NEWRIVER RETAIL

37 MADDOX STREET, LONDON, W1S 2PP

ANNUAL REPORT AND ACCOUNTS 2015

THE TRUE VALUE OF RETAIL

31/03/2015 FIVE YEAR EDITION

NEWRIVER RETAIL

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ANNUAL REPORT AND ACCOUNTS 2015

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Who we are

NewRiver Retail is a specialist REIT focused on the UK retail market.

Our mission is to own and operate best-in-class retail properties that generate a high, sustainable income and provide an outstanding environment and experience for our retailers and customers.

Five years since our inception, we are now the UK's leading value-creating retail property investment platform in the sector. As one of the UK's largest shopping centre owner/manager by number our assets under management total £848 million and comprise 29 UK-wide shopping centres, nine retail warehouses,19 high street assets and a portfolio of 202 pubs principally for retail conversion. Our high-quality and diversified portfolio has 1,377 occupiers, a total of 5.5 million sq ft, occupancy rate of 96.3% and total annual footfall of over 121 million.

HIGHLIGHTS:

Another Transformational Year

Financial highlights[1]

Delivering strong returns to shareholders

- EPRA adjusted profit[2] of £20.9 million (2014: £9.5 million)
- EPRA adjusted earnings per share of 19.8 pence (2014: 15.7 pence)
- Profit before tax of £39.5 million (2014: £23.1 million)
- Total Shareholder Return of 16% (2014: 55%)
- Dividends increased by 6.25% to 17 pence fully covered (2014: 16 pence).
- EPRA NAV of 265 pence increased by 10.5% (2014: 240 pence)
- Basic EPS of 37.5 pence (2014: 38.0 pence)
- Successful equity placing of £75 million to fund £71 million acquisition from Bravo I

Operational highlights[1]

Portfolio growth is driving value

- Total Acquisitions of £330 million
- 42% increase in assets under management to £848 million (NRR share: £626 million)
- Successful £40.2 million recycling of equity
- 216 total leasing events; all new long-term lettings and lease renewals 10.1% above ERV
- Strong progress on Marston's portfolio
- Growing 1.25 million sq ft development programme
- 52 planning applications submitted; 24 consents received
- Enhanced occupancy of 96.3% (2014: 95%)
- Estates Gazette Property Company of the Year – Retail & Leisure Awards 2014

[1] Unless otherwise stated all figures include share of joint ventures
[2] EPRA Adjusted Profit is the total of EPRA recurring Profit plus Profit/Loss on disposal of Investment Properties

Five year track record

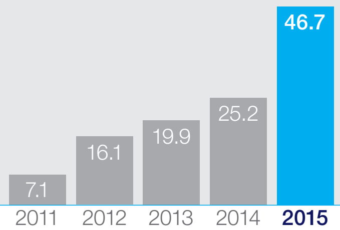
Now in its fifth consecutive year of revenue, profit and dividend growth, NewRiver Retail has a proven track record in delivering sustainable returns to investors.

Property Company of the Year – Retail & Leisure
Estates Gazette Awards,
December 2014

Gross rental income
(proportionally consolidated)
£m

£46.7m

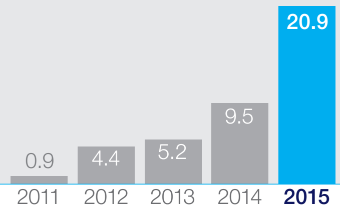
+85%



EPRA adjusted profit[1]
£m

£20.9m

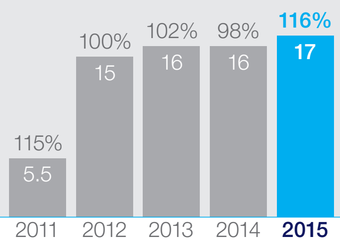
+120%



Dividend per share
pence (Dividend cover %)

17p

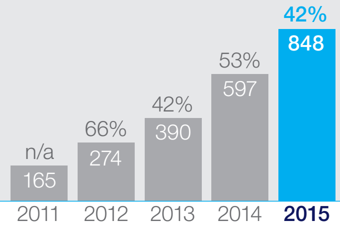
+1p



Assets under management
£m

£848m

+42%



[1] EPRA Adjusted Profit is the total of EPRA recurring Profit plus Profit/Loss on disposal of Investment Properties

CHAIRMAN'S STATEMENT

"The Company is committed to delivering strong and sustainable returns to shareholders and this financial year has been no different with record results achieved."

Paul Roy
Chairman

Overview

NewRiver Retail celebrated its fifth year as a UK-listed Real Estate Investment Trust during the period and I am pleased to report that our team delivered another year of significant, transformational growth.

Since listing its shares on AIM in September 2009, NewRiver has grown every year to become one of the largest owner/managers of shopping centres across the UK, managing 5.5 million sq ft of retail real estate. The Company has nearly 1,400 occupiers across 29 shopping centres, 9 retail warehouses, 19 high streets assets and a portfolio of 202 public houses. Having started life with initial seed capital of £25 million, the stock market values the Company today at almost £400 million.

NewRiver is committed to delivering strong returns to shareholders. This financial year has been consistent with the five year history, with another set of record results achieved.

For the year ended 31 March 2015, gross assets under management grew by 42% to £848 million while EPRA Adjusted Profit more than doubled to £20.9 million from £9.5 million in the previous year. EPRA adjusted earnings per share, a key metric for the Company, jumped from 15.7 pence in 2014 to 19.8 pence per share at the year end. Total dividends, for the year were fully covered and grew to 17 pence per share, increasing from 16 pence per share in 2014.

The Company's share capital was significantly enlarged following the issue of £75 million of new equity in December 2014. Our balance sheet remains strong, with a loan to value ratio of 39% leaving further headroom for expansion. NewRiver continues to benefit from historically low borrowing costs of below 4% and average debt maturity is 4.6 years.

EPRA adjusted profit

£20.9m

+120%

New equity raised

£75m

Value of acquisitions

£330m

+65%

In total the Company completed £330 million (NewRiver share: £259.9 million) of acquisitions over the course of the year, with a weighted net initial yield of 8.12%. The Company also recycled capital via the disposal of 8 properties for £40.2 million (NewRiver share: £35.1 million). Most of the new equity capital raised during the year was deployed through the £71.1 million acquisition of a controlling stake in an attractive and profitable shopping centre portfolio.

Good progress was made with regard to the 202 public houses acquired from Marston's in November 2013. Through this transaction, the NewRiver team identified a unique opportunity to offer well-located convenience store space to major food store operators. The Co-operative Group signed a conditional agreement to lease 63 convenience stores. The development programme has succeeded in securing 10 planning consents to date from the 39 planning applications submitted.

As the Company's asset base has grown, so has its diversity and scale. Our strategy remains focused on targeting high yielding retail sub-sectors and extending our programme of town centre mixed-use developments, principally from within the portfolio. NewRiver's increasing stature in UK retail property was recognised at the prestigious Estates Gazette Property Awards in December, when the Company was named Retail & Leisure Property Company of the Year 2014.

The Board believes that there are still many value-enhancing, retail real estate buying opportunities in the present climate, with purchase yields likely to outstrip the cost of debt by a healthy margin for the foreseeable future.

This year's success is in no small part thanks to our management, team, advisers and shareholders for their hard work, support and enthusiasm for the Company, to which the Board extends its gratitude.

NewRiver is on a continuing upward trajectory. It remains in an excellent position to further capitalise on opportunities and continue its impressive expansion. The Board is delighted with the significant progress to date and looks forward to the future with confidence.

Paul Roy
Chairman

13 May 2015

OUR BUSINESS MODEL

Targeting high yielding retail sub-sectors that deliver sustainable income streams and offer opportunities to create additional value

What we do

01. Retail specialisation

We target high yielding retail sub-sectors that offer attractive returns from which we can create value to deliver income returns to our shareholders. Retail is a highly dynamic and ever-evolving industry that lends itself well to highly active asset management. We have a clear specialisation and are confident that with our entrepreneurial and insight-driven skill set we will continue to adapt to the changing market and deliver attractive returns to our shareholders.

02. Strategic stock selection

Our highly active and strategic stock selection is driven by a rigorous selection criteria defined by three key components:

I. Entry price: Attractive purchase yields of between 7–10%
II. Sustainable and growing long-term income streams
III. Clear opportunities to create and deliver value.

03. Active asset management

Active asset management is essential in a low economic growth environment to deliver attractive total returns. We are committed to improving the quality and sustainability of income streams. With a customer-first approach, we take an active role in the communities we operate, managing our assets as operating platforms as though we ourselves were retailers. We work closely with our retail partners to drive footfall, dwell time and basket spend.

04. Risk-controlled development

Our risk-controlled development programme is focused on creating value from within our portfolio to deliver capital value to shareholders through town-centre mixed use projects. We seek to de-risk our developments wherever possible through long-dated pre-lets, tight cost-control and working with experienced partners and consultants on projects ranging from small yet critical unit amalgamations to turnkey town centre regeneration developments.

05. Recycling capital

We are committed to recycling capital where we have realised value through our asset management strategy and development and where we believe that by recycling the capital we can generate a greater return.

How we measure our performance

Property Company of the Year Retail & Leisure
Estates Gazette Awards, December 2014

Commenced quarterly dividends
Demonstrating our commitment to the sustainability of income

Total acquisitions
£330m

Average yield
8.12%

Occupancy
96.3%

Annual rent	**£52.7m**
Occupancies	**1,377**
Assets under management	**£848m**
Total Leasing Events	**216**
Average WALE	**7.4 yrs**

Total development area
1.25m ft^2

Planning consents
24

Gross development value
£232m

Total disposals
£40.2m

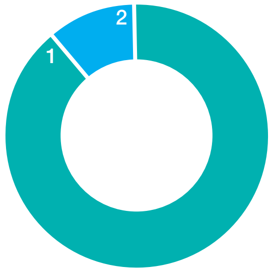
Weighted net initial yield
7.03%

MAJOR EVENTS DURING THE YEAR

Our business model in action

£370m

Total transactions



1 Acquisitions

£330m

2 Disposals

£40.2m

Key
- Acquisitions
- Key Events
- Disposals

Acquisitions

Swallowtail
3 x shopping centres
7.90% yield

Warminster
Shopping Centre
9.04% yield

Preston
Vacant HSBC bank

Linear
Retail warehouses
9.12% yield

Gloucester
Retail warehouse
8.30% yield

Hull
Ferensway
6.30% yield

Key Events

Co-operative Agreement Lease
54 x Conditional Agreement for Leases

Extension of £36m debt facility with HSBC
Increasing maturity by four years for portfolio of five shopping centres

Co-operative
Expansion & Completion of 63 x c-store Agreement for Leases

Opal Awards
Prospect Centre, Hull for commercial markets & events

Opal Awards
Stephen Rister Commercialisation Awards

Disposals

Crawley
Poundland
6.50% yield

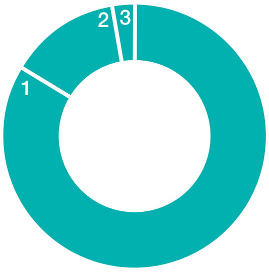
Bramley
Shopping Centre
7.20% yield

Norwich
Tesco
6.70% yield

April May June July August September

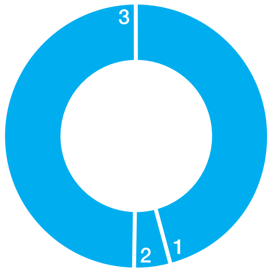
2014

Acquisitions



1 Shopping centres £278.3m
2 Retail warehouses £45.3m
3 High street £6.4m

Disposals



1 Shopping centres £18.5m
2 Retail warehouses £1.8m
3 High street £19.9m

October

Commenced Quarterly Dividends

Andover
Poundland
Caffè Nero
7.40% yield

November

Swallowtail debt facility with HSBC for £94m
Margin: 175 bps

December

Sands Portfolio
Shopping Centre & 5 x retail units
9.75% yield

£75 million Equity Raise

Property Company of the Year: Retail & Leisure
Estates Gazette Awards, December 2014

January

Camel II
5 x shopping centres
(Remaining 90% from JV)
7.75% yield

Worthing
Shopping Centre
7.70% yield

The Wirral
Retail warehouse
8.58% yield

Cookstown
Retail warehouse
7.82% yield

Second & Third Quarterly Dividends paid

February

Blackburn
Retail & Leisure Park
8.85% yield

Paisley
Retail warehouse
8.44% yield

Poole
Unit in Dolphin Shopping Centre
7.27% yield

Preston
Sainsbury's
5.96% yield

March

Felixstowe
Retail warehouse
7.84% yield

Chester
Retail warehouse
8.24% yield

Camel II Refinance with HSBC/ Santander
Increased from £42.5m to £69.2m
Margin: 175 bps
(from 350 bps)

Barclays RCF £53m facility
Margin 195 bps

October November December January February March

2015

CHIEF EXECUTIVE'S REVIEW

"From day one, NewRiver has rolled out its strategy with determination, acting quickly and often off-market, to acquire scale and build a high quality retail portfolio, deliberately targeting the over-sold regions."

David Lockhart
Chief Executive

The period under review was the most active for NewRiver in its short life as a public company. So much has been achieved in the five years since the Company first listed its shares on AIM and shareholders can look back on a strong track record of achievement and delivery. The facts speak for themselves. NewRiver is now one of the UK's leading REITs, with a specialist focus on the retail market. Since its Initial Public Offering in September 2009, the Company has grown to become one of the leading value creating investment platforms in the retail sector.

Today NewRiver is the UK's third largest shopping centre owner/manager by number with £848 million (NewRiver share: £626 million) of gross assets under management benefitting from our highly active asset management and risk-controlled development business model. The fact that our retail portfolio has a 96% occupancy rate and a weighted average lease length of 7.4 is testament to our strategic stock selection and proven asset management skills.

NewRiver was one of the first new specialist property companies to emerge from the 2008 banking crisis and resulting recession. From day one, the Company has consistently rolled out its strategy across the UK retail sector, acting quickly and often off-market, to acquire scale and build a high quality portfolio, deliberately targeting the over-sold regions. We were among the first to focus on the retail sector with a targeted strategy and have reaped the benefits ever since.

With its customer-first commitment, NewRiver has grown from its first single acquisition to a UK-wide portfolio made up of 29 shopping centres, 9 retail warehouses, 19 high street assets and a portfolio of 202 public houses. In total, amounting to 5.5 million sq ft with nearly 1,400 occupiers and generating annual footfall of 121 million.

For the fifth consecutive financial year the Company has delivered strong financial and operational results. Gross revenues increased by 85% to £46.7 million (2014: £25.2 million) resulting in 120% growth in EPRA adjusted profit to £20.9 million (2014: £9.5 million) and 26% growth in EPRA adjusted earnings per share to 19.8 pence (2014: 15.7 pence). With our focus on cash flow as part of a total return strategy, we are particularly pleased to have increased the total dividend to 17 pence per share (2014: 16 pence), now fully covered on an enlarged issued share capital following the £75 million fund raising. Our commitment to quarterly dividends has been well received and reflects our confidence in the sustainability of our income streams.

We are also pleased to announce a 10.5% increase in EPRA NAV to 265 pence per share (2014: 240 pence), after absorbing exceptional costs of 10 pence per share (fundraising and acquisition costs). The Company also delivered a strong total shareholder return of 16% (2014: 55%).

A key highlight of the year has been the further strong support from new and existing shareholders for management and the Company's growth strategy. NewRiver completed a major placing of new shares to raise a total £75 million which further increased its market capitalisation to stand at nearly £400 million at the year end. The fund raising was immediately deployed through the acquisition of 90% of a major shopping centre portfolio not already owned by the Company, providing 100 per cent ownership on our own balance sheet. Additionally, over the course of the financial year the Company was successful in raising £278 million of debt to provide new and replacement debt capital through a variety of long standing banking relationships.

During the period the portfolio grew significantly through acquisitions but our core strategy of active asset management to drive overall returns continued at pace. The total number of leasing events grew significantly to more than 216 from 141 last year. On average the outcome of a

Gross rental income

£46.7m

+85%

Dividend per share

17 pence

+1 pence

Assets under management

£848m

+42%

new long-term letting or lease renewals was 10.1% above estimated values, which compared to 1.7% in 2014. This demonstrates that our growing scale, excellent retailer relations and active asset management programme is delivering real value. Importantly, it also reflects an improving economic environment and stronger consumer confidence, particularly in the regions, which is feeding through to new demand for space. We are seeing early signs of rental growth which together with declining occupier incentives are positive indicators for the medium term outlook. The fact that our average rent is just £12.36 per sq ft, further illustrates the affordability and sustainability of our rent roll and the opportunity for additional income growth.

In terms of acquisitions, we deployed £330 million (NewRiver share: £259.9 million) of capital across a range of shopping centres and retail warehouses during what was an extremely active period. The weighted net initial yield of 8.12% was in line with our stated strategy of acquiring higher yielding retail property assets using our own debt and cash resource, together, where appropriate with our joint venture partner. The £140 million acquisition of the Swallowtail Portfolio was our largest to date, comprising three shopping centres totalling 785,000 sq ft. The acquisition was funded through our joint venture with Bravo II, a fund advised or managed by the Pacific Investment Management Company LLC, with both parties investing a 50% stake.

As our portfolio grows, we are beginning to recycle more capital and this year £40.2 million of cash proceeds were realised through eight disposals where it was deemed that our asset management strategy had been completed or that the risk profile had changed. These sales achieved a weighted net initial yield of 7.03% and, taking into account the income received during ownership, generated attractive returns ahead of business plan targets. The largest disposal was the Bramley shopping centre in Leeds to a UK institution for £18.5 million, reflecting a net initial yield of 7.2% and an IRR of 13.2%. NewRiver is committed to recycling capital by channelling it into identified strategic growth opportunities.

Our risk-controlled development programme is growing significantly and the pipeline now spans 1.25 million sq ft. During the period a total of 52 planning applications were submitted and 24 consents received. We are pleased to report that the pub portfolio and convenience store programme for the Co-operative is advancing well and 39 of these 52 planning applications pertain to the pub portfolio. We are pleased to have received 10 consents to date totalling 100,000 sq ft for convenience store development and two further for residential use in relation to the pub portfolio. Within our retail portfolio we are awaiting the outcome of two planning applications for projects in Middlesbrough and Wymondham whilst consents were secured for schemes in Hull and Wallsend. We are making good headway on major town centre developments in Burgess Hill and Cowley, Oxford where planning applications are shortly due to be submitted.

As NewRiver has grown it has become more and more apparent how important the Company is to local communities. Owning or managing the main shopping centre in a town makes the Company a major stakeholder in the community and the strength of our relationships with local authorities has grown accordingly. We are proud that we are increasingly viewed and treated as their partners. Town centres are changing; they are now far more mixed use hubs incorporating retail, leisure, dining and residential, which come together to create vibrant communities. NewRiver is at the heart of that change.

The digital age has invigorated the retail sector and at NewRiver we are excited by the wealth of opportunities this presents us especially in the regions where there is potential for further enhanced digital marketing and technology to drive higher footfall within our centres. We are continuously exploring new technologies that will enhance our shopper journeys, increase basket spend for our retailers and create a digitally connected customer experience. The introduction of free wifi and click and collect lockers are examples of these initiatives and we are in early trials of beacon and transaction-generated technologies.

In winning the coveted 2014 Estates Gazette Retail and Leisure Company of the year, we were recognised by our peers for our achievements. This could not have happened without the passion and dedication of the NewRiver team and our key advisors. I thank them for their hard work throughout this dynamic year.

The improving economic environment adds impetus to our business model of focusing on retail in the regions. This is evidenced by growing investor interest and improving retailer confidence. Our proven asset management and development skills are making a real difference to shopping and town centres around the country, and in so doing are creating significant value for the Company and its stakeholders.

Our fifth full financial year marks an important milestone in the journey of NewRiver since its launch in 2009. We are proud of all that we have achieved and the strong growth which we have delivered during that period. We have created a strong platform and a firm foundation for further growth. We view the next phase in our journey with confidence and optimism.

David Lockhart
Chief Executive

13 May 2015

UNITING THE UNITED KINGDOM

Delivering on our strategy of targeting high income retail sub-sectors we have built up a high-quality, sustainable and geographically diversified portfolio

Retail Warehouses

1 Cookstown, NI
2 Blackburn
3 Hull
4 The Wirral
5 Chester
6 Wrexham
7 Wymondham
8 Felixstowe
9 Gloucester

Pubs

202

High street locations

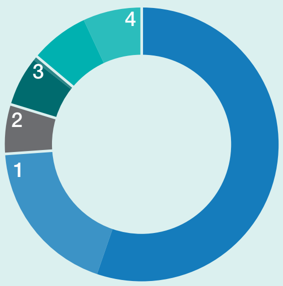
1 Perth
2 Grangemouth
3 Newcastle
4 Ferensway, Hull
5 Blackpool
6 Grimsby
7 Doncaster
8 Warrington
9 Wrexham, Hope St
10 Wrexham, Regent St
11 Spalding
12 Nuneaton
13 Rugby
14 Hereford
15 Harlow
16 Romford
17 Burgess Hill
18 Basingstoke
19 East Ham

Shopping centres

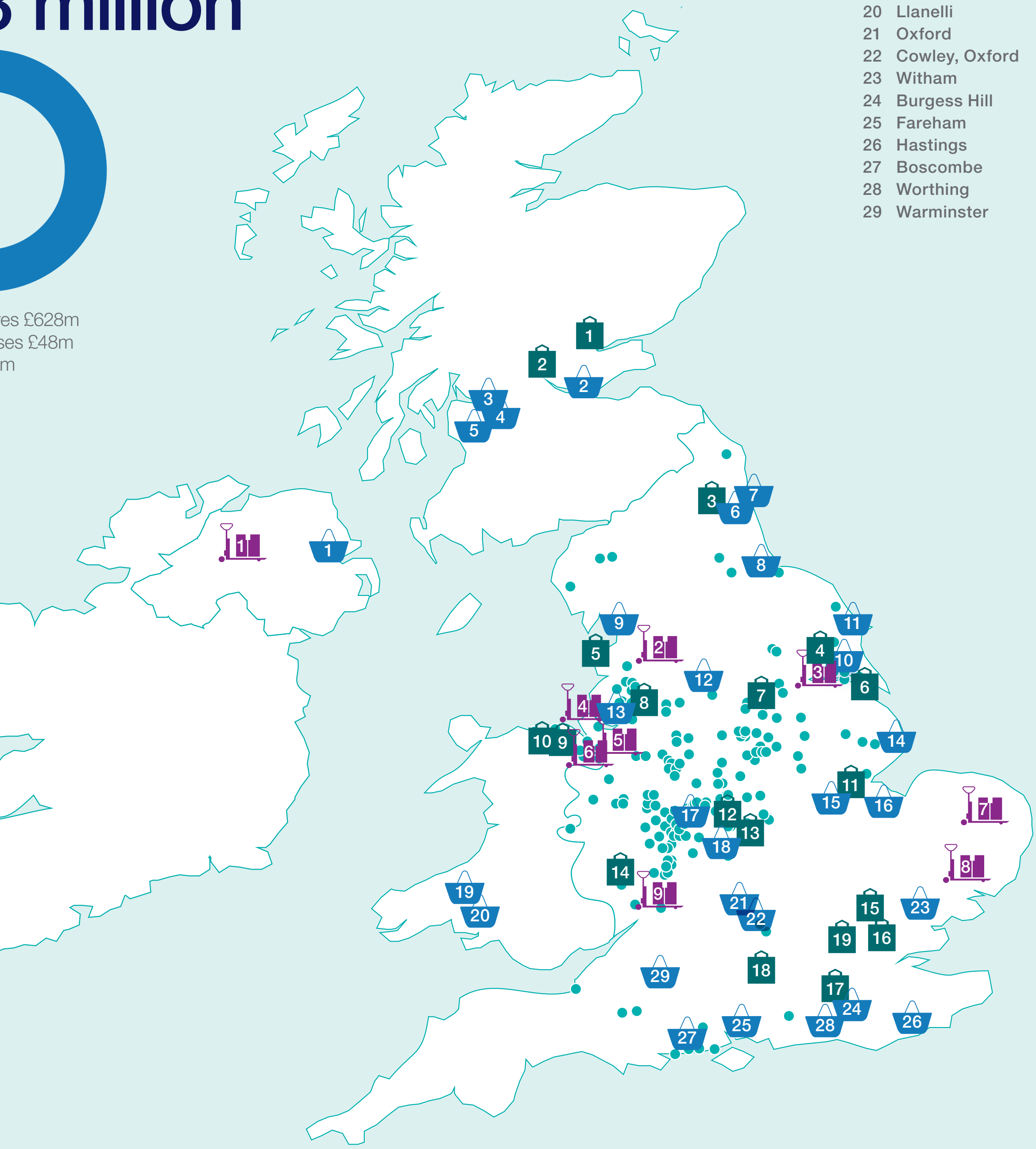
1 Newtownabbey, Belfast
2 Leith, Edinburgh
3 Paisley
4 Newton Mearns, Glasgow
5 Kilmarnock
6 Wallsend
7 North Shields
8 Middlesbrough
9 Morecambe
10 Hull
11 Bridlington
12 Huddersfield
13 Widnes
14 Skegness
15 Market Deeping
16 Wisbech
17 Erdington
18 Leamington Spa
19 Carmarthen
20 Llanelli
21 Oxford
22 Cowley, Oxford
23 Witham
24 Burgess Hill
25 Fareham
26 Hastings
27 Boscombe
28 Worthing
29 Warminster

Total Assets Under Management

£848 million



1 Shopping centres £628m
2 Retail warehouses £48m
3 High street £56m
4 Pubs £116m



Retailer income distribution (NewRiver share)

No.		No. of stores	Gross income	% Rent secured
1	Poundland	17	£1,455,500	3.13%
2	NEW LOOK	14	£1,343,535	2.89%
3	Superdrug	13	£1,117,208	2.40%
4	Boots	15	£1,099,929	2.36%
5	PRIMARK	3	£1,022,500	2.20%
6	wilko	6	£924,475	1.99%
7	Dixons Carphone	4	£907,100	1.95%
8	Argos	11	£848,800	1.82%
9	Bhs	3	£824,500	1.77%
10	Iceland	11	£812,500	1.75%
11	ASDA	5	£691,843	1.49%
12	PEACOCKS	10	£681,500	1.46%
13	Sainsbury's	2	£556,000	1.19%
14	home bargains	5	£536,250	1.15%
15	Card Factory	15	£491,875	1.06%

Excludes pub portfolio, car parking and mall income

Retail occupancy rates (%)

2014
95.2%

2015
96.3%

Occupiers (number)

2014
1,118

2015
1,377
+23%

Total leasing events

216

Retention on renewals

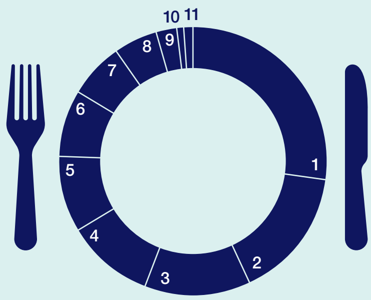
78%

Retailer profile (%)

56%

of income is secured against Grocery, Value, Fashion and Food & Beverage

1	Fashion	25.43%
2	Value	14.70%
3	Home & Electrical	11.96%
4	Health & Beauty	9.81%
5	Groceries	8.62%
6	F&B	7.59%
7	Service Related	6.26%
8	Books & Stationery	4.93%
9	Premium	2.12%
10	Games & Toys	0.98%
11	Leisure	0.80%



Footfall (pa)

22% uplift year on year and 1% uplift like-for-like

2014
100m

2015
121m

WALE (Retailers)[1]

Income security

2014
8.3 yrs

2015
7.4 yrs

[1] WALE excludes Marston's pub portfolio.

KYC

As a specialist wholly immersed in the sector, research and insights are at the heart of our business model meaning we are uniquely positioned to respond to the ever-changing dynamics of retail

Gender

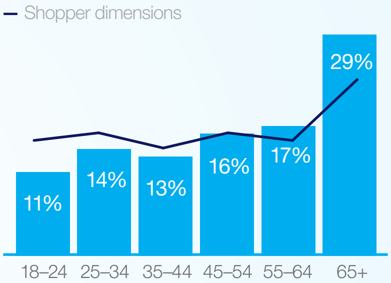
71%
Female

29%
Male

Know Your Customer: we partner with CACI, the industry leader in retail research, to truly understand our shoppers and meet their evolving consumer needs.

CACI conducted detailed consumer surveys throughout our shopping centre portfolio speaking to some 10,600 shoppers, which was then aggregated into a database of over 300,000 UK-wide shoppers.

Age profile



Party size

1.5 average party size — benchmark 1.6

64% Alone — benchmark 60%

27% Adults only — benchmark 27%

7% Myself & children — benchmark 5%

8% Other adults & children — benchmark 8%

Drive time

12.8 minutes

benchmark
15.1

Frequency

83 visits per annum

benchmark
74

Dwell time

43 minutes

benchmark
56

Average retail spend

£27.56 average spend

benchmark
£42.10

Average grocery spend

£17.47 average spend

benchmark
£17.24

Average catering spend

£6.13 average spend

benchmark
£7.82

Average click and collect customer spend

£48.69 average spend

benchmark
£57.56

CACI conduct consumer interviews in UK-wide retail destinations. Shoppers provide information on their behaviour, spend and demographics. The 'benchmarks' quoted here are the CACI Shopper Dimensions benchmarks which aggregates UK-wide data enabling direct but anonymous comparisons. In the last three years CACI have conducted surveys in over 150 retail places across the UK, resulting in a database of 300,000 recent consumer surveys. Shopper Dimensions is the UK's most comprehensive face-to-face shopper research study and is continually growing. Portfolios include Westfield, Land Securities, Hammerson, British Land, intu, Kennedy Wilson and NewRiver Retail.

NewRiver: NewRiver Retail Portfolio Average   Benchmark: Average CACI Shopper Dimension

SUSTAINABLE, SUSTAINABLE, SUSTAINABLE

Know Your Location: we partner with Local Data Company, leaders in retail location data, to truly understand the locations we invest in.

LDC The leader in retail location data & insight

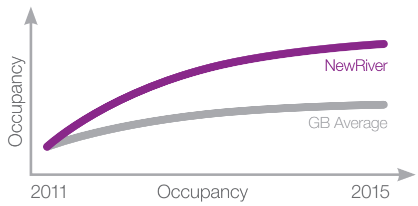
Feet on the street: LDC field researchers walk the streets throughout the UK to analyse and photograph over 70,000 retail premises every month to deliver unparalleled insight on the ever changing UK retail and leisure landscape managing a database of over 550,000 premises.

NewRiver's portfolio is underpinned by strong and expanding retailers.

NewRiver's top 30 retailers grew their store count across the UK shopping centre market by 1.4% in the last 12 months. 50 of NewRiver's occupiers are amongst the fastest growing multiple retailers in the UK. This demonstrates that the NewRiver portfolio comprises successful and expanding retailers.

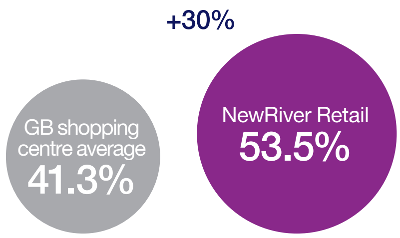
The NewRiver shopping centre portfolio has a 14% greater occupancy than the UK Shopping Centre Average.

During the past four year period, NewRiver's vacancy rate has been consistently lower than the UK Shopping Centre Average as a result of our highly active asset management. This reflects NewRiver's stock selection and asset management skills.



Our vacancies aren't vacant for long...

At NewRiver we are 30% faster than the UK shopping centre average at letting our units inside 12 months. This is testimony to the proactiveness of the team and its excellency in managing and diminishing vacancies.



PROPERTY REVIEW

"A specialist REIT targeting high-yielding retail sub-sectors we have built a first-class portfolio that delivers sustainable income together with opportunities to create further value."

Allan Lockhart
Property Director

Focus on retail

Once again, the last 12 months have been an intensively active period for the Company in which we have deployed our shareholders' capital into accretive transactions, generated capital growth from within our portfolio through active asset management and made good progress with the delivery of our growing development pipeline.

NewRiver is regarded as one of the leading real estate companies operating in the UK retail sector and much of what we have achieved in the last 12 months and the five years since our establishment was recognised by the real estate industry, with the Company being named Estates Gazette's Retail and Leisure Property Company of the Year.

Notwithstanding that over the last 12 months we have faced increasing competition for investment opportunities from both institutional and private equity capital, we have successfully completed £330 million (NewRiver share: £259.9 million) of acquisitions at a weighted net initial yield of 8.12%.

These acquisitions will provide the Company with attractive cash on cash returns of 12.16% underpinned by a secure and sustainable income stream given the low average rent of £12.36 psf (excludes pub portfolio), a weighted average lease expiry profile of 7.4 years and a high occupancy rate of 96.3%.

In line with our commitment to recycle our capital, this year we have completed £40.2 million (NewRiver share: £35.1 million) of disposals representing a significant increase over the last reporting period.

We are delighted to have been able to dispose of assets at a weighted net initial yield of 7.03% whilst acquiring assets at a weighted net initial yield of 8.12%.

Taking account of this year's acquisitions, disposals and valuation movement, assets under management are now £848 million representing a 42% increase from 2014. Our portfolio now comprises: 29 shopping centres, 9 retail warehouse assets, 19 high street assets and 202 pubs principally for retail conversion.

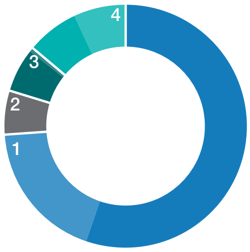
We pride ourselves on our active asset management of our portfolio and this is reflected in the number of leasing events that we have completed in the last 12 months. In total we have completed 216 leasing events, for which new long-term leasing events were on average 10.1% above Valuation ERV (2014: 1.7%) and with a weighted average lease expiry profile of 10.7 years (2014: 10.5 years).

Whilst our core investment portfolio continues to generate significant surplus cash, our increasing development portfolio is delivering valuation growth as we progress our development projects through the pre-let and planning stages.

To date we have submitted 39 planning applications totalling circa 100,000 sq ft for convenience store developments and two applications for the development of 15 residential units in respect of our pub portfolio. Furthermore planning applications that are awaiting determination include our projects in Middlesbrough and Wymondham. Consents have been secured for our projects in Hull and Wallsend.

Total assets under management

£848m



1 Shopping centres £628m
2 Retail warehouses £48m
3 High street £56m
4 Pubs £116m

Occupancy level

96.3%

1. Topshop, Priory Meadow, Hastings
2. M&S, Priory Meadow, Hastings
3. Prospect Tea Party, Prospect Centre, Hull
4. Prospect Centre, Hull
5. strEAT food court, Prospect Centre, Hull
6. Poundland, Abbeycentre, Newtownabbey
7. Fusion, Prospect Centre, Hull

Pursue compelling market opportunities informed by rigorous selection criteria

Strategic stock selection

See Business Model on pages 06–07

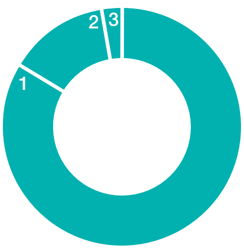
Total acquisitions

£330m

Weighted average acquisition yield

8.12%

Acquisitions



1 Shopping centres £278.3m
2 Retail warehouses £45.3m
3 High street £6.4m

H&M in Priory Meadow, Hastings

Acquisitions

Despite a more competitive investment market we have been able to deploy £330 million (NewRiver share: £259.9 million) of capital whilst maintaining an attractive weighted net initial yield of 8.12%.

Shopping centres represented 84% of our total acquisitions completed during the period at a weighted net initial yield of 7.93%. This level compares very favourably with the weighted net initial yield for transactions within the shopping centre market during the last 12 months at 6.14%.

Retail warehouse acquisitions represented 14%, completed at a weighted net initial yield of 8.76%. The remaining 2% of our acquisitions included a small high street portfolio and two strategic acquisitions adjacent to existing assets.

Shopping centres

Swallowtail Portfolio

The highlight of the year was our acquisition of a high quality shopping centre portfolio that was sold by a UK bank. The 'Swallowtail Portfolio' was acquired for £140 million equating to a net initial yield of 7.9%.

The portfolio was funded through the Company's joint venture with Bravo II (a fund advised or managed by the Pacific Investment Management Company LLC) with the Company taking a 50% equity stake.

This high-quality shopping centre portfolio comprises 785,000 sq ft of retail space located in Hastings, Newton Mearns, an affluent suburb south west of Glasgow and Newtownabbey, an affluent district north of Belfast.

With an annual footfall in excess of 15 million, the key retailers trading within this portfolio include major brands such as Marks & Spencer, Asda, Primark, Next, H&M, Top Shop and Poundland.

Priory Meadow, Hastings, East Sussex, has limited retailing competition from other towns/cities and provides the dominant retailing offer within Hastings. Priory Meadow opened in 1997 and comprises 292,000 sq ft of retail space, the town's best car park with 1,086 spaces and a range of food, fashion and value retailers. Key high quality retailers include: Marks & Spencer, New Look, Poundland and a new H&M store. The centre benefits from a stable income stream with a WALE of 8.7 years.

The Avenue, Newton Mearns, is located in one of the most affluent districts of Glasgow. The town has experienced higher population growth than the UK average which is set to continue with an additional 1,000 homes planned over the next 5 years. The Avenue is the dominant retail offer within Newton Mearns and comprises 202,000 sq ft of retail space, 1,085 free car parking spaces and is a classic convenience led shopping centre anchored by Asda and Marks & Spencer. Other major brand retailers include Boots, Superdrug, O2 and Costa Coffee. This popular shopping centre generates over 4.3 million customer visits per annum and is underpinned by an income stream that has a WALE of 7.2 years.

Abbeycentre, Newtownabbey, Northern Ireland, is ranked the third most dominant shopping centre in Northern Ireland. This dominance reflects that the catchment area is one of the most affluent in the region and has the second highest spend per head of population in Northern Ireland. Abbeycentre provides the main retailing provision within the Newtownabbey catchment and comprises 264,000 sq ft of retail, 1,100 free car parking spaces and a range of high quality fashion retailers such as Primark, River Island, Next, JD Sports and Top Shop. The combination of a balanced retail mix including fashion, health and beauty, food and value supports an annual footfall in excess of six million. The centre is underpinned by a WALE of 5.1 years.

In a series of transactions completed during the course of the year the Company acquired a further eight shopping centres totalling £138.17 million at a weighted net initial yield of 7.95%.

Swallowtail Portfolio: £140 million, 7.9% net initial yield

Priory Meadow, Hastings, East Sussex

Retail Area: 292,000 sq ft

Occupancy: 96%

Car Parking: 1,086 spaces

WALE: 8.7 years

Footfall: 7.5 million pa

Key Retailers: Marks & Spencer, New Look, Poundland and a new H&M store

MARKS & SPENCER H&M Poundland

The Avenue, Newton Mearns, Glasgow

Retail Area: 202,000 sq ft

Occupancy: 92%

Car Parking: 1,085 spaces

WALE: 7.2 years

Footfall: 4.3 million pa

Key Retailers: Asda, Marks & Spencer, Boots, Superdrug, O2 and Costa Coffee.

Boots ASDA COSTA COFFEE MARKS & SPENCER

Abbeycentre, Newtownabbey, NI

Retail Area: 264,000 sq ft

Occupancy: 99%

Car Parking: 1,100 spaces

WALE: 5.1 years

Footfall: 6.4 million pa

Key Retailers: Primark, River Island, Next, JD Sports and Top Shop

PRIMARK next

Strategic stock selection continued

Camel II
The largest of these transactions was the acquisition of the Camel II portfolio. The Company originally acquired this portfolio in December 2012 in a joint venture with Bravo I (a fund advised or managed by the Pacific Investment Management Company LLC). At that time the Company took a 10% equity stake in the portfolio and in January 2015, following a successful £75 million equity raise, the Company acquired the remaining 90% for a total consideration of £71.1 million which equated to a net initial yield of 7.75%.

The underlying property portfolio comprises five shopping centres located in Oxford, Hull, Bridlington, Kilmarnock and Leamington Spa; and a single high street asset also in Hull. Together these assets have a net lettable area of almost one million square feet across over 200 tenancies with an average WALE at acquisition of 7.2 years. Since our acquisition of the original 10% interest in 2012, the assets have performed well and have benefited from the Company's active asset management. Looking forward, the assets present a range of significant opportunities to enhance value through further asset management initiatives and risk-controlled development which are already being advanced by the Company.

In September 2014, the Company completed the acquisition of the Three Horseshoes Walk Shopping Centre in Warminster, Wiltshire, for a total consideration of £9 million, reflecting a net initial yield of 9%. Forming the principal part of the town's retail offer, this food, value and convenience-led shopping centre comprises 61,000 sq ft and at acquisition had a WALE of 4.8 years. With a high occupancy rate of 95%, the centre has a good range of national retailers including Poundland, Iceland, Peacocks, Superdrug, Greggs and Costa Coffee.

Camel II portfolio

Prospect Centre, Hull
Retail Area: 240,000 sq ft
Occupancy: 93.5%
Car Parking: 180 spaces
WALE: 8.2 years
Footfall: 8.2m
Key Retailers: Currys, Wilkinson, WH Smith, Boots, Poundland and Burger King

Regent Court, Leamington Spa
Retail Area: 54,000 sq ft
Occupancy: 86.5%
WALE: 11.02 years
Footfall: 2m
Key Retailers: Nandos, Yo! Sushi, Las Iguanas, Turtle Bay, GBK and Wagamama

The Promenades, Bridlington
Retail Area: 97,000 sq ft
Occupancy: 94.2%
WALE: 6.8 years
Footfall: 4.1m
Key Retailers: New Look, Argos, Poundland, Sports Direct, Peacocks and Greggs

Burns Mall, Kilmarnock
Retail Area: 185,000 sq ft
Occupancy: 99.8%
WALE: 6.8 years
Footfall: 5.2m
Key Retailers: New Look, Home Bargains, BHS, Boots and JD Sports

Templars Square, Cowley, Oxford
Retail Area: 290,000 sq ft
Occupancy: 94.6%
Car Parking: 970 spaces
WALE: 8.4 years
Footfall: 4.5 million pa
Key Retailers: Wilkinson, Co-op, Boots, WH Smith and Superdrug

In November 2014, the Company acquired the Montague Shopping Centre in Worthing from a UK institution for a total consideration of £5.82 million, reflecting a net initial yield of 7.7%. Forming the principal part of this coastal town's retail offer, the Montague centre, a food, value and convenience-led shopping centre comprises 67,000 sq ft with a WALE of 3.1 years, high occupancy rate of 92.5% and a good range of national retailers including Laura Ashley, Game, Boots, TK Maxx and McDonald's.

In December 2014, the Company acquired the Arndale Shopping Centre in Morecambe from a UK bank for £14 million reflecting a net initial yield of 8.9%. This centre includes 40 retail units comprising 107,300 sq ft of lettable space and is underpinned by a strong income stream with a WALE of 9.3 years. A value and convenience-led shopping centre, 85% of the rent is secured against a good range of national occupiers, including Poundland, Boots, Iceland, Argos, Travelodge, Halifax, Greggs and a Tesco Metro.

As part of this transaction, the Company acquired five high yielding High Street retail assets in Rugby, Nuneaton, Spalding, Blackpool and Perth. The five High Street assets in total comprise 33,800 sq ft and were acquired for £5 million at a weighted net initial yield of 12.2%. Retailers within the High Street portfolio include: Boots, McDonald's, Halifax, Monsoon and Topshop.

Three Horseshoes Walk, Warminster

Acquisition Price: £9 million
Net Initial Yield: 9%
Retail Area: 61,000 sq ft
Occupancy: 95%
WALE: 4.8 years
Footfall: 3.0 million pa
Key Retailers: Poundland, Iceland, Peacocks, Superdrug, Greggs and Costa Coffee

Montague Centre, Worthing

Acquisition Price: £5.82 million
Net Initial Yield: 7.7%
Retail Area: 67,000 sq ft
Occupancy: 92.5%
WALE: 3.1 years
Footfall: 3.5 million pa
Key Retailers: Laura Ashley, Game, Boots, TK Maxx and McDonald's

Arndale Centre, Morecambe

Acquisition Price: £14 million
Net Initial Yield: 8.9%
Retail Area: 107,300 sq ft
Occupancy: 92.7%
WALE: 9.3 years
Footfall: 3.5 million pa
Key Retailers: Poundland, Boots, Iceland, Argos, Halifax, Greggs, Tesco Metro and a Travelodge

PROPERTY REVIEW
CONTINUED

Strategic stock selection continued

Retail warehouses

As stated in last year's annual report, we intended to increase our investment into opportunistic purchases and during the reporting period we have acquired £45.25 million of retail warehouse investments. We have been targeting retail warehouse opportunities let to good covenants, where the underlying rents are below £15 per sq ft and offer a range of opportunities to add value. Typically we have been acquiring retail warehouse assets within a capital range of £1.5 million to £5 million where with limited competition from other investors, we have been able to acquire our assets at a weighted net initial yield of 8.76%, an average rent of £10.00 per sq ft and a weighted average lease expiry profile of 6.43 years.

Our first acquisition into the retail warehouse sector was the acquisition of a portfolio of four retail warehouse properties ('Linear Portfolio') from a UK institution for a total consideration of £17.3 million. The freehold assets were acquired at an attractive net initial yield of 9.12%. The Linear Portfolio comprises two multi-let retail park properties and two retail warehouse properties located in high catchment areas across the UK. The portfolio in total comprises 196,000 sq ft and is let to six tenants off an average rent of £8.48 per sq ft and providing a weighted average unexpired lease term of 7.4 years.

1 Blackburn Retail & Leisure Park
2 Blackburn Ice Arena, Blackburn
3 Halfords, Blackburn Retail & Leisure Park
4 Mothercare, Blackburn Retail & Leisure Park
5 Blackburn Retail & Leisure Park

The Linear Portfolio includes the following assets:

Clough Road Retail Park, Hull is a 95,000 sq ft retail warehouse park let to electrical and computer retailers Curry's and PC World as well as Smyths Toys, a leading children's entertainment retailer. Located close to Hull city centre, Clough Road is an established retail, leisure and commercial destination.

Wymondham near Norwich, is a 26,300 sq ft modern retail warehouse unit let to discount retailer Poundstretcher on a ten year lease. The asset is the only retail warehouse in this historic market town.

Halfords Paisley near Glasgow is a 20,100 sq ft retail warehouse unit let to car and bike specialist Halfords on an 7.6 year unexpired lease. The asset benefits from a prominent location close to Paisley town centre.

Mount Street Retail Park in Wrexham in North Wales is a 54,900 sq ft retail park located close to the town centre with key retailers including fashion retailer Matalan, homeware and garden centre operator Colour Supplies. The average weighted average lease length is 8.75 years.

In September 2014, the Company acquired a 22,000 sq ft retail warehouse on Eastern Avenue, Gloucester, for £4.25 million reflecting a net initial yield of 8.3%. Let to Magnet and PC World, the retail warehouses are fully let with a WALE of 8.3 years.

In January 2015, the Company acquired the Orritor Road Retail Park, Cookstown, Northern Ireland for a total consideration of £3.04 million, reflecting a net initial yield of 7.8%. The 25,045 sq ft site provides a core retail offer for the town and is 100% let to three strong covenants, Halfords, Iceland and B&M, with an average WALE of 8.45 years.

Also in the same month, the Company acquired the Eastham Point retail park, located eight miles south-east of Liverpool, for £2.4 million reflecting a net initial yield of 8.6%. The 10,202 sq ft retail park was constructed in 2005 to a high specification and striking design and is let to Snow & Rock and Bathstore with a combined average WALE of 4.03 years.

In February 2015, NewRiver completed the acquisition of Lower Audley Street Retail Park, Blackburn from a private property company for a total consideration of £14.6 million, reflecting a net initial yield of 8.85%. Located within the town's core retail warehouse provision, the retail park comprises 114,000 sq ft of retail and leisure space, a 403 space car park and trades alongside major national retailers including ASDA, B&Q, TK Maxx, Matalan and Next. The retail park, which is fully let, offers a broad range of food, fashion, electronics, home and Leisure outlets including B&M, Maplin, Mothercare, Halfords, Burger King, Chiquitos, Frankie & Benny's and the town's only enclosed ice rink.

Our final two retail warehouse acquisitions during the reporting period included Felixstowe's only retail warehouse unit, a 17,180 sq ft unit let to Homebase acquired for £1.56 million reflecting a net initial yield of 7.84% and the 10,591 sq ft retail warehouse unit let to Staples in Chester, for £2.1 million reflecting a net initial yield of 8.24%. This asset is ideally located, being 1.2 miles north-west of Chester City Centre and forming part of the prime retail warehouse destination of the City.

Smaller strategic acquisitions

Finally, the Company made three small strategic acquisitions of assets adjacent to three of our shopping centres.

Firstly we acquired in May 2014 the former TJ Hughes department store building adjacent to the Sovereign Centre, Boscombe from Receivers for £550,000. The vacant 45,000 sq ft store is a key acquisition allowing the Company to advance its redevelopment strategy for the centre.

Secondly we acquired 119/121 Ferensway, Hull a prominent 49,000 sq ft former department store for £1.92 million, reflecting a net initial yield of 6.3% but based off a low capital value per square foot of £39. The purchase is strategic and extends the Company's investment in Hull where we have in-depth occupational knowledge through our ownership of the Prospect Centre which is adjacent to the property.

Finally, as part of the wider development plans for our centre in Cowley, Oxford, the Company acquired for £700,000 the formerly vacant Nelson Pub which sits adjacent to the main entrance of our centre.

1 Aerial shot of Eastham Point, The Wirral
2 Frankie & Benny's and Chiquito, Blackburn Retail & Leisure Park
3 Jysk, Blackburn Retail & Leisure Park
4 Aerial shot of Blackburn Retail & Leisure Park
5 Eastern Avenue, Gloucester

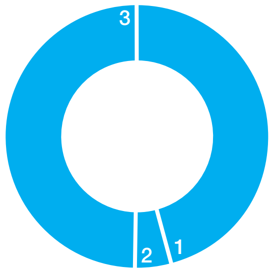
PROPERTY REVIEW
CONTINUED

Recycling capital where we have created value through our asset management or where the risk profile has changed

Recycling capital

Sainsbury's, Preston

Disposals



1 Shopping centres £18.50m
2 Retail warehouses £1.80m
3 High street £19.9m

Disposals

NewRiver is committed to recycling our capital out of assets where we have either completed our asset management strategy or the risk profile changes. During the reporting period we have completed eight disposals for a total consideration of £40.2 million (NewRiver share: £35.1 million) which equates to a weighted net initial yield of 7.03%.

Following our purchase of the Poundland store in Crawley in March 2014 for £4.25 million and the subsequent re-gear of the Poundland lease, we completed the sale of the property to a private investor for £5.95 million in April 2014 reflecting an IRR of 320%.

Our largest disposal during the reporting period was the sale of the Bramley Shopping Centre in Leeds to a UK institution for £18.5 million reflecting a net initial yield of 7.2%. This asset was purchased as part of a portfolio in November 2010 and given that 30% of the rental income was secured against Tesco Plc and that Tesco traded over two levels, we concluded that the prospects for future capital and income growth had diminished. The sale of this asset delivered an IRR of 13.2%.

We completed two high street disposals that were in our joint venture with MSREI. The Norwich asset was predominately let to Tesco Plc and in Andover the key tenants are Poundland, Superdrug and Caffè Nero. The combined sale price was £9.9 million reflecting a weighted net initial yield of 6.96%. Combined, these two assets delivered an IRR of 17.1%.

In North Shields we completed a small sale of a vacant freehold shop opposite our shopping centre to a Costa Coffee franchisee for £330,000 which compares to our apportioned price at acquisition of £91,000.

Following the acquisition of the retail warehouse portfolio ('Linear Portfolio') earlier in the year, we completed the sale of the Halfords unit in Paisley to a private investor for £1.8 million which compares favourably to our purchase price of £1.39 million.

In Poole we completed the sale of our long leasehold interest in the Wilkinson unit located with the Dolphin Square shopping centre to the institutional owners of that centre for £2.3 million reflecting a net initial yield of 7.27%. The resultant IRR was 15.5%.

Having completed the construction works to complete the letting to J Sainsbury Plc in Preston, the asset was sold to a private investor for £1.43 million delivering a profit on cost of 45%.

Total disposals

£40.2m

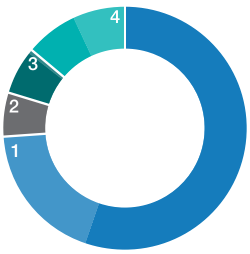
Blended initial yield for disposals

7.03%

Active asset management

Total assets under management

£848m



1 Shopping centres £628m
2 Retail warehouses £48m
3 High street £56m
4 Pubs £116m

Occupancy

96.3%

WALE

7.4 yrs

Low average rent

£12.36 psf

Asset management

Notwithstanding it has been a very active year in terms of acquisitions and disposals our commitment to asset management remains at the core of our business model. Our portfolio has grown significantly in the last 12 months to the point where we are managing circa £848 million of assets, an annual rent roll of £52.7 million (NewRiver share), 1,377 occupiers and circa 5.5 million sq ft of managed space.

To meet the demands of our increasing portfolio and to ensure that we deliver the added value embedded within our portfolio, we have strengthened our asset management team.

Given the size of our portfolio, it is not surprising that the portfolio generates considerable leasing activity on an annual basis and this reporting period has been no different. In total we have completed 216 leasing events for which all new long-term lettings or lease renewals were 10.1% above estimated values, compared to 1.7% in 2014, which reflects the quality and affordability of our retail assets. That confidence is also shared by our retail occupiers with their commitment resulting in an average lease length of 10.7 years.

The improvement in the UK economy and consumer confidence is feeding through to an increase in retailer demand for new space and units. This is being reflected in our leasing transactions where our tenant incentives are now less than six months and we have a lease renewal/break rate exceeding 78%.

There is much more to asset management than simply undertaking leasing events. Our approach to asset managing our multi let retail assets, is to increase footfall and dwell times with a view to improving sales and profitability for our retailers, restaurateurs and leisure operators. We believe that by focusing on our retailers and consumers we will increase occupational demand for our assets which will ultimately lead to rental growth.

PROPERTY REVIEW
CONTINUED

Active asset management continued

Ten key operating objectives

Our asset management strategy is focused on delivering ten key operating objectives:

1. Achieving high rent collection rates
2. Aiming to deliver sustainable rental growth
3. Reducing void rates
4. Reducing property costs such as service charge, business rates and utilities
5. Improving the quality and efficiency of our property management
6. Reducing the cost and time of our leasing transactions
7. Increasing footfall, dwell times and basket spend for our retailers
8. Improving retail mix
9. Enhancing our retailer relationships
10. Improving our digital, marketing and commercialisation capability

As we set out in last year's annual report our asset management strategy is centred on delivering improvements in ten key operating areas. We are pleased to report good progress with the following highlights:

1 Rent collection

We consistently achieve high rent collection rates and within each quarter of the financial year, 100% of our forecasted rent had been collected. This year we have installed a new property management software system that allows our finance and asset management teams real time access to the cash position on a tenant by tenant basis. We believe that this new system will improve our rent collection efficiency.

2 Rental growth

In total we completed a total of 216 leasing events for which new long-term leasing events were an average 10.1% above our independent valuer's estimated rental value.

3 Voids

Our occupancy rate has remained at a consistently high level of 96%. According to the Local Data Company, NewRiver's vacancy rate, at 4%, is 14% better than the UK shopping centre average.

4 Property costs

Maintaining low operational costs for our retailers is a fundamental part of the NewRiver business model. This year we continued to drive efficiencies, delivering an aggregate reduction in service charge budgets of £240,000 of annual savings, reducing the cost burden on our retailers and helping to secure increased investment into our assets. On the acquisition of a new centre, we analyse the service charge budget to determine areas where we can reduce operational costs and apply our scale to increase efficiencies. We are confident that significant further savings can be made across the portfolio on core budget expenditure.

We have continued our success in appealing business rates on behalf of our retailers achieving a reduction in rateable values of over £234,000, saving over £100,000 of rates payable in the financial year. In total we have saved nearly £500,000 in rates payable over the life of the 2010 Rating List. Our rates liability management programme has saved a further £495,000 during the period.

5 Property management

We work very closely with our managing agents to scrutinise the operational costs of our assets. We analyse all areas from compliance and energy, to procurement and community engagement. In terms of procurement, we recognise that operational costs remain a key concern of retailers. Through an ongoing review of process and suppliers, we are proud that in the vast majority of cases, overall budgets have remained at the same levels or lower than they were three years ago. We do this by going beyond the simple retender of contracts, but by reviewing services at a more fundamental level. An example of this is at Templars Square, Cowley, where works were undertaken to successfully re-route a fire escape which had formerly required the mall to remain open 24 hours a day and therefore required a constant security presence. This has led to a saving of £117,000 per annum which is passed on to our retail partners.

6 Leasing

Successful, efficient leasing at NewRiver is at the core of the business. This year we have invested time in maximising the service and quality of our leasing and legal advice to ensure that consistency and economies of scale are being delivered. We have adopted the Model Commercial Lease, as recommended by the British Property Federation, across the portfolio which is a contemporary institutionally acceptable lease which will generate time and cost savings leading to earlier income generation. Using our scale as leverage, portfolio deals have been achieved with various retailers including Warren James, Pep&Co and Burger King.

7 The consumer

With a customer-first approach, our asset management strategy is highly research and insight led. Our CACI consumer surveys demonstrated that as a result of our asset management the average portfolio dwell time has improved from 31 minutes in 2013 to 43 minutes this year. Our shoppers visit our centres frequently with a portfolio average of 83 visits per annum, 27 more occasions than the average CACI Shopper Dimensions average. Ease of access and parking are important factors for our customers, the average drive time to our centres is less than 15 minutes at 12.8 minutes. These key customer metrics confirm the high frequency and convenience attraction of our strong neighbourhood community shopping centres.

Our shopping centres are everyday shopping destinations, places where the UK family spend their weekly budget day in day out with our portfolio average retail spend per visit totalling £27.56, for which the average grocery spend accounts for £17.47 and our average catering spend is £6.13. A core opportunity of growth that we have identified is attracting and providing for the modern click and collect customer who spend an average £48.69 per visit.

Our combined annual footfall now totals 121 million across our 29 shopping centres, a 21% increase year on year and 1% in like for like footfall.

8 Retail mix

Retail mix is about so much more than just a varied choice of shops; it is about extended trading hours, accessibility, the look and feel of the store in order to create retail theatre, pricing and of course merchandising. In recognition of changing consumer behaviour and informed by our own consumer surveys we have introduced a greater food and beverage offer across our assets to enhance dwell time and experience. We have introduced additional fashion retailers that offer new concepts complimentary to the everyday convenience that our shoppers demand.

9 Retailer relationships

We regard our retailers as partners and seek to engage both at the corporate and local level to help drive retail sales at our assets. We invest in our assets to improve and modernise the physical environment, introduce new design, technology and events to ensure footfall growth. Our strong relationships result in our retail partners sharing turnover data and store performance allowing us to identify opportunities for growth as well as remedy pressure points or issues that we can proactively manage.

10 Marketing, digital & commercialisation

Our shopping centres are more than just retail destinations, they are community hubs, multi-channel event spaces for all ages, gig venues, art galleries and start-up incubators. In partnership with our retailers we curated a varied programme of family, seasonal and speciality events including the now infamous Student Lock-In at the Piazza, sensory soft-play with HartBeeps, character appearances from box-office hit Frozen and even transported shoppers in Middlesbrough by bespoke rickshaws. This year we have begun beacon and transaction-generated mobile trials to further help drive footfall, dwell time, loyalty and basket spend.

Commercialisation is an important income stream for NewRiver and a platform to offer enhanced shopper experience, customer service and convenience. With 29 shopping centres spread across a wide geographical reach of the UK, our portfolio presents an attractive proposition for brands to leverage national coverage through retail, promotions and advertising. We have delivered impressive year-on-year growth in commercialisation income achieving £1.75 million for the year, representing an uplift of 52% (FY14: £1.15 million) with like for like income increasing 13.5%.

Responsible property management

Energy conservation

We are part way through an ongoing programme to identify opportunities to reduce energy and water consumed on site and this year has seen significant investment in a number of sites in areas such as LED lighting, rainwater harvesting and other initiatives. These projects are rigorously analysed to ensure an appropriate return on investment whether funded by NewRiver or via the service charge. These schemes make good business sense as well as improving the carbon profile of the centres. An example is re-lamping of the car park at the Hill Street Centre in Middlesbrough which is generating savings which should ensure a payback period of three years whilst at the same time improving the customer experience through enhanced lighting levels within the car park.

Active asset management: key highlights

Priory Meadow, Hastings

Acquired in August 2014, we swiftly put our asset management skills into action securing three new lettings strengthening the retail offer and demonstrating our ability to enhance value. Cards Direct took a 2,803 sq ft unit on a 10 year lease at a rent of £60,000 pa. Deichmann took a 3,500 sq ft unit reactivating a unit formerly vacant prior to our ownership, paying a rent of £100,000 pa on a new 10 year lease. Finally, Schuh took a 3,855 sq ft unit on a 10 year lease paying £50,000 pa. These new lettings are ahead of forecast rental value.

Horsefair, Wisbech

Our strategy to improve the catering offer at Horsefair is well-advanced securing lettings to two national food and beverage operators and two local cafe kiosks. Costa Coffee have taken a 1,490 sq ft unit on a 10 year lease at £35,000 pa and Burger King a 2,360 sq ft unit for 20 years at £65,000 pa.

Three Horseshoes Walk, Warminster

Acquired in September 2014, we swiftly agreed terms with, new to the UK, value family fashion retailer Pep&Co, on a new 10 year lease of a 4,528 sq ft unit at a rent of £75,000 pa. Pep&Co launches in the UK this summer selling a range of affordable fashion products similar to the fashion lines offered within British supermarkets.

To date Pep&Co has taken two stores within the NewRiver portfolio, in Boscombe and Warminster, and we are in advanced negotiations on a number of other locations as part of the retailer's roll-out of its first 50 stores within the UK by July 2015.

Gloucester Green, Oxford

Acquired in 2013, we are advancing our strategy to re-position this open air market square in the heart of Oxford into a leading retail and leisure destination. El Mexican has taken a 10 year lease for a 1,099 sq ft unit at a rent of £45,000 pa. Finally we have exchanged an Agreement for Lease with Grillstock for a 2,318 sq ft new restaurant at £45,000 pa for 20 years.

We also extended the existing weekday market to Saturdays creating added interest and generating greater footfall.

Regent Court, Leamington Spa

We are near-completion of our strategy to reposition Regent Court to become Leamington Spa's principle food & leisure destination. Joining Nando's, Las Iguanas and Turtle Bay, we secured key lettings to further leading national restaurant operators. Following reconfiguration and amalgamation works for each, Yo! Sushi took a 2,900 sq ft unit at a rent of £72,500 pa on a 20 year lease. GBK took a 2,500 sq ft unit for 20 years paying £68,750 pa. We exchanged an Agreement for Lease with Cote for a 3,500 sq ft unit on a term of £85,000 pa for 20 years.

Prospect Centre, Hull

We continued our strategy of developing the food & beverage offer through the strategic purchase of 121 Ferensway, a prominent former C&A department store, where we secured a mixed leisure planning consent in January. We also secured A3 planning consent and a pre let to a restaurant operator Your Gourmet Burger who agreed a 15 year lease at £35,000 pa kick starting our F&B strategy on the Brook street elevation. We secured a new letting to Cardzone on a 10 year lease at £32,500 per annum and a re-gear to Clintons on a 5 year reversionary lease from December 2016 paying £50,000 pa together with Clintons undertaking an extensive shop refurbishment.

Packhorse Centre, Huddersfield

We exchanged contracts to introduce the 'Packhorse Kitchen', a new anchor venue including Burger King and six other food and drink offers located on the first floor, re-activating 6,500 sq ft of formerly vacant space. Furthermore, we relocated Peters Department store within the centre and secured planning consent to allow phased development plans, including the extension of a restaurant offer throughout the centre, the modernisation of several existing units and the three external elevations. Phase 1 (Kirkgate/Cross Church St) of the refurbishment is now completed including the pre let to Rivers Chinese at £25,000 on a 25 year lease.

Albert Square, Widnes

We successfully completed the redevelopment and reactivation of the formerly vacant Prince of Wales pub handing over to 99p Stores who opened in July 2014. The introduction of a new anchor store resulted in a positive 10% uplift in footfall for the July/August period on a like-for-like basis, with footfall continuing to grow throughout the year. The 99p Stores unit comprises a brand new 10,800 sq ft store on a new lease at £135,000 pa on a 10 year term.

Active asset management: key highlights continued

The Promenades, Bridlington

Following successful planning consent for a proposed new food court, we have agreed terms with Millcliffe Ltd for a new 20 year lease at a base rent of £65,000 pa with turnover top up. Millcliffe will introduce and operate a Burger King and Roosters Fried Chicken. Development works have begun on site and we are due to complete mid summer.

Mount Street Retail Park, Wrexham

In June 2014 we acquired Mount Street Retail Park in Wrexham, part of a strategic portfolio of retail warehouses. Reflective of our active asset management, we secured a new letting to Euro Car Parts for an 8,000 sq ft unit on a 10 year lease at a rent of £89,628 pa ahead of business plan forecast. The unit had been vacant for over three years prior to our acquisition.

Burns Mall, Kilmarnock

We completed the amalgamation of two units to create a 2,831 sq ft unit, for JD Sports on a new 10 year lease from October 2014 with turnover expected to generate a rent of £90,000 pa. A second new letting to Warren James was completed on a 10 year lease from January 2015 at £22,500 pa. Finally, we agreed a lease extension with East Ayrshire Council at £115,000 pa for 12,000 sq ft of office space with the Council undertaking a £1 million refurbishment.

Piazza, Paisley

We completed two new lettings and a lease renewal at The Piazza. The first letting was to Warren James at £24,000 pa on a 10 year lease and the second to Vaporized on a 5 year lease at £25,000 pa from October 2014. Finally, we agreed a 5 year lease extension with Ladbrokes on £41,750 pa for their existing store.

Newkirkgate, Leith, Edinburgh

We have made good progress on the enhancement of this uncovered shopping centre in Edinburgh securing a new letting to Store 21 on an open turnover basis for 16 months. We removed the break and agreed a 5 year lease extension to 2025 with City of Edinburgh Council for 6,800 sq ft of office space at £74,000 pa.

Finally our extensive refurbishment programme including new lighting, branding, signage, high level panelling, redecoration and mall surface works commenced at the start of 2015.

The Beacon, North Shields

We have secured four new lettings and two lease renewals beginning with a 5 year lease to JJ's Cafe at £25,000 from August 2014 followed by a new letting to O2 for 10 years from September 2014 at £35,000 pa. We secured a 5 year lease to Nail Fairy at £25,000 pa and completed a new 10 year lease with Poundland at £70,000 pa.

Our lease renewals included a 5 year extension to Dicksons Butchers at £13,000 pa from July 2014 and with Card Factory for a 5 year lease at £27,800 pa.

The Hildreds, Skegness

At the Hildreds in Skegness we completed several lease renewals securing the long-term sustainable income of this popular seaside destination. Key lettings were to Wilkinsons for a 5 year lease at £37,600 pa on their existing 9,256 sq ft store and to Boots Optician on a 5 year lease at £44,000 pa for their 1,290 sq ft store.

It has been a record year for visitors to the Hildreds with footfall increasing by 9% and sales increasing by 5%.

Merlin's Walk, Carmarthen

We secured four new lettings at Merlin's Walk. Saltrock has taken a 10 year lease for a 1,300 sq ft unit at a rent of £25,000 pa. Mobile Accessories took a 5 year lease for a 1,280 sq ft unit at a rent of £22,500 pa. Finally, expanding the catering provision for the centre, a Burger King franchisee has taken a 20 year lease for a 3,410 sq ft unit at a rent of £57,500 pa.

PROPERTY REVIEW
CONTINUED

Unlocking potential and creating value

Risk-controlled development

See Business Model on pages 06–07

Total development area

1.25m ft^2

Planning consents granted

24

We have made good progress during the period with our risk-controlled development programme submitting 52 planning applications and receiving 24 consents with the pipeline now spanning over 1.25 million sq ft.

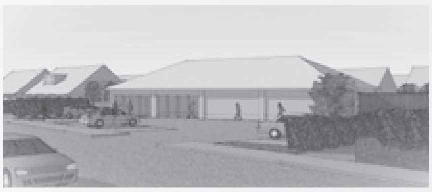
Pub portfolio

We are pleased to report significant progress in the pub portfolio conversion programme with major acceleration during Q4 with a total of 39 planning applications submitted for which we have achieved 10 consents to date totalling over 100,000 sq ft of space for convenience store development. A further 24 applications will be submitted in late spring. We expect to be on site to begin works in late summer with an ongoing two year phased delivery programme for both conversions and new builds.

The progress follows the Agreement for Lease with The Co-operative Group Limited in September 2014 to lease 63 new convenience stores from our original portfolio of 202 pubs acquired from Marston's. The underlying performance from our pub portfolio is strong with the current portfolio EBITDA 1.1% above the guaranteed income received from Marston's Plc. Development plans for the remainder of the portfolio are underway and the Company is pleased to report interest from operators including national coffee shop brands, leading drive thru operators, care homes and restaurants as well as further national retailers seeking to expand their footprint by growing their convenience store penetration.

Furthermore, our pub portfolio offers significant residential development opportunities. To date, we have submitted 2 planning applications, with Local Authority support, to provide 15 detached and semi-detached houses. Approvals are anticipated mid summer. Pre-applications are underway on a further six pub sites to provide a further 32 houses; five of which have received positive Local Authority support with the sixth pending.

Co-operative c-store portfolio



Area: 235,000 sq ft

No of units: 63

Planning Consents Submitted: 39

Consents Received: 10

Gross Development Value: £57 million

Burgess Hill

Following substantial pre-planning work with the support of the Council, we are pleased to report that we are on target to submit a major planning application in July 2015 to create a high-quality, mixed-use retail and leisure destination in the heart of Burgess Hill that lies within the Gatwick triangle.

The development plans will transform the town centre where our existing asset, The Martlets Shopping Centre, a 123,000 sq ft uncovered shopping centre acquired in 2010, already forms part of the retail core.

The new proposed plans comprise a 8 screen multiplex cinema, 63 bed Travelodge hotel, 136 new residential apartments, new modern library, five restaurants and 170,000 sq ft of new aspirational and fashion retail. In total this exciting town-regenerative redevelopment will have a Gross Development Value of £68 million. Following planning submission, the project is scheduled to take three years on a phased basis with works beginning on site in 2016.

Burgess Hill

Major redevelopment of The Martlets Shopping Centre to create a high-quality mixed-use retail and leisure destination including a cinema, restaurants, hotel and residential.

Total Area: 325,000 sq ft

Retail Area: 200,000 sq ft

Cinema: 8 screen multiplex

Residential: 136 units

Gross Development Value: £68 million

Period: 3–4 years

Gross Development Value: £68 million

Risk-controlled development continued

Cowley, Oxford

We are well-advanced to deliver a major new mixed-use development at our shopping centre, Templars Square, Oxford's only covered shopping centre. The formal pre-application process is well underway and we are due to submit planning in late summer 2015 to create over 200 new residential units, a new fit-for-purpose 350 space car park, 60 room hotel and attractive new restaurant destination.

Templars Square was acquired in 2012, part of the Camel II portfolio JV with LVS, a subsidiary of Bravo II (a fund advised or managed by Pacific Investment Management Company LLC). Following our successful £75 million equity raise in December 2014, we acquired the remaining 90% of the Camel II portfolio in January 2015 bringing the entire portfolio of four shopping centres under our full control.

Changing consumer habits led to the reinvention of our original strategy for a superstore. The revised 330,000 sq ft mixed-use master-plan will unlock £57 million of additional value through the creation of significant new residential and restaurant space. Plans will also include improved access, linkage and way-finding together with and complete redesign of the public realm. Subject to planning, the development will take three years with works beginning on site in 2016.

Wallsend

In last year's report we confirmed the completion of Phase One of our major town centre regenerating development in Wallsend, in partnership with North Tyneside Council, through the delivery of the Customer First Centre & Library and the creation of a total of 50,000 sq ft of new retail space for Home Bargains, Iceland and 99p Stores. Phase One has been a great success with the retailers performing well, footfall for the centre increasing by 25% and the Customer First Centre achieving record membership growth for the area.

We are pleased to report that we are well-advanced with Phase Two. We have made good progress with the development, adjacent to the shopping centre, to provide 18,000 sq ft for a discount food retailer, 1,474 sq ft for a new drive thru fast-food restaurant and new 214 bay car park. Future plans will create 20,000 sq ft of further retail. Following successful planning consent in January 2015 and agreements reached with the Council, works are due to begin on site in summer 2015 and expected to complete 12 months later in the summer of 2016.

We will simultaneously improve the existing centre through a comprehensive internal refurbishment that will include internal and external improvements to the flooring, roof, entrances, signage and car park works together with the introduction of LED lighting throughout.

Romford

During the period we completed the structural remodelling of the former TJ Hughes store to create a 13,098 sq ft ground floor unit for B&M who opened in February 2015 on terms of £125,000 pa for 10 years. The appraisal is underway for the redevelopment of the upper parts and we are in discussions with potential residential and hotel occupiers to provide 50 flats or 80 hotel rooms.

Cowley, Oxford

Exciting new Oxford development creating 200 new residential units, a new 350 space car park, 60 room hotel & attractive new restaurant destination

Area: **330,000 sq ft**

200 new residential units, 350 space car park, 60 room hotel & new restaurants

Period: **3–4 years**

Gross Development Value: **£57 million**

Newtownabbey, Belfast

Acquired in August 2014, part of the Swallowtail portfolio of three shopping centres, we rapidly secured a key letting to Next to create a brand new anchor store at Abbeycentre in Newtownabbey, Belfast. In October 2014 we exchanged a 15 year Agreement for Lease with Next to create a brand new 45,000 sq ft retail store at a rent of £475,000 pa. The new development involves the demolition of three existing units and a mall entrance. With the tender process complete, contractual works will begin in June 2015 and we expect to handover to Next in 12 months time.

The swift exchange is demonstrative of our ability to move quickly and deliver on our strategy to unlock further asset value.

Witham, Essex

Negotiations are underway to redevelop part of the existing centre to create a new anchor store and we are in discussions with leading value and food retailers. Our proposals include significant improvement of the common parts and a wider refurbishment of the centre.

40 Fishergate, Preston

Following the Company's freehold acquisition in April 2014 of the 10,000 sq ft former HSBC bank for £650,000, listed planning consent was granted to convert the building to a city centre convenience store. We simultaneously secured Sainsbury's on a new 15 year lease at a rent of £90,000 pa and following enabling works to convert the building to a new C-Store, the premises were handed over to Sainsbury's in late August 2014 who opened for trade at the end of September 2014.

Ferensway, Hull

In September 2014 we acquired 119/121 Ferensway, a former department store located adjacent to our existing shopping centre asset, The Prospect Centre in Hull. Following planning submission we have successfully secured flexible A3/D2 consent to create 40,000 sq ft of new restaurant and leisure space in heart of the City Centre.

Fareham

Negotiations are ongoing with the Council and potential new occupiers for the development of a 24,000 sq ft food store in the car park and relocation of the library to facilitate two further retail units. Proposals would also potentially include new residential flats above the food store. The plans will include the substantial reorganisation of the common parts and car park which would also be improved.

Boscombe

The development appraisal is underway for the remodelling of the newly acquired and vacant TJ Hughes unit adjacent to our existing centre into 30,000 sq ft of new retail and a 10,000 sq ft restaurant at ground floor level with potential for a cinema or gym on the second and upper levels.

Newtownabbey, Belfast

Brand new 45,000 sq ft Next anchor store across four floors at a rent of £475,000 pa for 15 years, this key development is demonstrative of our ability to move quickly and deliver on our strategy to unlock further asset value.

Area: 45,000 sq ft

Single anchor unit across four floors

Period: 12 months

Gross Development Value: £7.9 million

PROPERTY REVIEW
CONTINUED

Risk-controlled development continued

Middlesbrough
We have agreed terms with a fast food restaurant operator to introduce a new multi-restaurant food court at the centre. Following successful tenders, works are due to begin in spring 2015 to amalgamate two existing units and form a new restaurant quarter. We are simultaneously exploring development plans to activate vacant space on the first floor of the centre to extend the restaurant offer further. The development works will not only introduce a new restaurant destination but will include the upgrade and modernisation of the centre's entrance.

North Shields
We will shortly begin a full refurbishment of the existing centre to include new LED lighting, improved interior decoration and new branding together with an upgrade to entrances and exterior facades. Plans are being developed for the installation of new staff facilities for the existing Home Bargains.

Valuations

The March 2015 portfolio valuation is £847.7 million of which NewRiver's share is £626.3 million. NewRiver's share of the valuation gain is £34.7 million (£19.3 after purchases costs) representing an increase of 6.0% from the March 14 valuation and takes account of acquisitions and disposals transacted during the reporting period.

Based on NewRiver's share of the March 2015 valuation, the net initial yield(1) is 7.34% and the net equivalent yield is 7.82%. Approximately 70% of NewRiver's portfolio is invested in shopping centres and the net initial yield for our shopping centre portfolio is 7.07%(1) with a net equivalent yield of 7.47%.The yield profile for NewRiver's share of the portfolio is depicted in the chart below:

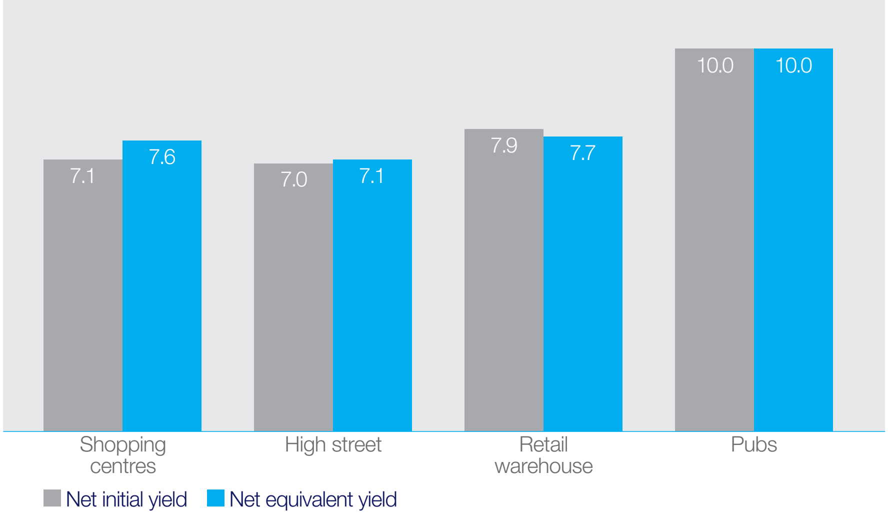
Of the valuation gain generated during the period, the pub portfolio recorded a gain of 12% reflecting the excellent progress of our c-store conversion programme and that the underlying trading performance of the pub portfolio has resulted in EBITDA growth. Our shopping centre portfolio including the shopping centres acquired during the reporting period recorded a valuation gain of 5.6%.

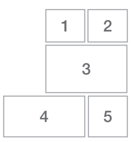
Our decision to invest into retail warehouse sector during the reporting period has proved to be accretive as the valuation gain is 9% notwithstanding the limited time that we have owned these assets.

The valuation gain during the reporting period for the development portfolio, which excludes the pub portfolio, was flat but we fully expect positive gain over the next reporting period as we make progress on securing planning consents and pre-leasing agreements. The portfolio and valuation gain recorded in the reported period reflects a combination of an increase in income and yield improvement. On a like for like basis, during the year the portfolio achieved net income growth of 1.6%, ERV growth of 1.4% and 18 bps of equivalent yield compression. Looking ahead, we expect our valuation gain to be predominately underpinned by income growth and progress on our development programme.

(1) The net initial yield assumes outstanding rent free periods are discharged and takes account of contracted stepped rents.

Yield Profile (%) (NewRiver share)





1. Promenades, Bridlington
2. Argos, Abbeycentre, Newtownabbey
3. Prospect Centre, Hull
4. Primark, Abbeycentre, Newtownabbey
5. Lifestyle image

FINANCIAL STATISTICS

Delivering sustainable income growth and enhancing value across the portfolio

Performance	Note	2015	2014	Movement/ Growth
Total Shareholder Return		**+16%**	+55%	–
EPRA adjusted profit	(1)	**£20.9m**	£9.5m	+120%
Profit before tax		**£39.5m**	£23.1m	+71%
EPRA Adjusted (Pence Per Share)	(1)	**19.8**	15.7	+26.1%
EPRA Basic (Pence Per Share)	(1)	**17.6**	12.0	+46.7%
Basic EPS (Pence Per Share)		**37.5**	36.0	+4.2%
Dividends per share		**17 pence**	16 pence	6.25%
Dividend cover	(1)	**116%**	98%	+17%
Like-for-like net income growth		**1.6%**	0%	+1.6%
Like-for-like Capital return		**5.6%**	5.4%	+0.2%
Property valuation movement and disposals		**£21.0m**	£15.7m	+£5.3m
Interest Cover	(2)	**3.9**	3.9	–

Balance Sheet (proportionally consolidated)	Note	2015	2014	Movement/ Growth
Net Asset Value		**£339.7m**	£239.6m	+42%
EPRA NAV per share		**265 pence**	240 pence	+10.5%
Secured debt facilities	(3)	**£272.5m**	£185.5m	+£87.1m
Cash		**£21.1m**	£92.6m	(£71.5m)
Net debt		**£251.4m**	£92.9m	£158.1m
Cost of debt		**3.8%**	3.9%	+0.1%
Average debt maturity		**4.6 years**	4.5 years	+0.1 years
Loan to value	(4)	**39%**	25%	+14%
Balance Sheet Gearing		**49%**	18%	+31%
% of debt at fixed/capped rates		**83%**	74%	+9%

Explanatory Notes:

(1) EPRA is the benchmark profit ratio for the property sector and includes realised recurring profits plus realised profits on the sale of properties above valuation. This is a true cash profit earned by the Company during the year and the basis for dividend payments and cover.

(2) Interest cover is tested at property level and is the basis for banking covenants. It is calculated by comparing actual net rental income received versus cash interest payable.

(3) Secured debt facilities are secured directly against properties and are shown in the table on a look-through basis to include the Company's share of joint venture debt and exclude convertible unsecured loan stock.

(4) Loan to value measures the value of properties compared to the secured debt facilities net of cash balances.

FINANCIAL REVIEW

"The Company has delivered a fully covered dividend of 17 pence per share this year which is 116% covered by EPRA adjusted profits."

Mark Davies
Finance Director

Key highlights

It has been an active year at NewRiver commencing quarterly dividends, raising £75 million of equity, £278 million of new debt facilities and investing in £330 million of income, producing acquisitions. EPRA adjusted profit more than doubled to £20.9 million (2014: £9.5 million). The Company considers EPRA adjusted profits to be a key performance metric as it includes EPRA earnings (recurring profit) plus any realised gains on the disposal of properties during the year. Revaluation gains/losses are excluded from the calculation. The Company has delivered a fully covered dividend of 17 pence per share this year which is 116% covered by EPRA adjusted profits.

Our equity placing in January 2015 raised £75 million enabling us to acquire the remaining 90% of the Camel II portfolio from our joint venture partner Bravo I (a fund advised or managed by Pacific Investment Management Company LLC) for £71.1 million increasing further our investment in assets on our balance sheet. This was a good deal for the Company because it immediately deployed the equity we raised and as part of the transaction the Company shared the profits from the portfolio from 1 October 2014. In addition to this a £4.5 million capital payment was received (£3 million net of costs).

At the beginning of the financial year the Group had £90 million of surplus cash available from the prior year equity raise which was invested across a record number of acquisitions in the year, including the Swallowtail portfolio for £141 million alongside our joint venture partner Bravo II and a new venture into retail warehouses – building up a portfolio of nine assets valued at £48 million at the year-end.

The growth of our income-producing assets under management to £848 million has helped increase our EPRA adjusted profit to £20.9 million, more than double the previous year leading to an EPRA adjusted EPS of 19.8 pence (2014:15.7 pence).

The Group continues to develop its close relationships with the core UK lenders including HSBC, Santander, Barclays, Lloyds and also Venn Capital. £278 million of new debt finance was made available during the year on competitive terms maintaining a low cost of debt across the portfolio of below 4%.

Our gearing measured by Loan to Value (LTV) at the balance sheet date net of cash is 39%. Consequently we are confident that overall returns to investors will be enhanced without exposing the Group to undue leverage.

FINANCIAL REVIEW
CONTINUED

Dividend

The Company commenced its quarterly dividend policy in the year and is committed to a growing, progressive, fully covered dividend. The Company achieved a 6.25% increase in the dividend per share this year to 17 pence per share (2014:16 pence).

It is particularly pleasing that the dividend is more than fully covered by profits realised throughout the year during a period where 27 million new shares were issued.

Dividend cover table

	(£) 31 Mar 15	Earnings Per Share	Cumulative Dividend Cover 31 Mar 15	(£) 31 Mar 14	Cumulative Dividend Cover 31 Mar 14
EPRA Recurring Profit	**18,522**	17.6p	**103%**	7,276	75%
Profit on disposal of investment Properties	**1,740**	1.5p	**112%**	2,032	96%
Other Adjustments	**610**	0.7p	**–**	193	–
EPRA Adjusted Profit	**20,872**	19.8p	**116%**	9,501	98%
Revaluation Surplus during the year	**19,266**	18.4p	**224%**	13,740	240%
Other Adjustments	**(610)**	(0.7)	**–**	(193)	–
Profit before tax	**39,528**	37.5p	**220%**	23,048	238%

Dividend cover may be calculated on a per share basis or amount paid in sterling. The above table shows the dividend is fully covered in 2015 on both basis. The total dividend declared and paid for this year was 17 pence (2014:16 pence) which totalled £18,120 (2014:£10,733) as set out in note 11 to the Financial statements.

The EPRA net asset value (EPRA NAV) has increased 10.5% since the last financial year-end from 240 pence to 265 pence. During the year we have absorbed £1.7 million of fundraising costs and £9.0 million of purchase costs.

These costs have been more than offset by our active asset management, risk-controlled development and improving market sentiment for regional shopping centres adding £19.8 million of revaluation surpluses during the year.

Key highlights

+16%

TSR

Total Shareholder Return of +16% (2014:+55%) for the 12 months to 31 March 2015

+120%

Increase in realised profit

EPRA adjusted profit before tax has more than doubled to £20.9 million (2014: £9.5 million) driven by income generated from the portfolio and the joint venture with Bravo II.

17p

Total Dividend per Share and fully covered

EPRA adjusted EPS of 19.8 pence (2014: 15.7 pence) achieved resulting in a 116% covered dividend in spite of 27 million new shares issued in the year.

£75m

Successfully oversubscribed equity issuance

Equity raised totalled £75 million, utilised immediately to acquire the remaining 90% of the Camel II portfolio from our joint venture partner Bravo I.

3.8%

Low cost of debt

£278 million of new debt facilities made available to the Group and joint ventures, at an average cost of debt of 3.25% enabling us to maintain our low cost of debt of 3.8% (2014: 3.9%), improved debt maturity to 4.6 years (2014: 4.5 years) and a conservative Loan to value of 39%.

265p

10.5% Increase in EPRA NAV per share

EPRA net asset value per share of 265 pence (2014: 240 pence), in a year when we have absorbed £1.7 million of fundraising costs and £9.0 million of purchase costs (Stamp Duty and Fees) on new acquisitions.

£4.5m (£3m net of costs)

Capital payment received from Bravo I on the Camel II joint venture

Following the disposal by Bravo I of its 90% stake in the Camel I portfolio to NewRiver a capital payment was received totalling £4.5 million (£3.0 million net of costs).
The Company has a conservative accounting policy to not recognise these payments until received and therefore the total net amount received of £3 million is included in this year's results.

Highlights from the Statement of Comprehensive Income

The Group financial statements are prepared under IFRS which includes profits from joint ventures on one line. The Board considers the performance of the Group on a proportionally consolidated basis and the report below therefore reflects this basis.

	Year ended 31 March 2015			Year ended 31 March 2014		
	Group £'000	**Joint ventures £'000**	**Proportionally consolidated £'000**	Group £'000	Joint ventures £'000	Proportionally consolidated £'000
Gross rental income and fees	**28,195**	**18,486**	**46,681**	18,197	6,956	25,153
Property outgoings	**(3,863)**	**(1,823)**	**(5,686)**	(3,383)	(721)	(4,104)
Net property income	**24,332**	**16,663**	**40,995**	14,814	6,235	21,049
Operating expenses	**(10,089)**	**(935)**	**(11,024)**	(6,420)	(406)	(6,826)
Net financing costs	**(7,132)**	**(4,317)**	**(11,449)**	(5,403)	(1,533)	(6,936)
Profit on disposal of investment properties	**1,740**	**–**	**1,740**	2,032	–	2,032
Joint ventures net income	**11,411**	**(11,411)**	**–**	4,296	(4,296)	–
Tax and EPRA adjustments	**610**	**–**	**610**	182	–	182
EPRA adjusted profit	**20,872**	**–**	**20,872**	9,501	–	9,501
Revaluation surplus/(deficit)	**19,266**	**–**	**19,266**	13,740	–	13,740
Tax & EPRA adjustments	**(610)**	**–**	**(610)**	(182)	–	(182)
Profit for the year before tax	**39,528**	**–**	**39,528**	23,059	–	23,059
EPRA adjusted EPS	**19.8**		**19.8**	15.7		15.7
Dividend per share	**17.0**		**17.0**	16.0		16.0
Dividend Cover			**116%**			98%

Property net income for the year including our share of joint ventures was £40.9 million – a 95% increase compared to £21.1 million in the prior year generated by the growing portfolio of assets across the Group. On a like-for-like basis, net rental income was stable with a 2% increase on the prior year.

Operating expenses totalled £11.0 million in 2015 compared to £6.8 million in 2014. This includes £1.5 million of costs in respect of the acquisition of our interest from Bravo I. This also reflects the 25% increased headcount following the growth of the business which has seen an increase in assets under management of 40% from £600 million to £848 million. Management assesses operating efficiency by calculating operating costs net of asset management fees as a proportion of gross rental income. In 2015 this ratio fell to 18% from 22% in 2014 (when excluding the £1.5 million of costs in respect of the acquisition of Bravo I).

Net finance costs totalled £11.4 million (2014: £6.9 million) for the year, £1.4 million of which was payable on convertible loan stock and £10.0 million for debt secured over property. Our hedging strategy remains prudent with 83% of Group debt hedged either on a fixed or capped basis. Interest cover is very positive at over 3 times at property level compared to banking covenants which range from 1.5 to 2.0 times.

As highlighted above in January 2015 we received a capital payment of £4.5 million from our joint venture partner Bravo I (£3.0 million net of costs). This along with net profit on disposals of £1.7 million added £4.7 million to the EPRA adjusted profit for 2015 and ensures we continue to grow our bottom line year-on-year through both rental profit growth, fee income and actual realised profit on sale of assets. In the year NewRiver achieved a respectable EPRA adjusted EPS of 19.8 pence per share, meaning the dividends for the year are 116% covered.

The total profit before tax, which also includes fair value movements on property was £39.5 million.

FINANCIAL REVIEW
CONTINUED

Proportionally consolidated balance sheet

	Year ended 31 March 2015			Year ended 31 March 2014		
	Group £'000	**Joint ventures £'000**	**Proportionally consolidated £'000**	Group £'000	Joint ventures £'000	Proportionally consolidated £'000
Properties at valuation	**404,098**	**222,205**	**626,303**	214,124	149,222	363,346
Investment in joint ventures	**113,027**	**(113,027)**	**–**	74,851	(74,851)	–
Other non-current assets	**513**	**–**	**513**	384	–	384
Cash	**15,412**	**5,696**	**21,108**	89,555	3,010	92,565
Other current assets	**6,166**	**2, 698**	**8,864**	3,595	2,567	6,162
	539,216	**117,572**	**656,788**	382,509	79,948	462,457
Other current liabilities	**(16,197)**	**(4,596)**	**(20,793)**	(10,421)	(3,817)	(14,238)
Debt	**(157,921)**	**(112,012)**	**(269,923)**	(108,256)	(76,566)	(184,822)
Convertible loan stock	**(23,420)**	**–**	**(23,420)**	(23,306)	–	(23,306)
Other non-current liabilities	**(1,983)**	**(964)**	**(2,957)**	(899)	435	(464)
IFRS net assets	**339,695**	**–**	**339,695**	239,627	–	239,627
EPRA adjustments	**29,973**	**–**	**29,973**	4,879	–	4,879
EPRA net assets	**369,668**	**–**	**369,668**	244,506	–	244,506
EPRA NAV pence per share			**265p**			240p

Investment properties

Investment properties total £626.3 million on a proportionally consolidated basis compared to £363 million, a 72% increase representing a significant investment made on the back of successful equity raise which led to the acquisition of the largest portfolio to date – the Swallowtail portfolio for £141 million in August 2014 through our joint venture with Bravo and in January 2015 to support the acquisition of the remaining 90% holding of the Camel II portfolio from Bravo I for £71.1 million. £330 million of assets, both on balance sheet and through joint ventures, were acquired during the year at an average net initial yield of 8.12%. There were also a number of disposals during the year totalling £40.2 million.

Strong occupancy, sustainable rentals and yield shift for regional retail assets provided a strong background for the year end valuation. The Group's investment portfolio was valued at £626 million at 31 March 2015. The valuation surplus for the year was £19.3 million after purchase costs. The underlying annual valuation uplift was 6%.

Cash

The Group held cash reserves of £21.1 million compared to £92.5 million in 2014. There are undrawn facilities of £40 million as at the year end.

Borrowings

Debt Strategy and current debt market

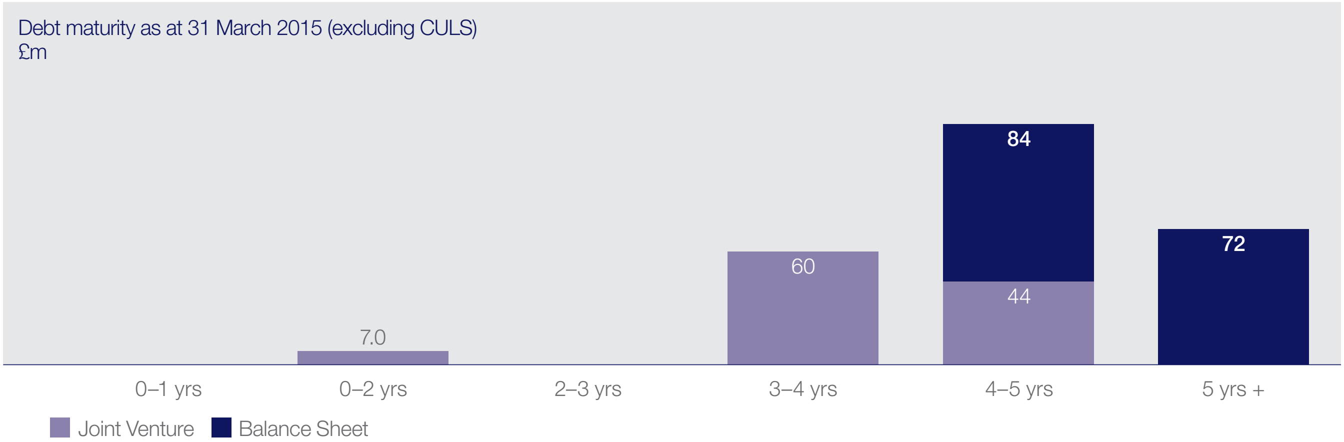
The Company has a straight forward debt strategy focused around conservative gearing at a low cost whilst maintaining close relationships with its corporate banks. The Company wants to generate strong sustainable returns for shareholders and to do that believes its Loan to Value ("LTV") ratio should be at or below 50%. The Company may take on specific projects, acquisitions or joint ventures that justify a slightly higher LTV but on a proportionally consolidated basis (including joint ventures) the LTV target is below 55%. Even though we have seen a significant reduction in bank debt years from around 350bps to 175bps there are a few potential headwinds on the horizon in the banking market. Increased banking legislation in the UK and Europe could see a reverse in this trend albeit in the short to medium term we can be confident in maintaining our low borrowing cost.

Conditions in the debt market improved during the year due to increasing competition amongst lenders and as a result, margins being offered and facility fees have reduced which has enabled us to extend the weighted average maturity of our debt to 4.6 years with a reduction in the cost of debt to 3.8%. There are no secured debt facilities due for repayment in the next 12 months with the majority due for refinance from 2018 onwards.

New Facilities

The Company welcomed Lloyds Bank as a new lender during the year which added to our existing relationships with Santander, HSBC, Barclays and Venn Capital.

During the year the Group, including joint ventures, originated £278 million of new senior debt facilities (2014: £154 million). The total interest cost (including fees) on the new senior debt facilities was 3.25% which helped reduce the cost of debt for the Group.



Hedging

The Group continues to apply a hedging strategy which is aligned to the property strategy. Borrowings are currently 83% hedged against interest rate risk (2014: 74%), 35% of all borrowings are fixed whilst 48% are capped. This provides interest rate protection whilst the hedging strategy allows the Company to benefit from the current low interest rate environment.

Gearing and Loan to Value

As at 31 March 2015 balance sheet gearing was 49% (2014: 18%) giving us firepower to draw existing undrawn facilitates or securing alternative sources of debt. More detail on the Group's borrowings is provided in Note 20. The Group's LTV was 39% as at the year end.

FINANCIAL REVIEW
CONTINUED

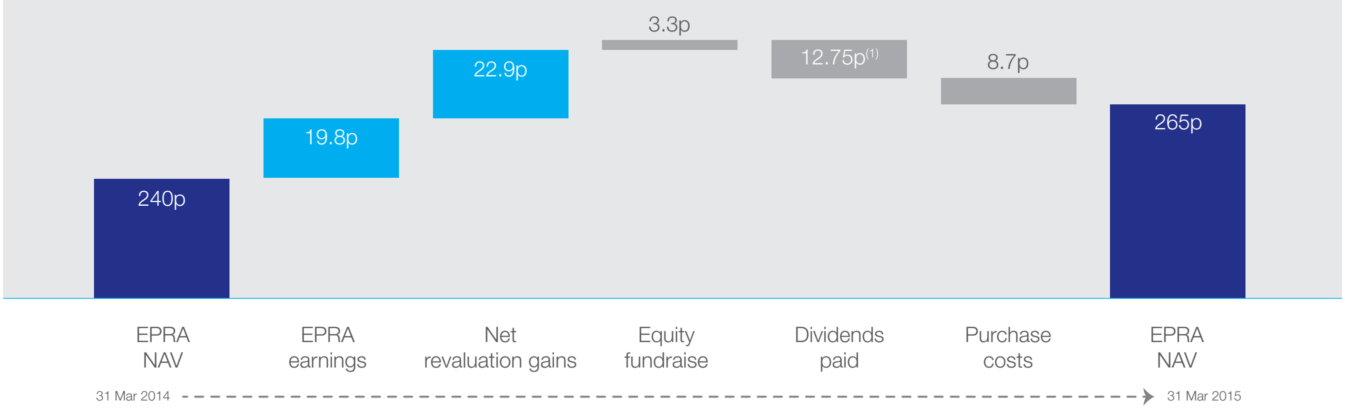
Financial metrics

Earnings per share ('EPS')

EPRA EPS is an important performance indicator for the Company as it relates to recurring profits only. We have also included an EPRA adjusted EPS measure which incorporates realised profit on sale of investment properties as this is a true profit made during the year where assets are sold above cost/valuations. EPRA adjusted EPS of 19.8 (2014:15.7) pence per share is a good result during a year in which 27 million new shares were issued.

Basic EPS was 37.5 pence (2014: 38 pence) which includes the upward fair value property valuations during the year. In addition we disclose Funds from Operations ('FFO') as this is an important metric often used by the international investment community when comparing the performance of international REITs. Reported FFO this year was £18.8 million (2014: £7.1 million) which amounted to 17.8 pence per share (2014: 11.7 pence per share).

EPRA NAV: Movement for 12 months ended 31 March 2015



(1) Dividends paid during the year relate to three quarterly dividends of 4.25p per share. The fourth quarterly dividend of 4.25p was declared and paid after year end

Net Asset Value

The Net Asset Value ('NAV') at 31 March 2015 increased by 40% to £340 million (2014: £240 million), this equals an EPRA NAV per share of 265 pence (2014: 240 pence). EPRA NAV per share increased by 10.5% during the year despite the absorption of £2.0 million of fundraising costs and £9.0 million of purchase costs due to the subsequent fair market upward valuations of assets in an improving economic outlook and a fully covered dividend.

Summary

This year has been the most profitable to date, delivering a profit before tax of £39.5 million (2014: £23.1 million), of which £20.9 million is EPRA adjusted profit and £19.3 million from fair value movements in property valuations. This has been a successful year for the Company highlighted by a strong set of results.

Mark Davies
Finance Director

KEY PERFORMANCE INDICATORS

What we said we would do / What we have achieved

KPI	2013	2014	2015
01. Delivering returns to our shareholders	• TSR +12% • Dividend cover +102% • Dividend per share of 16 pence	• TSR +55% • Dividend cover +98% • Dividend per share of 16 pence	• TSR +16% • Dividend cover +116% • Dividend per share of 17 pence
02. Creating value	• More than 223 leasing events since IPO, maintaining and generating £4.6 million of income • Strong development pipeline in excess of 600k sq ft	• 141 new leasing events in the year generating and maintaining £1.8 million of income • Three development projects across 115,500 sq ft completed on time and within budget • Property valuation gains of £13.7 million	• 216 total leasing events completed; for which all new long-term lettings or lease renewals were 10.1% above ERV • Property valuation gains of £34.7 million (£19.3 million after purchase costs) (NewRiver share) • Strong progress on pub portfolio
03. Acquisition yields of 7% to 10%	• £100 million of acquisitions at an average yield of 9.7%	• £200 million of acquisitions at an average of 11%	• £330 million of acquisitions at average yield of 8.12%
04. Geared IRRs of 15%+	• Two assets sold in the year ranging between geared IRRs of 16% to 244%	• Asset in Glasgow sold in the year at a geared IRR of 76%	• Five assets sold during the year at IRRs ranging between 15%–320%
05. Sensible financing strategy	• Interest cover of over three times • Net LTV of 51% at 31 March 2013 • Significant covenant headroom • 77% of borrowings are hedged • Average borrowing costs of 3.9% in year	• Interest cover of over three times • Net LTV of 25% at 31 March 2014 • Significant covenant headroom • 74% of borrowings are hedged • Average borrowing costs of 3.9% in the year	• Interest cover of over three times • Net LTV of 39% at 31 March 2015 • Significant covenant headroom • 83% of borrowings are hedged • Average borrowing costs of 3.8% in the year

RISK MANAGEMENT

Risk	Mitigation – Risk management	Progress in 2014 – 2015
RISK 1 – Valuation of property investments		
Investment decisions could result in lower income and capital returns to shareholders than forecast and expose them to unforeseen risks and liabilities.	Our strategic stock selection is driven by a rigorous selection criteria: • Focus on high yielding retail sub sectors • Affordable rents for retailers (<10% of turnover) • Low competition within the local proximity • Balanced demographics • Initial yield of 7-10% to take advantage of the gap between yield and cost of borrowing circa 4% • Clear opportunities to create and deliver value Value is protected and created by maintaining the income generated through our active asset management and risk-controlled development as well as our strong retailer relationships. Due diligence is carried out on acquisitions, including detailed retailer audits and five year business plans are prepared based on deliverable assumptions to demonstrate IRR targets are achievable. Disposals are considered once business plan objectives have been accomplished.	Market conditions continue to improve across the UK with strong demand for regional assets continuing. These conditions have flowed through and contributed to an uplift in our valuations. This underlying increase in demand however has also increased competition for good buying opportunities. ✓
RISK 2 – Exposure to retailer administrations		
Instability and subdued economic activity can lead to reductions in disposable income impacting demand for retailer goods and ultimately leading to business failure and administrations.	Our focus on food and value and convenience-led retail has limited our exposure to retailer administrations as the majority of expenditure is on non-discretionary purchases. We maintain close relationships with our retailers and work with them on payment plans if they require. Management monitor arrears on a weekly basis and regularly monitor the credit status of retailers. We apply a strategy to increase weighted average lease length to secure future income stream and limit exposure to voids. Retailer diversification is high with no retailer making up more than 5% of total retail income.	Retailer administration has fallen over the past 12 months as the economic recovery has strengthened. As a result of our rapid growth the number of retailers' tenancies has grown from 916 to 1377 and the total number of administrations last year was 1.5% of rental income. ✓
RISK 3 – Business strategy		
The growth in online retail spend could be perceived as a threat to traditional bricks and mortar retailers that occupy NewRiver shopping centres.	The management team have over 100 years combined experience within the UK retail property market and perceive the digital age as an opportunity for our shopping centres and portfolio. We have adopted a 'bricks n clicks' strategy focused on creating a multi-channel retail experience through the installation of free wifi across our portfolio. As well as free cloud wifi and collection lockers this year we have installed digital advertising screens and are in early trials of beacon technology and transaction-generated vouchers. We have a varied programme of events across the portfolio which drive footfall, dwell time and basket spend. All these measures create a valuable physical customer experience and prove our retail assets to be resilient in the face of any online competition.	Footfall has increased from 100 million to 121 million year on year (1% uplift in like for like). Commercialisation income has also continued to grow from £1.15 million in 2014 to £1.75 million per annum this year (13.5% like for like increase). Following our 2015 CACI Consumer Surveys, we have identified that the average NewRiver click and collect customer is worth £48.69 versus the CACI UK Benchmark of £57.56 which represents a key opportunity for NewRiver to drive further growth. ✓

Risk	Mitigation – Risk management	Progress in 2014 – 2015
RISK 4 – Development project management		
Poor control of development projects could lead to inadequate returns on investment. Over-exposure to developments could put pressure on cash flow and debt financing.	The Group applies a risk-controlled development strategy through negotiating pre-lets in advance of committing to construction, to de-risk our developments. We have close relations with our preferred architects, quantity surveyors and project managers enabling us to monitor projects closely and tightly control costs. A development project is reviewed and approved by the Executive Committee following detailed due diligence modelling and market research.	We have made good progress during the year on our risk-controlled development programme submitting 52 planning applications, receiving 24 planning consents including 10 consents for our pub portfolio.
Risk 5 – Financing and cash flow risk		
Breach of debt covenants could trigger loan defaults and repayment of facilities putting pressure on surplus cash resources. Economic recovery and change in the Bank of England monetary policy may result in interest rate rises and increased cost of borrowing. Financial regulatory changes under Basel III may require banks to increase their capital base increasing the cost to borrowers.	The Group actively engages in close relationships with its key lenders, ensuring transparency when it comes to monitoring the properties secured by debt. Assets are purchased that generate surplus cash which results in significant headroom on loan covenants. Gearing is maintained at a conservative level and hedging applied within an agreed range to limit exposure to rising interest rates or declining rental income.	The Group's average maturity of debt remains at 4.6 years (2014: 4.4 years) and 83% of debt is hedged reducing the Group's exposure to financing. The Group has consistently maintained a low borrowing cost (FY15: 3.8%, FY14: 3.9%) and is considered to be a strong sponsor for borrowing purposes which supports its rating in obtaining a lower cost of debt.
Risk 6 – Fast growth of business		
Businesses can grow rapidly, leaving them exposed to a lack of resources, under-developed systems and controls, and insufficient processes to manage the business.	The Group complies with the UK Corporate Governance Code. The Company has an independent review of its systems and controls carried out annually by BDO LLP to ensure they are appropriate for the size of the Company. Management have good relationships with advisers, including auditors, tax advisers, investor relations and property professionals in order to seek expert advice where required.	The Group has expanded its skill set and members of the team in line with the growth of the business, growing by 25% in the last 12 months from 28 to 35 staff. The Group has implemented a new integrated accounting and property management information system by Yardi, the leading asset management software provider.

BOARD OF DIRECTORS

For the year ended
31 March 2015

Paul Roy

Non-Executive Chairman

Committees:

Paul chairs the Nomination Committee and is a member of the Remuneration Committee.

Experience:

Paul Roy co-founded New Smith, an independent investment management company in 2003. Prior to this, he was President of the Global Markets and Investment Banking division at Merrill Lynch, an Executive Vice President of Merrill Lynch & Co., Inc. and a member of the Executive Management Committee. Paul is Chairman of the charity, Retraining of Racehorses.

David Lockhart

Chief Executive

Experience:

David Lockhart is a qualified Solicitor and Chartered Accountant and has over 30 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. In 1991, David founded Halladale, a business which he ran as CEO. Halladale floated on AIM in 2001 and was bought by Stockland Corporation in 2007. In 2009 he co-founded NewRiver Retail.

Chris Taylor

Non-Executive Director (Senior Independent)

Committees:

Chris chairs the Audit Committee and is a member of the Remuneration and Nomination Committees.

Experience:

Chris has a wealth of property knowledge with over 25 years' experience. He is currently Chief Executive Officer of Hermes Real Estate and Head of Private Markets. Chris was the former head of European Property for QIC Australia and previously Director & Head of European Property at HSBC.

Chris is Chairman of MEPC, Director of the Kings Cross Central Board and Vice President of the British Property Federation and currently chairs its Policy Committee. Other industry related roles have included Founder Board Member of INREV, member of BCSC, member of IPF International sub-committee and a member of London First Retail Commission. He is a fellow of the Royal Institution of Chartered Surveyors.

Mark Davies

Finance Director

Experience:

Mark is a Chartered Accountant with 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 PKF (now BDO LLP) as a Partner and Head of Real Estate. Prior to joining NewRiver as Finance Director in 2009, Mark was CFO of Exemplar Properties and Finance Director of Omega Land, a £500 million property JV with Morgan Stanley.

Mark has experience in many areas of property finance including capital markets, investor relations, debt restructuring, hedging, REITs, convertible loans and originating senior debt on investment and development property.

Kay Chaldecott

Non-Executive Director (Independent)

Committees:

Kay chairs the Remuneration Committee and is a member of the Audit and Nomination Committees.

Experience:

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 renamed 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 board of St. Modwen Properties PLC and the Advisory Board of Next Leadership. She 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.

Allan Lockhart

Property Director

Experience:

Allan 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. In 2002, Allan was appointed as retail director to Halladale and was responsible for coordinating the acquisition and implementation of the asset management strategies of over 20 shopping centres as well as acquiring and completing several profitable retail developments. In 2009 he co-founded NewRiver Retail.

Andrew Walker

Non-Executive Director

Committees:

Andrew is a member of the Audit and Remuneration Committees.

Experience:

Andrew is Managing Director and head of Forum Partners' European team. As a co-founder of Forum Partners, he has enjoyed over 30 years in real estate securities analysis and investment. Previously, he was a Vice President with Security Capital Group, a senior officer of SC European Realty, a $1.5 billion European real estate partnership and a director of London and Henley S.A. Andrew was a leading property analyst in the UK and Continental Europe, working for Paribas Capital Markets and S.G. Warburg Securities (Japan) Ltd.

Nick Sewell

Director

Experience:

Nick is a member of the Royal Institution of Chartered Surveyors with over 20 years of retail property experience. Specialising in high street, shopping centre and food store investments Nick has provided investment valuation and strategic advice around property acquisitions and sales. Prior to joining NewRiver in 2009, Nick spent five years at Dalgleish and then following its acquisition in 2005, he spent four years as a Director in Retail Capital Markets at CB Richard Ellis.

Corporate Governance report

For the year ended 31 March 2015

The Directors present their Corporate Governance report for the year ended 31 March 2015.

As an AIM Listed Company there is no requirement for NewRiver Retail Limited with its subsidiaries (the 'Group'), to comply with the UK Corporate Governance Code (as published by the Financial Reporting Council in September 2014) (the 'UK Code'). However, the Directors recognise the importance of strong corporate governance and for the year ended 31 March 2015, the Company has voluntarily complied with the UK Code and considers that it has adopted a best practice approach to corporate governance given the size and nature of the Group.

A Code of Corporate Governance was issued by the Guernsey Financial Services Commission on 30 September 2011 and came into effect on 1 January 2012 ('Guernsey Code'). As the Company is adopting the UK Code it is deemed to meet the principles of the Guernsey Code.

Independent Non-Executive Directors

The UK Code recommends that, in the case of smaller companies below the FTSE 350 such as the Company, at least two non-executive members of the Board of Directors (excluding the Chairman) should be independent in character and judgement and free from relationships or circumstances which are likely to affect, or could appear to affect, their judgement. The Group complies with this recommendation.

The Non-Executives on the Board as at the date of this report are Paul Roy, Chris Taylor, Kay Chaldecott and Andrew Walker. The Board considers Chris Taylor and Kay Chaldecott to be independent and hence the Board continues to comply with the recommendation of the UK Code.

The Board considers that each of the Non-Executive Directors brings a senior level of judgement and experience to bear on issues of strategy, performance, resources (including key appointments) and standards of conduct.

Senior Independent Director

The UK Code also recommends that the Board should appoint one of the independent Non-Executive Directors as senior independent Director. The Senior Independent Director is available to shareholders if they have concerns which contact through the normal channel of Chairman has failed to resolve or for which such contact is inappropriate. The Senior Independent Director should also provide a sounding board for the Chairman, review the performance of the Chairman and serve as an intermediary for the other directors when necessary.

Chris Taylor fulfils this role and the Group complies with this recommendation.

Internal control and risk management

The Board is ultimately responsible for the Group's system of internal control and reviewing its effectiveness. This however is designed to manage rather than eliminate risk and can only provide reasonable and not absolute assurance against material misstatement or loss. The Board has established a continuous process for identifying, evaluating and managing the significant risks the Group faces and for determining the nature and extent of the significant risks it is willing to take in achieving its strategic objectives. The Board regularly reviews the process, which has been in place from the start of the year to the date of this report. The detailed review of the system is delegated to the Audit Committee which reviewed the effectiveness of the Group's system of internal control during the year and concluded that it mitigates the risks identified as significant, including financial, operational and compliance risks. Further information can be found in the Audit Committee Report on pages 53 to 54.

Board appraisal and evaluation

The Board undertook an evaluation exercise during the year. The evaluation was internal and consisted of a questionnaire which covered processes and communication and the performance of the Board and its standing committees. The results were presented to and analysed by the Board. The requirement and frequency of an evaluation is considered at least annually by the Nomination Committee.

In line with the UK Code recommendation, during the year under review, meetings were held between the Chairman and the Non-Executive Directors without the Executives present.

A meeting was also arranged without the Chairman present, so that the Senior Independent Director and Non-Executive Directors could appraise the Chairman's performance. The performance evaluation of the Chairman took into account the views of the Executive Directors gathered as part of the Board evaluation process.

As part of the annual appraisal process a review of the training and development needs of Directors was undertaken by the Chairman or Chief Executive during the year.

Board induction

New Directors are provided with a full briefing of the Company and its Board and the responsibilities of being a Director of a listed company, appropriate to their personal experience. There were no new directors during the year.

Re-election of Directors

In accordance with the recommendations of the UK Code, all Directors, are subject to election by shareholders at the first annual general meeting following their appointment and to re-election thereafter at intervals of no more than 3 years. Biographical detail in respect of each Director is included in the Board of Directors section on pages 48 to 49.

As recommended by the UK Code, the Chairman can confirm that following evaluation, the performance of all Directors of the Company continues to be effective and as a whole they offer an appropriate balance of skills, experience, independence and knowledge. All Directors have demonstrated the commitment to their role with the Company to discharge their responsibilities effectively.

Shareholder relations

The Board places high importance on its relationship with its shareholders, making itself available for meetings with key shareholders and sector analysts. Meetings are also held with institutional shareholders to aid understanding of the Group's strategic objectives and performance.

The Board welcomes correspondence from shareholders, sent to the Group's business address. All shareholders have the opportunity to put questions to Members of the Board at the Annual General Meeting and the Board hopes that as many shareholders as possible will be able to attend. This year's Annual General Meeting is on 30 June 2015.

Board and committee meeting attendance

The below table is a record of the attendance by the Directors at Board and Committee meetings from 1 April 2014 to 31 March 2015.

	David Lockhart	**Mark Davies**	**Allan Lockhart**	**Nick Sewell**	**Paul Roy**	**Chris Taylor**	**Kay Chaldecott**	**Andrew Walker**
Scheduled Board meetings (4)	4	4	4	4	4	4	4	3
Ad hoc meetings (6)#	4	6	4	4	3	1	2	2
Audit Committee (3)	n/a*	n/a**	n/a	n/a	n/a	3	3	3
Remuneration Committee (1)	n/a*	n/a	n/a	n/a	1	1	1	1
Nomination Committee (1)	n/a*	n/a	n/a	n/a	1	1	1	n/a

As a result of significant corporate transactions during the year there were six unscheduled Board/Board sub-committee meetings which Directors attended in person or by telephone.

* David Lockhart attended one Audit, one Nomination and one Remuneration Committee meetings by invitation during the year.

** Mark Davies attended three Audit Committee meetings by invitation during the year.

Board and committees

The Board's role is to provide entrepreneurial leadership of the Company within a framework of prudent and effective controls which enables risk to be assessed and managed. It also sets the Group's strategic aims, ensuring that the necessary financial and human resources are in place for the Group to meet its objectives and review management performance. The Board sets the Group's values and standards and ensures that its obligations to its shareholders and others are understood and met. The Board has a schedule of matters formally reserved to it for its decision such as strategic, major financial and key operational issues.

The Board has three standing committees: Audit, Remuneration and Nomination. Each committee has formally delegated duties and responsibilities within written terms of reference which are available from the Company Secretary and can be found on the Company website.

In addition there is an Executive Committee, composed of the Executive Directors and Francois Nairac, Development Director, and chaired by David Lockhart, which has written terms of reference and specific delegated authority from the Board. This Committee meets at least monthly and has day to day responsibility for the management of the business. Its key functions include:

- To ensure a high standard of internal corporate governance
- To ensure effective and transparent decision making
- To improve information sharing and communication between Executive Directors and between the Executive Committee and the Board
- To ensure adequate time for key discussions and an ability to make decisions quickly

Corporate Governance report (continued)

For the year ended 31 March 2015

Audit Committee

The Audit Committee during the year and as at 31 March 2015 comprised Kay Chaldecott, Chris Taylor and Andrew Walker and was chaired by Chris Taylor. It reviews the financial reporting process, system of internal financial and non-financial controls and risk management and ensures compliance with the principles of good governance, law, accounting standards and the AIM Rules. It also reviews the independence of the Auditors and payment of any non-audit fees and the effectiveness of the audit process. A full Audit Committee Report can be found on pages 53 to 54.

Remuneration Committee

The Remuneration Committee during the year and as at 31 March 2015 comprised Kay Chaldecott, Paul Roy, Chris Taylor and Andrew Walker and was chaired by Kay Chaldecott. The purpose of the Committee is to establish a formal and transparent procedure for developing policy on remuneration and to review the remuneration and incentivisation of the individual directors and compare it to that of persons holding similar positions in comparable organisations and make recommendations in respect thereof. The Committee monitors the performance of the Directors and Company Secretary. The Committee meets not less than once a year. A full Remuneration Report can be found on pages 55 to 57.The full terms of reference for the Remuneration Committee can be found on the Company's website www.nrr.co.uk.

Nomination Committee

The Nomination Committee was established to ensure a formal, rigorous and transparent procedure for the appointment of new directors to the Board. The duties of the Nomination Committee include the regular review of the structure, size and composition of the Board and the identification and nomination for the approval of the Board of candidates to fill Board vacancies as and when they arise.

The Nomination Committee meets at least once a year and at such other times as the Chairman of the Committee deems necessary. No Board appointment was made or recommended during the year. There was one meeting during the year to review the Board membership and composition, the management structure and resources and to endorse the process used to evaluate the performance of the Board and its directors.

No search for Board candidates was carried out during the year. The Committee would consider any appointment on merit against pre-agreed selection criteria. Diversity in terms of skills, knowledge, experience and gender is considered when evaluating the Board and would be considered when making a recommendation for a Board appointment. No measurable targets on diversity have been set.

During the year and as at 31 March 2015 the Nomination Committee was chaired by Paul Roy and comprised Paul Roy, Kay Chaldecott and Chris Taylor. The majority of the Committee members are independent non-executive directors. The full terms of reference for the Nomination Committee can be found on the Company's website www.nrr.co.uk.

Paul Roy
Chairman

13 May 2015

Audit Committee report

For the year ended 31 March 2015

Role of the Audit Committee

The purpose of the Audit Committee is to provide formal and transparent arrangements for considering all matters relating to the financial performance and reporting process of the Company, its system of internal controls and risk management and its compliance with the relevant principles set out in the UK Corporate Governance Code ('UK Code') and to maintain an appropriate relationship with the Company's auditors. The full terms of reference for the Audit Committee can be found on the Company's website www.nrr.co.uk.

Membership

The Audit Committee during the year and as at 31 March 2015 comprised Kay Chaldecott, Chris Taylor and Andrew Walker and was chaired by Chris Taylor. Biographies can be found under Board of Directors details on pages 48 to 49 which set out the professional qualifications and commercial knowledge and experience of each Committee member. The Board is satisfied that Chris Taylor has the recent and relevant financial experience to be a member of and chair the Audit Committee.

Members' attendance at meetings is set out in the table of page 51. Prior to the approval of the final and the interim financial statements, the Audit Committee meets with the auditors without management being present to discuss the audit process and any concerns that the auditors may have.

Activities of the committee

The Audit Committee meets at least three times a year and makes whatever recommendations to the Board that it deems appropriate in the context of the scope of its responsibilities. The Chairman of the Committee reports to the Board on how the Committee has discharged its responsibilities, the matters considered and the conclusions reached after each Committee meeting.

During the year the Committee reviewed and considered the integrity of the financial statements of the Company, including its annual and half-year reports and financial statements and disclosures, and the announcements relating to the Company's results and financial performance. In particular it reviewed the significant financial risks and accounting judgements considered during the audit process. It considered the arrangements in place to ensure that an effective system of internal financial and non-financial controls is maintained, the need for an internal audit function and that an effective Company policy on whistleblowing was in place.

The Audit Committee also carried out its responsibility to oversee the Group's relationship with its external auditors, including making recommendations to the Board on the appointment of the auditors and their remuneration and monitoring their independence. The Audit Committee considered the nature, scope, results and effectiveness of the auditors' work and reviewed the supply of non-audit services that could be provided by the auditors. It received and reviewed reports from the Group's auditors relating to the Group's annual report and accounts, half-year statements and the external audit process. More specific activities are set out under separate headings within this report.

As part of its role the Committee also considered the annual report and accounts as a whole on behalf of the Board and made a recommendation to the Board that it resolve that they were fair, balanced and understandable and provided the information necessary for shareholders to assess the Company's performance, business model and strategy. In making the recommendation the Committee considered its monitoring of the financial reporting process throughout the year as well as its review of the half year financial statements and annual report and accounts and the audit reports relating to each produced by Deloitte. It concluded that the accounting policies adopted and the use of judgement as noted in the financial statements were reasonable and had been applied appropriately.

Significant issues considered in relation to the financial statements

During the year the Committee, management and external auditor considered the matters deemed by their impact on the Group's results or the level of their complexity or estimation involved in their application to the financial statements to be significant risks or issues. The key areas of focus and how they were addressed are set out below.

Valuation of property portfolio

The external valuation of the portfolio is a key determinant of the Company's results being the largest item on the balance sheet and the movement in values having a significant impact. The Committee therefore ensures that it has a good understanding of the valuation and reviews the underlying assumptions. Management reviews and confirms all data prior to it being submitted to the valuers then it reviews and challenges the valuers' key assumptions underlying their valuations prior to their issuing their final report to the Company. The topic is the main issue discussed at a separate meeting between the Chairman and the external auditor prior to the Committee meeting that reviews the annual and interim statements.

Chris Taylor and Kay Chaldecott also met with the valuers, Colliers International, at a separate meeting in April 2015 to discuss the valuation and to gain a better understanding of the methodology used in it.

Audit Committee report (continued)

For the year ended 31 March 2015

Accounting for acquisitions and disposals

In view of the individual nature of acquisitions and disposals the Committee reviewed each of these in relation to the specific disclosure requirements required and the treatment of the cash flows, profits and expenditures for each in relation to the REIT status of the business and their tax treatment. In addition it considered the policy adopted on the timing of recognition of acquisitions and disposals and confirmed that they would be recognised at unconditional exchange of contracts rather than on completion.

The Committee also considered the accounting treatment adopted in respect of the acquisition of the remaining 90% of the units in NewRiver Retail Property Unit Trust, which became a subsidiary of the Group, having previously been accounted for as a joint venture. The Committee considered management's conclusion that this transaction should be accounted for as a business combination and, in particular, whether the entity acquired constituted a business. The Committee was satisfied in this respect. The Committee also considered the treatment of the 'promote' payment receivable from the former joint venture partner.

Going concern

The Committee ensures sufficient review is undertaken of the adequacy of financing arrangements, cash flow forecasts and lender covenant compliance. The Finance Director presents a quarterly report to the Board which includes details of debt facilities, an 18 month cash flow forecast and management accounts. The Group has £25 million of Convertible Unsecured Loan Stock ('CULS') in issue which mature on 31 December 2015 and when they will either be converted or repaid. The Company expects the holders of the CULS to convert their interest to equity prior to the maturity date. As part of the review of the year-end financial statements the Committee specifically considered the statement on going concern and concluded that, in particular in the light of the substantial cash balance, the Group will remain a going concern and that covenants would not be breached therefore it was appropriate for the Financial Statements to be prepared on a going concern basis. The statement of the Directors relating to going concern can be found on page 60.

Independence and appointment of the external auditor

The Committee has assessed and is satisfied with the independence of the external auditor. The Company's general policy is not to instruct Deloitte on non-audit services, however, Deloitte did provide some advice on FACTA and whether the Company would be affected by this. The fee for doing this work was less than £5,000. There were no other non-audit services provided during the year. The external auditors were appointed in 2009 following a formal process on the set up of the Company and therefore have been in place for approximately six years. With the auditor having been in place less than ten years the Committee will continue to give consideration as to the timing of the next formal tender in the light of the regulatory requirements to tender the external audit contract at least every ten years as required under the UK Code. During the year, the senior audit partner was rotated. The Committee has also received confirmation from Deloitte as to their independence and objectivity in relation to the services they provide as external auditor.

Effectiveness of external audit process

The Committee reviewed Deloitte's performance and the effectiveness of the external audit process by considering the extent to which the audit plan was met, the degree of challenge and depth of understanding and review of key accounting and audit judgments and the content of the auditors' reports to the Committee.

Having considered the effectiveness and independence of the auditors in the services they provide, the Committee has recommended to the Board that a resolution is proposed at the forthcoming AGM to re-appoint Deloitte as the Company's external auditors.

Internal control and audit

The Group does not have an internal audit department. The requirement for a dedicated internal audit function was reviewed by the Audit Committee during the year and this was considered inappropriate given the size of the Group and the close involvement of the Executive Directors and senior management on a day-to-day basis. In addition, the Group has policies for internal control of various key matters and employs BDO as an external expert to assess on an annual basis the internal controls and processes currently implemented within its finance and accounting procedures.

Chris Taylor
Committee Chair

13 May 2015

Remuneration report

For the year ended 31 March 2015

As an AIM listed company there is no requirement for NewRiver Retail Limited to comply with the directors' remuneration disclosure requirements contained in the Larger and Medium-sized Companies and Group (Accounts and Reports) Regulations 2008 (as amended) which came into force on 1 October 2013 and the Company has opted not to do so. However, this report provides the information on directors' remuneration considered of importance to shareholders.

Directors' remuneration

The objective of the remuneration policy of the Group is to ensure that Directors and senior managers are rewarded in a way that attracts, retains, motivates and rewards management of the highest quality, aligns shareholder and executives interests and promotes a direct relationship between results and reward, reflecting best practice appropriate to the size and stature of the Company. The remuneration and share schemes are designed to encourage Executive Directors and senior managers to align their long-term career aspirations with long-term interests of the Group, promoting the attainment of both individual and corporate achievements measured against specific criteria. The Executive Directors are encouraged to build up and maintain a shareholding equivalent to one year's salary.

During the year, the Committee was advised by h2glenfern Remuneration Advisory on executive remuneration. Another division within h2glenfern provides corporate advice to the Company. h2glenfern Remuneration Advisory has confirmed to the Company 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 Remuneration Committee has therefore satisfied itself that all advice provided by h2glenfern Remuneration Advisory was objective and independent.

Basic salary and benefits

Basic salaries and the level and type of benefits offered to Executive Directors are reviewed annually by the Remuneration Committee, taking into account the executives' responsibilities, experience and performance, pay across the Group and market competitiveness. During the year the Committee reviewed salary levels and benefits, in the context of total remuneration, against comparable roles in other property organisations, primarily FTSE Small Cap and FTSE AIM 100 companies. The benefits that are provided include life insurance, private medical insurance, a contributory pension scheme and professional membership subscriptions.

In April 2014, the Remuneration Committee carried out a review in order to determine salary levels and benefits for the year to March 2015. In carrying out this review, the Committee took account of the Company's performance during the year and of the substantial increase in its size and the scale of its operations. Accordingly, with effect from 1 April 2014 the salary levels of the executive directors were increased to: David Lockhart - £400,000; Allan Lockhart - £350,000; Mark Davies - £300,000; Nick Sewell - £265,000. It was agreed at that time that the salary levels would be fixed for two years. Accordingly, no salary increases have been granted for the executive directors for the year to 31 March 2016. The Committee also determined at that time to introduce a pension scheme for executive directors with contributions by the Company at 12.5% of annual base salary.

Annual bonus

The Committee operates a discretionary annual bonus scheme under which bonuses may be paid to executives in cash for achieving company financial and personal objectives during a financial year. Company financial performance objectives include earnings and dividend growth. In addition the Committee may pay a special bonus on the basis of outstanding performance, for example in relation to the identification and execution of transactions.

Bonuses paid in respect of the year to 31 March 2015 are set out in the table on page 56. The level of bonuses paid to executive directors in respect of the year to 31 March 2015 reflects the strong performance of the Company including growth in EPRA profit; profit before tax and net asset value growth. Dividends paid in the year increased by 6.25% and were fully covered. The Company was highly active corporately during the year and successfully completed a substantial equity raising of £75m in December 2014.

The Company is this year introducing a policy of deferring the payment of a portion of bonuses into shares. Accordingly, 30% of the bonus for the year to 31 March 2015 will be paid in shares, deferred for a period of two years. This deferred bonus will be subject to clawback and malus provisions.

Directors' contracts and payments for loss of office

All current Executive Directors have contracts which can be terminated by either party on 12 months' notice. All Non-Executive Directors appointments can be terminated by either party on 3 months' notice.

Remuneration report (continued)

For the year ended 31 March 2015

Schedule of Directors' remuneration

Executive Directors	2015					2014				
	Basic salary and fees £'000	Annual bonus £'000	Pension £'000	Benefits £'000	Total £'000	Basic salary and fees £'000	Deferred Bonus £000	Annual Bonus £'000	Benefits £'000	Total £'000
David Lockhart	400	400	50	–	850	380	31	262	0	673
Mark Davies	300	400	38	1	739	240	24	240	1	505
Allan Lockhart	350	490	44	1	885	310	31	310	1	652
Nick Sewell	265	210	33	1	509	240	0	188	1	429
Charles Miller*	–	–	–	–	–	311	0	0	1	312
	1,315	1,500	165	3	2,983	1,481	86	1,000	4	2,571

* Charles Miller resigned as a director on 31 March 2014. He entered into a consultancy agreement with the Company and was paid a consultancy fee of £138,750 for the year

Non-Executive Directors	2015 £'000	2014 £'000
Paul Roy	75	75
Chris Taylor	50	50
Kay Chaldecott	40	40
Andrew Walker	40	40
	205	205

Share option plans

The Company operates two employee share option plans for employees and executive directors of the Group. Options have also been granted to the Chairman under separate agreements.

The objective of the share option plans is to align the financial interests of the participants with those of the Shareholders and to motivate and retain them.

Currently in place is a tax-advantaged Company Share Option Plan ('CSOP') and a non tax-advantaged Unapproved Share Option Plan ('USOP'). Following the grant of awards under the NewRiver Retail Performance Share Plan in 2013, no options have been granted under the CSOP or the USOP and none are envisaged in the foreseeable future.

All option awards were granted three years prior to their first vesting date, except as noted below, and lapse after 10 years from that date. All awards have now vested in full and options were exercised by employees in respect of 127,500 shares during the year to 31 March 2015, although none have been exercised by the executive directors. The executive directors' holdings as at 1 April 2014 and 31 March 2015 are detailed below:

CSOP	At 1 April 2014	Exercised	At 31 March 2015	Exercise Price £	Exercise period begins	Exercise period ends
David Lockhart	12,000	–	12,000	2.50	01/09/12	30/08/22
Mark Davies	11,049	–	11,049	2.71	01/09/12	30/08/22
Allan Lockhart	12,000	–	12,000	2.50	01/09/12	30/08/22
Nick Sewell	11,049	–	11,049	2.71	01/09/12	30/08/22
	46,098	–	46,098			

USOP	At 1 April 2014	Exercised	At 31 March 2015	Exercise Price £	Exercise period begins	Exercise period ends
David Lockhart	272,286	–	272,286	2.50	01/09/12	30/08/22
	348,000	–	348,000	2.35	26/09/14	25/09/24
Mark Davies	38,693	–	38,693	2.71	15/12/12	14/12/22
	15,000	–	15,000*	2.44	15/12/12	14/12/22
	286,000	–	286,000	2.35	26/09/14	25/09/24
Allan Lockhart	192,686	–	192,686	2.50	01/09/12	30/08/22
	338,000	–	338,000	2.35	26/09/14	25/09/24

USOP (continued)	At 1 April 2014	Exercised	At 31 March 2015	Exercise Price £	Exercise period begins	Exercise period ends
Nick Sewell	102,647	–	**102,647**	2.71	15/12/12	14/12/22
	15,000	–	**15,000***	2.44	15/12/12	14/12/22
	328,000	–	**328,000**	2.35	26/09/14	25/09/24
	1,936,312	–	**1,936,312**			

* These options were granted in March 2011, less than 3 years prior to the first vesting date.

Paul Roy holds options over an aggregate of 200,000 shares granted pursuant to standalone option agreements with an option price per share of £2.50. These options are fully vested.

Performance share plan

On 14 January 2013, awards were granted for the first time under the NewRiver Retail Performance Share Plan 2009 ('PSP') following extensive consultation with shareholders.

The objective of the PSP is to strengthen the alignment of executive interests with those of the shareholders and to motivate and retain high quality executives. The vesting of the performance shares awarded in 2013 and 2014 is based on 3-year performance in terms of absolute Total Shareholder Return (TSR) and growth in adjusted EPRA earnings per share (EPS). These measures are weighted 50:50 so that half of the award depends on the performance of TSR and 50% on the growth in EPS. TSR will be measured from grant and EPS growth will be measured from the latest completed financial year.

For shares allocated against the TSR performance, 25% vests if TSR is 10% on a compound annual basis with full vesting at 13% (with straight-line vesting in between). For shares allocated against EPS performance, 25% may vest if the compound annual percentage growth in the adjusted EPRA earnings per share over the 3-year performance period is 4% per annum with full vesting at 8% (with straight-line vesting in between).

Additionally, for any shares to vest, the Committee must satisfy itself that the recorded TSR and EPS outcomes are a fair reflection of the underlying performance of the Company over the performance period. Provisions for leavers and on change of control are aligned with best practice. Unvested awards will be subject to clawback in the event of material misstatements or gross misconduct at the Committee's discretion.

In view of the increased size of the Company since its IPO, a resolution will be put to the Annual General Meeting to increase and regularise the individual annual award from 100% of salary to 200% of salary under the PSP to allow the Company greater flexibility to make awards and bring these limits in to line with practice at similar sized public companies. Details of these amendments are set out in the Notice of Annual General Meeting.

The Committee is currently considering the level and structure of PSP awards to be made in the current year.

The shares under awards as at 1 April 2014 and 31 March 2015 are detailed below:

	At 1 April 2014	Granted	Exercised	Lapsed	At 31 March 2015	Share price at date of award £	Grant Date	Vesting Date
David Lockhart	116,500	–	–	–	**116,500**	2.04	14/01/13	14/01/16
	–	131,000	–	–	**131,000**	3.06	01/07/14	01/07/17
Mark Davies	91,000	–	–	–	**91,000**	2.04	14/01/13	14/01/16
	–	98,000	–	–	**98,000**	3.06	01/07/14	01/07/17
Allan Lockhart	116,500	–	–	–	**116,500**	2.04	14/01/13	14/01/16
	–	115,000	–	-	**115,000**	3.06	01/07/14	01/07/17
Nick Sewell	91,000	–	–	–	**91,000**	2.04	14/01/13	14/01/16
	–	87,000	–	–	**87,000**	3.06	01/07/14	01/07/17
	415,000	431,000	–	–	**846,000**			

Kay Chaldecott
Committee Chair

13 May 2015

Directors' report

For the year ended 31 March 2015

The Directors present their report and financial statements of the Group for the year ended 31 March 2015.

Principal activities and status

The Company is a Guernsey incorporated company which is managed and controlled in the UK. Since its admission and commencement of trading on AIM and the CISX on 1 September 2009, the Company has carried on business as a property investment, development and asset management company, specialising in retail commercial property in the United Kingdom. The listing of the Company's ordinary shares on the Daily Official List of the CISX was cancelled on 1 October 2013.

At Admission the Company was registered with the Guernsey Financial Services Commission ('GFSC') as a closed-ended investment company. Upon an application by the Company, the GFSC agreed to revoke the declaration of the Company as a registered closed-ended collective investment scheme pursuant to The Registered Collective Investment Scheme Rules 2008 on the basis that it is a general commercial trading company and hence no longer has the attributes of a collective investment scheme. To that effect, the Company is no longer subject to the supervision of the GFSC, save in respect of any new offer documents which will need to comply with the Guernsey Prospectus Rules 2008.

The Board has taken external advice on this and has considered the question of whether the Company is an "alternative investment fund" for the purposes of the European Union's Directive on Alternative Investment Fund Managers (AIFMD). Whilst some features of the Company, particularly when the Company was first launched in 2009 and during the early years of its existence, could have led to a conclusion that the Company would fall within scope of the AIFMD, the Company has evolved since launch and now undertakes a significant amount of development of its property portfolio and other commercial activities. On that basis, the Board believes that the Company has a general commercial purpose and does not fall within the scope of the AIFMD.

Strategic Report

The Strategic Report for the year ended 31 March 2015 is set out on pages 01 to 47 and contains a fair review of the business of the Company during the year including a description of the principal risks and uncertainties.

Results and dividend

The results for the year are set out in the financial statements. During the year the Company paid quarterly interim dividends totalling £12.7 million at 4.25 pence per share per quarter (2014: £4.0 million at 6 pence per share plus a special dividend of £6.7 million at 10 pence per share).

The Board approved the reclassification of £73.3 million (2014: £148.5 million) of Share Premium to Other Reserves in the year. The share premium arose from previous successful equity raises.

The Board

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

Paul Roy	Non-Executive Chairman
David Lockhart	Chief Executive
Mark Davies	Finance Director
Allan Lockhart	Property Director
Nick Sewell	Executive Director
Chris Taylor	Non-Executive Director
Kay Chaldecott	Non-Executive Director
Andrew Walker	Non-Executive Director

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 Company and to consider the following matters which are key to the performance of the Company:

- Implementation of the agreed business strategy to focus on value creating retail property opportunities;
- Ensuring adequate funding is in place to implement the Company's business model;
- Monitoring of cash management policies and cash flow forecasts;
- The methodology and results of five year business plans for each asset held;
- Responsibility for the financial reporting procedures and safeguarding the Company'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 and internal controls and risk management policies and procedures.

Corporate Social Responsibility

The Directors recognise the impact that the business has on the environment, the communities in which it operates and society in general. The Board also recognises the link between businesses which operate a strong and well implemented Corporate Social Responsibility ('CSR') strategy and an increase in shareholder value.

The Company is continuing to develop and implement an appropriate CSR policy and strategy to strengthen the core offering of our business, and support the delivery of both our current and future business objectives. To this end initiatives are focussed in the areas where our shopping centres are located and are undertaken in partnership with local councils, educational establishments and community groups.

Substantial shareholdings

Shareholders with holdings of more than 3% of issued shares of the Company at 4 May 2015 were:

Shareholder	Number of Ordinary Shares	% of Issued (undiluted) Share Capital
Invesco Limited	34,331,111	26.91
JO Hambro Capital Management	11,871,480	9.31
Forum European Realty Income III L.P.*	7,598,418	5.96
AXA Framlington Investment Managers	6,906,840	5.41
Standard Life Investments	6,641,508	5.21
Premier Asset Management	5,917,535	4.64

* Andrew Walker is a member of the board of directors of Forum European Realty Income III GP Limited, the general partner of the fund, and a member of the investment committee for the fund. Accordingly, Andrew Walker is deemed to be interested in these shares.

Convertible unsecured loan stock.

On 22 November 2010 the Group issued £25 million of convertible unsecured loan stock ('CULS') where the stock holder may convert all or any of the stock into Ordinary Shares at the rate of 1 Ordinary Share for every £2.80 nominal value of convertible unsecured loan stock held, subject to the rate being adjusted to prevent dilution. Further details on the CULS can be found in Note 20 on page 93.

Directors' report (continued)

For the year ended 31 March 2015

Directors' interests

Directors who held office at the year end and their interests in the shares of the Company as at the date of this report were:

	2015 Number of Ordinary Shares	2014 Number of Ordinary Shares
Paul Roy	**370,000**	360,000
David Lockhart	**1,680,000**	1,660,000
Mark Davies	**18,000**	18,000
Allan Lockhart	**229,227**	211,684
Nick Sewell	**111,500**	111,500
Chris Taylor	**10,000**	10,000
Kay Chaldecott	**3,774**	3,774

All related party transactions are disclosed in Note 28.

Directors' insurance

The Company maintains liability insurance cover for the Directors and officers of the Group, which is reviewed annually.

Annual General Meeting

The Annual General Meeting will be held at 3.00 pm on 30 June 2015 at the offices of Eversheds 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, re-elect Directors and reappoint and determine the remuneration of Deloitte LLP. In addition, it will be proposed that expiring authorities to allot shares and to repurchase shares are extended.

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.

Going concern

The Directors of NewRiver Retail Limited 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 properties;
- Cash flow forecasts including capital expenditure relating to development and asset management and tenant incentive commitments and forecast rental income;
- Financing arrangements and loan covenant compliance; and
- Timing of property acquisitions and sales.

The Group has considerable 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, it is currently well within prescribed financial covenants.

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 its 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 (see Note 1).

Directors' Responsibilities Statement

The Directors are responsible for preparing the Annual 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 financial statements in accordance with International Financial Reporting Standards ('IFRSs') as adopted by the European Union. Under company law the Directors must not approve the accounts unless they are satisfied that they give a true and fair view of the state of affairs of the Group and of the profit or loss of the Group for that period. In preparing these financial statements, International Accounting Standard 1 requires that Directors:

- 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 Group's financial position and financial performance; and
- make an assessment of the Group'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 comply with the Companies (Guernsey) Law, 2008. 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 Guernsey and the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

So far as each of the Directors is aware, there is no relevant audit information of which the Company's auditor is unaware and each has taken all the steps he ought to have taken as a Director to make himself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

This information is given and should be interpreted in accordance with the provisions of Section 249 of The Companies (Guernsey) Law, 2008.

The Directors confirm that to the best of our knowledge the financial statements, prepared in accordance with International Financial Reporting Standards, 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 Directors consider that as at the date of this report the Annual Report and Accounts 2015 taken as a whole is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's and the Group's performance, business model and strategy.

Signed on behalf of the Board

Mark A.P. Davies

Mark Davies
Finance Director

13 May 2015

Independent Auditor's report to the members of NewRiver Retail Limited

Opinion on financial statements of NewRiver Retail Limited	**In our opinion the financial statements:** • **give a true and fair view of the state of the Group's affairs as at 31 March 2015 and of its profit for the year then ended;** • **have been properly prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union; and** • **have been prepared in accordance with the requirements of the Companies (Guernsey) Law, 2008.** The financial statements comprise the Consolidated Income Statement, the Consolidated Statement of Comprehensive Income, the Consolidated Statement of Changes in Equity, the Consolidated Balance Sheet, the Consolidated Statement of Cash Flows and the related notes 1 to 29. 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.
Going concern	We have reviewed the Directors' statement contained on page 60 that the Group is a going concern. We confirm that: • we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate; and • we have not identified any material uncertainties that may cast significant doubt on the Group's ability to continue as a going concern. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the Group's ability to continue as a going concern.
Our assessment of risks of material misstatement	The assessed risks of material misstatement described below are those that had the greatest effect on our audit strategy, the allocation of resources in the audit and directing the efforts of the engagement team:

Risk	How the scope of our audit responded to the risk
Investment property valuation NewRiver Retail Limited owns and manages a portfolio of commercial property assets. The valuation of the portfolio (including a number of development properties) is a significant judgement area and is underpinned by a number of assumptions. The value of the Group's wholly owned portfolio is £404 million, with the Group's share of investment properties held in joint ventures being a further £222 million. The Group uses professionally qualified external valuers to fair value its portfolio at six-monthly intervals. The portfolio (excluding development properties) is valued by the investment method of valuation with development properties valued by the residual method with a deduction from gross development value for all costs necessary to complete the development together with an allowance for remaining risk. Specific to the Trent portfolio properties there are additional valuation considerations such as the ongoing rental guarantee agreement with Marston's, the agreement signed with Co-op to develop 63 sites for use as convenience stores, the development costs and the status of planning permissions.	• 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 met with the external valuers of the portfolio to discuss and challenge the valuation process, performance of the portfolio and significant assumptions and critical judgement areas, including occupancy rates, yields and development proposals including planning advice and estimated costs to completion; • We benchmarked and challenged the key assumptions to external industry data and comparable property transactions, in particular the yield; • We assessed the competence, independence and integrity of the external valuer; and • We performed audit procedures, including tests of design and implementation of controls, to assess the integrity of information provided to the independent valuer including agreement on sample basis back to actual leases; • We engaged with our internal valuation specialists to perform testing over significant contracts which underpin the development property valuations, in particular the agreement signed with Co-op and the rental guarantee agreement with Marstons, including the operation of the public houses at the end of the four year Marston's rental guarantee period. Please see note 12 of the Financial Statements.

Risk	How the scope of our audit responded to the risk
Going concern Going concern, focusing on adequacy of financing, cash flow forecasts and covenant compliance was considered to be an area of audit focus due to the Group's continuing expansion, recent financing activities and upcoming maturity of the convertible debt.	• We considered the adequacy of the Group's financing structure, including debt maturity profile and available liquidity; and • We assessed and challenged management's cash flow forecasts and covenant calculations, including evaluating the key judgements within the forecast and assessing the sensitivity of the calculations to changes in key inputs, including rental income and property valuations. Please see note 20 of the Financial Statements.
Acquisition accounting In the year, the Group acquired the remaining 90% of the units in NewRiver Retail Property Unit Trust for £71 million. This was considered to be an area of significant risk as this was an individually significant transaction and judgment was required as to whether this transaction represented a business combination or asset acquisition. The transaction also triggered the receipt of a capital payment of £4.5 million and judgement was applied as to whether this amount formed part of the gain on acquisition of NewRiver Retail Property Unit Trust or whether this constituted management fee income.	• 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 entity acquired constituted a business for this purpose: • We examined relevant documents including the sale and purchase agreement to confirm the consideration paid and other particulars of the transaction; • We recalculated the recorded gain on bargain purchase and considered the appropriateness of including the capital payment receivable within this amount; and • We also reviewed for completeness and accuracy the disclosure presented in the financial statements. Please see note 13 of the Financial Statements.
Revenue recognition A significant risk was identified in respect of revenue recognition, focusing on the accounting treatment for unusual or more complex items including lease incentives and surrender premia	• As part of our audit of revenue, we focused on any unusual and complex adjustments to revenue, agreeing all items to the underlying leases and recalculating the revenue recognised in relation to lease incentives on a sample basis; and • We made enquiries and reviewed records of leasing events to identify lease surrenders and assessed whether surrender premia had been accurately recorded.

Last year our report included a risk in respect of accounting for new joint venture arrangements, which is not included in our report this year. New joint ventures established during this year are of substantially the same form as those established in the previous year. The appropriateness of the accounting treatment for those entities was considered and concluded upon during the previous audit.

The description of risks above should be read in conjunction with the significant issues considered by the Audit Committee discussed on pages 53 to 54.

Our audit procedures relating to these matters were designed in the context of our audit of the financial statements as a whole, and not to express an opinion on individual accounts or disclosures. Our opinion on the financial statements is not modified with respect to any of the risks described above, and we do not express an opinion on these individual matters.

Independent Auditor's report to the members of NewRiver Retail Limited (continued)

Risk	How the scope of our audit responded to the risk
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. We determined materiality for the Group to be £6.6 million (2014: £3.0 million) which is approximately 2% (2014: 2%) of shareholders equity. For the 2014 audit our materiality was adjusted to exclude the cash raised from the February 2014 equity raise, on the basis this cash had not yet been invested at the 2014 year end. Such an adjustment was not relevant for the 2015 year end. For account balances and classes of transactions that affect EPRA profit we applied a lower materiality threshold of £0.9 million, being approximately 5% of EPRA profit. We agreed with the Audit Committee that this was appropriate as EPRA profit is a key performance measure for the Group but is a relatively low amount compared to our overall Group materiality set out above. We agreed with the Audit Committee that we would report to the Committee all audit differences in excess of £130,000 (2014: £60,000), 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, encompassing all subsidiaries. We carried out audit work on each of the underlying subsidiaries executed at levels of materiality applicable to each subsidiary, which in all instances was lower than Group materiality. The audit of the Group's joint venture with Morgan Stanley Real Estate Fund ("MSREF"), which has a 31 December 2014 year end, is carried out by BDO LLP. Other joint ventures of the Group are audited by PriceWaterhouseCoopers LLP. We met with BDO and PriceWaterhouseCoopers and reviewed their audit working papers. This together with additional audit procedures performed at the Group level for the 31 March 2015 year end, gave us the evidence we needed to support our opinion on the Group's share of the results and net assets of these joint ventures.
Opinion on other matters expressly agreed in our engagement letter	In our opinion 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.

Risk	How the scope of our audit responded to the risk
Matters on which we are required to report by exception	
Adequacy of explanations received and accounting records	Under the Companies (Guernsey) Law, 2008 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 • proper accounting records have not been kept by the parent company; or • the financial statements are not in agreement with the accounting records; • we have nothing to report in respect of these matters.
Our duty to read other information in the Annual Report	Under International Standards on Auditing (UK and Ireland), we are required to report to you if, in our opinion, information in the annual report is: • materially inconsistent with the information in the audited financial statements; or • apparently materially incorrect based on, or materially inconsistent with, our knowledge of the Group acquired in the course of performing our audit; or otherwise misleading. In particular, we are required to consider whether we have identified any inconsistencies between our knowledge acquired during the audit and the Directors' Responsibilities Statement that they consider the annual report is fair, balanced and understandable and whether the annual report appropriately discloses those matters that we communicated to the Audit Committee which we consider should have been disclosed. We confirm that we have not identified any such inconsistencies or misleading statements.
Respective responsibilities of Directors and Auditor	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. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors. We also comply with International Standard on Quality Control 1 (UK and Ireland). Our audit methodology and tools aim to ensure that our quality control procedures are effective, understood and applied. Our quality controls and systems include our dedicated professional standards review team and independent partner reviews. This report is made solely to the Company's members, as a body, in accordance with Section 262 of the Companies Act (Guernsey) Law, 2008. 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 those further matters we have expressly agreed to report to them on in our engagement letter 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.
Scope of the audit of the financial statements	An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Group's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Deloitte LLP
Chartered Accountants
Guernsey, Channel Islands
13 May 2015

Consolidated Income Statement

For the year ended 31 March 2015

		Year ended 31 March 2015			Year ended 31 March 2014		
	Notes	**Operating and Financing £'000**	**Fair value adjustments £'000**	**Total £'000**	Operating and Financing £'000	Fair value adjustments £'000	Total £'000
Gross income	3	**28,195**	**–**	**28,195**	18,197	–	18,197
Property operating expenses	4	**(3,863)**	**–**	**(3,863)**	(3,383)	–	(3,383)
Net property income		**24,332**	**–**	**24,332**	14,814	–	14,814
Administrative expenses	5	**(10,089)**	**–**	**(10,089)**	(6,420)	–	(6,420)
Share of income from joint ventures	14	**11,411**	**12,405**	**23,816**	4,296	14,503	18,799
Net valuation movement	12	**–**	**6,861**	**6,861**	–	(763)	(763)
Profit on disposal of investment properties	6	**1,740**	**–**	**1,740**	2,032	–	2,032
Operating profit		**27,394**	**19,266**	**46,660**	14,722	13,740	28,462
Net finance expense							
Finance income	7	**191**	**–**	**191**	105	–	105
Finance costs	7	**(7,323)**	**–**	**(7,323)**	(5,508)	–	(5,508)
Profit for the year before taxation		**20,262**	**19,266**	**39,528**	9,319	13.740	23,059
Current taxation charge	8	**–**	**–**	**–**	(11)	–	(11)
Profit for the year after taxation		**20,262**	**19,266**	**39,528**	9,308	13,740	23,048

Earnings per share			
EPRA Adjusted (pence)	9	**19.8**	15.7
EPRA basic (pence)	9	**17.6**	12.0
Basic EPS (pence)	9	**37.5**	38.0
EPS diluted (pence)	9	**36.2**	33.2

All activities derive from continuing operations of the Group. The Notes on pages 71 to 98 form an integral part of these financial statements.

Consolidated Statement of Comprehensive Income

For the year ended 31 March 2015

	Notes	**Year ended 31 March 2015 £'000**	Year ended 31 March 2014 £'000
Profit for the year after taxation		**39,528**	23,048
Other comprehensive income			
Items that will be reclassified subsequently to profit or loss			
Fair value (loss)/gain on interest rate derivatives designated in cash flow hedges	20	**(671)**	2,254
Total comprehensive income for the year		**38,857**	25,302

The Notes on pages 71 to 98 form an integral part of these financial statements.

Consolidated Balance Sheet

As at 31 March 2015

	Notes	31 March 2015 £'000	31 March 2014 £'000
Non-current assets			
Investment properties	12	**404,098**	214,124
Investments in joint ventures	14	**113,027**	74,851
Property, plant and equipment	15	**513**	384
Total non-current assets		**517,638**	289,359
Current assets			
Trade and other receivables	17	**5,853**	3,595
Derivative financial instruments	20	**313**	–
Cash and cash equivalents	18	**15,412**	89,555
Total current assets		**21,578**	93,150
Total assets		**539,216**	382,509
Equity and liabilities			
Current liabilities			
Trade and other payables	19	**16,197**	10,202
Current taxation liabilities	19	**–**	219
Total current liabilities		**16,197**	10,421
Non-current liabilities			
Derivative financial instruments	20	**1,983**	899
Borrowings	20	**157,921**	108,256
Debt instruments	20	**23,420**	23,306
Total non-current liabilities		**183,324**	132,461
Net assets		**339,695**	239,627

Equity			
Share capital	23	**–**	–
Retained earnings		**58,254**	26,107
Other reserves		**273,582**	212,981
Hedging reserve		**(690)**	(19)
Share Option reserve		**1,063**	453
Revaluation reserve		**7,486**	105
Total equity		**339,695**	239,627

Net Asset Value (NAV) per share			
EPRA NAV (pence)	10	**265**	240
Basic (pence)	10	**267**	241
Basic diluted (pence)	10	**264**	240

The Notes on pages 71 to 98 form an integral part of these financial statements.

The financial statements were approved by the Board of Directors on 13 May 2015 and were signed on its behalf by:

David Lockhart
Chief Executive

Mark Davies
Finance Director

Consolidated Cash Flow Statement

As at 31 March 2015

	Note	31 March 2015 £'000	31 March 2014 £'000
Cash flows from operating activities			
Profit before tax on ordinary activities for the year attributable to Shareholders		**39,528**	23,059
Adjustments for:			
Profit on disposal of investment property	6	**(1,740)**	(2,032)
Net movement from fair value adjustments on Investment Properties		**(6,861)**	763
Net movement from fair value adjustments in joint ventures		**(12,405)**	(14,503)
Profits in joint ventures		**(11,411)**	(4,296)
Net finance costs		**7,132**	5,403
Rent free lease incentive adjustment		**(352)**	(645)
Provision for bad debts		**114**	26
Amortisation of legal and letting fees		**151**	199
Depreciation on property plant and equipment		**76**	60
Share Options	25	**610**	193
Operating profit before changes in working capital		**14,842**	8,227
Changes in working capital:			
(Increase)/decrease in receivables and other financial assets		**(1,242)**	218
Increase/(decrease) in payables and other financial liabilities		**2,387**	(2,725)
Cash generated from operations before interest		**15,987**	5,720
Net finance costs		**(7,603)**	(5,438)
Corporation tax paid		**(219)**	(424)
Net cash generated from operating activities		**8,165**	(142)
Cash flows from investing activities			
Investment in joint ventures	14	**(28,752)**	(42,400)
Purchase of investment properties		**(84,786)**	(5,096)
Properties acquired on business combinations	13	**(68,460)**	–
Disposal of investment properties	6	**30,575**	7,990
Development and other capital expenditure		**(5,586)**	(9,351)
Purchase of plant and equipment	15	**(205)**	(40)
Dividends received	14	**6,450**	1,668
Net cash used in investing activities		**(150,764)**	(47,229)
Cash flows from financing activities			
Proceeds from issuance of new shares		**73,320**	148,481
Repayment of bank loans and other costs		**(125,680)**	(6,105)
New borrowings		**133,032**	–
Dividends paid	11	**(12,216)**	(12,995)
Net cash generated from financing activities		**68,456**	129,381
Cash and cash equivalents at the beginning of the year		**89,555**	7,545
Net (decrease)/increase in cash and cash equivalents		**(74,143)**	82,010
Cash and cash equivalents at the end of the year		**15,412**	89,555

The Notes on pages 71 to 98 form an integral part of these financial statements.

Consolidated Statement of Changes in Equity

As at 31 March 2015

	Notes	Retained earnings £'000	Share capital and Share premium £'000	Other reserves £'000	Hedging reserves £'000	Share Option reserves £'000	Revaluation reserves £'000	Total £'000
As at 1 April 2013		854	–	78,637	(2,273)	260	2,310	79,788
Net proceeds of issue from new shares		–	148,481	–	–	–	–	148,481
Transfer of share premium		–	(148,481)	148,481	–	–	–	–
Total comprehensive income for the year		23,048	–	–	2,254	–	–	25,302
Realisation of fair value movements		1,442	–	–	–	–	(1,442)	–
Share-based payments		–	–	–	–	193	–	193
Dividend payments [(1)]	11	–	–	(14,137)	–	–	–	(14,137)
Revaluation movement		763	–	–	–	–	(763)	–
As at 31 March 2014	**23**	**26,107**	**–**	**212,981**	**(19)**	**453**	**105**	**239,627**
Net proceeds of issue from new shares	23	–	73,320	–	–	–	–	73,320
Transfer of share premium		–	(73,320)	73,320	–	–	–	–
Total comprehensive income for the year		39,528	–	–	(671)	–	–	38,857
Realisation of fair value movements		(520)	–	–	–	–	520	–
Share-based payments		–	–	–	–	610	–	610
Dividend payments [(1)]	11	–	–	(12,719)	–	–	–	(12,719)
Revaluation movement		(6,861)	–	–	–	–	6,861	–
As at 31 March 2015	**23**	**58,254**	**–**	**273,582**	**(690)**	**1,063**	**7,486**	**339,695**

[(1)] Dividends paid in the prior year included a 10 pence special dividend. Dividends paid in the current year include three quarterly dividends of 4.25 pence per share as the final quarterly dividend of 4.25 pence was paid after the year end.

The Notes on pages 71 to 98 form an integral part of these financial statements

Notes to the financial statements

1 Accounting policies

General information

NewRiver Retail Limited (the 'Company') and its subsidiaries (together the 'Group') is a property investment group specialising in commercial real estate in the UK. NewRiver Retail Limited was incorporated on 4 June 2009 in Guernsey under the provisions of The Companies (Guernsey) Law, 2008. On 22 November 2010, the Company converted to a REIT and repatriated effective management and control to the UK. The Company's registered office is Old Bank Chambers, La Grande Rue, St Martin's, Guernsey GY4 6RT and the business address is 37 Maddox Street, London W1S 2PP. The Company is publicly traded on the AIM market under the symbol NRR. On 1 October 2013 NewRiver Retail Limited delisted from CISX.

The Company has taken advantage of the exemption conferred by the Companies (Guernsey) Law, 2008, Section 244, not to prepare company only financial statements.

These consolidated financial statements have been approved for issue by the Board of Directors on 13 May 2015.

Going concern

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

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

The Group has cash and short-term deposits, 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, see note 20, it is currently well within prescribed financial covenants. Together with its cash resources the Group will arrange bank facilities to fund any future risk-controlled developments.

The Group has £25 million of Convertible Unsecured Loan Stock ('CULS') in issue which mature on 31 December 2015 and when they will be either converted or repaid. The Company expects the holders of the CULS to convert their interest to equity prior to the maturity date.

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

Summary of significant accounting policies

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

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'). The financial statements are presented in GBP. These financial statements have been prepared under the historical cost convention, as modified by the revaluation of investment and development properties, joint venture interests and derivatives which are stated of fair value.

Income and cash flow statement

NewRiver Retail Limited has elected to present a single statement of comprehensive income and presents its expenses by nature.

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, its subsidiaries and the Special Purpose Vehicles ('SPV's') 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. Intra group transactions are eliminated in full.

Changes in accounting policy and disclosure

The Group has adopted all the Standards and Interpretations issued by the International Accounting Standards Board (the IASB) (as adopted in the EU) and the International Financial Reporting Interpretations Committee (IFRIC) of the IASB that are relevant to its operations and effective for accounting periods beginning from April 1, 2014.

At the date of authorisation of these financial statements, the following Standards and Interpretations were in issue but not yet effective:

- IFRS 9 - Financial Instruments (effective January 1, 2018)
- IFRS 15 - Revenue Recognition (effective January 1, 2017)

The adoption of IFRS 9, which the Group plans to adopt for the year beginning April 1, 2018, may impact both the measurements and disclosures of financial instruments.

Notes to the financial statements (continued)

1 Accounting policies continued

Consolidation

Subsidiaries are all entities over which the Group has control. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

i. 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 3 are recognised at their fair value at the acquisition.

Whilst a corporate acquisition would normally be accounted for under IFRS 3, there are situations where these transfers may not qualify as business combinations. This is considered on a case by case basis by management in light of the substance of the acquisition.

The consideration payable in respect of each acquisition may be dependent upon certain future events. In calculating the cost of each acquisition the Group has assessed the most probable outcome as at the balance sheet date. These amounts are reconsidered annually at each year end and changes to consideration are taken to the income statement.

ii. Joint ventures

The Group's investment properties are typically held in property specific special purpose vehicles ('SPVs'), which may be legally structured as a joint venture.

In assessing whether a particular SPV is accounted for as a subsidiary or joint venture, the Group considers all of the contractual terms of the arrangement, including the extent to which the responsibilities and parameters of the venture are determined in advance of the joint venture agreement being agreed between the two parties. The Group will then consider whether it has the power to govern the financial and operating policies of the SPV, so as to obtain benefits from its activities, and the existence of any legal disputes or challenges to this control in order to conclude on the classification of the SPV as a joint venture or subsidiary undertaking. The Group considers this position with the evidence available at the time.

The consolidated financial statements account for interests in joint ventures using the equity method of accounting per IFRS 11. Any premium paid for an interest in a jointly controlled entity above the fair value of identifiable assets, liabilities and contingent liabilities is accounted for in accordance with the goodwill accounting policy.

Investment property

Property held to earn rentals and for capital appreciation 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 related transaction costs. After initial recognition, investment property is carried at fair value. The Group has appointed Colliers International as property valuers to prepare valuations on a semi-annual basis. Valuations are undertaken in accordance with the appropriate Sections of the current Practice Statements contained in the Royal Institution of Chartered Surveyors Valuation – Professional Standards, (the 'Red Book'). This is an internationally accepted basis of valuation.

Gains or losses arising from changes in the fair value of investment property are included in the income statement in the period in which they arise.

When the Group begins to redevelop an existing investment property for continued future use as an investment property, the property remains an investment property and is accounted for as such. When the Group begins to redevelop an existing investment property with a view to sell, the property is transferred to trading properties and held as a current asset. The property is re-measured to fair value as at the date of the transfer with any gain or loss being taken to the income statement. The re-measured amount becomes the deemed cost at which the property is then carried in trading properties.

In completing these valuations the valuer considers the following:

i. current prices in an active market for properties of a different nature, condition or location (or subject to different lease or other contracts), adjusted to reflect those differences;

ii. recent prices of similar properties in less active markets, with adjustments to reflect any changes in economic conditions since the date of the transactions that occurred at those prices; and

iii. discounted cash flow projections based on reliable estimates of future cash flows, derived from the terms of any existing lease and other contracts and (where possible) from external evidence such as current market rents for similar properties in the same location and condition, and using discount rates that reflect current market assessments of the uncertainty in the amount and timing of the cash flows.

1 Accounting policies continued

Development property

The cost of properties in the course of development includes attributable interest and other associated outgoings. Interest is calculated on the development expenditure by reference to specific borrowings where relevant and otherwise on the average rate applicable to the term loans. A property ceases to be treated as a development property on practical completion.

Properties acquired with the intention of redevelopment are classified as development properties and stated at fair value, being market value determined by professionally qualified external valuers. Changes in fair value are included in the income statement. All costs directly associated with the purchase and construction of a development property are capitalised. When development properties are completed, they are reclassified as investment properties.

Property, plant and equipment

Fixtures and equipment are stated at cost less accumulated depreciation and any recognised impairment loss.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives, using the straight-line method, on the following bases:

Fixtures and equipment 10% – 25%

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 and is recognised in income.

Leasing (as lessors)

Properties leased out under operating leases are included in investment property in the balance sheet. The Group makes payments to agents for services in connection with lease contracts with the Group's lessees. The letting fees are capitalised within the carrying amount of the related investment property and amortised over the lease term.

Leasing (as lessees)

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

Goodwill

Goodwill arising on acquisition is recognised as an asset and initially measured at cost, being the excess of the cost of the business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognised. If, after reassessment, the Group's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities exceeds the cost of the business combination, the excess is recognised immediately in the income statement. Goodwill is reviewed for impairments annually.

Financial instruments

Financial assets

Financial assets are classified as financial assets at fair value through profit or loss, loans and receivables as appropriate. The Group determines the classification of its financial assets at initial recognition. When financial assets are recognised initially, they are measured at fair value plus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs.

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

Cash and cash equivalents are also classified as loans and receivables. They are subsequently measured at amortised cost. Cash and cash equivalents include cash in hand.

The financial instruments classified as financial assets at fair value through profit or loss include interest rate swap arrangements. Recognition of the derivative financial instruments takes place when the economic hedging contracts are entered into. They are measured initially and subsequently at fair value, transaction costs are included directly in finance costs. Gains or losses on derivatives designated as cash flow hedges are recognised in the Statement of Comprehensive Income in net change in fair value of financial instruments at fair value through Other Comprehensive Income.

These financial instruments are classified as Level 2 fair value measurements, as defined by IFRS 7, being those derived from inputs other than quoted prices. There were no transfers between levels in the current period.

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

Interest rate swaps, caps and swaptions contracts are measured using the Midpoint of the yield curve prevailing on the reporting date. The valuations have been made on a clean basis in that they 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.

Notes to the financial statements (continued)

1 Accounting policies continued

Financial instruments

Financial assets
In relation to trade receivables, a provision for impairment is made when 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 of the invoice. 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. Any subsequent reversal of an impairment loss is recognised in the Statement of Comprehensive Income.

Financial liabilities
Liabilities within the scope of IAS 39 are classified as financial liabilities at fair value through profit or loss or other liabilities as appropriate.

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

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

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

Hedge accounting

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

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

Amounts previously recognised in Other Comprehensive Income and accumulated in equity are reclassified to profit or loss in the periods when the hedged item is recognised in profit or loss, in the same line of the income statement as the recognised hedged item. However, when the forecast transaction that is hedged results in the recognition of a non-financial asset or a non-financial liability, the gains and losses previously accumulated in equity are transferred from equity and included in the initial measurement of the cost of the non-financial asset or non-financial liability.

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

Prepayments

Prepayments are carried at cost less any accumulated impairment losses.

Share capital

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

Convertible Unsecured Loan Stock

Convertible Unsecured Loan Stock consists of both a liability and equity element. On issue of convertible loan stock, management assess the fair value of the liability by reference to the cash flow to redemption associated with the instrument, discounted at a market rate of interest. The difference between the issue proceeds and the fair value of the liability is allocated to the equity element of the instrument.

Trade and other receivables

Trade and other receivables are initially recognised at fair value, and subsequently where necessary re-measured at amortised cost using the effective interest method. A provision for impairment of trade receivables is established when there is objective evidence the Group will not be able to collect all amounts due according to the original terms of the receivables.

Trade and other payables

Trade and other payables are initially recognised at fair value, and subsequently where necessary re-measured at amortised cost using the effective interest method.

Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption value is recognised as finance costs over the period of the borrowings using the effective interest method.

1 Accounting policies continued

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are classified as non-current liabilities as the Group has a right to defer settlement of the liability for at least 12 months after the date of the Balance Sheet.

Tax

Income tax

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

Value added tax

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

i. 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

ii. 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.

REIT Status

The Company entered the REIT regime on 22 November 2010 and is not exposed to tax on qualifying UK property rental income and gains arising from disposal of exempt property assets, for this reason deferred tax has not been provided for on revaluations.

To continue to benefit from UK REIT tax regime, the Group is required to comply with certain conditions in respect of the principal company of the Group, the Group's qualifying activity and its balance of business. NewRiver Retail Limited is required to pay Property Income Distributions equal to at least 90% of the Group's exempted net income. The Group continues to meet these conditions and Management intends that the Group should continue as a UK REIT for the foreseeable future.

Employee benefits

Share-based payments

i. Share Options

Share Options have been granted to key management as set out in Note 25. The cost of equity settled transactions is measured with reference to the fair value at the date at which they were granted. The Group accounts for the fair value of these options at grant date over the vesting period in the Income Statement, with a corresponding increase to the share-based payment reserve. The fair value was calculated based on the Black-Scholes Model using the following inputs:

Share price	£2.35 – £2.50
Exercise price	£2.35 – £2.71
Expected volatility	25%* – 10%*
Risk free rate	1.39% – 2.60%
Expected dividends*	6% – 3%

* based on quoted property sector average (not NewRiver Retail Limited's expected dividend).

ii. Performance Shares

Performance shares have been granted to Executive staff and Directors as set out in Note 25. These may only vest and be capable of exercise in accordance with the Performance Share Plan ('PSP') rules to the extent that the two performance conditions are met.

(1) The compound annual total shareholder return ('Compound TSR') for the Company must equal or exceed 10% over the period of three years commencing on the grant date; and

(2) the compound annual percentage growth in the adjusted EPRA earnings per share ('EPS') of the Company must equal or exceed 4% over the period of three years commencing on the first day of the relevant financial year in which the grant date falls.

The Compound TSR condition has been valued using a Monte Carlo valuation model. The Monte Carlo Option Pricing Model is a stochastic model that uses probability analysis to calculate the value of options subject to market vesting conditions.

The EPS condition has been valued using a Black-Scholes Model. The cost of equity settled transactions is measured with reference to the fair value at the date at which they were granted. The Group accounts for the fair value of these awards at grant date over the vesting period in the Income Statement, with a corresponding increase to the share-based payment reserve. The fair value was calculated based on the Black-Scholes Model using the following inputs:

Share price	£2.13 – £3.05
Exercise price	£N/A
Expected volatility	9.5% – 12.5%
Risk free rate	0.61% – 1.29%
Expected dividends	5.25% – 5.5%

1 Accounting policies continued

iii. Treasury Shares

Own equity instruments which are reacquired (treasury shares) are recognised at cost and deducted from equity. No gain or loss is recognised in the Income Statement on the purchased, sale, issue or cancellation of the Group's own equity instruments. Any difference between the carrying amount and the consideration is recognised in the reserves.

The Group has issued a number of shares to an Employee Benefit Trust (EBT) as detailed in Note 24. As this EBT is controlled by the Group, it is consolidated in these financial statements and unallocated shares held by the EBT are shown as treasury shares.

Provisions

Provisions for legal claims are recognised when:

- The amount can be reliably estimated;
- The Group has a present legal or constructive obligation as a result of past events;
- It is probable that an outflow of resources will be required to settle the obligation; and
- Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as finance costs.

Revenue recognition

i. Rental income

Rental income is recognised on an accruals basis. A rent adjustment based on open market estimated rental value is recognised from the rent review date in relation to unsettled rent reviews. 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.

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 lease incentive payment, or surrender premiums is paid to enhance the value of a property, it is amortised on a straight-line basis over the period from the date of lease commencement to the expiry date of the lease. 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.

ii. Asset management fees

Management fees are recognised in the income statement on an accruals basis.

iii. 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 event. 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 the Board.

Finance income and costs

Finance income and costs are recognised within the finance income and finance costs in the Statement of Comprehensive Income 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 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.

Other expenses

Expenses include legal, auditing and other fees. They are recognised in the Statement of Comprehensive Income in the period in which they are incurred (on an accruals basis).

Critical accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience as adjusted for current market conditions and other factors.

In the process of applying the Group's accounting policies, management is of the opinion that any instances of application of judgements did not have a significant effect on the amounts recognised in the financial statements.

1 Accounting policies continued

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.

i. Investment properties

As described above, the Group's investment properties are stated at fair value, as accounted for by management based on an independent external appraisal. The estimated fair value may differ from the price at which the Group's assets could be sold at a particular time, since actual selling prices are negotiated between willing buyers and sellers. Also, certain estimates require an assessment of factors not within management's control, such as overall market conditions. As a result, actual results of operations and realisation of net assets could differ from the estimates set forth in these financial statements, and the difference could be significant.

ii. Valuation of joint venture properties

The valuation of the Group's development property portfolio contained within joint ventures is inherently subjective due to, amongst other factors, the individual nature of each property, forecast trading EBITDA, the status of planning consent, obtaining vacant possession, development cost projections and the expected future rental income, incorporating tenant credit risk. As a result, the valuations the Group places on its development property portfolio are subject to a degree of uncertainty and are made on the basis of current relevant information available at the date of valuation.

iii. Valuation of share-based payments

Management has relied on the services of external experts to determine the fair value of share-based payments. This requires significant estimates of a number of inputs which are used to model that fair value.

iv. Impairment in investments and joint ventures

Determining whether investments are impaired requires an estimation of the fair values less cost to sell and value in use of those investments. The process requires the Group to estimate the future cash flows expected from the cash-generating units and an appropriate discount rate in order to calculate the present value of the future cash flows. Management has evaluated the recoverability of those investments based on such estimates.

v. Property disposals

The Company has elected for REIT status. To continue to benefit from this regime, the Group is required to comply with certain conditions as defined in the REIT legislation. In particular, Management are required to determine whether each property acquisition should be included within the REIT rental property income business and whether on disposal of that property, any gain arising is capital or trading in nature, and therefore whether it has triggered a tax charge to be payable to HMRC. If HMRC were to challenge the tax treatment on the disposal of a property, particularly for properties for which redevelopment works have occurred and disposal is within a three year period since acquisition, and consider this to be trading in nature, this may give rise to a tax charge. The Group has determined that all property acquisitions during the year, including those within joint ventures should be included within the REIT ring-fence and therefore has not recognised any deferred tax on the revaluation movements since acquisition, and that all property disposals during the year generated a taxable loss. The Group has unrecognised tax losses carried forwards of £1.0 million at 31 March 2015 as detailed in Note 8.

vi. Accounting for acquisitions

Management must assess whether the acquisition of property through the purchase of a corporate vehicle should be accounted for as an asset purchase or a business combination. Where the acquired corporate vehicle contains processes and inputs in addition to property, the transaction is accounted for as a business combination. Where there are no such items, the transaction is treated as an asset purchase.

Business combinations are accounted for using the acquisition method any excess of the purchase consideration over the fair value of the net assets acquired is recognised as goodwill and reviewed annually for impairment. Any discount received or acquisition related costs are recognised in the income statement.

Notes to the financial statements (continued)

2 Segmental reporting

During the year the Group operated in one business segment, being property investment in the UK and as such no further information is provided.

3 Gross income

	2015 £'000	2014 £'000
Rental and related income	**20,697**	16,046
Asset management fees	**1,881**	1,699
Realised gain received from Joint Venture partnership during the year	**4,779**	–
Surrender premiums and commissions	**838**	452
Gross income	**28,195**	18,197

4 Property operating expenses

	2015 £'000	2014 £'000
Amortisation of tenant incentives and letting costs	**627**	465
Ground rent payments	**761**	717
Rates on vacant units	**627**	402
Other property operating expenses	**727**	703
Property operating expenses	**2,742**	2,287
Service charge income	**4,133**	2,830
Service charge expense	**(5,254)**	(3,926)
Net service charge expense	**1,121**	1,096
Total property operating expenses	**3,863**	3,383

5 Administrative expenses

	2015 £'000	2014 £'000
Group staff costs	**6,871**	4,270
Depreciation	**76**	60
Share Option and LTIP expense	**610**	193
Administration and other operating expenditure	**2,532**	1,897
Administrative expenses(1)	**10,089**	6,420
Asset management fees	**(1,881)**	(1,699)
Net administrative expenses	**8,208**	4,721
Net administrative expenses as a % of gross rental income (including share of joint ventures)	**23%**	22%

(1) Administrative costs include £1.5 million of costs that are linked directly to the gain on acquisition of interest from joint venture partnerships. Excluding these amounts the ratio would have been 18%.

5 Administrative expenses continued

	2015 £'000	2014 £'000
Auditor's remuneration		
Fees payable to the Company's auditor for the year-end audit	**172**	147
Total audit fees	**172**	147
Fees payable to the Company's auditor for reporting accountant services	**–**	–
Fees payable to the Company's auditor for the interim review	**28**	25
Total non-audit fees	**28**	25
Total	**200**	172

	2015 Number	2014 Number
Average staff numbers including Directors	**32**	23

6 Profit on disposal of investment properties

	2015 £'000	2014 £'000
Gross disposal proceeds	**30,575**	7,990
Costs of disposal	**(633)**	(120)
Net disposal proceeds	**29,942**	7,870
Carrying value	**(28,202)**	(5,838)
Profit on disposal of investment properties	**1,740**	2,032

Profits on the disposal of investment properties are realised profits in the year of disposal of assets at a consideration above the carrying value of the asset.

7 Finance income and expense

	2015 £'000	2014 £'000
(a) Finance income		
Income from cash and short-term deposits	**191**	105
Total finance income	**191**	105
(b) Finance costs		
Interest on bank loans	**5,923**	4,057
Interest on debt instruments	**1,400**	1,451
Total finance costs	**7,323**	5,508
Net finance cost	**7,132**	5,403

Interest on debt instruments relates to the Convertible Unsecured Loan Stock.

More details on the Group's borrowings are provided in Note 20.

Notes to the financial statements (continued)

8 Taxation

The tax expense for the year comprises:

	2015 £'000	2014 £'000
Current taxation		
UK Corporation Tax at 21% (2014: 23%)	–	11
Tax charge for the year	–	11

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

	2015 £'000	2014 £'000
Profit before tax	**39,528**	23,059
Tax at the current rate of 21% (2014: 23%)	**8,300**	5,073
Tax effect of profit under REIT regime	**(8,300)**	(5,062)
Tax charge	–	11

As at 31 March 2015, the Group had surplus UK revenue tax losses carried forward of £1.0 million (2014: £0.9 million) and surplus UK capital losses of £nil million (2014: £0.1 million).

9 Earnings per share

The European Public Real Estate Association (EPRA) issued Best Practices Policy Recommendations in 2014 and additional guidance in January 2015, 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. We have also disclosed an EPRA adjusted profit measure which includes realised gains on disposals and adds back Share Option expense as it is unrealised.

The National Association of Real Estate Investment Trusts (NAREIT) Funds From Operations (FFO) measure is similar to EPRA earnings and is a performance measure used by many property analysts. The main difference to EPRA earnings with respect to the Group is that it adds back the amortisation of leasing costs and tenant incentives and is based on US GAAP.

The calculation of basic and diluted earnings per share is based on the following data:

	2015 £'000	2014 £'000
Earnings		
Earnings for the purposes of basic and diluted EPS being profit after taxation	**39,528**	23,048
Adjustments to arrive at EPRA profit		
Unrealised (gains)/deficit on revaluation of investment properties	**(6,861)**	763
Unrealised (surplus) on revaluation of joint venture investment properties	**(12,405)**	(14,503)
Profit on disposal of investment properties	**(1,740)**	(2,032)
EPRA profit	**18,522**	7,276
Profit on disposal of investment properties	**1,740**	2,032
Share Option expense	**610**	193
EPRA adjusted profit	**20,872**	9,501
Adjustments to EPRA profit to arrive at NAREIT FFO		
EPRA profit	**18,522**	7,276
Amortisation of tenant incentives and letting costs	**153**	465
Amortisation of rent-free periods	**(352)**	(645)
Amortisation of capitalised leasing costs	**474**	–
NAREIT FFO	**18,797**	7,096

9 Earnings per share continued

Number of shares	2015 No. 000s	2014 No. 000s
Weighted average number of Ordinary Shares for the purposes of basic EPS and basic EPRA EPS	**105,496**	60,632
Effect of dilutive potential Ordinary Shares:		
Options	**984**	228
Warrants	**255**	267
CULS	**–**	–
MSREI joint venture conversion	**2,870**	3,093
Weighted average number of Ordinary Shares for the purposes of basic diluted EPS and basic diluted EPRA EPS	**109,605**	64,220
EPRA Adjusted EPS (pence)	**19.8**	15.7
EPRA EPS basic (pence)	**17.6**	12.0
EPRA diluted EPS (pence)	**17.4**	11.4
FFO EPS basic (pence)	**17.8**	11.7
EPS basic (pence)	**37.5**	38.0
Diluted EPS basic (pence)	**36.2**	33.2

Under the terms of the Limited Partnership Agreement relating to NewRiver Retail Investments LP dated 28 February 2010, MSREI has been granted the right to convert its interest in the JV or part thereof on a NAV for NAV basis into shares of NewRiver Retail Limited, up to 10% of the share capital of NewRiver Retail Limited during the joint venture period. This conversion would currently have a dilutive effect on the Group's EPS calculation of 4.6 pence (accretive effect in the prior year) and an accretive effect on the Group's EPRA EPS calculation of 0.5 pence (accretive effect in prior year). The value of MSREI's interest at 31 March 2015 is £7.5 million.

10 Net asset value per share

	2015			2014		
	Total equity £'000s	**Shares No'000s**	**Pence per share**	Total equity £'000s	Shares No'000s	Pence per share
Basic	**339,695**	**127,078**	**267**	239,627	99,379	241
Warrants in issue	**933**	**569**	**164**	1,488	865	172
Unexercised employee awards	**4,850**	**2,617**	**185**	3,372	1,730	195
Convertible loan stock (A CULS)	**17,000**	**6,855**	**248**	–	–	–
Convertible loan stock (B CULS)	**6,500**	**2,642**	**246**	–	–	–
Diluted	**368,978**	**139,761**	**264**	244,487	101,974	240
Fair value derivatives	**690**	**–**	**–**	19	–	–
EPRA	**369,668**	**139,761***	**265**	244,506	101,974	240

* The number of shares in issue is adjusted under the EPRA calculation to assume conversion of the warrants, options, shares from the long-term incentive plan and the Convertible Unsecured Loan Stock converted to equity providing they have a dilutive effect.

Notes to the financial statements (continued)

11 Dividends

The following dividends are associated with the current and prior years:

Payment date	Dividend	PID	Non-PID	Pence per share	**2015 £'000**	
Current year dividends						
31 October 2014	First interim dividend	1.00	3.25	4.25	**4,235**	
30 January 2015	Second interim dividend	1.00	3.25	4.25	**4,242**	
30 January 2015	Third quarterly dividend	4.25	–	4.25	**4,242**	
18 May 2015[1]	Fourth quarterly dividend	4.25	–	4.25	**5,401**	
		10.50	6.50	17.00	**18,120**	

[1] Post balance sheet event.

Prior year dividends					2014 £'000	2013 £'000
28 March 2014	2014 Special interim dividend	10.0	–	10.0	6.730	
31 January 2014	2014 interim dividend	6.0	–	6.0	4,003	
		16.0		16.0	10,733	
25 July 2013	2013 Final dividend	10.0	–	10.0	–	3,404

	2015 £'000	2014 £'000
Dividends in consolidated statement of changes in equity	**12,719**	14,137
Dividends settled in cash during the year	**12,719**	14,137
Timing difference related to payment of withholding tax on dividends	**(503)**	(1,142)
Dividends in cash flow statement	**12,216**	12,995

The Company announced that it was moving to a quarterly dividend policy last year and this policy has now been implemented.

During the year ended 31 March 2015 the Company declared total dividends of 17 pence per share of which 4.25 pence was paid after the year end. This is a 6.25% increase on the prior year dividend of 16 pence per share. The total dividend is fully covered by profits in the year.

Of the total dividend in respect to the year ended 31 March 2015, 10.5 pence was paid as a PID and 6.5 pence paid as a Non-PID.

12 Investment properties

	2015 £'000	2014 £'000
Fair value brought forward	**214,124**	206,278
Acquisitions and improvements in the year	**89,815**	14,447
Properties acquired on business combinations	**121,500**	–
Disposals in the year	**(28,202)**	(5,838)
	397,237	214,887
Valuation movement gains/(losses) in profit and loss	**6,861**	(763)
Fair value at 31 March 2015	**404,098**	214,124

It is the Group's policy to carry investment properties at fair value in accordance with IAS 40 'Investment Property'. The fair value of the Group's investment property at 31 March 2015 has been determined on the basis of open market valuations carried out by Colliers International who are the external independent valuers to the Group.

The fair value at 2015 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.

The Group's policy is to recognise transfers into and out of fair value hierarchy levels as of the date of the event or change in circumstances that caused the transfer.

Valuation processes

The Group's investment properties have been valued at fair value on 31 March 2015 by independent valuers, Colliers International Valuation UK LLP, on the basis of fair value in accordance with the Current Practice Statements contained in The Royal Institution of Chartered Surveyors Valuation – Professional Standards, (the 'Red Book').

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

		Property ERV per sq ft (£)			Property Rent per sq ft (£)			Property Equivalent Yield (%)	Topped up Net Initial Yield (%)
Segment	Fair value (£'000)	Min	Max	Average	Min	Max	Average	Average	Average
Shopping centres	469,945	6.22	34.55	11.82	4.64	25.26	10.92	7.6	7.1
High street	47,660	2.41	58.67	9.63	2.41	80.83	9.55	7.1	7.0
Retail Warehouse	50,655	8.64	22.35	11.29	7.47	21.36	10.70	7.7	7.9
	568,260								

		Property Rent per sq ft (£)			Net Initial Yield (%)		
Segment	Fair value (£'000)	Min	Max	Average	Min	Max	Average
Pub portfolio	33,373	5.22	70.95	19.19	6.3	16.5	11.5
Convenience store development portfolio	24,670	15.75	31.16	24.71	6.0	7.5	6.0
	58,043						
Group Total							
By Ownership	626,303						
Wholly owned	404,098						
Joint ventures	222,205						
Group Total	**626,303**						

Notes to the financial statements (continued)

12 Investment properties continued

Revenues are derived from a large number of tenants with no single tenant or group under common control contributing more than 5% 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.

Valuation techniques underlying the Group's estimation of fair value including joint ventures
The investments are several retail assets in the UK with a total carrying amount of £626 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 pa
- Equivalent yield – the discount rate of the perpetual cash flow to produce a net present value of zero assuming a purchase at the valuation

There were no changes in valuation techniques during the period.

The portfolio has been valued by external valuers biannually, on a fair value basis in accordance with the Red Book. Valuation reports are based on both information provided by the Group, e.g. current rents and lease terms which is derived from the Company's financial and property management systems and is subject to the Group's overall control environment, and assumptions applied by the valuers, e.g. ERVs and yields. These assumptions are based on market observation and the valuer's professional judgement.

The fee payable to the valuers is on a fixed basis.

13 Acquisition of a subsidiary (Business combination)

On 14 January 2015, the Group acquired 90% of the units of NewRiver Retail Property Unit Trust, a Unit Trust registered in Jersey which is engaged in property investment, resulting in ownership of 100% and control of the underlying entity from its Joint Venture Partner Bravo I. Management determined that the acquisition of control should be accounted for as a business combination in accordance with IFRS 3 'Business Combinations'. The fair value of the Group's 10% equity interest in the NewRiver Retail Property Unit Trust held before the business combination amounted to £7.9 million. The acquired subsidiary has contributed net revenues of £2.6 million and profit of £1.6 million to the Group for the period from the date of acquisition to 31 March 2015. If the acquisition had occurred on 1 April 2014, with all other variables held constant, Group net revenue for 2015 would have increased by £9.0 million and underlying profit for 2015 would have increased by £6.0 million.

Details of the assets and bargain purchase arising are as follows:

	Attributed fair value £'000
Investment property	121,500
Current assets	1,475
Other net current liabilities	(3,877)
Cash and cash equivalents	2,642
Debenture and loans	(42,313)
Fair value of acquired interest in net assets of subsidiary	**79,427**
Bargain purchase (negative goodwill)	(385)
Total purchase consideration	79,042
Less: fair value previously held interest	(7,942)
Total acquisition of NewRiver Retail Property Unit Trust	**71,100**

13 Acquisition of a subsidiary (Business combination) continued

The purchase consideration disclosed above comprises cash and cash equivalents paid to the acquiree's 90% owner of £71.1 million. The bargain purchase is a result of assets acquired exceeding the purchase price. The gain on bargain purchase is recognised in the income statement as part of the realised gain received from Joint Venture partnership during the year. The fair value of cash and cash equivalents was considered equal to the carrying value representing the entity's bank deposits; fair value of borrowings and trade and other payables was calculated based on fair value. The acquired bank loans and overdrafts have no recourse to other companies or assets in the Group.

14 Investments in joint ventures

	Note	**2015 £'000**	2014 £'000
Opening balance		**74,851**	14,688
Additional joint venture interests acquired during the year[1]		**72,470**	42,400
Effective disposal of 10% investment	13	**(7,942)**	–
Income from joint ventures		**11,411**	4,296
Net valuation movement		**11,843**	14,503
Distributions and dividends[1]		**(6,450)**	(1,668)
Loan repayment		**(45,567)**	(282)
Capital call		**2,275**	–
Hedging movements		**136**	914
Closing balance		**113,027**	74,851

Name	Country of incorporation	**% Holding 2015**	% Holding 2014
NewRiver Retail Investments LP and NewRiver Retail Investments (GP) Ltd*	Guernsey	**50**	50
NewRiver Retail Property Unit Trust	Jersey	**100**	10
NewRiver Retail Property Unit Trust No.2	Jersey	**50**	50
NewRiver Retail Property Unit Trust No.3	Jersey	**50**	50
NewRiver Retail Property Unit Trust No.4	Jersey	**50**	50
NewRiver Retail Property Unit Trust No.5, No.6, No.7	Jersey	**50**	–

(1) The net cash outflow during the year was £66.02 million (2014: cash outflow £40.73 million).

* 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. These entities have been set up to facilitate the investment in retail properties in the UK by the Barley JV.

Notes to the financial statements (continued)

14 Investments in joint ventures continued

There are currently six joint ventures which are equity accounted for as set out below:

NewRiver Retail Property Unit Trust, NewRiver Retail Property Unit Trusts No 2, 3, 4, 5, 6 and 7.

NewRiver Retail Property Unit Trust (the 'CAMEL II JV') is an established jointly controlled Jersey Property Unit Trust set up by NewRiver Retail Limited and PIMCO BRAVO Fund LP ('BRAVO') to invest in UK retail property. NewRiver Retail Property Unit Trusts No 2, 3 and 4 (the 'Middlesbrough, 'Camel III' and 'Trent' JVs) are established jointly controlled Jersey Property Unit Trusts set up by NewRiver Retail Limited and PIMCO BRAVO II Fund LP ('BRAVO II') to invest in UK retail property.

On 14 January 2015, the Group acquired 90% of the units of Camel II, resulting in ownership of 100% and control of the underlying entity from its Joint Venture Partner Bravo I. See note 13. The Middlesbrough, Camel IIII,Trent and Swallowtail JVs are owned 50% by NewRiver Retail Limited and 50% BRAVO II. NewRiver Retail (UK) Limited is the appointed asset manager on behalf of these JVs and receives asset management fees, development management fees and performance-related return promote payments.

Management have taken the decision to account for the equity interest in JVs as joint ventures as the Group has significant influence over decisions made by each joint venture but is not able to exert complete control over these joint ventures.

The JVs have an acquisition mandate to invest in UK retail property with an appropriate leverage with future respective equity commitments being decided on a transaction-by-transaction basis. In line with the existing NewRiver investment strategy, the JVs will target UK retail property assets with the objective of delivering added value and above average returns through NewRiver's proven skills in active and entrepreneurial asset management and risk-controlled development.

All JVs have a 31 December year end and the Group has applied equity accounting for its interest in each JV. The aggregate amounts recognised in the consolidated balance sheet and income statement eliminate intercompany transactions and are as follows:

	2015 NewRiver Retail Property Unit Trust, 2, 3, 4, 5, 6,7 Total £'000	31 March 2015 Group's share £'000	2014 NewRiver Retail Property Unit Trust, 2, 3, 4 £'000	31 March 2014 Group's Share £'000
Balance sheet				
Non-current assets	**417,560**	**208,780**	346,560	131,060
Current assets	**14,799**	**7,400**	12,475	4,429
Current liabilities	**(8,372)**	**(4,186)**	(9,152)	(3,207)
Senior debt	**(211,252)**	**(105,619)**	(164,666)	(65,333)
Non-current (liabilities)/assets	**(1,865)**	**(939)**	1,711	484
Net assets	**210,870**	**105,436**	186,928	67,433
Income statement*				
Net income	**34,702**	**15,705**	17,046	5,078
Administration expenses	**(1,800)**	**(804)**	(936)	(271)
Finance costs	**(8,867)**	**(4,021)**	(4,071)	(1,230)
Recurring income	**24,035**	**10,880**	12,039	3,577
Fair value surplus on property revaluations	**25,616**	**12,807**	45,443	16,963
Income from joint ventures	**49,651**	**23,687**	57,482	20,540

* Includes NewRiver Retail Ltd's share of NewRiver Retail Property Unit Trust from the period 1 April 2014 to 31 December 2014 prior to acquisition of the remaining 90%.

The Group's share of any contingent liabilities to the JPUTs is £nil (2014: £nil).

NewRiver Retail Investments LP

NewRiver Retail Investments LP (the 'Barley JV') is an established jointly controlled limited partnership set up by NewRiver Retail Limited and Morgan Stanley Real Estate Investing ('MSREI') to invest in UK retail property.

The Barley JV is owned equally by NewRiver Retail Limited and MSREI. NewRiver Retail (UK) Limited is the appointed asset manager on behalf of the Barley JV and receives asset management fees as well as performance-related return promote payments.

14 Investments in joint ventures continued

No promote payment has been recognised during the period and the Group is entitled to receive promote payments only after achieving the agreed hurdles. Under the terms of the Limited Partnership agreement relating to NewRiver Retail Investments LP dated 28 February 2010, MSREI has been granted the right to convert its interest in the Barley JV or part thereof on a NAV for NAV basis into shares of NewRiver Retail Limited, up to 10% of the share capital of NewRiver Retail Limited up until its fifth anniversary. This conversion would currently have a dilutive effect on the Group's EPS calculation of 0.84 pence. The value of MSREI's interest at 31 March 2015 is £7.6 million.

In line with the existing NewRiver investment strategy, the Barley JV will target UK retail property assets with the objective of delivering added value and above average returns through NewRiver's proven skills in active and entrepreneurial asset management and risk-controlled development and refurbishment.

The Barley JV has a 31 December year end and the Group has applied equity accounting for its interest in the Barley JV. The aggregate amounts recognised in the consolidated balance sheet and income statement eliminate intercompany transactions and are as follows:

	2015 NewRiver Retail Investments (GP) Ltd Total £'000	**2015 Group's Share 50% £'000**	2014 NewRiver Retail Investments (GP) Ltd Total £'000	2014 Group's Share 50% £'000
Balance sheet				
Non-current assets	**26,850**	**13,425**	36,325	18,162
Current assets	**1,990**	**995**	2,294	1,147
Current liabilities	**(815)**	**(408)**	(1,221)	(610)
Senior debt	**(12,771)**	**(6,387)**	(22,466)	(11,233)
Non-current liabilities	**(70)**	**(34)**	(97)	(48)
Net assets	**15,184**	**7,591**	14,835	7,418
Income statement				
Net income	**1,916**	**957**	2,314	1,157
Administration expenses	**(262)**	**(131)**	(269)	(134)
Finance costs	**(591)**	**(295)**	(606)	(303)
Recurring income	**1,063**	**531**	1,439	720
Fair value (deficit) on property revaluations	**(804)**	**(402)**	(4,921)	(2,460)
Income/(Deficit) from joint ventures	**259**	**129**	(3,482)	(1,740)

The Group's share of any contingent liabilities to the Barley JV is £nil (2014: £nil).

Notes to the financial statements (continued)

15 Property, plant and equipment

	Fixtures and equipment £'000
Cost	
At 1 April 2013	468
Additions	40
At 31 March 2014/1 April 2014	508
Additions	205
At 31 March 2015	**713**
Depreciation	
At 1 April 2013	(64)
Depreciation charge for the year	(60)
At 31 March 2014/1 April 2014	(124)
Depreciation charge for the year	(76)
At 31 March 2015	**(200)**
Book value at 31 March 2015	**513**
Book value at 31 March 2014	384

16 Investment in subsidiary undertakings

Below is a list of the Group's principal subsidiaries

Name	Country of incorporation	Activity	Proportion of ownership interest 2015	Class of share
NewRiver Retail (Boscombe No. 1) Limited	UK	Real estate investments	100%	Ordinary Shares
NewRiver Retail (Carmarthen) Limited	UK	Real estate investments	100%	Ordinary Shares
NewRiver Retail CUL No. 1 Limited	UK	Finance Company	100%	Ordinary Shares
NewRiver Retail Holdings Limited	Guernsey	Real estate investments	100%	Ordinary Shares
NewRiver Retail Holdings No. 2 Limited	Guernsey	Real estate investments	100%	Ordinary Shares
NewRiver Retail Holdings No. 3 Limited	Guernsey	Real estate investments	100%	Ordinary Shares
NewRiver Retail Holdings No. 4 Limited	Guernsey	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 (Paisley) 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	Real estate investments	100%	Ordinary Shares
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 (Skegness) Limited	UK	Real estate investments	100%	Ordinary Shares
NewRiver Retail (UK) Limited	UK	Company operation and asset management	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
NewRiver Leisure Limited	UK	Real estate investments	100%	Ordinary Shares

The Group's investment properties are held by its subsidiary undertakings.

In addition, the EBT is consolidated as disclosed in Note 24.

17 Trade and other receivables

	2015 £'000	2014 £'000
Trade receivables	**2,920**	2,495
Prepayments and accrued income	**2,933**	1,100
	5,853	3,595

All amounts fall due for payment in less than one year. No amounts are past due.

A provision of £0.7 million (2014: £0.4 million) was made against trade receivables as at 31 March 2015.

Notes to the financial statements (continued)

18 Cash and cash equivalents

	2015 £'000	2014 £'000
Cash at bank	**15,412**	89,555

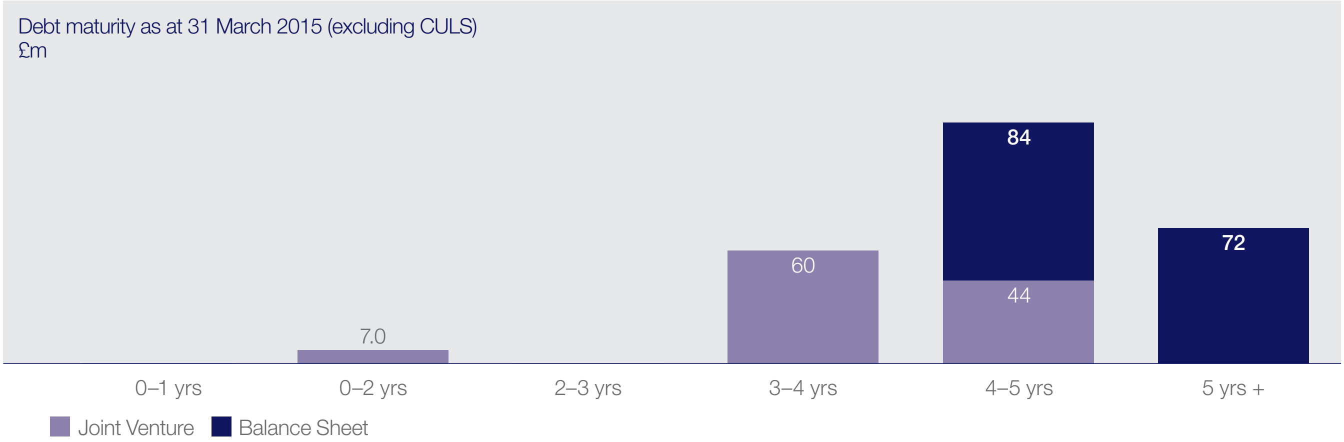
19 Trade and other payables

	2015 £'000	2014 £'000
Trade payables	**3,770**	1,468
Other payables	**1,409**	617
Accruals	**5,569**	4,993
Rent received in advance	**5,449**	3,124
	16,197	10,202
Taxation – current	**–**	219
Current trade and other payables	**16,197**	10,421

20 Borrowings

	2015 £'000	2014 £'000
Secured bank loans	**157,921**	108,256
Convertible Unsecured Loan Stock	**23,420**	23,306
	181,341	131,562
Maturity of borrowings:		
Balance sheet borrowings		
Less than one year – Convertible Unsecured Loan Stock	**23,420**	–
Between one and two years	**–**	23,306
Between two and five years	**85,556**	40,373
Over five years	**72,365**	67,883
	181,341	131,562
Maturity of borrowings:		
Group's share of joint venture borrowings		
Less than one year – Convertible Unsecured Loan Stock	**–**	11,233
Between one and two years	**6,386**	–
Between two and five years	**105,626**	65,333
Over five years	**–**	–
	112,012	76,566
Maturity of borrowings:		
Total Group share of borrowings (Proportionally consolidated)		
Less than one year – Convertible Unsecured Loan Stock	**23,420**	11,233
Between one and two years	**6,386**	23,306
Between two and five years	**191,183**	105,706
Over five years	**72,364**	67,883
Total	**293,353**	208,128

20 Borrowings continued



Secured bank loans

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

	2015	2014
Weighted average debt maturity including extension options		
Balance sheet secured borrowings	5.0 yrs	4.5 yrs
Joint Venture secured borrowings	3.9 yrs	4.3 yrs
Total Group share of borrowings	4.6 yrs	4.4 yrs

	2015	2014
Effective interest rate during the year		
Balance sheet secured borrowings	3.8%	3.9%
Joint Venture secured borrowings	3.9%	4.7%
Total Group share of borrowings	3.8%	4.2%
LTV (proportionally consolidated)	39%	25%
Interest cover x (proportionally consolidated)	3.9x	3.9x

Notes to the financial statements (continued)

20 Borrowings continued

Facility and arrangement fees

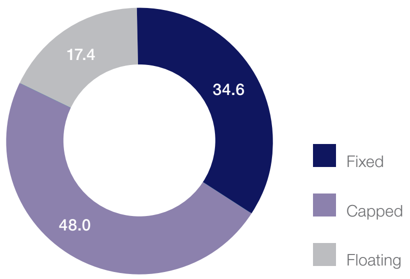
Current year	Maturity date	Facility drawn £'000	Unamortised facility fees £'000	Balance £'000
				2015
Secured balance sheet borrowings				
Santander	Feb 2021	33,990	269	**33,721**
HSBC	May 2019	24,736	406	**24,330**
Barclays	Mar 2020	39,174	530	**38,644**
Lloyds	Sep 2019	19,165	149	**19,016**
Santander/HSBC	Mar 2020	42,500	290	**42,210**
Subtotal		159,565	1,644	**157,921**
Group's share of secured joint venture borrowings				
Santander	Feb 2017	6,400	14	**6,386**
Barclays	Dec 2018	15,998	138	**15,860**
Barclays	Aug 2018	13,585	114	**13,471**
HSBC	Nov 2019	45,500	412	**45,088**
Venn Capital	Dec 2018	31,500	293	**31,207**
Subtotal		112,983	971	**112,012**
Convertible Unsecured Loan Stock	Dec 2015	23,500	80	**23,420**
Total Group's share of borrowings		**296,048**	**2,695**	**293,353**

The Company expects the holders of the Convertible Unsecured Loan Stock to convert their interest to equity prior to the maturity date.

Prior year	Maturity date	Facility drawn £'000	Unamortised facility fees £'000	Balance £'000
				2014
Secured balance sheet borrowings				
HSBC	Nov 2015	36,475	115	36,360
Clydesdale	Aug 2016	40,645	272	40,373
Santander	Feb 2021	31,891	368	31,523
Sub total		109,011	755	108,256
Group's share of secured joint venture borrowings				
Santander	Feb 2015	11,253	20	11,233
Barclays	Aug 2018	13,734	149	13,585
Santander/HSBC	Dec 2017	4,290	40	4,250
Barclays	Dec 2018	16,172	174	15,998
Venn Capital	Dec 2018	31,866	366	31,500
Subtotal		77,315	749	76,566
Convertible Unsecured Loan Stock		23,500	194	23,306
Total Group's share of borrowings		209,826	1,698	208,128

20 Borrowings continued

Group's Share of Borrowings: Hedging Profile



Fair value on interest rate swaps

The Group recognised a mark to market fair value loss of £0.7 million (2014: profit £2.3 million) on its interest rate swaps for the year ended 31 March 2015. The fair value of interest rate swap liabilities in the balance sheet as at 31 March 2015 was £1.9 million (2014: £0.9 million). The fair value of interest rate swap assets in the balance sheet as at 31 March 2015 was £0.3 million (2014: nil). All borrowings are due after more than one year and the derivative financial instruments are held as non-current liabilities.

Convertible Unsecured Loan Stock ('CULS')

On 22 November 2010 the Group issued £25 million of CULS, £17 million of A CULS and £8 million of B CULS. On issue, the stockholder was able to convert all or any of the stock into Ordinary Shares at the rate of one Ordinary Share for every £2.80. The conversion rate has subsequently been adjusted on the A CULS to £2.48 (2014: £2.51) and on the B CULS to £2.46 (2014: £2.49) as at 31 March 2015 as a result of new shares being issued and dividends paid in accordance with the terms of the agreement. Under the terms of the convertible, interest will accrue at 5.85% on the outstanding loan stock until 31 December 2015 when it will be either converted or repaid. The interest payable on the CULS is due biannually on the 30 June and 31 December.

On 18 February 2014 £1.5 million B CULS were converted at a conversion price of £2.59 representing 579,151 Ordinary shares.

Management was required to make estimates with the assistance of external experts to conclude on the valuation of the CULS at the date of issue. The issuance of the compound instrument was between two knowledgeable parties at arms length and at a market rate of 5.85% pa for five years. Management concluded that the value of the convertible option was negligible at that time and the value resided in the debt portion of the instrument at the date of issue.

21 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:

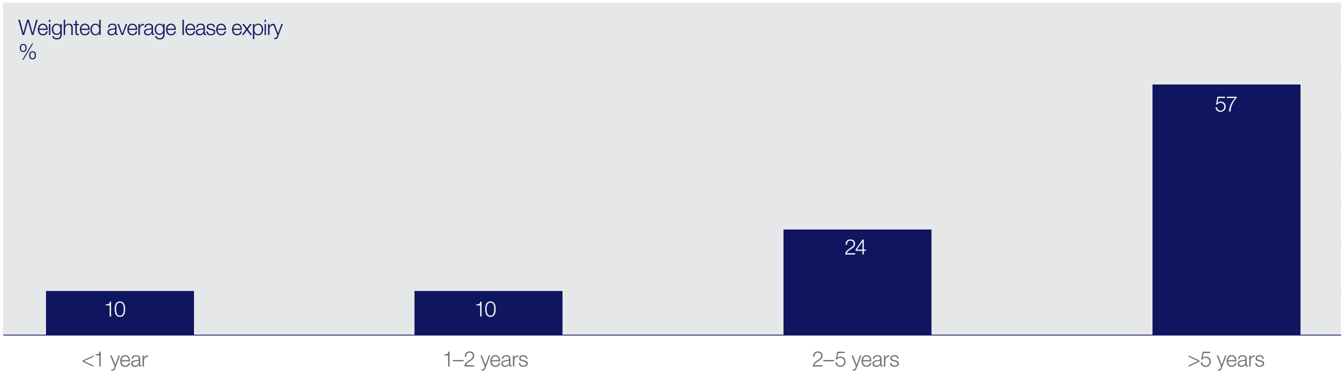
	2015 £'000	2014 £'000
Within one year	**30,030**	28,586
Between one and two years	**27,823**	26,617
In the second to fifth year inclusive	**66,803**	33,482
After five years	**95,311**	109,443
	219,967	198,128

Notes to the financial statements (continued)

21 Operating lease arrangements continued

Weighted average lease expiry

Operating leases in NewRiver Retail Limited portfolio



The Group's weighted average lease length of operating leases at 31 March 2015 was 7.4 years (2014: 8.3 years).

22 Financial commitments and operating lease arrangements

	2015 £'000	2014 £'000
Rents payable on operating leases:		
Within one year	**387**	195
One to two years	**203**	387
Two to five years	**617**	487
After five years	**304**	496
	1,511	1,565

Operating lease payments represent rents payable by the Group for occupation of its office properties.

The current lease expires in November 2021 with a tenant break option in 2016.

23 Share capital and reserves

The authorised share capital is unlimited and there are 127,077,895 shares in issue which excludes treasury shares (2014: 99,378,507). The table below outlines the movement of shares in the year:

		Number of Ordinary Shares issued 000s	Price per pence	Total number of shares 000s
Brought forward at 1 April 2014				99,379
April – September 2014	Warrant conversions	293	172	99,672
October 2014	Option exercise	89	235	99,761
October 2014	Warrant conversion	6	170	99,767
November 2014	Option exercise	38	235	99,805
January 2015	Equity issuance	27,273	275	127,078
Carried forward at 31 March 2015				**127,078**

During the year, the Group approved a transfer from the share premium account of £73.3 million (2014: £148.5 million) to other reserves which may be distributed in the future. Other reserves being distributable reserves. The share premium arose from previous successful equity raises. The gross proceeds of £75 million were received from the issue of 27,272,727 shares at 275 pence. Costs of £1.7 million associated with the issue have been netted off against these proceeds.

Shareholders who subscribed for Placing Shares in the IPO received warrants, in aggregate, to subscribe for 3% of the Fully Diluted Share Capital exercisable at the subscription price per Ordinary Share of £2.50 and all such warrants shall be fully vested and exercisable upon issuance. The subscription price has subsequently been adjusted to £1.64 following subsequent dividend payments and share issues.

24 Treasury shares

The Company has established an Employee Benefit Trust (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 Trustee of the EBT may not exceed 10% of the Company's issued share capital at that time. It is intended that the Trustee of the EBT will not hold more Ordinary Shares than are required in order to satisfy awards/options granted under share incentive plans.

There are currently 496,500 treasury shares held in the Employee Benefit Trust. As the EBT is consolidated, these shares are treated as treasury shares.

During the year, 127,500 were issued from the EBT to satisfy the exercise of options for employees from the EBT (2014: Nil)

	2015 000s	2014 000s
Brought forward	**624**	624
Exercised during the year	**(127)**	–
Carried forward	**497**	624

25 Share-based payments

The Group provides share-based payments to employees in the form of Share Options and also in the form of performance shares. All share-based payment arrangements granted since the admission on 1 September 2009 have been recognised in the financial statements. Further details can be found in accounting policies Note 1.

(a) Terms

Share Options

The Group uses the Black-Scholes Model to value Share Options and the resulting value is amortised through the income statement over the vesting period of the share-based payments with a corresponding credit to the share-based payments reserve.

	Exercise price £	**2015 Number of options**	2014 Number of options
Awards brought forward		**2,317,410**	2,317,410
Awards made during the current year:	–	**–**	–
Awards exercised during the current year:	235	**(127,500)**	–
Awards lapsed during the prior year:	–	**(7,500)**	–
Exercisable options at the end of the year		**2,182,410**	2,317,410

The awards granted during the year are based on a percentage of the total number of shares in issue. There have been no new Share Options issued in the current year.

Performance Shares

The Group uses the Black-Scholes Model and the Monte Carlo Pricing Model to value performance shares and the resulting value is amortised through the income statement over the vesting period of the share-based payments with a corresponding credit to the share-based payments reserve.

	Exercise price £	**2015 Number of shares**	2014 Number of shares
Awards brought forward		**650,000**	500,000
Awards made during the current year	nil	**607,000**	150,000
Awards lapsed during the current year		**(60,690)**	
Issued shares at the end of the year		**1,196,310**	650,000

Notes to the financial statements (continued)

25 Share-based payments continued

(b) Share-based payment charge

	2015 £'000	2014 £'000
Share-based payment expense brought forward	**453**	260
Share-based payment expense in the year	**610**	193
Cumulative share-based payment	**1,063**	453

26 Financial instruments – 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 formally on a quarterly basis and also when authorised changes are required.

(a) Market risk

Currency risk

As all material transactions are in GBP, the Group is not subject to any foreign currency risk.

Cash flow and fair value interest rate risk

The Group has significant interest-bearing cash resources, the majority of which are held in business accounts with its principal bankers. The Group's interest rate risk arises from long-term borrowings (Note 20), borrowings issued at variable rates expose the Group to cash flow interest rate risk, whilst borrowings issued at a fixed rate expose the Group to fair value risk.

The Group's cash flow and fair value risk is reviewed quarterly by the Board. The Group analyses its interest rate exposure on a dynamic basis. It takes on exposure to mitigate the effects of fluctuations in the prevailing levels of market interest rates on its financial position and cash flows. Interest costs may increase as a result of such changes. They may reduce or create losses in the event that unexpected movements arise. Various scenarios are simulated taking into consideration refinancing, renewal of existing positions, alternative financing and hedging. Based on these scenarios the Group calculates the impact on profit and loss of a defined interest rate shift. The simulation is run on an ongoing basis to verify that the maximum potential impact is within the parameters expected by management. To date the Group has sought to fix its exposure to interest rate risk on borrowings through the use of a variety of interest rate derivatives. At 31 March 2015, the Group (including joint ventures) had £342.3 million (2014: £220.1 million) of interest rate swaps and caps in place. This gives certainty over future cash flow but exposure to fair value movements, which amounted to an unrealised loss of £0.67 million at 31 March 2015 (2014: Gain £2.3 million). Sensitivity analysis is carried out to assess the impact of an increase in interest rates on finance costs to the Group. The impact of a 200 bps increase in interest rates for the year would increase the net interest payable in the Income Statement and reduce net assets by £1.3 million (2014: £1.4 million).

(b) Credit risk

The Group's principal financial assets are cash and short-term deposits, trade and other receivables.

The credit risk on the Group's trade and other receivables is considered low due to the Group having policies in place 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 credit risk on the Group's cash and short-term deposits and derivative financial instruments is limited to the Group's policy of monitoring own and counterparty exposures.

(c) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. The Board and its advisers seek to have appropriate credit facilities in place on a project-by-project basis, either from available cash resources or from bank facilities.

26 Financial instruments – risk management continued

Management monitor the Group's liquidity position on a weekly basis. Formal liquidity reports are issued on a weekly basis and are reviewed quarterly by the Board, along with cash flow forecasts. A summary table with maturity of financial liabilities is presented below:

			2015
	Current £'000	**Year 2 £'000**	**Years 3 to 5 £'000**
Interest bearing loans and borrowings	**–**	**–**	**159,565***
CULS	**–**	**23,500**	**–**
Trade and other payables	**20,697**	**–**	**–**
Derivative financial instruments	**–**	**–**	**690**
	20,697	**23,500**	**160,255**

			2014
	Current £'000	Year 2 £'000	Years 3 to 5 £'000
Interest bearing loans and borrowings	–	–	109,011
CULS	–	23,500	–
Trade and other payables	10,420	–	–
Derivative financial instruments	–	–	19
	10,420	23,500	109,030

* Assumes all options to extend at the Group's option are exercised.

The Group monitors its risk to a shortage of funds by forecasting cash flow requirements for future years, including consideration of existing facilities and covenant requirements. The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank overdrafts and other short-term borrowing facilities, bank loans and equity fundraisings.

(d) 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 benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

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 total capital. Net debt is calculated as total borrowings (including borrowings and trade and other payables as shown in the balance sheet) but excluding preference shares, which for capital risk management is considered to be capital rather than debt, less cash and short-term deposits.

Total capital is calculated as equity, as shown in the balance sheet, plus preference shares and net debt. The Group is not subject to any external capital requirements.

Notes to the financial statements (continued)

27 Contingencies and commitments

The Group has no material contingent liabilities or commitments (2014: None).

28 Related party transactions

Group

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

Directors' shareholdings can be found in the Directors' report.

Total emoluments of Executive Directors during the period (excluding share-based payments) were £3.8 million (2014: £2.6 million).

Share-based payments of £0.6 million (2014: £0.1 million) accrued during the year.

During the year, no shares (2014: 137,580) were acquired on the open market by Directors. See Directors' Interests on page 60.

29 Post balance sheet events

On 18 May 2015, NewRiver Retail Limited will pay dividends of £5.0 million to its shareholders. The total dividend of 4.25 pence per share was paid entirely as a PID. The total dividend for the year was 17 pence which was 116% fully covered.

Glossary of terms

Assets under Management (AUM) measures the total market value of all properties managed by the Group.

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

Capital Return Calculated as the change in capital value less any capital expenditure expressed as a percentage of capital employed over the period.

EPRA is the European Public Real Estate Association.

EPRA earnings is the profit after taxation excluding investment property revaluations and gains/losses on disposals.

EPRA Adjusted Profit Comprises recurring profits and realised profits on sale of properties during the year.

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. It excludes property revaluations.

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.

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.

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.

Group is NewRiver Retail Limited, the Company and its subsidiaries and its share of joint ventures (accounted for on an equity basis).

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

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

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.

Investment portfolio comprises the Group's wholly-owned investment properties.

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 venturers 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 rental income growth is the growth in gross 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.

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

Glossary of terms (continued)

NAREIT is the National Association of Real Estate Investment Trusts. A trade association that represents US Real Estate Investment Trusts and publicly traded real estate companies.

NAREIT FFO is a calculation to adjust a REITs net income under US GAAP to exclude gains or losses from sales of property, adding back real estate depreciation and other relevant items.

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

Net initial yield is a calculation by the Group's external valuers of the yield that would be received by a purchaser, based on the Estimated Net Rental Income expressed as a percentage of the acquisition cost, being the market value plus assumed usual purchaser's costs at the reporting date.

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.

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.

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.

Proposed developments are properties which have not yet received final Board approval or are still subject to main planning conditions being satisfied, but which are more likely to proceed than not.

Rolling Credit Facility (RCF)

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

Company information

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Allan Lockhart
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