Press Release

NewRiver REIT plc Full Year Results

16 May 2017

Convenience and community focus delivering growing and sustainable cash returns

David Lockhart, Chief Executive commented: "Our convenience-led, community-focused retail and leisure portfolio has proved well-positioned, despite the prevailing macro-economic uncertainty in the UK, and we have continued to deliver growing and sustainable cash returns to our shareholders. We have increased our full year ordinary dividend by over 8% to 20 pence per share, and today we have announced an additional 3 pence special dividend linked to our retail warehouse acquisition in Sheffield, meaning our fully covered dividend has increased by 24% in total.

Looking ahead, we believe that with our convenience and community focus, affordable rents, active approach to asset management and in-built risk-controlled development pipeline we are well-placed to continue to deliver growing and sustainable cash returns to our shareholders. Reflecting the confidence we have in the strength of our underlying business, we have today announced that the ordinary dividend for the first quarter of the new financial year will increase by 5% to 5.25 pence per share."

Focused strategy of delivering growing and sustainable cash returns to shareholders

- Funds From Operations[1] ('FFO') up 24% to £58.2 million (FY16: £47.1 million); current year includes £11.5 million of surrender premium and rent received following our opportunistic acquisition of a retail warehouse in Sheffield
- FFO per share of 24.9 pence (FY16: 26.6 pence); prior year included promote receipts from Bravo JV of 2.8 pence
- Fully covered ordinary dividend per share increased by over 8% to 20.0 pence (FY16: 18.5 pence)
- Special dividend announced today of 3.0 pence per share taking total dividend to 23.0 pence, +24%
- FY18 first quarter dividend announced today of 5.25 pence per share, an increase of 5% (Q1 FY17: 5.00 pence)
- EPRA NAV per share down 1.0% to 292 pence (March 2016: 295 pence); increased from 290 pence reported in H1 due to capital return of +0.5% in H2; total property return +6.8%, +400 bps vs MSCI-IPD All Retail benchmark
- IFRS profit after tax of £36.2 million (FY16: £69.4 million) with decrease due mainly to non-cash reduction in portfolio valuation; IFRS basic EPS 15.5 pence (FY16 39.2 pence); IFRS net assets £684.5 million (March 2016: £689.9 million)

Disciplined stock selection and profitable capital recycling

- Assets under management increased by 14% to £1.3 billion (March 2016: £1.1 billion); NRR share £1.1 billion
- Acquisitions totalled £158.4 million, average equivalent yield of 7.2%; recycled capital profitably through £10.7 million of disposals on terms 7% ahead of valuation
- £120.3 million acquisition of Broadway Shopping Centre and Retail Park in Bexleyheath, South East London, blended equivalent yield of 7.0%; Morleys department store recently opened in former BHS unit
- £20.2 million acquisition of Cuckoo Bridge Retail Park, Dumfries, equivalent yield of 7.9%
- £17.9 million acquisition of a retail warehouse in Sheffield from open-ended property fund; surrender premium and rent of £11.5 million received from former occupier and repositioning plans progressing well

Creating sustainable income through active asset management and affordable rents

- 355 leasing events across 1,108,700 sq ft of space; long term retail deals on average up 3.9% vs ERV
- Occupancy increased to 97% (March 2016: 96%); maintained above 94% since IPO eight years ago
- Like-for-like net income +1.2%; affordable average retail rent of £12.45 per sq ft (March 2016: £12.14 per sq ft)
- Like-for-like footfall across the shopping centre portfolio +0.5% outperforming the UK benchmark by 210bps
- From 1 April 2017, rateable values across 90% of our retail portfolio reduced by over 19% benefitting retailers by improved cost ratios; pub operators across our portfolio will save on average 40% on business rates

Generating secure long-term income through risk-controlled developments

- Progressing 1.9 million sq ft development pipeline; 77,100 sq ft completed in period; 26,000 sq ft on-site
- A further eight convenience stores completed for Co-operative taking total number to 11; first c-store disposal completed for £1.0 million, representing an initial yield of 4.85%
- Planning granted on 192,900 sq ft; 62,000 sq ft at Canvey Island Retail Park, already over 50% pre-let
- 384,800 sq ft of planning applications submitted; includes 236,000 sq ft mixed-use regeneration in Cowley, Oxford

Conservative balance sheet and benefits of scale[2]

- Loan to value of 37% (March 2016: 27%) increased due to acquisitions early in FY17 but well within stated policy
- Cost of debt reduced to 3.5% (March 2016: 3.7%); refinancing exercise underway, expected to complete in FY18
- Interest cover remains a strong metric for the Company at 4.5x (March 2016: 4.3x)

Achieved key milestone with move to Main Market and FTSE 250 inclusion

- Completed move from AIM to a Premium Listing on the Main Market of the London Stock Exchange in August 2016
- Qualified for inclusion in the FTSE 250, FTSE All-Share and EPRA/NAREIT UK indices in December 2016

Notes:

(1) The Company has previously referred to FFO as EPRA adjusted earnings
(2) All debt metrics presented on a proportionally consolidated basis

Financial Statistics

Performance (12 months ended)	Note	March 2017	March 2016	Change
Funds From Operations ('FFO')	(1)	£58.2m	£47.1m	+24%
FFO PS (Pence Per Share)	(1)	24.9	26.6	-6%
EPRA EPS (Pence Per Share)		23.6	20.4	+16%
Ordinary dividend (Pence Per Share)		20.0	18.5	+8%
Total dividend (Pence Per Share)		23.0	18.5	+24%
Dividend cover	(1)	108%	144%	
Net property income		£89.7m	£67.2m	+33%
Like-for-like net income growth		+1.2%	+2.4%	
Capital return		-0.6%	+4.1%	
Property valuation movement and disposals		-£15.1m	+£32.3m	
Admin cost ratio		15.1%	18.5%	
Interest cover	(2)	4.5x	4.3x	
IFRS Cash generated from operations		£64.9m	£42.1m	+54%
IFRS Profit after taxation		£36.2m	£69.4m	-48%
IFRS Basic EPS (Pence Per Share)		15.5	39.2	-60%
Total Shareholder Return		+8.3%	+13.8%	
Total Accounting Return (paid basis)	(3)	+5.7%	+18.1%	
Total Accounting Return (declared basis)	(4)	+6.8%	+18.3%	

Balance Sheet	Note	March 2017	March 2016	Change
IFRS Net Assets		£684.5m	£689.9m	-0.8%
EPRA NAV per share (Pence Per Share)		292	295	-1.0%
Balance sheet gearing		52%	29%	
Balance Sheet (proportionally consolidated)	**Note**	**March 2017**	**March 2016**	**Change**
Principal value of gross debt	(5)	£470.9m	£382.6m	
Cash		£49.6m	£117.5m	
Net debt		£417.9m	£261.7m	
Cost of debt		3.5%	3.7%	-20bps
Average debt maturity		2.5 years	3.5 years	
Loan to value	(6)	37%	27%	
% of debt at fixed/capped rates		97%	93%	

Notes:
(1) Funds From Operations ('FFO') is a Company measure of cash profits which includes realised recurring cash profits plus realised cash profits (or losses) on the sale of properties and excludes other one off or non-cash adjustments as set out in Note 10. This is a true cash profit earned by the Company during the year and 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) Total Accounting Return (declared basis) equals EPRA NAV per share growth plus dividends relating to the year ended 31 March 2017 (including special dividends)
(5) Facilities are secured directly against properties and are shown in the table on a look-through basis to include the Company's share of joint venture debt.
(6) Loan to value measures the value of properties compared to the secured debt facilities, net of cash balances.

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.
A live audio webcast will be available at: http://view-w.tv/965-1325-18068/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.

Results video

A short video overview of the financial results can be found at: http://www.nrr.co.uk/investor-center

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 shopping centres with assets under management of £1.3 billion principally comprising 33 UK wide shopping centres together with further nationwide retail and leisure assets. The portfolio totals over 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.

Chairman's review

I am delighted to report that NewRiver REIT plc ("NewRiver") produced excellent financial results for the year ended 31 March 2017. Funds From Operations grew by 24% to £58 million, and the Company increased the ordinary dividend for the period by 8% to 20.0 pence per share (2016 18.5 pence), as well as declaring an additional special dividend of 3.0 pence per share.

Following graduation from AIM to a Premium Listing on the Main Market of the London Stock Exchange in August 2016, the Company became a constituent of the FTSE 250 and FTSE All-Share indices on 19 December 2016. From the same date, it was also included in the EPRA indices which measure the performance of the European listed REIT sector. I would like to welcome all new shareholders joining the register as a result of these significant events.

On admission to the Main Market, NewRiver REIT plc became the ultimate parent company, replacing NewRiver Retail Limited. The change in name reflected the combination of the Company's portfolio now including both retail and leisure assets as well as its high dividend pay-out ratio as a UK-registered Real Estate Investment Trust. The core business strategy remains unchanged and the Company continues to operate according to its strict founding principles of active asset management and risk-controlled development.

NewRiver's specialism is owning convenience-led, community-focused assets, primarily serving family shopping and leisure requirements. Its occupiers are, in the main, value-led retailers, paying affordable rents and providing shoppers with everyday non-discretionary items such as clothing and groceries. From the perspective of the landlord, this sector consistently proves itself to be a highly resilient segment of the retail market, capable of sustaining cash flows in most economic conditions. The strength of the Company's key operating metrics demonstrated the soundness of its business model during what was at times a turbulent year for the retail sector generally. Notably, like-for-like footfall and occupancy levels both improved compared to the previous period.

The Company showed agility in the acquisitions market over the year with the purchase of a major shopping centre in Bexleyheath, South East London, a retail park in Dumfries and a retail warehouse in Sheffield. The latter purchase subsequently generated cash receipts of £11.5 million, which, in accounting terms, fall within the definition of Funds From Operations. The Board has therefore approved a further special dividend of 3.0 pence to be paid on 4 August 2017 to shareholders on the register on 16 June 2017. The ex-dividend date will be 15 June 2017.

I am also delighted to announce that the first quarter dividend for FY18 will be increased to 5.25 pence per share (Q1 FY17: 5.00 pence), payable on 4 August 2017 to shareholders on the register on 16 June 2017. The ex-dividend date will be 15 June 2017.

As previously announced, Chris Taylor, Senior Independent Director, stepped down from the Board with effect from 9 April 2017. On behalf of NewRiver, I would like to thank Chris for his major contribution over five years as a Non-Executive Director and to wish him well for the future. On behalf of the Board, I would also like to thank NewRiver's management and employees, whose hard work, enthusiasm and entrepreneurial flair delivered another strong performance. Finally, I am grateful to the Company's advisers and shareholders for their continuing support.

While the Board is aware of general economic caution in light of uncertainty over Brexit negotiations and the potential for rises in inflation and interest rates, it believes that NewRiver is well placed to meet the challenges that could arise in this environment. The Company owns a sizeable portfolio with critical mass. It is highly cash generative with an occupier base representing some of the strongest covenants in the UK retail and leisure sectors. Assets are geographically diversified with a focus on day to day shopping needs which the Company considers to be significantly less volatile than other segments of the retail market.

The Board remains optimistic in its outlook for the Company and looks forward to the future with confidence.

Paul Roy
Chairman
15 May 2017

Chief Executive's review

This has been another outstanding year for NewRiver, which is reflected in a strong set of full year results. These results also demonstrate that our focused business model, which we have strictly adhered to since our IPO, is clearly working well.

Our convenience-led, community-focused retail and leisure portfolio has proved well-positioned and well-placed in what has been an uncertain twelve months at the macro economic and political levels. As a business, we have maintained our disciplined approach to stock selection, remained active asset managers, progressed our risk-controlled development pipeline and recycled capital profitably, all of which has allowed us to continue to deliver growing and sustainable cash profits to our shareholders.

Our Funds From Operations ('FFO') of £58.2 million were up 24% compared to the same period last year due to acquisitions made in the last 12 months as well as our highly active asset management programme. The Board recently approved a final quarterly dividend of 5.0 pence per share, resulting in a fully covered ordinary dividend for the year of 20.0 pence per share, up over 8% compared to last year. We are delighted to announce an additional 3.0 pence per share special dividend linked to our acquisition in Sheffield, taking the total dividend for the year to 23.0 pence per share, an increase of 24%. This special dividend demonstrates our commitment to continue to distribute growing cash returns to our shareholders. Looking ahead, the increase in our Q1 FY18 dividend to 5.25 pence per share, an increase of 5% on Q1 FY17, reflects our confidence in the security and sustainability of our cash flows.

Our assets under management now stand at £1.3 billion, £1.1 billion at NewRiver's share, with our EPRA net asset value per share down marginally by 3 pence to 292 pence reflecting the absorption of acquisition costs and Main Market move costs as well as a small 0.6% reduction in portfolio valuation. Importantly, this reduction came in the first half of our financial year, when real estate values were impacted by Brexit fears, and our valuations showed improvement in the second half. Our IFRS net assets have decreased by 0.8%, due principally to the same factors.

During the year, we completed acquisitions totalling £158 million at an equivalent yield of 7.2%. In April 2016 we completed our largest acquisition to date, buying the Broadway Shopping Centre and Broadway Square Retail Park in Bexleyheath, South East London, for £120 million at a blended equivalent yield of 7.0%. We have been active in the year since acquisition, improving rental tone in the shopping centre by 15% and working in partnership with the London Borough of Bexley to design a masterplan for the shopping centre, retail park and surrounding council owned land. In April 2017, following a comprehensive fit out, London based Morleys Department Stores opened at the centre in the 40,000 sq ft unit formerly occupied by BHS. The opening of this new store has been a real success for Morleys, and we have benefitted from increased footfall across the rest of the shopping centre.

We completed the acquisition of Cuckoo Bridge Retail Park in Dumfries in June 2016 in an off-market transaction for £20 million. At the time of acquisition, we identified several opportunities to drive income and capital growth by improving the occupier line-up and have agreed heads of terms with a fashion/homeware occupier to introduce a 20,000 sq ft full line store subject to obtaining planning consent which is anticipated in the next few months.

In September 2016, we moved quickly to acquire a retail warehouse in Sheffield from an open-ended property fund for £18 million. As we completed the acquisition, we exchanged contracts with the occupier to accept a surrender premium of up to £12.25 million by May 2017, meaning that in essence we acquired a 110,000 sq ft prominently located retail warehouse on an 11 acre site for a net price of £6 million. In March 2017, having moved into advanced negotiations with a number of potential occupiers and purchasers, we requested and received the surrender premium, having received rent in the interim, the majority of which we are paying to our shareholders as a 3.0 pence per share special dividend. Pleasingly, the asset has been independently valued at 50% more than our net purchase price.

Across our retail portfolio we continued our track record of strong and improving operational metrics, with the increase in occupancy from 96% in March 2016 to 97% in March 2017 reflecting the compelling nature of our convenience-led, community-focused portfolio to occupiers. Our highly active approach to asset management resulted in the completion of more than 300 new lettings and renewals, with long term deals completed on terms 3.9% ahead of ERV. Importantly our rents remain affordable for our occupiers, at £12.45 psf on average. 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. This affordability will be further supported by this year's business rates revaluation, with draft rateable values across our retail portfolio in England, Scotland and Wales falling by over 19% on average. Our pub operators will also benefit from the rates revaluation, saving on average 40% on business rates from 1 April 2017.

During the year, we successfully applied our active asset management approach to our pub portfolio. At the time of the Trent portfolio acquisition, we signed a four year leaseback agreement with Marston's Plc which ends later this year. Of the 189 pubs held in the Trent portfolio, we have now successfully transferred the management of 44 pubs from Marston's, and during the year we secured contracted income on a further 22 pubs by surrendering the leaseback arrangement early and agreeing new 15 year RPI linked leases with Marston's. The remaining pubs will be transferred in small batches over the remainder of the calendar year. We have continued to make selective and profitable disposals from our pub portfolio, selling

seven pubs for £4 million in the year representing a 10% premium to March 2016 valuation and over a 30% premium to purchase price.

We have made good progress on our 1.9 million sq ft risk-controlled development pipeline during the year. At our 465,000 sq ft consented regeneration project in Burgess Hill, we have pre-let 49% of the retail and leisure element, up from 41% just six months ago, with leases now signed with Next and Nandos. On the residential element of the scheme, we have agreed terms with a residential investment company for a significant pre-sale. In order to facilitate the development, we recently agreed terms with Lidl and Iceland to surrender and relocate to sites adjacent to the shopping centre, as well as agreeing to re-locate the local council owned library. All of this progress means that we hope to be in a position to start on site later in the summer.

Elsewhere in our risk-controlled development pipeline, in November 2016 we received planning consent at Canvey Island for a 62,000 sq ft retail park which is already 52% pre-let. In the same month we also submitted the planning application for our exciting 236,000 sq ft mixed-use regeneration in Cowley, Oxford. Our current development commitment is modest, with 26,000 sq ft under construction all of which is pre-let. Our risk-controlled approach to development means we will not commit to further developments without substantial pre-letting.

The convenience store programme within our pub portfolio continued to progress, and we handed over a further eight c-stores to the Co-operative in the period taking the total number completed to date to 11. In early 2017 we completed our first c-store disposal for £970,000, representing an initial yield of 4.85%, and over 11% ahead of valuation. We are on site for the construction of a further three c-stores totalling 11,000 sq ft and we have consent to construct a further 15 totalling 53,400 sq ft.

Our LTV was 37% at 31 March 2017, up from 27% at March 2016 predominantly due to the acquisition of our assets in Bexleyheath which completed in April 2016. Our interest cover remained robust at 4.5x and our weighted average cost of debt was 3.5%, down from 3.7% in March 2016.

We completed our move from AIM to a Premium Listing on the Main Market in August 2016 marking a significant milestone for NewRiver and we continued this impressive momentum into December, when we qualified for admission into the FTSE 250, FTSE All-Share and EPRA indices at the first attempt.

We have a fantastic, talented and enthusiastic team at NewRiver and I would like to thank them all for their hard work and significant contribution to this year's results.

Outlook

We believe that with our convenience and community focus, strong operational metrics, affordable rents and conservative balance sheet we are well-positioned to continue to grow and deliver secure and sustainable cash returns to our shareholders.

In the context of the slowdown in the investment market since the EU Referendum we are pleased to have bided our time and believe that current market conditions and the pricing for typical assets which NewRiver wishes to acquire are beginning to provide opportunities for the Company.

We have never relied on the market to drive returns for our shareholders, instead we have ourselves created value by applying our proven business model, and focusing on the convenience-led, community-focused retail and leisure sectors where the UK household budget is spent day in, day out. We remind ourselves that the business was founded in 2009 during a severe recession and has grown into a FTSE 250 entity in less than eight years.

NewRiver is highly capable of enhancing shareholder value through its very active asset management programme and our strict adherence to risk-controlled development practices. Our business model remains highly scalable and we view the future with excitement and confidence.

David Lockhart
Chief Executive
15 May 2017

Property review

Highlights

- Assets under management increased by 14% to £1.3 billion (NRR share £1.1 billion)
- Portfolio capital return down 0.6% including acquisition costs; H2 +0.5% mitigating 1.0% fall seen in H1
- Ungeared total property return +6.8%, outperforming the MSCI-IPD All Retail benchmark by 400 bps
- £158.4 million of acquisitions at an average equivalent yield of 7.2%
- Occupancy increased to 97% from 96% in March 2016; maintained above 94% since NRR was founded in 2009
- 355 total leasing events across 1,108,700 sq ft; new long term retail leasing events on average 3.9% ahead of ERV
- Like-for-like net income +1.2%; affordable average retail rent of £12.45 per sq ft (March 2016: £12.14 per sq ft)
- Like-for-like footfall +0.5%, outperforming benchmark by 210bps
- Eight further convenience stores handed over to Co-operative taking total delivered to date to 11
- Planning granted on 192,900 sq ft, including 62,000 sq ft Canvey Island Retail Park, already over 50% pre-let
- 384,800 sq ft of planning applications submitted, including 236,000 sq ft mixed-use regeneration in Cowley, Oxford

Overview

Conveniently positioned at the heart of the community
We are experts in the convenience-led, community-focused UK retail and leisure market and own, operate and actively manage a high quality, necessity based portfolio of assets that cater to the day to day needs of our consumers, retailers and communities. We are relevant, progressive and create attractive venues that cater to all daily needs.

To successfully drive value and returns for our shareholders we are focused on consistent and sustainable cash flows, the realisation of embedded asset management opportunities and the unlocking of redevelopment and development value.

We successfully apply a disciplined and focused plan to achieve the desired value and returns.

Strategic: Our stock selection is supported by a wealth of experience and discipline which means that we are able to assess and price risk appropriately.

Active: We are able to grow income and unlock value from within our portfolio through active asset management and risk-controlled developments. Either opportunistically or once we have successfully implemented our business plans, we are able to realise and distribute the value we have created to our shareholders, through profitable capital recycling.

Intelligence through research and local market knowledge: Across our retail portfolio, we conduct regular consumer surveys, so we understand how local residents are using our assets, what they value and what we can do to make their lives easier. These show a trend of high frequency visits and loyalty by our core customers. In our view, demographic changes will be as influential if not more so than technology over the coming years and we are well positioned to benefit from the growth of the grey pound and undoubted benefits of click and collect.

Engagement: We have close and well established relationships with our retail and leisure occupiers. We understand their challenges, not least from rising input and staff costs, and we are focused on working with and on behalf of our occupiers to ensure that they will continue to operate profitably at our assets and grow their bottom line.

Experienced and focused: We benefit from an exceptionally talented team that is patient, determined and focused. We have scale within the business to drive efficiency and create value. Our occupiers listen to us and we listen to them.

With uncertainty comes opportunity and we have a proven track record of sustainable cash flow enhancement and value creation and we remain well-positioned for the future.

Portfolio performance

As at 31 March 2017	Valuation NRR share	Weighting NRR share	H2 Capital Return	FY Capital Return	NIY	NEY	LFL ERV Growth
	£m	%	%	%	%	%	%
Shopping centres	697	61	+0.6	(0.8)	6.9	7.7	1.6
Retail warehouses	153	14	+0.6	+0.5	6.4	7.3	2.1
High street	45	4	(2.7)	(3.9)	7.1	6.9	2.5
Pubs & convenience stores	178	16	+0.6	(0.9)	10.8	10.8	N/A
Development	57	5	+1.5	(0.5)	N/A	N/A	N/A
Total	**1,130**	**100**	**+0.5**	**(0.6)**	**7.5**	**8.1**	**1.7**

During the year, our portfolio valuation at NRR share increased to £1.13 billion, from £0.97 billion in March 2016. Acquisitions accounted for the majority of the increase, offset by a marginally negative capital return of -0.6%, which includes acquisition costs and capital expenditure incurred. Capital returns fell in the first half by 1.0%, as the investment market stalled in the immediate aftermath of the EU Referendum, but importantly capital returns for the second half of the financial year were +0.5%.

Our capital return compares favourably to the market, outperforming the MSCI-IPD All Retail benchmark of -2.3% by 170 bps. Moreover, we delivered a total property return of 6.8%, significantly outperforming the benchmark of 2.8% by 400 bps.

The portfolio equivalent yield stands at 8.1% in March 2017, from 8.2% in March 2016. The equivalent yield on our Shopping Centres, which account for 61% of our portfolio, has compressed from 7.9% to 7.7%, principally following the acquisition of our assets in Bexleyheath.

Disciplined stock selection

Since 1 April 2016 we have completed £158.4 million of acquisitions in three separate transactions, at an average equivalent yield of 7.2%.

From 1 April 2016	Price (gross) £m	Price (NRR share) £m	Yield %
Broadway Shopping Centre & Retail Park, Bexleyheath	120.3	120.3	7.0
Cuckoo Bridge Retail Park, Dumfries	20.2	20.2	7.9
Retail warehouse, Sheffield	17.9	17.9	7.6
Total acquisitions	**158.4**	**158.4**	**7.2**

Bexleyheath

Our most significant acquisition was in Bexleyheath, South East London, where in April 2016 we purchased both the Broadway Shopping Centre and the Broadway Square Retail Park for a total cost of £120.3 million at a blended equivalent yield of 7.0%. The assets were acquired from an institutional vendor, and represent NewRiver's largest single asset acquisition to date. The Bexleyheath assets were 100% occupied at acquisition, and provide a balanced range of convenience, food and fashion retailers to the local community, in-line with our wider portfolio. In total, the assets comprise 525,000 sq ft of space, representing over 60% of the town's retail space and provide the principal retail destination for a South East London borough earmarked for significant growth with attractive and sustained footfall of over 9 million per annum.

We believe that the assets are well placed to benefit from rental growth due to the combination of an affluent and growing local population, high occupancy and strong underlying retailer sales. Furthermore, having purchased from an institution, at acquisition we identified a number of opportunities to use our active asset management and risk-controlled development approach to unlock capital growth.

We have been active in the year since acquisition, completing 23,300 sq ft of leasing activity with WH Smiths, Vodafone, Card Factory, Claire's and McDonalds and improving the rental tone of the shopping centre by 15% which is already ahead of our underwriting assumptions. On 13 April 2017, following a comprehensive fit out, London based Morleys Department

Stores opened at the centre in the 40,000 sq ft unit vacated by BHS in August 2016. The opening of this new store has been a real success for Morleys, and we have benefitted from increased footfall across the rest of the shopping centre. After absorbing acquisition costs, we have already seen a 3.7% capital return in our first year of ownership, and as we underwrite all acquisitions on a five year view we have identified a number of other active asset management initiatives which we will roll out over the next few years.

We have worked in partnership with the London Borough of Bexley to design a masterplan for the shopping centre, retail park and surrounding council owned land. As part of this process we have identified the potential to build a number of towers in the airspace above our existing ownership, and whilst we are unlikely to build all of these towers, we have now included provision for up to 300 units within the 'early feasibility stage' section of our risk-controlled development pipeline. Importantly, although we commissioned a structural assessment of the assets as part of our pre-acquisition due diligence, we did not include any upside regarding the development potential in our conservative acquisition underwriting assumptions.

Dumfries

In June 2016, we completed the acquisition of Cuckoo Bridge Retail Park, Dumfries, in an off-market transaction for total consideration of £20.2 million. The asset is 100% occupied and comprises 130,000 sq ft of income generating space across seven retail and two drive through units, with 550 car park spaces. The acquisition equated to an equivalent yield of 7.9% with net rental income of £1.5 million per annum and a weighted average lease expiry at acquisition of 8.3 years. Cuckoo Bridge is the dominant retail park in Dumfries, with a strong and isolated catchment, and is located adjacent to a 24 hour Tesco supermarket which provides the main food offer for the town. Anchored by Homebase, the retail park offers a good mix of occupiers including B&M, Poundstretcher, Laura Ashley, KFC and Costa Coffee.

At the time of acquisition, we identified several opportunities to drive income and capital growth by further improving the occupier line-up and have agreed heads of terms with a fashion/homeware occupier to introduce a 20,000 sq ft full line store subject to obtaining planning consent which is anticipated in the next few months.

Sheffield

In September 2016, we moved quickly to complete the acquisition of a retail warehouse in Sheffield from an open-ended property fund for £17.9 million, representing an equivalent yield of 7.6%. The 11 acre site comprises a 110,000 sq ft retail warehouse unit and 580 car parking spaces, and is well located 2.5 miles east of Sheffield city centre and in close proximity to Meadowhall shopping centre.

The asset presented an attractive value-creating opportunity for NewRiver with the unit let to a home improvement retailer no longer in occupation due to over representation in the area. As we completed the acquisition, we simultaneously exchanged contracts with the home improvement retailer to accept a surrender premium of up to £12.25 million to release them from their lease obligations, meaning that in essence we acquired a prominently located retail warehouse for £6 million or less than £55 per sq ft in capital value terms. The timing of the surrender premium was flexible, and we had until early May 2017 to exercise the option.

Since acquisition, we have made good progress in our plans to reposition the asset and in March 2017, having moved into advanced negotiations with a number of potential occupiers and purchasers, we requested and received a surrender premium of £10.8 million, having received £0.7 million of rent in the interim. While our plans are not final at this stage, it is likely we will subdivide the existing retail warehouse into 4-5 units, build two drive through units in the car park and sell a portion of the site to a value food retailer or a self-storage operator. Pleasingly, at 31 March 2017 the asset has been valued at over 50% more than our effective purchase price.

Profitable capital recycling

Since 1 April 2016 we have completed £10.7 million of disposals, on terms 7% ahead of valuation and almost 30% ahead of total cost (being purchase price plus subsequent capex).

During the year we completed the disposal of two assets which were acquired in July 2015 as part of the Ramsay portfolio. At acquisition, the Ramsay portfolio included nine retail parks and four development sites located adjacent to upper-quartile performing Morrison's foodstores. In August 2016 we sold a development site in Newquay for £700,000, and in September we sold Leafield Retail Park in Dumfries for £2.7 million. These disposals were completed marginally ahead of March 2016 book value, and 33% ahead of the price paid in July 2015.

We made a number of disposals across our pub portfolio comprising pub sales to tenants, sales of non-core ancillary land and the sale of our first convenience store. In total we sold seven pubs for £4.1 million, a 10% premium to March 2016 valuation, and over a 30% premium to purchase price. We sold two plots of land adjacent to pubs at the Royal Oak, Kings Bromley and the Ostrich Inn, Longford for £86,000 in aggregate. These plots were held at zero value, and so although small in size they demonstrate the incremental value we are able to extract from the pub portfolio.

In early 2017 we decided to test the convenience store investment market by offering the Spital Lane Co-op, a c-store pub conversion completed in April 2016 and let to the Co-op on a 15 year RPI-linked lease, for sale at auction. The auction was held in February 2017 and the c-store was sold to a private investor for £970,000, representing an initial yield of 4.85%, and over 11% ahead of valuation.

We will continue to recycle mature assets, assets where our estimates of forward looking returns are below acceptable levels and assets where we believe that the risk profile has changed.

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.

Retail

We continued to sign leases on terms ahead of valuers' estimates in the year, completing 333 new lettings and renewals across our retail portfolio, with long term deals secured on average 3.9% ahead of March 2016 ERV. These deals were spread evenly over the year, across 993,300 sq ft which is over 10% of the lettable space in our retail portfolio, reflecting our active asset management approach. Our increased scale means that we can offer occupiers the opportunity to complete deals on a portfolio basis and during the year we completed 8 lease renewals with Peacocks/Edinburgh Woollen Mill across 54,400 sq ft, securing a 13.4% increase in passing rent to £634,000. This high volume of leasing activity means that our occupancy rate was 97% at March 2017, a significant increase from 96% in March 2016.

Our average rents remain affordable at £12.45 per sq ft, with the increase from £12.14 at March 2016 due predominantly to the assets purchased in Bexleyheath. 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. This affordability will be further supported by the 2017 business rates revaluation, with draft rateable values showing that across our retail portfolio in England, Scotland and Wales rateable values will fall by over 19% on average, with over 90% of our occupiers benefitting from this saving.

Footfall across the shopping centre portfolio totalled 149 million during the year, up 0.5% compared to last year on a like-for-like basis and outperforming the national benchmark by 210 bps. Footfall was particularly strong at assets where we have recently completed active asset management or risk-controlled development initiatives. For example, at The Forum Shopping Centre, Wallsend, like-for-like footfall was up 11%, due principally to the opening of a new 18,500 sq ft Aldi and 1,450 sq ft Burger King in the second half of the year. Downward footfall movements were often linked to ongoing and planned development activity. For example, at the Abbey Centre, Newtownabbey, footfall was down almost 9% mainly due to the volume of ongoing development and enhancement works at the centre, such as the new Next anchor store which opened in December 2016, which we believe will drive future footfall. Reflecting the impact of our actions, we saw ERV growth of almost 7% in the year at the Abbey Centre, and a capital return of almost 3%.

A year ago we had exposure of 1% of total rent to BHS, spread across three centres. Ahead of the BHS administration, we advanced plans to secure alternative occupiers and we have made good progress in re-letting these units. At the Abbey Centre, we agreed a temporary letting of the former BHS unit to Dunnes Stores, the leading Irish department store operator, to allow them to continue to trade whilst we extend their current unit by 15,000 sq ft. We have terms agreed with a best in class retailer to take occupation of the 40,000 sq ft former BHS unit at the end of the temporary Dunnes lease. At Priory Meadow, Hastings we have terms agreed with a major flagship retailer that we believe will be a major attraction to the centre and at the Burns Mall Shopping Centre, Kilmarnock, we are actively pursuing a subdivision and are in discussions with a range of retail and leisure operators.

As well as our shopping centres portfolio, we remained active across our retail warehouse portfolio. During the year we completed a comprehensive programme of asset management enhancements at Clough Road Retail Park in Hull, having acquired the asset in June 2014 as part of the Linear Portfolio. 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. In the year under review, we 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 Costa coffee pod in the car park, signed on a 15 year lease, taking total investment in the asset to £1.2 million, and driving a valuation uplift since acquisition of over 30%.

Marketing & commercialisation

The principal objective of our shopping centre marketing is to drive footfall, dwell time and spend because if our retailers are successful, our shopping centres and our business are successful. We seek to achieve these marketing objectives by delivering an outstanding customer experience through innovative, high-quality and consistent marketing.

In today's retail and leisure environment achieving these objectives requires highly targeted, smart and creative marketing by working in close partnership with our retailers to ensure that our marketing achieves the greatest return on investment. Successful engagement with our shoppers and retailers relies on a detailed understanding of our shoppers' needs and the goals and challenges of our retailers. To this effect, this year we have begun developing bespoke retailer campaigns that utilise the brands of the world-class retailers we have within our portfolio to deliver marketing campaigns that integrate the brick and click by driving click and collect usage for our physical store retailers.

Our 33 shopping centres are convenience-led, community-focused retail and leisure hubs so providing consistent convenience, affordability and accessibility is paramount. Our 2017 shopping centre consumer surveys reported a 4-fold increase in the usage of click and collect at our centres, with 2.3% of shoppers who visited using click and collect, up from 0.6% in 2015. In 2017, the average click and collect spend (online spend collected at the centre) was £44. Importantly, 57% of those shoppers went on to make an additional spend of £24.82 on retail and 24% made an additional spend of £5.40 on catering. The NewRiver click and collect shopper is therefore worth an average of £60 versus the non-click and collect shopper who is spending £25.46 on average per visit. In summary, from 2015 we have grown click and collect user volumes by almost four times, those shoppers are worth over twice as much as the non-user and are a highly valuable customer to target for the benefit of our retailers.

We are working on ways to bridge the gap between online and offline shopping across our portfolio and channel customer spend back into store. During this financial year we ran a sector-first marketing initiative with Amazon called "Lucky Codes", becoming the first UK shopping centre owner to partner with Amazon in a bespoke campaign to drive awareness and usage of the Amazon Lockers located at 20 of our centres. Importantly, it was an exciting opportunity for us to offer our customers new ways to shop with us. Click and collect works well for both our customers and our shopping centres. Our customers enjoy free and convenient deliveries and returns whilst our centres benefit from uplifts in sales and footfall as a result of people choosing the lockers as their means of delivery.

The Outcome:

- Lucky Codes rewarded customers using the lockers and shopping in the centre between Black Friday (25 November 2016) through to 2 December 2016 and featured a fully integrated marketing campaign.
- The campaign was targeted specifically at the over 35 age bracket linked to research recently published by Savills that the Over 35's are the largest users of click and collect, with a large number owning their own houses, cars and having families as well as being primary shoppers within the NRR portfolio. We therefore saw an opportunity to capture a new customer within our catchments.
- 18,000 emails were issued from Amazon to their Amazon customers within the postcode sectors of all 20 participating centres. That email achieved a 28% open-rate, being opened by over 5,000 customers who are now aware they can click and collect at our centres.
- As a result of the campaign, footfall across the participating centres was +4% and was +2% ahead of the target.
- Amazon Locker usage was up +40% and +30% ahead of target.

We continue to drive our marketing forward creating significant economies of scale as we drive innovation, improve sophistication, consistency and co-ordination at a corporate and asset level in a variety of ways to ensure our shoppers are happy and our marketing is achieving the greatest return on investment for our retailers.

Increasing the volume of commercialisation activity across our retail portfolio has been an area of focus for NewRiver for a number of years, as it represents a significant opportunity to generate incremental income from our existing assets as well as increasing customer dwell time and basket spend. During the year to March 2017, commercialisation income grew by an impressive 41% to £3.2 million from £2.3 million in March 2016. Whilst this increase was fuelled by acquisitions, even on a like-for-like basis the growth was still almost 9%.

Highlights for the year have included investing in purpose-built kiosks for temporary promotions to improve mall aesthetics. They have also generated increased income and a second phase of investment is now underway. We have seen a dramatic improvement in mall aesthetics with over 80 bespoke mall kiosks now installed, 26 of which are independent retailers all investing in a future with NewRiver. At Bexleyheath we have introduced Krispy Kreme and Mr Pretzels to our portfolio, both of which are now in discussions to expand across other centres in the portfolio.

During the year we signed ten year leases with our preferred mobile phone accessories operator, Top Gift, which include scheduled kiosk upgrades to keep the offer fresh. Contracts are now also in place with Elonex for the installation of digital advertising screens in the 17 centres and four further centres now have large format external advertising panels.

Pubs

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 of them 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 nine pubs, many of which were to existing tenants, and closed seven for convenience store conversion meaning we now have 344 pubs remaining in our portfolio.

Pub portfolio movements

	# Pubs acquired	Pubs sold	Closed for C-store conversion	# Pubs held at 31 March 2016	Pubs sold	Closed for C-store conversion	# Pubs held at 31 March 2017
Trent	202	(2)	(3)	197	(4)	(4)	189
Mantle	158	-	-	158	(3)	-	155
Total	360	(2)	(3)	355	(7)	(4)	344

At the time of the Trent portfolio acquisition, we signed a four year leaseback agreement with Marston's Plc, which comes to an end at the end of the year. We have been active in negotiating the transfer of a number of pubs in advance of the deadline, with 35 pubs transferred to NewRiver with existing tenancies in place and 9 pubs transferred to be operated by LT Management, the specialist pub management company that already manages the Mantle portfolio on our behalf. Further to these transfers, in December 2016 we secured contracted income on 22 pubs by surrendering the leaseback arrangement 13 months early and agreeing new 15 year RPI linked leases with Marston's PLC.

We have in place a structured programme to transfer the remaining 123 Trent pubs to the management of NewRiver and LT Management, and through a detailed estate review, involving all relevant stakeholders, we have split the transfer into small batches in order to manage the programme effectively. The first tranche of pubs will be transferred in May with the last batch transferring by the end of the agreement. Throughout the programme our team will be visiting each site and working with the publicans to ensure a smooth transition. We are confident that the majority of publicans will remain in their pubs during 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 implement our tried and tested lettings programme to recruit high quality publicans who will continue to grow the business. Throughout the transfer programme we are working closely with Marston's to ensure that the process is as smooth as possible.

Trent portfolio transfer programme

Transferred to NewRiver	44
Leaseback surrendered and new 15 year leases agreed in FY17	22*
Pubs to be transferred in tranches in the coming months	123
Trent pubs held at 31 March 2017	**189**

* 21 pubs transferred per the NewRiver REIT plc Third Quarter Company Update, with one additional pub added subsequently

Across our entire pub portfolio we are making targeted capital investment in order to drive trade and increase values. Since 1 April 2016, we have completed works on nine of our pubs, investing more than £100,000 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 those pubs where we have completed refurbishment works we have seen significant improvements to both rental income and sales volumes, and we have a further £2.3 million of capital expenditure planned over the next twelve months.

Lastly, as part of the 2017 business rates revaluation our pub operators will save 40% on average on business rates from 1 April 2017 when the business rate relief threshold rose from £6,000 to £12,000.

Risk-controlled development

We have made significant progress on our risk-controlled development pipeline which now totals 1.9 million sq ft (1.4 million sq ft in the near-term) across our retail (1,653,100 sq ft) and pub (271,500 sq ft) portfolios, and which we believe will be a key driver of long term returns for our shareholders.

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 above or adjacent to existing 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 Warehouse Sq ft	Hotel Sq ft	C-stores Sq ft	Residential Sq ft	Total Pipeline Sq ft	Let/ Pre-let* %
Completed in period/ Under construction	59,000	3,300	-	40,800	-	**103,100**	100
Planning granted	279,300	65,600	58,400	56,900	220,400	**680,600**	59
In planning	6,600	12,000	29,300	13,500	340,800	**402,200**	70
Pre-planning	-	32,000	-	17,100	171,700	**220,800**	35
Near-term pipeline	**344,900**	**112,900**	**87,700**	**128,300**	**732,900**	**1,406,700**	
Early feasibility stages	127,600	68,400	30,000	-	**291,900**	**517,900**	
Total pipeline	**472,500**	**181,300**	**117,700**	**128,300**	**1,024,800**	**1,924,600**	

*Excluding residential

During the period, we completed 77,100 sq ft of development across 11 assets, with 26,000 sq ft of development currently under construction.

Since the start of the period, we have secured planning permission for 192,900 sq ft of development, including Canvey Island Retail Park and an 85 bedroom hotel in Romford. We have submitted planning applications on 384,800 sq ft of development, including 236,000 sq ft mixed-use regeneration in Cowley, Oxford and a 100 unit residential scheme in Stamford.

Retail

Retail portfolio development pipeline

	Shopping Centre Sq ft	Retail Warehouse Sq ft	Hotel Sq ft	Residential Sq ft	Total Pipeline Sq ft	Let/ Pre-let* %
Completed in period/ Under construction	59,000	3,300	-	-	**62,300**	100
Planning granted	279,300	65,600	58,400	161,700	**565,000**	53
In planning	6,600	12,000	29,300	300,200	**348,100**	61
Pre-planning	-	32,000	-	147,800	**179,800**	n/a
Near-term pipeline	**344,900**	**112,900**	**87,700**	**609,700**	**1,155,200**	
Early feasibility stages	127,600	68,400	30,000	**271,900**	**497,900**	
Total Retail pipeline	**472,500**	**181,300**	**117,700**	**881,600**	**1,653,100**	

*Excluding residential

Completed in period/Under construction

Abbey Centre, Newtownabbey: At the Abbey Centre, located 6 miles to the north of Belfast, a new 44,000 sq ft Next anchor store was handed over for fit-out in August 2016 on schedule and within budget and Next were delighted with the finished product. The store opened on 14 December 2016 and we understand that early trading has been ahead of forecast. We are now on-site with the subsequent phase of development works at the centre, constructing a 15,000 sq ft extension to create a 35,000 sq ft flagship unit for Dunnes Stores, the leading Irish department store operator, which we will hand over for fit-out works by the end of the summer 2017.

Planning granted

Canvey Island: We acquired the site in Canvey Island, Essex, in July 2015 as part of the Ramsay portfolio, and submitted a planning application in June 2016 to create a 62,000 sq ft (87,000 sq ft including mezzanine) retail park. We received planning consent in early November 2016, and this consent was granted with no section 106 requirement nor any restriction on opening hours. The park is already 52% pre-let to B&M and Sports Direct, with a further 23% in solicitors' hands. This pre-letting activity has significantly de-risked the development, and so it is our intention to begin onsite works within the next six months.

Burgess Hill: We secured full detailed planning consent for our £65 million mixed-use redevelopment of Burgess Hill town centre in March 2016. The 465,000 sq ft project will provide a 10-screen multiplex cinema, a 63 bed hotel pre-let to Travelodge, a higher quality retail offer and new restaurant and leisure provisions, 174 additional car park spaces and an improved public realm, together with 142 new residential units and a new purpose built library. In the first half of the financial year, we exchanged contracts with Cineworld so that at 30 September 2016, the retail and leisure element of the scheme was 41% pre-let. Since then we have exchanged contracts on a further 24,500 sq ft with Next and Nandos, meaning that the retail and leisure element of the scheme is now 49% pre-let, with a further 10% in solicitors' hands. On the residential element of the scheme, we have terms agreed with a residential investment company for a significant pre-sale.

In order to facilitate the development, we have agreed terms with Lidl and Iceland to surrender and relocate to sites adjacent to the shopping centre, as well as agreeing to re-locate the local council owned library. All of this progress means that we hope to be in a position to start on site later in the summer.

In planning

Cowley, Oxford: Templars Square shopping centre has been at the heart of Cowley, less than 2 miles from Oxford city centre, for over fifty years and its future success is of great importance to the local community. We have owned Templars Square since December 2012 and in November 2016 we submitted a planning application for a 236,000 sq ft mixed-use development to rejuvenate the shopping centre, meet strong demand for new housing in the local area and add a much needed choice of restaurants and hotels to Cowley. The development will include a 71-bed hotel, 226 new residential apartments, modernised car parks and major improvement of the public realm. The leisure element of the scheme is already 82% pre-let, having exchanged contracts with Travelodge last year.

A combination of rationalisation of the existing car park provision, capitalising on the air space above the centre and site assembly have enabled a proposal with significant massing. The existing shopping centre will continue to trade throughout and we are confident that its rental tone will benefit from the improvement works. Having completed a comprehensive programme of community engagement and consultation both prior to and following the submission of our planning application, we anticipate that our planning application will be determined at Planning Committee in July 2017.

Stamford: We acquired the 8 acre site in Stamford, Lincolnshire, in July 2015 as part of the Ramsay portfolio, along with our Canvey Island development site and two other development sites. The site is well located less than 1 mile from the centre of Stamford and in March 2017 we submitted an outline planning application for the provision of up to 100 dwellings comprising a mix of house types and tenures.

Pre-planning

Capitol Shopping Centre, Cardiff: We are in pre-application consultation with Cardiff Council to bring forward a major re-positioning of the Capitol Shopping Centre, acquired in January 2016 as part of the Neptune Portfolio. The centre is well located in the city centre, benefitting from a high volume of commuter traffic from Cardiff Queen Street Station as well as a significant student population. We plan to reposition the centre as a mixed retail and leisure destination, and construct 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 across our retail portfolio. These opportunities include 127,600 sq ft of extensions across our shopping centre portfolio and over 250,000 sq ft of residential potential above our Greater London shopping centres in Bexleyheath and Penge.

Pubs

Pubs portfolio development pipeline

	C-stores Sq ft	Residential Sq ft	Total Pipeline Sq ft	Let/ Pre-let* %
Completed in period/ Under construction	40,800	-	**40,800**	100
Planning granted	56,900	58,700	**115,600**	100
In planning	13,500	40,600	**54,100**	100
Pre-planning	17,100	23,900	**41,000**	100
Near-term pipeline	**128,300**	**123,200**	**251,500**	
Early feasibility stages	-	20,000	**20,000**	
Total Pubs pipeline	**128,300**	**143,200**	**271,500**	

*Excluding residential

As well as generating high levels of low risk cash returns, our portfolio of 344 pubs contains a number of inbuilt 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

We signed a conditional agreement with the Co-operative in September 2014, which was varied in January 2016, to deliver up to 45 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%. In January 2017, we signed a supplemental agreement with the Co-operative revising this number to 40 c-stores. The agreement also includes performance fees of up to £3.4 million, with the first payment triggered by the delivery of our 15th c-store to the Co-operative, which we expect to occur in the first half of the next financial year.

To date we have handed over 11 c-stores to the Co-op, with eight c-stores totalling 29,800 sq ft handed over since 1 April 2016. Of the stores delivered to date, eight utilised surplus land adjacent to the existing pubs, two were pub conversions and one was a new build on a site previously occupied by a pub. We completed our first c-store disposal, selling the Spital Lane Co-op for £970,000 in February 2017, representing an initial yield of 4.85% and over 11% ahead of valuation.

We are on site for the construction of a further three c-stores totalling 11,000 sq ft and we have consent to construct a further 15 totalling 53,400 sq ft.

Residential

Our pubs portfolio development pipeline includes the potential for almost 200 residential units across 55 pub sites. To date we have received planning consent for 71 residential units across 25 pub sites, with consent received for 50 units across 16 pub sites in the current financial year. 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. We currently have 13 opportunities on the market, five of which are in solicitors' hands at pricing ahead of March 2017 valuation.

Allan Lockhart
Property Director
15 May 2017

Finance review

Highlights

- Funds From Operations ('FFO') increased by 23.6% to £58.2 million (FY16: £47.1 million) delivering an FFO per share of 24.9 pence
- Ordinary dividend per share increased by 8.1% to 20.0 pence (FY16: 18.5 pence) and fully covered in line with Company's Financial Policy
- Special dividend declared of 3.0 pence per share taking total dividend to 23.0 pence, an increase of 24.3% on prior year
- FY18 first quarter dividend announced today of 5.25 pence per share, an increase of 5.0% (Q1 FY17: 5.00 pence)
- EPRA NAV per share decreased by 1.0% to 292 pence (March 2016: 295 pence); increased from 290 pence reported in H1 due to capital return of +0.5% in H2
- IFRS profit after tax of £36.2 million (FY16: £69.4 million) including £19.4 million of non-cash fair value reductions; IFRS basic EPS 15.5 pence (FY16 39.2 pence); IFRS net assets £684.5 million (March 2016: £689.9 million)
- Total accounting return (dividend paid basis) +5.7%; total accounting return (dividend declared basis) +6.8%
- Loan to value increased to 37% (March 2016: 27%) due to £158.4 million of acquisitions completed in the period; well within the Company's stated Financial Policy
- Cost of debt 3.5% (March 2016: 3.7%); interest cover of 4.5x (March 2016: 4.3x)
- Refinancing exercise underway, expected to complete in FY18 with Management intending to increase maturity and convert the majority of the Company's debt to unsecured

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 cash profits or losses on the sale of properties and excludes other one off or non-cash adjustments. Previously, we referred to this measure as EPRA Adjusted earnings.

Overview

Our convenience-led, community-focused retail and leisure portfolio has delivered another highly profitable year for our shareholders, with Funds From Operations ('FFO') increasing by 23.6% to £58.2 million, from £47.1 million in FY16. FFO per share was 24.9 pence, and our ordinary dividend per share increased by 8.1% to 20.0 pence (FY16: 18.5 pence).

Reflecting our commitment to continue to deliver growing cash returns to shareholders, we declared a special dividend of 3.0 pence per share taking our fully covered total dividend for the year to 23.0 pence, an increase on FY16 of 24.3%. Including the special dividend and based on our opening EPRA NAV per share, we provided a high income yield of 7.8% to our shareholders.

IFRS Profit for the period after tax of £36.2 million decreased by £33.2 million from £69.4 million in FY16 due predominantly to £24.0 million of non-cash property revaluation surplus generated in FY16, compared to a decline of £15.4 million and some mark to market non-cash adjustments to interest rate instruments in the current year.

IFRS net assets have proved robust decreasing by only 0.8% to £684.5 million, from £689.9 million at 31 March 2016. When our portfolio was last independently valued in September 2016 we reported IFRS net assets of £674.6 million, reflecting exceptional costs linked to our move to the Main Market as well as the adverse impact of the EU Referendum on our portfolio valuation, and so we are pleased to report a positive NAV performance in the second half of the year. EPRA NAV per share decreased by 1.0% to 292 pence per share, from 295 pence per share at 31 March 2016.

Our operations are underpinned by a conservatively positioned balance sheet which we have maintained well within our stated Financial Policies, with LTV of 37% (March 2016: 27%) and interest cover of 4.5x (March 2016: 4.3x). The increase in LTV was due predominantly to the acquisition of our assets in Bexleyheath which completed in April 2016, and on a proforma basis our LTV at March 2016 was 35%. This acquisition was completed utilising our existing cash resources and taking on a new debt facility, which, along with our other refinancing activities, contributed to the reduction in our cost of debt from 3.7% in March 2016 to 3.5% in March 2017.

The provider of the new facility, DekaBank, was keen to put in place a longer term loan but we agreed to just a two year maturity, knowing that a balance sheet refinance in the near future would be a more effective longer term solution. This meant that as at 31 March 2017 our weighted average debt maturity was deliberately lower at 2.5 years.

We recently appointed Rothschild & Co as independent debt advisor to assist Management in completing this refinancing in the next twelve months. A low debt maturity puts the Company in the best possible position to complete this exercise in a cost-efficient and timely manner, maximising the cost benefit to our shareholders. As part of the proposed refinancing, we intend to increase our debt maturity and become an issuer of unsecured debt.

Reflecting our confidence in the strength and sustainability of our underlying cash profits, the Board has approved a Q1 FY18 dividend of 5.25 pence per share, a further increase of 5% (Q1 FY17 5.00 pence).

Reconciliation of IFRS profit after taxation to Funds From Operations

	31 March 2017 £'000	31 March 2016 £'000
IFRS profit for the year after taxation	**36,201**	**69,409**
Adjustments		
Revaluation of investment properties	**15,030**	(19,513)
Revaluation of joint ventures' investment properties	**419**	(4,489)
Revaluation of derivatives	**3,607**	-
Revaluation of joint ventures' derivatives	**350**	-
Share-based payment charge	**1,434**	808
Exceptional cost in respect of move to the Main Market	**1,191**	900
Funds From Operations	**58,232**	**47,115**

Income statement

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

INCOME STATEMENT	31 March 2017			31 March 2016
	Group £'000	Joint ventures £'000	Proportionally consolidated £'000	Proportionally consolidated £'000
Gross income	**96,100**	**10,557**	**106,657**	74,874
Property operating expenses	**(15,705)**	**(1,212)**	**(16,917)**	(7,721)
Net property income	**80,395**	**9,345**	**89,740**	67,153
Administrative expenses	**(12,750)**	**(831)**	**(13,581)**	(12,699)
Net finance costs	**(15,139)**	**(1,930)**	**(17,069)**	(15,519)
Profit on disposal of investment properties	**894**	**(551)**	**343**	8,316
Taxation	**(1,201)**	-	**(1,201)**	(136)

Funds From Operations	**52,199**	**6,033**	**58,232**	47,115
FFO per share (pence)			**24.9**	26.6
Dividend per share[1] (pence)			**23.0**	18.5
Dividend Cover			**108%**	144%
Admin cost ratio			**15.1%**	18.5%
Cost of debt			**3.5%**	3.7%

1. Including 3.0 pence special dividend

Net property income

Analysis of net property income (£m)

Net property income in year to March 2016	**67.2**
Promote receipts from Bravo JV in FY16	(4.3)
Net acquisitions in FY16	5.9
Net acquisitions in FY17	8.7
Sheffield transaction	11.5
Other	0.7
Net property income in year to March 2017	**89.7**

Group net property income increased by 47% to £80.4 million, from £54.6 million in FY16. This increase was due primarily to £158.4 million of acquisition activity completed in the current year, as well as the full year impact of acquisition activity completed in the year to March 2016.

On a proportionally consolidated basis, net property income increased by 33.5% to £89.7 million, from £67.2 million in FY16 with the key driver being the acquisition activity described above.

The full year impact of net acquisitions completed in the year to March 2016 added £5.9 million to net property income. Current year net acquisitions added £8.7 million to net property income. In April 2016, we acquired the Broadway Shopping Centre and the Broadway Square Retail Park in Bexleyheath for a total cost of £120.3 million. In June 2016 we completed the acquisition of Cuckoo Bridge Retail Park in Dumfries for £20.2 million and in September 2016 we completed the acquisition of a retail warehouse in Sheffield for £17.9 million.

Linked to our acquisition in Sheffield, as well as receiving rent from the date of acquisition we also received a surrender premium from the incumbent occupier. Including rent received and the premium itself, receipts totalled £11.5 million.

Administrative expenses

Administrative expenses increased by 7.1% during the year, to £13.6 million from £12.7 million in FY16, but importantly our cost ratio reduced to 15.1% (FY16: 18.5%) demonstrating the benefits of scale to the business.

In addition to these administrative costs, we incurred exceptional costs of £1.2 million (March 2016: £0.9 million) linked to our move to the Main Market which completed in August 2016. While the Main Market move costs of £2.1 million are significant, we are confident that the benefits of access to a wider pool of capital and improved liquidity in our shares will outweigh this cost over the longer term. We qualified for the FTSE 250, All-Share and EPRA indices in December 2016, and have already welcomed a number of new shareholders to our share register as a consequence.

Net financing costs

In FY17, net financing costs increased by 10.3% to £17.1 million from £15.5 million in FY16. Over the same period, our property portfolio has increased by 16.5% to £1,130.6 million, which is significantly more than the increase in finance costs. This

differential is caused by our growing scale and the reduction in our cost of debt from 3.7% to 3.5% due to refinancing activity completed in the year, which is explained in the 'Net debt & financing' section of this Review.

Profit/(loss) on disposals

During the year ended 31 March 2017 we completed a modest level of property disposals compared to the prior year, reflecting the slowdown in the investment market following the EU Referendum in June 2016. The proceeds of our disposals were £10.7 million at NRR share, and these disposals were completed at a premium to book value of £0.3 million. This level of activity compares to £48.2 million of disposals completed in the year to March 2016, at a premium to book value of £8.3 million.

Profitable capital recycling is a key aspect of our business model, and we remain committed to recycling mature assets, assets where our estimates of forward looking returns are below acceptable levels and assets where we believe that the risk profile has changed.

Taxation

As a REIT, the Company is not exposed to tax on qualifying UK property rental income and gains arising from disposal of exempt property assets. In the year ended March 2017, we incurred a corporation tax charge of £1.2 million, compared to a £0.1 million charge incurred in the year to March 2016.

The majority of the charge incurred relates to income received from the Mantle portfolio of pubs, which we purchased from Punch Taverns in August 2015. The occupational agreement for some of these pubs is on a 'managed' basis, which means that we receive a profit from the pubs rather than just a rental income.

Our growing dividend

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

We are committed to a fully covered dividend, and this is one of our four key Financial Policies. Our Financial Policies are explained in the 'Net debt & financing' section of this Review.

In FY17, we increased our ordinary dividend by 8.1% to 20.0 pence, from 18.5 pence in FY16. Further to this, today we announced an additional 3.0 pence special dividend linked to the retail warehouse acquisition in Sheffield which we completed in September 2016. We acquired the Sheffield asset for £17.9 million, and during the year we received a surrender premium and rent from the incumbent occupier totalling £11.5 million, the majority of which we will pay to our shareholders as a special dividend. The special dividend will be paid on 4 August 2017 to shareholders on the register at close of business on 16 June 2017. The ex-dividend date will be 15 June 2017. The dividend will be payable as a REIT Property Income Distribution (PID).

Today we also announced our ordinary dividend for the first quarter of FY18 of 5.25 pence, an increase of 5.0% from the 5.00 pence paid in the first quarter of FY17. The ordinary dividend will be paid on 4 August 2017 to shareholders on the register at close of business on 16 June 2017. The ex-dividend date will be 15 June 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 31 March 2017			As at 31 March 2016
BALANCE SHEET	**Group £'000**	**Joint ventures £'000**	**Proportionally consolidated £'000**	Proportionally consolidated £'000
Properties at valuation	**995,928**	**134,640**	**1,130,568**	973,269
Investment in joint ventures	**71,763**	**(71,763)**	-	–
Other non-current assets	**351**	-	**351**	551
Cash	**45,956**	**3,618**	**49,574**	117,500
Other current assets	**5,999**	**191**	**6,190**	9,279
Total assets	**1,119,997**	**66,686**	**1,186,683**	1,100,599
Other current liabilities	**(30,089)**	**(2,408)**	**(32,497)**	(28,103)
Debt	**(403,079)**	**(64,278)**	**(467,357)**	(379,179)
Other non-current liabilities	**(2,291)**	-	**(2,291)**	(3,450)
Total liabilities	**(435,459)**	**(66,686)**	**(502,145)**	(410,732)
IFRS net assets	**684,538**	–	**684,538**	689,867
EPRA adjustments	**8,540**	–	**8,540**	7,880
EPRA net assets	**693,078**	–	**693,078**	697,747
EPRA NAV per share			**292p**	295p
LTV			**37%**	27%

Net assets

At 31 March 2017, IFRS net assets decreased by 0.8% to £684.5 million, from £689.9 million at 31 March 2016. This decrease is after absorbing purchase costs on £158.4 million of acquisitions, one off Main Market move costs and a 0.6% reduction in capital values. At 30 September 2016 we reported IFRS net assets of £674.6 million, and so in the second half of the financial year we saw an increase in net assets, driven by a capital return across our portfolio of 0.5%.

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 per share decreased by 1.0% to 292 pence per share, from 295 pence per share at 31 March 2016.

Net debt & financing

Net debt

Analysis of movement in net debt (£m)

Net debt at 31 March 2016	**261.7**
Net cash inflow from operations	(60.0)
Purchase of investment properties	162.2
Disposal of investment properties	(11.3)
Development and other capital expenditure	17.3
Dividends paid	46.0
Other	2.0
Net debt at 31 March 2017	**417.9**

Net debt increased by £156.2 million in the period predominantly due to £162.2 million of acquisitions (including purchase costs). This included our largest acquisition to date in Bexleyheath where we purchased a retail park and shopping centre for £120.3 million.

Net cash inflow from operations was £60.0 million, £1.8 million in excess of FFO and demonstrating the highly cash generative nature of our business and our efficient working capital management. We paid £46.0 million of dividends to our shareholders, being 19.75 pence on a per share basis.

We completed £11.3 million of disposals in the year on terms 7% above valuation, including £5.2 million of disposals across our pub portfolio and the disposal of two assets from our Ramsay retail warehouse portfolio, totalling £3.4 million.

We invested £17.3 million into our portfolio, either through active asset management initiatives or on our risk-controlled developments. During the year we spent £6.7 million on our pub portfolio, principally on the construction of eight convenience stores for the Co-operative, £1.3 million on asset enhancement works on the Piazza in Paisley, £1.2 million at The Forum in Wallsend (including a drive through unit for Burger King) and £0.8 million at Clough Road Retail Park in Hull where we sub-divided and re-let the former PC World unit and constructed a Costa coffee pod in the car park.

Financial Policies

	Financial Policies	Proportionally consolidated	
		31 March 2017	31 March 2016
Net debt		£417.9m	£261.7m
Principal value of gross debt		£470.9m	£382.6m
Weighted average interest rate of drawn debt		3.5%	3.7%
Weighted average debt maturity of drawn debt		2.5 yrs	3.5 yrs
Loan to value	<50%	37%	27%
Interest cover	>2.0x	4.5x	4.3x
Dividend cover[1]	>100%	108%	144%
	Financial Policies	**Group**	
		31 March 2017	**31 March 2016**
Balance sheet gearing	<100%	52%	29%

1. Dividend cover includes the special dividend of 3.0 pence per share

Our conservative Financial Policies were put in place in consultation with shareholders and form a key component of our financial risk management strategy.

- Our Loan to Value was 37% at 31 March 2017, increased from 27% at 31 March 2016 due to the £158.4 million of acquisitions made in the period. Our balance sheet gearing increased to 52% from 29% in the year, again due to acquisitions completed. Both of these measures are significantly below our stated upper limits, but we are comfortable at these levels and do not intent to increase our Loan to Value or balance sheet gearing in the near term.

- Our interest cover was 4.5x at 31 March 2017, increased from 4.3x in March 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 and including both ordinary and special dividends, was 108% at 31 March 2017, in line with our policy of at least 100% dividend cover.

Financing

We attribute significant value to the strength of the relationships we enjoy with our lenders, and during FY17 we continued to build on our existing strong relationships with Barclays, HSBC, Santander, Lloyds and AIG, as well as establishing a new relationship with DekaBank.

The DekaBank facility formed part of our largest acquisition to date in Bexleyheath where we purchased a retail park and shopping centre for £120.3 million in April 2016. This acquisition was part funded by a new £49 million facility with DekaBank, at an all in cost of 2.2%.

In July 2016 we signed an improved £85.3 million debt facility with AIG on our pub and convenience store portfolio. Under the terms of the new facility, the bank margin was reduced by 30% and the loan maturity was extended from 2018 to 2021. Following this refinancing activity, our weighted average interest rate reduced to 3.5%, from 3.7% at March 2016.

Our weighted average debt maturity is deliberately low at 2.5 years, and in February 2017 we appointed Rothschild & Co as our independent debt advisor to assist Management in completing a balance sheet refinancing exercise. Unhindered by legacy debt issues and with a low debt maturity we are well placed to complete this exercise in a cost-efficient manner, maximising the benefit to our shareholders. Our strategy is to refinance almost all of our existing secured facilities with a range of unsecured facilities, significantly extending our weighted average debt maturity and reducing our cost of debt. Balance sheet scale and a strong interest cover are important factors in our ability to achieve this objective and we believe that our conservative Financial Policies leave us well placed.

Summary

We have built a highly cash generative and profitable business that has once again delivered a fully covered and growing cash dividend to our shareholders. Looking ahead, with the positive feedback we have already received at this early stage of our refinancing exercise, and with our ongoing active asset management and risk-controlled development initiatives, we feel confident in our ability to continue to deliver a fully covered and growing dividend to our shareholders.

Mark Davies
Chief Financial Officer
15 May 2017

Principal risks and uncertainties

The Board overseas the Group's risk management and internal controls. It determines the Group's risk appetite. The Audit Committee monitors the effectiveness of the Group's risk management and internal controls systems. The Executive Committee is responsible for risk management on a day-to-day basis and monitors strategic and other risks. It delegates accountability for risk management to the asset managers and monitors their performance

Principal Risks
The current principal risks facing the Company are described in the table below. The risks have the potential to affect the business of the Group should they occur

Risk	Risk Assessment	Mitigation
General Commercial		
Economic recession due to uncertainty from Brexit and world events	this is a red risk, both in terms of impact and likelihood	macro-economic and property market reviews are considered at each Board meeting and ongoing updates are evaluated by the Executive Committee with the view to limit the impact such a recession might have on the Group
Future Government policy which adversely affects the Company's ability to manage its assets effectively	this is a red risk, both in terms of impact and likelihood	the Executive Committee considers regular updates from its external advisers and the Company is a member of various industry bodies, with representatives on advisory panels
Corporate Strategy and Performance		
Failure to communicate sufficiently and effectively with investors, leading to a depressed share price and demand for equity	this is an amber risk, with high impact but low likelihood	there is a full programme of investor meetings throughout the year as well as specific rounds of meetings post half and full-year results
Growth in online retail spend could be perceived as a threat to traditional bricks and mortar retailers	this is an amber risk, with high impact but low likelihood	the management team are embracing the digital age as part of the strategy for the shopping centres, working with online retailers such as Amazon to offer "click and collect" lockers, as well as our traditional retailers to offer click and collect facilities. This helps drive footfall to the centres. Management also commissioned research on the future of the retail sector. It found that the 55+ age bracket is set to account for 57.5% of all store and click and collect sales growth in the next ten years. The same age bracket also shop more frequently and prefer the convenience and accessibility of retails parks and convenience led shopping centres, all of which are included within our

		portfolio. In addition, 48% of NewRiver's 150m annual footfall are shoppers aged 55+
Financial		
Breach of debt covenants could trigger loan defaults and repayment of facilities putting pressure on surplus cash resources	this is an amber risk, with high impact but low likelihood	management actively engages with its key lenders, ensuring transparency when it comes to monitoring the assets secured by debt. The team actively monitor the debt covenants and a debt analysis is presented at each Board meeting
Ensuring that there is adequate working capital for capital expenditure, development projects and acquisitions	this is an amber risk, with high impact but low likelihood	management actively engages with its key lenders, ensuring transparency when it comes to the asset management and development of assets and what funding is required for these. A weekly working capital and cash flow analysis is completed by the finance team and circulated to management to assist with this. Start times of development projects are staggered to ensure that there is no over demand on resources at any one time in the year
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	this is an amber risk, with high impact but low likelihood	the Company and its advisers monitor any changes to the relevant legislations that affect the Group's business and how these changes may affect it. Any breaches would be resolved accordingly and reported to the Board
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	this is a green risk, with both low impact and low likelihood	management monitor rent arrears on a weekly basis and regularly monitor the credit status of retailers. We apply a strategy to increase weighted average lease length to secure future income stream and to limit exposure to voids. Retailer diversification is high, with no one retailer making up more than 2.6% of total rental income
Failure in performance by individual assets against their business plans	this is an amber risk, with high impact but low likelihood	business plans for each asset are regularly reviewed by their asset manager and updated twice yearly. These revised business plans are then

		reviewed by the Executive Committee.
Development		
Poor control of development projects could lead to inadequate returns on investment	this is an amber risk with high impact but low likelihood of happening	the Group applies a risk-controlled development strategy through negotiating long-dated pre-lets (typically at least 70% of a development has to be pre-let prior to commitment) and tight cost control help to de-risk our developments
Over-exposure to developments could put pressure on cash flow and debt financing	this is an amber risk, with high impact but low likelihood of happening	each development project is reviewed and approved by the Executive Committee following detailed due diligence modelling and market research

Directors' Responsibilities Statement

The Group's annual report for the year ended 31 March 2017 contains the following statement of Directors' responsibilities. Certain parts of the annual report are not included within this announcement.

The Directors are responsible for preparing the Annual Report, the Directors' Remuneration Report and the Financial Statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have prepared the Group's financial statements in accordance with International Financial Reporting Standards ('IFRSs') as adopted by the European Union. Under company law the Directors must not approve the accounts unless they are satisfied that they give a true and fair view of the state of affairs of the Group and of the profit or loss of the Group for that period.

In preparing these financial statements, the Directors are required by International Accounting Standard 1 to:

- properly select and apply accounting policies;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in IRFSs are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance; and make an assessment of the Company's ability to continue as a going concern.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group's transactions and disclose with reasonable accuracy at any time the financial position of the Group and enable them to ensure that the financial statements and the Directors' Remuneration Report comply with the Companies Act 2006 and, as regards the Group Financial Statements, Article 4 of the IAS Regulation. They are also responsible for safeguarding the assets of the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

We confirm that, to the best of our knowledge:

- the financial statements, prepared in accordance with International Financial Reporting Standards as adopted by the European Union, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company and the undertakings included in the consolidation taken as a whole;
- the strategic report includes a fair review of the development and performance of the business and the position of the Company and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face; and
- the annual report and financial statements, taken as a whole, are fair, balanced and understandable and provide the information necessary for shareholders to assess the Company's position and performance, business model and strategy.

This responsibility statement was approved by the Board of Directors on 15 May 2017 and is signed on its behalf by:

David Lockhart
Chief Executive Officer

Mark Davies
Chief Financial Officer

15 May 2017

CONSOLIDATED INCOME STATEMENT
For the year ended 31 March 2017

	Notes	Operating and financing 2017 £'000	Fair value adjustments 2017 £'000	Total 2017 £'000	Operating and financing 2016 £'000	Fair value adjustments 2016 £'000	Total 2016 £'000
Gross income	4	**96,100**	-	**96,100**	60,840	-	60,840
Property operating expenses	5	**(15,705)**	-	**(15,705)**	(6,253)	-	(6,253)
Net property income		**80,395**	-	**80,395**	54,587	-	54,587
Administrative expenses	6	**(15,375)**	-	**(15,375)**	(13,747)	-	(13,747)
Share of income from joint ventures	13	**6,033**	**(769)**	**5,264**	8,559	4,489	13,048
Net valuation movement	12	-	**(15,030)**	**(15,030)**	-	19,513	19,513
Profit on disposal of investment properties	7	**894**	-	**894**	8,299	-	8,299
Operating profit		**71,947**	**(15,799)**	**56,148**	57,698	24,002	81,700
Finance income	8	**61**	-	**61**	82	-	82
Finance costs	8	**(15,200)**	-	**(15,200)**	(12,237)	-	(12,237)
Revaluation of derivatives	8	-	**(3,607)**	**(3,607)**	-	-	-
Profit for the year before taxation		**56,808**	**(19,406)**	**37,402**	45,543	24,002	69,545
Taxation	9	**(1,201)**	-	**(1,201)**	(136)	-	(136)
Profit for the year after taxation		**55,607**	**(19,406)**	**36,201**	45,407	24,002	69,409
IFRS earnings per share (pence)							
Basic	10			**15.5**			39.2
Diluted	10			**15.4**			38.9

All activities derive from continuing operations of the Group. The notes form an integral part of these financial statements.

During the year, the Group completed its move to the Main Market and reorganised via a scheme of arrangement. See paragraph 2 of note 1 for details of how the reorganisation has impacted the financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

		2017 £'000	2016 £'000
Profit for the year after taxation		**36,201**	69,409
Other comprehensive income			
Revaluation of derivatives reclassified to profit or loss	16	**1,959**	-
Revaluation of derivatives recognised in equity	16	-	(1,278)
Group's share of joint ventures' other comprehensive income			
Revaluation of derivatives reclassified to profit or loss		**(117)**	-
Revaluation of derivatives recognised in equity		-	126
Total comprehensive income for the year		**38,043**	68,257

All items in the consolidated statement of comprehensive income will be recycled to the income statement. The notes form an integral part of these financial statements.

During the year, the Group completed its move to the Main Market and reorganised via a scheme of arrangement. See paragraph 2 of note 1 for details of how the reorganisation has impacted the financial statements.

CONSOLIDATED BALANCE SHEET
As at 31 March 2017

	Notes	2017 £'000	2016 £'000
Non-current assets			
Investment properties	12	**995,928**	839,107
Investments in joint ventures	13	**71,763**	70,125
Property, plant and equipment	14	**351**	551
Derivative financial instruments	16	**626**	-
Total non-current assets		**1,068,668**	909,783
Current assets			
Trade and other receivables	15	**5,373**	8,462
Derivative financial instruments	16	-	384
Cash and cash equivalents	17	**45,956**	114,071
Total current assets		**51,329**	122,917
Total assets		**1,119,997**	1,032,700
Current liabilities			
Borrowings	19	**100,084**	-
Trade and other payables	18	**28,729**	25,632
Current taxation		**1,200**	136
Derivative financial instruments	16	**160**	-
Total current liabilities		**130,173**	25,768
Non-current liabilities			
Derivative financial instruments	16	**2,291**	2,960
Borrowings	19	**302,995**	314,105
Total non-current liabilities		**305,286**	317,065
Net assets		**684,538**	689,867
Equity			
Share capital	21	**2,340**	2,334
Share premium	21	**1,691**	-
Merger reserve	21	**(2,335)**	(2,334)
Hedging reserve	21	-	(1,842)
Retained earnings	21	**682,842**	691,709
Total equity		**684,538**	689,867
Net asset value (NAV) per share			
Basic	10	**292p**	295p
Diluted	10	**290p**	294p

The notes form an integral part of these financial statements.

During the year, the Group completed its move to the Main Market and reorganised via a scheme of arrangement. See paragraph 2 of note 1 for details of how the reorganisation has impacted the financial statements.

The financial statements were approved by the Board of Directors on 15 May 2017 and were signed on its behalf by:

David Lockhart
Chief Executive

Mark Davies
Chief Financial Officer

NewRiver REIT plc
Registered number: 10221027

CONSOLIDATED CASH FLOW STATEMENT
As at 31 March 2017

	2017 £'000	2016 £'000
Cash flows from operating activities		
Profit for the year before taxation	**37,402**	69,545
Adjustments for:		
Profit on disposal of investment property	**(894)**	(8,299)
Net valuation movement	**15,030**	(19,513)
Net valuation movement in joint ventures	**419**	(4,489)
Share of income from joint ventures	**(5,683)**	(8,559)
Net interest expense	**15,139**	12,155
Revaluation of derivatives	**3,607**	-
Rent free lease incentives	**(1,949)**	(103)
Movement in provision for bad debts	**(98)**	75
Amortisation of legal and letting fees	**345**	259
Depreciation on property plant and equipment	**106**	125
Share based-payment expense	**1,434**	898
Cash generated from operations before changes in working capital	**64,858**	42,094
Changes in working capital		
Decrease/(increase) in receivables and other financial assets	**873**	(2,050)
Increase in payables and other financial liabilities	**1,132**	18,454
Cash generated from operations	**66,863**	58,498
Interest paid	**(13,273)**	(12,237)
Corporation tax paid	**(137)**	-
Dividends received from joint ventures	**6,050**	4,325
Net cash inflow from operating activities	**59,503**	**50,586**
Cash flows from investing activities		
Interest income	**61**	82
Purchase of investment properties	**(162,208)**	(192,583)
Properties acquired in business combinations	-	(105,447)
Disposal of investment properties	**10,012**	51,109
Development and other capital expenditure	**(15,511)**	(12,955)
Investment in joint venture	**(2,541)**	-
Purchase of plant and equipment	**(138)**	(163)
Net cash used in investing activities	**(170,325)**	(259,957)
Cash flows from financing activities		
Proceeds from issuance of new shares	**1,839**	292,300
Repayment of bank loans	**(65,943)**	(21,873)
New borrowings	**153,630**	65,311
Purchase of derivatives	**(819)**	-
Dividends paid	**(46,000)**	(27,708)
Net cash generated from financing activities	**42,707**	308,030
Cash and cash equivalents at beginning of the year	**114,071**	15,412
Net (decrease)/increase in cash and cash equivalents	**(68,115)**	98,659
Cash and cash equivalents at 31 March	**45,956**	114,071

During the year, the Group completed its move to the Main Market and reorganised via a scheme of arrangement. See paragraph 2 of note 1 for details of how the reorganisation has impacted the financial statements.

The notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
As at 31 March 2017

	Notes	Share capital £'000	Share premium £'000	Merger reserve £'000	Hedging reserve £'000	Retained earnings £'000	Total £'000
As at 31 March 2015		1,271	-	(1,271)	(690)	340,385	339,695
Profit for the year after taxation		-	-	-	-	69,409	69,409
Fair value loss on financial derivatives	16	-	-	-	(1,152)	-	(1,152)
Total comprehensive income for the year		-	-	-	(1,152)	69,409	68,257
Transactions with equity holders							
Net proceeds of issue from shares	21	1,063	-	(1,063)	-	309,237	309,237
Share-based payments	22	-	-	-	-	898	898
Dividend paid	11	-	-	-	-	(28,220)	(28,220)
As at 31 March 2016		2,334	-	(2,334)	(1,842)	691,709	689,867
Profit for the year after taxation		-	-	-	-	**36,201**	**36,201**
Fair value on financial derivatives	**16**	-	-	-	**1,842**	-	**1,842**
Total comprehensive income for the year		-	-	-	**1,842**	**36,201**	**38,043**
Transactions with equity holders							
Net proceeds of issue from shares	**21**	**6**	**1,691**	**(1)**	-	**143**	**1,839**
Share-based payments	**22**	-	-	-	-	**1,434**	**1,434**
Dividends paid	**11**	-	-	-	-	**(46,645)**	**(46,645)**
As at 31 March 2017		**2,340**	**1,691**	**(2,335)**	-	**682,842**	**684,538**

During the year, the Group completed its move to the Main Market and reorganised via a scheme of arrangement. See paragraph 2 of note 1 for details of how the reorganisation has impacted the financial statements.

The notes form an integral part of these financial statements.

1. Accounting policies

General information

NewRiver REIT plc (the 'Company') and its subsidiaries (together the 'Group') is a property investment group specialising in commercial real estate in the UK.

Scheme of arrangement

During the year, 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 has, 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 is that the Company is now 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 consolidated financial statements are therefore the consolidated results and financial positon of NewRiver Retail Ltd for the year then ended. In order to present equity as a continuation of the previous Group, share capital and reserves have been restated at the preceding reporting dates as follows:

	Share capital	Merger reserve	Other reserves	Hedging reserve	Share option reserve	Revaluation reserves	Retained earnings	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
1 April 2015 (as previously reported)	-	-	273,582	(690)	1,063	7,486	58,254	339,695
Presentation of reserves	-	-	(273,582)	-	(1,063)	(7,486)	282,131	-
Cancellation of shares in former parent company (no par value)	-	-	-	-	-	-	-	-
Issue of new shares in new parent company (127,077,895 x 1p per share)	1,271	(1,271)	-	-	-	-	-	-
1 April 2015 (as currently reported)	1,271	(1,271)	-	(690)	-	-	340,385	339,695
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

Going concern

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

- Value of investment property
- Timing of property transactions
- Capital expenditure and tenant incentives
- Rental income
- Loan covenants
- Capital and debt funding

The Group has cash and short-term deposits, as well as profitable rental income streams and as a consequence the Directors believe the Group is well placed to manage its business risks. Whilst the Group has borrowing facilities in place, as detailed in note 19, the Group is currently within all financial covenants. The Group has bank facilities to fund any future risk-controlled developments. The Group has a significant portion of borrowings that fall due within one year of the balance sheet date. The Directors are currently in advanced negotiations with the existing lenders and with some new lenders to agree facilities to refinance the existing borrowings. The Directors are confident that these bank facilities can be refinanced, or in the absence of available bank finance that the properties could be sold at a value significantly above the associate borrowing.

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 financial statements.

Summary of significant accounting policies
The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all years presented.

Basis of preparation
Statement of compliance
These financial statements have been prepared on a going concern basis and in accordance with International Financial Reporting Standards, as adopted by the European Union ('IFRS'), therefore the Group financial statements comply with Article 4 of the EU IAS Regulation. The financial statements are presented in pounds Sterling. The financial statements have been prepared under the historical cost convention, as modified by the revaluation of investment properties and derivatives which are stated at fair value.

Cash flow statement
The Group has reported the cash flows from operating activities using the indirect method. Interest received is presented within investing cash flows; interest paid is presented within operating cash flows. The acquisitions of investment properties are disclosed as cash flows from investing activities because this most appropriately reflects the Group's business activities.

Preparation of the consolidated financial statements
The consolidated financial statements incorporate the financial statements of the Company and its subsidiaries controlled by the Company, made up to 31 March each year. Control is achieved where the Company has the power to govern the financial and operating policies of an investee entity so as to obtain benefits from its activities. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases. Intra group transactions are eliminated in full.

Changes in accounting policy and disclosure
In the current year, the following new and amended IFRSs and amendments have been adopted but have not had a material effect on the financial performance or position of the Group:

- IAS 1 (Amendments) Disclosure Initiative
- IAS 16 and IAS 38 (Amendments) – Clarification of Acceptable Methods of Depreciation and Amortisation
- IAS 27 (Amendments) Equity Method in Separate Financial Statements
- IFRS 11 (Amendments) Accounting for Acquisitions of Interests in Joint Operations
- IFRS 10, IFRS 12 and IAS 28 (Amendments) Investment Entities: Applying the Consolidation Exception
- Annual Improvements to IFRSs: 2012-2014 Cycle

At the date of authorisation of these financial statements, the Group has not applied the following new and revised IFRSs that have been issued but are not yet effective:

- IAS 7 (Amendments) Disclosure Initiative
- IAS 12 (Amendments) Recognition of Deferred Tax Assets for Unrealised Losses
- IAS 40 (Amendments) Transfers of Investment Property
- IFRS 2 (Amendments) Classification and Measurement of Share-based Payment Transactions
- IFRS 4 (Amendments) – Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts
- IFRS 9 Financial Instruments
- IFRS 14 Regulatory Deferral Accounts
- IFRS 15 Revenue from Contracts with Customers
- IFRS 16 Leases
- IFRIC 22 Foreign Currency Transactions and Advance Consideration

The Directors do not expect that the adoption of the standards listed above will have a material impact on the financial statements of the Group in future periods, except that IFRS 9 may impact both the measurement and disclosures of financial instruments, IFRS 15 may have an impact on revenue recognition and related disclosures and IFRS 16 may impact the recognition and measurement of leases on the Group's balance sheet.

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

Each acquisition is considered by management in light of the substance of the acquisition to determine whether the acquisition is a business combination or acquisition of investment property.

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

Investment property
Property held to earn rentals or for capital appreciation, or both, is classified as investment property. Investment property comprises both freehold and leasehold land and buildings.

Investment property is recognised as an asset when:
- It is probable that the future economic benefits that are associated with the investment property will flow to the Company;
- There are no material conditions precedent which could prevent completion; and
- The cost of the investment property can be measured reliably.

Investment property is measured initially at its cost, including transaction costs. After initial recognition, investment property is carried at fair value.
Gains or losses arising from changes in the fair value of investment property are included in the income statement in the period in which they arise.

When the Group begins to redevelop an investment property for continued future use as an investment property, the property remains an investment property.

Investment property is derecognised when the risk and rewards of the property is transferred to the purchaser. Gains or losses on the sale of properties are calculated by reference to the carrying value at the end of the previous year, adjusted for subsequent capital expenditure.

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

The gain or loss arising on the disposal of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset.

Operating leases
As lessor
The cost of securing an operating lease are capitalised within the carrying amount of the related investment property and amortised over the lease term. Revenue from operating leases is recognised as per the revenue recognition policy.

As lessee
Leases in which a significant portion of the risks and rewards of ownership are retained by another party, the lessor, are classified as operating leases. Payments including prepayments, made under operating leases (net of any incentives received from the lessor) are charged to income statement on a straight-line basis over the period of the lease.

Cash and cash equivalents
Cash and cash equivalents comprise cash and short-term bank deposits with an original maturity of three months or less which are readily accessible.

Financial instruments
Financial assets
Financial assets are classified as financial assets at fair value through profit or loss or loans and receivables as appropriate. The Group determines the classification of its financial assets at initial recognition. Financial assets are recognised upon becoming party to the contractual terms and are initially measured at fair value plus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs. The fair value of a non-interest bearing asset is its discounted receivable amount. If the due date of the asset is less than one year, discounting is omitted.

The Group's financial assets consist of cash, loans and receivables and derivative instruments.

The financial instruments classified as financial assets at fair value through profit or loss include interest rate swap and cap arrangements. Recognition of the derivative financial instruments takes place when the hedging contracts are entered into. They are recognised at fair value and transaction costs are included directly in finance costs.

The fair values of derivative financial assets and financial liabilities are determined as follows:

Interest rate swaps and caps are measured using the midpoint of the yield curve prevailing on the reporting date. The valuations do not include accrued interest from the previous settlement date to the reporting date. The fair value represents the net present value of the difference between the contracted rate and the valuation rate when applied to the projected balances for the period from the reporting date to the contracted expiry dates.

Financial assets are derecognised only when the contractual rights to the cash flows from the financial asset expire or the Group transfers substantially all risks and rewards of ownership.

The Group assesses at each financial position date whether there is objective evidence that a financial asset or group of financial assets is impaired. If there is objective evidence (such as significant financial difficulty of the obligor, breach of contract, or it becomes probable that the debtor will enter bankruptcy), the asset is tested for impairment. The amount of the loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows (that is the effective interest rate computed at initial recognition). The carrying amount of the asset is reduced through use of an allowance account. The amount of the loss is recognised in the income statement.

Trade receivables are carried at amortised cost less a provision for impairment where there is objective evidence (such as the probability of insolvency or significant financial difficulties of the debtor) that the Group will not be able to collect all of the amounts due under the original terms. Impaired debts are derecognised when they are assessed as uncollectible.

If in a subsequent period the amount of the impairment loss decreased and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent that the carrying value of the asset does not exceed its amortised costs at the reversal date.

Financial liabilities
Financial liabilities are classified at fair value through profit or loss or as other liabilities. A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

All loans and borrowings are classified as other liabilities. Initial recognition is at fair value less directly attributable transaction costs. After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised costs using the effective interest method.

Financial liabilities included in trade and other payables are recognised initially at fair value and subsequently at amortised cost. The fair value of a non-interest bearing liability is its discounted repayment amount. If the due date of the liability is less than one year, discounting is omitted.

Hedge accounting
Hedges of interest rate risk on firm commitments are designated as cash flow hedges where the hedge is expected to be highly effective.

At the inception of the hedge relationship, the entity documents the relationship between the hedging instruments and the hedged item, along with its risk management objectives and its strategy for undertaking various hedge transactions. Furthermore, at the inception of the hedge and on an ongoing basis, the Group documents whether the hedging instrument is highly effective in offsetting changes in fair values or cash flows of the hedged item. The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in other comprehensive income. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss.

Amounts previously recognised in Other Comprehensive Income and accumulated in equity are reclassified to profit or loss in the periods when the hedged item is recognised in profit or loss, in the same line of the income statement as the hedged item.

Hedge accounting is discontinued when the Group revokes the hedging relationship, the hedging instrument expires or is sold, terminated, or exercised, or no longer qualifies for hedge accounting. When a forecast transaction is no longer expected to occur, the gain or loss accumulated in equity is recognised immediately in profit or loss.

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

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

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

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

Where the value added tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the value added tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and Receivables and payables that are stated with the amount of value added tax included. The net amount of value added tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.

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

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

Revenue recognition
Rental income
Rental income from fixed and minimum guaranteed rent reviews is recognised on a straight-line basis over the entire lease term. Where such rental income is recognised ahead of the related cash flow, an adjustment is made to ensure the carrying value of the related property including the accrued rent does not exceed the external valuation. Initial direct costs incurred in negotiating and arranging a new lease are amortised on a straight-line basis over the period from the date of lease commencement to the expiry date of the lease.

Where a rent-free period is included in a lease, the rental income foregone is allocated evenly over the period from the date of lease commencement to the expiry date of the lease.

Where a lease incentive payment, or surrender premiums is paid to enhance the value of a property, it is amortised on a straight- line basis over the period from the date of lease commencement to the expiry date of the lease. It is management's policy to recognise all material lease incentives and lease incentives greater than six months. Upon receipt of a surrender premium for the early determination of a lease, the profit, net of dilapidations and non-recoverable outgoings relating to the lease concerned, is immediately reflected in income.

Asset management fees
Management fees are recognised in the income statement as the services are delivered.

Promote payments
The Group is contractually entitled to receive a promote payment should the returns from a joint venture to the joint venture partner exceed a certain internal rate of return. This payment is only receivable by the Group on disposal of underlying properties held by the joint venture or other termination events. Any entitlements under these arrangements are only accrued for in the financial statements once the Group believes that crystallisation of the fee is virtually certain.

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

Finance income and costs
Finance income and costs are recognised using the effective interest rate method. The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts throughout the expected life of the financial instrument, or a shorter period where appropriate, to the net carrying amount of the financial asset or financial liability.

Service charge income and expense
Service charge income is recognised in the accounting period in which the services are rendered and the related property expenses are recognised in the period in which they are incurred.

Exceptional items
Performance measures are adjusted to exclude exceptional items. Exceptional items are items that are significant in size or nature, or are non-recurring and are adjusted to explain the performance of the Group. In the current and comparative year exceptional items consist of the Group's expenses in relation to the move from AIM to the Main Market.

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 development property portfolio and its joint ventures 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 development 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 31 March 2017 as detailed in Note 9. 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 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.

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 12. Small changes in the key estimates, such as the estimated future rental income, can have a significant impact on the valuation of the investment properties, and therefore a significant impact on the balance sheet and key performances measures such as Net Asset Value per share. Certain estimates require an assessment of factors not within management's control, such as overall market conditions.

Rents and ERVs have a direct relationship to valuation, while yield has an inverse relationship. Estimated costs of a development project will inversely affect the valuation of development properties. There are interrelationships between all these unobservable inputs as they are determined by market conditions. The existence of an increase in more than one unobservable input could be to magnify the impact on the valuation. 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

	2017	2016
	£'000	£'000
Property rental and related income	**83,276**	54,109
Asset management fees	**815**	870
Realised gain received from joint venture	**-**	3,373
Surrender premiums and commissions	**12,009**	2,488
Gross income	**96,100**	60,840

In March 2017, the Group received a surrender premium of £10,788,000 in relation to a rental agreement from a retail warehouse in Sheffield.

5. Property operating expenses

	2017	2016
	£'000	£'000
Service charge expense	**4,888**	1,392
Amortisation of tenant incentives and letting costs	**1,456**	844
Ground rent	**3,187**	1,029
Rates on vacant units	**2,013**	1,235
Other property operating expenses	**4,161**	1,753
Property operating expenses	**15,705**	6,253

Property operating expenses have increased year on year by 151% whilst property rental and related income has increase by 54%. The principal reasons for the increase is presentation of costs in relation to the pub portfolio and the acquisition of a property in London with a significant ground rent. An element 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

	2017 £'000	2016 £'000
Wages and salaries	**6,767**	7,431
Social security costs	**1,815**	1,263
Other pension costs	**125**	102
Staff costs	**8,707**	8,796
Depreciation	**106**	125
Share-based payments	**1,434**	898
Operating lease payments	**213**	213
Other administrative expenses	**3,724**	2,815
Exceptional cost in respect of move from AIM to the main market	**1,191**	900
Administrative expenses	**15,375**	13,747

Net administrative expenses ratio is calculated as follows:

	2017 £'000	2016 £'000
Administrative expenses	**15,375**	13,747
Adjust for:		
Asset management fees	**(815)**	(870)
Exceptional cost in respect of move to the main market	**(1,191)**	(900)
Share of joint ventures' administrative expenses	**831**	660
Group's share of net administrative expenses	**14,200**	12,637
Property rental and related income	**83,276**	54,109
Share of joint ventures' property rental income	**10,518**	14,178
	93,794	68,287
Net administrative expenses as a % of property income (including share of joint ventures)	**15.1%**	18.5%
Average staff numbers including Directors		
Directors	**7**	7
Asset managers	**21**	15
Support functions	**25**	19
	53	41

Auditor's remuneration

	2017 £'000	2016 £'000
Audit of the Company's financial statements	**110**	60
Audit of subsidiaries, pursuant to legislation	**130**	100
Non-statutory audit fee	**8**	40
Audit related assurance services	**39**	28
	287	228
Non-audit fees	**220**	30
Total fees	**507**	258

Non-audit fees payable to the Company's auditor are for reporting accountant services provided in respect of the move from AIM to the Main Market.

7. Profit on disposal of investment properties

	2017 £'000	2016 £'000
Gross disposal proceeds	**10,012**	51,109
Costs of disposal	**(480)**	(461)
Carrying value	**(8,638)**	(42,349)
Profit on disposal of investment properties	**894**	8,299

8. Finance income and expense

	2017 £'000	2016 £'000
Finance income		
Income from cash and short-term deposits	**61**	82
Finance expense		
Interest on bank loans	**(15,200)**	(11,500)
Interest on debt instruments	-	(737)
	(15,200)	(12,237)
Revaluation of derivatives		
Revaluation of derivatives previously recognised in other comprehensive income	**(1,959)**	-
Revaluation of derivatives in the year	**(1,648)**	-
Net finance expense	**(18,746)**	(12,155)

During the year, all revaluation of derivatives previously recognised in other comprehensive income and accumulated in the hedge reserve have been recycled to the income statement.

Interest on debt instruments related to a convertible debt instrument, which was converted during the year ended 31 March 2016. More details on the Group's borrowings are provided in note 19.

9. Taxation

	2017 £'000	2016 £'000
UK Corporation Tax at 20% (2016: 20%)		
Current year	**923**	136
Prior year	**278**	-
Taxation	**1,201**	136

The charge for the year can be reconciled to the profit per the consolidated income statement as follows:

	2017 £'000	2016 £'000
Profit before tax	**37,402**	69,545
Tax at the current rate of 20% (2016: 20%)	**7,480**	13,909
Revaluation of property	**3,090**	(4,800)
Non-deductible expenses	**1,408**	180
Other timing differences	**221**	955
Non-taxable profit due to REIT regime	**(11,276)**	(10,108)
Prior year adjustment	**278**	-
Taxation	**1,201**	136

As at 31 March 2017, the Group has unrecognised tax losses of £1.0 million (March 2016: £1.0 million). The losses have not been recognised as an asset due to uncertainty over the availability of taxable income to utilise the losses. The losses do not expire but are reliant on continuity of ownership and source of trade.

Real Estate Investment Trust regime (REIT regime)
The Group is a member of the REIT regime whereby profits from its UK property rental business are tax exempt. The REIT regime only applies to certain property-related profits and has several criteria which have to be met. The main criteria are:

- the assets of the property rental business must be at least 75% of the Group's assets;
- the profit from the tax-exempt property rental business must exceed 75% of the Group's total profit
- at least 90% of the Group's profit from the property rental business must be paid as dividends.

The Group continues to meet these conditions and management intends that the Group should continue as a REIT for the foreseeable future.

10. 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 Group has previously referred to this measure as EPRA Adjusted earnings. The Group no longer discloses NAREIT FFO as a performance measure.

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

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

	2017	2016
	£'000	£'000
Profit for the year after taxation	**36,201**	69,409
Adjustments		
Revaluation of investment properties	**15,030**	(19,513)
Profit on disposal of investment properties	**(894)**	(8,282)
Revaluation of derivatives	**3,607**	-
Gain on bargain purchase	**-**	(968)
Group's share of joint ventures' adjustments		
Revaluation of investment properties	**419**	(4,489)
Loss/(profit) on disposal of investment properties	**551**	(17)
Revaluation of derivatives	**350**	-
EPRA earnings	**55,264**	36,140
Profit on disposal of investment properties	**894**	8,282
(Loss)/profit on disposal of joint ventures' investment properties	**(551)**	17
Share-based payment charge	**1,434**	808
Gain on bargain purchase	**-**	968
Exceptional cost in respect of move to the main market	**1,191**	900
Funds From Operations (FFO)	**58,232**	47,115

Number of shares

	2017	2016
Number of shares	**No. 000s**	No. 000s
Weighted average number of ordinary shares for the purposes of Basic EPS, FFO and EPRA	**233,826**	176,903
Effect of dilutive potential ordinary shares:		
Share options	**400**	1,327
Deferred bonus shares	**526**	-
Performance share plan	**815**	-
Warrants	**211**	229
Weighted average number of ordinary shares for the purposes of diluted EPS	**235,778**	178,459
Performance measures (pence)		
Basic EPS	**15.5**	39.2
Diluted EPS	**15.4**	38.9
FFO per share	**24.9**	26.6
Diluted FFO per share	**24.7**	26.4
EPRA EPS	**23.6**	20.4
Diluted EPRA EPS	**23.4**	20.3

The number of shares used in the performance measures for 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:

	2017			2016		
	£'000s	Shares No'000s	Pence per share	£'000s	Shares No'000s	Pence per share
Net assets	**684,538**	**234,119**	**292p**	689,867	233,494	295p
Warrants in issue	**535**	**377**		629	420	
Unexercised employee awards	**3,861**	**2,938**		4,674	2,740	
Diluted net assets	**688,934**	**237,434**	**290p**	695,170	236,654	294p
Fair value derivatives	**4,144**			2,577		
EPRA net assets	**693,078**	**237,434**	**292p**	697,747	236,654	295p

11. Dividends

Payment date	PID	Non-PID	Pence per share	£'000
2017				
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**
2016				
18 May 2015	4.25	-	4.25	5,401
31 July 2015	4.50	-	4.50	5,839
13 November 2015	4.50	-	4.50	8,094
10 February 2016	4.75	-	4.75	8,886
	18.00	-	18.00	28,220

The Company has a financial policy to deliver a fully covered dividend. The dividend paid during the year of £46,132,000 (March 2016: £28,220,000) is more than covered by Fund From Operations of £58,232,000 (March 2016: £47,098,000). This is further backed up by net cash flow from operations in the Group's cash flow statement.

12. Investment properties

	2017	2016
	£'000	£'000
Fair value brought forward	**839,107**	404,098
Acquisitions	**162,146**	192,490
Capital expenditure	**15,572**	12,712
Properties acquired in business combinations	-	252,400
Lease incentives, letting and legal costs	**2,771**	243
Disposals	**(8,638)**	(42,349)
Net valuation movement	**(15,030)**	19,513
Fair value carried forward	**995,928**	839,107

The Group's investment properties have been valued at fair value on 31 March 2017 by independent valuer, Colliers International Valuation UK LLP, on the basis of fair value in accordance with the Current Practice Statements contained in The Royal Institution of Chartered Surveyors Valuation – Professional Standards, (the 'Red Book'). The valuations are performed by appropriately qualified valuers who have relevant and recent experience in the sector.

The fair value at 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.

Information about fair value measurements for the investment property using significant unobservable inputs (Level 3)

		Property ERV			Property rent			Property equivalent yield	EPRA topped up net initial yield
	Fair value	Min	Max	Average	Min	Max	Average	Average	Average
	(£'000)	£ per sq ft	£ per sq ft	£ per sq ft	£ per sq ft	£ per sq ft	£ per sq ft	%	%
Shopping centres	566,804	7.2	40.1	14.8	2.00	33.60	12.43	7.5%	6.8%
High street	39,011	4.7	21.7	10.8	1.46	19.10	9.52	6.9%	7.0%
Retail warehouse	153,556	8.0	22.8	13.0	2.66	21.88	11.91	7.3%	6.4%
Development sites	58,782	10.2	20.6	13.8	5.05	8.13	6.24	6.9%	3.4%
	818,183								

					EBITDA multiples / Net Initial Yield (%)					
	Fair value	Property Rent (£ per sq ft)						EBITDA (£ per sq ft)		
	(£'000)	Min	Max	Average	Min	Max	Average	Min	Max	Average
Pub portfolio	167,335	-	-	-	6.5x	10.0x	7.8x	0.26	74.67	16.57
Convenience store development portfolio	10,440	15.0	17.5	16.2	5.1%	5.3%	5.2%	-	-	-
	177,775									
Total	995,928									

The investments are several retail and leisure assets in the UK with a total carrying amount of £996 million. 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.

These inputs 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

There were no changes to valuation techniques during the year.

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

13. Investments in joint ventures

	2017 £'000	2016 £'000
Opening balance	**70,125**	113,027
Effective disposal of investments	**-**	(54,017)
Group's share of profit after taxation excluding valuation movement	**5,683**	8,559
Net valuation movement	**(419)**	4,489
Distributions and dividends	**(6,050)**	(4,325)
Investment in joint ventures	**2,541**	2,266
(Losses)/gains on cash flow hedges	**(117)**	126
Investments in joint ventures	**71,763**	70,125

There are currently five joint ventures which are equity accounted for:

Name	Country of incorporation	2017 % Holding	2016 % Holding
NewRiver Retail Investments LP and NewRiver Retail Investments (GP) Ltd*	Guernsey	**50**	50
NewRiver Retail Property Unit Trust No.2	Jersey	**50**	50
NewRiver Retail Property Unit Trust No.5	Jersey	**50**	50
NewRiver Retail Property Unit Trust No.6	Jersey	**50**	50
NewRiver Retail Property Unit Trust No.7	Jersey	**50**	50

* NewRiver Retail Investments (GP) Limited and its Limited partner (NewRiver Retail Investments LP) has a number of 100% owned subsidiaries which are NewRiver Retail (Finco No 1) Limited and NewRiver Retail (GP1) Limited, acting in its capacity as General Partner for NewRiver Retail (Holding No 1) LP and NewRiver Retail (Portfolio No 1) LP. The registered office of each of these entities is Old Bank Chambers, La Grande Rue, St Martin's, Guernsey, Channel Islands, GY4 6RT.

NewRiver Retail Property Unit Trusts No.2, No.5, No.6 and No.7 are jointly controlled Jersey property unit trusts set up by the Group and PIMCO BRAVO II Fund LP ('BRAVO II'). The registered office of each of these entities is 13 Castle Street, Jersey JE4 5UT.

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

All joint ventures have a 31 December year end. The aggregate amounts recognised in the consolidated balance sheet and income statement are as follows:

Balance sheet	2017 Total £'000	2017 Group's share £'000	2016 Total £'000	2016 Group's share £'000
Non-current assets	**269,280**	**134,640**	268,324	134,163
Current assets	**7,617**	**3,809**	7,724	3,862
Current liabilities	**(4,814)**	**(2,408)**	(4,671)	(2,335)
Borrowings	**(128,556)**	**(64,278)**	(130,149)	(65,068)
Other non-current liabilities	**-**	**-**	(979)	(497)
Net assets	**143,527**	**71,763**	140,249	70,125

Income statement	2017 Total £'000	2017 Group's share £'000	2016 Total £'000	2016 Group's share £'000
Net property income	**18,690**	**9,345**	20,925	12,566
Administration expenses	**(1,662)**	**(831)**	(1,173)	(660)
Net finance costs	**(3,860)**	**(1,930)**	(5,298)	(3,364)
	13,168	**6,584**	14,454	8,542
Net valuation movement	**(838)**	**(419)**	8,978	4,489
Derivative fair value movement	**(700)**	**(350)**	-	-
Profit on disposal	**(1,102)**	**(551)**	33	17
Profit after taxation	**10,528**	**5,264**	23,465	13,048
Add back net valuation movement	**838**	**419**	(8,978)	(4,489)
Add back derivative fair value movement	**700**	**350**	-	-
Group's share of joint ventures' Funds From Operations	**12,066**	**6,033**	14,487	8,559

On 18 June 2015, the Group acquired 50% of the units of two joint ventures, resulting in ownership of 100% of the property unit trusts. The prior year income statement of the joint ventures includes the Group's share of NewRiver Retail Property Unit Trust No.3 and No.4 from the period 1 April 2015 to 18 June 2015.

The Group's share of contingent liabilities in the joint ventures is £nil (March 2016: £nil).

Maturity of borrowings in joint ventures	**2017 Total £'000**	**2017 Group's share £'000**	2016 Total £'000	2016 Group's share £'000
Group's share of joint venture borrowings				
Less than one year	-	-	12,800	6,400
Between one and two years	**35,170**	**17,585**	27,170	13,585
Between two and three years	**94,000**	**47,000**	91,000	45,500
	129,170	**64,585**	130,970	65,485
Less unamortised facility fees	**(614)**	**(307)**	(821)	(417)
	128,556	**64,278**	130,149	65,068

Group's share of joint ventures' secured borrowing		Drawn £'000	Fee £'000	Total £'000
Barclays	August 2018	13,585	(47)	13,538
Santander	February 2019	4,000	(19)	3,981
HSBC	November 2019	47,000	(241)	46,759
		64,585	(307)	64,278

14. Property, plant and equipment

	£'000
Cost	
At 1 April 2015	713
Additions	163
At 31 March 2016	876
Additions	138
Disposals	(286)
At 31 March 2017	728
Depreciation	
At 1 April 2015	(200)
Depreciation charge for the year	(125)
At 31 March 2016	(325)
Disposals	54
Depreciation charge for the year	(106)
At 31 March 2017	(377)
Book value at 31 March 2017	351
Book value at 31 March 2016	551

15. Trade and other receivables

	2017 £'000	2016 £'000
Trade receivables	**3,481**	4,908
Prepayments	**1,483**	3,390
Accrued income	**409**	164
	5,373	8,462

The provision for doubtful debts was £695,000 at 31 March 2017 (31 March 2016: £566,000).

16. Derivatives

The Group enters into derivative financial instruments to provide an economic hedge to its interest rate exchange risks. Further details on interest rate risks are included in note 23. 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 Group ceased hedge accounting during the year and the cumulative amount previously recognised in equity was recycled to the income statement. See note 8.

	2017	2016
	£'000	£'000
Interest rate caps		
Non-current assets	**626**	-
Current assets	-	354
Interest rate swaps		
Current assets	-	30
Non-current liabilities	**(2,291)**	(2,960)
Current liabilities	**(160)**	-
	(1,825)	(2,576)

	Average contract fixed interest rate		Notional principal amount		Fair value	
	2017	2016	**2017**	2016	**2017**	2016
	%	%	**£'000**	£'000	**£'000**	£'000
Interest rate swaps – receive floating pay fixed						
In less than one year	**1.9%**	1.9%	**100,584**	33,069	**(351)**	(153)
In more than one year but less than two	**0.8%**	1.0%	**7,999**	51,584	**(40)**	(356)
In more than two years but less than five	**1.3%**	1.3%	**98,701**	108,638	**(2,060)**	(2,421)
Interest rate caps – receive floating pay fixed						
In less than one year	-	-	-	-	-	-
In more than one year but less than two	**2.1%**	-	**131,247**	-	**81**	-
In more than two years but less than five	**1.9%**	2.8%	**140,252**	141,499	**545**	354
			478,783	334,790	**(1,825)**	(2,576)

17. Cash and cash equivalents

A number of the Group's borrowing arrangements place certain restrictions on the rent received each quarter. These do not prevent access to or use of this funding within the borrowing entities, however they do place certain restrictions on moving those funds around the wider group, typically requiring debt servicing costs to be paid before restrictions are lifted. The cash deposited under such arrangement totalled £21.2 million (March 2016: £7.1 million).

18. Trade and other payables

	2017	2016
	£'000	£'000
Trade payables	**2,140**	2,182
Other payables	**3,970**	3,841
Accruals	**12,501**	10,026
Rent received in advance	**10,118**	9,583
	28,729	25,632

19. Borrowings

Maturity of secured bank loans:	2017 £'000	2016 £'000
Less than one year	**100,584**	-
Between one and two years	**61,996**	-
Between two and three years	**141,271**	94,658
Between three and four years	**34,029**	188,433
Between four and five years	**68,461**	34,029
	406,341	317,120
Unamortised loan fees	**(3,262)**	(3,015)
	403,079	314,105
Due in less than one year	**100,084**	-
Due after one year	**302,995**	314,105

The Group has a significant portion of borrowings that fall due within one year of the balance sheet date. The Directors are currently in advanced negotiations with the existing lenders and with some new lenders to agree facilities to refinance the existing borrowings. The Directors are confident that these bank facilities can be refinanced, or in the absence of available bank finance that the properties could be sold at a value significantly above the associate borrowing.

Secured borrowings:	Maturity date	Facility £'000	Facility drawn £'000	Unamortised facility fees £'000	Balance £'000
Deka	March 2018	49,000	49,000	(100)	48,900
Santander/HSBC	March 2018	51,584	51,584	(400)	51,184
Lloyds	October 2018	28,650	-	-	-
Barclays	December 2018	32,100	31,996	(127)	31,869
Santander	March 2019	60,000	30,000	(275)	29,725
HSBC	May 2019	24,736	24,736	(203)	24,533
Lloyds	October 2019	63,570	63,570	(585)	62,985
Barclays	March 2020	52,965	52,965	(324)	52,641
Santander	February 2021	34,029	34,029	(176)	33,853
AIG	July 2021	83,760	68,461	(1,072)	67,389
		480,394	406,341	(3,262)	403,079

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 on each of its assets.

Convertible Unsecured Loan Stock ('CULS') (prior year)
On 22 November 2010 the Group issued £25 million of CULS, £17 million of A CULS and £8 million of B CULS. On issue, the stockholder was able to convert all or any of the stock into Ordinary Shares at the rate of one Ordinary Share for every £2.80. The conversion rate was subsequently adjusted on the A CULS and on the B CULS as a result of new shares being issued and dividends paid in accordance with the terms of the agreement. Under the terms of the convertible, interest accrued at 5.85% on the outstanding loan stock until 31 December 2015 when it would be either converted or repaid. The interest payable on the CULS was due biannually on the 30 June and 31 December.

On 18 February 2014, £1.5 million B CULS were converted at a conversion price of £2.59 representing 579,151 Ordinary shares. On 2 July 2015, £6.5 million B CULS were converted at a conversion price of £2.46 representing 2,653,061 Ordinary shares.
On 25 November 2015, £17 million A CULS were converted at a conversion price of £2.43 representing 6,995,884 Ordinary shares. As at 31 March 2016, all of the CULS had been converted and no CULS are currently outstanding.

20. Operating lease arrangements

The Group earns rental income by leasing its investment properties to tenants under non-cancellable operating leases.

At the balance sheet date the Group had contracted with tenants for the following future minimum lease payments on its investment properties:

	2017	2016
	£'000	£'000
Within one year	**65,717**	74,261
Between one and two years	**55,740**	64,836
In the second to fifth year inclusive	**136,033**	114,451
After five years	**240,894**	157,127
	498,384	410,675

The Group's weighted average lease length of operating leases at 31 March 2017 was 6.0 years (March 2016: 6.0 years).

Operating lease payments payable by the Group were as follows:

	2017	2016
	£'000	£'000
Within one year	**2,677**	1,004
One to two years	**2,678**	1,068
Two to five years	**7,933**	3,206
After five years	**229,856**	102,197
	243,144	107,475

Operating lease obligations exist over the Group's offices and for head leases on the Group's retail portfolio. The increase during the year was a result of purchasing a property in London with 89 years remaining on the head lease. The expense for the year was £3.4 million (March 2016: £1.2 million).

21. Share capital and reserves

Share capital

During the year 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 one pence each and 50,000 redeemable preference shares of £1 each. The preference shares were redeemed on 12 October 2016. All ordinary shares have one vote per share. There are no voting rights attached to the preference shares. All shares are fully paid.

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 the issued shares in the capital of NewRiver Retail Limited. The Company has, 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 is that the Company is now the ultimate parent company of the Group.

On 18 August 2016, the Company issued 238,588,536 ordinary shares with a nominal value of one pence each to the former shareholders. The Company formed a new Employee Benefit Trust (EBT) and the shares previously held by the EBT of NewRiver Retail Limited were transferred to the new EBT of the Company.

Ordinary shares	Number issued 000's	Price per share pence	Total 000's	Held by EBT 000's	Shares in issue 000's
NewRiver Retail Limited:					
As at 1 April 2015			127,575	497	127,078
Shares issued under employee share schemes	345	-	127,575	152	127,423
Conversion of convertible debt	9,648	243	137,223	152	137,071
Issuance of equity	96,154	313	233,377	152	233,225
Warrant conversion	168	154	233,545	152	233,393
Granted to Employee Benefit Trust	5,000	-	238,545	5,152	233,393
As at 31 March 2016			238,545	5,152	233,393
Warrant exercise	44	148	238,589	5,152	233,437
Exercise of share options	12	250	238,589	5,140	233,449
Shares issued under employee share schemes	65	-	238,589	5,075	233,514
Number of shares in issue at time of scheme of arrangement			238,589	5,075	233,514
NewRiver REIT plc:					
Issued upon incorporation	-	1	-	-	-
Issued pursuant to scheme of arrangement	238,588	1	238,589	5,075	233,514
Exercise of share options	328	240	238,589	4,747	233,842
Shares issued under employee share schemes	133	-	238,589	4,614	233,975
			238,589	4,614	233,975

	Share capital £'000	Share premium £'000	Total £'000
NewRiver REIT plc:			
Issued upon incorporation	-	-	-
Issued pursuant to scheme of arrangement	2,335	-	2,335
Exercise of share options	5	1,691	1,696
	2,340	1,691	4,031

Warrants
Shareholders who subscribed for placing shares in the original share listing of NewRiver Retail Limited's shares received warrants, in aggregate, to subscribe for 3% of the fully diluted share capital. The subscription price is adjusted following the payment of dividends or share issuance and was 142p as at 31 March 2017. 377,000 remain outstanding (31 March 2016: 420,000).

Other reserves
Other reserves consisted of distributable reserves created upon the issue of share capital by NewRiver Retail Limited. Upon the scheme of arrangement becoming effective the distributable reserves have been presented within retained earnings.

Share option reserve
Share option reserve consisted of the cumulative charge in relation to NewRiver Retail Limited's employee share schemes. Upon the scheme of arrangement becoming effective and new share schemes being issued under the Company, the cumulative charge has been reclassified to retained earnings along with the related charge from the income statement.

Revaluation reserves
Revaluation reserves represented the unrealised retained earnings recognised based on the new movement in fair value of the Group's investment properties. During the year the charge has been reclassified to retained earnings to be consistent with other investment property companies.

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 that are in an effective cash flow hedging relationship.

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 £88 million at 31 March 2017.

Shares held in Employee Benefit Trust (EBT)
As part of the scheme of arrangement and group reorganisation, the Company established an EBT which is registered in Jersey. The EBT, at its discretion, may transfer shares held by it to directors and employees of the Company and its subsidiaries. The maximum number of ordinary shares that may be held by the EBT may not exceed 10% of the Company's issued share capital. It is intended that the EBT will not hold more ordinary shares than are required in order to satisfy share options granted under employee share incentive plans.

There are currently 4,613,717 ordinary shares held by the EBT:

	Number 000's	Value £'000
Transferred under scheme of arrangement	5,152	16,955
Shares issued under employee share schemes	(538)	(1,771)
As at 31 March 2017	4,614	15,184

22. Share-based payments

The Group has three share schemes for employees.

- Share option scheme
- Performance Share Scheme
- Deferred bonus scheme

Share option scheme

Options were granted between 2009 and 2011. The options were priced at the share price at date of issue. No options were granted in 2017 or 2016. The charge for the year recognised in the income statement was nil (March 2016: nil).

Year issued	Average exercise price	Outstanding at start of year	Granted	Exercised	Lapsed	Outstanding at end of year	Number exercisable	Average remaining life (years)
2010	2.54	606,312	-	(38,693)	-	567,619	567,619	5.4
2011	2.44	30,000	-	(15,000)	-	15,000	15,000	5.7
2012	2.35	1,300,000	-	(286,000)	-	1,014,000	1,014,000	7.5
		1,936,312	-	(339,693)	-	1,596,619	1,596,619	

Performance Share Scheme

Zero priced share options have been issued to senior management and executive directors under the Performance Share Scheme since 2013. The options vest rules to the extent that performance conditions are met over a three or four-year period. At the end of the period there may be a further vesting condition that the employee or director remains an employee of the Group. Further details on the scheme and the performance conditions is provided in the Remuneration Report. The charge for the year recognised in the income statement was £807,000 (March 2016: £898,000).

Year issued	Average exercise price	Outstanding at start of year	Granted	Exercised	Lapsed	Outstanding at end of year	Number exercisable	Average remaining life (years)
2013	-	200,067	-	(56,192)	-	143,875	143,875	5.8
2014	-	122,457	1,655	(124,112)	-	-	-	-
2015	-	652,637	39,404	(11,238)	(16,321)	664,482	-	7.3
2016	-	1,123,816	66,814	(10,212)	(81,927)	1,098,491	-	8.5
2017	-	-	1,152,758	-	(26,184)	1,126,574	-	9.3
		2,098,977	1,260,631	(201,754)	(124,432)	3,033,422	143,875	

Deferred Bonus Scheme

Zero priced share options have been issued to senior management and executive directors under the Deferred Bonus Scheme since 2016. The options vest based on the employee or director remaining in the employment of the Group for a defined period (usually two years). The charge for the year recognised in the income statement for this scheme was £627,000 (March 2016: nil).

Year issued	Average exercise price	Outstanding at start of year	Granted	Exercised	Lapsed	Outstanding at end of year	Number exercisable	Average remaining life (years)
2016	-	626,640	39,520	-	-	666,160	-	1.8
2017	-	-	191,178	-	-	191,178	-	2.2
		626,640	230,698	-	-	857,338	-	

Fair value

The fair value of the share options has been calculated based on a Monte Carlo Pricing Model using the following inputs:

	2017	2016
Share price	**2.6875 – 3.34**	3.3275
Exercise price	**Nil**	Nil
Expected volatility	**17.0%**	16.0%
Risk free rate	**0.2255% - 0.5301%**	0.9307%
Expected dividends*	**6.00% - 7.00%**	5.10%

* based on quoted property sector average.

23. Financial instruments and risk management

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

Risk management parameters are established by the Board on a project-by-project basis. Reports are provided to the Board quarterly and also when authorised changes are required.

Financial instruments

	Valuation level	**2017 £'000**	2016 £'000
Financial assets			
Designated as held for trading			
Interest rate caps	2	**626**	-
Designated in a hedging relationship			
Interest rate caps	2	-	354
Loans and receivables			
Trade and other receivables		**3,481**	4,908
Cash and cash deposits		**45,956**	114,071
		50,063	119,333
Financial liabilities			
Designated as held for trading			
Interest rate swaps	2	**(2,451)**	-
Designated in a hedging relationship			
Interest rate swaps	2	-	(2,930)
At amortised cost			
Borrowings		**(403,079)**	(314,105)
Payables and accruals		**(18,611)**	(16,049)
		(424,141)	(333,084)
		(374,078)	(213,751)

Market risk

Currency risk

The Group is not subject to any foreign currency risk as nearly all transactions are in Pounds Sterling.

Interest rate risk

The Group's interest rate risk arises from borrowings issued at floating interest rates (see note 19). The Group's interest rate risk is reviewed quarterly by the Board. The Group manages its exposure to interest rate risk on borrowings through the use of interest rate derivatives (see note 16). Interest rate caps and interest rate swaps are used to both mitigate the risk of an increase in interest rates but also to allow the Group to benefit from a fall in interest rates. 51% of the Group's interest rate exposure is fixed and the remainder is capped. The Group has employed an external adviser when contracting hedging to advise on the structure of the hedging.

Sensitivity analysis is carried out to assess the impact of an increase in interest rates on finance costs to the Group. Management consider that a significant movement in interest rates would by 200 bps and have therefore carried out sensitivity analysis of the impact of such a movement. The impact of a 200 bps increase in interest rates for the year would increase the net interest payable in the income statement and reduce net assets by £6.2 million (March 2016: £0.6 million). The impact of a 200 bps decrease in interest rates for the year would reduce the net interest payable in the income statement and increase net assets by £7.7 million (March 2016: £0.7 million). The directors consider this to be a reasonable sensitivity given historic interest rates and the possibility for short term swings in rates.

Credit risk

The Group's principal financial assets are cash, trade receivables and other receivables.

The Group manages its credit risk through policies to ensure that rental contracts are made with tenants meeting appropriate balance sheet covenants, supplemented by rental deposits or bank guarantees from international banks. The amounts presented in the balance sheet are net of allowances for doubtful receivables. An allowance for impairment is made where there is objective evidence that the Group will not be able to collect all amounts due according to the terms of the receivables concerned.

The Group's monitors its counterparty exposures on cash and short-term deposits weekly. The Group monitors the counterparty credit rating of the institutions that hold its cash and deposits and spread the exposure across several banks.

The Group's maximum exposure to credit risk as at 31 March 2017 was £49 million (31 March 2016: £119 million).

Liquidity risk
The Group manages its liquidity risk by maintaining sufficient cash balances and committed credit facilities. The Board reviews the credit facilities in place on a project-by-project basis. Management monitor the Group's liquidity position weekly. Cash flow reports are issued weekly and are reviewed quarterly by the Board. A summary table with maturity of financial liabilities is presented below:

2017	Less than one year	One to two years	Two to five years	More than five years	Total
Borrowings	**(100,584)**	**(61,996)**	**(243,761)**	-	**(406,341)**
Interest on borrowings	**(11,215)**	**(8,901)**	**(10,717)**	-	**(30,833)**
Interest rate swaps	**(1,372)**	**(1,056)**	**(960)**	-	**(3,388)**
Payables and accruals	**(18,611)**	-	-	-	**(18,611)**
	(131,782)	**(71,953)**	**(255,438)**	-	**(459,173)**
2016					
Borrowings	-	-	(283,091)	(34,029)	(317,120)
Interest on borrowings	(10,539)	(9,807)	(13,746)	-	(34,092)
Interest rate swaps	(1,372)	(1,056)	(960)	-	(3,388)
Payables and accruals	(16,049)	-	-	-	(16,049)
	(27,960)	(10,863)	(297,797)	(34,029)	(370,649)

The Group has a significant portion of borrowings that fall due within one year of the balance sheet date. The Directors are currently in advanced negotiations with the existing lenders and with some new lenders to agree facilities to refinance the existing borrowings. The Directors are confident that these bank facilities can be refinanced, or in the absence of available bank finance that the properties could be sold at a value significantly above the associate borrowing.

Reconciliation of movement in the Group's share of net debt in the year	**2017 £'000**	2016 £'000
Group's share of net debt at beginning of year	**261,673**	248,815
Cash flow		
Net (increase)/decrease in cash and cash equivalents	**68,115**	(98,659)
New bank loans raised (net of expenses)	**153,630**	65,311
Borrowings acquired in business combinations	-	94,811
Bank loans repaid	**(65,943)**	-
Group's share of joint ventures' cash flow		
Net (increase)/decrease in cash and cash equivalents	**(95)**	(2,267)
New bank loans raised (net of expenses)	**1,500**	-
Bank loans repaid	**(2,400)**	-
Borrowings disposed of	-	(47,406)
Other		
Amortisation of bank loan fees	**1,184**	881
Group's share of joint ventures' amortisation of bank loan fees	**213**	187
Group's share of net debt	**417,877**	261,673

Capital risk management
The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern, to provide returns to shareholders and to maintain an optimal capital structure to reduce the cost of capital. The Group is not subject to any external capital requirements. As detailed in note 9, the Group is a REIT and to qualify as a REIT the Group must distribute 90% of its taxable income from its property business.

To maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt. Consistent with others in the industry, the Group monitors capital on the basis of its gearing ratio. This ratio is calculated as net debt divided by equity. Net debt is calculated as total borrowings, less cash and cash equivalents.

Net debt to equity ratio

	2017 £'000	2016 £'000
Borrowings	**403,079**	314,105
Cash and cash equivalents	**(45,956)**	(114,071)
Net debt	**357,123**	200,034
Equity attributable to equity holders of the parent	**684,538**	689,867
Net debt to equity ratio ('Balance sheet gearing')	**52%**	29%
Share of joint ventures' borrowings	**64,278**	65,068
Share of joint ventures' cash and cash equivalents	**(3,524)**	(3,429)
Group's share of net debt	**417,877**	261,673
Carrying value of investment properties	**995,928**	839,107
Share of joint ventures' carrying value of investment properties	**134,640**	134,163
Group's share of carrying value of investment properties	**1,130,568**	973,270
Net debt to property value ratio ('Loan to value')	**37%**	27%

24. Contingencies and commitments

The Group has no material contingent liabilities (2016: None). The Group was contractually committed to £1.9 million of capital expenditure to construct or develop investment property as at 31 March 2017 (31 March 2016: £6.4million).

25. 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 join ventures for asset management, investment advisory, project management and accounting services. Total fees charged were:

	2017 £'000	2016 £'000
NewRiver Retail Investments LP	**111**	108
NewRiver Retail Property Unit Trust	**-**	(96)
NewRiver Retail Property Unit Trust No.2	**207**	168
NewRiver Retail Property Unit Trust No.3	**-**	42
NewRiver Retail Property Unit Trust No.4	**-**	(24)
NewRiver Retail Property Unit Trust No.5	**199**	155
NewRiver Retail Property Unit Trust No.6	**202**	210
NewRiver Retail Property Unit Trust No.7	**97**	86

The amounts outstanding at each year end were:

	2017 £'000	2016 £'000
NewRiver Retail Investments LP	**27**	38
NewRiver Retail Property Unit Trust No.2	**62**	43
NewRiver Retail Property Unit Trust No.5	**59**	36
NewRiver Retail Property Unit Trust No.6	**55**	55
NewRiver Retail Property Unit Trust No.7	**29**	29

Total emoluments of key management during the year are disclosed in the remuneration report.

26. Post balance sheet events

On 11 May 2017, the Company paid dividends of £11.6 million. The total dividend of 5.0 pence per share was paid as a PID.

The first quarter dividend in relation to the year ended 31 March 2018 will be increased to 5.25 pence per share (March 2017: 5.00 pence per share), will be paid on 4 August 2017 to shareholders on the register on 16 June 2017. The ex-dividend date will be 15 June 2017. The Board has approved a special dividend of 3.00 pence per share to be paid on 4 August 2017 to shareholders on the register on 16 June 2017. The ex-dividend date will also be 15 June 2017.

COMPANY BALANCE SHEET
As at 31 March 2017

	Notes	2017 £'000
Non-current assets		
Investment in subsidiaries	B	**415,465**
Total assets		**415,465**
Current assets		
Amounts owed from subsidiary undertakings		**88,473**
Other receivables		**50**
Cash and cash equivalents		**1,716**
Total current assets		**90,239**
Total assets		**505,704**
Equity and liabilities		
Current liabilities		
Accruals		**(645)**
Total current liabilities		**(645)**
Net assets		**505,059**
Equity		
Share capital		**2,340**
Share premium		**1,691**
Merger reserve		**413,180**
Retained earnings		**87,848**
Total equity		**505,059**

The notes form an integral part of the Company financial statements. The Company has applied the exemption in s408 of the Companies Act for omitting the income statement of the parent company. The profit for the period after taxation was £221,000.

The financial statements were approved by the Board of Directors on 15 May 2017 and were signed on its behalf by:

David Lockhart
Chief Executive

Mark Davies
Chief Financial Officer

STATEMENT OF CHANGES IN EQUITY
As at 31 March 2017

	Share capital	Share premium	Merger reserve	Retained earnings	Total
	£'000	£'000	£'000	£'000	£'000
As at incorporation on 8 June 2016	-	-	-	-	-
Profit after taxation	-	-	-	**221**	**221**
Group reorganisation	**2,335**	-	**524,180**	-	**526,515**
Exercise of share options	**5**	**1,691**	-	-	**1,696**
Transfer between reserves	-	-	**(111,000)**	**111,000**	-
Dividends paid	-	-	-	**(23,373)**	**(23,373)**
As at 31 March 2017	**2,340**	**1,691**	**413,180**	**87,848**	**505,059**

The notes form an integral part of these financial statements. There was no other income in the period therefore the profit after taxation is the Company's total comprehensive income for the period.

Retained earnings reflects the Company's distributable reserves.

A. Accounting policies

Basis of accounting
The Company's separate financial statements for the period ended 31 March 2017 are prepared in accordance with Financial Reporting Standard 101 (FRS 101) "Reduced Disclosure Framework" as issued by the Financial Reporting Council. The financial statements are presented in pounds Sterling. These financial statements have been prepared under the historical cost convention.

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires the Directors to exercise judgement in the process of applying the Company's accounting policies. Changes in assumptions may have a significant impact on the financial statements in the period the assumptions changed. The Directors believe that the underlying assumptions are appropriate. The most critical estimates, assumptions and judgements relate to the determination of carrying value of the investment in the Company's subsidiary undertaking. The nature, facts and circumstance of the investment are taken into account on assessing whether there are any indications of impairment.

Disclosure exemptions
The Company has taken advantage of all disclosure exemptions allowed by FRS 101. These financial statements do not include:

- certain disclosures regarding the Company's capital;
- a statement of cash flows;
- certain disclosures in respect of financial instruments;
- the effect of future accounting standards not yet adopted; and
- disclosure of related party transactions with wholly-owned members of the Group.

The above disclosure exemptions have been adopted because equivalent disclosures are included in the consolidated Group accounts into which the Company is consolidated.

Dividends
Dividend information is provided in note 11 to the consolidated accounts.

Investment in subsidiaries
Investments in subsidiary undertakings are stated at cost less provision for impairment.

Financial instruments
Financial assets
Financial assets consist of loans and receivables. The Group determines the classification of its financial assets at initial recognition. Financial assets are initially measured at fair value plus directly attributable transaction costs. The Group's financial assets consist of cash, and loans and receivables.

Financial assets are derecognised only when the contractual rights to the cash flows from the financial asset expire or the Company transfers substantially all risks and rewards of ownership.

The Company assesses at each financial position date whether there is objective evidence that a financial asset or group of financial assets is impaired. If there is objective evidence (such as significant financial difficulty of the obligor, breach of contract, or it becomes probable that the debtor will enter bankruptcy), the asset is tested for impairment. The amount of the loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows (that is the effective interest rate computed at initial recognition). The carrying amount of the asset is reduced through use of an allowance account. The amount of the loss is recognised in profit and loss.

If in a subsequent period the amount of the impairment loss decreased and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent that the carrying value of the asset does not exceed its amortised costs at the reversal date.

Financial liabilities
Financial liabilities are classified as other liabilities. A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

All loans and borrowings are classified as other liabilities. Initial recognition is at fair value less directly attributable transaction costs. After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised costs using the effective interest method.

Financial liabilities included in trade and other payables are recognised initially at fair value and subsequently at amortised cost. The fair value of a non-interest bearing liability is its discounted repayment amount. If the due date of the liability is less than one year, discounting is omitted.

Share-based payments
The cost of equity settled transactions is measured with reference to the fair value at the date at which they were granted. Where vesting performance conditions are non-market based, the fair value excludes the effect these vesting conditions and an estimate is made at each balance sheet date of the number of instruments expected to vest. The fair value is recognised over the vesting period in the income statement of the company that employs the recipient of the share-based payment, with a corresponding increase in equity. The Company increases the carrying value of the subsidiary by the value of the share-based payment.

Share capital
Shares are classified as equity when there is no obligation to transfer cash or other assets.

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

Merger reserve
The merger reserve resulted from the acquisition of NewRiver Retail Limited and represents the difference between the value of the net assets acquired of £526 million and the nominal value of the shares issued of 239 million, less the impairment in NewRiver Retail Limited following the payment of a dividend to the Company of £111 million.

B. Investment in subsidiaries

All subsidiaries were acquired by way of the group reorganisation, as detailed in note 1. All subsidiaries are held indirectly expect NewRiver Retail Limited, the former ultimate parent of the Group.

Name	Country of incorporation	Activity	Proportion of ownership interest	Class of share
C Store REIT Limited	UK	Dormant company	100%	Ordinary Shares
Convenience Store REIT Limited	UK	Dormant company	100%	Ordinary Shares
NewRiver Retail (Burgess Hill) Limited	UK	Dormant company	100%	Ordinary Shares
NewRiver (Darnall) Limited	UK	Real estate investments	100%	Ordinary Shares
NewRiver Group Limited	UK	Real estate investments	100%	Ordinary Shares
NewRiver REIT (UK) Limited	UK	Asset management	100%	Ordinary Shares
NewRiver Leisure Limited	UK	Real estate investments	100%	Ordinary Shares
NewRiver Retail (Bexleyheath) Holdings Limited	UK	Group holding company	100%	Ordinary Shares
NewRiver Retail (Bexleyheath) Limited	Jersey	Real estate investments	100%	Ordinary Shares
NewRiver Retail (Boscombe No. 1) Limited	UK	Real estate investments	100%	Ordinary Shares
NewRiver Retail (Broadway Square) Limited	Jersey	Real estate investments	100%	Ordinary Shares
NewRiver Retail (Broadway Square) Limited	UK	Dormant company	100%	Ordinary Shares
NewRiver Retail (Cardiff) Limited	UK	Real estate investments	100%	Ordinary Shares
NewRiver Retail (Carmarthen) Limited	UK	Real estate investments	100%	Ordinary Shares
NewRiver Retail (Colchester) Limited	UK	Real estate investments	100%	Ordinary Shares
NewRiver Retail (Darlington) Limited	UK	Real estate investments	100%	Ordinary Shares
NewRiver Retail (GP3) Limited	UK	General partner	100%	Ordinary Shares
NewRiver Retail (Leylands Road) Limited	UK	Real estate investments	100%	Ordinary Shares
NewRiver Retail (Mantle) Limited	UK	Real estate investments	100%	Ordinary Shares
NewRiver Retail (Market Deeping No. 1) Limited	Guernsey	Real estate investments	100%	Ordinary Shares
NewRiver Retail (Morecambe) Limited	UK	Real estate investments	100%	Ordinary Shares
NewRiver Retail (Newcastle No. 1) Limited	Guernsey	Real estate investments	100%	Ordinary Shares
NewRiver Retail (Nominee No.3) Limited	UK	Dormant company	100%	Ordinary Shares
NewRiver Retail (Paisley) Limited	UK	Real estate investments	100%	Ordinary Shares
NewRiver Retail (Penge) Limited	UK	Real estate investments	100%	Ordinary Shares
NewRiver Retail (Portfolio No. 1) Limited	Guernsey	Real estate investments	100%	Ordinary Shares
NewRiver Retail (Portfolio No. 2) Limited	Guernsey	Real estate investments	100%	Ordinary Shares
NewRiver Retail (Portfolio No. 3) Limited	UK	Holding company	100%	Ordinary Shares
NewRiver Retail (Portfolio No. 3) Limited Partnership	UK	Real estate investments	100%	Partnership
NewRiver Retail (Portfolio No. 5) Limited	UK	Real estate investments	100%	Ordinary Shares
NewRiver Retail (Portfolio No. 6) Limited	UK	Real estate investments	100%	Ordinary Shares
NewRiver Retail (Portfolio No. 4) Limited	UK	Real estate investments	100%	Ordinary Shares
NewRiver Retail (Portfolio No. 8) Limited	UK	Real estate investments	100%	Ordinary Shares
NewRiver Retail (Ramsay Development) Limited	UK	Real estate investments	100%	Ordinary Shares
NewRiver Retail (Ramsay Investment) Limited	UK	Real estate investments	100%	Ordinary Shares
NewRiver Retail (Skegness Developments) Limited	UK	Real estate investments	100%	Ordinary Shares
NewRiver Retail (Skegness) Limited	UK	Real estate investments	100%	Ordinary Shares
NewRiver Retail (Wakefield) Limited	UK	Real estate investments	100%	Ordinary Shares
NewRiver Retail (Warminster) Limited	UK	Real estate investments	100%	Ordinary Shares
NewRiver Retail (Wisbech) Limited	UK	Real estate investments	100%	Ordinary Shares
NewRiver Retail (Witham No. 1) Limited	UK	Real estate investments	100%	Ordinary Shares
NewRiver Retail (Wrexham No. 1) Limited	Guernsey	Real estate investments	100%	Ordinary Shares
NewRiver Retail Academy Limited	UK	Dormant company	100%	Ordinary Shares
NewRiver Retail CUL No. 1 Limited	UK	Dormant company	100%	Ordinary Shares
NewRiver Retail Holdings Limited	Guernsey	Group holding company	100%	Ordinary Shares
NewRiver Retail Holdings No. 1 Limited	Guernsey	Group holding company	100%	Ordinary Shares
NewRiver Retail Holdings No. 2 Limited	Guernsey	Group holding company	100%	Ordinary Shares
NewRiver Retail Holdings No. 3 Limited	Guernsey	Group holding company	100%	Ordinary Shares
NewRiver Retail Holdings No. 4 Limited	Guernsey	Group holding company	100%	Ordinary Shares
NewRiver Retail Holdings No. 5 Limited	Guernsey	Group holding company	100%	Ordinary Shares
NewRiver Retail Holdings No. 6 Limited	Guernsey	Group holding company	100%	Ordinary Shares
NewRiver Retail Holdings No. 7 Limited	Guernsey	Group holding company	100%	Ordinary Shares
NewRiver Retail Limited	Guernsey	Group holding company	100%	Ordinary Shares
NewRiver Retail Property Unit Trust	Jersey	Real estate investments	100%	Ordinary units
NewRiver Retail Property Unit Trust No. 3	Jersey	Real estate investments	100%	Ordinary units
NewRiver Retail Property Unit Trust No. 4	Jersey	Real estate investments	100%	Ordinary units
Pub REIT Limited	UK	Dormant company	100%	Ordinary Shares
Shopping Centre REIT Limited	UK	Dormant company	100%	Ordinary Shares

The Company's investment in joint venture entities is detailed in note 13. The registered offices of the companies are:
UK – 37 Maddox Street, London, W1S 2PP
Jersey – 13 Castle Street, Jersey JE4 5UT
Guernsey – Old Bank Chambers, La Grande Rue, St Martin's, Guernsey, Channel Islands, GY4 6RT

Reconciliation of the movement in investment in subsidiaries:

	2017 £'000
Opening balance	-
Subsidiary acquired in scheme of arrangement	**526,465**
Impairment of subsidiary due to dividend received	**(111,000)**
Investment in subsidiaries	**415,465**

C. Auditors remuneration

The auditors' remuneration in respect of the Company is disclosed in note 6.

D. Average staff numbers

The average number of staff employed by the Company's subsidiaries was:

	2017	2016
Directors	**7**	7
Asset managers	**21**	15
Support functions	**25**	19
	53	41

The staff costs of the staff employed by the Company's subsidiaries were:

	2017 **£'000**	2016 £'000
Wages and salaries	**6,767**	7,431
Social security costs	**1,815**	1,263
Other pension costs	**125**	102
Staff costs	**8,707**	8,796

The Company itself has no direct employees. The Directors emoluments are disclosed in the remuneration report.

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 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.

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

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

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.

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 Group debt is multiplied by the remaining period to its maturity and the result is divided by total Group debt in issue at the period end.

Weighted average interest rate: Is the Group loan interest and derivative costs pa at the period end, divided by total Group debt in issue at the period end.

Weighted average lease expiry (WALE): Is the average lease term remaining to first break, or expiry, across the portfolio weighted by rental income. This is also disclosed assuming all break clauses are exercised at the earliest date, as stated. Excludes short-term licences and residential leases.

Yield on cost: Passing rents expressed as a percentage of the total development cost of a property.

Yield shift: Is a movement (usually expressed in basis points) in the equivalent yield of a property asset.