenants with no single tenant or group under common control contributing more than 4% of the Group's revenue.

There are interrelationships between all these unobservable inputs as they are determined by market conditions. The effect of an increase in more than one unobservable input would be to magnify the impact on the valuation. The impact on the valuation will be mitigated by the interrelationship of two unobservable inputs moving in opposite directions, e.g. an increase in rent may be offset by an increase in yield, resulting in no net impact on the valuation. Expected vacancy rates may impact the yield with higher vacancy rates resulting in higher yields.

10. Investments in joint ventures

On 17 July 2017, the Group acquired the remaining 50% share in its BRAVO joint venture, for a cash consideration of £59.4 million. Prior to the acquisition the unit trusts that form the joint venture were equity accounted. See note 13 for further details. As at 30 September 2017 the Group has one joint venture.

	30 September 2017 £'000	31 March 2017 £'000
Opening balance	71,763	70,125
Effective disposal of investments	(62,379)	-
Group's share of profit after taxation excluding valuation movement	1,710	5,683
Net valuation movement	(274)	(419)
Distributions and dividends	(1,916)	(6,050)
Investment in joint ventures	-	2,541
Revaluation of derivatives recognised in equity	-	(117)
Investments in joint ventures	8,904	71,763

Name	Country of incorporation	30 September 2017 % Holding	31 March 2017 % Holding
NewRiver Retail Investments LP	Guernsey	50	50
NewRiver Retail Property Unit Trust No.2	Jersey	100	50
NewRiver Retail Property Unit Trust No.5	Jersey	100	50
NewRiver Retail Property Unit Trust No.6	Jersey	100	50
NewRiver Retail Property Unit Trust No.7	Jersey	100	50

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

Balance sheet	30 September 2017		31 March 2017	
	Total £'000	Group's share £'000	Total £'000	Group's share £'000
Non-current assets	25,370	12,685	269,280	134,640
Current assets	989	495	7,617	3,809
Current liabilities	(578)	(290)	(4,814)	(2,408)
Borrowings	(7,972)	(3,986)	(128,556)	(64,278)
Net assets	17,809	8,904	143,527	71,763

Income statement	Six months ended			
	30 September 2017		30 September 2016	
	Total	Group's share	Total	Group's share
	£'000	£'000	£'000	£'000
Net property income	5,254	2,627	9,340	4,670
Administration expenses	(496)	(248)	(532)	(266)
Net finance costs	(1,184)	(592)	(1,288)	(644)
	3,574	1,787	7,520	3,760
Net valuation movement	(548)	(274)	(6,408)	(3,204)
Derivative fair value movement	74	37	(1,822)	(911)
Profit on disposal	(228)	(114)	(8)	(4)
Taxation	-	-	(92)	(46)
Profit after taxation	2,872	1,436	(810)	(405)
Add back net valuation movement	548	274	6,408	3,204
Add back derivative fair value movement	(74)	(37)	1,822	911
Group's share of joint ventures' Funds From Operations	3,346	1,673	7,420	3,710

11. Borrowings

Maturity of secured bank loans:	30 September 2017 £'000	31 March 2017 £'000
Less than one year	-	100,584
Between one and two years	50,000	61,996
Between two and three years	94,000	141,271
Between three and four years	67,891	34,029
Between four and five years	165,000	68,461
	376,891	406,341
Unamortised loan fees	(5,163)	(3,262)
	371,728	403,079
Due in less than one year	-	100,084
Due after one year	371,728	302,995

During the period the Company agreed £430 million of new unsecured borrowing facilities to replace the majority of its secured borrowings, excluding the HSBC November 2019 facility and the AIG facility. The refinancing exercise provided the Company with a reduced cost of debt, increased flexibility and an increased borrowings maturity.

The new facilities include a £165 million term loan and a £215 million revolving credit facility ("RCF"), with an initial maturity of five years which can be extended to a maximum of seven years, subject to lender consent. The remaining £50 million is a term loan with a maturity of 18 months. The facility agreement contains financial covenants based on loan to value ratio, interest cover and the level of secured borrowings.

The margin payable on all of the new unsecured facilities is initially 185 basis points. As part of the facilities agreement, the Company is required to put in place interest rate hedging in respect of a minimum of 75% of aggregate drawn borrowings under the term facility. The Company has complied with these requirements.

The £430 million of new unsecured facilities replaced £414 million of secured facilities. The Company utilised both of the term loans and £133 million of the cash received from the equity raise to repay £348 million of existing facilities. The £215 million RCF remains undrawn as at 30 September.

The syndicate for the new facilities consists of Barclays Bank plc, HSBC Bank plc, The Royal Bank of Scotland plc and Santander UK plc. HSBC Bank plc will act as agent for the facilities. NewRiver was advised on the refinancing by Rothschild & Co.

		Maturity date	Facility	Facility drawn	Unamortised facility fees	Balance
			£'000	£'000	£'000	£'000
Term loan	Unsecured	February 2019	50,000	50,000	(446)	49,554
HSBC	Secured	November 2019	94,000	94,000	(379)	93,621
AIG	Secured	July 2021	83,191	67,891	(946)	66,945
Term loan	Unsecured	August 2022	165,000	165,000	(1,473)	163,527
RCF	Unsecured	August 2022	215,000	-	(1,919)	(1,919)
			607,191	376,891	(5,163)	371,728

Secured bank loans
Bank loans are secured by way of legal charges on properties held by the Group and a hedging policy is adopted which is aligned with the property strategy of each group of assets.

12. Share capital and reserves

Share capital
During the prior period the Group completed its move from AIM to the premium listing segment of the official list, trading on the Main Market of the London Stock Exchange. NewRiver REIT plc became the ultimate parent company, with the former parent company, NewRiver Retail Limited, becoming a direct subsidiary of NewRiver REIT plc, in a scheme of arrangement on 18 August 2016. On 18 August 2016, the Company issued 238,588,536 ordinary shares with a nominal value of one pence each to the former shareholders of NewRiver Retail Limited.

On 6 July 2017, the Company issued 67,164,179 ordinary shares at an issue price of 335 pence per ordinary share after a firm placing and open offer. Costs totalling £5,562,000 were incurred on the issue of shares and have been recognised in equity. The new shares were not entitled to receive the special dividend of 3 pence per ordinary share in respect of the financial year ended 31 March 2017 or the first quarterly dividend of 5.25 pence per ordinary share in respect of the first quarter of the financial year ending 31 March 2018. The new shares rank pari passu in all respects with the other ordinary shares in issue.

Ordinary shares	Number issued	Price per share	Total	Held by EBT	Shares in issue
	000's	pence	000's	000's	000's
Issued upon incorporation	-	1	-	-	-
Issued pursuant to scheme of arrangement	238,589	1	238,589	5,075	233,514
Shares issued under employee share schemes	35	-	238,589	5,040	233,549
30 September 2016			238,589	5,040	233,549
Exercise of share options	328	240	238,589	4,712	233,877
Shares issued under employee share schemes	98	-	238,589	4,614	233,975
31 March 2017			238,589	4,614	233,975
Issue of shares in firm placing and open offer	67,164	335	305,763	4,614	301,149
Exercise of share options	1,066	242	306,819	4,614	302,205
Shares issued under employee share schemes	605	-	306,819	4,009	302,810
30 September 2017			306,819	4,009	302,810

	Share capital	Share premium	Total
	£'000	£'000	£'000
Issued upon incorporation	-	-	-
Issued pursuant to scheme of arrangement	2,335	-	2,335
Shares issued under employee share schemes	-	-	-
30 September 2016	2,335	-	2,335
Exercise of share options	4	1,691	1,695
Shares issued under employee share schemes	1	-	1
31 March 2017	2,340	1,691	4,031
Issue of shares in firm placing and open offer	672	218,766	219,438
Exercise of share options	10	2,574	2,584
Shares issued under employee share schemes	-	-	-
30 September 2017	3,022	223,031	226,053

Warrants
Shareholders who subscribed for placing shares in the original share listing of NewRiver Retail Limited's shares, which were subsequently novated to NewRiver REIT plc, received warrants to subscribe for 3% of the fully diluted share capital. The subscription price is adjusted following the payment of dividends or share issuance and was 136p as at 30 September 2017. 380,000 remain outstanding (31 March 2017: 377,000) and are satisfied by issuing shares in the Company.

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

Hedging reserve
The hedging reserve consists of the fair value movement of interest rate derivatives. This was released to the P&L at the year-end as we are no longer hedge accounting. See latest audited financial statements.

Retained earnings

Retained earnings consist of the accumulated net profit of the Group, less dividends paid from distributable reserves, and transfers from equity issues where those equity issues generated distributable reserves. Dividends are paid from the Company's distributable reserves which were approximately £682 million at 30 September 2017.

Shares held in Employee Benefit Trust (EBT)

As part of the scheme of arrangement, 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 4 million ordinary shares held by the EBT:

	Number 000's	Value £'000
Transferred under scheme of arrangement	5,075	16,955
Shares issued under employee share schemes	(35)	(117)
As at 30 September 2016	5,040	16,838
Exercise of share options	(328)	(1,096)
Shares issued under employee share schemes	(98)	(327)
As at 31 March 2017	4,614	15,415
Shares issued under employee share schemes	(605)	(2,021)
As at 30 September 2017	4,009	13,394

13. Business combinations

On 17 July 2017, following the issue of new shares on 6 July 2017, the Group acquired the remaining 50% share in its BRAVO joint ventures, NewRiver Retail Property Unit Trusts No.2, No.5, No.6 and No.7 for a cash consideration of £59.4 million. The transaction allowed the Group to gain control over 4 convenience-led shopping centre assets in Belfast, Glasgow, Hastings and Middlesbrough with a total gross asset value per the SPA of £240 million, representing a topped up net initial yield of 7.3%.

The fair value of the Group's 50% equity interest in the unit trusts held before the business combination amounted to £62.4 million. No gain or loss was recognised as a result of remeasuring to fair value the equity interest in the unit trusts. The properties in the unit trust contributed net revenue of £3.2 million and profit of £3.4 million to the Group for the period from the date of acquisition to 30 September 2017. If the acquisition had occurred on 1 April 2017, with all other variables held constant, gross income for the period ended 30 September 2017 would have increased by £2.7 million and profit before taxation would have increased by £1.5 million.

Details of the assets and negative goodwill arising are as follows:

	Fair value £'000
Investment property	244,657
Current assets	2,429
Other net current liabilities	(7,429)
Cash and cash equivalents	5,769
Borrowings	(120,668)
Fair value of acquired interest in net assets of subsidiaries	124,758
Gain on bargain purchase	(2,964)
Total purchase consideration	(59,415)
Less: fair value previously held interest	(62,379)
Total acquisitions	-

The bargain purchase is a result of the fair value determined for the assets purchased exceeding the gross asset value implicit in the SPA. The negative goodwill was recognised in the statement of comprehensive income in gross income. The fair value of cash and cash equivalents was considered equal to the carrying value representing the entity's bank deposits. The fair value of borrowings and trade and other payables was considered materially equivalent to amortised costs based on discounted cash flow models. The borrowings acquired have no recourse to other companies or assets in the Group.

14. Financial instruments

The Group enters into derivative financial instruments to provide an economic hedge to its interest rate exchange risks. These financial instruments are classified as Level 2 fair value measurements, being those derived from inputs other than quoted prices. There were no transfers between levels in the current year. The cumulative amount previously recognised in equity was recycled to the income statement. See latest audited financial statements.

Financial instruments

	Valuation level	30 September 2017 £'000	31 March 2017 £'000
Financial assets			
Designated as held for trading			
Interest rate caps	2	2,201	626
Loans and receivables			
Trade and other receivables		6,262	3,481
Cash and cash deposits		71,217	45,956
		79,680	50,063
Financial liabilities			
Designated as held for trading			
Interest rate swaps	2	(292)	(2,451)
At amortised cost			
Borrowings		(371,728)	(403,079)
Payables and accruals		(20,270)	(18,611)
		(392,290)	(424,141)
		(312,610)	(374,078)

15. Related party transactions

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

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

	Six months ended 30 September 2017 £'000	30 September 2016 £'000
NewRiver Retail Investments LP	72	56
NewRiver Retail Property Unit Trust No.2	48	97
NewRiver Retail Property Unit Trust No.5	33	94
NewRiver Retail Property Unit Trust No.6	211	102
NewRiver Retail Property Unit Trust No.7	41	44

The amounts outstanding at each period end were:

	30 September 2017 £'000	31 March 2017 £'000
NewRiver Retail Investments LP	-	27
NewRiver Retail Property Unit Trust No.2	-	62
NewRiver Retail Property Unit Trust No.5	-	59
NewRiver Retail Property Unit Trust No.6	-	55
NewRiver Retail Property Unit Trust No.7	-	29

16. Post balance sheet events

On 17 November 2017, the Company paid dividends of £14.9 million. The total dividend of 5.25 pence per share was paid as a PID.

The third quarter dividend in relation to the year ended 31 March 2018 will be 5.25 pence per share and will be paid on 9 February 2018 to shareholders on the register on 29 December 2017. The ex-dividend date will be 28 December 2017.

EPRA performance measures

Introduction

The Group discloses financial performance measures in accordance with the European Public Real Estate Association ("EPRA") Best Practice Recommendations which are aimed and 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 the how the Group is measured. A summary of the performance measures is included in the table that follows.

Performance Measure	Sept 2017	Comparative
EPRA Earnings per Share (EPS)	9.3p	9.7p
EPRA NAV per share	297p	292p
EPRA NNNAV per share	297p	290p
EPRA NIY	7.2%	7.2%
EPRA "topped-up" NIY	7.3%	7.5%
EPRA Vacancy Rate	3%	4%

A. EPRA Earnings per Share: 9.3p

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

Calculation of EPRA Earnings	Sept 2017 £m	Sept 2016 £m
Earnings per IFRS income statement	29.3	6.5
Adjustments to calculate EPRA Earnings, exclude:		
Changes in value of investment properties, development properties held for investment and other interests	(2.2)	8.2
Profits or losses on disposal of investment properties, development properties held for investment and other interests	(0.5)	0.1
Negative goodwill / goodwill impairment	(3.0)	-
Changes in fair value of financial instruments and associated close-out costs	(2.2)	4.4
Refinance costs - write off of unamortised fees	2.0	
Refinance costs - early redemption and associated fees	1.0	
Adjustments to above in respect of joint ventures (unless already included under proportional consolidation)	0.3	3.5
EPRA Earnings	**24.7**	**22.7**
Basic number of shares	266.5	233.7
EPRA Earnings per Share (EPS)	**9.3p**	**9.7p**

B. EPRA NAV per share: 297p

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.

Calculation of EPRA Net Asset Value	Sept 2017 £m	March 2017 £m
NAV per the financial statements	906.2	684.5
Effect of exercise of options, convertibles and other equity interests (diluted basis)	1.8	4.4
Diluted NAV, after the exercise of options, convertibles and other equity interests	908.0	688.9
Exclude:		
Fair value of financial instruments	0.4	4.2
EPRA NAV	908.4	693.1
Fully diluted number of shares	305.7	237.4
EPRA NAV per share	**297p**	**292p**

C. EPRA NNNAV per share: 297p

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

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

Calculation of EPRA Triple Net Asset Value (NNNAV)	Sept 2017 £m	Sept 2016 £m
EPRA NAV	908.4	693.1
Include:		
Fair value of financial instruments	(0.4)	(4.2)
Fair value of debt	-	-
Deferred tax	-	-
EPRA NNNAV	908.0	688.9
Fully diluted number of shares	305.7	237.4
EPRA NNNAV per share	**297p**	**290p**

D. EPRA NIY: 7.16%, EPRA “topped-up” NIY: 7.25%

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.

Calculation of EPRA NIY and 'topped-up' NIY		Sept 2017 £m	March 2017 £m
Investment property – wholly owned		1,218.8	992.1
Investment property – share of JVs/Funds		12.7	134.6
Trading property (including share of JVs)		-	-
Less: developments		(64.1)	(57.9)
Completed property portfolio		**1,167.4**	**1,068.8**
Allowance for estimated purchasers' costs and capital expenditure allowed for		90.0	50.7
Gross up completed property portfolio valuation	B	1,257.4	1,119.5
Annualised cash passing rental income		102.9	93.5
Property outgoings		(12.8)	(13.1)
Annualised net rents	A	90.1	80.4
Add: notional rent expiration of rent free periods or other lease incentives[1]		1.1	4.1
Topped-up net annualised rent	C	91.2	84.5
EPRA NIY	**A/B**	**7.2%**	**7.2%**
EPRA "topped-up" NIY	**C/B**	**7.3%**	**7.5%**

1. The weighted outstanding rent free period was 1.25 yrs in respect of March 2017 and less than one year in respect of September 2017

E. EPRA Vacancy rate: 3%

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.

Calculation of EPRA Vacancy Rate		Sept 2017 £m	Sept 2016 £m
Estimated Rental Value of vacant retail space	A	2.6	2.9
Estimated rental value of the retail portfolio	B	74.5	72.7
EPRA Vacancy Rate	**A/B**	**3%**	**4%**

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).

Assets under Management (AUM): Is a measure of the total market value of all properties managed by the Group.

Balance sheet gearing: Is the balance sheet net debt divided by IFRS net assets.

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

BREEAM: (Building Research Establishment Environmental Assessment Method) assesses the sustainability of buildings against a range of social and environmental criteria.

Capital return: Is calculated by MSCI Real Estate as the change in capital value less any capital expenditure expressed as a percentage of capital employed over the period.

Capped rents: Are rents subject to a maximum level of uplift at the specified rent reviews as agreed at the time of letting.

Collared rents: Are rents subject to a minimum level of uplift at the specified rent reviews as agreed at the time of letting.

Dividend cover: 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 and gains/losses on disposals.

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

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

Equivalent yield: 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.

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.

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).

Exceptional item: Is an item of income or expense that is deemed to be sufficiently material, either by its size or nature, to require separate disclosure and is one off in nature.

Fair value in relation to property assets: Is the estimated amount for which a property should exchange on the date of valuation between a willing buyer and a willing seller in an arm's-length transaction after proper marketing, wherein the parties had each acted knowledgeably, prudently and without compulsion (as determined by the Group's external valuers). In accordance with usual practice, the Group's external valuers report valuations net, after the deduction of the prospective purchaser's costs, including stamp duty land tax, agent and legal fees.

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

Funds From Operations: Is a measure of cash profits which includes realised recurring cash profits, realised cash profits or losses on the sale of properties and excludes other one off or non-cash adjustments.

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.

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

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

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

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

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

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

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

LIBOR: Is the London Interbank Offered Rate, the interest rate charged by one bank to another for lending money.

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

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

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

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

Net administrative expenses ratio: Is the Group's share of net administrative expenses, excluding exceptional items, divided by the Group's share of property income.

Net asset value (NAV) per share: Is the equity attributable to owners of the Group divided by the number of Ordinary Shares in issue at the period end.

Net equivalent yield: Is the weighted average income return (after adding notional purchaser's costs) 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 is received annually in arrears.

Net initial yield: 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.

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

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.

Property Income Distribution (PID): As a REIT the Group is obliged to distribute 90% of the tax exempt profits. These dividends, which are referred to as PIDs, are subject to withholding tax at the basic rate of income tax. Certain classes of shareholders may qualify to receive the dividend gross. See our website (www.nrr.co.uk) for details. The Group can also make other normal (non-PID) dividend payments which are taxed in the usual way.

Real Estate Investment Trust (REIT): Is a listed property company which qualifies for and has elected into a tax regime, which exempts qualifying UK property rental income and gains on investment property disposals from corporation tax.

Rental value growth: Is the increase in the current rental value, as determined by the Company's valuers, over the 12-month period on a like-for-like basis.

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

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

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

Total Accounting Return (TAR): Is the increase or decrease in EPRA NAV per share plus dividends paid, and this can be expressed as a percentage of EPRA NAV 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.

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

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

Weighted average debt maturity: Is measured in years when each tranche of debt is multiplied by the remaining period to its maturity and the result is divided by total debt in issue at the period end (including share of JVs).

Weighted average cost of debt: Is the Group loan interest and derivative costs pa at the period end (including share of JVs), divided by total Group debt in issue at the period end (including share of JVs).

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 yield of a property asset.