CONVENIENCE & COMMUNITY

NEW RIVER

Annual Report and Accounts 2018

NewRiver REIT plc ('NewRiver') is a Premium Listed REIT on the Main Market of the London Stock Exchange and a constituent of the FTSE 250 and EPRA indices.

Founded in 2009, we specialise in buying, managing, developing and recycling convenience-led, community-focused retail and leisure assets.

Our high-quality and conveniently located portfolio provides value for money on essential goods and services to consumers across the UK, and our affordable rents and high footfall locations create desirable and profitable trading opportunities for our occupiers. It is our fundamental belief that affordability for occupiers, and not lease length, means sustainability for our business.

With an experienced management team and proven business model, we have a track record of delivering growing and sustainable cash returns to our shareholders and creating thriving communities across the UK.

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OUR FINANCIAL HIGHLIGHTS

Gross income (proportionally consolidated)

£107.0m

FY17: £106.7m

Funds From Operations

£60.3m

FY17: £58.2m

FFO per share

21.2p

FY17: 24.9p

Ordinary dividend per share

21.0p

FY17: 20.0p

Portfolio valuation

£1.2bn

FY17: £1.1bn

IFRS net assets

£892.4m

FY17: £684.5m

WE ARE SPECIALISTS IN

CONVENIENCE & COMMUNITY

RETAIL AND LEISURE ASSETS

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WE ARE POSITIONED IN

SUSTAINABLE

SUB-SECTORS

p6

WE MEET THE NEEDS OF UK

CONSUMERS

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WE HAVE A WELL

DIVERSIFIED

PORTFOLIO

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WE HAVE THE FINANCIAL

CAPACITY

TO GROW

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WE ARE INVESTED AT THE

HEART

OF COMMUNITIES

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WE ARE SPECIALISTS IN CONVENIENCE RETAIL AND LEISURE ASSETS

Our retail and leisure assets are conveniently located in the heart of communities across the UK. The consumer spend at our assets typically involves instant fulfilment on low value essential items or a face-to-face service, so is defensive in nature as well as being inherently resilient to the growth of online retailing.

Convenience spend

- Requires instant fulfilment and is often essential in nature
- Is low value, high frequency with a low dwell time
- Increasingly involves fulfilment of an online order through click & collect, an area of the retail market which is forecast to grow by 56% in the next five years*
- Occupiers commonly include grocery, discounter, value clothing, coffee, grab & go food, retail banks, health & beauty, budget gym

Convenience location

- Assets are usually located near to where shoppers work or live or between the two (e.g. edge of town retail park)
- Assets are easily accessible and typically offer free parking in close proximity

Convenience asset classification

- Shopping centres, convenience stores, retail parks

* Source: GlobalData (January 2018), Retail Market Growth Forecast 2017 – 2022e

&COMMUNITY

Our assets either display both convenience and community characteristics (shopping centres and convenience stores) or strongly display one (convenience – retail parks) or the other (community – pubs).

Community spend

- Is often linked to a service and requires a face to face interaction
- Tends to be complementary to convenience spend, and a trip to an asset such as a shopping centre (or a pub with adjacent c-store) will often include a mix of convenience and community spend
- Community services include, civic amenities such as GP surgery, dentists, libraries and town halls. Also services that cannot be provided online, such as opticians, hairdressers, nail bars, laundrettes, cobblers, post offices, coffee shops and pubs.

Community location

- In the heart of the community, walking distance from residential neighbourhoods
- Adjacent to public transport links and civic services

Community asset classification

- Shopping centres, convenience stores, pubs

OUR DIVERSIFIED PORTFOLIO

Since the Company was founded in 2009 we have hand-picked a high quality and geographically diversified portfolio of assets spread across the UK, comprising shopping centres, retail parks, convenience stores and pubs. Our assets cater for the day-to-day needs of consumers, occupiers and communities.

Our retail portfolio

Invested in over 60 towns across the UK

- 33 Shopping centres

  Acquired remaining 50% share in four community shopping centres for £59.4m

  Exchanged conditional contracts for pre-sale of entire residential element of Burgess Hill regeneration

  Obtained planning consent for 236,000 sq ft mixed use development scheme in Cowley, Oxford

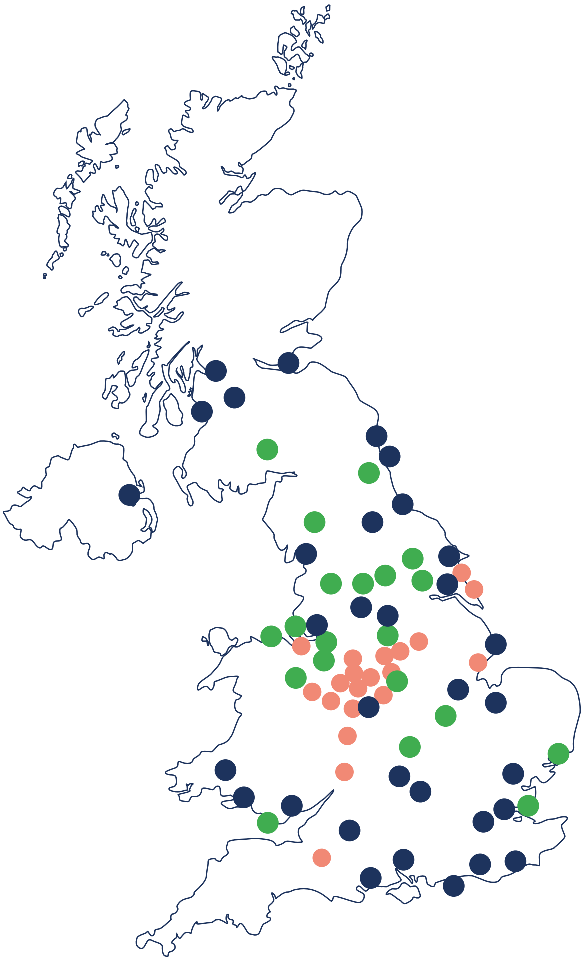
- 20 Retail parks (2 development sites)

  Acquired two retail parks for £26.5m

  On-site at 62,000 sq ft Canvey Island Retail Park development

- 20 Convenience stores

  10 further c-stores delivered to Co-op triggered £1.5m performance receipts

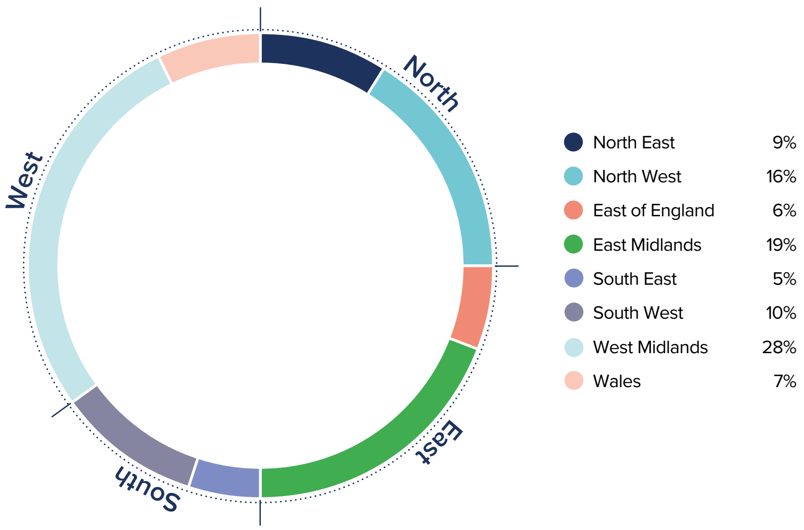


Our community pub portfolio

331 pubs throughout the UK

11%
Net initial yield at 31 March 18

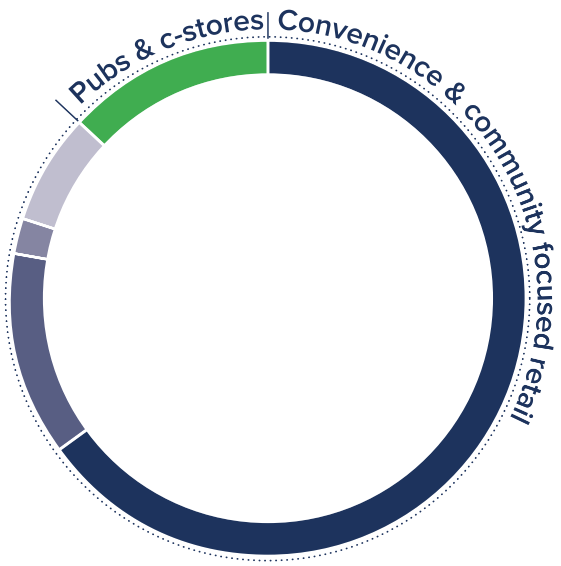
£1.1m
of Capex spent on 55 pubs during the year



Well positioned portfolio

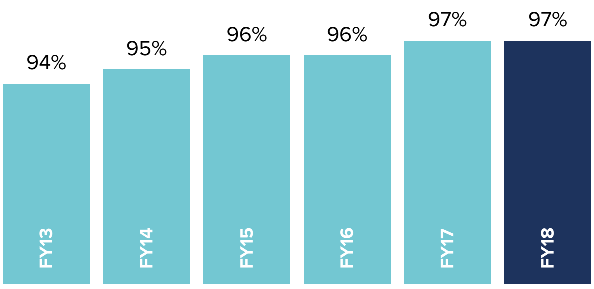
£1.2 billion

(FY17: £1.1 billion)



Shopping centres	65%
Retail parks	13%
High street (Big Boxes)	2%
Development	7%
Pubs & convenience stores	13%

Consistently high retail occupancy



Affordable retail rents (per square ft)

£12.36

Resilient shopping centre footfall

146m

Well diversified income

Top 10 occupiers (% Total rent roll)

2.2%

2.1%

1.9%

1.8%

1.7%

1.5%

1.5%

1.5%

1.4%

1.4%

WE ARE POSITIONED IN SUSTAI SUB-SECTORS

Our £1.2 billion convenience & community focused portfolio has been hand-picked over the last nine years and so is deliberately positioned in the most sustainable sub-sectors of the UK retail market, with grocery, convenience stores, value clothing, health & beauty and discounters forming the core of our portfolio. Typically our occupiers operate a high volume and low value business model, and so they are inherently resilient to the growth of online retailing.

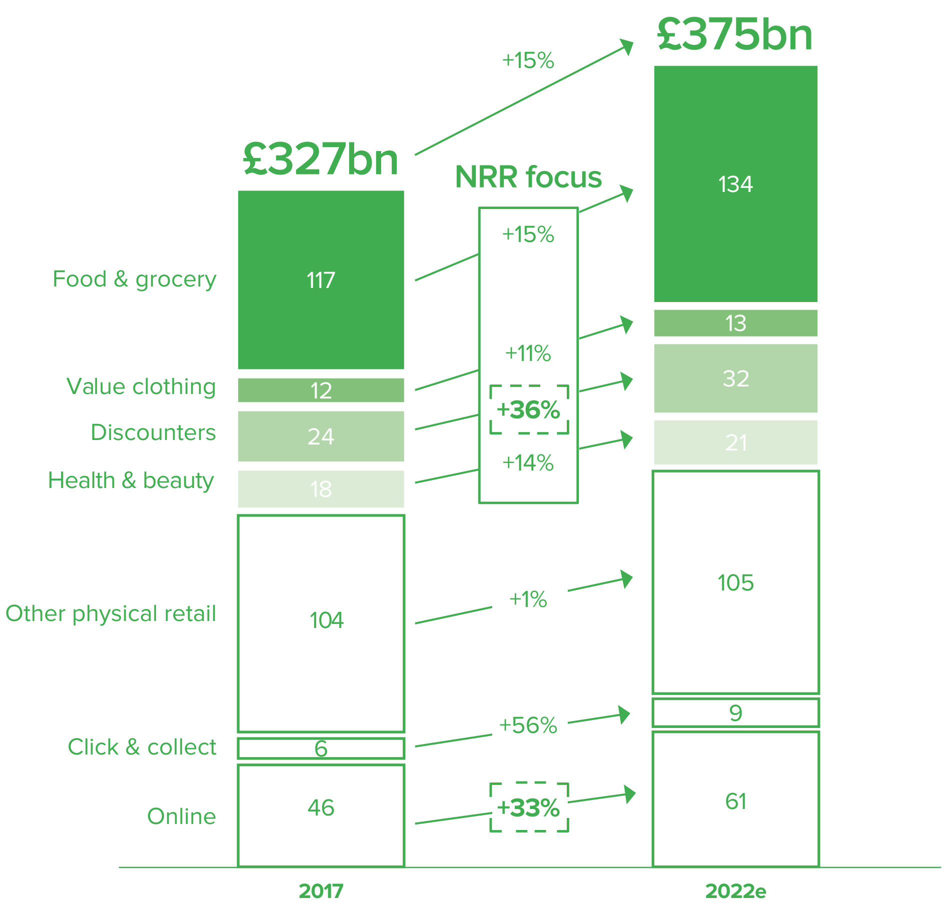
In fact, the discount sector*, to which we have a material weighting, is forecast to grow by 36% over the next five years** driven by the shift in consumer behaviour towards value for money and frequent spend on everyday essential items. This is ahead of the 33%** expected growth in online over the same period. The online growth rate excludes click & collect, which is forecast to increase by 56%**, and which we believe will benefit NewRiver given our retail park portfolio and convenient locations.

Importantly, we have limited exposure to retail sub-sectors which we see as structurally challenged due to changing consumer shopping habits and the growth of online. These include mid-market fashion (3.1% of our total income) and department stores (just 0.1% of our total income).

* For example: B&M, Home Bargains, Poundland, Lidl, Aldi

** Source: GlobalData (January 2018), Retail Market Growth Forecast 2017 – 2022e

We are focused on growing retail sub-sectors, including discounters which are forecast to grow by more than online retail over the next five years**



WELL POSITIONED FOR CONTINUED GROWTH

I am pleased to report NewRiver REIT's financial results for the year ending 31 March 2018.

Our first full year of operation as a FTSE 250 company demonstrated the strength of our business model in a challenging environment for UK real estate. Our convenience-led, community-focused portfolio of assets delivered strong relative performance in what was, in aggregate, a difficult 12 months for the consumer and some UK retailers. In particular, our focus on value-led retailers, paying affordable rents and providing their customers with essential items such as clothing and groceries, provided us with some insulation from the decline seen in UK consumer confidence over the year.

Funds from operations (FFO) grew by 4% to £60.3 million (FY17: £58.2 million), with IFRS Profit after taxation increasing by 26% to £45.7 million (FY17: £36.2 million). FFO per share decreased to 21.2 pence (FY17: 24.9 pence) mainly because the Company has not yet fully deployed the equity raised in July 2017. The Company increased its fully covered ordinary dividend for the year by 5% to 21.0 pence (FY17: 20.0 pence).

Footfall across the NewRiver shopping centre portfolio decreased by 0.9% compared to an overall fall in the benchmark of 2.2%. Occupancy was resilient at 97% and average retail rents remained affordable for retailers, at £12.36 per sq ft.

NewRiver continued to be active in both equity and debt capital markets over the reporting period, raising £1 billion in total. We raised gross proceeds of £225 million through the equity share issue mentioned above. The issue was highly successful and oversubscribed, with pricing at a 14.7% premium to March 2017 EPRA net asset value. We also refinanced our secured debt during the year through £730 million of new, unsecured credit facilities and a maiden issue of investment grade corporate bonds. Together these transactions mean that NewRiver has a stronger balance sheet, combining lower financing costs with a longer debt maturity. This will provide the Company with enhanced capacity and agility to pursue attractive investment opportunities when they arise.

As previously announced, Allan Lockhart, co-founder of NewRiver, became Chief Executive on 1 May 2018, succeeding David Lockhart. David has been appointed Executive Deputy Chairman and will remain on the Board, thus ensuring a smooth leadership transition and continuing to give us the benefit of his vast knowledge and expertise. On behalf of the Company, I thank David for his dedication, leadership and outstanding contribution to the business he co-founded nine years ago. I congratulate Allan on his richly deserved appointment as he, together with the management team, take the Company forward in this next exciting phase of its development. I will reach the ninth anniversary of my appointment as Chairman in July 2019, and therefore, in line with the UK Corporate Governance Code, it is not my intention to stand for re-election at the 2019 Annual General Meeting. A formal search process to appoint my successor is already underway.

NewRiver's portfolio is well let to a diverse, high quality group of occupiers, but our share price is not immune to the more general negative sentiment towards the retail sector. Our prospects are strong – we have one of the most highly regarded management teams in the real estate sector and a carefully assembled and highly cash generative portfolio of retail and leisure assets which delivers attractive quarterly dividends. We have an identified pipeline of acquisition opportunities to execute in the near-term with the cash resources available to us. These factors, along with our inbuilt risk-controlled development pipeline and strong balance sheet, give us confidence in our future prospects. Ultimately if our share price undervalues those prospects the Board can also use the existing share purchase authority as part of a sound capital management programme.

On behalf of the Board, I would again like to thank all of NewRiver's executive management and employees, whose effort, enthusiasm and entrepreneurial flair helped to deliver another strong performance by the Company. Finally, I am grateful to our advisers and shareholders for their continuing support.

Paul Roy
Non-Executive Chairman

23 May 2018

DELIVERING GROWING CASH RETURNS & THRIVING COMMUNITIES

Our focus

We are an income focused convenience and community retail and leisure specialist. We invest in communities across the UK through our portfolio of community shopping centres, community pubs, convenience stores and retail parks.

We have always recognised the importance of income returns as the driver of total returns, as demonstrated by our progressive dividend track record. We aim to create thriving communities and deliver growing cash returns to our shareholders.

Our resilient portfolio

Our portfolio is focused on sustainable retail sub-sectors

Over 70% of our income is convenience and community in nature, providing value for money to UK consumers on essential good and services. The nature of the spend at our assets typically involves instant fulfilment on low value essential items or a face to face service and so is defensive in nature as well as being inherently resilient to the growth of online retailing.

What makes us different

Our portfolio

SEE MORE ON PAGE 4

Our key relationships

SEE MORE ON PAGE 16

Our strategic priorities

SEE OUR STRATEGY ON PAGE 24

SEE OUR PROPERTY REVIEW ON PAGE 32

Our contribution

To our investors

Growing & sustainable cash returns

Ordinary dividend

21.0p (+5%)

Total accounting return

8.1%

To our occupiers

Profitable trading opportunities through affordable rents and resilient footfall

Total occupational costs

<£25 per sq ft

Shopping centre footfall

+130bps

Vs UK benchmark

To our communities

Thriving town centres and communities

Retail occupancy

97%

Risk-controlled development pipeline

1.0 million sq ft

of valuable planning consents achieved

SEE OUR FINANCIAL REVIEW ON PAGE 56

SEE OUR ESG STORY ON PAGE 69

Our people

SEE MORE ON PAGE 68

Our approach to risk

SEE MORE ON PAGE 74

OUR PORTFOLIO IS RESILIENT

Changes in retailing

Over the last 40 years consumer spending on a basket of essential goods of housing, transport, utilities, education and health has come to represent an ever-larger percentage of household income, squeezing consumer budgets. Retailers, facing increasing cost pressures in areas such as staff costs, sourcing, supply chain and infrastructure have been constrained from passing on these costs by intense competition.

Technological advancements

Advancements in technology mean consumers are better informed than ever before and the rise of e-commerce has resulted in an increase in retail competition, particularly from new online-only entrants. Retailers, constrained by this increasingly competitive marketplace face significant challenges attracting consumers to their stores.

Changes in demographics

As the average age of the UK consumer increases, how they live, work and consume continues to evolve. The time consumers have available to fulfil their retail requirements and their expectations of physical retailing in a digital age continues to change.

Population urbanisation

Changes in the way people live and work over the past 30 years have caused an increase in the percentage of the population living in urban areas. Towns have expanded to meet the needs of a rising population and a shortage of housing.

Environmental and social impact of retail property

The real estate sector is estimated to contribute 36% of global greenhouse gas emissions and businesses and consumers are increasingly aware of the need to be responsible and minimise their environmental impact.

How we are responding

Our focus on affordable rents in centres with robust footfall provides a profitable trading environment for our retailers. Our proactive approach to occupational cost management will ensure that our centres remain attractive in future.

£12.36

per sq ft average retail rent in our portfolio

We focus on discount and value led retail which is intrinsically resilient to the growth of e-commerce and forecast to grow by 36% over the next five years. Our shopping centres provide consumers with convenient access to essential goods and services with over 70% of our retail income derived from the discount and value subsectors.

+36%

expected growth in discounters over the next 5 years

Our conveniently located shopping centres and retail parks provide easily accessible locations. Our shopping centres are well lit and well maintained, and typically located near local transport terminals. At our retail parks our less mobile customers appreciate the free convenient car parking.

24%

estimated population of UK over 65 by 2041

Our portfolio presents us with a variety of flexible asset management options, supported by our low capital value per square foot. Our risk-controlled development pipeline includes 1.1 million sq ft of residential space in areas above or adjacent to our assets. This type of development meets the objectives of national planning policies by providing residents with housing in the heart of local communities.

1.1m sq ft

of residential included within our 1.9m sq ft risk-controlled development pipeline

We are committed to minimising our impact on the environment without compromising operational efficiency and since 2009 we have made significant strides incorporating ESG into our strategy, risk management and governance process. This year we have taken another important step forward, publishing a standalone ESG report for the first time. Through positive engagement with our local communities we aim to foster thriving locations, maximising returns through stakeholder engagement.

6%

reduction in GHG emissions & electricity consumption in FY18

WE MEET THE NEEDS OF UK CONSU

To us, our customers are not only our valued retail and leisure occupiers, but the consumers that visit our assets every week. By understanding who our consumers are, what they need and how they behave, we can create attractive spaces for shoppers where retail and leisure operators trade profitably.

Understanding our customers

Through our relationship with CACI, an industry-leading consumer research provider, we track key customer trends across our portfolio and the wider market, on both a national and local level. As part of this, we conduct regular in-depth consumer surveys across our portfolio. The most recent of these, conducted in May 2017, surveyed our entire shopping centre portfolio and over 12,000 individual respondents. It provided us with quantitative insights into consumer dwell time, frequency of visits and average retail spend as well as valuable qualitative feedback from customers.

New mum Kate is picking up dinner for her family in M&S

Amanda picks up her granddaughter Molly from school so that her daughter can work later

Mary hand-picks her groceries on Mondays, when the shops are less busy

Local students Frankie and Jamie visit the centre gym then pick up healthy meals from the Co-op for dinner

£26
average spend per visit*

13 min
drive time*

* Source: NewRiver CACI Consumer Surveys 2017

In addition, across our shopping centre portfolio our centre managers engage on a daily basis with occupiers and customers. Through this they provide timely data such as occupier sales performance, footfall and car park usage, and are able to gather customer feedback and suggestions on our shopping centre environments and facilities.

Putting our research into action

The information we collect enables better decision making throughout the operation of our business model, providing better outcomes for all stakeholders. For example, data on local demographics and consumer spending allows us to assess the merits of acquisition opportunities, while customer feedback on retail and leisure provision, and centre facilities inform our active asset management decisions and risk-controlled development pipeline.

Anna always gets her batteries from B&M to ensure the best value for money

Terry pops to the centre once a week for his prescription and everyday health products from Boots

Louise pops to the centre with her daughter at the weekend

Michael and Zanni pop to Poundland for their daily essentials

81 visits
per year*

41 mins
dwell time*

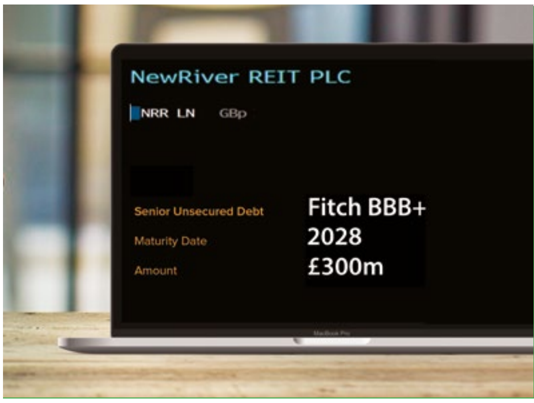
BUILDING LASTING RELATIONSHIPS

RETAILERS AND LEISURE OPERATORS

As an active asset owner we work with our occupiers to help meet the everyday needs of customers

COUNCILS AND COMMUNITIES

We work with councils and local stakeholders to create sustainable and thriving communities



LENDERS

Our banks and bond holders provide us with the funding to grow and efficiently execute our strategy

SHAREHOLDERS

As owners of the business, our shareholders provide the support for us to realise our strategy

We count hundreds of high-quality businesses as occupiers across our assets, and we support them daily by providing attractive environments with robust footfall and affordable rents. We engage with occupiers early in our asset management and development initiatives to provide the best spaces to meet their needs and ambitions.

Our centre managers work daily with occupiers at a local level, while our asset management team conducts regular meetings with national retailers and leisure operators to help us continually improve as property owners.

>200

meetings with retailers in FY18

As owners of community assets located in the heart of towns across the UK, councils and other local groups are key stakeholders for us. In FY18, we engaged with 51 county and town councils across the UK at every phase in our asset ownership.

During the disciplined acquisition, active asset management and risk-controlled development phases, we work with councils and other local groups to determine their needs and aspirations for the community, and to address any suggestions or concerns. Similarly, when recycling assets we engage with local stakeholders to ensure an orderly handover that benefits the community.

51

county and town councils worked with in FY18

During the year we raised £730 million of debt financing, comprising £430 million of new unsecured bank facilities and our debut £300 million sterling denominated corporate bond which was assigned an investment grade BBB+ rating by Fitch Ratings. Through these actions, we have transitioned to a fully unsecured balance sheet.

The success of this activity, in difficult market conditions, underscores the strength of our relationships with lenders, and we will continue to work closely with our new and existing debt holders as we execute our strategy.

£730m

of new debt financing in FY18

We pride ourselves on maintaining an open and continuous dialogue with our investors through an active programme of meetings, presentations and site visits through the year. The Chief Executive, Chief Financial Officer and the Head of Investor Relations are the Company's principal spokespersons with institutional investors, with our asset managers also meeting investors where required. The Chairman and Senior Independent Director are available to meet with shareholders to discuss governance and other matters.

In 2018 we conducted another extensive programme of shareholder engagement, holding 130 meetings with 172 individual institutional investors.

172

investors met in FY18

WELL POSITIONED IN A CHANGING MARKET

This has been another year of growth for NewRiver, in which our convenience & community focused business model has continued to show resilience in the face of challenging headwinds affecting the wider UK retail sector.

Furthermore, the foundations we have put in place through our actions in the equity and debt capital markets, the capacity we have for further growth and the continued focus we have on the most sustainable, and in some cases fastest growing segments of the UK retail market mean that we feel well positioned looking forward.

Market backdrop

For UK retailers, the past year has been one of the most challenging in recent memory, with limited real wage growth and low consumer confidence reducing spending at a time when retailers are under pressure from rising cost bases. Intense competition and the growth of online retailing, which, according to data from the GlobalData, now accounts for 16% of total retail spend in the UK, has given consumers complete price transparency and limited the ability of retailers to increase prices, which has in turn reduced retailer margins. In summary, consumers have less money to spend and are increasingly focused on value for money.

Against this background, the UK retail market has seen a number of high-profile retail failures in the first few months of 2018. While there have been some early signs of improvement in the consumer backdrop, in particular a return to modest real wage growth, it is likely that the environment will remain difficult for retailers for the foreseeable future. What is unlikely to change is the UK consumer's increasing focus on convenience & value for money, and NewRiver's portfolio is well positioned to benefit from this trend.

The mixed fortunes of retailers have inevitably had a negative impact on investor sentiment towards the retail real estate market, with retail failures and store estate rationalisation programmes leading to excess capacity in some parts of the market. This has meant that, in some instances, lease negotiations have become more protracted.

In this context, the retail property market has seen a continued trend of polarisation, with the 'squeezed middle' – shopping centres which are typically single department store anchored with a high proportion of mid-market fashion retailers – bearing the brunt of retail market headwinds. Performance from both the experience-driven and discretionary-focused super-regional centres and the convenience-led community shopping centres has been resilient, with the latter being our core focus area.

Financial performance

Our Funds from Operations ('FFO') were up 4% to £60.3 million, with all aspects of our business model, from disciplined stock selection through to profitable capital recycling, making a positive contribution in the year. IFRS Profit after tax was £45.7 million, increased from £36.2 million in FY17 predominantly due to profits realised on the disposal of investment properties and the revaluation of derivatives. The Board has approved a final quarterly dividend of 5.25 pence per share, resulting in an ordinary dividend for the year of 21.0 pence per share, up 5% compared to the previous year. We are especially pleased to report a fully covered dividend, given we issued 67 million new shares in July 2017 and we still have significant firepower to deploy. We deliberately maintained our capital discipline during the year because we are forecasting better buying opportunities in the new financial year, which we are well placed to take advantage of.

Looking ahead, our Q1 FY19 dividend of 5.4 pence per share, an increase of 3% on Q1 FY18, reflects our continued focus on distributing growing cash returns to our shareholders, the strength of our underlying cash flows and our well-advanced acquisition pipeline.

IFRS net assets increased from £684.5 million at 31 March 2017 to £892.4 million, predominantly due to our £225 million equity raise. Our EPRA Net Asset Value ('NAV') per share was 292 pence at the year

end, in line with the position at 31 March 2017 but slightly lower than the position at the half year due to a 1.3% reduction in capital values in the second half of the financial year, reflecting negative sentiment towards the UK retail sector. Our portfolio valuation now stands at £1.2 billion, from £1.1 billion at 31 March 2017, due primarily to acquisition activity in the period. We remain focused on delivering growing and sustainable cash returns to our shareholders, with our total accounting return of 8.1% being entirely income driven.

It was a transformational year for NewRiver in the debt and equity capital markets, during which we raised £1 billion on accretive terms. In July 2017 we successfully raised £225 million of equity at a 14.7% premium to March 2017 EPRA NAV. The equity raise gave us the capacity to grow, but importantly also the scale we required to complete our long-held ambition to move from a secured to an unsecured debt structure, which meant that we ended the year with an unencumbered balance sheet having raised £730 million of unsecured financing. This included £430 million of new unsecured bank facilities, which we raised in August 2017, and our debut £300 million sterling-denominated corporate bond which was assigned an investment grade rating by Fitch Ratings. These actions mean that we have diversified our sources of funding, increased operational flexibility, increased debt maturity to 7.9 years and reduced our cost of debt to 3.1% - this is a fantastic achievement, especially given the market backdrop. With an LTV of 28% at 31 March 2018, safely within our stated guidance of less than 40%, and interest cover of 4.7x, we have capacity to grow through disciplined stock selection and our inbuilt risk-controlled development pipeline.

Operational performance

During the year we completed £147.1 million of acquisitions, at an average initial yield of 7.6%. In July 2017 we acquired the remaining 50% share in the BRAVO joint ventures for a cash consideration of £59.4 million, which gave us control over four community shopping centres in Belfast, Glasgow, Hastings and Middlesbrough with a gross asset value of £240million. Having been responsible for the day to day management of these assets since they were purchased by the joint venture in 2013 and 2014, we are well aware of the accretive asset management opportunities still to come. It is worth reflecting that since the joint ventures with BRAVO were first established in 2012, we have generated £3.9 million in asset management and £7.9 million in performance receipts, and we continue to enjoy a strong relationship with the manager of the BRAVO fund.

In February 2018 we acquired two retail parks, in Dewsbury and Cardiff, from an institution and a receiver respectively, for combined consideration of £26.5 million, representing a blended initial yield of 8.9%. Both retail parks have good occupier demand and present us with the opportunity to add value through a variety of identified active asset management initiatives.

Across our retail portfolio we continued to see strong operational metrics. Occupancy was sustained at 97% over the year, reflecting the compelling nature of our convenience-led, community-focused portfolio to occupiers. Our footfall was broadly stable, declining marginally by 0.9% over the year but outperforming the national benchmark by 130 bps, demonstrating the resilient nature of the spend at our centres. The combination of our robust footfall, high occupancy, affordable average rents of just £12.36 per sq ft and a retention rate of 95% at lease break or expiry indicates to us that retailers are trading profitably at our assets, underpinning the sustainability of our income. We achieved like-for-like net rental income growth of 0.9% during the year, reflecting the impact of our completed active asset management initiatives across our retail portfolio.

Our highly active approach to asset management resulted in the completion of 985,600 sq ft new lettings and renewals, with long term deals completed on terms 1.3% ahead of ERV. As already mentioned, the number of Company Voluntary Arrangements ('CVA's) and administrations filed by over indebted retailers and restaurant operators since the start of 2018 clearly demonstrate that the occupational market is under pressure. As owners of retail property, we are not immune to this pressure, but with our clear focus on those growing sub-sectors providing shoppers with value for money on essential items, and a deliberately

OUR INVESTMENT CASE

1

We are market leading specialists

- Our experienced management team specialises in buying, managing, developing and recycling convenience-led, community-focused retail & leisure assets
- Our core markets are community shopping centres, community pubs and conveniently located retail parks
- Our £1.2bn portfolio was acquired at an average purchase yield of 8.5%, and is currently valued at a net initial yield of 7.2%

2

Our assets are an integral part of the communities they serve

- They are well located in the heart of communities, providing the appropriate mix of retail, leisure and civic services
- They meet the day to day needs of local communities, with our occupiers typically focused on providing value for money to visitors on day to day essential goods and services
- We have an exciting 1.9m sq ft risk-controlled development pipeline, focused on exploiting the untapped residential potential in the airspace above and on sites adjacent to our well located assets

3

Our income streams are sustainable and our portfolio is internet resilient

- Our rents are affordable for retailers and we have a well diversified income stream with our largest occupier accounting for just 2.2% of total rent roll
- Our retail occupancy is currently 97%, and has been above 94% since the company was founded in 2009
- The retailers trading in our portfolio typically operate low transaction value, high volume business models, and so are inherently resilient to the growth of online retail

4

We are focused on delivering a growing dividend to shareholders

- We have a proven track record of delivering a growing dividend to our shareholders, which we pay on a quarterly basis
- We have a market leading dividend yield of over 7%, and delivering a fully covered dividend is one of our core financial policies

5

Our platform is scalable and our balance sheet is well positioned to deliver growth

- We have a fully unencumbered balance sheet, with an unexpired debt maturity of 7.9 years and an average cost of 3.1%
- With LTV currently at 28%, and opportunities across our core markets, we are well placed to continue to grow the business

minimal exposure to structurally challenged sectors such as department stores, mid-market fashion and casual dining, we feel well positioned. As a result of this, and because of the highly diversified nature of our rental income stream, we estimate that just £0.9 million, less than 1% of our total rent roll for the coming year, is currently at risk from retailers who have already entered CVAs or administrations. The two new leases agreed with Primark during the year on units vacated by BHS following its administration in July 2016 demonstrate our active approach to asset management and are good examples of how a retailer administration gave us the opportunity to enhance our occupier line-up.

We continued to apply our active asset management approach to the 331 community pubs in our portfolio over the year. Our pubs are an attractive source of returns for us, providing us with a sustainable income stream, strong relative returns and profitable risk-controlled development opportunities. In December 2017 our four-year leaseback agreement with Marston's PLC came to an end and during the year we completed the transfer of the management of all the pubs in the Trent portfolio from Marston's, which means that we are now in the position to expand our targeted capital investment programme across the entire pub portfolio. We invested £1.1 million into such projects during the year, completing 55 individual projects. We have continued to make selective and profitable disposals from our pub portfolio, selling a further 11 pubs and five parcels of land adjacent to pubs for £3.7 million in the period representing a 7% premium to March 2017 valuation.

We made good progress on our 1.9 million sq ft risk-controlled development pipeline during the year. The convenience store development programme within our pub portfolio continued to progress, and we handed over a further 10 convenience stores ('c-stores') to the Co-operative ('Co-op') in the period, bringing the total number delivered so far to 20, of which 13 utilised surplus land adjacent to existing pubs, three were pub conversions and four were new builds on sites previously occupied by pubs. These c-stores are all leased on 15-year agreements with RPI uplifts, providing a very valuable income stream from land acquired at effectively nil cost. In addition, the delivery of our 15th store to the Co-op triggered our first performance receipt under the agreement, and in total we recognised £1.5 million of performance receipts in the year.

In our retail portfolio, we recently started on site at our 62,000 sq ft Canvey Island Retail Park development, having successfully de-risked the project by pre-letting 75% to a range of occupiers including M&S Foodhall, Costa, B&M and Sports Direct. In July 2017 we exchanged conditional contracts on the pre-sale of the entire residential element of the 465,000 sq ft mixed-use regeneration of Burgess Hill town centre. During the year we completed works to relocate Iceland out of our shopping centre and into another unit we own close by, recently vacated by Store Twenty One, to facilitate the development. We are on track to begin the first phase of demolition works in mid-2018.

In July 2017 Oxford City Council approved our plans for our 236,000 sq ft mixed-use development to regenerate Templars Square Shopping Centre, including the provision of 226 residential units. We are now working with Oxford County Council to move the project on to the next stage.

Most recently, in March 2018 we were appointed by Basingstoke and Deane Borough Council (the 'Council') as its nominated developer to bring forward the redevelopment of a 66-acre leisure park in Basingstoke, which based on current proposals, will comprise approximately 200,000 sq ft of designer outlet shopping and approximately 500,000 sq ft of leisure. The agreement is conditional on achieving planning consent and pre-lets as well as a viability assessment, but in the event that the development becomes unconditional, the Council will grant NewRiver a 250-year leasehold interest over the site, which is located in one of the UK's most affluent regions. This is a long-term opportunity, with onsite works estimated to commence in 2023, but in signing the development agreement we have reached the first major milestone in the project.

Opportunities in a changing environment

The retail market continues to change and as specialist active asset managers we have identified a number of short-term and long-term areas of focus to ensure that we will continue to deliver growing and sustainable cash returns to our shareholders.

Our short-term actions are incremental in nature, and centred around achieving cost efficiencies for our occupiers to reduce occupational costs and support rents, and enhancing the sustainability of our income stream. Cost saving initiatives to reduce occupational costs for our occupiers which are already underway include seeking significant reductions in our marketing and service charge budgets, as well as investing in technology to reduce our car park operating budgets. In addition to these cost savings, we will extract maximum value from our risk-controlled development pipeline, either through progressing projects to completion (e.g. Canvey Island Retail Park) or crystallising value generated through obtaining planning consent (e.g. residential opportunity in Stamford).

The following are examples of our longer-term actions which aim to take advantage of changes in consumer behaviour and other market trends:

- **Asset management platform**

As experienced and specialist active asset managers, we have established a market leading platform which we believe has significant unrealised value. Historically, we have generated asset management and performance receipts from our joint venture partners, as most recently seen with the BRAVO joint ventures, and we believe our platform can be applied to community shopping centres held by third parties, who would be able to benefit from our experience, scale and relationships with retailers, as well as providing the assurance of partnering with a publicly listed company with the highest standards of governance. This opportunity is especially relevant given the number of community shopping centres acquired by local authorities in recent years, and would generate an untapped annuity stream with limited incremental investment.

- **Additional uses**

We are committed to extracting maximum value from our existing portfolio, and we have already demonstrated the potential for the provision of residential accommodation above and adjacent to our assets, through the 1.1 million sq ft of opportunities included within our risk-controlled development pipeline. We are focused on giving consumers more reasons to visit our assets and we believe that there is potential to introduce additional uses such as primary health care provision and co-working space. Over the next year we will invest time in understanding in more detail the model of primary healthcare providers and will explore ways in which we can work more closely with specialist partners to deliver these services. In addition to civic services, there is a growing market for flexible office space, reflecting changes in how people work and live. Our assets are ideally placed to take advantage of this and could provide temporary or permanent office space in vacant units and excess management suites. In the next year we will analyse the level of demand for these uses and the feasibility of offering space for this use.

A TIMELINE OF OUR KEY ACTIVITIES

Raised £225m of equity at 15% premium to EPRA NAV
July 2017

Acquired remaining BRAVO units for £59.4m
July 2017

Pre-sale of Burgess Hill residential units for £34m
July 2017

Planning consent obtained for a 236,000 sq ft mixed-use development in Cowley, Oxford
July 2017

£430m unsecured debt raised
Aug 2017

- **Evolution of click & collect**

Our assets are in highly accessible locations, with an average travel time for shoppers of only 13 minutes, with ample and affordable car parking provision and the ability to accommodate articulated lorries. According to GlobalData, click & collect is forecast to grow by 56% over the next 5 years, and many of our assets are well placed to benefit from this trend. In fact, we already see a number of our occupiers using their physical stores for this purpose, and some online retailers such as Amazon using our centres to provide lockers for collection of online orders. In the next year, we will review in detail how click & collect and retailer distribution models could evolve, and ways in which we can work with our retailers to reduce the cost of the last mile of distribution.

Outlook

In our view, the headwinds experienced by the retail market in recent months will continue, and it is likely that in the near-term there will be further retailer consolidation, particularly in the department store, mid-market fashion and casual dining sub-sectors of the market. We have deliberately limited our exposure to these sub-sectors, which are under significant structural pressure due to changing consumer habits. Retail real estate capital values too will remain under pressure, reflecting the impact of further CVAs and negative sentiment towards the sector.

Having handpicked our convenience-led, community-focused portfolio over the last nine years, we feel well positioned because we are focused on growing and sustainable retail sub sectors. Our occupiers provide consumers with value for money on essential goods and services, and the sustainability of our cash income streams is underpinned by affordable rents and robust footfall.

In addition, we have a high quality and experienced management team, and an identified programme of short-term and long-term opportunities to extract greater value from our portfolio, as well as a risk-controlled development pipeline which we are now delivering. Our now fully unencumbered balance sheet provides us with the flexibility to exploit acquisition opportunities as they arise, and we remain focused on delivering growing cash returns to our shareholders.

Allan Lockhart
Chief Executive

23 May 2018

15th c-store delivered to Co-op, triggering performance receipts of £1.5m

Jan 2018

Acquisition of two retail parks for £26.5m at a blended net initial yield of 8.9%

Feb 2018

Issued £300m debut corporate bond (BBB+ rated by Fitch Ratings)

Mar 2018

Development agreement signed on 66 acre development opportunity in Basingstoke

Mar 2018

OUR AIM IS TO CREATE SECURE, SUSTAINABLE AND GROWING CASH RETURNS

At the core of our strategy is delivering superior returns to our shareholders. Our strategic priorities, underpinned by significant market expertise, enable us to deliver these returns through economic cycles.

Strategic priority	1 Disciplined stock selection	2 Active asset management
What we do	We target high yielding assets with low risk characteristics. We take a disciplined approach, and our significant market experience means we are able to price risk appropriately and so buy assets at the right prices	We enhance and protect income returns through our asset management initiatives. We have an active and hands-on approach utilising our in-house expertise, a deep understanding of our market and strong relationships with our occupiers. This means we are able to deliver the right space in the right locations on terms mutually beneficial to all stakeholders
Progress in 2018	• Completed £147.1 million of acquisitions in five separate transactions, at an average equivalent yield of 7.7% • In July 2017, acquired remaining 50% share in BRAVO JVs for £59.4 million, allowing us to gain control over four shopping centres in Belfast, Hastings, Middlesbrough and Glasgow • In February 2018, acquired two retail parks, in Dewsbury and Cardiff, for combined consideration of £26.5 million, both with compelling asset management opportunities	• Completed 985,600 sq ft of new lettings and renewals across our retail portfolio, with long-term deals secured at on average 1.3% ahead of March 2017 ERV • Signed leasing deals with Primark for two 40,000 sq ft units in Belfast and Hastings which had been vacated by BHS following its administration • Completed repositioning of the 55,300 sq ft Coalville Retail Park in Leicestershire, increasing weighted average lease length by 9.0 years to 11.2, net income by 17% and valuation by 10%
Priorities for 2019	• Remain active in the investment market and continue to target high yielding assets with low risk characteristics • Continue the disciplined deployment of proceeds from our July 2017 equity raise	• Continue asset management initiatives across portfolio • Sustain high level of retail occupancy • Maintain affordable rents for occupiers to ensure sustainability of cash income
KPIs	• Annualised rent roll • Funds From Operations • Total Accounting Return • Total Property Return	• Annualised rent roll • GRESB score • Retail occupancy • Total Accounting Return • Total Property Return • Funds From Operations

3

Risk-controlled development

We create income and capital growth from within our portfolio through our risk-controlled development pipeline. We are able to create value using our in-house expertise to obtain planning consents, which we then choose to either develop ourselves or crystallise profit through disposal. Our risk-controlled approach means that we will not commit to developments without securing significant pre-lets or pre-sales

- Risk-controlled development pipeline totals 1.9 million sq ft
- Began on-site works at our 62,000 sq ft Canvey Island Retail Park development; practical completion scheduled for early 2019
- Exchanged contracts on residential element of our 465,000 sq ft mixed-use regeneration of Burgess Hill town centre
- Progressed convenience store development programme in our pub portfolio, handing over a further 10 stores to the Co-op to bring our total so far to 20
- Appointed nominated developer for redevelopment of 66 acre leisure park in Basingstoke

- Deliver seven further c-stores to the Co-op
- Complete the Canvey Island Retail Park development
- Commence on-site works at our 465,000 sq ft mixed use development in Burgess Hill

- Annualised rent roll
- GRESB score
- Total Accounting Return
- Total Property Return
- Funds From Operations
- Retail occupancy

4

Profitable capital recycling

We regularly assess potential upside opportunities in disposing of assets and recycling capital into new opportunities where appropriate. We have a track record of doing this profitably

- Completed £57.5 million of disposals, on terms on average 11% ahead of March 2017 valuation and 23% ahead of total cost
- Disposed of two retail units from our shopping centre portfolio and two high street assets, with the largest disposals of this group being purchases by Primark
- Sold five retail park assets during the year, with the largest being Clough Road Retail Park in Hull for £11.2 million, generating a cash profit on cost of £1.4 million

- Continue to recycle assets that no longer meet our return criteria
- Continue to make opportunistic disposals to special purchasers

- Funds From Operations
- Total Accounting Return

5

Maximise benefits of scale/ Conservative balance sheet

We focus on driving efficiencies in our financing and operating costs to maximise cash returns to shareholders, while maintaining a conservative balance sheet

- Successfully raised £1 billion of financing on accretive terms, including £730 million of unsecured debt financing
- Maturity increased to 7.9 years from 2.5 years in March 2017
- All in cost of debt of 3.1% once the £215 million RCF is fully drawn, from 3.5% in March 2017
- Interest cover improved to 4.7x
- Admin cost ratio increased slightly to 15%

- Continue to abide by our financial policies and guidelines
- Maintain admin cost ratio at or below 15% over the medium term

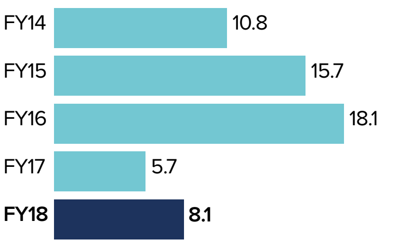
- Admin cost ratio
- Funds From Operations
- Interest cover
- LTV
- GRESB score
- Total Accounting Return

MEASURING OUR PROGRESS

We measure our progress against our strategic objectives with reference to our key performance indicators (KPIs).

Total Accounting Return

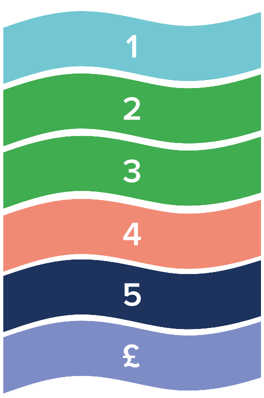
8.1%



What it is
Total Accounting Return ('TAR') measures the change in EPRA Net Asset Value ('NAV') per share over the year, plus dividend paid, as a percentage of the EPRA NAV at the start of the financial year. TAR performance relative to UK listed Real Estate Investment Trusts is a key metric used in setting the long-term incentive plan ('Performance Share Plan').

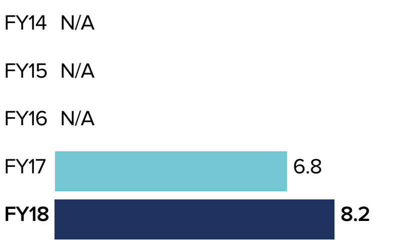
Our performance
Our continued focus on income through the year saw us deliver a Total Accounting Return of 8.1%, increased from 5.7% in FY17.

How it links to our strategic priorities / management remuneration



Total Property Return

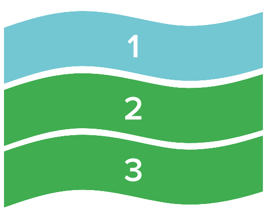
8.2%



What it is
Total property return is a measure of the income and capital growth generated across our portfolio. It is calculated by MSCI Real Estate (formerly known as IPD) on our behalf, using independent valuers, and we assess our performance against the market by comparing our returns to the MSCI-IPD All Retail benchmark.

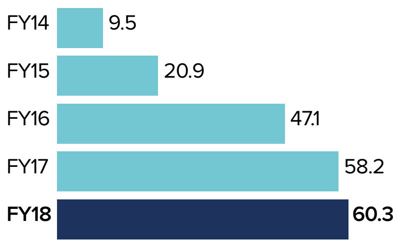
Our performance
We delivered a total property return of 8.2%, outperforming the MSCI-IPD All Retail benchmark by 190bps. This outperformance was driven by our income return of 7.3%, outperforming the benchmark by 220bps.

How it links to our strategic priorities / management remuneration



Funds From Operations

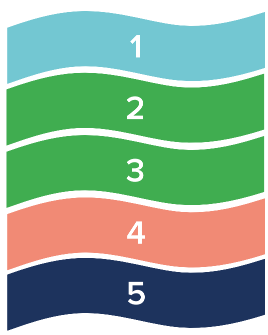
£60.3m



What it is
Funds From Operations ('FFO') is a Company measure determined by 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. FFO per share is used by the Company when considering our dividend policy.

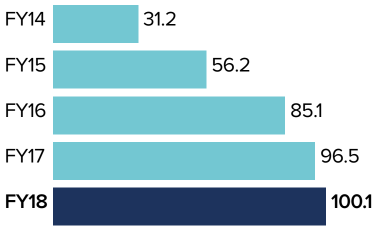
Our performance
Our convenience and community focus and execution of our business model resulted in a 4% increase in FFO to £60.3 million.

How it links to our strategic priorities / management remuneration



Annualised rent roll

£100.1m



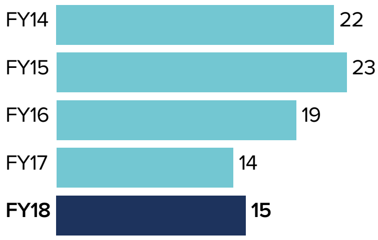
What it is
Annualised rent roll is a measure of the scale and diversity of our business and the success of our active asset management and risk-controlled development. It is disclosed on a proportionally consolidated basis, including rental income from joint ventures at our share.

Our performance
Our annualised rent roll increased by 4% over the year to £100.1 million, driven by acquisitions and our active approach to asset management.

How it links to our strategic priorities / management remuneration
1
2
3

Admin cost ratio

15%



What it is
The ratio of administrative expenses to gross revenue on a proportionally consolidated basis, including our share of administrative expenses and gross revenue from joint ventures. It is a measure of the operational efficiency of the Company.

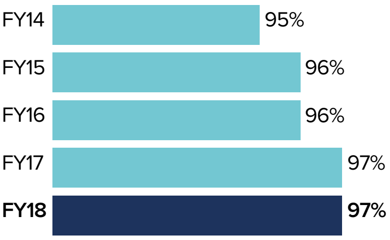
Our performance
Our admin cost ratio was 15% in FY18, a slight increase from FY17 but lower than in previous years, as we continue to benefit from our increasing scale.

How it links to our strategic priorities / management remuneration
5

1 Disciplined stock selection
2 Active asset management
3 Risk-controlled development
4 Profitable capital recycling
5 Benefits of scale / Conservative balance sheet
£ Management remuneration

Retail occupancy

97%



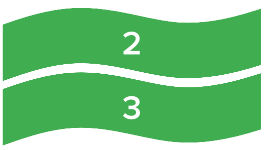
What it is

Retail occupancy is the estimated rental value of units expressed as a percentage of the total estimated rental value of the retail portfolio, excluding development activities.

Our performance

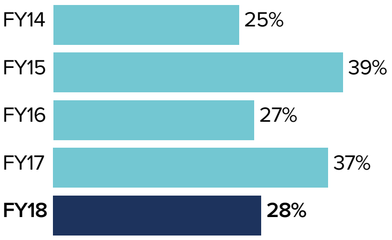
Retail occupancy was sustained at 97% during the year, due to our active asset management. This is the highest level of occupancy we have seen since the Company was founded in 2009.

How it links to our strategic priorities / management remuneration



Loan to Value

28%



What it is

Loan to Value ('LTV') is the proportion of our properties that are funded by borrowings. The measure is presented on a proportionally consolidated basis, including our share of properties and borrowings held in joint ventures. Maintaining an LTV of less than 50% is one of our key Financial Policies but our current guidance is that LTV will remain below 40%. Compliance with these policies forms part of Executive Director variable pay.

Our performance

Our LTV reduced over the year, from 37% to 28% as we have not yet fully deployed the £225 million of equity raised in the period.

How it links to our strategic priorities / management remuneration

Interest cover

4.7x

What it is

Interest cover is the ratio of our operating profit to our net financing costs, on a proportionally consolidated basis, including our share of operating profit and net financing costs from joint ventures. Maintaining interest cover of more than 2.0x is one of our key Financial Policies, and compliance with these policies forms part of Executive Director variable pay.

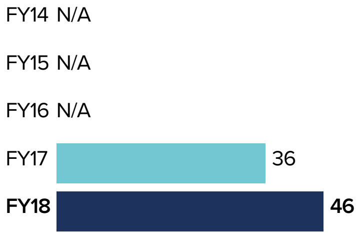
Our performance

Our interest cover was 4.7x in FY18, increased from 4.5x in FY17, principally due to a reduction in finance costs following our debt refinancing during the year.

How it links to our strategic priorities / management remuneration

GRESB Score

46



What it is

As a further demonstration of our commitment to placing ESG at the heart of our business, we have this year introduced this new KPI, which is our Global Real Estate Sustainability Benchmark ('GRESB') score. The GRESB annual survey is the global real estate industry's most rigorous assessment of sustainability performance, with 850 organisations participating last year.

Our performance

We saw a 28% improvement in our GRESB score over the year to 46, driven by the establishment of our portfolio-wide energy efficiency programme, which helped to reduce GHG emissions across our portfolio by 6%.

How it links to our strategic priorities / management remuneration

2
3
5

Our approach to ESG

Since our founding in 2009, we have made significant strides incorporating ESG in to our strategy, risk management and governance processes. This year we have taken another important step forward, publishing a standalone ESG report for the first time.

Going forward, this report will be published annually, enabling stakeholders to assess our progress against our key ESG priorities over time.

1 Disciplined stock selection

2 Active asset management

3 Risk-controlled development

4 Profitable capital recycling

5 Benefits of scale / Conservative balance sheet

£ Management remuneration

WE HAVE A WELL
DIVER
PORTFOLIO

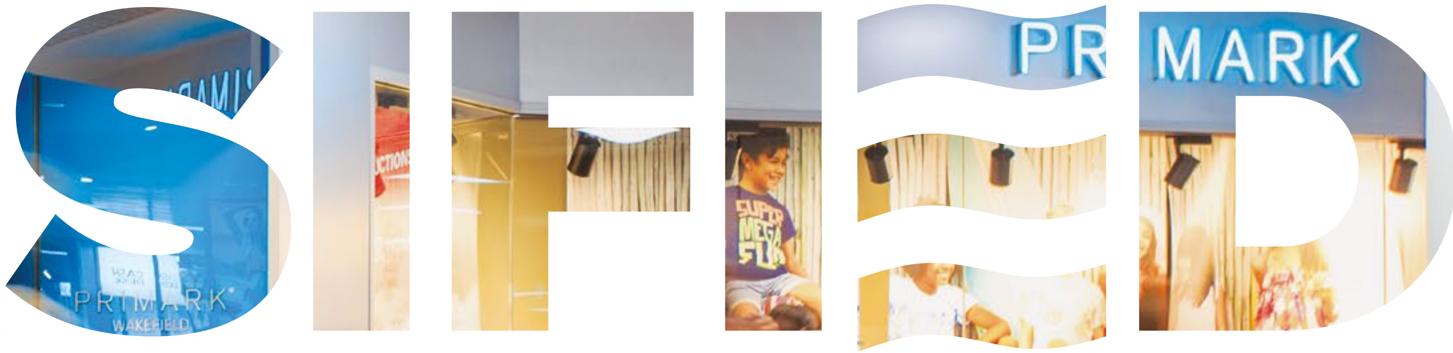
Our portfolio is well diversified by asset class, lot size, geography and occupier.

Our £1.2 billion portfolio includes community shopping centres (65%), community pubs and convenience stores (13%) and retail parks (13%).

Our retail portfolio is located in towns and communities across the UK, with 34% in London & the South of England, 18% in Yorkshire & the Midlands, 26% in Northern Ireland, Scotland and Wales and 22% in the North of England. Our largest asset, the Broadway Shopping Centre & Retail Park is located in Bexleyheath, London, and accounts for 12% of our total portfolio valuation.

In our retail portfolio, our income stream is well diversified, with our largest single retailer accounting for just 2.2% of our total rent roll, safely within our stated guideline that single retailer concentration will not be greater than 5%. Approximately 80% of our retail rental income is from retailers who are either listed companies or have a national presence, with the balance from high quality independent operators. We have over 800 different occupiers in our retail portfolio, and over 2,000 tenancies. Our retailers are focused on providing value for money to local communities on essential goods and services.

Our community pub portfolio is also well diversified, with 331 pubs spread across the UK and an average lot size of £0.5 million. Our pubs are highly liquid, as demonstrated by the 11 pubs and five parcels of pub land we have disposed of this year, on terms 9% ahead of valuation.



FTSE 350

- Dixons Carphone
- Sainsbury's
- next
- JD
- SPORTS DIRECT
- b&m
- M&S EST. 1884
- pets at home
- WHSmith
- halfords
- Dunelm
- Morrisons
- GREGGS
- Card Factory
- TESCO
- COSTA COFFEE
- PRIMARK

Other National Retailers

- ALDI
- wilko
- 3
- Boots
- LIDL
- Superdrug
- Iceland
- Poundland
- ASDA
- co op
- home bargains

£147.1m
of disciplined stock selection

Including the remaining 50% share in 4 community shopping centres previously held in BRAVO joint ventures

80,000sq ft
of lettings to Primark on former BHS units

20th
c-store delivered to Co-op

Triggering £1.5m of performance receipts

Commenced construction on a new retail park in Canvey Island

62,000sq ft
in development

66acre
leisure park

Exchanged contracts with Basingstoke and Deane Borough Council on a development agreement for a leisure park in a prominent location in Basingstoke

PROPERTY REVIEW

Highlights

- Portfolio increased by 10% to £1.2 billion (March 2017: £1.1 billion), driven by net acquisitions
- Ungeared total property return of 8.2%, outperforming the MSCI-IPD All Retail benchmark by 190 bps
- Completed £147.1 million of acquisitions in five separate transactions, at an average equivalent yield of 7.7%
- Retail occupancy maintained at 97% (March 2017: 97%)
- Shopping centre like-for-like footfall -0.9%, outperforming the UK benchmark by 130 bps
- Completed 985,600 sq ft of new lettings and renewals across retail portfolio; terms on average 1.3% ahead of March 2017 ERV; retention rate of 95% on 835,200 sq ft of breaks/expiries in the year
- Delivered a further 10 c-stores to the Co-op, taking total number developed to 20 and triggering performance receipts of £1.5 million (recognised in FFO in the year)
- Started on site at 62,000 sq ft retail park development in Canvey Island having de-risked with pre-lets
- Exchanged conditional contracts for pre-sale of entire residential element of 465,000 sq ft mixed-use regeneration of Burgess Hill town centre for £34 million; on-site enabling works advancing
- Planning consent obtained for a 236,000 sq ft mixed-use development scheme in Cowley, Oxford
- Appointed as nominated developer for risk-controlled redevelopment of a 66-acre leisure park in Basingstoke
- Completed £57.5 million of disposals, on terms on average 11% ahead of March 2017 valuation and 23% ahead of total cost, generating cash profit of £10.7 million

Portfolio overview

As at 31 March 2018	Valuation NRR share £m	Weighting NRR share %	Valuation surplus/ (deficit) %	Topped up NIY %	NEY %	LFL ERV Growth %
Shopping centres	798	65	(1.7)	6.7	7.4	0.2
Retail parks	164	13	1.8	6.5	6.9	2.2
High street	26	2	(7.6)	8.3	7.3	(7.1)
Pubs & c-stores	166	13	(2.0)	10.1	10.1	N/A
Development	85	7	3.2	N/A	N/A	N/A
Total	1,239	100	(1.1)	7.2	7.7	0.2

During the year our portfolio valuation increased to £1.2 billion, from £1.1 billion in March 2017. This was a result of £147.1 million of acquisitions offset by £57.5 million of disposals and a small decline in valuations of 1.1%.

The portfolio initial yield stood at 7.2% in March 2018, down from 7.5% in March 2017.

	Total Return %	Income Return %	Capital Growth %
NRR portfolio	8.2%	7.3%	0.8%
MSCI-IPD All Retail	6.2%	5.0%	1.1%
Relative performance	+190 bps	+220 bps	-30 bps

Our portfolio again outperformed the MSCI-IPD All Retail benchmark in terms of total and income returns, whilst slightly underperforming the benchmark in terms of capital growth. Our total return of 8.2% compares to the MSCI-IPD All Retail benchmark of 6.2%, an outperformance of 190 bps.

DISCIPLINED STOCK SELECTION

Since 1 April 2017 we have completed £147.1 million of acquisitions in five separate transactions, at an average equivalent yield of 7.7%.

Since 1 April 2017	Gross Asset Value £m	Share acquired £m	Equivalent yield %	Net initial yield %
Abbey Centre, Belfast	82.0	41.0	7.6	7.5
Priory Meadow Shopping Centre, Hastings	62.6	31.3	7.2	6.4
Hillstreet Shopping Centre, Middlesbrough	61.0	30.5	8.1	8.0
The Avenue Shopping Centre, Glasgow	34.4	17.2	8.2	7.7
BRAVO total	240.0	120.0	7.7	7.4
The Rishworth Centre and Railway Street Retail Park, Dewsbury	14.3	14.3	7.7	7.9
Valegate Retail Park, Cardiff	2.2	12.2	7.7	10.1
Pubs	0.6	0.6	9.7	9.7
Total	267.1	147.1	7.7	7.7

BRAVO acquisition

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

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

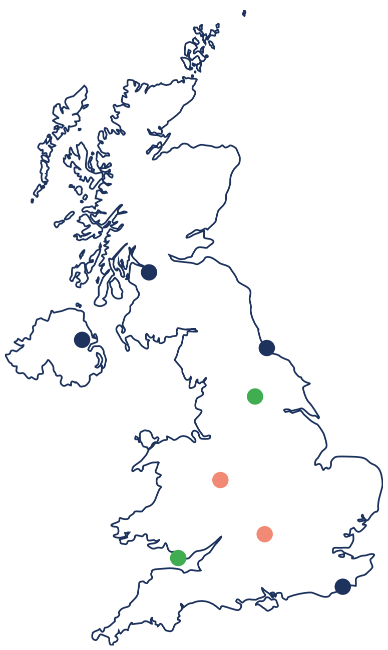
Abbey Centre, Belfast

Abbey Centre is a 320,000 sq ft shopping centre located six miles north of Belfast, providing a convenient alternative to city centre shopping. The centre currently has two anchor stores: a 44,000 sq ft Next flagship store which opened in December 2016 and a 35,000 sq ft Dunnes Sores flagship store which opened in August 2017.

Having taken 100% control of the Abbey Centre in July 2017, in August we agreed a new 15-year lease with Primark on a 40,000 sq ft unit which had been vacated by BHS. Primark was already an occupier at Abbey Centre, trading strongly out of a 19,000 sq ft unit, and this upsize provides further endorsement of the quality of this centre. We expect to hand over the unit to Primark for fit-out in Summer 2018. Including the Primark store, at acquisition in July 2017 the centre was 95% occupied, with average rents of £14.68 psf and an unexpired lease term of 5.2 years.

Priory Meadow Shopping Centre, Hastings

Priory Meadow Shopping Centre is a 290,000 sq ft shopping centre located in the heart of Hastings, in close proximity to Hastings train station and featuring a 1,000-space car park which is the main parking provision in the town. Priory Meadow is the only covered shopping centre in Hastings and has a strong catchment with limited leakage. The centre is anchored by a 43,000 sq ft M&S store with an occupier line-up including Poundland, Boots and H&M.



4 Shopping centres

2 Retail parks

2 Community pubs

Priory Meadow Shopping Centre, Hastings

Having taken 100% control of Priory Meadow in July 2017, in August we agreed a new 20-year lease with Primark on the 40,000 sq ft unit vacated by BHS in August 2016. Including the new Primark store, at acquisition in July 2017 the centre was 100% occupied, with average rents of £12.08 psf and an unexpired lease term of 10.7 years.

Hillstreet Shopping Centre, Middlesbrough

Hillstreet Shopping Centre is a 240,000 sq ft shopping centre located in the heart of Middlesbrough and is the dominant shopping destination in the community. The centre is anchored by a 62,000 sq ft Primark store with an occupier line-up including M&S, Sports Direct, and Home Bargains. At acquisition the centre was 97% occupied, with average rents of £18.02 psf and an unexpired lease term of 4.3 years.

The Avenue Shopping Centre, Glasgow

The Avenue Shopping Centre is a 202,000 sq ft shopping centre located in Newton Mearns, an affluent suburb of Glasgow. The centre is anchored by a 103,000 sq ft Asda superstore with an occupier line-up featuring M&S Foodhall, Boots and a number of high quality independent retailers. At acquisition the centre was 96% occupied, with average rents of £12.56 psf and an unexpired lease term of 4.8 years.

The Rishworth Centre and Railway Street Retail Park, Dewsbury

The Rishworth Centre and adjoining Railway Street Retail Park were acquired from an institutional investor in February 2018 for £14.3 million, which equates to a net initial yield of 7.9%. The assets have an affordable average rent of £12.98 psf and a weighted average unexpired lease term of 5.7 years.

The assets are located in the main retail warehouse concentration in Dewsbury, West Yorkshire, adjacent to a Sainsbury's superstore and close to the civic amenities and public transport links of Dewsbury town centre. The 68,400 sq ft Rishworth Centre comprises four retail units and 265 free car parking spaces, and the 23,700 sq ft Railway Street Retail Park comprises three retail units and 116 free car parking spaces. The occupier line-up includes Next, Pets at Home and Iceland.

This acquisition provides several asset management opportunities, including the extension of an existing retail unit, with strong interest in the enlarged space from two national retailers and refurbishment works to improve the frontages of the Rishworth Centre. We are also in pre-planning for the construction of a drive thru coffee pod in the Railway Street car park.

Valegate Retail Park, Cardiff

Valegate Retail Park was acquired from a receiver in February 2018 for £12.2 million, which equates to a net initial yield of 10.0%. The asset has affordable average rents of £13.82 per sq ft and a weighted average unexpired lease term of 3.1 years.

The asset is prominently located on the edge of Cardiff city centre, adjacent to the Culverhouse Cross intersection, which is one of the main link roads to the M4. The asset sits within Cardiff's main concentration of convenience retailing and is directly opposite a Tesco superstore and an owner-occupied M&S. The 93,600 sq ft retail park comprises seven units and 325 free car parking spaces and is anchored by TK Maxx.

There are a number of asset management opportunities for this asset, including letting the unit recently vacated by Dreams, which has already attracted interest from a national retailer, refurbishing store entrances and the installation of new totems to improve visibility.

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 a hands-on approach to asset management utilising our in-house expertise, scale, a deep understanding of our market and strong relationships with our occupiers, which enables us to deliver the right space in the right locations on terms mutually beneficial to all stakeholders.

Retail

We continued to sign leases on terms ahead of valuers' estimates in the year, completing 985,600 sq ft of new lettings and renewals across our retail portfolio, with long-term deals secured at on average 1.3% ahead of March 2017 ERV and a retention rate of 95% on 835,200 sq ft of breaks/expiries in the year. This high volume of leasing activity means that our occupancy rate was sustained at 97% at March 2018.

Footfall across our shopping centre portfolio proved resilient declining marginally by 0.9%, outperforming the UK benchmark by 130 bps and demonstrating the essential nature of the spend at our assets. Our portfolio is positioned in the growing sectors of the retail market, with the grocers, convenience store operators, and discount and value retailers across our portfolio all expected to benefit from the shift in consumer behaviour towards value for money and frequent spend on non-discretionary everyday essentials. Having handpicked our portfolio over the last nine years, we have deliberately avoided the department store, mid-market fashion and casual dining sub-sectors of the retail and leisure market which now appear under structural pressure.

Our rental income is well-diversified, with no single retailer accounting for more than 2.2% of contracted rents and our policy is that no single retailer will account for more than 5% of total rent. Following a mixed Christmas trading period, a number of retailers have entered into Company Voluntary Arrangements ('CVA's) or administrations, some of which will have an impact on our rental income in the new financial year.

Date of CVA/Admin	Operator	% of annualised rent roll pre–CVA/Admin	Rent pre–CVA/Admin	Expected FY19 FFO impact
January 2018	Byron Burger	–	–	–
February 2018	Jamie's Italian	–	–	–
February 2018	Toys R Us	–	–	–
February 2018	Maplin	0.1%	£0.2m	£0.1m
March 2018	Prezzo	–	–	–
March 2018	Select	0.4%	£0.4m	£0.1m
March 2018	New Look	1.9%	£1.9m	£0.6m
April 2018	Carpetright	0.3%	£0.3m	–
May 2018	Mothercare	0.5%	£0.5m	£0.1m
May 2018	House of Fraser	–	–	–
May 2018	Carluccio's	–	–	–
Total		**3.2%**	**£3.3m**	**£0.9m**

In this context, the key leasing deals signed during the year were both on space formerly occupied by BHS, which went into administration in 2016. We had exposure of 1% of total rent roll to BHS, and the administration provided a great opportunity to introduce a higher quality retailer to our shopping centres. Having taken full control of Abbey Centre, Belfast and Priory Meadow, Hastings, in July 2017 as part of the BRAVO JV acquisition, in August 2017 we signed long-term leasing deals with Primark at both centres.

At Abbey Centre, we agreed a new 15-year lease with Primark on the 40,000 sq ft unit vacated by BHS. Primark was already an occupier at Abbey Centre, trading strongly out of 19,000 sq ft, and this upsize provides further endorsement of the quality of this centre, as well as providing a good example of why, as active asset managers, the BHS administration provided us with two well-timed opportunities at this centre. First, we were able to relocate Dunnes Stores, the leading Irish independent store operator, temporarily into the unit while we extended their store by 15,000 sq ft and secondly, we were able to agree the upsizing with Primark, a best in class retailer.

At Priory Meadow, we agreed a new 20-year lease with Primark on the 40,000 sq ft unit vacated by BHS. Primark is a new entrant to the town, and this deal is a good example of our active and forensic approach to asset management. Using the strong relationship we have established with Primark, our fifth largest retailer based on current rent roll, and the detailed analysis we compile on each of our assets, we were able to approach them proactively with data convincing them that Hastings would be a great location for them. For example, we were able

Coalville Retail Park, Leicestershire

to show a projected turnover for Primark of up to £18 million, compared with just over £3 million achieved by BHS, and demonstrated that the local catchment was ideally suited for Primark's core shoppers.

Alongside these two key deals, our focus on convenience and community continued to be reflected in our leasing activity over the year, with the majority of new leases relating to the growing, sustainable sub-sectors of grab & go food, value clothing, health & beauty and discounters. In the grab & go food sub-sector, we signed leases on 9,000 sq ft of space across four stores with Costa, including on a new 1,800 sq ft pod that we built at Blackburn Retail Park, 3,000 sq ft of space across three stores with Subway, and other deals with Greggs, Papa John's, and Burger King. In value clothing, we signed leases on 21,700 sq ft of space across four stores with Bonmarché, including a 10,300 sq ft unit in Wrexham, and signed other deals with Claire's Accessories, Sports Direct, and Peacocks. In health & beauty, we signed leases on 13,100 sq ft across two stores with Boots, 10,300 sq ft across two stores with Savers, and 10,400 sq ft across two stores with Superdrug. Amongst the discounters, we signed new leases on 45,900 sq ft of space across three stores with Poundstretcher and on 18,300 sq ft of space across two stores with Poundland. We signed three new leases with Halfords across 30,200 sq ft over the year, as its stores continue to benefit from the growth of click & collect. We also welcomed a number of exciting retailers to our portfolio for the first time during the year, including Australian stationery brand Smiggle, cosmetics retailer Lush and continental-style café brand Patisserie Valerie.

We also made good progress in the year improving the shopping environment and facilities across our portfolio. At the Ridings Centre in Wakefield we completed phase one of the asset management works identified at acquisition in January 2016, spending £1.2 million in total. Pre-acquisition the shopping centre had seen limited capital investment for a number of years, and so these works included rebranding the centre and improving basic facilities such as signage, wayfinding and baby change facilities. A new food court called 'The Garden Kitchen' opened in December 2017, alongside a new children's play area called 'The Den'. These improvements have helped to drive a 17% increase in footfall over the year and contributed to an 8% uplift in valuation. The next phase of works is underway, and include improvements to the entrances, the car parking environment and signage/wayfinding, and further development of brand partnerships with our major retail partners.

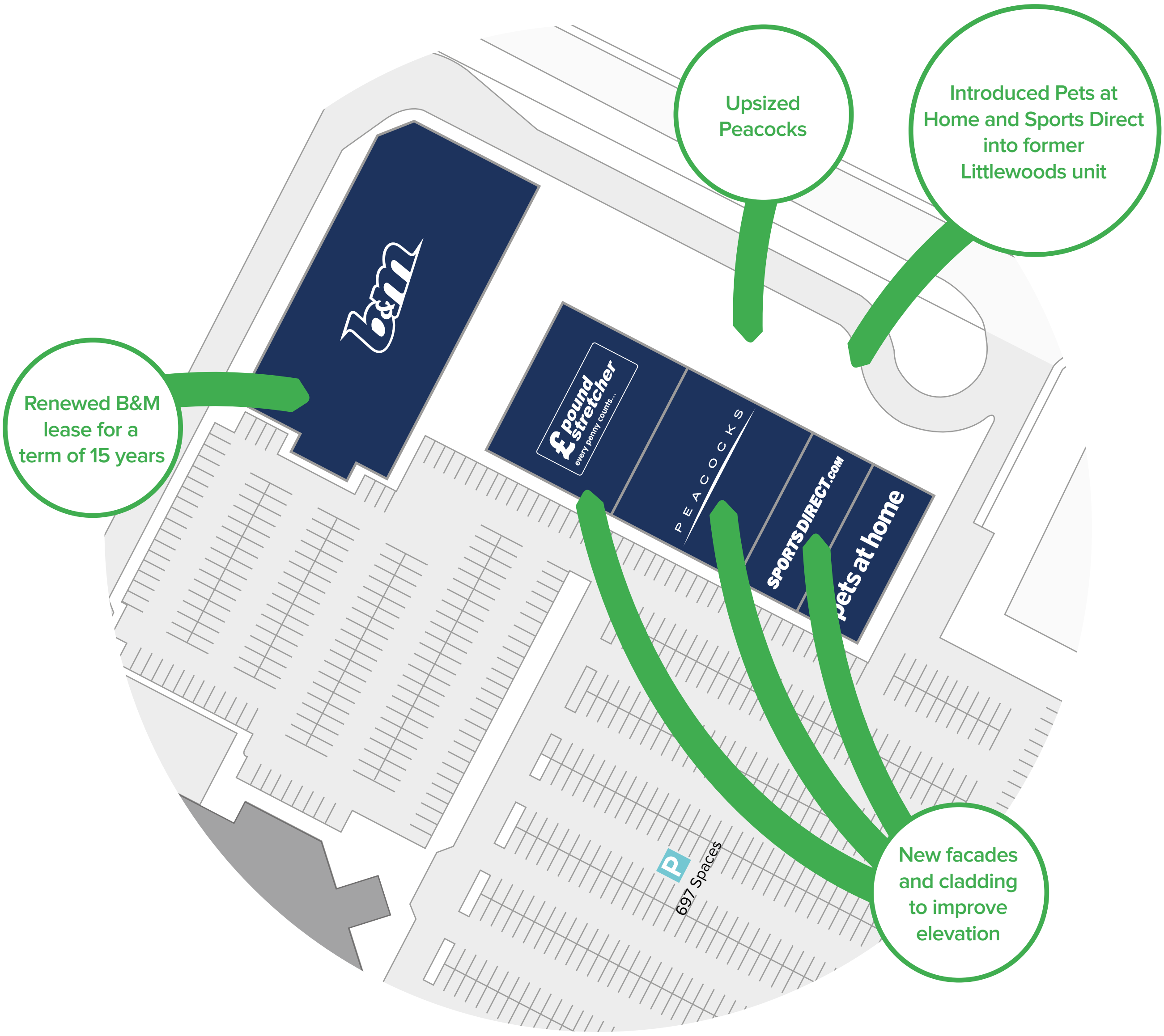
We remained active across our retail park portfolio, completing a programme of asset management works at Coalville Retail Park in Leicestershire during the year. In July 2015 we paid £7.3 million for the 55,300 sq ft park as part of the Ramsay Portfolio. At acquisition the park was anchored by B&M, with Poundstretcher, Ponden Mill, Jollyes Petfood and Littlewoods Clearance completing the occupier line-up. With a weighted average unexpired lease term of 2.2 years at acquisition, we were able to apply our active asset management approach to completely reposition the asset, signing new leases with every retailer in the park. We retained two of the existing occupiers, agreeing a new 15-year lease with B&M in the year to March 2017, and a new 10-year lease with Poundstretcher in May 2017, and improved the rest of the occupier line-up by introducing Pets at Home, Peacocks and Sports Direct. Following this work, the weighted average lease length has increased by 9.0 years to 11.2 years and rents have increased by 17%.

Our average rents remain affordable at £12.36 per sq ft, and lower than the average of £12.45 per sq ft at March 2017. 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. Moreover, over 99% of this rent had been collected in respect of FY18 one month after the period end.

COALVILLE RETAIL PARK, LEICESTERSHIRE

The 55,300 sq ft retail park is located adjacent to a high performing Morrisons store and was acquired in July 2015 for £7.3 million as part of the Ramsay portfolio.

During the financial year, we completed a programme of active asset management initiatives, spending £1.1 million in total.



Total return of	Valuation increase in FY18	Weighted average lease length increased from 2.2 years to	Net income increased to £0.7m
34%	+10%	11.2 years	+17%

Pubs

Pub portfolio movements

# Pubs acquired	Pubs sold	Closed for c-store conversion	# Pubs held at 31 March 2017	Pubs acquired	Pubs sold	Closed for c-store conversion	# Pubs held at 31 March 2018
360	(9)	(7)	344	2	(11)	(4)	331

Bell Inn, Bloxwich

In November 2013, we acquired a portfolio of 202 pubs from Marston's PLC (the 'Trent' portfolio). Each pub in the portfolio was handpicked by management for its high roadside visibility, high passing footfall and prominent location, with the intention of converting a significant number for retail/residential use. The pubs had high occupancy and strong income returns, and consequently in September 2015 we acquired a second portfolio of 158 pubs from Punch Taverns plc (the 'Mantle' portfolio). As part of our active management of this portfolio, to date we have sold 20 pubs, including 11 in the current year, closed 11 for c-store conversion, including four in the current year, and acquired a further two pubs, both in the current year, and as a result we had 331 pubs remaining in our portfolio at year end.

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

Throughout the programme, which concluded in December 2017, our high quality in-house team of pub specialists visited each site and worked with the publicans to ensure a smooth transition. Pleasingly, the majority of publicans chose to remain in their pubs following the transfer, and our operations managers and instructed solicitors have ensured that new leases and tenancies have been implemented seamlessly. For the minority of pubs where the publican intends to vacate, we are utilising our tried and tested lettings programme to recruit high quality publicans who will continue to grow the business.

Across the Mantle portfolio we have continued our programme of targeted capital investment in order to drive trade and increase values. During the period, we invested £1.1 million in projects including external redecoration and improved signage to enhance curb appeal, internal refurbishment to enhance the customer experience and extensive works to improve kitchens, amenities and tenant accommodation. At the 47 pubs in the Mantle portfolio where we have completed refurbishment works, we have seen significant improvements to both rental income and sales volumes.

OUR COMMUNITY PUBS

Our 331 community pubs are spread across England and Wales catering for the communities in which they are located.

Our pub portfolio provides a high level of cash income which is well diversified by both geography, and by operator.

We work closely with our pub operators, who often live above our pubs, and we receive income through both fixed rental income (currently approximately 40% of total pub income) and through tied arrangements a share of operating income (currently approximately 60% of total pub income).

This granular and operational structure means that as active asset managers we can benefit directly from making targeted capital investments, to generate increased rental and operating income.

Through our wholesale supply agreements we supply nearly all of our pubs with their beer and other drinks giving us complete visibility over the underlying trading performance of each asset.

Typical pub income split

£50,000	£30,000	£20,000
total income per annum	operating income per annum	rental income per annum

Completed active asset management

In December 2017 the leaseback agreement with Marston's, in place since 2013, came to an end and we obtained full operational control of our estate.

During the year we invested £1.1 million in accretive capex projects and based on our experience to date expect these to generate an annualised cash return of 20% through increased rent and operating income.

Accretive capex case study

We invested £30,000 in the Leicester Inn in Coalville, refreshing the external decorations together with refurbishing the bar area and replacing the outdated external signage.

As a result of the modest spend we were able to increase rent by over 20% and sales are 10% ahead of the comparable period last year.

"Working with NewRiver has been a breath of fresh air. They were able to make quick decisions on investing in our pub which has had a positive effect on my sales and outlook for the future. I see NewRiver as a partner in our business rather than the traditional owner/ tenant relationship." Nick Bray from Leicester Inn, Coalville

	Increase post capex
Rent	20%
Volume of beer sold	10%
Net income increase	15%


Fir Tree Inn, Arley – Coventry

The Buckingham Arms – Leighton Buzzard

Future active asset management

Our pub portfolio presents us with the opportunity to focus investment on areas that generate the greatest returns. We will remain flexible – proactively seeking out innovative ways to increase both capital and income returns.

In the next 12 months we expect to identify in excess of £2.0 million potential capex projects which meet our return targets of annualised cash returns of 20%.

Our specialist team

Our highly experienced pub team has over 100 years experience in running and managing pubs for some of the largest pub companies in the UK.

They are experts, focused on maximising the performance of our pub portfolio and driving cash returns for our shareholders by making sure that each pub is, and will remain, a focal point for the community it serves.


David Shipton
Asset Development Director


Simon Hurd
Estate Manager


Steve Bransby
Estate Manager


Sara Shipton
Financial Controller


Chris Downes
Portfolio Development Manager


Laurie Mackenzie-Platt
Project Manager

FOR MORE ON THE CONVENIENCE STORE DEVELOPMENT PROGRAMME IN OUR PUB PORTFOLIO SEE RISK-CONTROLLED DEVELOPMENT ON PAGE 42

RISK-CONTROLLED DEVELOPMENT

Total development pipeline

	Shopping Centre Sq ft	Retail Park Sq ft	Hotel Sq ft	C-stores Sq ft	Residential Sq ft	Total Pipeline Sq ft	Retail & Leisure Pre-let %	Residential Pre-sold %
Completed in period/ Under construction	15,000	76,800	–	38,200	–	130,000	88	N/A
Planning granted	286,800	15,600	87,700	33,700	595,600	1,019,400	60	27
In planning	–	–	–	7,900	94,300	102,200	100	–
Pre–planning	129,400	29,000	–	13,200	126,300	297,900	8	–
Near–term pipeline	431,200	121,400	87,700	93,000	816,200	1,549,500		
Early feasibility stages	107,600	–	30,000	3,500	243,400	384,500	2	–
Total pipeline	538,800	121,400	117,700	96,500	1,059,600	1,934,000		

During the year we made significant progress across our risk-controlled development pipeline which totals 1.9 million sq ft (1.5 million sq ft in the near-term) including our Retail (1,681,600 sq ft) and Pub (252,500 sq ft) portfolios, and which we believe will be a key driver of long-term returns for our shareholders.

Our risk-controlled approach means that we will not commit to a new development unless we have pre-let or pre-sold at least 70% by area, and our development strategy includes:

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

We completed 49,400 sq ft of fully pre-let development, with 80,600 sq ft currently under construction. We pre-sold the entire 161,700 sq ft residential element of our major mixed-use regeneration in Burgess Hill, and have now pre-let or pre-sold 70% of the development. We secured planning permission for 469,400 sq ft of development, including a 236,000 sq ft mixed-use regeneration in Cowley, Oxford and outline planning permission for up to 100 residential units in Stamford. Additionally, in March 2018 we exchanged contracts with Basingstoke and Deane Borough Council on a development agreement for a 66-acre leisure park in Basingstoke. Due to its long-term nature, we have excluded this opportunity from the above table.

Under construction – Canvey Island Retail Park

Retail

Retail portfolio development pipeline

	Shopping Centre Sq ft	Retail Park Sq ft	Hotel Sq ft	Residential Sq ft	Total Pipeline Sq ft	Retail & Leisure Pre-let %	Residential Pre-sold %
Completed in period/ Under construction	15,000	76,800	–	–	91,800	84	N/A
Planning granted	286,800	15,600	87,700	484,800	874,900	56	33
In planning	–	–	–	80,100	80,100	–	–
Pre–planning	129,400	29,000	–	124,900	283,300	–	–
Near–term pipeline	431,200	121,400	87,700	689,800	1,330,100		
Early feasibility stages	107,600	–	30,000	213,900	351,500		
Total Retail pipeline	538,800	121,400	117,700	903,700	1,681,600		

Completed in period/Under construction

Abbey Centre, Belfast

At Abbey Centre, which we now own in full having acquired the remaining 50% interest during the year, we completed the latest phase of development works, delivering a 15,000 sq ft extension to create a 35,000 sq ft flagship unit for Dunnes Stores, the leading Irish department store operator. The store opened in August 2017, following the new Next anchor store which opened in December 2016, and preceding the new flagship Primark store which we expect to open in the former BHS unit later in Summer 2018. Footfall across the shopping centre in the second half of the financial year increased by an impressive 30% compared with the same period last year, reflecting the benefit of our risk-controlled development activities.

Canvey Island Retail Park

During the year we made further progress in leasing up our 62,000 sq ft Retail Park development in Canvey Island, Essex, meaning at the year end we were 75% pre-let, up from 52% in March 2017. We agreed leases with M&S Foodhall and Costa in the year, which join a high-quality line-up including B&M and Sports Direct. Having de-risked the project through successful pre-letting, we are now on-site, with practical completion scheduled for late 2018.

Victoria Retail Park, Beverley

During the year we began construction of a 13,000 sq ft extension at Victoria Retail Park in Beverley, which was acquired in July 2015 as part of the Ramsay portfolio. The extension has been pre-let to B&M, who will join the existing retailer line-up of Halfords, Poundstretcher and Poundland at the retail park, which will total 38,600 sq ft when extended.

Planning granted

Burgess Hill

In July 2017, we exchanged conditional contracts for the pre-sale of the entire residential element of the 465,000 sq ft mixed-use regeneration of Burgess Hill town centre. Delph Property Group, a well-established family run residential investment company, agreed to purchase all 142 residential units for £34 million, which compares to an estimated construction cost for the entire scheme of £46 million.

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

As well as 142 new residential units, the redevelopment will provide a 10-screen multiplex cinema, a 63-bed hotel, an improved retail offer and new restaurant and leisure provisions, additional car park spaces, an improved public realm and a new purpose-built library for the Council. The retail & leisure element of the scheme is 49% pre-let, with agreements signed with H&M and Wildwood in the year which means that the redevelopment is 70% pre-let/pre-sold overall.

As a consequence of this activity, and in line with our risk-controlled development approach, during the period we undertook works to relocate the existing Lidl and Iceland units away from our shopping centre. In July 2017, we exchanged contracts with Lidl to relocate them to an alternative site in the town, which we intend to hand over to them in the first quarter of the new financial year. In August 2017 we agreed a new 10-year lease with Iceland on a high street unit opposite the existing centre, which we have owned since 2011 and which had been let to Store Twenty One previously. Iceland moved into the store in February 2018 and is now open and trading.

In the second half of 2018, once the community library has been relocated, we plan to commence the first phase of demolition works on the existing centre.

Cowley, Oxford

In July 2017, Oxford City Council approved our plans for our major mixed-use development to regenerate Templars Square shopping centre, meet strong demand for new housing in Oxford and add a much-needed choice of restaurants and hotels to Cowley. Templars Square shopping centre has been at the heart of Cowley for over 50 years and is of great importance to the local community. We have owned the shopping centre since December 2012 and submitted a planning application in November 2016, following a comprehensive programme of council and community engagement, before obtaining planning consent in July 2017.

The 236,000 sq ft development will include 226 new residential apartments, a 71-bed Travelodge hotel, two new restaurant units, modernised car parks, a major improvement of the public realm and new entrances to the centre. The development is in line with our strategy to capitalise on development opportunities in the air space above or adjacent to existing assets. Importantly the shopping centre will continue to operate throughout the development and we are confident that its rental tone will benefit from the improvement works. The hotel & leisure element of the scheme is already 82% pre-let, and we have seen good demand for the restaurant units from a range of operators. We are now working with Oxford County Council to secure a section 278 agreement for the proposed highways improvements, with the aim of commencing detailed design of the scheme in late summer 2018.

Stamford, Lincolnshire

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

Planning Granted – Templars Square, Cowley – Oxford

Pre-planning

Blenheim Shopping Centre, Penge

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

During the period, we secured the surrender of the lease on the car park above the centre, unlocking the potential to deliver complementary residential accommodation, with the opportunity to deliver in excess of 100 apartments on site. We intend to hold a formal pre-application meeting with Bromley Council and will submit a planning application in 2019.

Pre-planning – Blenheim Shopping Centre, Penge

Early feasibility stages

We believe that our risk-controlled development pipeline will be a key driver of future growth and we are currently reviewing a number of medium-term opportunities from within our retail portfolio. These opportunities include 107,600 sq ft of extensions across our shopping centre portfolio and over 200,000 sq ft of residential potential above our shopping centres in Bexleyheath in South East London, Market Deeping, and across our pub portfolio.

> "We believe that our risk-controlled development pipeline will be a key driver of future growth."

INVESTING IN COMMUNITIES

In Burgess Hill, we are regenerating the town centre to provide a modern and vibrant retail and leisure offer, as well as much-needed new homes.

The Martlets Shopping Centre, Burgess Hill

We acquired the centre in November 2010 from a distressed seller for £12 million representing a net initial yield of 8.5%.

Burgess Hill is an affluent catchment area located within the 'Gatwick Diamond', just 20 minutes from Gatwick Airport and 50 minutes by train to central London.

Our plans for the development

Detailed planning consent was granted for 465,000 sq ft mixed use re-development in March 2016 to include:

- 63 bed hotel
- 10-screen multiplex cinema
- Improved retail & leisure offer
- 160 new retail car park spaces and improved public realm
- 142 residential units and a new purpose built library

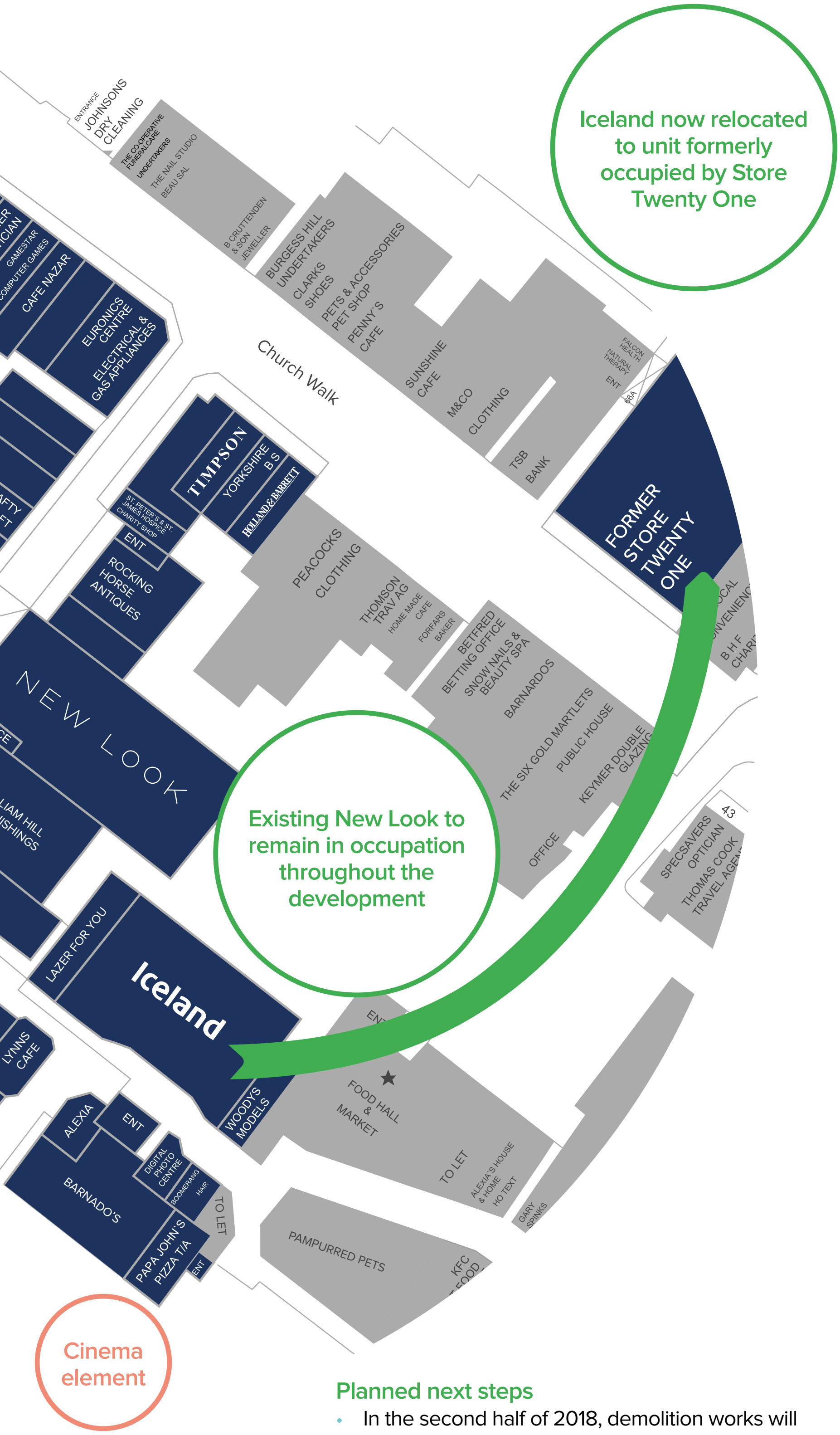
Risk-controlled development progress to date

- Retail & leisure element 49% pre-let
- Retail element pre-let to H&M, Nandos & Wildwood
- Hotel pre-let to Travelodge
- Cinema pre-let to Cineworld
- Pre-sold entire residential element for £34m in July 2017
- Overall the project is 70% pre-let/pre-sold, and so in line with our risk-controlled approach to development, we were able to commence on-site enabling works in Summer 2017
- Demolition works underway at Leylands Road site to relocate Lidl away from the shopping centre
- Iceland relocated to an owned unit outside the shopping centre, previously occupied by Store Twenty One, and is now open and trading

Existing

Pre-lets secured

Travelodge Nando's cineworld H&M WILDWOOD PIZZA PASTA GRILL



Progress to date – Iceland relocation


After


Before

Planned next steps

- In the second half of 2018, demolition works will commence at the shopping centre on the former Iceland unit and the former library (which will provide additional parking)
- Once this demolition is complete, construction works will begin on the cinema element of the scheme
- Once Lidl has relocated to Leylands Road (in 2019) demolition works will commence on the former Lidl unit
- Construction works can then commence on the residential element of the scheme
- Completion targeted for 2020

Secured planning consent	Started off-site enabling works	Start on-site enabling works	Practical completion
Mar 2016	Mid 2017	Mid 2018	2020

Basingstoke Leisure Park

In March 2018 we exchanged contracts with Basingstoke and Deane Borough Council (the 'Council') on a development agreement for a 66-acre leisure park in a prominent location in Basingstoke in close proximity to Junction 6 of the M3 motorway.

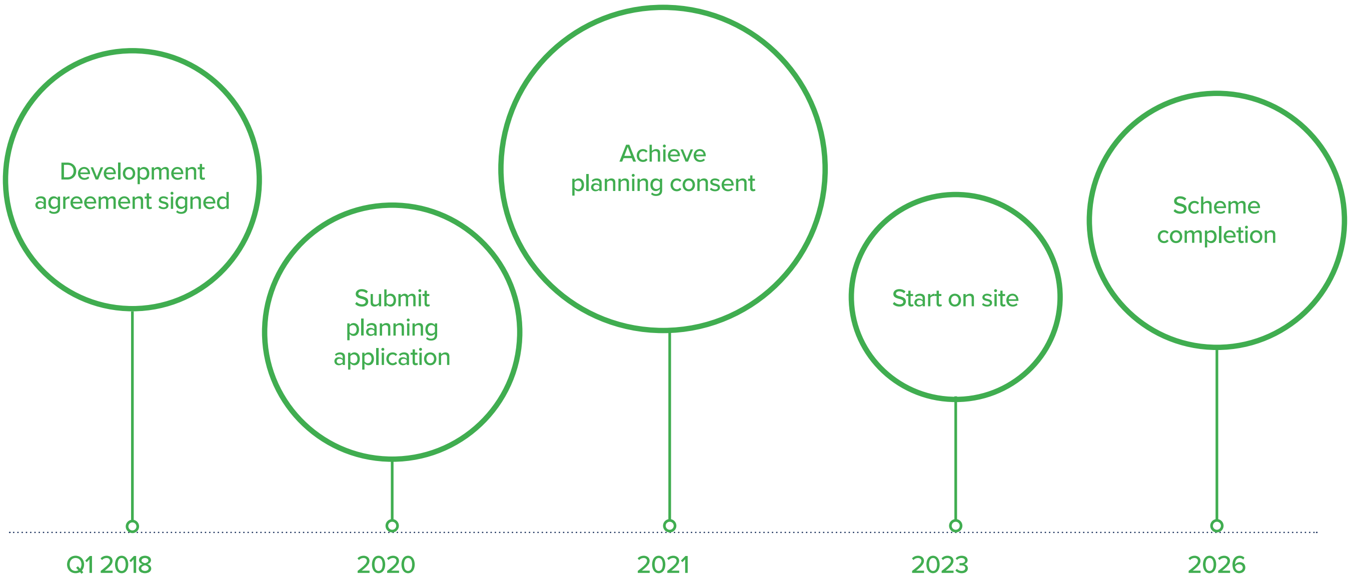
Capitalising on the growing popularity of integrated leisure and retail, our proposals currently comprise approximately 200,000 sq ft of designer outlet shopping and 500,000 sq ft of leisure. We are confident that this unique combination of leisure and designer outlet shopping will appeal to the local community and a catchment significantly beyond Basingstoke in one of the UK's most affluent regions. This opportunity will be progressed in line with our risk-controlled development approach and stated financial policies.

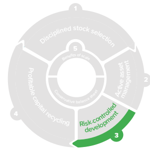
To facilitate this development, we have entered into a long-term development agreement with the Council which is conditional on achieving planning consent and pre-lets as well as a viability assessment, amongst other conditions. In the event that the development becomes unconditional, the Council will grant NewRiver a 250-year leasehold interest.

Outline plans for the leisure facilities include the introduction of new leisure experiences for families and the wider community with a cinema, popular family restaurants and hotel. Plans also include a modern aquatic leisure centre with gym, to be operated by the Council, and a designer outlet village which will focus on designer brands at affordable prices and complement the existing town retail offer.

On-site works could begin from 2023, subject to planning consent, representing an exciting long-term opportunity for NewRiver.

EXPECTED PROJECT MILESTONES





BASINGSTOKE LEISURE PARK

In March 2018 we signed a Development Agreement with Basingstoke and Deane Borough Council to deliver a 200,000 sq ft Designer Outlet Centre (DOC) with scope for extension and 500,000 sq ft of new leisure on an existing leisure park spanning 66 acres for the Basingstoke community and wider catchment.

Development rationale

- Strong demographics & excellent transportation links
- M3 corridor recognised as one of the strongest DOC opportunities yet unrealised in UK
- Capitalising on the growing integration of leisure and retail
- 11 million people live within a 90 minute drive time

Proposed site layout of Basingstoke leisure park (based on the existing aerial map)

A vision of what Basingstoke Leisure Park could look like

Pubs

Pubs portfolio development pipeline

	C-stores Sq ft	Residential Sq ft	Total Pipeline Sq ft	Retail & Leisure Pre-let %	Residential Pre-sold %
Completed in period/ Under construction	38,200	–	38,200	100	–
Planning granted	33,700	110,900	144,600	100	–
In planning	7,900	14,300	22,200	100	–
Pre–planning	13,200	1,400	14,600	100	–
Near–term pipeline	93,000	126,600	219,600		
Early feasibility stages	3,500	29,500	33,000	100	–
Total Pubs pipeline	96,500	156,100	252,500		

As well as generating high levels of low risk cash returns, our portfolio of 331 pubs contains a number of in-built value creating development opportunities. These include the potential to build convenience stores or residential units on surplus land adjacent to pubs which was effectively acquired at zero cost, and opportunities to convert pubs into convenience stores or residential units.

Convenience stores ('c-stores')

We have an overarching agreement with the Co-op to deliver up to 40 c-stores and, based on planning achieved to date and viability assessments, it is our current expectation that we will deliver around 30 c-stores in total. These stores are let on fixed lease terms of 15 years at rents ranging from £15.00-17.50 per sq ft, with RPI linked increases capped at 4% and collared at 1%. The agreement also includes performance receipts linked to c-store delivery, with the first receipt triggered by the delivery of our 15th c-store to the Co-op, which took place in January 2018. In total, we recognised performance receipts of £1.5 million in the year.

To date we have handed over 20 c-stores to the Co-op, with 10 c-stores totalling 34,400 sq ft handed over during the year. Our delivery programme accelerated in the final quarter of the financial year, with six c-stores completed, meaning we delivered a quarter of all c-stores opened by the Co-op in the final quarter. Of the stores delivered to date, 13 utilised surplus land adjacent to the existing pubs, three were pub conversions and four were new builds on sites previously occupied by pubs.

Residential

To date we have received planning consent for 115 residential units across 38 pub sites, with consent received for 50 units across 16 pub sites in the 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.

Convenience store delivery programme

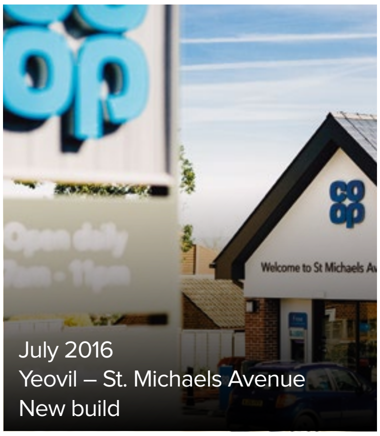

Dec 2015
Stoke-on-Trent – Heathcote Street
New build


4.85%
Yield on disposal Feb 2017

Apr 2016
Chesterfield – Spital Lane
Conversion


Apr 2016
Wrexham – Marford Hill
New build


June 2016
Shifnal – High Street
Conversion


July 2016
Yeovil – St. Michaels Avenue
New build


Aug 2016
Shrewsbury – Sutton Road
New build

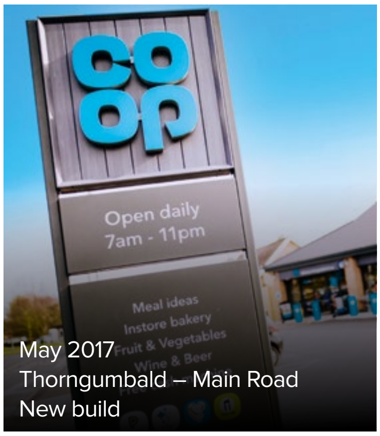

Sept 2016
Bodelwyddan – Ty Fry Lane
New build

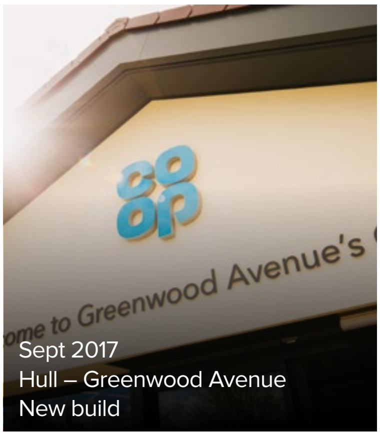

Sept 2016
Wolverhampton – Griffiths Drive
New build


Oct 2016
Telford – Milners Lane
New build


Jan 2017
Kings Bromley – Manor Road
New build


Apr 2017
Mansfield – Southwell Road West
New build


May 2017
Thorngumbald – Main Road
New build


Sept 2017
Hull – Greenwood Avenue
New build


Oct 2017
Tuffley – Stroud Road
New build


#15
Triggered performance fees from co-op

Jan 2018
Boston – Wyberton
New build


Feb 2018
Worcester – Barker Street
New build


Feb 2018
Dudley – Sedgley Road
New build


Mar 2018
Alvaston – Bembridge Drive
New build


Mar 2018
Chesterfield – Newbold Village
New build


£1.5m
Total performance fees in FY18

March 2018
Sutton-in-Ashfield – Alfreton Road
Conversion

PROFITABLE CAPITAL RECYCLING

During the year we completed £57.5 million of disposals, on terms on average 11% ahead of March 2017 valuation and 23% ahead of total cost (being purchase price plus subsequent capex), generating cash profit of £10.7 million. In line with our strategy, these disposals were typically of mature assets where our estimates of forward looking returns were below target levels, assets where we believe that the risk profile has changed, or assets sold to special purchasers.

Since 1 April 2017	Number of Disposals	Disposal price £m	Total cost £m	Disposal vs Cost %	March 2017 Valuation £m	Disposal vs Valuation %	Blended NIY %	Blended IRR %
Shopping Centre	2	15.1	9.3	62	11.4	32	6	20
High street	2	14.9	13.0	15	14.4	3	5	11
Retail park	5	23.8	21.2	12	22.8	4	7	12
Pubs and pub land	16	3.7	3.3	12	3.4	9	N/A	9
Total	25	57.5	46.8	23	52.0	11	6	15

We completed the disposal of two retail units from our shopping centre portfolio for a total of £15.1 million, 32% ahead of March 2017 valuation and 62% ahead of total cost, and two high street assets for a total of £14.9 million, 3% ahead of March 2017 valuation and 15% ahead of total cost. The two largest disposals of this group were purchases by Primark, comprising a unit in the Hillstreet Shopping Centre in Middlesbrough for £13.6 million 38% ahead of March 2017 valuation, and a high street unit in Warrington, which had been occupied on a lease with an unexpired term of 16 years, for £8.0 million 3% ahead of March 2017 valuation. We made the decision to sell these assets because there was limited scope for asset management enhancement and our estimated forward-looking returns were below target levels. Importantly, these disposals demonstrate that we select the right assets in the right locations for our retailers, because Primark only looks to buy back its best performing assets.

We also sold five retail park assets during the year, for a total of £23.8 million, 4% ahead of March 2017 valuation and 12% ahead of total cost. The largest retail park transaction was the disposal of the Clough Road Retail Park in Hull. We acquired Clough Road in June 2014 for £7.5 million as part of the Linear Portfolio, at which time the 95,500 sq ft park was only 85% let and in need of investment. Within a year of acquisition we had let the vacant unit to Go Outdoors and the park was fully occupied. We then signed a 10-year lease with Currys and negotiated the surrender of the adjacent PC World unit, which we then sub-divided and re-let to Office Outlet and Halfords at an improved rental level. In November 2016, we completed the construction of a coffee pod in the car park, with Costa signed on a 15-year lease, and in July 2017 we sold the asset for £11.2 million, generating a capital profit on cost of £1.4 million.

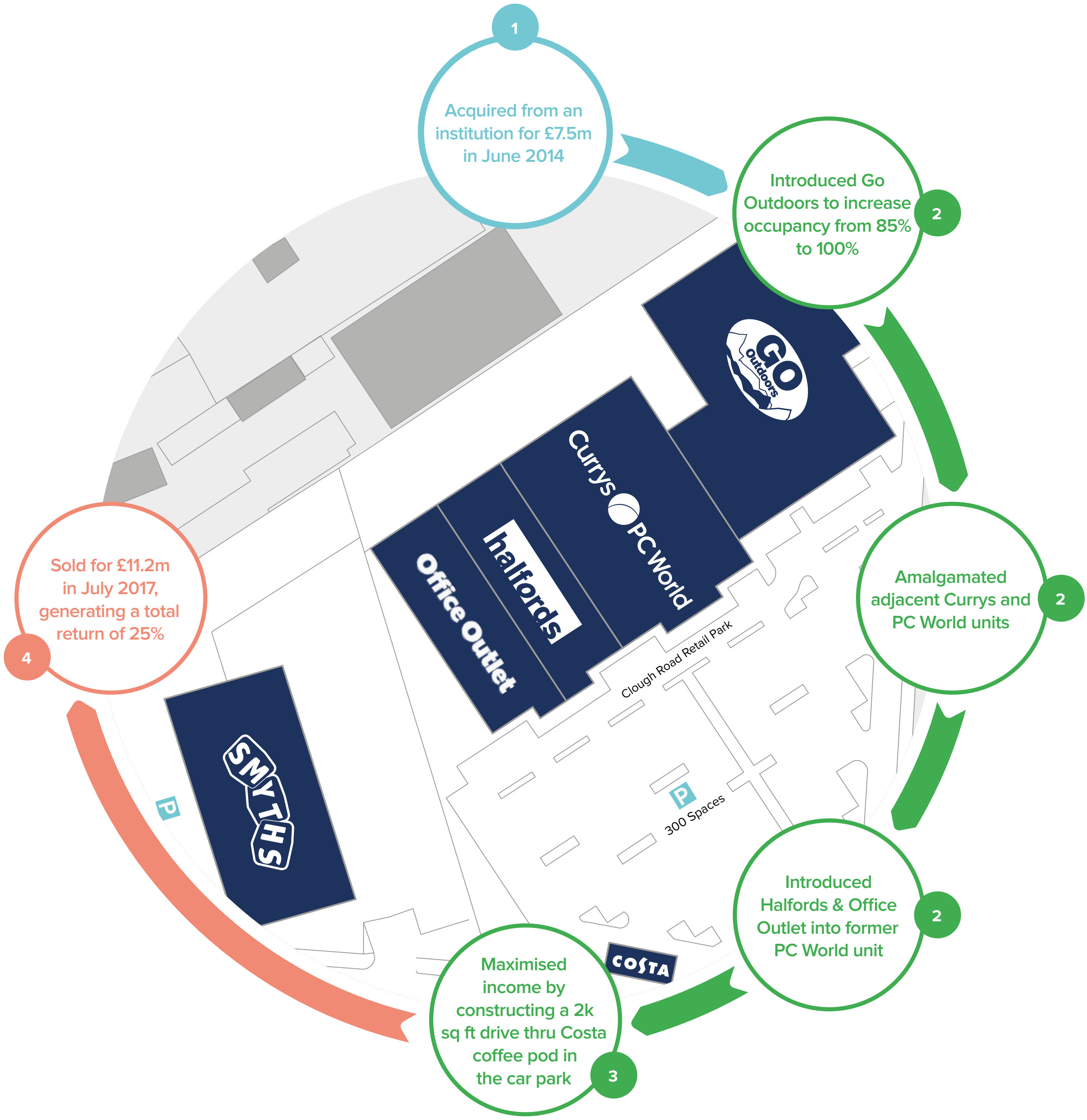
We made a number of disposals across our pub portfolio, comprising pub sales to tenants and sales of non-core ancillary land. In total we sold 11 pubs and five plots of land adjacent to pubs for £3.7 million.

Clough Road Retail Park, Hull

CLOUGH ROAD RETAIL PARK, HULL

Acquired for £7.5 million from an institution in June 2014 as part of the 'Linear' retail park portfolio.

Sold for £11.2 million in July 2017 having completed comprehensive active asset management and risk-controlled development programmes.



STRATEGIC REPORT

WE HAVE THE FINANCIAL

TO GROW

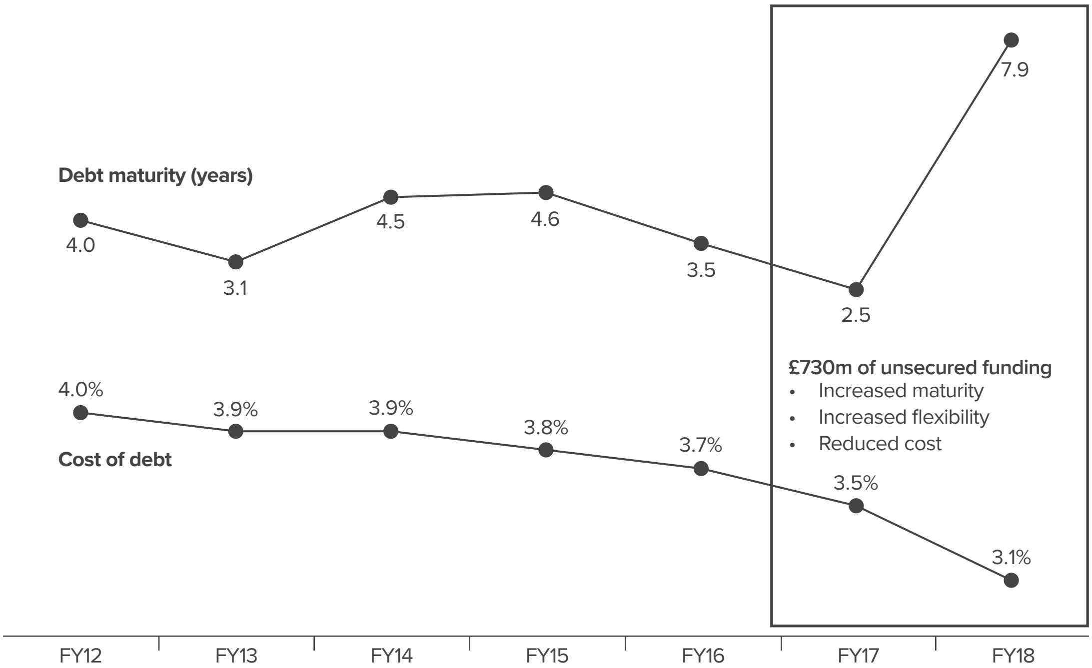
We have had a highly active year in the debt and equity capital markets, raising £1 billion of new funding on accretive terms, and completing the move from a secured to an unsecured debt structure.

In July 2017 we successfully raised £225 million of equity at a 14.7% premium to March 2017 EPRA net asset value. The equity raise gave us the capacity to grow, but importantly also the scale we required to complete our long-held ambition to move from a secured to an unsecured debt structure, which meant that we ended the year with an unencumbered balance sheet, having raised £730 million of unsecured financing.

This included £430m of new unsecured bank facilities, which we raised in August 2017, and our debut £300 million sterling-denominated corporate bond, which was assigned an investment grade rating of BBB+ by Fitch Ratings. These actions have diversified our sources of funding, increased operational flexibility, increased debt maturity to 7.9 years and reduced our cost of debt to 3.1%.

With an LTV of 28% at 31 March 2018, safely within our stated guidance of less than 40%, we have capacity to grow through disciplined stock selection and our risk-controlled development pipeline.

Summary debt position following move to unsecured



BUILDING A PLATFORM FOR FUTURE GROWTH

Our convenience and community focus and execution of our business model has delivered another profitable period for shareholders, with Funds From Operations ('FFO') increasing by 3.6% to £60.3 million (FY17: £58.2 million) delivering an FFO per share of 21.2 pence (FY17: 24.9 pence).

Our ordinary dividend per share increased by 5.0% to 21.0 pence (FY17: 20.0 pence) and was fully covered, in line with one of our core financial policies, and demonstrating our commitment to delivering sustainable cash returns for shareholders.

IFRS Profit after tax for the year was £45.7 million, increased by 26% from £36.2 million in FY17 predominantly due to the growth in operating profit resulting from our acquisition of the PIMCO joint ventures in July 2017. IFRS net assets increased from £684.5 million at 31 March 2017 to £892.4 million, predominantly due to our £225 million equity raise. EPRA NAV per share held flat on FY17 at 292 pence, meaning we delivered a Total Accounting Return of 8.1%.

This has been a transformational year for our balance sheet, during which we have raised £1 billion of financing in both the debt and equity capital markets and completed the move from a secured to an unsecured debt structure. Our capital market activity included:

- Completing a significantly oversubscribed £225 million equity raise in July 2017, at a 14.7% premium to March 2017 EPRA NAV (292 pence per share)
- Raising £430 million of new unsecured bank facilities in August 2017, including a £215 million revolving credit facility ('RCF')
- Issuing our debut £300 million sterling-denominated unsecured corporate bond in March 2018, assigned an investment grade credit rating of BBB+ by Fitch Ratings

The transition to an unsecured debt structure has been a long-held ambition of the Company and its fulfilment against a difficult market backdrop was a significant achievement. Completing the move to a fully unencumbered balance sheet brings the Company many benefits, including:

- Achieving a more diversified debt structure and gaining access to a much bigger pool of capital to help support the balance sheet in the future
- Increased operational flexibility
- Increased debt maturity to 7.9 years (March 2017: 2.5 years)
- Reduction in cost of debt to 3.1% when our RCF fully drawn (March 2017: 3.5%)
- Finally, we know from our analysis an unsecured debt structure reduces the risk profile of the Company due to its flexibility and less onerous covenant and reporting requirements

Furthermore, we have maintained our capital discipline which means that our loan to value has reduced to 28% at March 2018 (March 2017: 37%). At this level, we are safely within the Company's stated Financial Policy, with significant firepower to deploy into accretive acquisitions and our risk-controlled development pipeline.

Today we announce a first quarterly dividend for the year ended 31 March 2019 of 5.4p per share, an increase of 3%, reflecting our continued focus on delivering growing cash returns to our shareholders, the strength of our underlying cash flows and our well-advanced acquisition pipeline.

Key performance measures

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

Funds from operations
£60.3m

Fully covered ordinary dividend
21.0p

Total accounting return
8.1%

Financing raised
£1bn

Debt maturity
7.9 years

Cost of debt
3.1%

In addition to information contained in the Group financial statements, Alternative Performance Measures ('APMs'), being financial measures which are not specified under IFRS, are also used by management to assess the Group's performance. These APMs include a number of European Public Real Estate Association ('EPRA') measures, prepared in accordance with the EPRA Best Practice Recommendations reporting framework. We report 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 and the most directly comparable IFRS measure is also identified. The measures used in the review below are all APMs presented on a proportionally consolidated basis unless otherwise stated.

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

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

Capital markets activity

This has been a particularly active year for the Company in both the debt and equity markets, and in total we raised £1 billion of capital.

In July 2017, we raised £225 million of equity at a 14.7% premium to March 2017 EPRA NAV (292 pence per share). The significantly oversubscribed equity raise gave us firepower to deploy into accretive acquisitions and our inbuilt risk-controlled development pipeline, but also gave us the additional balance sheet scale required to enable our transition from a secured to an unsecured balance sheet.

This meant that in August 2017 we were able to arrange £430 million of new unsecured debt to replace the majority of our existing secured debt facilities, with the new facilities provided by a syndicate of banks with whom we have enjoyed long-standing relationships. The new facilities include a £165 million term loan and a £215 million revolving credit facility ('RCF'), which is currently undrawn, with an initial maturity of five years which can be extended to a maximum of seven years subject to lender consent. The margin payable on the unsecured bank facilities was 185 basis points for the initial interest period and was 175 basis points at 31 March 2018 due to the Company's LTV ratio of 28%.

In March 2018, we completed our move to an unsecured balance sheet, by issuing our debut £300 million sterling-denominated senior unsecured bond, which was assigned an investment grade rating of BBB+ by Fitch Ratings. The bond, which was significantly oversubscribed, has a term of 10 years and a fixed coupon of 3.5%. The majority of the proceeds were used to repay existing secured facilities totalling £177 million and existing unsecured facilities totalling £50 million, with the balance to be used for general corporate purposes.

By running our average debt maturity down to just 2.5 years at the start of the financial year we were able to complete the move to unsecured with minimal breakage costs, maximising the benefit to our shareholders. The unsecured facilities were arranged with total cash breakage costs of just £4.1 million, being £2.2 million of redemption fees on the secured facilities and payments for interest rate swap close-outs of £1.9 million. We recognised costs in respect of our unsecured refinancing in IFRS profit after tax of £5.3 million, being the sum of the £2.2 million of cash redemption fees noted above, and a £3.1 million non-cash write-off of unamortised fees.

As a result of this activity, the Company's weighted average debt maturity, including extension options, increased from 2.5 years in March 2017 to 7.9 years, with a well-spread maturity profile. Once the existing £215 million RCF is fully drawn, the Company's cost of debt will reduce to 3.1%, from 3.5% in March 2017. In addition, we have increased our operational flexibility, achieved a more diversified debt structure and, in completing our debut corporate bond, we have gained access to a much bigger pool of capital to help support the balance sheet in the future.

Funds From Operations

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

Reconciliation of profit after taxation to FFO

	31 March 2018 £'000	31 March 2017 £'000
Profit for the year after taxation	45,732	36,201
Adjustments		
Revaluation of investment properties	12,902	15,030
Revaluation of joint ventures' investment properties	564	419
Revaluation of derivatives	(3,756)	3,607
Revaluation of joint ventures' derivatives	(37)	350
Share–based payment charge	2,559	1,434
Gain on bargain purchase	(2,964)	–
Cost in respect of unsecured refinancing	5,318	–
Exceptional cost in respect of move to the main market	–	1,191
Funds From Operations	60,318	58,232

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

	31 March 2018			31 March 2017
Funds from operations	Group[1] £'000	Joint ventures £'000	Proportionally consolidated £'000	Proportionally consolidated £'000
Gross income	103,333	3,675	107,008	106,657
Property operating expenses	(19,229)	(636)	(19,866)	(16,917)
Net property income	84,104	3,039	87,142	89,740
Administrative expenses	(14,855)	(294)	(15,149)	(13,581)
Net finance costs	(14,605)	(650)	(15,254)	(17,069)
Profit on disposal of investment properties	4,893	(114)	4,779	343
Taxation	(1,200)	–	(1,200)	(1,201)
Funds From Operations	58,337	1,981	60,318	58,232
FFO per share (pence)			21.2	24.9
Ordinary dividend per share (pence)			21.0	20.0
Dividend cover[2]			101%	108%
Adjusted FFO			59,581	56,297
Admin cost ratio			15.0%	13.6%
Cost of debt			3.1%	3.5%

1. Group excluding JV income
2. Dividend cover calculation in year to March 2017 includes 3.0 pence special dividend

Adjusted FFO ('AFFO'), a measure which adjusts our FFO reflect maintenance capex incurred during the year (the element considered to be non-accretive, and which cannot be recovered from occupiers through the service charge) stood at £59.6 million. Our maintenance capex remained low over the year, representing just 2% of our gross property income and 0.01% of our portfolio value, reflecting our focus on providing clean, secure and accessible environments for purpose-driven, low-dwell-time shopping.

Net property income

Analysis of net property income (£m)

Net property income for the year ended 31 March 2017	**89.7**
Less: Sheffield transaction	(11.5)
	78.2
Retail: Acquisitions	6.1
Retail: Disposals	(1.8)
Retail: Held for development	(0.7)
Retail: Like-for-like net property income	0.5
Retail: BRAVO JVs promote	2.2
Retail: Surrender premia	6.0
Pubs & c-store portfolio	(2.5)
Other	(0.9)
Net property income for the year ended 31 March 2018	**87.1**

On a proportionally consolidated basis, net property income decreased by 2.9% to £87.1 million, from £89.7 million in the prior year. Adjusting for the Sheffield transaction, from which we received a one-off £11.5 million receipt, net property income has increased by 11.4% from £78.2 million, to £87.1 million.

Acquisitions increased net property income by £6.1 million, principally due to the acquisition of the remaining 50% share in the BRAVO joint ventures in July 2017 for a cash consideration of £59.4 million. The acquisition gave us control over a portfolio of four convenience-led shopping centres in Belfast, Glasgow, Hastings and Middlesbrough, and added £5.6 million of net property income in the year. In February 2018, the Company completed the acquisition of two retail parks for a combined consideration of £26.5 million, representing a net initial yield of 8.9% and adding £0.3 million of net property income in the year. The acquisition of a retail park in Dumfries in June 2016 added a further £0.2 million to net property income in the current year.

We completed £53.8 million of retail portfolio disposals in the year, and this reduced net rent by £1.8 million. Assets held for development reduced net property income by £0.7 million. This reduction occurred due to the progress made across our risk-controlled development pipeline during the year securing vacant position of additional units in preparation for the construction phase of the developments. For example, we continued to make progress at our major mixed-use regeneration in Burgess Hill, including pre-selling the entire residential element of the scheme to a private residential investment company for £34 million.

Retail like-for-like net property income increased by £0.5 million, or 0.9%, in the year. The increase reflects the results of a range of asset management initiatives that have maintained a consistently high retail occupancy offsetting the loss of retailers such as BHS from the portfolio in the prior year.

Having been responsible for the management of the portfolio of shopping centres acquired from the BRAVO fund since 2013, we also received a £2.2 million promote in the year based on the returns generated to date. We received £6.0 million of surrender premia in the year, £3.5 million of which related to two units at the Piazza Shopping Centre in Paisley, where we were motivated to accept the surrenders due to expressions of interest from a range of retailers, including leading discounters and a sports & leisure retailer.

Net property income across the pubs and c-store portfolio reduced by £2.5 million to £12.7 million during the year. The key driver of this reduction was the income disruption experienced as we completed the transfer of the remaining 123 pubs from Marston's. At the time of the Trent portfolio acquisition, we signed a four-year leaseback agreement with Marston's, which came to an end in December 2017. We started the transfer programme from Marston's to the Company's outsourced pub manager in November 2016 and it was completed in December 2017. The transfer was well managed, but inevitably led to some one off disruption, and we expect to replace the majority of this income as we monetise the savings in business rates that we've seen across the pub portfolio, and roll out our targeted capex programme.

Administrative expenses

Administrative expenses increased by 11.5% during the year to £15.1 million from £13.6 million, principally because we have invested in our team to build a scalable platform to deploy the capital raised during the year.

Net finance costs

Net finance costs reduced by 10.6% during the year, to £15.3 million from £17.1 million in the prior year. The reduction in net finance costs was primarily due to the £225 million of equity raised in July 2017, which we have not yet fully deployed, meaning that the weighted average amount of gross debt held during the year reduced to £412 million from £464 million in the prior year.

In addition to net finance costs, we recognised costs of £5.3 million in profit after taxation as a result of the redemption of the secured debt which was replaced with the £730 million of unsecured financing raised during the year. Of these costs, £2.2 million was paid in early redemption fees and associated costs and £3.1 million related to the non-cash write-off of unamortised fees.

Profit on disposals

In the year we completed £57.5 million of property sales on average 11% ahead of March 2017 valuation, generating a profit on disposal included within FFO of £4.8 million. Disposals included five retail parks, two shopping centre units, two high street assets, 16 pubs and parcels of ancillary land to pubs. These disposals were 23% ahead of total cost (being purchase price plus subsequent capital expenditure) generating a profit on total cost of £10.7 million.

Taxation

As a REIT we do not pay corporation tax on qualifying UK property rental income and gains arising from disposal of exempt property assets. We earn operating income through our pub portfolio and asset management fees in joint ventures which are taxable, and therefore during the year we incurred a corporation tax charge of £1.2 million, which was in-line with the charge incurred in the prior year.

Dividends

We are committed to our progressive dividend policy, and we have a track record of delivering a growing ordinary dividend to shareholders. 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

Dividends paid and declared in relation to FY18

	Paid in FY18			Declared in relation to FY18		
	Ordinary	Special	Total	Ordinary	Special	Total
FY17 Q4	5.00	–	5.00	–	–	–
FY17 Special	–	3.00	3.00	–	–	–
FY18 Q1	5.25	–	5.25	5.25	–	5.25
FY18 Q2	5.25	–	5.25	5.25	–	5.25
FY18 Q3	5.25	–	5.25	5.25	–	5.25
FY18 Q4	–	–	–	5.25	–	5.25
Total	**20.75**	**3.00**	**23.75**	**21.0**	**–**	**21.0**

During the year we paid 20.75 pence per share of ordinary dividends and a 3.0 pence per share special dividend, relating to the year ended 31 March 2017.

During the year, we declared a total ordinary dividend of 21.0 pence per share, a 5% increase from 20.0 pence in 2017, which was 101% covered by FFO of 21.2 pence per share.

Today, we also announced our ordinary dividend for the first quarter of FY19 of 5.4 pence, an increase of 3% compared with Q1 FY18. The dividend will be paid on 27 July 2018 to shareholders on the register at close of business on 22 June 2018. The ex-dividend date will be 21 June 2018. 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 2018			As at 31 March 2017
	Group £'000	Joint ventures £'000	Proportionally consolidated £'000	Proportionally consolidated £'000
Properties at valuation	1,227,212	12,375	1,239,587	1,130,568
Investment in joint ventures	8,509	(8,509)	–	–
Other non–current assets	4,290	–	4,290	351
Cash	115,801	402	116,203	49,574
Other current assets	34,549	(12)	34,614	6,190
Total assets	1,390,361	4,256	1,394,617	1,186,683
Other current liabilities	(40,856)	(265)	(41,198)	(32,497)
Debt	(456,952)	(3,991)	(460,943)	(467,357)
Other non–current liabilities	(173)	–	(173)	(2,291)
Total liabilities	(497,981)	(4,256)	(502,237)	(502,145)
IFRS net assets	892,380	–	892,380	684,538
EPRA adjustments:				
Warrants in issue			501	535
Unexercised employee awards			1,276	3,861
Fair value derivatives			(3,288)	4,144
EPRA net assets			890,869	693,078
EPRA NAV per share			292p	292p
IFRS net assets per share			294p	292p
LTV			28%	37%

Net assets

At 31 March 2018, net assets increased by 30.4% to £892.4 million, from £684.5 million at 31 March 2017. This increase was primarily due to the £225 million equity raise in July 2017.

EPRA NAV is calculated by adjusting net assets to reflect the potential impact of dilutive ordinary shares, and to remove the fair value of any derivatives held on the balance sheet. These adjustments are made with the aim of improving comparability with other European real estate companies. EPRA NAV increased by 28.5% to £890.9 million, from £693.1 million at 31 March 2017.

EPRA NAV per share increased by 1.7% to 297 pence per share at September 2017, due primarily to the issue of £225 million of equity in July 2017 at a 14.7% premium to March 2017 EPRA NAV (292 pence per share). In the second half, EPRA NAV per share reduced by 1.7% to 292 pence per share at March 2018, due predominantly to a 1.3% decline our portfolio valuation. IFRS net assets per share increased from 292 to 294 pence per share over the year, as the increase in IFRS net assets more than offset the impact of the July 2017 equity raise.

Properties at valuation

Properties at valuation increased by £109.0 million in the year from March 2017, predominantly due to acquisitions and capital expenditure, less disposals and valuation decline. The acquisition of the remaining 50% of the units in the BRAVO joint ventures added £122.3 million of investment property. We invested £16.4 million of capital expenditure in the year, spending £6.3 million on our rolling c-store development programme, and £57.5 million of property sales were completed in the year.

Net debt & financing

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

Proportionally consolidated net debt at 31 March 2017	**417.9**
Operating activities	
Net cash inflow from operations before working capital movements	(53.7)
Changes in working capital	12.0
Investing activities	
Purchase of investment properties	31.2
BRAVO JV acquisition – Purchase price (net of cash acquired)	53.6
BRAVO JV acquisition – Share of debt acquired	60.6
Disposal of investment properties	(44.2)
Development and other capital expenditure	19.3
Financing activities	
Shares issued	(222.3)
Refinancing costs – Cash	4.1
Refinancing costs – Non-cash	3.1
Purchase of derivatives	1.9
Ordinary dividends paid	55.1
Special dividends paid	7.0
Other	(0.9)
Proportionally consolidated net debt at 31 March 2018	**344.7**

Net debt decreased by £73.2 million over the year, to £344.7 million, primarily as a result of the successful equity raise completed during the period, offset by the subsequent acquisition of BRAVO units.

Operating activities generated a net cash inflow from operations before working capital movements of £53.7 million, compared with FFO of £60.3 million.

Investing activities included the acquisition of the remaining units in the BRAVO joint ventures, which increased net debt by £114.2 million, being the sum of the purchase price (net of cash acquired) of £53.6 million, and the share of debt acquired in the transaction of £60.6 million.

Proceeds of £44.2 million were received on the disposal of investment property and land during the year. These disposals were completed on terms 23% ahead of total cost (being purchase price plus subsequent capital expenditure) generating a profit on total cost of £10.7 million.

Financing activities led to a reduction in net debt, principally due to shares issued generating £222.3 million of cash proceeds, being the net proceeds (after costs) of the equity issue of £220.0 million, and £2.3 million received from the exercise of share options. The new unsecured debt facilities were arranged with total cash breakage costs of just £4.1 million, being £2.2 million of redemption fees on the secured facilities replaced by the new facilities and payments for interest rate swap close-outs of £1.9 million, and a non-cash write-off of unamortised fees of £3.1 million. During the year we paid £55.1 million of ordinary dividends (20.75 pence per share), and £7.0 million of special dividends (3.0 pence per share).

Financial Policies

		Proportionally consolidated	
	Financial Policy	31 March 2018	31 March 2017
Net debt		**£344.7m**	£417.9m
Principal value of gross debt		**£469.0m**	£470.9m
Weighted average cost of drawn debt		**3.1%[1]**	3.5%
Weighted average debt maturity of drawn debt		**7.9 yrs[2]**	2.5 yrs
Loan to value	Guidance <40% Policy <50%	**28%**	37%

		31 March 2018	31 March 2017
Net debt: EBITDA	<10x	**4.5x**	5.5x
Interest cover	>2.0x	**4.7x**	4.5x
Dividend cover	>100%	**101%**	108%

		Group	
		31 March 2018	31 March 2017
Balance sheet gearing	<100%	**38%**	52%

1. Cost of debt assuming £215 million revolving credit facility is fully drawn
2. Average debt maturity assuming 2-year extension options are bank approved

Our conservative financial policies were put in place in consultation with shareholders and form a key component of our financial risk management strategy. We now report five financial policies, including 'Net debt: EBITDA' in this financial year for the first time, and we are within all of our policies.

- Our Loan to Value was 28% at 31 March 2018, decreased from 37% at 31 March 2017 as we have not yet fully deployed the £225 million of equity raised in the year. Our guidance is that our LTV will remain below 40%.
- Our interest cover was 4.7x at 31 March 2018, increased from 4.5x in March 2017 and significantly ahead of our financing policy which requires a minimum cover of 2.0x.
- Our dividend cover, calculated with reference to FFO per share was 101% for the year to 31 March 2018, and it is our policy to have at least 100% dividend cover.
- Our balance sheet gearing reduced to 38% from 52% at 31 March 2017, again due to the equity raise and refinancing.

Additional guidelines

Sitting alongside our financial policies are additional guidelines, used by management when analysing operational and financial risk, which we disclose in the following table:

	Guideline	31 March 2018
Single retailer concentration	<5%	**2.2%**
Development expenditure	<10% of GAV	**1%**
Risk-controlled development	>70% pre-let or pre-sold on committed	**88%**
Pub weighting	<20% of GAV	**12%**

- Our largest single retailer concentration at the year end was Poundland, with a single retailer concentration, expressed as a percentage of total rent roll, of 2.2%.
- Our development expenditure in the last 12 months as a proportion of total gross asset value was 1%.
- Our risk-controlled approach to development means that we will not commit to a new development unless we have pre-let or pre-sold at least 70% by area, and we are currently 88% pre-let on committed developments.
- We are comfortable with our pub weighting, currently 12% excluding c-stores, and we envisage that pubs will remain an important part of our portfolio.

Mark Davies
Chief Financial Officer

23 May 2018

WE ARE INVESTED AT THE

OF COMMUNITIES

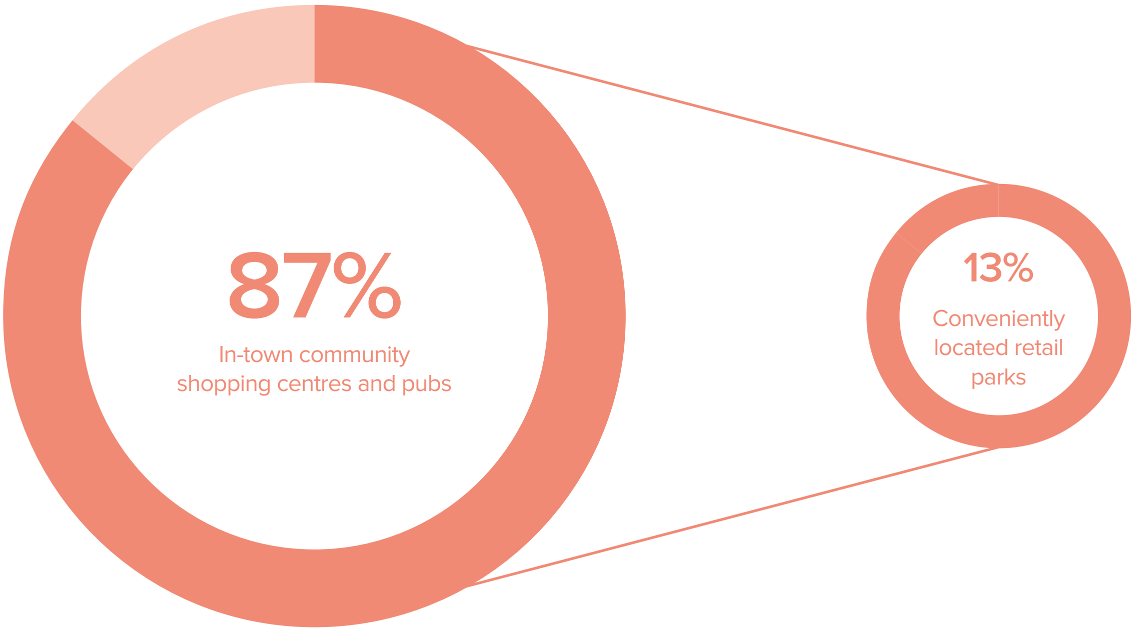
Our portfolio is located at the heart of communities across the UK, providing the appropriate mix of retail, leisure and civic services and acting as an important social hub for local people.

Our Environmental, Social and Governance ('ESG') strategy is embedded within our business strategy, and we believe that by acting responsibly and sustainably we can produce the best outcomes for our occupiers and the communities they serve, and deliver long-term value for our shareholders.

Since our founding in 2009, we have made significant strides incorporating ESG in to our strategy, risk management and governance processes. This year we have taken another important step forward, publishing a standalone ESG report for the first time. Going forward, this report will be published annually, enabling stakeholders to assess our progress against our key ESG priorities over time.

As a further demonstration of our commitment to placing ESG at the heart of our business, we have this year introduced an ESG KPI, which is to improve our score in the Global Real Estate Sustainability Benchmark ('GRESB') annual survey which is the global real estate industry's most rigorous assessment of sustainability performance.

Launch of NewRiver's inaugural standalone ESG Report


87%
In-town community shopping centres and pubs
13%
Conveniently located retail parks

OUR MOST IMPORTANT ASSET IS OUR PEOPLE

Without their hard-work, dedication and entrepreneurial spirit we could not have achieved such significant growth and success over the past nine years.

For a company of our portfolio size and market capitalisation we have a relatively low headcount, with just 55 full time employees, working across asset management, development, finance, marketing and support. Having such a lean but highly effective team brings two key benefits: first, it ensures operational efficiency which enhances returns for our shareholders, and secondly, it creates a uniquely collaborative and supportive culture which gives every individual a sense of purpose and an opportunity to thrive.

Recruiting, developing & retaining talent

Our recruitment policies consider the needs of the business today and our aspirations for the future, all the time ensuring that our unique corporate culture is maintained. During the year we hired an additional 7 experienced employees across our portfolio management, development and finance teams.

We provide all our colleagues with the opportunity to develop themselves and progress in their careers. Our support ranges from funding colleagues through professional qualifications with institutions such as RICS and ACCA to informal weekly teach-ins with experts on a wide range of topics, which all staff members are encouraged to participate in. In addition, all employees benefit from a tailored performance review and professional development plan which allows them to measure their progress and fulfil their potential. The support we provide to our staff is reflected in our excellent staff satisfaction and retention rates, and this allows us to further attract the best talent.

Strengthening our leadership

Our Executive Committee (ExCo) provide the leadership and direction to move our business forward. During the year we made three appointments to our ExCo to further strengthen the team and ensure all areas of the business are represented in high-level decision making. We would like to congratulate Directors Charles Spooner, Emma Mackenzie and Stuart Mitchell on their new appointments, joining existing ExCo members Allan Lockhart, Chief Executive, Mark Davies, Chief Financial Officer, David Lockhart, Executive Deputy Chairman and Nick Sewell, Director.

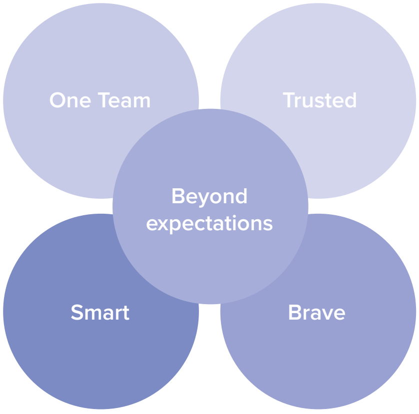
Charles Spooner
Director

Emma Mackenzie
Director

Stuart Mitchell
Director

Our core values

Since our inception, we have always had a core set of values that guided us through our development as a business. In 2017, we conducted an exercise to codify these values into a single framework, combining our key stakeholders with our five key values:



OUR RESPONSIBLE APPROACH TO BUSINESS

We are open and transparent with our stakeholders about our approach to ESG risks and opportunities.

Background

The real estate sector is estimated to contribute 36% of global GHG emissions annually which presents both risks and opportunity for us to address through our operations.

We recognise that integrating environmental, social and governance (ESG) policies into our operational model can have long-term positive impacts on our business, and the communities in which we operate.

As a result we believe that conducting our activities in a manner that provides social benefits, and is sensitive to the environment, enhances the long-term value of our business.

We place a high value on our track record of strong corporate governance and this is discussed further on pages 76-110 of this report.

Our ESG programme

Our ESG programme has rapidly evolved over the last few years and is now fully comprehensive, covering all areas from strategy development to data management and operations.

The programme remains dynamic and fluid – our ongoing operational performance and management feeds into our reporting and benchmarking, which in turn influences our strategy development.

We are open and transparent with our stakeholders about our approach to ESG risks and opportunities and how we are progressing against environmental, social and governance criteria and benchmarks.

Our ESG strategy

Our key ESG focus areas are aligned with our business model and our five strategic priorities. Each priority area addresses major social, economic and environmental factors to create value for our stakeholders and the business.

1

Incorporating environmental, legislative, energy and social factors in the pre-acquisition due diligence process

2

Reducing asset operating costs through monitoring and targeting improvements of assets, ensuring operational consistency across the portfolio

3

Active engagement with occupiers on sustainability and tenant satisfaction matters including providing fit-out guidelines and achieving high BREEAM ratings

4

When recycling assets, engaging local stakeholders to ensure an orderly handover that benefits the community

5

Investing with the benefit of our scale into local communities to maximise stakeholder benefits

Progress made in FY18

Following the implementation of formal objectives in FY17, throughout FY18 we have been able to significantly enhance our disclosures and provide an update on progress made during the course of the year.

Set out below are our goals together with how successful we were in achieving them over the course of the year.

1. Minimise our environmental impact without compromising operational efficiency

We are committed to managing our assets in the most resource efficient and cost effective manner, reducing both our environmental impact as well as occupational costs for retailers. Our strategic approach encompasses both the procurement of energy as well as intelligent management tools to monitor and minimise usage.

Our contract with Co-op Power, who centrally procure our utilities, included the installation of smart meters which both monitor usage and through our utility bill management process ensure that our bills are based on actual consumption. As at 31 March 2018, 50% of all retail portfolio meter readings were made by smart meters, and we plan to continue the roll out in FY19 to support enhanced consumption monitoring.

During the year we implemented our waste monitoring management system across a total of seven pilot centres, in parallel appointing a waste administration, reporting and management solution provider to improve data collection and identify efficiency opportunities while we work with partners to improve recycling rates. This programme is scheduled to continue through FY19 to support our long-term recycling objectives.

Measuring our success

In FY18, we achieved a 28% improvement to our score in the Global Real Estate Sustainability Benchmark (GRESB).

We are proud to report that our actions in FY18 resulted in a reduction in both electricity consumption and GHG emissions by 6% year on year.

2. Support our local communities

Positive engagement with our local communities is fundamental in our approach and it is an area in which we have a strong track record. In FY18 we continued to support a large number of charities and hosted charity events at our shopping centres. Some assets excelled; the Avenue Shopping Centre in Newton Mearns, Glasgow for example hosted over 30 community events.

Overall, last year we supported over 300 charities and participated in 339 community centred events. We recognise the significant social and economic impact our shopping centres have on the local community and we are proud to announce that last year, our shopping centres supported over 12,000 jobs through retailer employment as well as our own shopping centre staff and suppliers.

Our community and social impact is assessed on a yearly basis, covering all of our shopping centre portfolio with focus on community engagement and supporting charities.

Measuring our success

Slower Shopping Tuesdays: St Elli Centre

In collaboration with Alzheimer's Society, the centre launched a dementia friendly project - 'Slower Shopping Tuesdays' to provide support to people with dementia to continue shopping after being diagnosed.

Since November 2017, every Tuesday from 1:30 – 2:30pm participating retailers turn off loudspeakers, provide slower check-out lines and offer chairs to allow people to have a rest. Research by the Alzheimer's Society shows that 8 out of 10 people with dementia list shopping as their favourite activity.

However often those with the condition stop going once diagnosed and their dementia progresses. St Elli recognises how being able to go shopping is a critical aspect of remaining independent and engaging with their own communities and wanted to help by implementing the slower shopping programme.

The initiative has been well received by the public and occupiers with a remarkable response not only from people who suffer from dementia but also from people who benefit from a slower and quieter pace of shopping including people with autism, elderly and new parents with small children.

3. Drive engagement with stakeholders and empower our people

Our key stakeholders include retailers, suppliers, councils, communities, lenders & shareholders as well as our employees.

We recognise that our managing agents and property managers have a key part to play in improving the environmental performance of the assets and central to our stakeholder engagement strategy is continuous engagement with our property managers.

Measuring our success

In FY18 we launched our ESG staff engagement programme: running training sessions and workshops on ESG challenges and opportunities and have been pleased with the engagement we have received.

In addition to workshops throughout the year, we gather all managing agents and centre managers twice-yearly to communicate and discuss our corporate ESG performance, strategy updates and objectives.

Next year we will continue to support and nurture our staff, starting with the implementation of our staff wellness monitoring procedures due to commence in the first half of 2019.

Our targets

In support of the embodiment of ESG throughout NewRiver and to ensure we continue to challenge ourselves to extend our sustainable approach to all areas of the business.

We have set our specific GHG and energy reduction targets for the short (FY21), medium (FY31) and long-term (FY51) using robust Science Based Targets (SBTs) providing us an ambitious platform for NewRiver's ESG performance.

FY19-FY21: short term targets

1. Expand our data collection on waste management to encompass all multi-let retail assets
2. Expand our data collection on water management to encompass all multi-let retail assets
3. Encourage sustainability in the community by increasing the provision of recycling points at our assets
4. Implement staff wellness monitoring procedures
5. 5% reduction in NewRiver procured utilities
6. 5% reduction in NewRiver GHG emissions

2020-2030: medium term targets

1. Zero waste to landfill across entire portfolio
2. 100% energy procured from renewable sources
3. 20% reduction in NewRiver procured utilities
4. 20% reduction in NewRiver GHG emissions

2030-2050: long term targets

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

Performance measures

Utility consumption and emissions performance measures

	Performance				Targets (reduction)		
	FY18	FY17	Like-for-Like	Energy Intensity FY18 / m^2	2020	2030	2050
Electricity (kWh)	**12,546,213**	13,398,347	–6%	187.99	5%	20%	40%
Gas (kWh)	**2,450,633**	2,413,295	2%	36.72	–	–	–
GHG emissions (tCO_2e)	**4,912**	5,204	–6%	0.0736	5%	20%	40%

Gender diversity

Gender	Headcount Total	Board of Directors	Turnover (# & rate)	New Hires (# & rate)
Male	30	5	3 (10%)	3 (17%)
Female	25	2	4 (16%)	6 (24%)
Total	55	7	7 (13%)	9 (16%)

EPRA environmental sustainability measures

EPRA Code	Performance Measure	2018	2017	Unit(s) of Measure
Elec-Abs	Total electricity consumption	**12,546,213**	13,398,347	annual kWh
Elec-LfL	Like–for–like total electricity consumption	**-6%**	–	annual kWh
Fuels-Abs	Total fuel consumption	**2,450,633**	2,413,295	annual kWh
Fuels-LfL	Like–for–like total fuel consumption	**2%**	–	annual kWh
Energy-Int	Building energy intensity	**224.71**	236.92	kWh/ m^2
GHG-Dir-Abs	Total direct greenhouse gas (GHG) emissions	**4,912**	5,204	annual metric tonnes CO_2e
GHG-Int	Greenhouse gas (GHG) emissions intensity from building energy consumption	**0.074**	0.078	tonnes CO_2e / m^2
Water-Abs	Total water consumption	**65,747**	–	annual cubic metres (m^3)
Water-Int	Building water intensity	**0.9851**	–	m3 consumption / m^2

EPRA governance measures

EPRA Code	Performance Measure	2018	Unit(s) of Measure
Gov-Board	Composition of the highest governance body	**See pages 78-79**	Total number
Gov-Selec	Process for nominating and selecting the highest governance body	**See pages 89-91**	Narrative on process

EPRA social measures

EPRA Code	Performance Measure	2018	Unit(s) of Measure
Diversity-Emp	Employee gender diversity	**See above**	Percentage of employees
Emp-Training	Employee training and development	**42**	Average hours / employee
Emp-Dev	Employee performance appraisals	**100%**	Percentage of employees
Emp-Turnover	New hires and turnover	**See above**	Total number and rate
H&S-Emp	Employee health and safety	**See commentary below**	Injury rate, absentee rate and number of work related fatalities
H&S-Asset	Asset health and safety assessments	**100%**	Percentage of assets
H&S-Comp	Asset health and safety compliance	**0**	Number of incidents
Comty-Eng	Community engagement, impact assessments and development programmes	**100%**	Percentage of assets

Employee health & safety

NewRiver strongly believes that our employees play a central role in our success and our staff programme goes beyond traditional health and safety initiatives.

In FY18 we launched our staff wellbeing programme which includes aspects such as encouraging physical activities, supporting flexible working and providing healthy foods. We also support training to allow our staff to maximise their potential and contribution to our business.

In FY18, each employee participated on average in 42 hours of training and all of our employees receive annual performance reviews. We also perform regular health and safety checks including workstation checks. In FY18 we had zero injury and fatalities and total absences days were 77, less than 1% of total employee workdays.

Greenhouse Gas Emissions

Under the Companies Act 2006 (Strategic and Directors' Reports) Regulations 2013, we are required to report on greenhouse gas (GHG) emissions for which we are responsible. The GHG emissions details for the financial year ending 31st March 2018 are in the table below. Emission data from financial year ending 31st March 2017 has also been included for comparison purposes.

Sources of greenhouse gas emissions	tCO_2e 2018	tCO_2e 2017
Scope 1		
Gas, refrigerants and car fuel	**501.46**	493.82
Scope 2		
Landlord controlled electricity	**4,410.75**	4,710.32
Total footprint	**4,912.21**	5,204.14

Intensity measure	tCO_2e/sq m	tCO_2e/sq m
Emissions per sq m	**0.078**	0.074

We have used the operational control method to outline our carbon footprint boundary. Occupiers' energy usage and emissions are not included as this is not deemed to be within our operational control boundary.

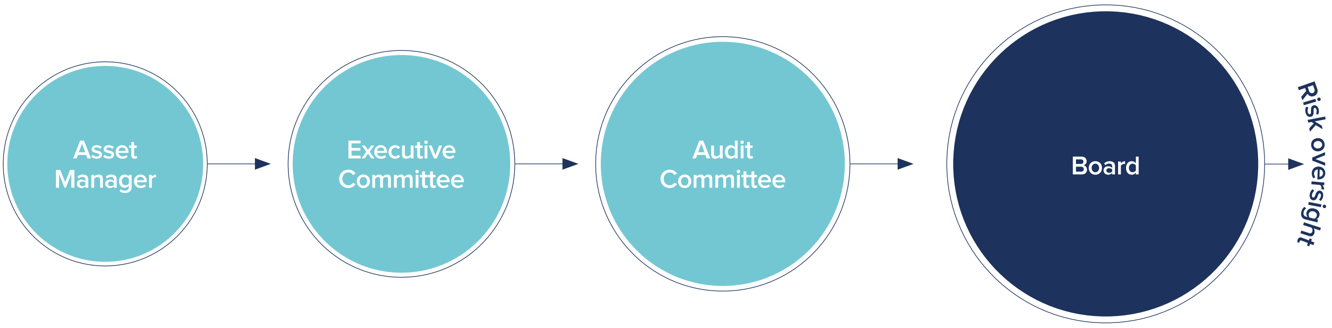
Emissions from vacant/void units have been excluded due to inconsistent data availability. We are developing our data coverage and processes to build a complete dataset for these areas. Vacant units represent a de minimis percentage of total GHG emissions.

We have measured emissions based on the GHG Protocol Corporate Accounting Standard (revised edition) and guidance provided by the UK's Department for Environment, Food and Rural Affairs (Defra) on mandatory carbon reporting. The emissions factors and conversions used were from the Defra greenhouse gas reporting tool.

OUR APPROACH TO RISK MANAGEMENT

Risk Appetite

The Group controls its risk and ensures that all developments and investments are undertaken in a risk controlled environment with evaluations being undertaken before, during and after to ensure that the risks are understood, managed and evaluated.



- The Board oversees 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.
- The asset manager is responsible for risk within their portfolio of assets and ensures that they are within the risk appetite set by the Board. Regular reviews are undertaken of the assets which include monitoring risk levels

A risk and internal controls assessment register has been produced covering the following areas:

- General Commercial
- Financial
- Compliance
- Asset Management, including shopping centres, retail warehouses and pubs
- Development, including health & safety

The register is maintained by the Company Secretary in consultation with the asset managers and development team within the Group and is reviewed at each Audit Committee meeting.

Principal Risks

Risk	Risk Assessment		Mitigation	How it links to our strategic priorities
General Commercial	Impact	Likelihood		
Economic recession due to uncertainty from Brexit and world events.	Decreasing	Decreasing	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.	1 2 3 4 5
Future Government policy which adversely affects the Company's ability to manage its assets effectively.	Decreasing	Decreasing	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.	1 2 3 4 5
Corporate Strategy and Performance				
Failure to communicate sufficiently and effectively with investors, leading to a depressed share price and demand for equity.	Decreasing	Increasing	There is a full programme of investor meetings throughout the year as well as specific rounds of meetings post half and full-year results.	4
Growth in online retail spend could be perceived as a threat to traditional bricks and mortar retailers.	Decreasing	Increasing	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 the portfolio. In addition, 46% of NewRiver's 150m annual footfall are shoppers aged 55+.	2

Risk	Risk Assessment		Mitigation	How it links to our strategic priorities
Financial	Impact	Likelihood		
Breach of debt covenants could trigger loan defaults and repayment of facilities putting pressure on surplus cash resources.			Management actively engages with its key lenders. The team actively monitor the debt covenants and a debt analysis is presented at each Board meeting.	5
Ensuring that there is adequate working capital for capital expenditure, development projects and acquisitions.			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. The financial policies are monitored regularly, including loan to value.	1 2 3 5
Compliance	Impact	Likelihood		
Breach of any of the regulations governing the business of the Group, such as listing rules, UK Corporate Governance Code and The Pubs Code etc.			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.	n/a

Key

1 Disciplined stock selection
2 Active asset management
3 Risk-controlled development
4 Profitable capital recycling
5 Maximise benefits of scale/Conservative balance sheet

Risk	Risk Assessment		Mitigation	How it links to our strategic priorities
Asset Management	Impact	Likelihood		
Failure in performance by individual assets against their business plans.			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.	2
Development	Impact	Likelihood		
Poor control of development projects could lead to inadequate returns on investment.			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.	3
Over-exposure to developments could put pressure on cash flow and debt financing.			Each development project is reviewed and approved by the Executive Committee following detailed due diligence modelling and market research. The financial policies restrict the exposure to development and are monitored regularly.	5

From left to right: Alastair Miller, Kay Chaldecott, Paul Roy, Margaret Ford

LEADING WITH INTEGRITY

Alastair Miller

Non-Executive Director

Alastair Miller was Chief Financial Officer of New Look Group plc from 2000 until 2014 and during that period had a range of other responsibilities in addition to finance including property, systems, company secretariat and investor relations. He was one of the MBO team who helped take the company private in 2004 and led a number of subsequent refinancings.

Previously, he was the Group Finance Director at RAC for 11 years, having joined from Price Waterhouse in 1988 where he was a management consultant. Prior to that, he was Finance Director of a company within the BTR Group. Alastair qualified as a Chartered Accountant with Deloitte Haskins and Sells (now part of PricewaterhouseCoopers) and holds a BSc in Economics.

Committees

- Chairman of the Audit Committee
- Member of the Remuneration and Nomination Committees

Kay Chaldecott

Non-Executive Director

Kay Chaldecott has over 25 years' experience of developing and managing regional shopping centres throughout the UK from having worked with Capital Shopping Centres Group plc (now Intu Properties plc). Kay was appointed Managing Director of the Shopping Centre business and served as a main Board Director from 2005 to 2011.

Kay is a member of the Royal Institution of Chartered Surveyors and has a breadth of industry knowledge covering the retail development process, retail mix and leasing and shopping centre operations. Kay is a member of the Board of Lichfields planning and development consultancy, and is a member of the Advisory Board of Next Leadership. She was previously a member of the Board of St. Modwen Properties PLC.

Committees

- Chairman of the Remuneration Committee
- Member of the Audit and Nomination Committees

Paul Roy

Non-Executive Chairman

Paul Roy has over 40 years' experience in the banking, brokerage and asset management industries. In 2003, he co-founded NewSmith Capital Partners LLP, an independent investment management company which was acquired by Man Group in 2015. Prior to founding NewSmith, he was Co-President of the Global Markets and Investment Banking division at Merrill Lynch & Co and had responsibility for worldwide Investment Banking, Debt and Equity Markets. Paul joined Merrill Lynch in 1995 when it acquired Smith New Court Plc a leading market making and brokerage firm on the London Stock Exchange where he was Chief Executive Officer. He joined Smith New Court in 1988, having previously been a Senior Partner in the leading stock broking firm Citicorp Scrimgeour Vickers.

Between 2007 and 2013, Paul served as Chairman of the British Horseracing Authority responsible for governance and regulation of the sport and is now Chairman of Retraining


From left to right: David Lockhart, Allan Lockhart, Mark Davies

of Racehorses, racing's main equine charity. In 2015, he became Chairman of Sky Bet after CVC acquired a majority stake in the company from SKY PLC.

Committees
- Chairman of the Nomination Committee
- Member of the Remuneration Committee

Baroness Margaret Ford

Non-Executive Director

Baroness Ford has over 20 years' experience as a Non-Executive Director and Chairman of private and Stock Exchange listed companies and extensive experience of working with the Government. She is currently Chairman of STV Group plc. Margaret was previously a Non-Executive Director of Taylor Wimpey plc, the former Chairman of Grainger plc and May Gurney Integrated Services plc, and Senior Independent Non-Executive Director of SEGRO plc.

Margaret is Chairman of the Tennis Foundation and National President of the British Epilepsy Association. From 2002 to 2008, she was Chairman of English Partnerships and from 2009 to 2012, she was a member of the Olympic Board and Chairman of the Olympic Park Legacy Company. Margaret is an Honorary Member of the Royal Institute of Chartered Surveyors. In 2006, Margaret was appointed to the House of Lords and sits as an Independent Peer.

Committees
- Senior Independent Director
- Member of the Audit Committee Remuneration and Nomination Committees

David Lockhart

Executive Deputy Chairman

David Lockhart is a qualified Solicitor and Chartered Accountant and has over 35 years' operating experience in the UK real estate market. David is an experienced and successful entrepreneur, having founded several property businesses across the United Kingdom. He practised law in his family law firm until 1981 when he resigned to found Caltrust Limited, a property development company based in Scotland. David served as Executive Chairman of Caltrust Limited until 1987 when the company was acquired by Sheraton Securities International plc, following which he served as managing director of newly formed Sheraton Caltrust plc until 1990. In 1991, David founded Halladale, a business which he ran as CEO. Halladale floated on AIM in 2001 and was acquired by Stockland Corporation in 2007. In 2009, he co-founded NewRiver and served as its Chief Executive since its IPO until being appointed Executive Deputy Chairman in May 2018.

Allan Lockhart

Chief Executive Officer

Allan Lockhart has over 25 years' experience in the UK real estate market specialising in the retail sector. He started his career with Strutt & Parker in 1988 advising major property companies and institutions on retail investment and development. Allan was appointed as retail director to the principal trading subsidiary of Halladale (now Stockland) in January 2002 and was responsible for co-ordinating the acquisition of, and implementation of the asset management strategies in respect of, over 20 shopping centres as well as acquiring and completing several profitable retail developments. In 2009, he co-founded NewRiver and served as Property Director since its IPO until being appointed Chief Executive Officer in May 2018.

Mark Davies

Chief Financial Officer

Mark is a Chartered Accountant who joined the Company at its inception in 2009. Mark has over 20 years' experience in Finance, including over 10 years in the UK real estate sector. He started his property finance career with Grant Thornton before joining BDO LLP as an Audit and Corporate Finance Partner and Head of Real Estate. Prior to joining NewRiver, Mark was Chief Financial Officer of Exemplar Properties and Omega Land, a property investment and development company which was owned by Morgan Stanley Real Estate Funds.

Mark has experience in many areas of property and Corporate Finance including debt and equity capital markets.

CORPORATE GOVERNANCE REPORT

"2018 was a productive year for the company from a governance perspective. NewRiver managed change very effectively and emerged stronger as a result."

Welcome to NewRiver's Governance Report for the year ended 31 March 2018 - our first full year of operation as a FTSE 250 company. I am pleased to report that we were compliant with the requirements of the UK Corporate Governance Code, published in April 2016, throughout the year.

This report describes how the Board and its Committees worked on behalf of shareholders and other stakeholders, driving the culture and discipline necessary for the Company to achieve its goals.

The Board and its advisers have continued to develop a governance framework that facilitates NewRiver's progress whilst recognising and respecting the interests of its stakeholders in a fair and balanced manner.

I was pleased to welcome Margaret Ford as the Board's new Senior Independent Director in September 2017. As anticipated, Baroness Ford has made a valuable contribution to our work, having brought a fresh wealth of knowledge and business experience to the role.

The robustness of our corporate governance was tested during the year when David Lockhart took temporary leave of absence as Chief Executive. I am pleased to say that the Board, its Committees and executive management were highly effective in working together to minimise any disruption to operations and performance. The financial results for the year in part testify to our success in working as a disciplined team within a strong governance framework.

David's decision, subsequently, to step down from the role of Chief Executive, further tested the Board's approach to succession planning. Again, I am pleased to report a good outcome for the Company. Our external advisers helped us to benchmark the internal candidate for the CEO role against suitably qualified individuals from outside the Company. This process confirmed Allan Lockhart to be the Board's clear and unanimous choice as Chief Executive. Further details on the process are included in the report of the Nominations Committee.

2018 was, in sum, a productive year for the Company from a governance perspective. NewRiver managed the changes very effectively and emerged stronger as a result. The Board looks forward to continue working on behalf of stakeholders' to ensure that this positive momentum is maintained.

Paul Roy
Chairman

23 May 2018

Board and Committee Structure:

Board
Responsible for leading & controlling the Group and has overall authority for the management and conduct of the Group's business, strategy and development

Audit Committee
Reviews and monitors the Group's risk management processes.

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

Monitors the effectiveness of the audit process.

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

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

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

Board Membership
Details of the Directors, including the skills and experience that they bring to the Board, are on pages 78 to 79. During the year, the Board comprised a Non-Executive Chairman, three Executive Directors and three Non-Executive Directors. In accordance with the UK Corporate Governance Code, each of the Non-Executive Directors was considered independent during the year. The Chairman was independent on appointment and the Board still considers him to be independent.

Responsibilities of the Board
The Board is responsible for leading and controlling the Group and has overall authority for the management and conduct of the Group's business, strategy and development. The Board, supported by a company secretariat, is also responsible for ensuring the maintenance of a system of internal controls and risk management (including financial, operational and compliance controls) and for reviewing the overall effectiveness of systems in place, as well as for the approval of any changes to the capital, corporate or management structure of the Group.

There is a clear division of responsibility between the Chairman, who is responsible for the leadership of the Board, and the Chief Executive, who is responsible for managing and leading the business.

The Executive Directors' responsibilities were re-balanced during the year to compensate for David Lockhart's leave of absence from August 2017. The Chief Executive's role was delegated to the Property Director, Allan Lockhart, and the Chief Financial Officer, Mark Davies, during this period.

In February 2018, David Lockhart signalled his intention to step down from the Chief Executive's role. Following a period of external consultation and benchmarking, the Board decided to appoint Allan Lockhart as Chief Executive from 1 May 2018. Further details on the process are included in the report of the Nominations Committee. A summary of the Directors' responsibilities following these changes is shown below:

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

Attendance

All Directors are expected to attend Board and Committee meetings of which they are a member. Each of the Directors has committed to attend all scheduled Board and relevant Committee meetings and have committed to make every effort to attend ad hoc meetings, either in person or by telephone. If a Director cannot attend a meeting, he or she will be provided with the papers in advance of the Meeting as usual and will have the opportunity to discuss them with the Chairman or Chief Executive and to provide comments.

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

Paul Roy	6/6
David Lockhart	2/6
Allan Lockhart	6/6
Mark Davies	6/6
Kay Chaldecott	6/6
Alastair Miller	6/6
Margaret Ford[1]	3/3

1. Margaret Ford was appointed to the Board during the year.

Business of the Board during 2018

Routine Business

Q1	• Quarterly finance update • Quarterly review of the Group's portfolio • Approval of the 2017 Annual Report • Approval of the 2018 budget
Q2	• Quarterly finance update • Quarterly review of the Group's portfolio
Q3	• Quarterly finance update • Quarterly review of the Group's portfolio
Q4	• Quarterly finance update • Quarterly review of the Group's portfolio • Group strategy

Additional Business

Q1	• Review and approve capital raise • Review and approve acquisition of joint venture interests from joint venture partner
Q2	• Review and approve new unsecured bank facility • Decision on allocation of responsibilities during CEO's absence
Q4	• Review and approve issue of unsecured corporate bonds • Appointment of Executive Deputy Chairman and CEO

Board Evaluation Process

Following its first external Board evaluation last year, the Board decided to conduct a further "light touch" external evaluation in 2018. Prism Boardroom, who conducted the 2017 evaluation and do not undertake any other work for the Company, were asked to carry out this year's evaluation. The scope of and methodology for the evaluation was discussed and agreed between the evaluator and the Chairman, in the context of a three-year evaluation plan agreed last year. Directors were asked to respond to a number of open questions about the operation of the Board and its Committees before completing detailed questionnaires on the same. The evaluator then reviewed all the questionnaires and drew up a report thereon.

Prism Boardroom presented its recommendations to the Board in May and a plan is now being drawn up to address them. The findings of the report were that the Board and its Committees have functioned well during a busy year and remained cohesive, despite the changes around the Board table. A number of suggestions for enhancing the effectiveness of the Board and its Committees were made and were positively received. These included looking forward to how the Board and its Committees will meet its extended obligations under future legislative and Code requirements, considering how to improve the support given to directors via the induction, training and development processes, and enhancing existing processes to ensure that the Committees approach their remit over the annual cycle in the most effective manner.

Induction of New Directors

Margaret Ford joined the Board in September 2017. The Chairman and Company Secretary implemented an induction process to ensure that Baroness Ford was fully briefed about the Company and its operations. This process included asset visits and meetings with members of the executive management team as well as specific briefing with regard to her legal and regulatory obligations as a Director of the Company.

Corporate Culture

The Chairman and the Board are aware of the importance of corporate culture in achieving high standards of corporate governance. Our culture is discussed in detail on page 68.

Shareholder Engagement during 2017/2018

The Board is committed to providing investors with regular announcements of significant events affecting the Group.

The Chief Executive, Chief Financial Officer and Head of Investor Relations are the Company's principal spokesmen responsible for communication with investors, fund managers, analysts and the press. The Company organises a twice-yearly investor roadshow for its institutional investors after the half-year and full-year results and holds one-on-one and group investor meetings throughout the year as required. During the year ended 31 March 2018, the Company held 130 investor meetings, reaching 172 investors.

The Chairman and Senior Independent Non-Executive Director are available to meet with shareholders to discuss governance or any other concerns which are not appropriate to discuss through normal channels of communication, or where normal channels of communication have failed to allay the concern. No shareholder has requested such a meeting to date.

The Board is kept regularly updated of the meetings that the Executive Directors have with shareholders and analysts. The Head of Investor Relations provides the Board with a regular report updating them of the market for the Company's shares, what its peers are doing and any reports issued about the sector generally and the Company specifically.

Key shareholder engagement during the year ended 31 March 2018:

Investor presentations

- Full year results
- Half year results
- Equity sales presentations (x10)
- Trading updates (Q1 and Q3)
- Annual General Meeting
- Capital Markets Day

Investor roadshows

- Amsterdam
- Edinburgh (x2)
- Helsinki
- London (x2)
- Stockholm
- Zurich

Investor conferences

- Amsterdam
- Cape Town
- London (x2)

Annual General Meeting ("AGM")

The AGM is the annual opportunity for all shareholders to meet with the Directors and to discuss with them the Company's business and strategy. Directors are available to meet informally with shareholders before and after the meeting.

The notice of AGM is posted to all shareholders at least 21 working days before the meeting. Separate resolutions are proposed on all substantive issues and voting is conducted by a poll. The Board believes this method of voting is more democratic than voting via a show of hands since all shares voted at the meeting, including proxy votes submitted in advance of the meeting, are counted.

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

AUDIT COMMITTEE REPORT

For the year ended 31 March 2018

"The Audit Committee has operated effectively during the year, monitoring the Group's risk management and ensuring appropriate processes are in place for financial reporting, audit and external valuation."

Alastair Miller
Committee Chairman

Key activities in 2017/18:

- Reviewing and monitoring the Group's risk management processes
- Monitoring the integrity of the preparation of half-year and annual financial statements before submission to the Board
- Reviewing of the financial reporting processes and controls
- Meeting with the external valuers to review their valuation processes
- Commencement of an audit tender process

Areas of focus for 2018/19:

- Completion of an audit tendering process
- Developing the reporting and ownership of risk management and internal control processes

Audit Committee composition and attendance at Meetings

Alastair Miller: Committee Chairman	3/3
Kay Chaldecott	3/3
Margaret Ford[1]	2/2

1. Margaret Ford was appointed to the Audit Committee during the year.

The following were invited to attend the Meetings:

- Mark Davies – Chief Financial Officer
- The Financial Controller
- Representatives of Deloitte, the Company's auditor
- The Company Secretary, as secretary to the Committee

Dear Shareholders,

This was my first full year of chairing the Audit Committee and my primary objective was to ensure that the committee was managed effectively. As I reported last year, two areas of focus for 2018 were to consider the best timing to commence an audit tender process and to review the risk management and internal control processes.

The Committee agreed to commence the audit tender process which will be completed in the financial year ending March 2019. The audit of the financial statements for that year will be the tenth year that the current auditors, Deloitte, have audited the Group's results. The audit tender process should conclude by December 2018.

The Committee reviewed the method used to identify and quantify risks, and the process of reporting the risks and associated mitigating controls to the Committee during the year. The Committee is satisfied that the risk management framework is effective and did not identify any failing in the control systems.

As the auditors highlight in their audit report, a key risk is the valuation of the property portfolio. As we have in prior years, the Committee met the valuers independently of management. This provides the opportunity for the valuers to explain the process they follow to value the portfolio and for the Committee to challenge the key assumptions. The meetings were productive and the Committee concluded that the valuations were independent and an appropriate basis for the year-end financial accounts.

The Committee has reviewed the basis for the Company's viability statement that is based on financial forecasts for the next three years. The Committee is satisified that the assumptions used in the forecasts and the basis of the viability statement are appropriate.

Each Committee member is independent and has broad commercial experience as a director. Kay Chaldecott and Margaret Ford have provided strong and relevant property experience which has complimented my relevant financial experience thereby ensuring that the Committee has the right balance of skills and experience to properly discharge its responsibilities. As a Chartered Accountant and previously the Chief Financial Officer of New Look Group, the Board considers that I have significant, recent and relevant financial experience as required by the UK Corporate Governance Code.

I consider that the regular meetings that are held by the Committee, and the robust discussions that the Committee has with the Company's management, the auditor and property valuers, together with the quality of the reports and information prepared for the Committee meetings, has enabled the Committee members to discharge their duties and responsibilities.

Alastair Miller
Committee Chairman
23 May 2018

How the Committee operates

The principal role for the Committee is to provide independent review and monitoring of the risk management and control procedures within the Company. The risk management process reviews both external risks as well as internal control risks and ensures that risks are being properly identified, their potential impact on the company measured and then adequately managed and mitigated. Each identified risk is assigned to a specific Director or Directors who are responsible for monitoring that risk and taking mitigating actions.

The Committee meets at least three times a year but also holds ad-hoc meetings when required. It met three times during the year to discuss the half-year and annual financial statements, risk management reviews and internal control processes.

Only members of the Committee are entitled to attend the meetings, however a standing invitation is extended to Mark Davies, CFO; the Company Secretary and representatives of Deloitte, the Company's external auditor.

Responsibilities of the Committee during the year

During the year, the Committee was responsible for:

- overseeing the Group's relationship with Deloitte, including its remuneration;
- monitoring the integrity of the half-year and annual financial statements before submission to the Board;
- discussing any issues arising from the half-year review and year-end audit of the Group;
- reviewing significant financial reporting matters and judgments, with a particular focus on matters of material financial impact on the Group;
- reviewing the effectiveness of the Group's system of internal controls;
- reviewing and monitoring the Group's risk management processes;
- conducting an annual review of the need to establish an internal audit function;
- monitoring and annually reviewing the auditor's independence, objectivity and effectiveness of the audit process; and
- evaluating the Committee's own performance, which was undertaken as part of the Board evaluation.

The principal matters discussed during the year were as follows:

- Valuation of assets: The 2018 year-end balance sheet shows assets under management of £1,227 million. The Committee, independently of management, met with Colliers International and Knight Frank to discuss the valuation of the assets, to understand the process that was followed and to ensure that a robust and independent valuation had taken place.
- Risk management: The Committee reviewed the risk register and challenged the risk management processes developed by management. The Committee considered the key risks of the Group and the appropriateness of the mitigating controls.
- Taxation and REIT compliance: The Committee reviewed the results of the REIT tests and considered the Company's tax strategy.
- Audit process: The Committee met with the extenal auditors to discuss the plan for the audit of the financial statements and to consider the auditors' assessment of the key risks of the Group.
- Accounting judgements: The accounting for the acquisition of the former joint ventures.

Risk management

The Board oversees the Group's risk management and internal controls and determines the Group's risk appetite. The Audit Committee at each of its meetings monitors the effectiveness of the Group's risk management and internal controls systems.

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

Internal control structure

The Group does not have an internal audit team. The need for this is reviewed annually by the Committee, however due to the Group's size and relative lack of complexity, it is felt that there is no requirement for such a team just yet.

Although there is not be an internal audit team in place, BDO, as an independent third party, are engaged to undertake bespoke reviews of the Group's internal control system to ensure that the Company has sufficient controls in place.

External auditor

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

Audit plan

In respect of the audit for the financial year ended 31 March 2018, Deloitte presented their audit plan (prepared in consultation with management) to the Committee. The audit plan took into account key changes in the business, materiality levels, valuation of the portfolio, especially focusing on how the pub element was valued, and the development pipeline.

Following discussions with both Deloitte and management, the Committee approved the implementation of the plan.

Audit & non-audit fees

The Company paid £328,000 in audit fees for the financial year ended 31 March 2018.

The Company has a non-audit services policy in place which limits Deloitte to working on the audit or such other matters where their expertise as the Company's auditor makes them the logical choice for the work. This is to preserve their independence and objectivity. The Company paid £188,000 in non-audit fees to Deloitte for the financial year ended 31 March 2018. The non-audit fees relate to Deloitte's work as a reporting accountant for the corporate bond and for the prospectus required for the equity raise.

Effectiveness and independence

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

The Committee reviewed the effectiveness of the 2017 external audit process by considering the extent to which the audit plan was met, the degree of challenge involved in the process, the depth of understanding, the review of key accounting policies and audit judgements, and the content of the auditor's reports to the Committee. It was noted that the audit had been completed to a high standard.

Having considered the effectiveness and independence of the auditors in the services it provides, the Committee has recommended to the Board that a resolution is proposed at the forthcoming Annual General Meeting to reappoint Deloitte as the Group's external auditor.

Tenure

Deloitte has been the Group's auditor since 2010 and therefore the Group is required to conduct an audit tender process for the audit of the financial year to March 2020. The Committee commenced the tender process in 2018 and met with representatives of five audit firms, including firms inside and outside of the 'big 4' firms. Three firms will be invited to formally tender for the audit services and these firms will present to the audit committee in 2018. A decision will be made by the Board after assessing the recommendation of the Committee in the year ending 31 March 2019.

Statement of compliance

The Company confirms that is has complied with terms of The Statutory Audit Services for Large Companies Market Investigation (Mandatory User of Competitive Tender Processes an Audit Committee Responsibilities) Order 2014 ("the Order") throughout the year.

In addition to requiring mandatory audit re-tendering at least every ten years for FTSE 350 companies, the Order provides that only the Audit Committee, acting collectively or through its Chair, and for and on behalf of the Board is permitted:

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

Fair, balanced and understandable

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

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

Viability statement

The Committee provides advice to the Board on the Viability Statement.

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

NOMINATION COMMITTEE REPORT

For the year ended 31 March 2018

"Our focus in the year continues to be on monitoring the effectiveness of NewRiver's Board, whilst helping the Company to build its talent pool."

Paul Roy
Committee Chairman

Principle Roles:

- to review the succession planning requirements for the Group;
- to ensure that it operates a formal, rigorous and transparent procedure for the appointment of new Directors to the Board;
- to regularly review the composition of the Board and its various committees (including their chairmanships); and
- to evaluate the performance of these committees and that of the Board as a whole.

Key activities in 2017/18:

- appointment of an independent Non-Executive Director;
- supporting the implementation of the recommendations resulting from the Board evaluation process;
- implementation of the Board's succession plan resulting in CEO and Executive Deputy Director appointments; and
- Assessing appointments to Executive Committee.

Areas of focus for 2018/19:

- continue the focus on succession planning; and
- monitor the Group's diversity policy.

Nomination Committee composition and attendance at Meetings

Paul Roy: Committee chairman	4/4
Kay Chaldecott	4/4
Alastair Miller	4/4
Margaret Ford[1]	3/3

1. Margaret Ford was appointed to the Nomination Committee during the year.

Dear Shareholders,

The Committee had an active year, working on the appointments of a new Chief Executive Officer and a new Senior Independent Director, together with related matters.

Driving the process of finding a successor to David Lockhart as CEO of the Company was the biggest responsibility that the Nominations Committee has had to date and I am pleased to report that it handled the job very well.

This was in part down to the Committee's earlier preparation with regard to succession planning, together with the professionalism, skill and insight of Committee members.

The processes already in place prior to David's decision meant that the Company could complete an optimal succession after careful consideration with minimal disruption to the business.

The Committee applied the same professional qualities to no less a degree in the appointment of our new Senior Independent Director and Nominations Committee member, Baroness Ford of Cunninghame, in September 2017.

I would like to thank all Committee members for their hard work during the year, and to thank our professional advisers who contributed to our decision-making.

Our focus in the current year continues to be on monitoring the effectiveness of NewRiver's Board, whilst helping the Company to build its talent pool.

Paul Roy
Committee Chairman
23 May 2018

How the Committee operates

The Committee meets at least twice a year and holds ad-hoc meetings when required. It met 4 times during the year.

Only members of the Committee are entitled to attend the meetings, with the Chief Executive Officer having a standing invitation to attend. This is so that the Committee can understand the views of executive management when making its deliberations, especially on succession planning.

Activities of the Committee during the year

Succession planning

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

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

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

During the year the succession plan was put into active service on two occasions, first to identify and appoint a new Senior Independent Director and later to appoint a new Chief Executive Officer.

Recruitment of a new Chief Executive Officer

Our former Chief Executive Officer, David Lockhart, decided in February to step down as CEO from the beginning of May 2018.

In line with the Group's succession plan, the Committee immediately commenced its discussion on how David's decision would impact the effectiveness and operation of the Board and the Company, and establishing key deliverables in the process of appointing his successor.

The Committee commissioned an external assessment and review of possible candidates for the role. Having studied this assessment to provide a detailed consideration of alternative candidates, and considered the results of the executive assessment of the internal candidates, the Board reached the conclusion that it should appoint Allan Lockhart, the Company's Property Director, as its new CEO. Allan's knowledge and experience of the Company contributed to this recommendation, alongside favourable comparisons with the available external candidates identified by our professional search adviser.

The Committee also worked with the Board to enlarge the Executive Committee to include three new members, drawn from the Company's senior, non-Board management. These new members reflect the increasing strength-in-depth of NewRiver's management team and form a key part of the talent pool for future succession events.

In addition, as a further rationalisation of executive responsibilities, Mark Davies, the Company's Chief Financial Officer, was given executive responsiblility for the pub portfolio.

The Board decided, in light of these appointments that it was unnecessary to appoint a new Property Director to replace Allan.

Appointment of an Executive Deputy Chairman

The new role of Executive Deputy Chairman, enabled the Company to retain the skills, knowledge and experience of its founding CEO, David Lockhart.

The Nominations Committee and the Board considered that this new role would enable David to strengthen the Company's leadership cadre by providing support for the Chief Executive Officer and the Chief Financial Officer, by advising on strategy, business development and investor relations and by helping to mentor talent within the Company.

Recruitment of a new Non-Executive Director

As reported last year, the Company appointed an executive search firm to assist in the process of identifying and appointing a suitable successor to Chris Taylor, our former Senior Independent Director.

The Commitee met proposed candidates and arranged for four of them to meet each member of the Board prior to the appointment decision being made.

After thorough consideration, the Board appointed Baroness Ford of Cunninghame's in view of her extensive experience of the real estate and other sectors, her 20 years of experience as a Non-Executive Director/Chair of both private and listed companies and her deep knowledge of working with Government and the public sector.

Chairman's succession planning

Under the UK Corporate Governance Code an appointment term of longer than nine years from election to the Board is a factor that may affect whether a Non-Executive Director is considered independent. The Nominations Committee and Board are mindful that the Chairman will reach the ninth anniversary of his appointment in July 2019 and have commenced an appropriate succession plan.

Diversity policy

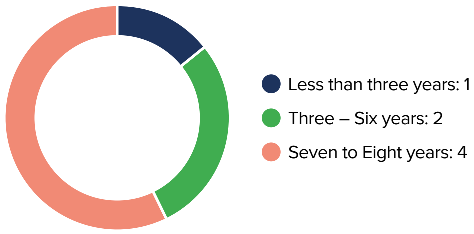
The Company has developed a culture which recognises the benefits of diversity and has been successful at recruiting key members of its senior management team from a range of different backgrounds. The Board currently comprises two female Non-Executive Directors and two male Non-Executive Directors.

When recruiting, the Company has always considered all aspects of diversity during the process. The Company ensures there is a selection of candidates who have a good balance of skills, knowledge and experience. The Company aims to recruit the best candidates on the basis of their merit and ability.

The Group does not have sufficient number of employees to require it to report a gender pay gap.

Composition of the Board during the year

Length of Directors' tenure



Directors' core area of expertise

REMUNERATION COMMITTEE REPORT

For the year ended 31 March 2018

"This year's remuneration report is the first report following the approval of the remuneration policy by shareholders. It focuses on the implementation of that policy and the decisions made in the year within the approved framework."

Kay Chaldecott
Committee Chairman

Areas of focus for 2018/19:
- Monitoring the bonus plan objectives
- Monitoring the performance conditions for the performance share plan

Remuneration Committee operation, composition and attendance at meetings

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

Kay Chaldecott: Committee Chairman	4/4
Paul Roy	4/4
Alastair Miller	4/4
Margaret Ford[1]	3/3

1. Margaret Ford was appointed to the Remuneration Committee during the year.

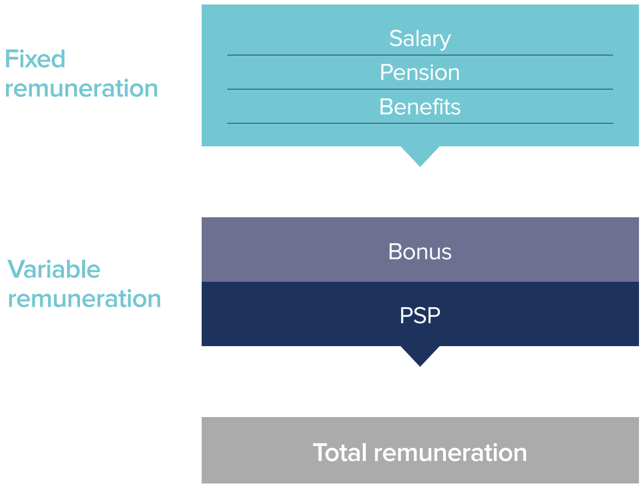
The following were invited to attend the Meetings:

- David Lockhart – Chief Executive Officer;
- Representative of h2glenfern, the Company's remuneration adviser;
- Representatives of Eversheds Sutherland, the Company's corporate legal adviser; and
- The Company Secretary, who acts as secretary to the Committee.

Summary

The remuneration report contains
- A summary of the Committee and how it operates
- The key elements of the remuneration policy that was approved by shareholders in 2017
- The annual report on remuneration for 2018

NewRiver's remuneration structure



The Committee's responsibilities

The Committee's responsibilities during the year were:

- To consider the objectives, annual pay and targets for the Executive Directors;
- Review and agree changes to the allocation basis for the staff bonus pool; and
- Review the operation of the Group's share incentive schemes and the granting and vesting of options.

Dear Shareholders,

Introduction

I am pleased to introduce the Remuneration Committee report for the financial year ended 31 March 2018. This is the first remuneration report following the approval of the remuneration policy by shareholders at the AGM in July 2017 and its subsequent adoption. This year's report provides a summary of the approved remuneration policy that will be applied for the next financial year and shows the results of the policy as it applied to the financial year ended 31 March 2018.

This was the first year of the new structured annual bonus plan.

Linked between remuneration and strategy

The principal role for the Committee is to operate the Group's remuneration policy which is to ensure that the Directors and senior managers are paid in a way that attracts, retains, motivates and rewards management of the highest quality, aligns Shareholders' and executives' interests and promotes a direct relationship between results and reward, reflecting best practice appropriate to the size and stature of the Group. The strategy of the Company is to deliver superior returns to shareholders, both in dividends and capital growth, over the long term and within a prudent risk management framework. The remuneration policy of the Company supports this in its choice and pitching of performance targets for annual bonus and performance share awards, the policies on bonus deferral into shares, the two-year holding period following vesting for performance share awards and the shareholding guideline. The principles behind these policies are disseminated in the remuneration arrangements of all employees as appropriate in the light of seniority.

Performance and decisions on remuneration taken in 2017/18

As the Chairman notes in the introduction to this annual report, the Company's first full year of operation as a FTSE 250 company demonstrated the strength of our business model in a challenging environment. Our convenience-led, community focused portfolio of shopping centres delivered strong relative performance in what was, on aggregate, a difficult twelve months for UK retailers. NAV was maintained at 292p, the same level as March 2017, despite the market conditions and FFO grew 3.6% to £60.3 million. NewRiver has delivered fully covered dividend growth of 5%, and the Company continued to be active in both equity and debt capital markets over the reporting period. We raised gross proceeds of £225m through an equity share issue, and re-financed our secured debt through new, unsecured credit facilities and a maiden issue of investment grade bonds.

During the year the Committee implemented and operated the Company's new structured annual bonus plan, reviewed the vesting of LTIP awards granted during 2014/15, and made new LTIP awards. In addition to the normal review of the salary levels of the Executive Directors for 2018/19, the Committee specifically considered changes in the salaries of David Lockhart and Allan Lockhart in view of their change in roles to Executive Deputy Chairman and Chief Executive Officer, respectively, announced in February 2018, and which was effective 1 May 2018.

The Committee reviewed the results against the targets set for the annual bonus plan which were set to align the Director's remuneration with strategy and shareholder's interests. The Committee retained overall discretion over the bonus payment amounts and the Committee is not bound by overall or individual performance against specific parameters.

The Committee set two growth-based targets which were objective and comparative to a peer group. The core objective was to reward outperformance in terms of total accounting return and earnings yield against the market and the Company's peers. Other performance conditions related to compliance with financing policies and personal performance. Details of performance against the targets is set out in the Annual Report section below. The annual bonuses awarded to David Lockhart, Allan Lockhart and Mark Davies were 97%, 117% and 122% of salary, respectively.

The Committee considered the overall performance of the Company and the level of the bonus for the year and decided to defer 30% of the bonus in to shares in line with the guidance provided in the approved policy last year.

During the year, performance share awards made to Executive Directors in July 2014 were due for testing and vesting. Following measurement of performance against the targets, 76.3% of awards vested and 23.7% lapsed. Details on performance against the targets and number of awards held by each Director which vested are set out below.

In June 2017, the Committee granted awards under the Performance Share Plan. The performance conditions are in line with the conditions disclosed last year. Further details on these awards and the attached performance conditions can be found on pages 102 to 103.

The Committee reviewed the salaries of the Executive Directors annually with any changes effective normally effective 1 April. In respect of 2018/19, the Committee specifically considered changes in the salaries of David Lockhart and Allan Lockhart in view of their change in roles to Executive Deputy Chairman and Chief Executive Officer announced in February 2018 and which was effective 1 May 2018. In the light of this change, the Committee appointed h2glenfern, an independent remuneration consultant, to benchmark Board-level salaries amongst the Companies peers. Based on the benchmarking the Committee agreed upon a base salary of £395,000 for the Executive Deputy Chairman, noting that the role would not be eligible for future annual bonuses or long term incentives. The salary of the Chief Executive role was below the median of comparable companies. The salary of Allan Lockhart was set at £470,000, an increase of 4.4% to the salary of the Chief Executive Officer in 2017/18. The Chief Financial Officer received an inflationary increase to his base salary, an increase of 2.0% to £408,000.

The Board also considered the remuneration of the Non-Executive Directors. The Committee (without the Chairman of the Board) determines the Chairman of the Board's fee and recommends it to the Board. The Chairman of the Board and Executive Directors determine the non-executive directors' fees. The Non-Executive Directors' fees were last increased in April 2016. After considering the time requirements of the Board of a growing company, the Company's status as a FTSE250 constituent and a benchmark of Non-Executive fees in comparable companies an increase of £2,500 for the fees for being the Senior Independent Director or Chairman of a Committee were approved by the Board. The base fee was unchanged. The Chairman's fee has been reviewed based on the benchmarking and will be negotiated as part of the succession process.

Shareholder consultation

The Committee undertook an extensive consultation with shareholders in advance of proposing the Remuneration Policy to shareholders at the 2017 AGM as a result of which a number of changes were made. The Committee was pleased that 96.3% of the shares voted were in favour of the policy. The next policy vote is due in 2020. The Committee welcomes shareholder feedback on remuneration matters.

Focus areas for 2018/2019

The Committee has set the targets for the annual bonus plan for 2018/2019 after considering the Company's budget, market expectations and the results of the 2017/18 bonus. The Committee anticipates making LTIP awards to Executive Directors in line with the Company's policy during the second quarter of 2018.

Kay Chaldecott

Committee Chairman

23 May 2018

Remuneration Policy

This section of the report summarises the Group's Remuneration Policy, which was approved by shareholders at the 2017 Annual General Meeting. The full Remuneration Policy can be found in the 2017 Annual Report which is available at www.nrr.co.uk.

Remuneration Policy Summary Table

Element	Purpose & Link to Strategy	Operation	Maximum	Performance Target
		Executive Directors		
Fixed				
Salary	Market competitive remuneration base reflecting role, responsibilities, skills and experience.	Normally reviewed annually, effective 1 April although salaries may be reviewed more frequently or at different times of the year if the Committee determines this is appropriate. Paid in cash monthly. Reviewed in context of the salary increases across the Group. Reviewed periodically against peer companies.	There is no prescribed maximum. Increases will typically be dependent on the results of an annual review in the context of the average increase for the wider work force, inflation and market data. Increases will not normally be above the level implemented across the wider workforce. Increases may be above this level, for example if there is an increase in the scale, scope or responsibility of the role.	Not applicable
Pension	To provide competitive post-retirement benefits. To assist with recruitment and retention.	There is no Group pension scheme. The Group has set up a Group personal pension plan. The Company currently contributes 15% of base salary for all Executive Directors. The Company reserves the right to pay a non-pensionable cash supplement in lieu of pension contributions.	The maximum Company contribution is 15% of base salary.	Not applicable
Benefits	To provide a competitive and cost-effective benefits package. To assist with recruitment and retention.	The Company provides a range of non-pensionable benefits to Executive Directors which may include medical insurance, life assurance, permanent health insurance, holiday and sick pay. Other benefits such as relocation allowances may be offered if considered appropriate and reasonable by the Committee.	Benefits are set at a level which the Committee considers appropriate when compared to the Company's listed real estate investment trust peers. There is no prescribed maximum. For David Lockhart, the Company will reimburse him on a tax grossed-up basis for the cost of his personal private medical insurance policy not exceeding £12,000 per annum, subject to upward adjustments to reflect only any future increases in premium which are in line with general increases in market rates.	Not applicable

Element	Purpose & Link to Strategy	Operation	Maximum	Performance Target
Variable				
Bonus	To incentivise performance in the reporting year through the setting of targets at the beginning of the year. These annual targets are intended to be consistent with the Group's long term strategy. The deferral of a proportion of the bonus in shares seeks to align Directors' interests with those of shareholders and to discourage short term decision making.	Awards of annual bonus are made pursuant to the Annual Bonus Plan. All measures and targets will be reviewed and set annually by the Committee at the beginning of the financial year and levels of award determined by the Committee after the year end are determined based on achievement of performance against the stipulated measures and targets. The Committee retains an overriding discretion to reduce pay-outs from formulaic outcomes to ensure that overall bonus payments reflect its view of corporate performance during the year and are fair to both shareholders and participants. Paid in cash and in shares. The cash element is paid shortly following the completion of the audit for the year. Currently 30% of bonus is deferred into shares but this percentage is at the discretion of the Committee. The share element is deferred for a period which is currently two years (but this may be increased at the discretion of the Committee). Deferral of bonuses is achieved by means of awards of nil-cost options over shares pursuant to the Deferred Bonus Plan. Vesting of the deferred shares will normally be subject to continued employment. Non-pensionable. Clawback and malus provisions apply.	The maximum bonus is 125% of salary. On target performance would result in a bonus payment of 60% of maximum bonus. Threshold performance would result in bonus payment of 20% of maximum bonus. There is no maximum or minimum percentage of the bonus which is deferred into shares. The Committee has discretion to vary this percentage from year to year based on its assessment of circumstances at the time.	All measures and targets relate to a financial year of the Company and are reviewed on an annual basis. For 2018/19, 80% of bonus will be paid on the basis of corporate targets and 20% of bonus on the basis of personal performance targets. Corporate targets include relative property performance, relative earnings yield and meeting the Group's financing policies in respect of loan to value, balance sheet gearing, interest cover and dividend cover.

Element	Purpose & Link to Strategy	Operation	Maximum	Performance Target
Variable				
Share Option plans.	Aligns the Executive Directors' interests with those of shareholders.	The Executive Directors may participate in all-employee share incentive plans established by the Company from time to time such as a tax-advantaged Sharesave Plan or Share Incentive Plan. The Executive Directors may also be granted options under the Company Share Option Plan and the Unapproved Share Option Plan. However, it is the Company's current intention not to make any further awards under this type of plan.	Participation in a tax-advantaged Sharesave Plan or Share Incentive Plan and/or in the Company Share Option Plan will be limited by reference to limits imposed by the applicable legislation from time to time.	Not applicable
Performance Share Plan.	To incentivise and reward the delivery of returns to shareholders and sustained long-term performance. Aligns the Executive Directors' interests with those of shareholders. Rewards and helps retain/recruit Executives.	Discretionary grant of nil-cost options under the 2016 PSP and historically the 2009 PSP. Currently awards normally vest three years from the date of award. The vesting period may be increased at the discretion of the Committee. Vesting of awards is subject to satisfaction of performance targets. Targets are currently measured over a three-year period but this may be increased at the discretion of the Committee. In relation to each grant of awards, the Committee has discretion to determine the applicable performance targets and their weightings to ensure they are appropriate. Unless the Committee determines otherwise, following the conclusion of the vesting period, a holding period of two years will apply before participants are entitled to receive their shares (normally subject to continued employment). Clawback and malus provisions apply.	The maximum award level permitted under the 2016 PSP plan rules is 200% of salary. The normal annual award is 100% of salary for all Executive Directors. Awards currently vest on the following basis: • on target performance delivers 25% of the shares awarded; and • maximum performance delivers 100% of the shares awarded.	Performance targets will apply in respect of a performance period which will not be less than three years. Currently, awards are subject to the following targets: • the target applicable to 50% of the shares which are subject to an award is based on Total Accounting Return relative to certain UK-REITs that report on an EPRA accounting basis; and • the target applicable to 50% of the shares which are subject to an award is based on Total Shareholder Return relative to the FTSE All Share index. Notwithstanding the extent to which the performance targets are met, awards shall only vest if the Committee (in its absolute discretion) is satisfied that performance against the conditions is a fair reflection of underlying performance.

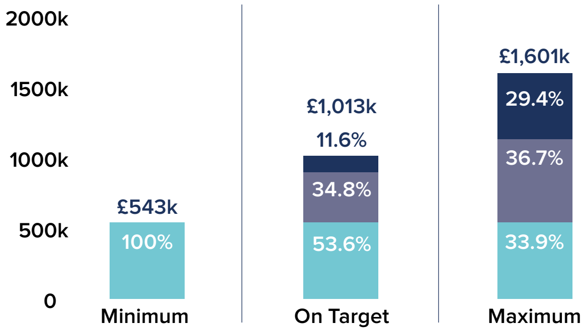
Element	Purpose & Link to Strategy	Operation	Maximum	Performance Target
Shareholding Requirement.	To encourage long term share ownership and support alignment of interests with shareholders.	The Company operates a shareholding requirement which is subject to periodic review.	Executive Directors are expected to build up a shareholding within five years of appointment worth 200% of base salary for the CEO and 100% of base salary for other Executive Directors. Unvested share options and shares which are subject to awards do not count for the purposes of the shareholding requirement.	Not applicable
		Chairman and Non-Executive Directors		
Fees.	To provide market-competitive Director fees.	Annual fee for the Chairman. Annual base fee for the Non-Executive Directors. Additional fees are paid to Non-Executive Directors for additional responsibilities such as being the Senior Independent Non-Executive Director or chairing a Board Committee. Fees are reviewed from time to time taking into account time commitment, responsibilities and fees paid by companies of a similar size and complexity. Payable in cash. Expenses incurred by Non-Executive Directors fulfilling their roles are reimbursed.	Fee increases are applied in line with outcome of the review.	Not applicable

Illustration of Remuneration Policy

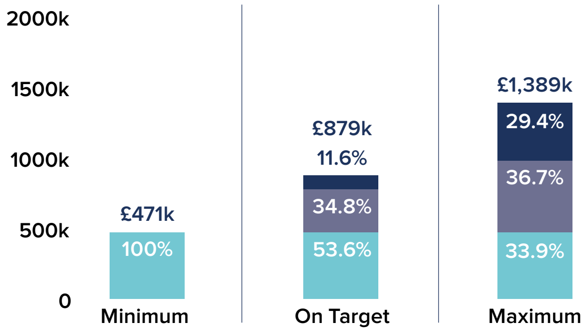
The table below illustrates the remuneration opportunity provided to each Executive Director in line with the policy at different levels of performance for the 2018/19 financial year. Three scenarios have been illustrated for each Executive Director:

The illustrations do not take into account share price appreciation or dividends.

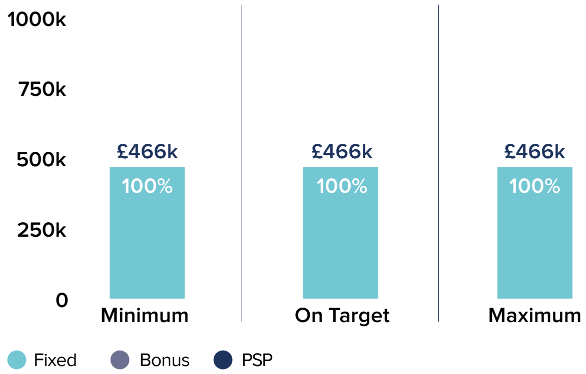
Allan Lockhart



Mark Davies



David Lockhart



1. Minimum performance:	comprising the minimum remuneration receivable (being base salary and pension allowances for the 2018/19 financial year and benefits calculated using the 2017/18 figures as set out in the table on page 101;
2. On target performance:	comprising fixed pay, an annual bonus payment at 60% of the maximum opportunity (75% of salary) and long-term incentive awards vesting at 25% of maximum opportunity (25% of salary); and
3. Maximum performance:	comprising fixed pay, 100% of annual bonus (125% of salary) and 100% vesting of long-term incentive awards (100% of salary).

External Directorships and Memberships

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

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

Recruitment Arrangements

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

Ongoing benefits, pension provisions, annual bonus participation and awards under both the deferred bonus plan and the performance share plan will be in line with those stated in the policy. Different performance measures may be set for any initial awards under the annual bonus plan and performance share plan taking into account the responsibilities of the individual and the point in the year that they joined and the rules of the applicable plan. The rationale will be clearly explained in the annual report following such recruitment. The level of bonus which may be paid will be pro-rated to reflect the time in the year when the Executive Director joins.

In addition, the Committee will have discretion to make payments or awards to buy out incentive arrangements forfeited on leaving a previous employer, i.e. over and above the approach outlined in the table above and may exercise the discretion available under the listing rules if necessary to do so. In doing so, the Committee will seek, to the best possible extent, to do no more than match the fair value of the awards forfeited, taking account of the applicable performance conditions, the likelihood of those conditions being met and the proportion of the applicable vesting period remaining.

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

The Committee retains the discretion to offer appropriate remuneration outside the standard policy where an interim appointment is made to fill an executive role on a short-term basis or where exceptional circumstances require that the Chairman or a Non-Executive Director takes on an Executive function.

Other contractual matters

Further details on service contracts, Non-Executive Director's letter of appointment, termination of employment and change of control, and arrangements for the founding Executive Directors are detailed in the annual report for the year ended 31 March 2017.

GOVERNANCE

Remuneration report

This section is subject to an advisory vote at the AGM.

Single figure total remuneration for Directors (audited)

The following tables show a single figure total of remuneration for the 2018 financial year for each of the Directors and compares this figure to the prior year.

Executive Directors

	Year	Salary £	Benefits[1] £	Pension £	Subtotal for fixed pay £	Cash bonus £	Value of bonus deferred into shares £	Long-term incentive plans[2] £	Subtotal for variable pay £	Total £
David Lockhart	2018	450,000	12,000	67,500	529,500	304,369	130,444	160,877	595,690	1,125,190
	2017	431,250	–	64,688	495,938	301,875	129,375	250,734	681,984	1,177,922
Allan Lockhart	2018	425,000	2,536	63,750	491,286	346,959	148,697	141,178	636,834	1,128,120
	2017	406,250	2,342	60,938	469,530	284,375	121,875	220,107	626,357	1,095,886
Mark Davies	2018	400,000	1,856	60,000	461,856	340,550	145,950	120,384	606,884	1,068,740
	2017	362,500	1,760	54,375	418,635	253,750	108,750	187,571	550,071	968,706

1. Benefits are the Directors' private medical cover.
2. For details of the awards and their performance conditions, see pages 102 to 103.

Non-Executive Directors

	Year	Base Fee £	Audit Committee Chairman £	Remuneration Committee Chairman £	Senior Independent Non-Executive Director £	Total £
Paul Roy	2018	100,000	–	–	–	100,000
	2017	100,000	–	–	–	100,000
Kay Chaldecott	2018	50,000	–	5,000	–	55,000
	2017	50,000	–	5,000	–	55,000
Alastair Miller	2018	50,000	4,872	–	–	54,872
	2017	50,000	–	–	–	50,000
Margaret Ford[1]	2018	29,167	–	–	2,916	32,083
	2017	–	–	–	–	–
Chris Taylor[2]	2018	962	96	–	96	1,154
	2017	50,000	5,000	–	5,000	60,000

1. Margaret Ford was appointed as a Director on 1 September 2017.
2. Chris Taylor resigned as a Director on 9 April 2017.

Salaries

The salaries of the Executive Directors were changed effective 1 January 2017 and not changed during the 2018 financial year. Salaries were benchmarked to market data and the Committee recommended to the Board that base salaries effective during 2018 were as follows:

David Lockhart – as Chief Executive Officer	£450,000
Allan Lockhart – as Property Director	£425,000
Mark Davies - Chief Financial Officer	£400,000

Fees

Non-Executive fees were increased on 1 April 2016. Fees payable to the Chairman and Non-Executive Directors during 2017/18 were as follows:

Chairman	£100,000
Basic fee for a Non-Executive Director	£50,000
Additional fee for serving as Chairman of the Audit and Remuneration Committees	£5,000
Additional fee for serving as the Senior Independent Non-Executive Director	£5,000

Annual bonus for the year to 31 March 2018

The annual bonus arrangements for the year ended 31 March 2018 operated as laid out in the policy section of this report. Executive Directors had the opportunity to earn a bonus up to a maximum of 125% of salary on the basis of the achievement of the following measures.

	Threshold	Potential % salary	On target	Potential % salary	Stretch	Potential % salary	Actual result	Actual % salary awarded		
Corporate								David Lockhart	Allan Lockhart	Mark Davies
Growth based										
Total return vs IPD All Retail	At index	12.5%	10% ahead	31.25%	20% ahead	50%	8.2% vs 6.2%	50.0%	50.0%	50.0%
Earnings yield (FFO) – comparative*	At index	7.5%	Top quartile	18.75	Top 5	30%	Top 5	30.0%	30.0%	30.0%
Financial compliance										
Compliance with financing policies (each element equally weighted)										
LTV	<50%		<40%		<35%		28%			
Gearing	<100%		<85%		<75%		38%			
Interest cover	+2x		>2.25x		>2.5x		4.7x			
Dividend cover	100%		105%		110%		101%			
		5%		12.5%		20%		16.6%	16.6%	16.6%
Personal										
Personal objectives	Discretionary	Discretionary	Good performance in line with expectations	12.5%	Very strong performance	25%	See below	-	20.0%	25.0%
Total: % of salary		25%		75%		125%		96.6%	116.6%	121.6%

* The comparative group for earnings yield was the same as for the TAR comparator group disclosed below excluding Real Estate Investors and Schroder European Real Estate and adding Custodian REIT, Edison Property Investment, Capital & Regional, F&C UK Real Estate Investment, Unite Group, Town Centre Securities and Ground Rents Income Fund.

All three Executive Directors were set the objective of delivering a growing and sustainable income stream and to grow the business to maximise the benefits of economies of scale.

David Lockhart's personal objectives were to lead the strategy of the business; engagement with stakeholders and to develop the senior management team. David Lockhart was intimately involved in the Company despite his leave of absence during the year although certain duties in relation to strategy and stakeholder management were delegated to Mark and Allan during the year. As such the Committee determined that he should participate in the corporate and financial compliance portions of annual bonus but not in the portion relating to personal performance.

Allan Lockhart's personal objectives were to lead the property teams, develop property strategy and key asset management and development initiatives; to foster good working relationships with stakeholders and to support with investor and analyst relationships. Following an assessment of performance against these objectives, the Committee determined that his bonus in respect of these objectives be paid at 80% of maximum.

Mark Davies' personal objectives were to ensure that the balance sheet is adequately capitalised; management of the finance and corporate teams; engagement with shareholders, to extend the investor relations reach into Europe and the USA. Following an assessment of performance against these objectives, the Committee determined that his bonus in respect of these objectives be paid at maximum.

70% of the annual bonus was paid in cash and 30% in nil-cost share options, deferred for two years.

Long-term Incentive Plans

Vesting of Performance Share Plan awards

The performance conditions for the 2014 award were based on a three-year performance period in relation to Total Shareholder Return ("TSR") and growth in adjusted EPRA earnings per share ("EPS"). The measures were weighted 50:50 so that half of the award depended on the performance of TSR and half on the growth in EPS. The threshold targets were CAGR of 10% for TSR and 4% for EPS. The maximum targets were 13% for TSR and 8% for EPS. The TSR met the threshold target and 52.7% of this portion of the award vested during the year. The EPS performance condition met the maximum target and 100% vested. In total 76.3% of the 2014 PSP award vested during the year.

PSP awards for the year to 31 March 2018

On 22 June 2017, the following Performance Share Plan awards were granted to Executive Directors as nil cost options:

Executive	Value of awards at grant date* (% salary)	Number of shares comprising award	% of award vesting at threshold	Vesting Period End Date
David Lockhart	£450,000 (100%)	129,983	25%	22 June 2020
Allan Lockhart	£425,000 (100%)	122,761	25%	22 June 2020
Mark Davies	£400,000 (100%)	115,540	25%	22 June 2020

* The closing price on the day before the grant date has been used to determine the value of the awards at grant date. This was £3.462.

Each award is subject to clawback and malus provisions in line with the Company's policy.

Each award is subject to two performance conditions which will be tested over a three-year period.

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

The range of targets, for both performance conditions, is as follows:

Range	% award vesting
Less than 100% of the index	0
Equal to 100% of the index	25
More than 100% but less than 125% of the index	between 25 and 75 on a straight line basis
More than 125% but less than 150% of the index	between 75 and 100 on a straight line basis
Equal to 150% of the index or more	100

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

Land Securities Group plc	Redefine International plc
British Land Company plc	Real Estate Investors plc
Hammerson plc	Safestore Holdings plc
Intu Properties plc	Primary Health Properties plc
Segro plc	Empiric Student Property plc
Derwent London plc	Secure Income REIT plc
Shaftesbury plc	GCP Student Living plc
Great Portland Estates plc	Standard Life Investments Property Income Trust Limited
Big Yellow Group plc	Regional REIT Limited
Workspace Group plc	Target Healthcare REIT Limited
Tritax Big Box REIT plc	A&J Mucklow Group plc
Londonmetric Property plc	McKay Securities plc
Assura plc	Schroder European Real Estate Investment Trust Limited
Hansteen Holdings plc	

Summary of Directors Interests (audited)

The beneficial interests of the Executive Directors in share awards and share options as at 31 March 2018 are shown in the following tables:

	Grant Date	Plan	Vesting by	Exercise / share price at date of award £	At 1 April 2017	Granted	Dividend equivalent shares added	Lapsed	Exercised	At 31 March 2018
David Lockhart	Sept 2009	USOP	Vested	2.50	272,286	–	–	–	(272,286)	–
	Sept 2011	USOP	Vested	2.35	348,000	–	–	–	(348,000)	–
	Jan 2013	PSP	Vested	2.04	71,937	–	–	–	(71,937)	–
	July 2014	PSP	Vested	3.06	153,537	–	2,391	(36,912)	(119,016)	–
	July 2015	DBP	Vested	3.00	43,718	–	637	–	(44,355)	–
	Sept 2015	PSP	Sept 2018	3.40	128,512	–	9,604	–	–	138,116
	Sept 2015	PSP	Sept 2019	3.40	128,512	–	9,604	–	–	138,116
	March 2016	DBP	March 2018	3.26	162,135	–	12,188	–	–	174,323
	July 2016	PSP	July 2019	2.98	149,429	–	11,221	–	–	160,650
	June 2016	DBP	June 2018	3.16	59,699	–	4,483	–	–	64,182
	June 2017	PSP	June 2020	3.46	–	129,983	4,496	–	–	134,479
	July 2017	DBP	July 2019	3.42	–	38,956	1,347	–	–	40,303
	Total				1,517,765	168,939	55,971	(36,912)	(855,594)	850,169

	Grant Date	Plan	Vesting by	Exercise / share price at date of award £	At 1 April 2017	Granted	Dividend equivalent shares added	Lapsed	Exercised	At 31 March 2018
Allan Lockhart	Sept 2009	USOP	Vested	2.50	192,686	–	–	–	–	192,686
	Sept 2011	USOP	Vested	2.35	338,000	–	–	–	–	338,000
	Jan 2013	PSP	Vested	2.04	71,937	–	–	–	–	71,937
	July 2014	PSP	Vested	3.06	134,783	–	2,100	(32,403)	–	104,480
	July 2015	DBP	Vested	3.00	53,555	–	782	–	(54,337)	–
	Sept 2015	PSP	Sept 2018	3.40	112,447	–	8,404	–	–	120,851
	Sept 2015	PSP	Sept 2019	3.40	112,447	–	8,404	–	–	120,851
	March 2016	DBP	March 2018	3.26	138,003	–	10,374	–	–	148,377
	July 2016	PSP	July 2019	2.98	140,638	–	10,561	–	–	151,199
	June 2016	DBP	June 2018	3.16	52,236	–	3,922	–	–	56,158
	June 2017	PSP	June 2020	3.46	–	122,761	4,246	–	–	127,007
	July 2017	DBP	14 July 2019	3.42	–	36,792	1,272	–	–	38,065
	Total				1,346,732	159,553	50,065	(32,403)	(54,337)	1,469,610

	Grant Date	Plan	Vesting by	Exercise / share price at date of award £	At 1 April 2017	Granted	Dividend equivalent shares added	Lapsed	Exercised	At 31 March 2018
Mark Davies	July 2014	PSP	July 2017	3.06	114,860	–	1,789	(27,614)	(89,035)	–
	July 2015	DBP	May 2017	3.00	43,718	–	637	–	(44,355)	–
	Sept 2015	PSP	Sept 2018	3.40	96,381	–	7,205	–	–	103,586
	Sept 2015	PSP	Sept 2019	3.40	96,381	–	7,205	–	–	103,586
	March 2016	DBP	March 2018	3.26	87,034	–	6,540	–	–	93,574
	July 2016	PSP	July 2019	2.98	123,058	–	9,242	–	–	132,300
	June 2016	DBP	June 2018	3.16	44,773	–	3,363	–	–	48,136
	Jan 2017	PSP	Jan 2022	3.34	119,850	–	10,926	–	–	130,776
	June 2017	PSP	June 2020	3.46	–	115,540	3,996	–	–	119,536
	July 2017	DBP	July 2019	3.42	–	34,628	1,197	–	–	35,825
	Total				726,055	150,168	52,100	(27,614)	(133,390)	767,319

DBP = Deferred Bonus Plan

PSP = Performance Share Plan

USOP = Unapproved Share Option Plan

Unapproved Share Option Plan

Awards made under the Unapproved Share Option Plan have vested and the participants have until the tenth anniversary from the date of grant for each award in which to exercise the options. The exercise price per share to be paid upon exercise is shown against each award.

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

	Shares held at 31 March 2018	Value of holding as % of salary*	Unvested DBP awards held at 31 March 2018**	Unvested PSP awards held at 31 March 2018**	Vested DBP awards held at 31 March 2018**	Vested but unexercised PSP awards held at 31 March 2018	Vested but unexercised USOP awards held at 31 March 2018	Unconverted warrants held at 31 March 2018	Total held as at 31 March 2018
David Lockhart	1,752,626	1278%	104,485	571,361	174,323	–	–	122,021	2,724,816
Allan Lockhart	277,944	170%	94,222	519,908	148,377	176,417	530,686	12,309	1,759,863
Mark Davies	139,727	100%	83,961	589,784	93,574	–	–	–	907,046
Paul Roy	240,000	–	–	–		–	–	–	240,000
Kay Chaldecott	3,774	–	–	–		–	–	–	3,774
Margaret Ford	25,000	–	–	–		–	–	–	25,000
Alastair Miller	35,956	–	–	–		–	–	–	35,956

* based on the closing share price of £2.88 as at 31 March 2018 and salary for 2018/19. Shareholding guidelines are for the CEO to hold a minimum number of shares with a value in excess of 200% of his base salary and for the other Executive Directors to hold a minimum number of shares with a value in excess of 100% of their base salary. Allan Lockhart and Mark Davies also hold nil price share options with no performance conditions.

** includes dividend equivalent shares added to that date.

DBP = Deferred Bonus Plan

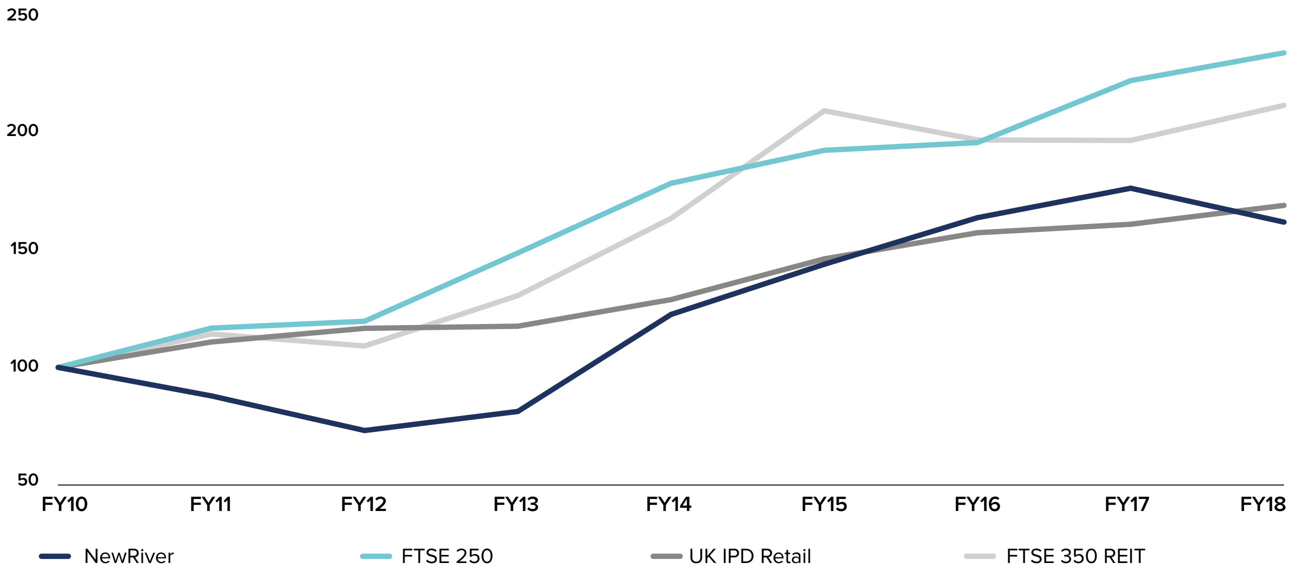
PSP = Performance Share Plan

USOP = Unapproved Share Option Plan

There have been no changes in the number of shares held from 31 March 2018 to 22 May 2018, being the latest practicable date before the publication of this Annual Report.

Historic performance and Chief Executive remuneration

The following information allows comparison of the Company's TSR (based on share price growth and dividends reinvested) with the remuneration of David Lockhart, CEO, over the last eight years.



The chart shows the Company's TSR and that of the FTSE250, the UK IPD Retail Index, and the FTSE350 REIT Indices based on an initial investment of £100 on 1 April 2010 and values at intervening financial year ends over a eight-year period to 31 March 2018. These are considered to be appropriate benchmarks for the graph as the Company was a constituent of these indices during the financial year.

Chief Executive Officer remuneration for year ended 31 March 2018

	2011	2012	2013	2014	2015	2016	2017	2018
Total remuneration (£)	337,500	467,500	504,000	642,000	1,095,307	1,547,200	1,177,922	1,125,190
Annual bonus (% of max)	42	36.5	32.6	69.0	70.0	100.0	66.7	77.3
Total LTIP vesting (% of max)	–	–	–	–	0.0	100.0	100.0	33.6

Chief Executive Officer pay compared to employees

The table below shows the percentage change in salary benefits and bonus for 2017 and 2018 for both the Chief Executive Officer and for all permanent employees of the Group, excluding joiners and leavers.

	Salary	Benefits	Annual Bonus
Chief Executive	4.3%	-	0.8%
All employees	6.9%	2.0%	-12.9%

Relative importance of spend on pay

The table below shows employee pay and distributions to shareholders for 2018 and 2017.

	2018 £'000	2017 £'000	% difference from prior year
Total spend on employee pay[1]	9,853	8,707	13%
Total distributions to shareholders	62,734	46,645	34%

Notes:

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

What the Executive Directors can earn in 2018/19

Salaries and fees

David Lockhart was appointed to a new role as Executive Deputy Chairman on 1 May 2018. Allan Lockhart was appointed as Chief Executive Officer on 1 May 2018. The salaries of these individuals were set following a broad and detailed consideration of the circumstances and market data. The Committee recommended to the Board that base salaries were as follows:

Allan Lockhart – Chief Executive Officer	£470,000	(4.4% increase from previous CEO's salary)
Mark Davies - Chief Financial Officer	£408,000	(2.0% increase from £400,000)
David Lockhart - Executive Deputy Chairman	£395,000	(new role from 1 May 2018)

Fees

The Board considered the remuneration of the non-executive directors during the year. The Committee (without the Chairman of the Board) determines the Chairman of the Board's fee and recommends it to the Board. The Chairman of the Board and Executive Directors determine the Non-Executive Directors' fees. The Non-Executive Directors' fees were last increased in April 2016. After considering the time requirements of the Board of a growing company, the Company's status as a FTSE250 constituent and a benchmark of Non-Executive fees in comparable companies an increase of £2,500 for the additional fees for Non-Executive Directors was approved.

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

Chairman	£100,000
Basic fee for a Non-Executive Director	£50,000
Additional fee for serving as Chairman of the Audit and Remuneration Committees (increase of £2,500)	£7,500
Additional fee for serving as the Senior Independent Non-Executive Director (increase of £2,500)	£7,500

Annual bonus

The annual bonus arrangements for the financial year ending 31 March 2019 will operate as laid out in the remuneration policy. Executive Directors will have the opportunity to earn a bonus up to a normal maximum of 125% of salary on the basis of the achievement of the following measures.

Measure		Proportion of salary payable
Corporate Performance	Total Accounting Return v IPD All Retail Earnings (FFO) yield v comparative peer group Compliance with financing policies	For on target performance: 62.5% For stretch performance: 100%
Personal	Achievement against a number of business, strategic, organisational, stakeholder and financial targets tailored to the role of each Executive Director	For on target performance: 12.5% For stretch performance: 25%

The measures have been selected to reflect a range of key financial and operational goals which support the Company's strategic objectives. The respective targets have not been disclosed as they are commercially sensitive. However, retrospective disclosure of the targets and performance against them will be set out in the Remuneration Report for the year ending 31 March 2019 provided that they do not remain commercially sensitive at that time.

Long-term incentives – Performance Share Plan

Performance Share Plan awards granted to Executive Directors in the financial year ended 31 March 2019 will be over shares worth 100% of salary and will be consistent with the long-term incentives policy detailed on page 103.

The targets and weightings will be the same as those described on page 103.

Awards will be subject to two year holding period after the vesting date, i.e. for a period of five years from the grant date.

External advice to the Committee

During the year the Committee received advice on Executive remuneration from h2glenfern, which has previously provided advice to the Committee. Fees are charged on a cost incurred basis, with a fixed fee for benchmarking, and totalled £38,400 in the year to 31 March 2018.

Another division within h2glenfern provides corporate advice to the Company and it has confirmed that it has operated in accordance with the Code of Conduct of the Remuneration Consultants' Group in relation to executive remuneration consulting in the United Kingdom. The Committee has therefore satisfied itself that all advice provided by h2glenfern was objective and independent.

2017 Annual General Meeting shareholder vote

At the Annual General Meeting held on 14 July 2017, votes cast by proxy and at the meeting in respect of the remuneration report and policy were as set out below:

	Votes for	%	Votes against	%	Total shares for & against	% of total voting rights	Votes withheld
That the Directors' remuneration report, be received and approved	242,897,409	96.1	9,916,215	3.9	252,813,624	83.9	277,090
That the Directors' remuneration policy be received and approved	243,604,524	96.3	9,414,395	3.7	253,018,919	84.0	71,795

Signed on behalf of the Board

Kay Chaldecott,

Committee Chairman

23 May 2018

DIRECTORS' REPORT

For the year ended 31 March 2018

The Directors present their report and Group financial statements for the year ended 31 March 2018.

Principal activities and status

NewRiver REIT plc ("the Company") is a premium listed REIT on the London Stock Exchange and a constituent of the FTSE250 and EPRA Indices. The Company is a specialist real estate investor, asset manager and developer focused solely on the UK retail and leisure sector.

Strategic Report

The Strategic Report for the year ended 31 March 2018 is set out on pages 1 to 77 and contains a fair review of the business of the Group during the year including a description of the principal risks and uncertainties, an indication of likely future developments in the business on page 42 and disclosures concerning Greenhouse Gas Emissions on page 71.

Results and dividend

The results for the year are set out in the Financial Statements. During the year the Group paid quarterly interim dividends totalling £63 million (2017: £47 million). Further details on the dividend payments are set out in note 11 to the Financial Statements.

The Board

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

Paul Roy	Non-Executive Chairman
Allan Lockhart	Chief Executive Officer
Mark Davies	Chief Financial Officer
David Lockhart	Executive Deputy Chairman
Margaret Ford	Senior Independent Non-Executive Director – appointed 1 September 2017
Kay Chaldecott	Non-Executive Director
Alastair Miller	Non-Executive Director

Chris Taylor resigned on 9 April 2017. The Board recognises the requirement of the UK Corporate Governance Code regarding the segregation of roles and division of responsibilities between the Chairman and Chief Executive and has complied with this requirement during the year.

The Board has determined that a major part of its role is the overall strategy of the Group and to consider the following matters which are key to the performance of the Group:

- implementation of the agreed business strategy to focus on value creating retail and leisure property opportunities;
- ensuring adequate funding is in place to implement the Group's business model;
- monitoring of cash management policies and cash flow forecasts;
- the methodology and results of three year business plans for each asset held;
- responsibility for the financial reporting procedures and safeguarding the Group's assets and those held in joint ventures;
- approval of the annual and interim financial statements and annual budget;
- review of quarterly management accounts including forecasts;
- dividend policy and approval of all dividend payments;
- the performance of and relationships with key service providers including corporate brokers and advisers;
- any significant fees payable to any related party;
- monitoring key performance indicators; and
- establishing and maintaining appropriate delegated authorities, internal controls and risk management policies and procedures.

Articles of Association

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

Substantial shareholdings

As at 31 March 2018, the Company has been advised under DTR5 by shareholders with holdings of more than 3% of the total voting rights of the Company as follows:

Shareholder	Number of ordinary shares	% of Issued Share Capital
Woodford Investment Management	84,829,167	28.00
Invesco Perpetual Asset Management	45,534,604	15.03
BlackRock Investment Management	14,902,156	4.92

Directors' interests

Directors in the shares of the Company as at 31 March 2018 were:

	31 March 2018 Number of Ordinary Shares	31 March 2017 Number of Ordinary Shares
Paul Roy	240,000	240,000
David Lockhart	1,752,626	1,554,600
Mark Davies	139,727	124,838
Allan Lockhart	277,944	277,944
Margaret Ford	25,000	–
Kay Chaldecott	3,774	3,774
Alastair Miller	35,956	30,000

All related party transactions are disclosed in note 26 to the financial statements.

Financial instruments

The Group's exposure to and management of capital risk, market risk and liquidity risk is set out in note 24 to the Group's financial statements.

Directors' indemnification and insurance

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

Share capital

The Company has one class of share capital, being ordinary shares with a nominal value of one penny each. Details of the share capital, including the rights and obligations attached to the ordinary shares issued during the year ended 31 March 2018, are summarised in note 21 of the financial statements.

At the Annual General Meeting held in 2017, shareholders authorised market purchases of the Company's ordinary shares, limited to 14.99% of the issued share capital at that time, as well as the allotment of new shares within certain limits approved by shareholders. These authorities expire are the AGM in 2018 and appropriate renewals will be sought.

The Company has 380,000 warrants to subscribe for ordinary shares in issue. These warrants were issued when NewRiver Retail Limited listed in 2009 and were converted across on the same terms and conditions to warrants in NewRiver REIT plc when the Company listed on the Main Market in August 2016. Each warrant can be surrendered for one ordinary share at a current subscription price of 132p per share. The warrants in issue have to be exercised by 1 September 2019 otherwise they will lapse.

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

Disclosure of information to Auditors

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

Auditor

Deloitte LLP has expressed its willingness to continue in office as auditor and a resolution to reappoint them will be proposed at the forthcoming Annual General Meeting.

Political Donations

No political donations were made by the Company or its subsidiaries during the year (2017: Nil).

Pubs Code Regulations

In accordance with the Pubs Code Regulations 2016 the Company has produced an annual compliance report to be submitted the Pubs Code Adjudicator (PCA). The report details the Company's compliance with the Pubs Code where applicable; instances of breaches and alleged breaches; and additional steps taken to ensure compliance. The Company has complied with the regulations and there have been no breaches or alleged breaches during the period. The Company has conducted additional staff training to ensure continued compliance. The Company's annual compliance report will be submitted to the PCA on 31 July 2018.

Annual General Meeting

The Annual General Meeting will be held at 11:00a.m on 4 July 2018 at the offices of Eversheds Sutherland LLP, One Wood Street, London, EC2V 7WS. At the meeting, resolutions will be proposed to receive the Annual Report and financial statements, approve the Directors' remuneration report, re-elect Directors and reappoint and determine the remuneration of Deloitte. In addition, it will be proposed that expiring authorities to allot shares and to repurchase shares are extended.

Internal controls review

Taking into account the principal risks provided on pages 75 to 77 and the ongoing work of the Audit Committee in monitoring the risk management and internal control systems on behalf of the Board as described on pages 85 to 88, the Directors:

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

VIABILITY STATEMENT

For the year ended 31 March 2018

The Board, as part of its strategy process, has assessed the viability of the Group over a three-year period to March 2021 as this timeframe gives greater certainty over the forecasting used. When assessing the Group's long-term viability, the Board considered the Group's existing investment commitments, available financial resources and long-term financing arrangements. They also considered profits; the three-year cash flow forecast for the portfolio, the Group's funding requirements, REIT compliance and other key financial ratios over the period, as well as the headroom in the financial covenants contained in our various loan agreements.

In making their assessment, the Directors assessed the potential impacts, in severe but plausible scenarios, of the principal risks as set out on pages 75 to 77 together with the likely degree of effectiveness of mitigating actions reasonably expected to be available to the Group.

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

- market/economic changes such as higher interest rates, reduced availability of credit and increasing investment yields restricting development and causing valuation falls;
- a decline in property valuations as a result of investment decisions could result in lower income and capital returns to shareholders than forecast and expose them to unforeseen risks and liabilities; and
- poor control of development projects could lead to inadequate returns on investment and over exposure to developments could put pressure on cash flow and debt financing.

The nature of the Group's business as the owner and asset manager of a diverse income producing portfolio of shopping centres, retail warehouses, high street assets, and public houses located throughout the UK and let to a wide variety of national tenants reduces the impact of adverse changes in the general economic environment or market conditions in any one sector on the Group.

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

Going concern

The Directors of NewRiver REIT plc have reviewed the current and projected financial position of the Group making reasonable assumptions about future trading and performance. Further details of the process followed are on page 126.

The Directors' Report was approved by the Board of Directors and is signed on its behalf by:

Mark Davies

Chief Financial Officer

23 May 2018

DIRECTORS' RESPONSIBILITIES STATEMENT

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 are required to prepare the Group's financial statements in accordance with International Financial Reporting Standards 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 IFRSs 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 and is signed on its behalf by:

Allan Lockhart	Mark Davies
Chief Executive Officer	Chief Financial Officer

23 May 2018

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the parent company's affairs as at 31 March 2018 and of the Group's profit for the year then ended;
- the Group financial statements have been properly prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union;
- the parent company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice including Financial Reporting Standard 101 "Reduced Disclosure Framework; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006 and, as regards the Group financial statements, Article 4 of the IAS Regulation.

We have audited the financial statements of NewRiver REIT plc (the 'parent company') and its subsidiaries (the 'Group') which comprise:

- the Consolidated Statement of Comprehensive Income;
- the Consolidated and Company Balance Sheets;
- the Consolidated Cash Flow Statement;
- the Consolidated and Company Statements of Changes in Equity; and
- the related notes 1 to 27 and A to E.

The financial reporting framework that has been applied in the preparation of the Group financial statements is applicable law and IFRSs as adopted by the European Union. The financial reporting framework that has been applied in the preparation of the parent company financial statements is applicable law and United Kingdom Accounting Standards, including FRS 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the Group and the parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We confirm that the non-audit services prohibited by the FRC's Ethical Standard were not provided to the Group or the parent company.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Summary of our audit approach

Key audit matters	The key audit matters that we identified in the current year were: • Key judgements within the valuation of the shopping centre, high street and retail warehouse portfolio, including development properties; • Key judgements within the valuation of the pub portfolio, including C-store development; and • The accounting treatment of the acquisition of the PIMCO joint ventures. Within this report, any new key audit matters are identified with and any key audit matters which are the same as the prior year identified with .
Materiality	The materiality that we used for the Group financial statements was £14.05 million which was determined on the basis of approximately 1% of total assets.
Scoping	We performed a full scope audit to respond to the risks of material misstatement for the Group and performed an audit of specified account balances for the joint venture entities. Together these elements account for 100% of the Group's net assets and 100% of profit before tax.
Significant changes in our approach	There have been no significant changes to our audit approach in 2018. We have continued to focus on the key judgements within the investment property valuations. The key audit matter related to accounting for investment property acquisitions has been specified to the PIMCO joint ventures transaction.

Conclusions relating to going concern, principal risks and viability statement

Going concern

We have reviewed the directors' statement in note 1 to the financial statements about whether they considered it appropriate to adopt the going concern basis of accounting in preparing them and their identification of any material uncertainties to the Group's and company's ability to continue to do so over a period of at least twelve months from the date of approval of the financial statements.

We are required to state whether we have anything material to add or draw attention to in relation to that statement required by Listing Rule 9.8.6R(3) and report if the statement is materially inconsistent with our knowledge obtained in the audit.

We confirm that we have nothing material to report, add or draw attention to in respect of these matters.

Principal risks and viability statement

Based solely on reading the directors' statements and considering whether they were consistent with the knowledge we obtained in the course of the audit, including the knowledge obtained in the evaluation of the directors' assessment of the Group's and the company's ability to continue as a going concern, we are required to state whether we have anything material to add or draw attention to in relation to:

- the disclosures on pages 74 to 77 that describe the principal risks and explain how they are being managed or mitigated;
- the directors' confirmation on page 110 that they have carried out a robust assessment of the principal risks facing the Group, including those that would threaten its business model, future performance, solvency or liquidity; or
- the directors' explanation on page 126 as to how they have assessed the prospects of the group, over what period they have done so and why they consider that period to be appropriate, and their statement as to whether they have a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due over the period of their assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.

We are also required to report whether the directors' statement relating to the prospects of the Group required by Listing Rule 9.8.6R(3) is materially inconsistent with our knowledge obtained in the audit.

We confirm that we have nothing material to report, add or draw attention to in respect of these matters.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team.

These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key judgements within the valuation of the shopping centre, high street and retail warehouse portfolio, including development properties

Key audit matter description	NewRiver REIT plc owns and manages a portfolio of commercial assets. The valuation of the shopping centre, high street and retail warehouse portfolio (including a number of development properties) is a significant judgement area and is underpinned by a number of assumptions. The Group uses professionally qualified external valuers to fair value its portfolio at six-monthly intervals. The portfolio (excluding development properties) is valued using the 'investment method' of valuation, in which the principal assumptions include estimated rental values and capitalisation yields. Development properties are valued by applying the same methodology, but with a deduction for all future costs necessary to complete the development together with an allowance for remaining risk, developers' profit and purchasers' costs ('the residual method'). Due to the high level of judgement in the estimates outlined above, we consider this to be a risk of material misstatement as well as a potential fraud risk. The Group's share of property assets are valued at £1,059.7 million (2017: £952.8 million) of which £1,047.3 million are held by subsidiaries (2017: £995.9 million) and £12.4 million by joint ventures (2017: £134.6 million). Please see note 1 and 12 to the financial statements and discussion in the report of the Audit Committee on page 87.
How the scope of our audit responded to the key audit matter	We assessed, in consultation with our property valuation specialists, management's process for reviewing and challenging the work of the external valuer and development appraisals. We also assessed the competence, independence and integrity of the external valuer. In consultation with our property valuation specialists, we performed detailed analysis of the valuations for a sample of properties in the portfolio. We performed audit procedures to assess the integrity of information provided to the independent valuer including agreement on a sample basis back to underlying lease agreements. Alongside our property valuation specialists, we held discussions with the external valuers of the portfolio to understand the valuation process, performance of the portfolio and significant assumptions and critical judgement areas, including estimated rental values and yields. We benchmarked these assumptions to relevant external industry data and comparable property transactions, in particular the yield. For development properties we assessed future costs to complete based on development appraisals. We assessed the classification of development properties and whether the methodology applied (i.e. investment or residual method) was appropriate. We also assessed the allowances in the valuation for developers' profit.
Key observations	We have concluded that the assumptions applied in arriving at the fair value of the Group's shopping centre, high street and retail warehouse portfolio were appropriate and that resulting valuations were within an acceptable range.

Key judgements within the valuation of the pub portfolio, including C-store development

Key audit matter description

NewRiver REIT plc owns a pub portfolio comprising of approximately 331 pubs (2017: 350) with a fair value of £179.9 million (2017: £177.8 million).

The extent and variety of judgements involved in the valuation of the pub portfolio is different to the rest of the investment property portfolio due to the specific operational nature of the properties, as well as the contractual arrangements in place with Marston's, the Co-op and LT Pub Management.

Due to the high level of judgement in the estimates outlined below, we consider this to be a risk of material misstatement as well as a potential fraud risk.

The Group uses professionally qualified external valuers to fair value its portfolio at six-monthly intervals. Within the portfolio, 280 pubs (fair value of £121.5 million) are valued as income producing pubs using the 'investment method' of valuation, whereby the principal assumptions include income from fair maintainable trade ("FMT") and capitalisation multiples.

In addition, a rental agreement is in place with Marston's for 22 properties (fair value of £15.3 million) and a total of 19 properties have been delivered to the Co-op (fair value of £21.5 million). These properties are valued using the 'investment method' of valuation, where principal inputs include rental values and capitalisation yields.

The remaining 18 properties outlined for development (fair value of £14.3 million) are valued using a gross development value calculated as initial rent due upon completion of the development with an applied capitalisation yield; less a deduction for future costs to complete and an allowance for planning risk, developers' profit and purchasers' costs ('the residual method').

Please see note 1 and 12 to the financial statements and discussion in the report of the Audit Committee on page 87.

How the scope of our audit responded to the key audit matter

We assessed, in consultation with our property valuation specialists, management's process for reviewing and challenging the work of the external valuer and development appraisals. We also assessed the competence, independence and integrity of the external valuer.

Alongside our property valuation specialists, we held discussions with the external valuers of the portfolio to understand the valuation process, performance of the portfolio and significant assumptions and critical judgement areas. This included the following specific procedures for each part of the pub portfolio:

In respect of the income producing pubs:
- We engaged with our internal valuation specialists in order to benchmark the capitalisation multiples applied by the external valuers against relevant industry data and market transactions.
- For a sample of pubs we benchmarked FMT adopted by the external valuer against actual historic performance (including contracted fixed rent, beer volumes and beer margin), corroborating explanations for any differences.

In respect of the development properties:
- For a sample of development properties and alongside our internal valuation specialists, we challenged and corroborated movements in valuations.
- This included verification of underlying costs and stage of completion to reports from the Group's external quantity surveyors and agreeing planning risk assumptions to reports provided by the Group's external planning consultants.
- For a sample of development properties, we also performed a retrospective review of budgeted vs actual costs incurred in order to assess the reliability of estimates.

In respect of the remaining properties:
- We engaged with our internal valuation specialists in order to benchmark the capitalisation yields applied by the external valuers for the Marston's and Co-op leases against relevant industry data and comparable property transactions.
- We agreed contracted rent back to underlying lease agreements with Marston's and the Co-op.

Key observations

We have concluded that the assumptions applied in arriving at the fair value of the Group's pub portfolio were appropriate and that resulting valuations were within an acceptable range.

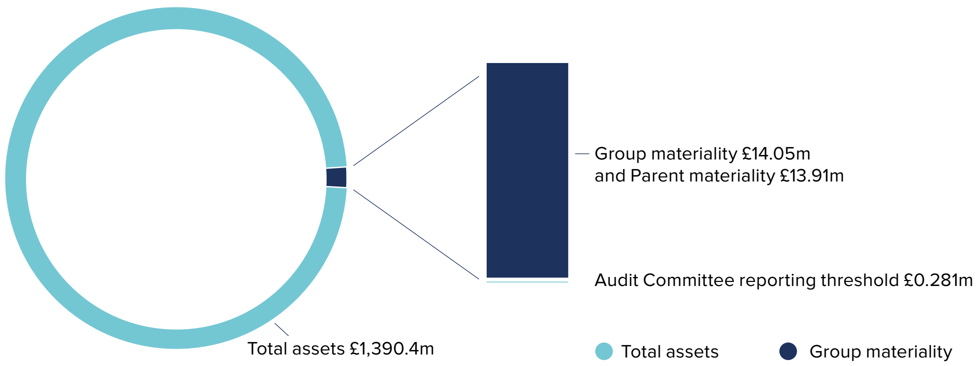
The accounting treatment of the acquisition of the PIMCO joint ventures	
Key audit matter description	The Group has completed the acquisition of the PIMCO joint ventures for a cash consideration of £59.4m. The transaction was completed under a single agreement for the purchase of the equity in 4 corporate vehicles. Consistent with the acquisition of previous joint venture structures, the transactions have been accounted for as a business combination. Judgement is required to determine whether the transaction was the acquisition of a group of assets, or a business combination within the scope of IFRS 3 *Business combinations*. Please see note 2 and 22 to the financial statements and discussion in the report of the Audit Committee on page 87.
How the scope of our audit responded to the key audit matter	We considered management's analysis of the transaction and assessed their rationale for concluding that it represented a business combination. In particular, we challenged management to demonstrate that the assets and liabilities acquired through corporate vehicles are capable of being conducted and managed as a business. We have examined relevant documents including the sale and purchase agreement to confirm the consideration paid and other particulars of acquisition. We have verified the valuation estimates and the inputs to the recorded gain on bargain purchase of £2.96 million. We also reviewed the completeness and accuracy of disclosures presented in the financial statements in relation to business combinations.
Key observations	We have concluded that the analysis of the transaction conducted by management identifying that the acquisition of the PIMCO joint ventures should be accounted for as a business combination was consistent with the principles of IFRS 3.

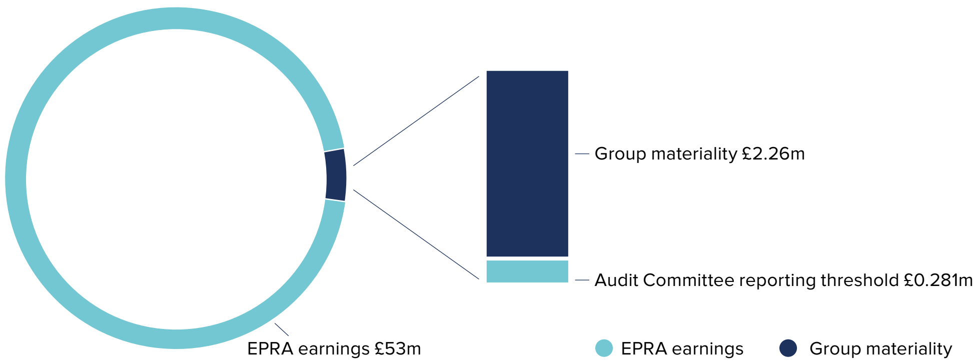
Our application of materiality

We define materiality as the magnitude of misstatement in the financial statements that makes it probable that the economic decisions of a reasonably knowledgeable person would be changed or influenced. We use materiality both in planning the scope of our audit work and in evaluating the results of our work.

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

	Group financial statements	Parent company financial statements
Materiality	£14.05 million (2017: £13.96 million) and a lower materiality of £2.65 million (2017: £2.26 million) for balances affecting EPRA earnings.	£13.91 million
Basis for determining materiality	We determined materiality for the Group based on approximately 1% of total assets (2017: 2% of shareholders' equity). The change in the basis for determining materiality reflects the new unsecured financing structure of the Group and the reduced level of gearing. The lower materiality used for balances impacting EPRA earnings was determined based on approximately 5% (2017: 5%) of EPRA earnings.	We determined materiality for the company based on approximately 1% of total assets. Materiality however was capped at 99% of Group materiality.
Rationale for the benchmark applied	We determined that total assets would be the most appropriate basis for determining overall materiality given that key users of the Group's financial statements are primarily focussed on the valuation of the Group's assets; principally the investment property portfolio (whether held directly or through joint ventures). In addition to total assets, we consider EPRA earnings per share to be a critical financial performance measure for the Group on the basis that it is a key metric for analysts and investors. EPRA earnings per share is based on the Group's EPRA earnings which is reconciled to IFRS profit after taxation in note 10. We applied this lower threshold for testing all balances impacting EPRA earnings.	The parent company is primarily a holding company for investments in subsidiaries of the Group and has limited trading.





We agreed with the Audit Committee that we would report to the Committee all audit differences in excess of £281,000 (2017: £273,000) for the Group, as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds. We also report to the Audit Committee on disclosure matters that we identified when assessing the overall presentation of the financial statements.

An overview of the scope of our audit

Our Group audit was scoped by obtaining an understanding of the Group and its environment, including group-wide controls, and assessing the risks of material misstatement at the Group level.

We performed a full scope audit to respond to the risks of material misstatement for the Group and performed an audit of specified account balances for the joint venture entities. Together these elements account for 100% (2017: 100%) of the Group's net assets and 100% (2017: 100%) of Group's profit before tax. Our audit work was executed at levels of Group or EPRA earnings materiality applicable to each account balance.

The audit of the Group's joint venture with Morgan Stanley Real Estate Fund ("MSREF"), which has a 31 December 2017 year end, is carried out by BDO LLP. We have obtained and reviewed the audited financial statements.

At the parent entity level we also tested the consolidation process. We have obtained an understanding of the Group's system of internal controls and undertaken a combination of procedures, all of which are designed to target the Group's identified risks of material misstatement in the most effective manner possible.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

In this context, matters that we are specifically required to report to you as uncorrected material misstatements of the other information include where we conclude that:

- *Fair, balanced and understandable* – the statement given by the directors that they consider the annual report and financial statements taken as a whole is fair, balanced and understandable and provides the information necessary for shareholders to assess the group's position and performance, business model and strategy, is materially inconsistent with our knowledge obtained in the audit; or
- *Audit committee reporting* – the section describing the work of the audit committee does not appropriately address matters communicated by us to the audit committee; or
- *Directors' statement of compliance with the UK Corporate Governance Code* – the parts of the directors' statement required under the Listing Rules relating to the company's compliance with the UK Corporate Governance Code containing provisions specified for review by the auditor in accordance with Listing Rule 9.8.10R(2) do not properly disclose a departure from a relevant provision of the UK Corporate Governance Code.

We have nothing to report in respect of these matters.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Report on other legal and regulatory requirements

Opinions on other matters prescribed by the Companies Act 2006

In our opinion the part of the directors' remuneration report to be audited has been properly prepared in accordance with the Companies Act 2006.

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the group and of the parent company and their environment obtained in the course of the audit, we have not identified any material misstatements in the strategic report or the directors' report.

Matters on which we are required to report by exception

Adequacy of explanations received and accounting records

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns.

We have nothing to report in respect of these matters.

Directors' remuneration

Under the Companies Act 2006 we are also required to report if in our opinion certain disclosures of directors' remuneration have not been made or the part of the directors' remuneration report to be audited is not in agreement with the accounting records and returns.

We have nothing to report in respect of these matters.

Other matters

Auditor tenure

We were appointed by the Board of Directors on 25 May 2010 to audit the financial statements of NewRiver Retail Limited (the previous parent company of the Group) for the period from incorporation ending 31 March 2010 and subsequent financial periods. The period of total uninterrupted engagement including previous renewals and reappointments of the firm is 9 years, covering the period/years ending 31 March 2010 to 31 March 2018.

Consistency of the audit report with the additional report to the audit committee

Our audit opinion is consistent with the additional report to the audit committee we are required to provide in accordance with ISAs (UK).

David Becker ACA (Senior statutory auditor)

For and on behalf of Deloitte LLP
Statutory Auditor
St Peter Port, Guernsey

23 May 2018

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 MARCH 2018

	Notes	Operating and financing 2018 £'000	Fair value adjustments 2018 £'000	Total 2018 £'000	Operating and financing 2017 £'000	Fair value adjustments 2017 £'000	Total 2017 £'000
Gross income	4	106,297	–	106,297	96,100	–	96,100
Property operating expenses	5	(19,229)	–	(19,229)	(15,705)	–	(15,705)
Net property income		87,068	–	87,068	80,395	–	80,395
Administrative expenses	6	(17,414)	–	(17,414)	(15,375)	–	(15,375)
Share of income from joint ventures	13	1,981	(527)	1,454	6,033	(769)	5,264
Net valuation movement	12	–	(12,902)	(12,902)	–	(15,030)	(15,030)
Profit on disposal of investment properties	7	4,893	–	4,893	894	–	894
Operating profit		76,528	(13,429)	63,099	71,947	(15,799)	56,148
Finance income	8	63	–	63	61	–	61
Finance costs	8	(16,874)	(3,112)	(19,986)	(15,200)	–	(15,200)
Revaluation of derivatives	8	–	3,756	3,756	–	(3,607)	(3,607)
Profit for the year before taxation		59,717	(12,785)	46,932	56,808	(19,406)	37,402
Taxation	9	(1,200)	–	(1,200)	(1,201)	–	(1,201)
Profit for the year after taxation		58,517	(12,785)	45,732	55,607	(19,406)	36,201
Earnings per share							
Basic (pence)	10			16.0			15.5
Diluted (pence)	10			16.0			15.4

	2018 £'000	2017 £'000
Profit for the year after taxation	45,732	36,201
Other comprehensive income		
Revaluation of derivatives reclassified to profit or loss	–	1,959
Group's share of joint ventures' other comprehensive income		
Revaluation of derivatives reclassified to profit or loss	–	(117)
Total comprehensive income for the year	45,732	38,043

All activities derive from continuing operations of the Group.

The notes on pages 126 to 151 form an integral part of these financial statements.

CONSOLIDATED BALANCE SHEET

AS AT 31 MARCH 2018

	Notes	2018 £'000	2017 £'000
Non-current assets			
Investment properties	12	1,227,212	995,928
Investments in joint ventures	13	8,509	71,763
Property, plant and equipment	14	951	351
Derivative financial instruments	16	3,339	626
Total non-current assets		1,240,011	1,068,668
Current assets			
Trade and other receivables	15	34,427	5,373
Derivative financial instruments	16	122	–
Cash and cash equivalents	17	115,801	45,956
Total current assets		150,350	51,329
Total assets		1,390,361	1,119,997
Equity and liabilities			
Current liabilities			
Borrowings	19	–	100,084
Trade and other payables	18	38,731	28,729
Current taxation liabilities		2,125	1,200
Derivative financial instruments	16	–	160
Total current liabilities		40,856	130,173
Non-current liabilities			
Derivative financial instruments	16	173	2,291
Borrowings	19	456,952	302,995
Total non-current liabilities		457,125	305,286
Net assets		892,380	684,538
Equity			
Share capital	21	3,029	2,340
Share premium	21	223,287	1,691
Merger reserve	21	(2,335)	(2,335)
Retained earnings	21	668,399	682,842
Total equity		892,380	684,538
Net Asset Value (NAV) per share (pence)			
EPRA	10	292p	292p
Basic	10	294p	292p
Diluted	10	293p	290p

The notes on pages 126 to 151 form an integral part of these financial statements.

The financial statements were approved by the Board of Directors on 23 May 2018 and were signed on its behalf by:

Allan Lockhart
Chief Executive

Mark Davies
Chief Financial Officer

NewRiver REIT plc
Registered number: 10221027

FINANCIAL STATEMENTS

CONSOLIDATED CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 MARCH 2018

	2018 £'000	2017 £'000
Cash flows from operating activities		
Profit for the year before taxation	46,932	37,402
Adjustments for:		
Profit on disposal of investment property	(4,893)	(894)
Net valuation movement	12,902	15,030
Net valuation movement in joint ventures	564	419
Share of income from joint ventures	(2,018)	(5,683)
Gain on bargain purchase	(2,964)	–
Net interest expense	16,811	15,139
Net interest expense – write off of unamortised fees	3,112	–
Revaluation of derivatives	(3,756)	3,607
Rent free lease incentives	(3,321)	(1,949)
Movement in provision for bad debts	81	(98)
Amortisation of legal and letting fees	346	345
Depreciation on property plant and equipment	313	106
Share based-payment expense	2,559	1,434
Cash generated from operations before changes in working capital	66,668	64,858
Changes in working capital		
(Increase)/decrease in receivables and other financial assets	(10,808)	873
(Decrease)/increase in payables and other financial liabilities	(1,176)	1,132
Cash generated from operations	54,684	66,863
Interest paid	(15,069)	(13,273)
Corporation tax paid	(275)	(137)
Dividends received from joint ventures	2,329	6,050
Net cash inflow from operating activities	41,669	59,503
Cash flows from investing activities		
Interest income	63	61
Purchase of investment properties	(31,238)	(162,208)
Business combinations	(53,621)	–
Disposal of investment properties	44,211	10,012
Development and other capital expenditure	(17,267)	(15,511)
Investment in joint venture	–	(2,541)
Purchase of plant and equipment	(913)	(138)
Net cash used in investing activities	(58,765)	(170,325)
Cash flows from financing activities		
Proceeds from issuance of new shares	222,285	1,839
Repayment of bank loans	(577,511)	(65,943)
New borrowings	506,152	153,630
Purchase of derivatives	(1,896)	(819)
Dividends paid – special	(7,019)	–
Dividends paid – ordinary	(55,070)	(46,000)
Net cash generated from financing activities	86,941	42,707
Cash and cash equivalents at beginning of the year	45,956	114,071
Net increase/(decrease) in cash and cash equivalents	69,845	(68,115)
Cash and cash equivalents at 31 March	115,801	45,956

The notes on pages 126 to 151 form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

AS AT 31 MARCH 2018

	Notes	Share capital £'000	Share premium £'000	Merger reserve £'000	Hedging reserve £'000	Retained earnings £'000	Total £'000
As at 31 March 2016		2,334	–	(2,334)	(1,842)	691,709	689,867
Profit for the period after taxation		–	–	–	–	36,201	36,201
Fair value on financial derivatives		–	–	–	1,842	–	1,842
Total comprehensive income for the period		–	–	–	1,842	36,201	38,043
Transactions with equity holders							
Net proceeds of issue from new shares	21	6	1,691	(1)	–	143	1,839
Share-based payments	23	–	–	–	–	1,434	1,434
Dividend paid	11	–	–	–	–	(46,645)	(46,645)
As at 31 March 2017		2,340	1,691	(2,335)	–	682,842	684,538
Profit for the year after taxation		–	–	–	–	45,732	45,732
Total comprehensive income for the year		–	–	–	–	45,732	45,732
Transactions with equity holders							
Net proceeds of issue from new shares	21	689	227,186	–	–	–	227,875
Cost of issue of new shares		–	(5,590)	–	–	–	(5,590)
Share-based payments	23	–	–	–	–	2,559	2,559
Dividends paid	11	–	–	–	–	(62,734)	(62,734)
As at 31 March 2018		3,029	223,287	(2,335)	–	668,399	892,380

The notes on pages 126 to 151 form an integral part of these financial statements.

1 Accounting policies

General information

Scheme of arrangement

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

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

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

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

This policy, which does not conflict with IFRS, reflects the economic substance of the transaction as a continuation of the previous Group. The comparatives presented in these consolidated financial statements include the consolidated results and financial position of NewRiver Retail Limited for the period from 1 April 2016 to 18 August 2016.

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 undrawn bank facilities to fund any future acquisitions and risk-controlled developments. During the year, the Group completed its move from secured to unsecured financing.

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. The Group's viability statement is on page 111.

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

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

Impact assessment of adopting new accounting Standards and Interpretations

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. Further details of IFRS 9, IFRS 15 (both mandatory for financial years commencing on or after 1 January 2018) and IFRS 16 (mandatory for financial years commencing on or after 1 January 2019) are given below.

IFRS 9 Financial Instruments

This standard deals with the classification, measurement and recognition of financial assets and liabilities and replaces the guidance in IAS 39 Financial instruments: Recognition and Measurement. The impairment model under IFRS 9 reflects expected credit losses, as opposed to only incurred credit losses under IAS 39. Under the impairment approach in IFRS 9, it is not necessary for a credit event to have occurred before credit losses are recognised. Instead, an entity always accounts for expected credit losses and changes in those expected credit losses. The new impairment model will apply to the Group's financial assets including trade and other receivables and cash and cash equivalents. The Directors expect to apply the simplified approach to recognise lifetime expected credit losses for these current assets. As such, the Directors do not currently expect there to be any material impact on the adoption of IFRS 9. There will also be no change in the accounting for financial liabilities. Derivative financial instruments continue to qualify for designation as at fair value through the profit and loss under IFRS 9. Having carried out an assessment of the standard the impact is immaterial from an earnings and net asset value perspective as the Group settled the majority of their derivatives during the refinance.

IFRS 15 Revenue from Contracts with Customers

IFRS 15 combines a number of previous standards, setting out a five-step model for the recognition of revenue and establishing principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue. The standard is applicable to service charge income, car park income and asset management income. The Group do not consider that its adoption will have a material impact on the financial statements.

1 Accounting policies continued

IFRS 16 Leases

This standard requires lessees to recognise a right-of-use asset and related lease liability representing the obligation to make lease payments. Interest expense on the lease liability and depreciation on the right-of-use asset will be recognised in the statement of comprehensive income. The Group is undertaking detailed analysis of the impact of IFRS 16.

There are no other standards or interpretations yet to be effective that would be expected to have a material impact on the financial statements of the Group.

Business combinations

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

Where properties are acquired through corporate acquisitions, each transaction is considered by management in light of the substance of the acquisition to determine whether the acquisition is a business combination or an asset acquisition.

Joint ventures

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

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. Additions to properties include costs of capital nature only. Expenditure is classified as capital when it results in future economic benefits which are expected to accrue to the Group. All other property expenditure is written-off in the Statement of Comprehensive Income as it is incurred. Premiums payable to tenants in connection with the surrender of their lease obligations are capitalised if they arise in connection with a value-enhancing project, otherwise they are recognised immediately in the Statement of Comprehensive Income.

Gains or losses arising from changes in the fair value of investment property are included in the Statement of Comprehensive income 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.

Capital expenditure, being costs directly attributable to the redevelopment or refurbishment of an investment property, up to the point of it being completed for its intended use, are capitalised in the carrying value of that property. The costs of properties in the course of development includes attributable interest and other associated outgoings including attributable development personnel costs.

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 Statement of Comprehensive Income 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 Statement of Comprehensive Income.

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.

1 Accounting policies continued

Financial liabilities

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

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

Financial liabilities included in trade and other payables are recognised initially at fair value and subsequently at amortised cost.

The fair value of a non-interest bearing liability is its discounted repayment amount. If the due date of the liability is less than one year, discounting is omitted.

Share capital

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

Taxation

Income tax

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

Deferred tax

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

Value added tax

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

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

Share-based payments

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

Employee Benefit Trust

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

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 premium 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 Statement of Comprehensive Income 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 comparative year exceptional items consisted 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

Management must assess whether the acquisition of property through the purchase of a corporate vehicle should be accounted for as an asset purchase or a business combination. Management exercise judgement to determine whether the assets and liabilities acquired contains processes and inputs in addition to property. On 17 July 2017, the Group acquired the remaining 50% share in its BRAVO joint ventures, NewRiver Retail Property Unit Trusts No,2 No.5, No.6 and No.7 for a cash consideration of £59.4million. It was determined that a business had been acquired on the basis that the group of assets and liabilities acquired could be managed. This is consistent with treatment of acquiring the Group's other Property Unit Trust interests. All other acquisitions have been accounted for as an asset acquisition on the basis that none of their processes had been acquired. 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 and 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 Statement of Comprehensive Income.

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

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

	2018 £'000	2017 £'000
Property rental and related income	92,597	83,276
Asset management fees	422	815
Realised gain received from joint venture	5,201	–
Surrender premiums and commissions	8,077	12,009
Gross income	106,297	96,100

5 Property operating expenses

	2018 £'000	2017 £'000
Service charge expense	6,258	4,888
Amortisation of tenant incentives and letting costs	1,416	1,456
Ground rent	2,751	3,187
Rates on vacant units	2,460	2,013
Other property operating expenses	6,344	4,161
Property operating expenses	19,229	15,705

Property operating expenses have increased year on year by 22% whilst property rental and related income has increased by 11%. The principal reasons for the increase is presentation of costs in relation to the pub portfolio. An element of the pub portfolio transitioned during the year from receiving a net rent to a leased model whereby the Group receives gross income and pays operating expenses.

6 Administrative expenses

	2018 £'000	2017 £'000
Wages and salaries	7,586	6,767
Social security costs	1,888	1,815
Other pension costs	137	125
Staff costs	9,611	8,707
Depreciation	313	106
Share-based payments	2,559	1,434
Operating lease payments	136	213
Other administrative expenses	4,795	3,724
Exceptional cost in respect of move from AIM to the main market	–	1,191
Administrative expenses	17,414	15,375

Net administrative expenses ratio is calculated as follows:

	£'000	£'000
Administrative expenses	17,414	15,375
Asset management fees	(422)	(815)
Less main market move costs	–	(1,191)
Share of joint ventures' administrative expenses	294	831
Less share based payments	(2,559)	(1,434)
Group's share of net administrative expenses	14,727	12,766
Property income	92,597	83,276
Realised gain received from joint ventures	5,201	–
Less gain on bargain purchase	(2,964)	–
Share of joint ventures' property income	3,666	10,518
	98,500	93,794
Net administrative expenses as a % of property income (including share of joint ventures)	15.0%	13.6%
Number of staff		
Directors	7	7
Asset managers	23	21
Support functions	26	25
	56	53

Auditor's remuneration

	2018 £'000	2017 £'000
Audit of the Company's financial statements	155	110
Audit of subsidiaries, pursuant to legislation	138	130
Non-statutory audit fee	–	8
Audit related assurance services	35	39
	328	287
Non-audit fees	188	220
Total fees	516	507

Non-audit fees payable to the Company's auditor in the prior year are for reporting accountant services provided in respect of the move from AIM to the Main Market. In the current year these relate to reporting accountant services in relation to the corporate bond and the prospectus required for the equity raise.

7 Profit on disposal of investment properties

	2018 £'000	2017 £'000
Gross disposal proceeds	57,841	10,012
Costs of disposal	(1,056)	(480)
Carrying value	(51,892)	(8,638)
Profit on disposal of investment properties	4,893	894

8 Finance income and expense

	2018 £'000	2017 £'000
Finance income		
Income from cash and short-term deposits	63	61
Finance expense		
Interest on borrowings	(14,668)	(15,200)
Early redemption fees and associated costs	(2,206)	–
Write off of unamortised fees due to refinance	(3,112)	–
	(19,986)	(15,200)
Revaluation of derivatives		
Revaluation of derivatives previously recognised in other comprehensive income	–	(1,959)
Revaluation of derivatives in the year	3,756	(1,648)
Net finance expense	(16,167)	(18,746)

9 Taxation

	2018 £'000	2017 £'000
UK Corporation Tax at 19% (2017: 20%)		
Current year	1,200	923
Prior year	–	278
Taxation	1,200	1,201

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

	2018 £'000	2017 £'000
Profit before tax	46,932	37,402
Tax at the current rate of 19% (2017: 20%)	8,917	7,480
Revaluation of property	2,559	3,090
Non-deductible expenses	–	1,408
Other timing differences	178	221
Non-taxable profit due to REIT regime	(10,454)	(11,276)
Prior year adjustment	–	278
Taxation	1,200	1,201

As at 31 March 2018, the Group has unrecognised tax losses of £1.0 million (March 2017: £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.

9 Taxation continued

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; and
- 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 cash gains on disposals and adds back expense recognised for non-cash share-based payment, unrealised gains/losses and the one-off cost in respect of the costs to refinance debt and in the prior year cost of the move to the main market. The measure is not intended to replace the cash measures disclosed in the cash flow statement.

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

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

	2018 £'000	2017 £'000
Profit for the year after taxation	45,732	36,201
Adjustments		
Revaluation of investment properties	12,902	15,030
Profit on disposal of investment properties	(4,893)	(894)
Revaluation of derivatives	(3,756)	3,607
Gain on bargain purchase	(2,964)	–
Refinance costs – write off of unamortised fees*	3,112	–
Refinance costs – early redemption and associated fees	2,206	–
Group's share of joint ventures' adjustments		
Revaluation of investment properties	564	419
Loss on disposal of investment properties	114	551
Revaluation of derivatives	(37)	350
EPRA earnings	52,980	55,264
Profit on disposal of investment properties	4,893	894
Loss on disposal of joint ventures' investment properties	(114)	(551)
Share-based payment charge	2,559	1,434
Exceptional cost in respect of move to the main market	–	1,191
Funds From Operations (FFO)	60,318	58,232

* As shown in the Statement of Comprehensive Income, the Group has recognised an expense of £3.1 million in relation to writing off unamortised fees following the early repayment of certain borrowings. See note 19 for details.

Number of shares

Number of shares	2018 No. 000s	2017 No. 000s
Weighted average number of ordinary shares for the purposes of Basic EPS, FFO and EPRA	284,961	233,826
Effect of dilutive potential ordinary shares:		
Share options	145	400
Deferred bonus shares	283	526
Performance share plan	487	815
Warrants	229	211
Weighted average number of ordinary shares for the purposes of diluted EPS, FFO and EPRA	286,105	235,778
Performance measures (pence)		
IFRS		
Basic EPS	16.0	15.5
Diluted EPS	16.0	15.4
FFO		
FFO per share	21.2	24.9
Diluted FFO per share	21.1	24.7
EPRA		
EPRA EPS	18.6	23.6
Diluted EPRA EPS	18.5	23.4

EPRA NAV per share and Basic NAV per share:

	2018 Shares			2017 Shares		
	£'000s	No'000s	Pence per share	£'000s	No'000s	Pence per share
Net assets	892,380	303,655	294p	684,538	234,119	292p
Warrants in issue	501	380		535	377	
Unexercised employee awards	1,276	1,301		3,861	2,938	
Diluted net assets	894,157	305,336	293p	688,934	237,434	290p
Fair value derivatives	(3,288)	–		4,144	–	
EPRA net assets	890,869	305,336	292p	693,078	237,434	292p

11 Dividends

Payment date	PID	Non-PID	Pence per share	£'000
Special dividends				
4 August 2017	3.00	–	3.00	7,019
Ordinary dividends				
11 May 2017	5.00	–	5.00	11,699
4 August 2017	5.25	–	5.25	12,284
1 November 2017	5.25	–	5.25	15,922
9 February 2018	5.25	–	5.25	15,810
	23.75	–	23.75	62,734
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

12 Investment properties

	2018 £'000	2017 £'000
Fair value brought forward	995,928	839,107
Acquisitions	31,238	162,146
Capital expenditure	16,393	15,572
Properties acquired in business combinations	244,657	–
Lease incentives, letting and legal costs	3,790	2,771
Disposals	(51,892)	(8,638)
Net valuation movement	(12,902)	(15,030)
Fair value carried forward	1,227,212	995,928

The Group's investment properties have been valued at fair value on 31 March 2018 by independent valuers, Colliers International Valuation UK LLP and Knight Frank LLP, on the basis of fair value in accordance with the Current Practice Statements contained in The Royal Institution of Chartered Surveyors Valuation – Professional Standards, (the 'Red Book'). The valuations are performed by appropriately qualified valuers who have relevant and recent experience in the sector.

The fair value at 2018 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				
	Fair value (£'000)	Min £ per sq ft	Max £ per sq ft	Average £ per sq ft	Min £ per sq ft	Max £ per sq ft	Average £ per sq ft	Property equivalent yield Average %	EPRA topped up net initial yield Average %
Shopping centres	795,742	6.1	40.1	14.4	2.1	31.2	11.6	7.3%	6.8%
High street	22,110	4.9	13.9	9.7	2.0	16.9	8.9	7.4%	8.1%
Retail warehouse	164,075	9.0	23.6	13.8	3.9	21.4	12.2	7.1%	6.3%
Development sites	65,354	10.4	18.8	13.9	2.9	7.7	4.7	–	–
	1,047,281								

	Fair value	Property Rent (£ per sq ft)			EBITDA multiples / Net Initial Yield (%)			EBITDA (£ per sq ft)		
	(£'000)	Min	Max	Average	Min	Max	Average	Min	Max	Average
Pub portfolio	158,405	–	–	–	3.2x	14.3x	9.1x	2.5	79.2	18.5
Convenience store development portfolio	21,526	15.0	17.5	17.1	4.9%	5.3%	5.0%	–	–	–
	179,931									
Total	1,227,212									

The investments are several retail and leisure assets in the UK with a total carrying amount of £1,227 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 3% 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

	2018 £'000	2017 £'000
Opening balance	71,763	70,125
Effective disposal of investments	(62,379)	–
Group's share of profit after taxation excluding valuation movement	2,018	5,683
Net valuation movement	(564)	(419)
Distributions and dividends	(2,329)	(6,050)
Investment in joint ventures	–	2,541
Losses on cash flow hedges	–	(117)
Investments in joint ventures	8,509	71,763

In the year there are were five joint ventures which are equity accounted for:

	Country of incorporation	2018 % Holding	2017 % Holding
NewRiver Retail Investments LP and NewRiver Retail Investments (GP) Ltd*	Guernsey	50	50
NewRiver Retail Property Unit Trust No.2	Jersey	100	50
NewRiver Retail Property Unit Trust No.5	Jersey	100	50
NewRiver Retail Property Unit Trust No.6	Jersey	100	50
NewRiver Retail Property Unit Trust No.7	Jersey	100	50

* 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.

13 Investments in joint ventures continued

NewRiver Retail Property Unit Trusts No.2, No.5, No.6 and No.7 were jointly controlled Jersey property unit trusts set up by the Group and PIMCO BRAVO II Fund LP. In July 2017, the Group purchased the remaining 50% of the interests in the joint ventures and from this date equity accounting ceased. 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.

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

Balance sheet

	2018		2017	
	Total £'000	Group's share £'000	Total £'000	Group's share £'000
Non-current assets	24,750	12,375	269,280	134,640
Current assets	779	390	7,617	3,809
Current liabilities	(528)	(265)	(4,814)	(2,408)
Borrowings	(7,982)	(3,991)	(128,556)	(64,278)
Other non-current liabilities	–	–	–	–
Net assets	17,019	8,509	143,527	71,763

Income statement

	2018		2017	
	Total £'000	Group's share £'000	Total £'000	Group's share £'000
Net property income	6,078	3,039	18,690	9,345
Administration expenses	(588)	(294)	(1,662)	(831)
Net finance costs	(1,300)	(650)	(3,860)	(1,930)
	4,190	2,095	13,168	6,584
Net valuation movement	(1,128)	(564)	(838)	(419)
Derivative fair value movement	74	37	(700)	(350)
Profit on disposal	(228)	(114)	(1,102)	(551)
Profit after taxation	2,908	1,454	10,528	5,264
Add back net valuation movement	1,128	564	838	419
Add back derivative fair value movement	(74)	(37)	700	350
Group's share of associates' FFO	3,962	1,981	12,066	6,033

The Group's share of contingent liabilities in the joint ventures is £nil (March 2017: £nil).

	2018		2017	
Maturity of borrowings:	Total £'000	Group's share £'000	Total £'000	Group's share £'000
Group's share of joint venture borrowings				
Less than one year	8,000	4,000	–	–
Between one and two years	–	–	35,170	17,585
Between two and three years	–	–	94,000	47,000
	8,000	4,000	129,170	64,585
Less unamortised facility fees	(18)	(9)	(614)	(307)
	7,982	3,991	128,556	64,278

14 Property, plant and equipment

Cost	£'000
At 1 April 2016	876
Additions	138
Disposals	(286)
At 31 March 2017	728
Additions	913
Disposals	–
At 31 March 2018	1,641
Depreciation	
At 1 April 2016	(325)
Disposals	54
Depreciation charge for the year	(106)
At 31 March 2017	(377)
Depreciation charge for the year	(313)
At 31 March 2018	(690)
Book value at 31 March 2018	951
Book value at 31 March 2017	351

15 Trade and other receivables

	2018 £'000	2017 £'000
Trade receivables	8,580	3,481
Other receivables	20,869	–
Prepayments	3,052	1,483
Accrued income	1,926	409
	34,427	5,373

The provision for doubtful debts was £975,000 at 31 March 2018 (31 March 2017: £695,000). Other receivables principally consist of amounts owed due to the disposal of an investment property and surrender premia due but received after 31 March 2018.

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 24. 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.

	2018 £'000	2017 £'000
Interest rate caps		
Non-current assets	381	626
Current assets	122	–
Interest rate swaps		
Non-current assets	2,958	–
Current assets	–	–
Non-current liabilities	(173)	(2,291)
Current liabilities	–	(160)
	3,288	(1,825)

	Average contract interest rate		Notional principal amount		Fair value	
	2018 %	2017 %	2018 £'000	2017 £'000	2018 £'000	2017 £'000
Interest rate swaps – receive floating pay fixed						
In less than one year	–	1.9%	–	100,584	–	(351)
In more than one year but less than two	0.8%	0.8%	13,865	7,999	43	(40)
In more than two years but less than five	0.8%	1.3%	151,133	98,701	2,742	(2,060)
Interest rate caps – receive floating pay fixed						
In less than one year	2.0%	–	107,250	–	122	–
In more than one year but less than two	2.9%	2.1%	148,674	131,247	9	81
In more than two years but less than five	1.6%	1.9%	80,169	140,252	372	545
			501,091	478,783	3,288	(1,825)

17 Cash and cash equivalents

Due to the repayment of the secured borrowing arrangements during the year, there are no restrictions in place over cash. In the prior year a number of the Group's borrowing arrangements placed certain restrictions on the rent received each quarter. These did not prevent access to or use of this funding within the borrowing entities, however they did 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 as at 31 March 2017.

18 Trade and other payables

	2018 £'000	2017 £'000
Trade payables	3,252	2,140
Other payables	7,754	3,970
Accruals	15,643	12,501
Rent received in advance	12,082	10,118
	38,731	28,729

19 Borrowings

Maturity of bank loans:	2018 £'000	2017 £'000
Less than one year	–	100,584
Between one and two years	–	61,996
Between two and three years	–	141,271
Between three and four years	–	34,029
Between four and five years	165,000	68,461
After five years	300,000	–
	465,000	406,341
Less unamortised fees / discount	(8,048)	(3,262)
	456,952	403,079
Due in less than one year	–	100,084
Due after one year	456,952	302,995

During the year the Company secured £680 million of new unsecured borrowing facilities to replace its secured borrowings. The refinancing exercise provided the Company with a reduced cost of debt, increased flexibility and an increased borrowings maturity.

The new facilities include a £165 million term loan and a £215 million revolving credit facility, with an initial maturity of five years which can be extended to a maximum of seven years, subject to lender consent. The facility agreement contains financial covenants based on loan to value ratio, interest cover and the level of secured borrowings. The floating rate interest on the loan must be substantially hedged and the Group has entered into interest rate swaps to fix the interest on the five-year term loan.

In February 2018, the Group issued a £300 million publicly listed corporate bond with a maturity of 10 years to March 2028 and a coupon of 3.5%. The unsecured corporate bond was rated BBB+ by Fitch.

Unsecured borrowings:	Maturity date	Facility £'000	Facility drawn £'000	Unamortised facility fees / discount £'000	£'000
Term loan	August 2022	165,000	165,000	(1,378)	163,622
Revolving credit facility	August 2022	215,000	–	(1,795)	(1,795)
Corporate bond	March 2028	300,000	300,000	(4,875)	295,125
		680,000	465,000	(8,048)	456,952

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:

	2018 £'000	2017 £'000
Within one year	79,819	65,717
Between one and two years	73,332	55,740
In the second to fifth year inclusive	151,621	136,033
After five years	214,360	240,894
	519,132	498,384

The Group's weighted average lease length of operating leases at 31 March 2018 was 6.0 years (March 2017: 6.0 years).

Operating lease payments payable by the Group were as follows:

	2018 £'000	2017 £'000
Within one year	2,677	2,677
One to two years	2,678	2,678
Two to five years	7,933	7,933
After five years	227,428	229,856
	240,716	243,144

Operating lease obligations exist over the Group's offices and for head leases on the Group's retail portfolio. The expense for the year was £2.9 million (March 2017: £3.4 million).

21 Share capital and reserves

Share capital

On 6 July 2017, the Company issued 67,164,179 ordinary shares at an issue price of 335 pence per ordinary share, with total share issue costs of £5.6 million, after a firm placing and open offer. The new shares were not entitled to receive the special dividend of 3 pence per ordinary share in respect of the financial year ended 31 March 2017 or the first quarterly dividend of 5.25 pence per ordinary share in respect of the first quarter of the financial year to 31 March 2018. The shares rank pari passu in all respects with the other ordinary shares in issue.

Ordinary shares	Number issued 000's	Price per share pence	Total 000's	Held by EBT 000's	Shares in issue 000's
Issued upon incorporation	–	1	–	–	–
Issued pursuant to scheme of arrangement	238,589	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
31 March 2017			238,589	4,614	233,975
Issue of shares in firm placing and open offer	67,164	335	305,753	4,614	301,139
Exercise of share options	1,066	242	306,819	4,614	302,205
Scrip dividends issued	87	335	306,906	4,614	302,292
Shares issued under employee share schemes	657	–	306,906	3,957	302,949
31 March 2018			306,906	3,957	302,949

	Share capital £'000	Share premium £'000	Total £'000
Issued upon incorporation	–	–	–
Issued pursuant to scheme of arrangement	2,335	–	2,335
Exercise of share options	4	1,691	1,695
Shares issued under employee share schemes	1	–	1
31 March 2017	2,340	1,691	4,031
Issue of shares in firm placing and open offer	672	219,028	219,700
Exercise of share options	10	2,568	2,578
Shares issued under employee share schemes	7	–	7
31 March 2018	3,029	223,287	226,316

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 132p as at 31 March 2018. 380,000 remain outstanding (31 March 2017: 377,000).

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

Retained earnings
Retained earnings consist of the accumulated net profit of the Group, less dividends paid from distributable reserves, and transfers from equity issues where those equity issues generated distributable reserves. Dividends are paid from the Company's distributable reserves which were approximately £26 million at 31 March 2018. The Company received a dividend from its subsidiary of £300 million in May 2018 and its subsidiaries have significant distributable reserves in which to pay future dividends.

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 3,957,165 ordinary shares held by the EBT.

22 Business combinations

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

The fair value of the Group's 50% equity interest in the unit trusts held before the business combination amounted to £62.4 million. No gain or loss was recognised as a result of remeasuring to fair value the equity interest in the unit trusts. The properties in the unit trust contributed net revenue of £3.2 million and profit of £3.4 million to the Group for the period from the date of acquisition to 31 March 2018. If the acquisition had occurred on 1 April 2017, with all other variables held constant, gross income for the year ended 31 March 2018 would have increased by £2.7 million and profit before taxation would have increased by £1.5 million.

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

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

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

23 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 2018 or 2017. The charge for the year recognised in the statement of comprehensive income was nil (March 2017: 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	567,619	–	(374,933)	–	192,686	192,686	4.4
2011	2.44	15,000	–	(15,000)	–	–	–	4.7
2012	2.35	1,014,000	–	(676,000)	–	338,000	338,000	6.5
		1,596,619	–	(1,065,933)	–	530,686	530,686	

Performance Share Scheme

Zero priced share options have been issued to senior management and Executive Directors under the Performance Share Scheme since 2013. The options vest to the extent that performance conditions are met over a three or four-year period. At the end of the period there may be a further vesting condition that the employee or director remains an employee of the Group. Further details on the scheme and the performance conditions is provided in the Remuneration Report. The charge for the year recognised in the Statement of Comprehensive Income was £1,095,000 (March 2017: £807,000).

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	–	143,875	–	(71,938)	–	71,937	71,937	4.8
2015	–	664,482	10,347	(410,602)	(159,747)	104,480	104,480	6.3
2016	–	1,098,491	82,074	–	–	1,180,565	–	7.5
2017	–	1,126,574	83,963	(7,700)	(19,935)	1,182,902	–	8.3
2018	–	–	880,908	–	(14,670)	866,238	–	9.3
		3,033,422	1,057,292	(490,240)	(194,352)	3,406,122	176,417	

Deferred Bonus Scheme

Zero priced share options have been issued to senior management and executive directors under the Deferred Bonus Scheme since 2016. The options vest based on the employee or director remaining in the employment of the Group for a defined period (usually two years). The charge for the year recognised in the Statement of Comprehensive Income for this scheme was £1,464,000 (March 2017: £627,000).

Year issued	Average exercise price (£)	Outstanding at start of year	Granted	Exercised	Lapsed	Outstanding at end of year	Number exercisable	Average remaining life (years)
2016	–	666,160	40,140	(166,333)	–	539,967	539,967	0.8
2017	–	191,178	14,346	–	–	205,524	–	1.2
2018	–	–	235,917	–	(2,180)	233,737	–	2.3
		857,338	290,403	(166,333)	(2,180)	979,228	539,967	

Fair value

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

	2018	2017
Share price	3.4870	2.6875 – 3.34
Exercise price	Nil	Nil
Expected volatility	17%	17.0%
Risk free rate	0.2410%	0.2255% – 0.5301%
Expected dividends*	6.35% – 7.07%	6.00% – 7.00%

* based on quoted property sector average.

24 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.

24 Financial instruments and risk management continued

Financial instruments

	Valuation level	2018 £'000	2017 £'000
Financial assets			
Fair value through profit or loss			
Interest rate caps	2	503	626
Interest rate swaps		2,958	–
Loans and receivables			
Trade and other receivables		29,449	3,481
Cash and cash deposits		115,801	45,956
		148,711	50,063
Financial liabilities			
Fair value through profit or loss			
Interest rate swaps	2	(346)	(2,451)
At amortised cost			
Borrowings		(456,952)	(403,079)
Payables and accruals		(26,649)	(18,611)
		(483,947)	(424,141)
		(335,236)	(374,078)

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. As at 31 March 2018 all of the Group's interest rate exposure was fixed through interest rate swaps. 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 not impact net interest payable in the Statement of Comprehensive Income (March 2017: increased expense of £6.2 million). The impact of a 200 bps decrease in interest rates for the year would reduce the net interest payable in the Statement of Comprehensive Income by £0.4 million (March 2017: £7.7 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 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 2018 was £149 million (31 March 2017: £49 million).

Liquidity risk

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

2018	Less than one year £'000	One to two years £'000	Two to five years £'000	More than five years £'000	Total £'000
Borrowings	–	–	(165,000)	(300,000)	(465,000)
Interest on borrowings	(14,295)	(14,295)	(40,369)	(51,666)	(120,625)
Interest rate swaps	(469)	(462)	(819)	–	(1,750)
Payables and accruals	(26,649)	–	–	–	(26,649)
	(41,413)	(14,757)	(206,188)	(351,666)	(614,024)
2017					
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)

Reconciliation of movement in the Group's share of net debt in the year

	2018 £'000	2017 £'000
Group's share of net debt at beginning of year	417,877	261,673
Cash flow		
Net (increase)/decrease in cash and cash equivalents	(69,845)	68,115
New bank loans raised (net of expenses)	506,152	153,630
Borrowings acquired in business combinations	120,668	–
Bank loans repaid	(577,511)	(65,943)
Group's share of joint ventures' cash flow		
Net decrease/(increase) in cash and cash equivalents	3,122	(95)
New bank loans raised (net of expenses)	–	1,500
Bank loans repaid	–	(2,400)
Borrowings disposed of	(60,334)	–
Other		
Amortisation of bank loan fees	4,551	1,184
Group's share of joint ventures' amortisation of bank loan fees	60	213
Group's share of net debt	344,740	417,877

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.

24 Financial instruments and risk management continued

Net debt to equity ratio

	2018 £'000	2017 £'000
Borrowings	456,952	403,079
Cash and cash equivalents	(115,801)	(45,956)
Net debt	341,151	357,123
Equity attributable to equity holders of the parent	892,380	684,538
Net debt to equity ratio ('Balance sheet gearing')	38%	52%
Share of joint ventures' borrowings	3,991	64,278
Share of joint ventures' cash and cash equivalents	(402)	(3,524)
Group's share of net debt	344,740	417,877
Carrying value of investment properties	1,227,212	995,928
Share of joint ventures' carrying value of investment properties	12,375	134,640
Group's share of carrying value of investment properties	1,239,587	1,130,568
Net debt to property value ratio ('Loan to value')	28%	37%

25 Contingencies and commitments

The Group has no material contingent liabilities (2017: None). The Group was contractually committed to £14.9 million of capital expenditure to construct or develop investment property as at 31 March 2018 (31 March 2017: £1.9 million).

26 Related party transactions

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

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

	2018 £'000	2017 £'000
NewRiver Retail Investments LP	113	111
NewRiver Retail Property Unit Trust No.2	42	207
NewRiver Retail Property Unit Trust No.5	44	199
NewRiver Retail Property Unit Trust No.6	185	202
NewRiver Retail Property Unit Trust No.7	38	97

The amounts outstanding at each year end were:

	2018 £'000	2017 £'000
NewRiver Retail Investments LP	–	27
NewRiver Retail Property Unit Trust No.2	–	62
NewRiver Retail Property Unit Trust No.5	–	59
NewRiver Retail Property Unit Trust No.6	–	55
NewRiver Retail Property Unit Trust No.7	–	29

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

27 Post balance sheet events

The first quarter dividend in relation to the year ended 31 March 2019 will be 5.4 pence per share (March 2018: 5.25 pence per share) and will be paid in July 2018 to shareholders on the register at 22 June 2018. The ex-dividend date will be 21 June 2018.

COMPANY BALANCE SHEET

AS AT 31 MARCH 2018

	Notes	2018 £'000	2017 £'000
Non-current assets			
Investment in subsidiaries	B	693,537	415,465
Total non-current assets		693,537	415,465
Current assets			
Amounts owed from subsidiary undertakings		748,130	88,473
Other receivables		3,412	50
Cash and cash equivalents		1,708	1,716
Total current assets		753,250	90,239
Total assets		1,446,787	505,704
Equity and liabilities			
Current liabilities			
Trade creditors		332	–
Accruals		3,095	645
Other creditors		364	–
Amounts owed to subsidiary undertakings		320,647	–
Total current liabilities		324,438	645
Non-current liabilities			
Borrowings		456,952	–
Total non-current liabilities		456,952	–
Net assets		665,397	505,059
Equity			
Share capital		3,029	2,340
Share premium		223,287	1,691
Merger reserve		413,180	413,180
Retained earnings		25,901	87,848
Total equity		665,397	505,059

The notes on pages 154 to 158 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 £787,000.

The financial statements were approved by the Board of Directors on 23 May 2018 and were signed on its behalf by:

Allan Lockhart
Chief Executive

Mark Davies
Chief Financial Officer

STATEMENT OF CHANGES IN EQUITY

AS AT 31 MARCH 2018

	Share capital £'000	Share premium £'000	Merger reserve £'000	Retained earnings £'000	Total £'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
Profit after taxation	–	–	–	787	787
Net proceeds of issue from new shares	689	227,186	–	–	227,875
Cost of issue of new shares	–	(5,590)	–	–	(5,590)
Dividends paid	–	–	–	(62,734)	(62,734)
	3,029	223,287	413,180	25,901	665,397

The notes on pages 154 to 158 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 year ended 31 March 2018 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 cost using the effective interest method.

Financial liabilities included in trade and other payables are recognised initially at fair value and subsequently at amortised cost.

The fair value of a non-interest bearing liability is its discounted repayment amount. If the due date of the liability is less than one year, discounting is omitted.

Share-based payments
The cost of equity settled transactions is measured with reference to the fair value at the date at which they were granted. Where vesting performance conditions are non-market based, the fair value excludes the effect of these vesting conditions and an estimate is made at each balance sheet date of the number of instruments expected to vest. The fair value is recognised over the vesting period in the 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, 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 0. All subsidiaries are held indirectly except NewRiver Retail Limited, the former ultimate parent of the Group, and NewRiver Capital Limited.

Name	Country of incorporation	Activity	Proportion of ownership interest	Class of share
C-store REIT Limited	UK	Dormant company	100%	Ordinary Shares
Convenience Store REIT Limited	UK	Dormant company	100%	Ordinary Shares
NewRiver Capital Limited	UK	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 Finance Company Limited	UK	Real estate investments	100%	Ordinary Shares
NewRiver REIT (UK) Limited	UK	Asset management	100%	Ordinary Shares
NewRiver Leisure Limited	UK	Real estate investments	100%	Ordinary Shares
NewRiver Public Houses Limited	UK	Real estate investments	100%	Ordinary Shares
NewRiver Retail (Bexleyheath) Holdings Limited	UK	Group holding company	100%	Ordinary Shares
NewRiver Retail (Bexleyheath) Limited	Jersey	Real estate investments	100%	Ordinary Shares
NewRiver Retail (Boscombe No. 1) Limited	UK	Real estate investments	100%	Ordinary Shares
NewRiver Retail (Broadway Square) Limited	Jersey	Real estate investments	100%	Ordinary Shares
NewRiver Retail (Cardiff) Limited	UK	Real estate investments	100%	Ordinary Shares
NewRiver Retail (Carmarthen) Limited	UK	Real estate investments	100%	Ordinary Shares
NewRiver Retail (Colchester) Limited	UK	Real estate investments	100%	Ordinary Shares
NewRiver Retail (Darlington) Limited	UK	Real estate investments	100%	Ordinary Shares
NewRiver Retail (GP3) Limited	UK	General partner	100%	Ordinary Shares
NewRiver Retail (Leylands Road) Limited	UK	Real estate investments	100%	Ordinary Shares
NewRiver Retail (Mantle) Limited	UK	Real estate investments	100%	Ordinary Shares
NewRiver Retail (Market Deeping No. 1) Limited	Guernsey	Real estate investments	100%	Ordinary Shares
NewRiver Retail (Morecambe) Limited	UK	Real estate investments	100%	Ordinary Shares
NewRiver Retail (Newcastle No. 1) Limited	Guernsey	Real estate investments	100%	Ordinary Shares
NewRiver Retail (Nominee No.3) Limited	UK	Dormant company	100%	Ordinary Shares
NewRiver Retail (Paisley) Limited	UK	Real estate investments	100%	Ordinary Shares
NewRiver Retail (Penge) Limited	UK	Real estate investments	100%	Ordinary Shares
NewRiver Retail (Portfolio No. 1) Limited	Guernsey	Real estate investments	100%	Ordinary Shares
NewRiver Retail (Portfolio No. 2) Limited	Guernsey	Real estate investments	100%	Ordinary Shares
NewRiver Retail (Portfolio No. 3) Limited	UK	Holding company	100%	Ordinary Shares
NewRiver Retail (Portfolio No. 3) Limited Partnership	UK	Real estate investments	100%	Partnership
NewRiver Retail (Portfolio No. 5) Limited	UK	Real estate investments	100%	Ordinary Shares
NewRiver Retail (Portfolio No. 6) Limited	UK	Real estate investments	100%	Ordinary Shares
NewRiver Retail (Portfolio No. 4) Limited	UK	Real estate investments	100%	Ordinary Shares
NewRiver Retail (Portfolio No. 8) Limited	UK	Real estate investments	100%	Ordinary Shares
NewRiver Retail (Portfolio No. 9) Limited	UK	Dormant company	100%	Ordinary Shares
NewRiver Retail (Ramsay Development) Limited	UK	Real estate investments	100%	Ordinary Shares
NewRiver Retail (Ramsay Investment) Limited	UK	Real estate investments	100%	Ordinary Shares
NewRiver Retail (Skegness Developments) Limited	UK	Real estate investments	100%	Ordinary Shares
NewRiver Retail (Skegness) Limited	UK	Real estate investments	100%	Ordinary Shares
NewRiver Retail (Wakefield) Limited	UK	Real estate investments	100%	Ordinary Shares
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) Limited	UK	Real estate investments	100%	Ordinary Shares
NewRiver Retail (Wrexham No.1) Limited	Guernsey	Real estate investments	100%	Ordinary Shares

Name	Country of incorporation	Activity	Proportion of ownership interest	Class of share
NewRiver Retail Academy Limited	UK	Dormant company	100%	Ordinary Shares
NewRiver Retail Holdings Limited	Guernsey	Group holding company	100%	Ordinary Shares
NewRiver Retail Holdings No. 1 Limited	Guernsey	Group holding company	100%	Ordinary Shares
NewRiver Retail Holdings No. 2 Limited	Guernsey	Group holding company	100%	Ordinary Shares
NewRiver Retail Holdings No. 3 Limited	Guernsey	Group holding company	100%	Ordinary Shares
NewRiver Retail Holdings No. 4 Limited	Guernsey	Group holding company	100%	Ordinary Shares
NewRiver Retail Holdings No. 5 Limited	Guernsey	Group holding company	100%	Ordinary Shares
NewRiver Retail Holdings No. 6 Limited	Guernsey	Group holding company	100%	Ordinary Shares
NewRiver Retail Holdings No. 7 Limited	Guernsey	Group holding company	100%	Ordinary Shares
NewRiver Retail Limited	Guernsey	Group holding company	100%	Ordinary Shares
NewRiver Retail Property Unit Trust	Jersey	Real estate investments	100%	Ordinary units
NewRiver Retail Property Unit Trust No. 2	Jersey	Real estate investments	100%	Ordinary units
NewRiver Retail Property Unit Trust No. 3	Jersey	Real estate investments	100%	Ordinary units
NewRiver Retail Property Unit Trust No. 4	Jersey	Real estate investments	100%	Ordinary units
NewRiver Retail Property Unit Trust No. 5	Jersey	Real estate investments	100%	Ordinary units
NewRiver Retail Property Unit Trust No. 6	Jersey	Real estate investments	100%	Ordinary units
NewRiver Retail Property Unit Trust No. 7	Jersey	Real estate investments	100%	Ordinary units
Pub REIT Limited	UK	Dormant company	100%	Ordinary Shares
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 – 16 New Burlington Place, London, W1S 2HX
Jersey – 13 Castle Street, Jersey, JE4 5UT
Guernsey – Old Bank Chambers, La Grande Rue, St Martin's, Guernsey, Channel Islands, GY4 6RT (excluding NewRiver Retail Holdings Limited to NewRiver Retail Holdings Limited No.7)

Guernsey – Third Floor, La Plaiderie Chambers, La Plaiderie, GY1 1SU, Guernsey (NewRiver Retail Holdings Limited to NewRiver Retail Holdings Limited No.7)

Reconciliation of the movement in investment in subsidiaries:

	2018 £'000	2017 £'000
Opening balance	415,465	–
Subsidiary acquired in scheme of arrangement	–	526,465
Impairment of subsidiary due to dividend received	–	(111,000)
Investment in subsidiaries	278,072	–
Investment in subsidiaries	693,537	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:

	2018	2017
Directors	7	7
Asset managers	23	21
Support functions	26	25
	56	53

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

	2018 £'000	2017 £'000
Wages and salaries	7,586	6,767
Social security costs	1,888	1,815
Other pension costs	137	125
Staff costs	9,611	8,707

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

E. Borrowings

All borrowings issued by the Group at 31 March 2018 were issued by the Company. See note 19 of the consolidated financial statements for details. The Company had no borrowings as at 31 March 2017.

EPRA PERFORMANCE MEASURES

The information in this section is unaudited and does not form part of the consolidated primary statements of the company or the notes thereto.

Introduction

The Group discloses financial performance measures in accordance with the European Public Real Estate Association ('EPRA') Best Practice Recommendations which are aimed at improving the transparency, consistency and relevance of reporting across European Real Estate companies.

This section sets out the rationale for each performance measure as well as how it is measured. A summary of the performance measures is included in following table.

Performance Measure	March 2018	March 2017
EPRA Earnings per Share (EPS)	18.6p	23.6p
EPRA NAV per share	292p	292p
EPRA NNNAV per share	293p	290p
EPRA NIY	6.8%	7.1%
EPRA 'topped-up' NIY	7.2%	7.5%
EPRA Vacancy Rate	3%	3%

A. EPRA Earnings per Share: 18.6p

Definition

Earnings from operational activities

Purpose

A key measure of a company's underlying operating results and an indication of the extent to which current dividend payments are supported by earnings

Calculation of EPRA Earnings	March 2018 £m	March 2017 £m
Earnings per IFRS income statement	45.7	36.2
Adjustments to calculate EPRA Earnings, exclude:		
Changes in value of investment properties, development properties held for investment and other interests	12.9	15.0
Profits or losses on disposal of investment properties, development properties held for investment and other interests	(4.8)	(0.9)
Negative goodwill / goodwill impairment	(3.0)	–
Changes in fair value of financial instruments and associated close-out costs	(3.8)	3.6
Exceptional costs in respect of refinancing	5.3	–
Adjustments to above in respect of joint ventures (unless already included under proportional consolidation)	0.6	1.3
EPRA Earnings	53.0	55.3
Basic number of shares	285.0m	233.8m
EPRA Earnings per Share (EPS)	18.6p	23.6p

B. EPRA NAV per share: 292p

Definition

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

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

Calculation of EPRA Net Asset Value	March 2018 £m	March 2017 £m
NAV per the financial statements	892.4	684.5
Effect of exercise of options, convertibles and other equity interests (diluted basis)	1.8	4.4
Diluted NAV, after the exercise of options, convertibles and other equity interests	894.2	688.9
Exclude:		
Fair value of financial instruments	(3.3)	4.2
EPRA NAV	890.9	693.1
Fully diluted number of shares	305.3	237.4
EPRA NAV per share	292p	292p

C. EPRA NNNAV per share: 293p

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

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

Calculation of EPRA Triple Net Asset Value (NNNAV)	March 2018 £m	March 2017 £m
EPRA NAV	890.9	693.1
Include:		
Fair value of financial instruments	3.3	(4.2)
Fair value of debt	(0.3)	–
Deferred tax	–	–
EPRA NNNAV	893.9	688.9
Fully diluted number of shares	305.3	237.4
EPRA NNNAV per share	293p	290p

D. EPRA NIY: 6.8%, EPRA 'topped-up' NIY: 7.2%

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

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

Purpose

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

Calculation of EPRA NIY and 'topped-up' NIY		March 2018 £m	March 2017 £m
Investment property – wholly owned		1,226.3	992.1
Investment property – share of JVs/Funds		12.4	134.6
Trading property (including share of JVs)		-	-
Less: developments		(78.7)	(57.9)
Completed property portfolio		1,159.9	1068.8
Allowance for estimated purchasers' costs and capital expenditure allowed for		76.3	66.3
Gross up completed property portfolio valuation	B	1,236.3	1135.1
Annualised cash passing rental income		95.4	91.6
Property outgoings		(11.1)	(11.3)
Annualised net rents	A	84.3	80.2
Add: notional rent expiration of rent free periods or other lease incentives[1]		4.5	5.2
Topped-up net annualised rent	C	88.8	85.4
EPRA NIY	A/B	6.8%	7.1%
EPRA 'topped-up' NIY	C/B	7.2%	7.5%

1. The weighted outstanding rent-free period was less than one year in respect of March 2018 and 1.25 yrs in respect of March 2017

E. EPRA Vacancy rate: 3%

Definition

Estimated Market Rental Value (ERV) of vacant space divided by ERV of the whole portfolio, excluding pub and development assets.

Purpose

A 'pure' (%) measure of investment property space that is vacant, based on ERV.

Calculation of EPRA Vacancy Rate		March 2018 £m	March 2017 £m
Estimated Rental Value of vacant retail space	A	2.8	2.4
Estimated Rental Value of the retail portfolio	B	80.1	70.7
EPRA Vacancy Rate	A/B	3%	3%

ALTERNATIVE PERFORMANCE MEASURES (APMS)

APM	Nearest IFRS measure	Exaplanation and reconciliation
Funds From Operations ('FFO') and FFO per share	Profit for the year after taxation	Note 10 and page 59
EPRA Net Asset Value ('NAV') and EPRA NAV per share	Net Assets	Note 10 and page 62
Dividend cover	N/A	Glossary and page 59
Admin cost ratio	N/A	Glossary
Interest cover	N/A	Glossary
EPRA EPS	IFRS Basic EPS	Note 10 and page 158
EPRA NNNAV	Net Assets	Page 159
EPRA NIY	N/A	Page 159
EPRA 'topped up' NIY	N/A	Page 159
EPRA Vacancy Rate	N/A	Page 160
Total Accounting Return	N/A	Glossary and page 26
Cost of debt	N/A	Glossary
Average debt maturity	N/A	Glossary
Loan to Value	N/A	Glossary

GLOSSARY

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

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.

COMPANY INFORMATION

Directors

Paul Roy
(Non-Executive Chairman)

David Lockhart
(Executive Deputy Chairman)

Allan Lockhart
(Chief Executive Officer)

Mark Davies
(Chief Financial Officer)

Kay Chaldecott
(Non-Executive Director)

Alastair Miller
(Non-Executive Director)

Margaret Ford
(Non-Executive Director)

Company Secretary

Rob Marcus

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