The true value of retail

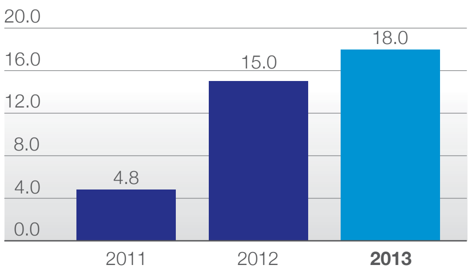
Annual Report and Accounts 2013

Who we are

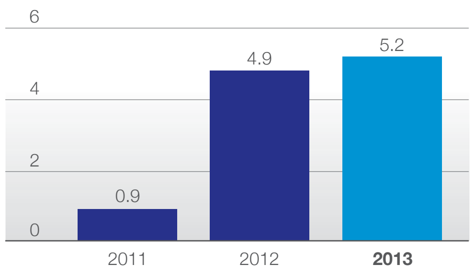
NewRiver Retail is a specialist REIT focused on the UK retail sector and rapidly becoming a leading value-creating property investment platform in the sector.

Strong three year track record

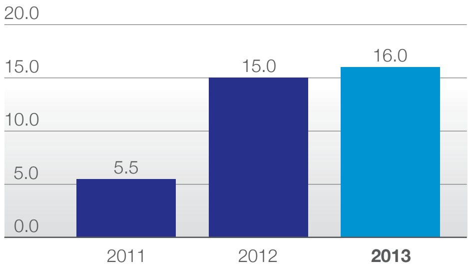
Gross revenue (£ million)



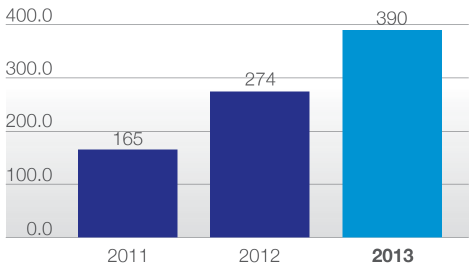
*EPRA Adjusted Profit (£ million)



Dividend per share (pence)



Growth of Assets Under Management (£ million)



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

For more information visit:
www.nrr.co.uk

Continuing our momentum

Highlights

Robust results generating increased profit and dividend

- Group revenue increased 20% to £18.0 million (2012: £15.0 million)
- EPRA Adjusted Profit growth of 7% to £5.2 million (2012: £4.9 million)
- Dividend per share increased 7% to 16 pence, fully covered
- EPRA adjusted earnings per share of 16.3 pence
- IFRS reported profit of £1.5 million (2012: £3.8 million)
- Two successful disposals at high IRR's of 18% and 244%
- Strong balance sheet with LTV of 51% (2012: 50%)
- Modest capital value reduction of 0.8% during a period when shopping centre values fell 3.7%
- NAV increased by £0.7 million whilst EPRA NAV per share absorbed 18 pence of capex for development and equity issue dilution to close at 240 pence per share (2012: 258 pence)

PIMCO Joint Venture provides significant firepower

- Significant new joint venture established with PIMCO
- £90 million portfolio acquisition comprising five shopping centres at a net initial yield of 9.7%
- PIMCO invested in NewRiver to become second largest shareholder with an 8.5% stake

Active Asset Management is creating value

- Assets Under Management increased 42% to just under £400 million
- NewRiver is now the fourth largest owner/manager of shopping centres in the UK by number
- Completed 142 leasing events during the year (2012: 72); the 103 new lettings and lease renewals were 3.4% above valuation ERV
- Completed 18% increase at rent review of the Tesco store in Bramley to £0.5 million
- Minimal impact from retail administrations with only 0.7% of rents in administration
- WALE of 7.8 years (2012: 7.4 years)
- Occupancy rate of 94% achieved across retail portfolio
- New asset management appointment from administrator Zolfo Cooper during the year

Risk controlled development is delivering

- Growing development pipeline totalling 600,000 sq ft
- Major planning consent and pre-let agreed in Wallsend for town centre redevelopment
- Planning consent secured for a 45,000 sq ft regeneration project in Erdington town centre
- Agreement for lease signed with Morrisons for a new 71,000 sq ft food store in Fareham
- Pre-lets agreed with Primark, Home Bargains, Iceland and North Tyneside Council
- Further development schemes in Paisley, Cowley, Widnes, Wisbech, Market Deeping and Burgess Hill

Chairman's statement

"The Company remains committed to generating strong income returns for shareholders and the growth in both revenue and profits has enabled the Board to recommend an increase in the dividend per share this year."

I am pleased to report NewRiver's annual results for the year ended 31 March 2013.

The Company continued to build on its position as one of the leading value-creating property investment businesses in the UK. EPRA adjusted profit for the year increased by 7% to £5.2 million (2012: £4.9 million) on revenue up by 20% to £18.0 million (2012: £15.0 million). This healthy performance enables the Board to recommend a 7% increase in the total dividend for the year to 16 pence per share, thereby continuing its commitment to generating strong income returns to shareholders.

As well as delivering its third consecutive year of growth in revenue, profit and dividend, the Company laid strong foundations for the future through a significant joint venture relationship.

In December it formed a joint venture with Bravo I, a managed fund sponsored by PIMCO - one of the world's largest financial groups. The joint venture is a transformational relationship that will deliver strong returns to shareholders through the marriage of Bravo's capital and NewRiver's expertise. The agreement secured the initial acquisition of a £90 million portfolio of five shopping centres.

Additionally, NewRiver won an asset management contract for two shopping centres and one high street parade from the administrator Zolfo Cooper. These properties are already generating incentivised fee income.

Both initiatives are strong recognition of management's ability to implement a high quality, active asset management and risk controlled development strategy. Bravo I has also invested directly in NewRiver and is now the Company's second largest shareholder.

The scale of the business grew significantly during the year through portfolio acquisitions and third party mandates. NewRiver now owns or manages 23 shopping centres and other town centre assets with a current capital value of circa £400 million making it the fourth largest in the UK by number of retail assets over 50,000 sq ft. The asset base continues to be highly defensive, offering capital and income growth through focusing on non-discretionary spend. During the year the Company further strengthened its assets by adding a raft of new high quality food and value covenants to its retailer mix, including Primark, Wagamama, Starbucks and Nando's.

The Company's outperformance is best recognised through comparison with its peer market. The £2.1 million revaluation deficit is only 1% of the total portfolio and was achieved during a year in which total shopping centre values fell by 3.7%. This strong performance was achieved as a result of the Company's highly active asset management and risk controlled development programme.

With acquisition yields historically high and borrowing costs historically low, NewRiver believes that the retail property market continues to offer compelling buying opportunities. The Company intends to take full advantage of these favourable conditions and is working on a number of on and off balance sheet acquisition prospects.

The Board is delighted with the progress that NewRiver made in the year and is confident that the Company will continue to deliver attractive long term returns for shareholders.

Paul Roy
Chairman

NewRiver Retail Limited

22 May 2013

PIMCO refers to the joint venture with Bravo I, a managed fund sponsored by PIMCO, one of the world's largest financial investment groups.

4th largest

shopping centre owner in the UK by number over 50,000 sq ft

+42%

Assets Under Management grew 42% to just under £400 million

A transformational year

NewRiver continues to build on its position as one of the leading value creating property investment platform in the UK

The year boasts four significant momentum driving highlights for the Company:

1
PIMCO co-investment joint venture.

See pages 18-19 for more

2
£90 million acquisition of five shopping centres at a net yield of 9.70%.

See pages 18-19 for more

3
Value-enhancing asset management with Primark.

See pages 14-15 for more

4
Major planning consent and pre-let agreed in Wallsend.

See pages 16-17 for more

The retail market

The true value of retail

Convenience, Commodity, Community and Value

The high street is the dominant force in a £300 billion market and like all fast moving and dynamic markets, it has evolved to cater for the changing needs of the consumer, whose attitudes to time, money, lifestyle and technology are constantly changing against the backdrop of the prevailing economic environment.

Consumers have inevitably become more price savvy with shoppers actively seeking out value and managing their budgets by reducing volumes purchased as they look to minimise waste, resulting in top-up shopping becoming the norm. Consumer lifestyle and the high cost of fuel mean there is less time to make considered purchases. This equates to a greater reliance on convenience and technology.

NewRiver's 23 commodity focused shopping centres are set to benefit from this consumer desire for value and convenience, capitalising on the opportunity to provide more than a pure retail channel and become more of a community and social hub providing shopping as well as a range of leisure and cultural activities. A thriving town must offer a multitude of services in an inviting environment, creating a virtuous cycle with customers spending more time and money in the town centre.

World Class Local Retailers

The grocers continue to be major investors in town centres, with a rapid expansion of space increasing sales by 28% between 2007-2012. Where Tesco and the Co-op's rapid expansion is inevitably cooling, other grocers such as Sainsbury's, Morrisons, Waitrose and Aldi are set to take advantage and expand their convenience offer. Providing value-for-money, up to the minute fashion and quality, Primark has seen inflation busting growth against a backdrop of strong competition and notably without any online representation.

The consistently strong performance of non-discretionary, food and value sectors, forecast to continue their rapid expansion, is therefore an extremely exciting sector to be operating in.

3rd

The retail industry is the third largest private sector employer

Affordable Luxury

As shoppers continue to cut back on their spending and make more considered purchases, they do still allow themselves an affordable luxury such as smaller beauty items or premium coffee purchases. Costa Coffee reported impressive like for like sales growth of 7% in 2012 opening 200 new stores.

Consumer Loyalty

It is essential to build consumer loyalty in the current environment. Consumers have a genuine choice: they can choose not to shop, to shop online, out of town or locally, therefore it is as important for property owners as for retailers to fight hard to ensure that the pound in the consumers pocket is spent in their shop. Providing shoppers with an attractive and secure retail experience with a range of desirable goods and services at a price that they can afford is critical to this success. At NewRiver we develop loyalty through events, competitions, social media and innovations that complement a varied retail offer and drive footfall, dwell time, loyalty and ultimately increases sales for our retailers.

Identity

A town's centre is a place to belong as well as a place to discover. Today's consumers expect their shopping centres to deliver not only quality but also added value. As well as demanding a wide variety of stores, consumers want to be able to spend their leisure time in attractive surroundings appropriate to the locality and expect to be entertained and inspired.

Innovation

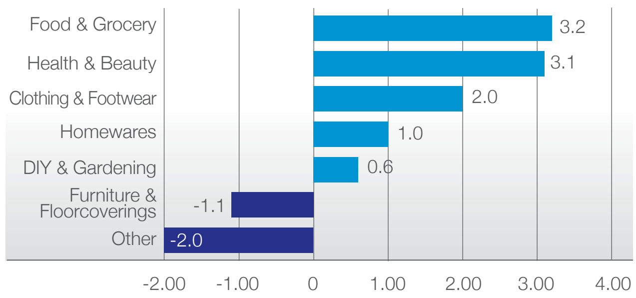
The internet is a hugely exciting opportunity for the high street, and not a threat, opening up new markets to retailers and should be embraced to harness incremental income. NewRiver has a committed "bricks'n'clicks" strategy to implement this. The Company has created multi-channel retail experiences having introduced free Wi-Fi to all of its centres, embraced mobile and social media and is exploring virtual shopping solutions that will integrate the click with the brick for its retailers. It is no accident that some of the most-visited UK web sites are also bricks & mortar retailers. A recent study by Google and Vodafone cited that for every £1 spent online, £1.75 was spent in-store. NewRiver has also introduced Amazon collection lockers into its centres for increased convenience helping to improve footfall and linked trips.

Partnerships

Stakeholders must actively promote and invest in their town's centres. Budgets are tight but the combined enterprise of councils, shopping centre owners, key businesses, schools and universities become greater than the sum of the parts and can leverage off each other's skill base to deliver investment and improvement.

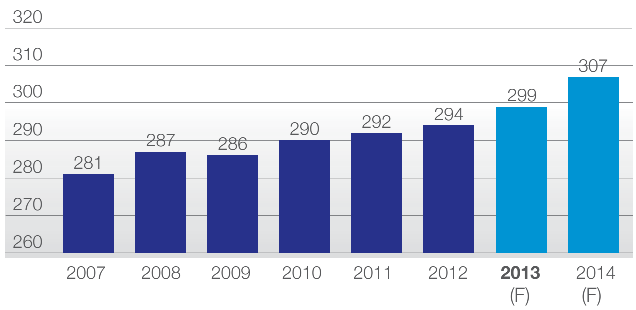
NewRiver has a community and town-centre-first policy and has an absolute commitment to delivering the true value of retail for its towns and shopping centres.

Food & value sub-sector performance forecasts % (2013)*



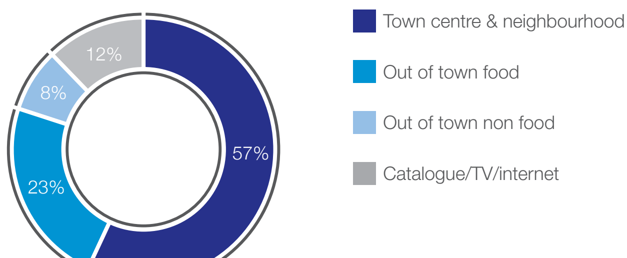
*Source: Verdict

Retail Sales (£ billion)*



*Source: Verdict

Continuing dominance of town centre retail sales (2012)*



*Source: Verdict

20%

Retail sales accounted for approximately 20% of GDP

Overview
Performance
Governance
Financial statements

Business model

Clear investment strategy focused on driving income returns and unlocking additional value through active asset management and risk controlled development

Focus on food and value retail sectors

What we're doing

- Focus on outperforming food and value sub-sectors
- Strength and depth in a £300 billion market
- Sector expertise - UK wide geographical reach with national knowledge in local markets
- Targeting centres with an under representation of food
- Leverage off excellent relationships with leading UK food & value retailers

See page 12-13 for more

Careful Stock selection

What we're doing

- Forensic analysis
- Is it affordable and sustainable?
- Does it function, serve and provide effectively?
- Does it have an adequate range of shops?
- Convenience and connectivity to the town and catchment?
- Competitive analysis of catchment spend, competing towns and retail destinations
- Does it have a balanced demographic to attract a wide range of retailers?
- Rigorous research and due diligence
- Development pipeline appraisal
- Capitalise on opportunities presented through the formation of significant joint ventures

See page 8-9 for more

Active asset management

What we're doing

- Focused and disciplined approach to maintain and enhance rental income
- Rigorous cost control
- 142 lease renewals, lease variations and new lettings completed
- Rebuild and enhance the shopping environment
- Excellent retail relationships with our retailers
- Innovation in marketing and commercialisation
- Highly pro-active engagement with stakeholders, community and local authorities
- Focus on driving footfall, loyalty, dwell time and basket spend for our retailers
- Established track record of managing third party assets and fee income
- Opportunities for partners to leverage off significant scale to negotiate value enhancing transactions at portfolio level

See page 14-15 for more

Risk controlled development

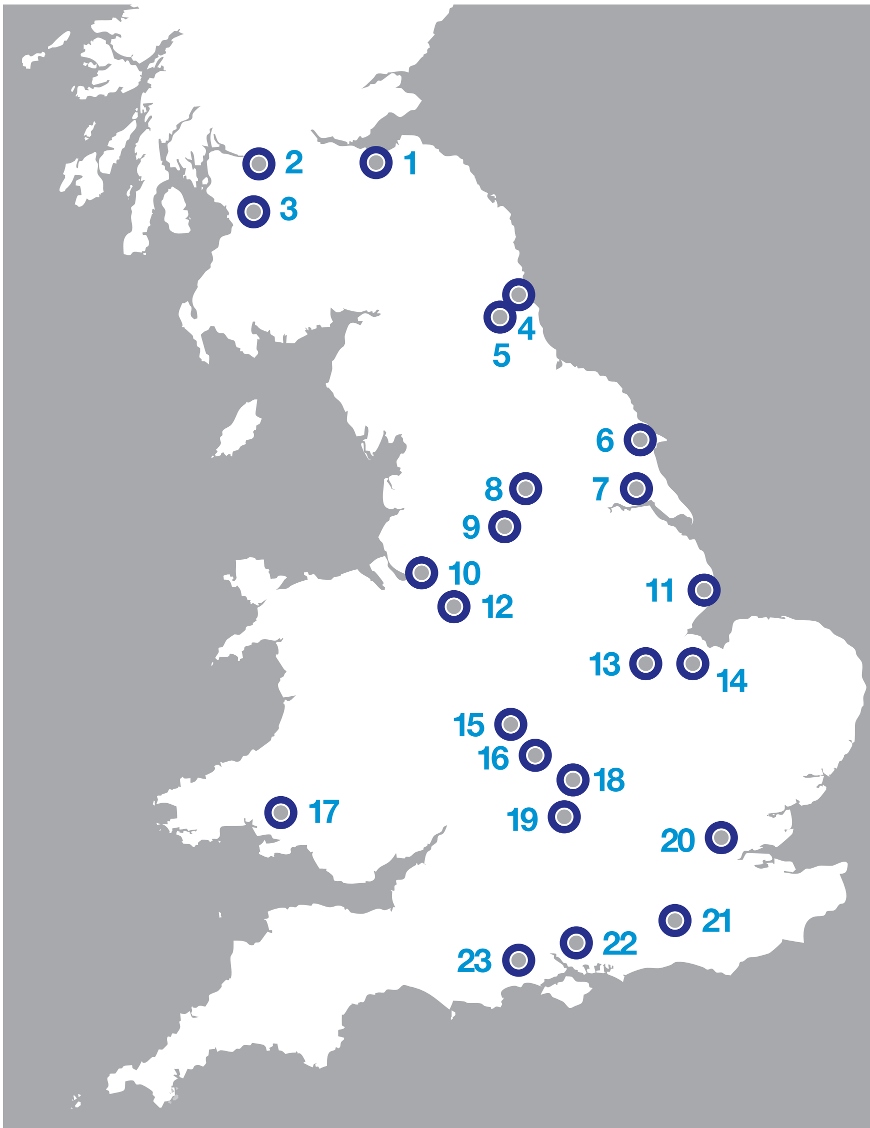
What we're doing

- Unlocking a significant emerging development pipeline
- Work closely with stakeholders
- Value enhancement by increasing critical mass through extension and reactivating under used space
- Restructuring of legal title to release development value
- Long dated pre-let agreements to major retailers
- Tight cost controlled project management
- Wide scope ranging from small unit amalgamation to town centre redevelopment
- Risk controlled development commenced on completion of pre-lets

See page 16-17 for more

NewRiver at a glance

Our growing property portfolio

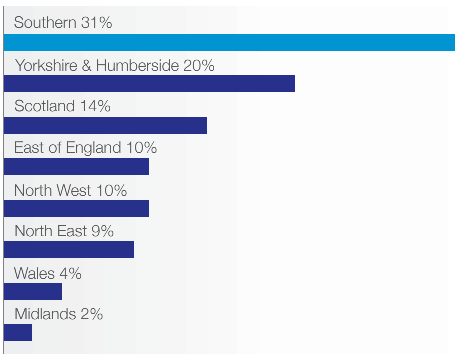


Shopping Centres

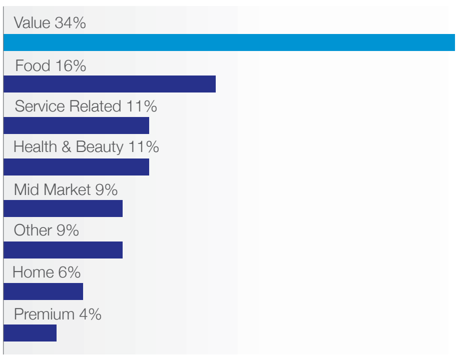
1 **Leith** ●
2 **Paisley** ▲
3 **Kilmarnock** ■
4 **Northshields** ●
5 **Wallsend** ▲
6 **Bridlington** ■
7 **Hull** ■
8 **Bramley** ▲
9 **Huddersfield** ■
10 **Widnes** ■
11 **Skegness** ▲
12 **Crewe** ●
13 **Market Deeping** ▲
14 **Wisbech** ▲
15 **Erdington** ▲
16 **Leamington Spa** ■
17 **Carmarthen** ▲
18 **Cowley** ■
19 **Abingdon** ●
20 **Witham** ▲
21 **Burgess Hill** ▲
22 **Fareham** ▲
23 **Boscombe** ▲

▲ NewRiver portfolio
■ Joint ventures
● Third party mandates

Portfolio by location

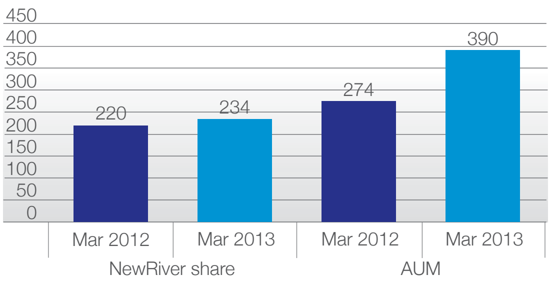


Retailer by profile



Our key performance metrics

Assets under management (£ million)



Assets under management increased by 42% during the period as a result of new acquisitions and third party mandates.

New acquisitions increased the weighted average purchase initial net yield from 8.5% to 8.8%

Area under management (sq ft)

2.2m → 3.4m

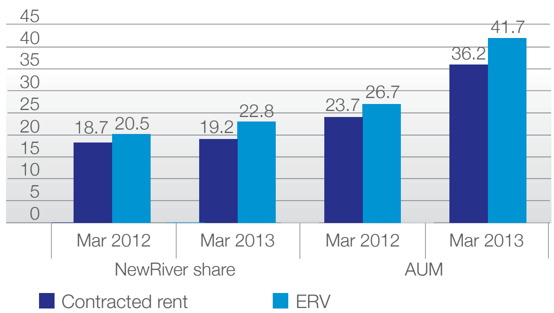
March 2012 March 2013

Occupiers

601 → 851

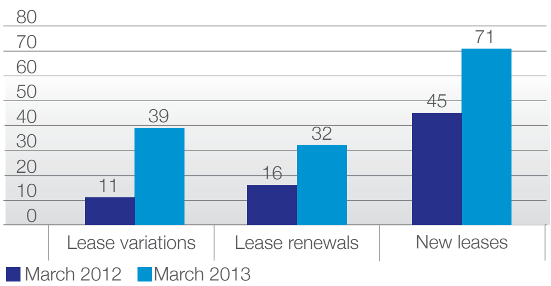
March 2012 March 2013

Contracted rent and ERV (£ million)



The Company's contracted rent under management increased by 53%.

Leasing events (number)



The total number of leasing events in the past 12 months increased from 72 to 142.

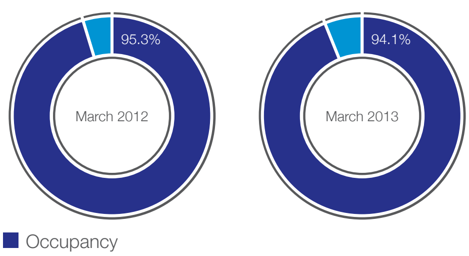
New lettings and lease renewals were 3.4% above ERV.

Shopping centre footfall (pa)

53m → 80m

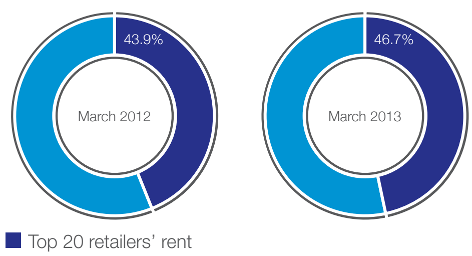
2012 2013

NewRiver Retail occupancy rates



Occupancy fell marginally during the period due in part to new acquisitions.

Rent secured against top 20 retailers



46.7% of NewRiver's contracted rent is secured against the Company's top 20 retailers including Tesco, Co-op, Superdrug, Poundland, Wilkinson and Primark.

Key retailer relationships

Our relationships with our retailers are integral to our business and we are proud of the many successful retailers we work with. We regularly visit our retailers to understand their business strategies and requirements which also enables us to pre-empt potential challenges.

The Co-operative

Number of stores
09

Total NewRiver rent £ pa
875,103

% income
4.6%

New Look

Number of stores
10

Total NewRiver rent £ pa
805,400

% income
4.2%

Superdrug

Number of stores
07

Total NewRiver rent £ pa
763,250

% income
4.0%

Tesco

Number of stores
02

Total NewRiver rent £ pa
674,945

% income
3.5%

Wilkinson

Number of stores
05

Total NewRiver rent £ pa
621,100

% income
3.2%

TK Maxx

Number of stores
03

Total NewRiver rent £ pa
567,500

% income
3.0%

Our team work very hard to obtain ongoing performance metrics, allowing us to track the health of our retailers, identify trends within each asset and remedy pressure points by working in partnership to ensure their businesses are profitable.

Poundland

Number of stores
10

Total NewRiver rent £ pa
519,200

% income
2.7%

Primark

Number of stores
01

Total NewRiver rent £ pa
475,000

% income
2.5%

Iceland

Number of stores
09

Total NewRiver rent £ pa
363,400

% income
1.9%

Boots

Number of stores
10

Total NewRiver rent £ pa
349,018

% income
1.8%

Card Factory

Number of stores
11

Total NewRiver rent £ pa
338,450

% income
1.8%

Argos

Number of stores
06

Total NewRiver rent £ pa
337,865

% income
1.8%

Case study – **Costa Coffee in Locks Heath, Fareham**

Focus on food and value retail sub-sectors

Regent Court, Leamington Spa
Nando's opens in July 2013, with NewRiver having only acquired the centre in December 2012

Food and beverage represents 3% of the NewRiver portfolio with potential to grow this rapidly expanding area

What we're doing

Responding to the demand from our local shoppers in Fareham for a quality food and beverage operator, we introduced a new Costa Coffee to Locksheath Shopping Village, Fareham, meeting this demand and creating ten new jobs. Since opening in April 2012 the store has significantly over traded, with the operator already seeking additional space.

Furthermore, in May 2012 we signed an agreement for lease with Morrisons for a new 71,000 sq ft food store at the centre, significantly enhancing the viability of the scheme.

Capitalising on opportunities

- Retail spending remains resilient
- £300 billion market
- Food & value sub-sectors are out performing
- Historic low capital values
- Attractive buying opportunities
- Demand from key retailers for new space
- Development pipeline constrained
- Supportive political & planning environment

Case study – **Primark in Warrington**

Active asset management

Free Wi-Fi across the entire NewRiver shopping centre portfolio provides:

- Enhanced customer experience
- Income-stream
- Data capture

+15%

Increase in sales achieved during the NewRiver brand partnership for Greggs at The Forum Shopping Centre, Wallsend

Creating value

Europe's leading value fashion retailer joins the NewRiver portfolio

- We successfully acquired the long leasehold interest from Standard Life to gain vacant possession
- We then relocated the existing New Look to release space to begin the complicated restructuring of two units to create a single 56,000 sq ft unit for Primark
- The Company signed a lease with Primark in November 2012 for a term of 25 years at an annual rent of £475,000
- Works are due for completion in August 2013 which will bring the first Primark to Warrington in time to begin trading for Christmas 2013

What we're doing

Active asset management has never been more important in protecting and enhancing income and value. Furthermore, asset management in today's retail landscape must integrate the click with the brick. Our team works hard with retailers and stakeholders alike to create desirable shopping destinations that offer our customers a safe, attractive, convenient and varied retail experience at a price they can afford.

Our strategy in action

What we're doing

Risk controlled development is an important part of the NewRiver business ranging in complexity and size from small unit amalgamations to whole town centre redevelopments. We skillfully identify projects to enhance, extend and re-activate disused space within our assets, create new footfall generators and increase critical mass – always delivered with disciplined risk and cost control.

Before

The Abbey, Abingdon

As asset manager on behalf of Scottish Widows Investment Partnership, NewRiver managed the extensive £3.7 million refurbishment and modernisation of the Abbey Shopping Centre in Abingdon through to completion.

After

Case study – **The Forum Shopping Centre, Wallsend**

Risk controlled development

Watch our computer generated futurescape video by searching You Tube for:

- The Forum Shopping Centre, Wallsend Redevelopment 2013
- The Abbey Shopping Centre, Abington
- The Martlets Shopping Centre, Burgess Hill

State-of-the-art Library & Community Hub

NewRiver will deliver this regenerative town centre development in two phases:

- Phase 1 involves the redevelopment of the former Co-op building to provide a new 50,000 sq ft library at the first and second floors and includes the creation of three retail units totalling 27,000 sq ft on the ground floor
- The library and community centre have been pre-let to North Tyneside Council for a term of 30 years at an initial rent of £363,000 pa with annual rental increases linked to RPI's
- The three retail units will equate to an estimated gross rent of over £370,000. A pre-let to Home Bargains has been signed for a 10 year lease at a rent of £125,000 pa and advanced legal negotiations with other leading national value retailers are underway to lease the final two units
- Extensive refurbishment and re-branding of the centre
- The enabling contract is underway with the main contract due to start in June 2013 to provide a phased handover of the three retail units in October 2013 and the library in early 2014
- Phase 2 includes the proposed construction of a new 46,000 sq ft food store and approximately 300 space surface car park with approved planning

Case study – **PIMCO**

Joint ventures

What we're doing

During our short period of management of the newly acquired five shopping centres, we have completed a number of value-enhancing initiatives including the letting and amalgamation of two vacant units to a Nando's restaurant in Leamington Spa, together with the submission, with support, of a planning application to allow full A3 use at the asset. In Cowley we are in discussions with key stakeholders to implement and secure a new food anchor.

Significant financial firepower

- Formation of an innovative co-investment joint venture vehicle with PIMCO
- The completion of our largest acquisition to date was enabled comprising a portfolio of five shopping centres for a total consideration of £90 million at a net initial yield of 9.7%
- Total lettable area of one million sq ft including over 200 retail units and a combined annual footfall of 21.5 million
- Range of high quality retailers and food operators including Currys, Starbucks, Home Bargains, New Look, Boots, Co-op, Poundland, Argos, WH Smith, Space NK, Wagamama and Strada
- NewRiver identified a number of significant value-enhancing opportunities, a number of which are already underway
- It is a strong endorsement of the NewRiver management and strategy that a sophisticated global investor the quality of PIMCO chose to both partner with and invest in NewRiver
- Capacity to deliver strong returns to shareholders through the marriage of PIMCO's capital and NewRiver's expertise

1	2	3
4	5	

1. Prospect Centre, Hull
2. The Promenades, Bridlington
3. Regent Court, Leamington Spa
4. Templars Square, Cowley
5. Burns Mall, Kilmarnock

Operating and Financial Review

David Lockhart
Chief Executive

Allan Lockhart
Property Director

Mark Davies
Finance Director

Retail is a dynamic and vibrant sector that is pivotal to the UK economy. Retail sales remain resilient and provide a range of opportunities for the astute investor and skilled asset manager.

Overview

The financial year was marked by the achievement of significant milestones and growth for the Company. We completed the acquisition of a major portfolio of five shopping centres through the creation of an important new joint venture with PIMCO which successfully raised £90 million of debt and equity to fund the acquisition. The Company was awarded three important planning permissions to expand three of its core shopping centre assets and completed two sales ahead of target business plan. NewRiver has continued to drive forward its asset management and extensive risk controlled development programme. Additionally we launched a number of digital initiatives to enhance the value of our assets and deliver a highly desirable shopping experience for our customers at our UK wide shopping centres.

For the third consecutive year the Company has continued its positive financial momentum and increased gross revenues by 20% resulting in further growth in EPRA adjusted profits to £5.2 million (2012: £4.9 million). Proposed dividend per share increased to 16 pence (2012: 15 pence) and EPRA NAV of 240 pence at the year-end performed broadly in line with market expectations principally due to the market outperformance of our like-for-like property valuations.

The Company maintained its acquisitive strategy and significantly grew its assets under management to approximately £400 million, encompassing 23 shopping centres, 19 of which are owned outright or through joint venture initiatives. Notably NewRiver is now the fourth largest owner and manager of shopping centres by number over 50,000 sq ft in the UK. This is a significant achievement considering the Company was founded less than four years ago. The increasing scale and quality of the portfolio enables NewRiver to drive revenue, reduce operating costs through greater buying power and benefit from wider reaching retailer relationships and shared experiences.

The highlight of the year was the acquisition in December 2012 of a portfolio of five shopping centres for a total consideration of £90 million, reflecting a net initial yield of 9.7%. The purchase was achieved through the creation of an innovative co-investment joint venture vehicle with PIMCO. With a total lettable area of one million sq ft, the acquisition considerably enlarged the asset base from which the Company can generate returns through its active asset management and risk controlled development strategy. NewRiver identified a number of significant value-enhancing opportunities across the portfolio and have already commenced works in Leamington Spa.

It is a strong endorsement of the Company's management and strategy that a sophisticated global investor the quality of PIMCO chose to partner with, and invest in, NewRiver. We are delighted to welcome PIMCO as an important shareholder with an 8.5% stake in the Company.

Retail is a dynamic and vibrant sector that is pivotal to the UK economy. Retail sales remain resilient and provide a range of opportunities for the astute investor and skilled asset manager. NewRiver continues to focus on the outperforming food and value sub-sectors where the emphasis is on convenience and the non-discretionary spend of the UK family budget. Our shopping centres are community destinations. We focus on meeting the needs of our customers by working in partnership with our retailers to drive customer footfall, experience and dwell time. In that respect we regard our shopping centres as operating platforms rather than pure property investments.

Our business model is focused on driving the growth of income returns by targeting high yielding assets with the lowest risk profile through affordable and sustainable income streams, and where we can unlock additional value through our active asset management and development skills.

1	2
3	4 5

1. Amazon lockers drive customer convenience
2. Wagamama, Leamington Spa
3. Argos, Kilmarnock
4. Boscombe's Got Talent, at The Sovereign Centre
5. Greggs Brand Partnership, Wallsend

NewRiver is at the forefront of the changing retail landscape and has established itself as one of the UK's leading owners of convenience focused shopping centres.

Within the food and value sub-sectors there are a number of retailers seeking additional space and with a limited retail development pipeline this provides attractive opportunities to create value by meeting that demand. NewRiver's ability to assemble a high quality portfolio that can generate immediate and attractive cash on cash returns lies at the heart of our business model.

Across the entire portfolio, NewRiver's asset enhancement activities progressed significantly with a total of 142 leasing events including 103 new lettings and lease renewals, maintaining and generating an income of £3.2 million for the Company, 3.4% above business plan ERV. During the year only 22% of retailers chose to vacate at expiry. In November, the Company signed a new 25 year lease with Primark, one of Europe's leading value fashion retailers, for a 56,000 sq ft retail unit at Golden Square Shopping Centre in Warrington. NewRiver received detailed planning permission in September for a major redevelopment of the Forum Shopping Centre near Newcastle-upon-Tyne comprising 77,000 sq ft of new retail space and a new library and community centre pre-let to North Tyneside Council for a term of 30 years at an initial rent of approximately £363,000 pa. In May 2013 NewRiver secured planning consent for a new 45,000 sq ft town centre regeneration project in Erdington; and signed a pre-let with Morrisons for a new 71,000 sq ft food store in Fareham.

These approvals are the latest in a raft of NewRiver initiatives to enhance its asset base through the core strategy of active asset management and risk controlled development. NewRiver also continued its commitment to recycling shareholder equity with two sales totalling over £2 million.

We continue to embrace digital innovations with recent initiatives including agreements with The Cloud (BSkyB) to provide free Wi-Fi across our portfolio and with Amazon to provide collection lockers within our shopping centres for customers who have purchased online. Both initiatives are income-producing and have contributed to increased footfall and dwell time. We have also developed our commercialisation activities with major brands through agreements with Coca-Cola, Photo-Me and Greggs.

NewRiver's occupational base of managed properties now exceeds 850 occupiers which generates an annual footfall of over 80 million across a total of 3.4 million sq ft. The quality of our offering is reflected in a 94% occupancy level and a weighted average lease length of 7.8 years. NewRiver's top 20 occupiers comprise major high quality covenant retailers including Tesco, Boots, Sainsbury's, Poundland, Primark, TK Maxx, Argos and the Co-op with no single occupier accounting for more than 5% of aggregate rental income. We have been broadly unaffected by retail administrations and our high occupancy rate of 94% reinforces the low risk characteristics of our portfolio. The portfolio is geographically spread across the UK with a greater weighting to the south and east of England. All of our assets are in town centres, which continue to dominate the UK retail landscape and account for the majority of total retail sales.

Outlook

The Company views its future with great optimism. With high acquisition yields in our core market and low borrowing costs, there is significant opportunity to grow the portfolio through the acquisition of good quality assets with defensive income streams both directly and through our joint venture partners. We have no hesitation in stating our objective to grow the portfolio to at least £1 billion of gross assets in the medium-term and believe our active asset management risk controlled development skills are well placed to unlock and generate enhanced value and deliver long-term capital and income returns to shareholders as a result.

Our own team is the key to NewRiver's success. We have a 20 strong team of highly focused, experienced and talented individuals at NewRiver who are passionate about retail, understand the market intimately and are committed to identifying and delivering the true value of retail. This includes our entire dedicated and award-winning centre management teams as well as our skilled and professional local and national advisors.

Templars, Cowley

142

New leasing events

+20%

Group revenue increased by 20% to £18 million

The strong performance of the portfolio to date, against challenging headwinds, is an endorsement of NewRiver's success in its pro-active approach to value generation. Current market and economic opportunities provide a significant platform for sustainable long-term growth for NewRiver and we look forward to furthering the success of the Company.

Property Review

NewRiver is at the forefront of the changing retail landscape and has established itself as one of the UK's leading owners of convenience focused shopping centres. With a combined annual footfall of over 80 million shoppers across 23 shopping centres, NewRiver engages with the UK consumer on a daily basis. NewRiver is uniquely placed to provide for the everyday needs of our shoppers and their desire for value, convenience and social engagement in a market where time and money is a critical equation.

Our growing and active portfolio

This year NewRiver's active-asset management programme delivered 71 new lettings at a total rent 1.8% above Valuation ERV; furthermore we completed 32 lease renewals at a total rent 7.2% above Valuation ERV. The average weighted lease length on new lettings and lease renewals was 14.2 years. Like-for-like rental income was stable with a fractional decline of 0.3%.

During the year NewRiver has secured planning consents for two major town centre redevelopment projects in Wallsend and Erdington totalling 122,000 sq ft. The Company also signed an agreement for lease with Morrisons for a 71,000 sq ft food store in Fareham. The Company has a total of 185,000 sq ft of development in the pipeline in Paisley, Widnes, Market Deeping, Romford and Burgess Hill.

The asset management of shopping centres is no longer confined exclusively to bricks and mortar. Our bricks'n'clicks strategy acknowledges the Internet as an opportunity for retail. We have delivered on our commitment to innovating and future-proofing our shopping centres including the integration of social media, and the installation of two income-generating initiatives with the roll-out of Amazon collection lockers and free Wi-Fi with BSkyB (The Cloud).

The Company's portfolio continues to generate significant surplus cash as a result of low borrowing costs, low vacancies, high rent collection rates, limited impact from retailer administrations and increased revenues from new lettings, commercialisation and advertising.

Prospect Centre, Hull

Acquisitions

The Company has experienced a highly active period in which we have completed our largest acquisition to date with the completion of the Camel II portfolio. This major off-market acquisition comprised a portfolio of five shopping centres for a total consideration of £90 million at a net initial yield of 9.7%. The Camel II portfolio was acquired through the Company's new joint venture with PIMCO, at an attractive price given the quality and sustainability of the income stream. As well as generating high annual cash on cash returns, NewRiver has identified deliverable asset management opportunities, a number of which are already underway.

The five shopping centres total one million sq ft, include over 200 retail units and have a combined annual footfall of 21.5 million. With a weighted average lease expiry of 8.1 years, the portfolio features a range of high quality retailers and food operators including Currys, Starbucks, Home Bargains, New Look, Boots, Co-op, Poundland, Argos, WH Smith, Space NK, Wagamama and Strada.

The portfolio represents an excellent geographical diversity ranging from Oxford to the west of Scotland and comprises Templars Square in Cowley, Oxford; Regents Court in Royal Leamington Spa; The Prospect Centre in Hull; The Promenades in Bridlington and Burns Mall in Kilmarnock.

Disposals

During the period NewRiver achieved two important disposals totalling approximately 50,000 sq ft.

We completed the sale of Gilmour House, a vacant 45,000 sq ft office building located above its shopping centre The Piazza in Paisley just outside Glasgow. The vacant building was sold for £850,000 to Freshstart Living, a specialist residential and student buy-to-let property investment company, and will be converted into student accommodation for the University of West Scotland boosting the Centre's shopper base. As well as creating value and recycling equity, the sale increases NewRiver's net operating income by reducing non-recoverable void rates and service charge and delivered a 244% IRR.

The second disposal was the sale of a retail unit in Canterbury for £1.18 million to a private investment company reflecting a net yield of 6% and an IRR of 18%. The unit was acquired in 2010 for £850,000 as part of a larger portfolio acquisition through our joint venture with Morgan Stanley. Through its active asset management NewRiver negotiated a renewed lease with Jones the Bootmaker for a new 10 year term and annual rent of £75,000 pa.

Camel II Portfolio Acquisition

Templars Square, Oxford

285,000 sq ft

5 million pa footfall

Co-op, Wilkinson, Boots, WH Smith, Superdrug

Prospect Centre, Hull

240,000 sq ft

7 million pa footfall

Currys, Wilkinson, WH Smith, Boots, Poundland

The Promenades, Bridlington

94,000 sq ft

4 million pa footfall

New Look, Argos, Poundland, Sports Direct, Peacocks, Greggs

Regent Court, Leamington Spa

167,000 sq ft

3 million pa footfall

Strada, Wagamama, Starbucks, Jaegar, LK Bennett, Space NK, Nando's (July 2013)

Burns Mall, Kilmarnock

200,000 sq ft

6 million pa footfall

New Look, Boots, Home Bargains and BHS

Asset management

Active asset management has never been more important in protecting and enhancing income and value. NewRiver aims to create desirable convenience driven shopping experiences for customers through a sociable, safe and attractive environment offering a range of products and services at an attractive price. For NewRiver this defines the true value of retail for today's shopper.

Today's shopping centres and retail destinations are more than just a place to shop; they are community hubs that contribute to shaping the town's identity. To create a point of difference they should offer events, entertainment, weekly markets and digital innovation; they are a place to discover, to meet and enjoy attractive food and beverage options together with a combination of dynamic national and independent retailers. Delivering this requires willing local collaboration from key stakeholders on the town's economic strategy and engagement with retailers.

In last year's annual report NewRiver set out its approach to asset management focusing on intensive stakeholder engagement and strengthening retailer relationships as a major focus for the Company to ensure greater customer satisfaction. In the financial period the Company has made excellent progress on all aspects of its asset management strategy.

We actively engage with our retail partners and have successfully completed 71 new long-term lettings across the portfolio generating a gross rent of £2.3 million exceeding Valuation ERV by 1.8%. The average weighted lease length of these new lettings was 17.3 years with an average lease incentive of 6.9 months.

We have completed 32 lease renewals which protects a total annual rent of £860,000 exceeding Valuation ERV by 7.2%. The portfolio WALE has been further strengthened by these key leasing events.

NewRiver's focus on sustainable income generation through low rent to turnover ratios has resulted in a minimal impact from retailer churn at expiry or break with just 22% vacating, a number of which were immediately re-let. The Company's focus on store profitability allows NewRiver to maximise returns through minimising the impact from tenant loss. We have a highly disciplined approach to rent collection with revenues exceeding forecasts.

The Company has a very focused and committed strategy to continue to reduce property costs, which currently reflects just 11% of gross rent. We are able to identify cost savings by maximising efficiencies within our service providers, reducing energy consumption, selective temporary lettings to mitigate rates liability and undertaking direct negotiations with retailers to reduce transaction costs. The Company is equally committed to lowering service charge costs for our retailers as well as on-going rates to the benefit of our retailers' bill reviews. Appeals across the portfolio have produced savings past and future within our portfolio totalling £4.6 million to the benefit of our retailers.

Promenades, Bridlington.

Iceland, Locks Heath


The Martlets, Burgess Hill

Portfolio highlights

Primark – Golden Square, Warrington

Following the successful acquisition of a long leasehold interest from Standard Life, working with Lendlease to achieve vacant possession and the relocation of New Look, construction works have begun for the complicated restructuring of two units to create a single 56,000 sq ft unit for Primark. NewRiver signed the lease with Primark in November 2012 for a term of 25 years at an annual rent of £475,000. Works are due for completion in August 2013 in time for Primark to begin trading for Christmas 2013.

The Piazza, Paisley

NewRiver has commenced works on site to substantially remodel two vacant units at the Piazza Shopping Centre in Paisley for Iceland at a rent of £135,000 pa for a 15 year term. The refurbishment and amalgamation works will create a new 9,500 sq ft anchor store with hand over due in September 2013.

We have has also completed a deal with Poundland to extend their existing store within The Piazza and relocate Carphone Warehouse into a vacant unit. Poundland are paying £115,000 rising to £117,500 in the third year for a 10 year term and Carphone Warehouse has taken a new lease at £25,000 pa.

Market Place, Romford

NewRiver has agreed terms with a leading UK discount department store. The potential scheme consists of the major refurbishment and the remodelling of an existing three storey building into a large single retail unit of 46,984 sq ft. Works are expected to start on site shortly to enable Christmas 2013 trade.

Tesco – Bramley Shopping Centre, Leeds

NewRiver completed the rent review of the 41,000 sq ft food store let to Tesco Bramley resulting in an 18% increase in the annual rent rising from £414,000 to £487,000.

The Newlands Shopping Centre, Witham

NewRiver completed two key lease renewals with anchor retailers, Peacocks and Iceland, both at ERV rents. The Company also negotiated into the leases landlord only breaks to allow for future redevelopment of the Centre to create larger stores where demand is strongest. This represents an excellent example of pro-active asset management to release and unlock the potential development value whilst maintaining attractive income value.

The Hildreds, Skegness

With strong dominant credentials NewRiver has strengthened the longevity of the income through lease renewals and secured a long-term anchor retailer following the successful acquisition from the Co-op of its leasehold interest. This unit was re-let to Home Bargains for a term of 15 years at a rent of £180,000 pa.

TK Maxx – Merlin’s Walk, Carmarthen

NewRiver have removed the break notice of the TK Maxx store in Carmarthen, leaving them with a ten year term at £142,500. TK Maxx is an important anchor retailer and this agreement is a positive endorsement both for the shopping centre and the town.

Food and Beverage

We continue to enhance our food and beverage offer to meet the needs of the consumer. Food and beverage now represents 3% of our portfolio and we have identified significant potential for further growth.

Nando’s – Regent Court, Leamington Spa

Following the recent acquisition of Regent Court Shopping Centre in December 2012 as part of our newly established joint venture with PIMCO, NewRiver has agreed a 15 year lease with Nando’s to occupy two vacant units totalling 3,200 sq ft at an annual rent of £70,000 pa at ERV. Following completion of the works, NewRiver handed over the new unit to Nando’s who expect to begin trading in July 2013.

This new letting, combined with NewRiver's submission of a planning application to increase the provision of restaurant use in the centre, accelerates the strategy to transform the centre into a restaurant destination in response to the high level of demand from restaurant operators.

Costa Coffee – Locks Heath, Fareham

Responding to our consumer analysis for the demand for a food and beverage operator at the centre, NewRiver introduced Costa Coffee to the centre and since opening in April 2012 it has significantly over-traded with the operator already seeking additional space. The opening of a new Italian restaurant, Franco & Pablo, has also contributed towards increased dwell time and an improved retail offer for this convenience led shopping centre.

BB's Café

NewRiver completed the upgrade and rebrand of the two BB's Café restaurants at The Sovereign Centre in Boscombe and The Piazza in Paisley. The new concept stores were some of the first to be rebranded in the country.

Retailer engagement

NewRiver's relationships with our retailers are integral to our business. The Company regularly visits its retailers to understand their business strategies and requirements. As a result, we are able to pre-empt potential challenges with examples including portfolio deals achieved with Game, Peacocks and Home Bargains. We equally understand the importance of independent local retailers and their role in providing a unique identity and retail offer to our centres and towns.

NewRiver works very hard to obtain ongoing performance metrics including seeking access to turnover figures and rent to sale percentages. These figures allow the Company to track the health of its retailers, identify trends within each asset and remedy pressure points by working in partnership with them to ensure their businesses are profitable. The information is invaluable to encourage new occupiers into schemes, negotiate leasing events and portfolio deals. This strategy continues for the forthcoming year with meetings in place with Home Bargains, Burger King, Boots, Costa Coffee, Greggs Heron Foods, Phones 4U, Holland & Barrett, JD Wetherspoon, Mitchell & Butler, Poundland, 99p Stores, Poundworld and WH Smith.

Development

Risk controlled development is an important part of our business model. The Company is making excellent progress enhancing development value across the portfolio ranging in size from small unit amalgamations to whole town centre redevelopments. Working closely with key stakeholders, the Company has identified projects to enhance, extend and re-activate disused space within our assets, creating new footfall generators and increasing critical mass. All of NewRiver's development projects comply with the Company's disciplined risk control criteria to ensure planning, full pre-lets and competitive construction contracts are secured before commencing on site.

State-of-the-art Community Centre and Library – The Forum Shopping Centre, Wallsend

After successfully securing a hybrid planning permission in September 2012 this regenerative town development will be delivered in two phases. The first phase will unlock significant inherent value through the redevelopment of the vacant Co-op building to provide three new retail units and a new 50,000 sq ft library and community centre on the first and second floors. The library and the community centre have been pre-let to North Tyneside Council for a term of 30 years at an initial rent of £363,000 pa. Additionally, a pre-let has been signed for a 10 year lease with Home Bargains at a rent of £125,000 pa for one of the three new ground floor retail units to be created by the redevelopment. Advanced legal negotiations with other leading value led national retailers are underway to lease the final two units. The three retail units will have an estimated gross rent of over £370,000 pa and in total will account for 27,000 sq ft of new retail space.

The enabling contract of the first phase is underway with the main contract due to start in June 2013 in order to provide a phased handover of the three retail units in October 2013 and the library in early 2014.

The second phase of the planning approval includes the proposed construction of a new 46,000 sq ft food store and approximately 300 space surface car park.

The Martlets, Burgess Hill

This project is one of the largest redevelopment operations being undertaken by NewRiver. Working in partnership with Mid Sussex District Council and the Town Council, our vision is to create a major revitalisation for the town. The Company is currently in final negotiations to re-gear the headlease of the Centre and agree a Development Agreement with Mid Sussex District Council. The Company expects to submit a comprehensive master plan later this year to redevelop The Martlets which would include a new 50,000 sq ft food store, eight screen cinema, 51,000 sq ft of new retail units, 60 room hotel, and a circa 275 space car park together with a full refurbishment of the existing centre. Discussions have commenced with key anchor retailers and initial terms have been agreed with the cinema operator.

Locks Heath, Fareham

In May 2013 NewRiver signed an agreement to lease with Morrisons, subject to conditions, under a 25-year term for a 71,000 sq ft food store at its shopping centre in Fareham. This important agreement would include a major extension and enhancement of the existing centre transforming the shopping centre, driving footfall for our existing retailers and boosting the viability of the scheme. Furthermore the agreement would meet the demand from locals, determined by a recent public consultation by Fareham Borough Council, to greatly improve the food and beverage offering for the area.

Operating and Financial Review continued

It has been a highly active year for the Company, achieved thanks to our highly skilled and committed team who, notwithstanding the challenging marketplace, continue to prove their ability to deliver the true value of retail for our customers, our retailers and our investors.

Central Square Shopping Centre, Erdington, Birmingham

In May 2013 NewRiver secured a detailed planning consent for the development of a new 45,000 sq ft town centre regeneration project. The approved plans provide for a 25,000 sq ft sales area food store, new retail units totalling 8,000 sq ft and a 230 space car park. Significant local support was obtained as the development is in line with Government policy. The scheme is at the heart of Erdington town centre and will act as a catalyst for the regeneration of the area.

Albert Square Shopping Centre, Widnes

NewRiver has been awarded planning consent to redevelop the vacant public house located adjacent to Albert Square Shopping Centre in Widnes which was acquired in 2010 as part of NewRiver's joint venture with Morgan Stanley. The proposed plans comprise the demolition of the existing building and the development of a new 10,000 sq ft retail unit. The Company is in advanced legal negotiations with a national value retailer and construction will commence upon completion of the pre-letting agreement.

Templars Square, Cowley, Oxford

Following the recent acquisition of Templars Square in December 2012, in our newly established joint venture with PIMCO, NewRiver has entered into a detailed master planning exercise to reposition the asset working with Oxford City Council on a phased development plan. The master planning exercise identifies how all aspects of the centre can be enhanced and improved by repositioning and adding to the existing retail mix to include leisure and establish the scheme as the principal shopping destination for the area.

The Deeping Centre, Market Deeping

The Company acquired a strategic site adjacent to the Co-op anchored shopping centre and has submitted a planning application to develop and create two new retail units at the entrance to the centre totalling 18,000 sq ft. The planning application is being revised to align with Officers recommendations.

Third Party Asset Management

The Abbey Shopping Centre, Abingdon

NewRiver, as asset manager for Scottish Widows Investment Partnership, has successfully managed the extensive £3.7 million refurbishment and modernisation of the centre through to completion.

This has involved a complicated renovation and the architectural restyling of the existing shopping centre to complement the attractive market town and was carried out without interruption to trading for a substantial number of retailers. The redevelopment included two large retail units on the ground and first floor providing 16,000 sq ft. Both units are in advance letting negotiations with leading multiple retailers. A second phase extension to this scheme is under detailed negotiations where terms have been entered into with The Vale of White Horse District Council to enter into a joint sale of a long leasehold interest to a major food store retailer.

The Market Shopping Centre, Crewe

As asset manager of The Market for Scottish Widows Investment Partnership, NewRiver has been in detailed discussion with Cheshire East Council to create a master plan and delivery mechanism to enhance the town centre. Various schemes are being worked up with the intention of bringing in adjoining stakeholders.

Distressed Debt Asset Management

NewRiver was appointed by Zolfo Cooper as asset manager for two shopping centres, The Beacon Shopping Centre in North Shields, North Tyneside and Newkirkgate Shopping Centre in Leith, Edinburgh as well as one high street parade, La Porte Precinct in Grangemouth, Scotland.

Commercialisation

Commercialisation is an important income generator and a platform to offer enhanced customer experience, service and convenience. NewRiver has developed in-house expertise to manage, promote and generate mall income and given the size of its portfolio the Company has achieved significant economies of scale and cost benefits.

During the period, NewRiver enjoyed a strong growth in commercialisation with income growing from £331,000 to £553,000 representing an increase of 67%. This was achieved through intensive asset management, a number of portfolio deals and the streamlining of operations. Our forecast for the next 12 months aims to increase revenue to £800,000 with the benefit of contributions from acquisitions this year and continued growth.

We appointed The Cloud (BSkyB) to provide free Wi-Fi for our entire shopping centre portfolio and installed four revenue-generating Amazon Collection Lockers. NewRiver was one of the first shopping centre owners in the UK to introduce free Wi-Fi for our shoppers and receive a rent from BSkyB in return for access to our 80 million customers. As well as an enhanced customer experience and income, it provides us with important data capture.

Classic Car Rally, Locks Heath

Community and family events across the portfolio

Marketing

Investing into the local community is integral to NewRiver's marketing strategy. The Company aims to transform its shopping centres into events and entertainment venues through pop-up shops, theatres and galleries. NewRiver actively engages with local authorities, schools, charities, media, communities and neighbouring retailers to create unique customer experiences resulting in a varied calendar of events for our customers and their families. To this end our shopping centres have been shortlisted for seven shopping Centres Magazine SCEPTRE Awards.

Understanding our consumers and their needs is critical to driving increased footfall, dwell time and consumption. We undertake in-depth consumer surveys every two years which include analysis of the impact of digital within the retail environment.

The integration of the physical store with digital innovation presents an exciting opportunity for our customers and retailers. NewRiver has a committed bricks'n'clicks strategy which includes mobile optimisation, partnerships with key market players namely Google and the integration of social media into our marketing that also extends to our retailers. NewRiver continues however to invest in effective traditional media channels within our local catchment; this includes new advertising boards and the development of new branding, signage and way-finding paths. Importantly, we make every effort to appoint local partners and businesses to implement our marketing strategies.

During the period, we launched a bespoke multi-channel Brand Partnership within our centres. This income-generating initiative includes cross-media advertising, live sampling and social media integration. We piloted the scheme with Greggs achieving a 15% increase in sales for the retailer a 4.6% uplift in footfall. The partnership was shortlisted for a BCSC Opal Award, nominated for a Shopping Centre Magazine SCEPTRE award and already has high demand from a range of national retailers.

NewRiver's projects with local schools and colleges have created unique results including the re-brand of the Packhorse Centre in Huddersfield. Working with the design faculty of Huddersfield University and the growth of a local charity occupier from a single unit to a 4,000 sq ft stylised art gallery and event space are excellent examples of this. The art theme extends to Skegness where our pop-up art gallery has attracted over 14,000 visitors. In Witham we collaborated with two local high schools to host a Dragon's Den pop-up shop and 'Media Hub'. The Sovereign Centre in Boscombe, hosted a week long BID (Business Improvement District) endorsed 'Boscombe's Got Talent' fashion and music festival; and our centre in Hull hosted auditions for Simon Cowell's X-Factor resulting in a 35% increase in footfall and as much as 9% incremental sales for retailers including Wilkinson and enabling some retailers to exceed their monthly KPIs.

Stakeholder Engagement

As a major stakeholder in the towns where shopping centres are located, we take a highly active and leading role in steering the regeneration and economic growth of the town. Investing in the local community enhances the investment of our shopping centres and we find the output achieved invaluable. Community and stakeholder engagement is a core focus for the NewRiver business.

NewRiver has developed close ties with schools, universities, colleges and community groups to host exhibitions, fashion shows and business incubation opportunities as well as collaborating with design faculties to plan the future of our centres and their positioning.

We work very hard at both the local and executive level to influence social policy and economic direction in order to promote and influence the economic success of the towns we operate within in a highly focused and co-ordinated way. We regard a silo attitude as archaic and counter-productive and seek to remedy any pressure points.

NewRiver has formed strong working relationships with key stakeholders including County, District and Town Councils, local MPs, town centre managers and educational establishments. We sit on the boards of our town's BIDs and Town Centre Partnerships in Boscombe, Burgess Hill, Skegness, Erdington, Paisley, Carmarthen, Wallsend and Witham where we contribute both financially and strategically.

Regent Court, Leamington Spa

Operating and Financial Review continued

Portfolio Metrics

During the period, assets under management increased 42% to just under £400 million as a result of new acquisitions and third party mandates, increasing the number of shopping centres under management to 23 – making NewRiver the fourth largest shopping centre owner/manager in the UK by number over 50,000 sq ft. This increased the Company's rent roll under management from £23.7 million to £36.2 million and floor area under management from 2.2 million sq ft to 3.4 million sq ft. The total number of occupiers within the portfolio has also significantly grown in the past 12 months, increasing from 600 to 851.

Over the past 12 months the Company completed 142 leasing events, an increase on the 72 completed last year. New lettings completed generated an additional £2.0 million of NewRiver annual income, up 1.8% against ERV.

Lease renewals sustained £860,000 of annual income, up 7.2% against ERV. The average lease length of new long term new lettings and lease renewals was 14.2 years, helping increase NewRiver's weighted average unexpired term from 7.4 years to 7.8 years.

Administrations during the period reflected just 0.7% of NewRiver's contracted rent. Of the 15 units which were impacted by administration, nine have already been subsequently re-let. NewRiver's retail occupancy remained relatively flat at 94%.

The Company's share of assets now stands at £234 million up from £220 million in March 2012. NewRiver share of contracted rent is currently £19 million pa, of which 60% is secured against the Company's principle retail sectors: food, health and beauty, discount stores and value fashion.

Financial Review

Performance for the year

The Company has continued its growth trajectory. Gross revenue is up 20% on the previous year to £18.0 million largely as a result of a full year of rental income from properties acquired in the prior year.

EPRA recurring profit before interest and tax was £10.5 million, up £0.8 million on 2012 (£9.7 million). EPRA profits inclusive of the realised profit on sale of assets in the year totalled £5.2 million up from £4.9 million in 2012. A proposed final dividend of 10 pence per share reflects a total proposed dividend of 16 pence per share, up from 15 pence in the previous period – demonstrating the resilience of the portfolio and its ability to generate strong rental income returns.

We are also pleased that the average occupancy rate remains high at 94% with an average lease length of 7.8 years. This reflects our focus on food and value retailers along with our active asset management initiatives that has enabled us to secure stable tenancies across the portfolio. Importantly, the Company has remained largely immune from the failure of some high profile retailers which entered administration last year, with only 0.7% of rent in administration.

Highlights from the Statement of Comprehensive Income

Income

Property net income for the year was £14.4 million compared to £12.8 million in the prior year. The growth was largely a result of a full year of rental income from acquisitions. In line with our active asset management strategy we have carried out 142 leasing events during the year. We have also identified investment opportunities at our shopping centres to increase footfall through external marketing campaigns including the installation of free Wi-Fi across the portfolio. These initiatives along with rates and service charge on vacant units have resulted in property operating costs of £3.6 million for the year (2012: £2.2 million).

Operating expenses totalled £4.8 million in 2013 compared to £4.0 million in 2012. This reflects the increased headcount following the 42% increase in assets under management and asset management fee income. The Company received £1.7 million (2012: £0.7 million) of asset management fees and other income as a result of increasing numbers of third parties requiring our expertise in managing their retail assets. As a result net operating expenses remain at £4.1 million (2012: £3.5 million), approximately 25% of gross income and in a year when there was significant investment in building the right management team to grow the business for the future.

The Group financial statements are prepared under IFRS where the after tax results of joint ventures are shown as a single line item on the income statement. Following the sale of properties the joint venture with Morgan Stanley Real Estate and the joint venture with Bravo I added £0.9 million (2012: £0.9 million) of recurring profit to EPRA profit before interest and tax.

Consolidated Statement of Comprehensive Income (Extract)

	FY13 £m	FY12 £m
Gross rental income	**16.3**	14.3
Property operating expenses	**-3.6**	-2.2
Fees & other income	**1.7**	0.7
Property net income	**14.4**	12.8
Operating expenses	**-4.8**	-4.0
JV net income	**0.9**	0.9
EPRA profit before interest & tax	**10.5**	9.7
Net interest	**-6.2**	-5.3
Realised profit on disposal of investment properties	**0.8**	0.4
Other EPRA adjustments	**0.1**	0.1
EPRA adjusted profit after tax	**5.2**	4.9
EPRA Adjusted EPS (pence)	**16.3**	18.9
Dividend per share (pence)	**16.0**	15.0
Dividend cover	**100%**	100%

Operating and Financial Review continued

Net interest costs totalled £6.2 million (2012: £5.3 million) for the year, £1.6 million of which was payable on convertible loan stock and £4.6 million for debt secured over property. Our hedging strategy remains prudent with 77% 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 times.

In March 2013 we completed on the sale of Gilmour House in Paisley, which added £0.8 million to the EPRA Adjusted Profit for 2013 and ensures we continue to grow our bottom line year-on-year through both rental profit growth and actual realised profit on sale of assets. In the period NewRiver achieved a respectable EPRA adjusted EPS of 16.3 pence per share, which has enabled us to propose an enhanced dividend for the second half of the year.

After the reduction in capital values, which fell like-for-like 0.8% over the year, the Reported IFRS Profit for the year was £1.5 million (2012: £3.8 million).

Earnings per Share ('EPS')

EPRA EPS is an important performance indicator for the Company as it relates to recurring profits only. We have included an EPRA Adjusted EPS measure which also incorporates realised profit on sale of investment properties which provides the basis for our dividend policy. EPRA adjusted EPS of 16.3 pence per share is a strong result and reflects a total shareholder return of 11%.

EPS basic was 4.7 pence (2012: 15.3 pence) and below EPRA EPS due to the modest capital value movement. In addition we disclose Funds From Operations ('FFO') as this is an important metric often used by the investment community when comparing the performance of International REITs. Reported FFO this year was £4.2 million (2012: £4.3 million) which amounted to 13.0 pence per share (2012: 17.4 pence per share).

Consolidated Balance Sheet (Extract)

	2013 £m	2012 £m
Investment properties	**206.3**	197.7
Investment in joint ventures	**14.7**	11.3
Other assets	**9.9**	12.0
Borrowings	**(112.7)**	(107.8)
Convertible Unsecured Loan Stock ('CULs')	**(24.7)**	(24.6)
Other liabilities	**(13.7)**	(9.5)
Net Assets	**79.8**	79.1
Total Equity	**79.8**	79.1
Net debt (borrowings less cash)	**105.2**	99.3
Net loan to value	**51%**	50%
EPRA NAV pence/share	**240**	258
IFRS NAV pence/share	**235**	254

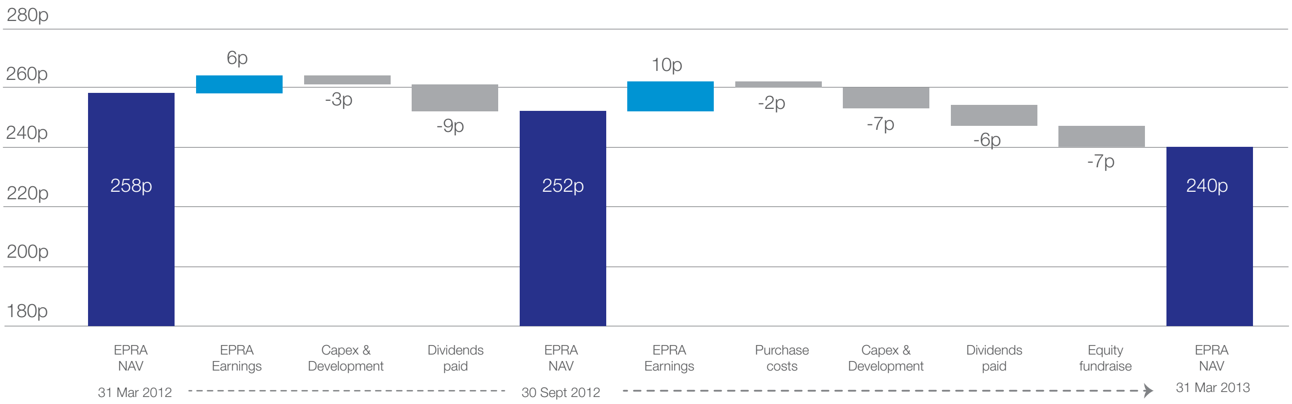
Investment Properties

The movement in the carrying value of investment properties of £8.6 million since 2012 is a combination of two key factors: Firstly there was a property acquisition in Warrington for £3.5 million which consisted of two retail units to be combined into one large unit with a 25 year pre-let to Primark agreed. Secondly there has been £7.3 million of development and capital expenditure across the portfolio. The investment in our properties has been a major focus in the current year in order to capitalise on the opportunities to enhance our existing assets.

Joint Ventures

Accounting for joint ventures is determined by the degree of control or influence the Company exercises. These are accounted for under the equity method as control is shared; hence investment in joint ventures is included in the balance sheet as one line item. Investment in joint ventures has increased since 2012 to £14.7 million as a result of the £4.8 million investment in the joint venture with PIMCO in December 2012. The carrying value of the existing joint venture with Morgan Stanley Real Estate has reduced since 2012 to £9.9 million due in part to the sale of a property in Canterbury for £1.2 million and also due to downward revaluations of £1.5 million on the remaining properties at balance sheet date.

EPRA NAV: Movement for the year ended 31 March 2013



Other Assets & Liabilities

The Company retained £7.5 million of cash on its Balance Sheet at 31 March 2013 (2012: £8.6 million). Other assets include rental debtors of £1.2 million and prepayments of £0.8 million. Other liabilities include £3.1 million of rent received in advance as the majority of rent is collected quarterly in advance, £5.4 million of accruals and a mark to market valuation deficit of £2.1 million on interest rate hedging.

Borrowings

The Group's capital strategy is to maintain a conservative level of gearing whilst ensuring that projects generate an effective return for shareholders and the REIT gearing test is always satisfied.

During the year the Group including joint ventures originated £45.2 million of new senior debt facilities (2012: £47.3 million) and we continue to enjoy good relationships with Santander, HSBC and Clydesdale Bank. This is reflected in the Company's senior debt borrowing cost in the year of 3.9% (2012: 4.0%).

The Company continues to apply a hedging strategy which is aligned to the property strategy. Borrowings are currently 77% hedged against interest rate risk. 52% of all borrowings are fixed whilst 25% are capped. This provides interest rate protection and allows the Company to benefit from a low interest rate environment.

At the property level, where loan covenants are tested the net Loan to Value ('LTV') as at 31 March 2013 was 51% (2012: 50%). The Company's targeted LTV range is 45-60%, subject to the Board's view of market conditions at the time, the prospects of and risks within the portfolio and the recurring cash flows of the business.

As at 31 March 2013 Balance Sheet gearing was 131% (2012:125%). Our Convertible Unsecured Loan Stock is a quasi-equity/debt instrument and including this, Balance Sheet gearing would be 162% (2012:156%). More detail on the Company's borrowings is provided in Note 19.

Net Asset Value

The Net Asset Value ('NAV') at 31 March 2013 was £79.8 million (2012: £79.1 million) which amounts to an EPRA NAV per share of 240 pence (2012: 258 pence). NAV per share reduced during the year as the company absorbed developments costs and capex together with some minimal NAV dilution on shares issued to Bravo I.

Dividend

The Company paid its interim dividend in the year of 6 pence per share and a final dividend of 10 pence per share has been proposed by the Board, resulting in a total dividend for the year of 16 pence per share (2012: 15 pence). The Company's entire dividend is payable as a Property Income Distribution and is covered by realised profits earned in the year.

The final dividend will be paid on 25 July 2013 to ordinary shareholders on the register on 28 June 2013 and the ex-dividend date is 26 June 2013.

REIT status

The Company complied with the REIT requirements in this financial year. Management intends that the Group should continue as a REIT for the foreseeable future as management believes that it is in the best interest of the shareholders.

Summary

A third consecutive year of growth in revenue, EPRA Adjusted Profits and the dividends per share is a good result and the Company has established a strong platform for future growth.

Key Performance Indicators

KPI	2012	2013
1 Acquisition yields of 8% to 10%	• £250 million of acquisitions since IPO at average 8.5% yield	• £350 million of acquisitions since IPO at average 8.8% yield
2 Geared IRRs of 15% +	• 6 assets sold to date at average geared IRRs of 68%	• 8 assets sold to date ranging between geared IRRs of 16% to 244%
3 Creating value	• More than 120 leasing events since IPO maintaining and generating £3.7 million of income • Strong development pipeline in excess of 500k sq ft	• More than 223 leasing events since IPO maintaining and generating £4.6 million of income • Strong development pipeline in excess of 600k sq ft
4 Focus on food and value retailing	• 20% of income from foodstores • 71% of income from winning sectors of food, value fashion, multi-discount and health & beauty	• 22% of income from foodstores • 62% of income from winning sectors of food, value fashion, multi-discount and health & beauty
5 Sensible Financing Strategy	• Interest cover of over 3 times • Net LTV of 50% at 31 March 2012 • Significant covenant headroom • 80% of borrowings are hedged	• Interest cover of over 3 times • Net LTV of 51% at 31 March 2013 • Significant covenant headroom • 77% of borrowings are hedged
6 Delivering returns to our shareholders	• Total dividend of 15 pence in FY12 (FY11: 5.5 pence) reflecting close to a threefold increase	• Total dividend of 16 pence in FY13 (FY12: 15 pence) fully covered by EPRA Adjusted Profits

Risk Management

Key risk	Risk Management
Tenant default	1. Diversification (over 700 tenants) 2. No tenant >5% of total rents 3. Focus on value and food retailers 4. Close relationship with key retailers
Valuation of assets	1. Careful stock selection • Historically low zone A rental levels • Affordability: 3–10% of turnover • Low competition and balanced demographics • Detailed retailer audit 2. Creating Value • Maintaining the income • Active asset management • Risk control development
Borrowings	1. Average debt maturity of circa 3 years 2. 77% of borrowings are hedged 3. Close relationship with principal bankers 4. Significant headroom on loan covenants

Board of Directors

For the year ended 31 March 2013

Paul Roy

Non-Executive Chairman

Committees:
Paul is a member of the Remuneration Committee and the Nomination Committee.

Experience:
Paul Roy co-founded New Smith Capital Partners, an independent investment management firm in 2003. Prior to this, he was Co-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 British Horseracing Authority and is a member of the Horserace Betting Levy Board.

David Lockhart

Chief Executive

Committees:
David was a member of the Nomination Committee until 6 March 2013.

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 UK. In 1991, David founded Halladale, a business which he ran as CEO. Halladale floated on AIM in 2001 and was sold to Stockland Corporation in 2007. At the time of Halladale's sale to Stockland, it had grown to a business with total assets under management and development of circa £1.5 billion. In 2009 he co-founded NewRiver Retail.

Mark Davies

Finance Director

Committees:
Mark was a member of the Nomination Committee until 6 March 2013.

Experience:
Mark Davies has over ten years' experience in the UK real estate market. He started his property finance career with Grant Thornton before joining PKF 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 debt restructuring, hedging, REITs, convertible loans and originating senior debt on investment and development property.

Allan Lockhart

Property Director

Committees:
Allan was a member of the Nomination Committee until 6 March 2013.

Experience:
Allan has 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.

Nick Sewell

Director

Committees:
Nick was a member of the Nomination Committee until 6 March 2013.

Experience:
Nick is a member of the Royal Institution of Chartered Surveyors with 18 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.

Charles Miller

Development Director

Committees:
Charles was a member of the Nomination Committee until 6 March 2013.

Experience:
Charles Miller joined NewRiver in April 2012 and has over 27 years of retail experience. As former head of development for the retail property team at Jones Lang LaSalle, Charles specialises in retail regeneration and the development of town centre schemes. Previously he spent 17 years at property consultant King Sturge where he became head of retail and an equity partner. Charles currently sits on the advisory board of the British Council of Shopping Centres and chairs the Urban Regeneration Committee. He is a member of the Royal Institution of Chartered Surveyors.

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 CEO of Hermes Real Estate. 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 member of the Policy Committee of BPF. Other industry related roles include 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.

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 27 years' experience of developing and managing regional shopping centres throughout the UK from having worked with Capital Shopping Centres Group 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 Futures Theatre Company. 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.

Andrew Walker

Non-Executive Director

Committees:
Andrew is a member of the Audit, Remuneration and Nomination Committees.

Experience:
Andrew is Managing Director and head of Forum Partners' European team. As a co-founder of Forum Partners, he has enjoyed a 28-year career 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. He is a member of the Royal Institution of Chartered Surveyors.

Corporate Governance report

For the year ended 31 March 2013

The Directors present their Corporate Governance report for the year ended 31 March 2013.

As an AIM Listed Company there is no requirement for NewRiver Retail Limited with its subsidiaries and interests in joint ventures ('Group'), to comply with the disclosure requirements of the UK Corporate Governance Code (as published by the Financial Reporting Council in September 2012) (the 'UK Code').

The Directors recognise the importance of strong corporate governance and for the year ended 31 March 2013, the Company has complied with the provisions of the UK Code, except as explained below. Given the size and nature of the Group, it does not seek to comply with certain aspects of the UK Code which are considered to be more appropriate for a larger public company.

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 reports under the UK Code it is deemed to meet the requirements of the Guernsey Code, except as explained below.

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, Andrew Walker, Chris Taylor and Kay Chaldecott. 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 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. However, this is designed to manage rather than eliminate the risk of failure to achieve its objectives and can only provide reasonable and not absolute assurance against material misstatement or loss. The Directors have reviewed the effectiveness of the Group's system of internal control which mitigates the risks identified as significant, including financial, operational and compliance risks.

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.

The Group has policies for internal control of various key matters. During the year, the Group employed an external expert to assess the internal controls and processes currently implemented within its finance and accounting procedures. The resulting report concluded that the system of internal control was appropriate and that which would be expected in an organisation of a similar size.

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.

No meeting was arranged during the year without the Chairman present, so that the Senior Independent Director and Non-Executive Directors could appraise the Chairman's performance. With the Senior Independent Director and other independent Non-Executive Director having recently completed their first year as Board members an appropriate meeting will be arranged in the forthcoming year. The performance evaluation of the Chairman will take into account the views of the Executive Directors and feedback 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.

Corporate Governance report continued

For the year ended 31 March 2013

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.

Re-election of Directors

In accordance with the recommendations of the UK Code, all Directors, other than the Chief Executive, 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 page 38.

The Chief Executive, at present, is not subject to re-election by the shareholders under the Articles of Incorporation of the Company ('Articles'). A resolution will be proposed at the Annual General Meeting on 4 July 2013 to amend the Articles to remove this exemption.

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 that all Directors have demonstrated commitment to their role with the Company.

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 4 July 2013.

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 2012 to 31 March 2013.

	David Lockhart	Mark Davies	Allan Lockhart	Nick Sewell	Paul Roy	Andrew Walker	Chris Taylor	Kay Chaldecott	Charles Miller(1)
Main Board meetings	4	4	4	4	4	4	4	4	4
Audit Committee	n/a*	n/a**	n/a	n/a	n/a	3	3	3	n/a
Remuneration Committee	n/a*	n/a	n/a	n/a	5	5	5	5	n/a
Nomination Committee	n/a	n/a	n/a	n/a	1	n/a	1	1	n/a

* David Lockhart attended one Audit Committee and two Remuneration Committee meetings by invitation during the year.
** Mark Davies attended three Audit Committee meetings by invitation during the year.
(1) Appointed 1 April 2012.

Board Committees

The Board has three standing Committees: Audit Committee, Remuneration Committee and Nomination Committee.

Each Committee has formally delegated duties and responsibilities within written terms of reference which are available from the Company Secretary.

In addition there is an Executive Committee composed of the Executive Directors 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.

Audit Committee

The Audit Committee during the year and as at 31 March 2013 comprised Kay Chaldecott, Chris Taylor and Andrew Walker and was chaired by Chris Taylor. The Audit Committee meets at least twice a year and will review the financial reporting process, system of internal control and management of financial risks, including understanding the preliminary and interim statements and disclosures.

The Audit Committee is responsible for overseeing the Group's relationship with its external auditors, including making recommendations to the Board on the appointment of the auditors and their remuneration. The Audit Committee considers the nature, scope and results of the auditor's work, monitors their independence and objectivity and reviews, develops and implements policy on the supply of any non-audit services that are to be provided by the auditors. It receives and reviews reports from the Group's auditors relating to the Group's Annual Report and Accounts and the external audit process. The Audit Committee focuses primarily on compliance with legal requirements, accounting standards and the AIM Rules and ensuring that an effective system of internal financial and non-financial controls is maintained.

The Board is satisfied that Chris Taylor has the recent and relevant financial experience to be a member of and chair the Audit Committee.

Remuneration Committee

The Remuneration Committee during the year and as at 31 March 2013 comprised Kay Chaldecott, Paul Roy, Chris Taylor and Andrew Walker. Paul Roy, Chairman of the Board, chaired the Remuneration Committee from 1 April 2012 until 1 October 2012, when he was replaced by Kay Chaldecott. The Committee meets not less than once a year and has responsibility for considering the remuneration of the Board members. The Committee monitors the performance of the Directors and Company Secretary.

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 has been made since Charles Miller was appointed a Director on 1 April 2012. There was one meeting during the year under review, to evaluate the effectiveness of the Board and endorse the process used to evaluate the performance of the Board and its Directors.

From 1 April 2012 to 6 March 2013 the Nomination Committee comprised all Board Directors and was chaired by Paul Roy. From 6 March 2013 and as at 31 March 2013 the Nomination Committee continued to be chaired by Paul Roy and comprised Paul Roy, Kay Chaldecott and Chris Taylor. The majority of the Committee members are independent Non-Executive Directors.

Remuneration report

For the year ended 31 March 2013

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 executive 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 the 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 Remuneration Committee reviewed the structure of executive remuneration. Following consultation with major shareholders, it intends to make future long-term incentive awards in the form of performance vesting shares, rather than options, to strengthen alignment of executive interests with those of shareholders. The use of performance shares was approved in principle by the Company's shareholders on Admission and initial awards were granted in January 2013 under the existing plan rules. Further details of the plan and the performance conditions attached to initial awards are described on page 44. There are no other changes to the remuneration policy. During the year, the Committee appointed Kepler Associates, who have no other connection with the Group, as its independent adviser on executive remuneration.

Basic salary and benefits

Basic salaries and the level and type of benefits offered to Executive Directors are reviewed annually by the 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. It should be noted that the Company does not provide a pension scheme nor any contribution or allowance towards a pension nor does it provide a car allowance. When benchmarking remuneration an allowance is made for the provision of these benefits by individual Directors from their salaries. The benefits that are provided include life insurance, private medical insurance and professional membership subscriptions.

Following its review, the Committee decided there will be no increase in Directors' salaries for the financial year starting 1 April 2013. With the exception of Charles Miller, who joined the Company on 1 April 2012, the Directors' salaries were last increased on 1 September 2011. The Committee has approved each Executive Director's objectives for the coming year and the Chairman of the Committee attended individual appraisal meetings.

Schedule of Directors' remuneration

All Executive Directors are on 12-month rolling contracts, with the exception of Charles Miller whose agreement can be terminated by either party on 6 months' notice. All Non-Executive Director's appointments can be terminated by either party on 3 months' notice.

	2013				2012			
Executive Directors	**Basic salary and fees £'000**	**Bonus £'000**	**Benefits £'000**	**Total £'000**	Basic salary and fees £'000	Bonus £'000	Benefits £'000	Total £'000
David Lockhart	**380**	**93**	**0**	**473**	343	125	0	468
Mark Davies	**240**	**72**	**1**	**313**	223	125	1	349
Allan Lockhart	**310**	**93**	**1**	**404**	293	125	1	419
Nick Sewell	**240**	**72**	**1**	**313**	223	125	1	349
Charles Miller	**225**	**68**	**1**	**294**	0	0	0	0
	1,395	**398**	**4**	**1,797**	1,082	500	3	1,585

Non-Executive Directors	**2013 £'000**	2012 £'000
Paul Roy	**75**	75
Peter Tom CBE	**–**	50
Susie Farnon*	**–**	60
Andrew Walker	**40**	40
Kay Chaldecott	**40**	–
Chris Taylor	**50**	–
	205	225

* 2012 remuneration figure includes £0.02 million termination payment.

Share option plan

The Company has a share incentive plan for the Chairman, Executive Directors and senior management of the Group.

The objective of the share incentive plan is to align the financial interests of the participants with those of the shareholders and to motivate and retain them.

Currently in place is an approved Company Share Option Plan ('CSOP') and an Unapproved Share Option Plan ('USOP'). With the introduction of awards under the NewRiver Retail Performance Share Plan, no options were granted under either plan during the year and none are envisaged in the foreseeable future.

The holdings as at 31 March 2013 and 31 March 2012 are detailed below:

	2013				2012		
CSOP	**Number of options**	**Vesting date**	**Exercise price £**	CSOP	Number of options	Vesting date	Exercise price £
David Lockhart	12,000	1 September 2012/13/14	**2.50**	David Lockhart	12,000	1 September 2012/13/14	2.50
Allan Lockhart	12,000	1 September 2012/13/14	**2.50**	Allan Lockhart	12,000	1 September 2012/13/14	2.50
Mark Davies	11,049	15 December 2012/13/14	**2.71**	Mark Davies	11,049	15 December 2012/13/14	2.71
Nick Sewell	11,049	15 December 2012/13/14	**2.71**	Nick Sewell	11,049	15 December 2012/13/14	2.71
	46,098				**46,098**		

USOP	**Number of options**	**Vesting date**	**Exercise price £**	USOP	Number of options	Vesting date	Exercise price £
David Lockhart	272,286	1 September 2012/13/14	**2.50**	David Lockhart	272,286	1 September 2012/13/14	2.50
David Lockhart	348,000	26 September 2014	**2.35**	David Lockhart	348,000	26 September 2014	2.35
Allan Lockhart	192,686	1 September 2012/13/14	**2.50**	Allan Lockhart	192,686	1 September 2012/13/14	2.50
Allan Lockhart	338,000	26 September 2014	**2.35**	Allan Lockhart	338,000	26 September 2014	2.35
Paul Roy	200,000	1 September 2010/11	**2.50**	Paul Roy	200,000	1 September 2010/11	2.50
Mark Davies	38,693	15 December 2012/13/14	**2.71**	Mark Davies	38,693	15 December 2012/13/14	2.71
Mark Davies	15,000	15 December 2012/13/14	**2.44**	Mark Davies	15,000	15 December 2012/13/14	2.44
Mark Davies	286,000	26 September 2014	**2.35**	Mark Davies	286,000	26 September 2014	2.35
Nick Sewell	102,647	15 December 2012/13/14	**2.71**	Nick Sewell	102,647	15 December 2012/13/14	2.71
Nick Sewell	15,000	15 December 2012/13/14	**2.44**	Nick Sewell	15,000	15 December 2012/13/14	2.44
Nick Sewell	328,000	26 September 2014	**2.35**	Nick Sewell	328,000	26 September 2014	2.35
	2,136,312				**2,136,312**		

Long-term performance share plan

On 14 January 2013 awards were granted for the first time under the NewRiver Retail Performance Share Plan 2009 ('PSP'). Kepler Associates, an independent adviser on executive remuneration, was appointed by the Remuneration Committee to advise it on the structure of the awards, in particular on the long-term incentive measures, the performance period and the performance targets. Prior to granting the awards the Remuneration Committee Chairman consulted with the Company's top 20 shareholders by size, excluding the Directors and Employee Benefit Trust.

The objective of the performance plan is to strengthen the alignment of executive interests with those of the shareholders and to motivate and retain high quality executives. The vesting of performance shares 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 to TSR performance (50% of an award), 25% of this element may vest if TSR is 10% on a compound annual basis. The remainder of this element may vest on a straight-line basis between 10% and 13% pa.

For shares allocated to EPS performance (50% of an award), 25% of this element may vest if the compound annual percentage growth in the adjusted EPRA earnings per share over the 3-year performance period is 4%. The remainder of this element may vest on a straight-line basis if adjusted EPRA earnings per share growth is between 4% and 8% pa.

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 3-year 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.

The shares under awards as at 31 March 2013 and 31 March 2012 are detailed below:

2013			2012		
PSP award holder	**Number of shares under award**	**Vesting date**	PSP award holder	Number of shares under award	Vesting date
Mark Davies	91,000	14 January 2016	Mark Davies	–	–
David Lockhart	116,500	14 January 2016	David Lockhart	–	–
Allan Lockhart	116,500	14 January 2016	Allan Lockhart	–	–
Charles Miller	85,000	14 January 2016	Charles Miller	–	–
Nick Sewell	91,000	14 January 2016	Nick Sewell	–	–
	500,000			–	–

Directors' report

For the year ended 31 March 2013

The Directors present their report and financial statements of the Group for the year ended 31 March 2013.

Principal activities and status

The Company is registered as a closed-ended Guernsey investment company which is managed and controlled in the UK. The Company's shares commenced trading on AIM and the CISX at admission on 1 September 2009. Since its admission on AIM and the CISX, the Company has carried on business as a property investment and asset management company, investing in commercial property in the UK.

Business review

A review of the business during the year is contained in the Chairman's statement.

Results and dividend

The results for the year are set out in the financial statements. During the year the Company paid an interim dividend of £2.0 million at 6 pence per share (2012: £1.9 million at 6 pence per share). A final dividend has been approved by the Board of £3.4 million at 10 pence per share (2012: £2.8 million at 9 pence per share).

The Board approved the reclassification of £4.6 million (2012: £40.3 million) of Share Premium to Other Reserves in the year.

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	Director
Charles Miller appointed on 1 April 2012	Development Director
Andrew Walker	Non-Executive Director
Chris Taylor	Non-Executive Director
Kay Chaldecott	Non-Executive Director

The Board recognises the requirement of the UK 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:

- Investment and funding;
- Cash management policies;
- Approval of an annual business plan;
- Responsibility for the Financial Reporting procedures and safeguarding the Company's assets;
- Approval of the annual and interim financial statements;
- The performance of key service providers;
- Any significant fees payable to any related party; and
- Establishing and maintaining appropriate investment, funding 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.

Directors' report continued

For the year ended 31 March 2013

Substantial shareholdings

Shareholders with holdings of more than 3% of the issued Ordinary Shares of the Company at 7 May 2013.

Shareholder	Number of Ordinary Shares	% of Issued (undiluted) Share Capital
AXA Framlington	3,012,500	8.69%
LVS Luxembourg IV S.a.r.l.	2,950,000	8.51%
Forum European Realty Income III L.P.	2,785,000	8.04%
Directors and Related Holdings	2,252,794	6.50%
Brooks Macdonald	1,871,600	5.40%
Cenkos Channel Islands	1,831,350	5.28%
Cheviot Asset Management	1,769,270	5.11%
Hargreave Hale	1,600,000	4.62%
New Redbird Holdings Limited	1,550,000	4.47%
Petercam Asset Management	1,224,795	3.53%
Premier Asset Management	1,222,100	3.53%

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 one Ordinary Share for every £2.76 nominal value of convertible unsecured loan stock held (adjusted for special dividends). Under the terms of the CULS, interest will accrue at 5.85% on the outstanding loan stock until 31 December 2015 when it will either be converted or repaid. The interest payable on the CULS is due biannually on the 30 June and 31 December.

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:

	2013 Number of Ordinary Shares	2012 Number of Ordinary Shares
Paul Roy	**360,000**	360,000
David Lockhart	**1,622,000**	1,622,000
Mark Davies	**14,000**	14,000
Allan Lockhart	**149,294**	148,750
Nick Sewell	**107,500**	107,500

All related party transactions are disclosed in Note 26.

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 11.00 am on 4 July 2013 at 6th Floor, Holborn Gate, 330 High Holborn, London WC1V 7QD. At the meeting, resolutions will be proposed to receive the Annual Report and Financial Statements, approve the Directors' remuneration, re-elect Directors, reappoint and determine the remuneration of Deloitte LLP and amend the Articles of Incorporation of the Company.

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
- 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, 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 Company has also signed heads of terms on a new subordinated debt facility of £15 million after the balance sheet date which provides capacity to support future capex and risk controlled development requirements.

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' responsibility 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. 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 UK 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.

Signed on behalf of the Board 22 May 2013

Mark Davies
Finance Director

Independent Auditor's Report to members of NewRiver Retail Limited

We have audited the accompanying consolidated financial statements of NewRiver Retail Limited for the year ended 31 March 2013, which comprise the Consolidated Income Statement, Consolidated Statement of Comprehensive Income, Consolidated Statement of Changes in Equity, Consolidated Balance Sheet, Consolidated Statement of Cash Flows and the related Notes 1 to 27. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards ('IFRS') as adopted by the European Union.

This report is made solely to the Company's members, as a body, in accordance with Section 262 of The Companies (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 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.

Respective responsibilities of Directors and Auditor

As explained more fully in the Directors' Responsibilities Statement, the Company's 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.

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. If we become aware of any apparent material misstatements or inconsistencies, we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Group's affairs as at 31 March 2013 and of its profit for the year then ended;
- have been properly prepared in accordance with International Financial Reporting Standards as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies (Guernsey) Law, 2008.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where The Companies (Guernsey) Law, 2008 requires us to report to you if, in our opinion:

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

Deloitte LLP

Deloitte LLP
Chartered Accountants
Guernsey, Channel Islands

22 May 2013

Consolidated Income Statement

For the year ended 31 March 2013

		Year ended 31 March 2013			Year ended 31 March 2012		
	Notes	**Income £'000**	**Capital £'000**	**Total £'000**	Income £'000	Capital £'000	Total £'000
Gross property income	3	**17,978**	**–**	**17,978**	15,011	–	15,011
Property operating expenses	4	**(3,591)**	**–**	**(3,591)**	(2,222)	–	(2,222)
Net property income		**14,387**	**–**	**14,387**	12,789	–	12,789
Administrative expenses	5	**(4,797)**	**–**	**(4,797)**	(4,009)	–	(4,009)
Share of income from joint ventures	13	**859**	**(1,483)**	**(624)**	945	(560)	385
Net valuation movement	12	**–**	**(2,157)**	**(2,157)**	–	(274)	(274)
Profit on disposal of investment properties	6	**–**	**811**	**811**	–	413	413
Operating profit		**10,449**	**(2,829)**	**7,620**	9,725	(421)	9,304
Net finance expense							
Finance income	7	**10**	**–**	**10**	5	–	5
Finance costs	7	**(6,220)**	**–**	**(6,220)**	(5,339)	–	(5,339)
Profit for the year before taxation		**4,239**	**(2,829)**	**1,410**	4,391	(421)	3,970
Current taxation	8	**88**	**–**	**88**	(120)	–	(120)
Profit for the year after taxation		**4,327**	**(2,829)**	**1,498**	4,271	(421)	3,850

All activities derive from continuing operations of the Group. The Notes on pages 54 to 73 form an integral part of these financial statements.

Consolidated Statement of Comprehensive Income

For the year ended 31 March 2013

	Notes	**Year ended 31 March 2013 £'000**	Year ended 31 March 2012 £'000
Profit for the year after taxation		**1,498**	3,850
Other comprehensive income			
Fair value loss on interest rate swaps	19	**(572)**	(1,451)
Total comprehensive income for the year		**926**	2,399
Earnings per share			
EPRA Adjusted (pence)	9	**16.3**	18.9
EPRA basic (pence)	9	**13.6**	17.3
Basic (pence)	9	**4.7**	15.3
Basic diluted (pence)	9	**2.4**	15.2

All activities derive from continuing operations of the Group. The Notes on pages 54 to 73 form an integral part of these financial statements.

Consolidated Balance Sheet

As at 31 March 2013

	Notes	31 March 2013 £'000	31 March 2012 £'000
Non-current assets			
Investment properties	12	**206,278**	197,736
Investments in joint ventures	13	**14,688**	11,275
Property, plant and equipment	14	**404**	404
Total non-current assets		**221,370**	209,415
Current assets			
Trade and other receivables	16	**1,981**	3,045
Cash and cash equivalents	17	**7,545**	8,562
Total current assets		**9,526**	11,607
Total assets		**230,896**	221,022
Equity and liabilities			
Current liabilities			
Trade and other payables	18	**10,994**	6,908
Current taxation liabilities	18	**424**	495
Total current liabilities		**11,418**	7,403
Non-current liabilities			
Non-current taxation liabilities	18	**220**	744
Derivative financial instruments	19	**2,080**	1,376
Borrowings	19	**112,697**	107,842
Debt instruments	19	**24,693**	24,581
Total non-current liabilities		**139,690**	134,543
Net assets		**79,788**	79,076
Equity			
Retained earnings	20	**854**	1,936
Other reserves	20	**78,637**	74,085
Hedging reserve	20	**(2,273)**	(1,701)
Share option reserve	22	**260**	187
Revaluation reserve	20	**2,310**	4,569
Total equity		**79,788**	79,076
Net Asset Value (NAV) per share			
EPRA NAV (pence)	10	**240**	258
Basic (pence)	10	**235**	254
Basic diluted (pence)	10	**235**	253

The Notes on pages 54 to 73 form an integral part of these financial statements.
The financial statements were approved by the Board of Directors on 22 May 2013 and were signed on its behalf by:

David Lockhart
Chief Executive

Mark Davies
Finance Director

Consolidated Cash Flow Statement

As at 31 March 2013

	Note	31 March 2013 £'000	31 March 2012 £'000
Rental income received from tenants		**16,529**	12,657
Property related expenditure		**(3,189)**	(2,018)
Fees & other income received		**1,489**	721
Operating expenses paid to suppliers and employees		**(3,025)**	(1,716)
Cash generated from operations		**11,804**	9,644
Interest paid		**(6,087)**	(5,036)
Interest received		**10**	5
Corporation tax paid		**(508)**	(483)
Net cash inflow from operating activities		**5,219**	4,130
Investing activities:			
Investment in CAMEL II Joint Venture	13	**(4,830)**	—
Purchase of investment properties		**(4,497)**	(99,118)
Development & other capital expenditure		**(3,208)**	(737)
Net proceeds from disposal of investment property	6	**811**	8,058
Purchase of plant & equipment	14	**(53)**	(415)
Distributions from joint ventures	13	**925**	845
Net cash from investing activities		**(10,852)**	(91,367)
Financing activities:			
Issue of new shares	20	**4,552**	40,284
Increase in bank loans		**4,607**	47,370
Dividends paid	11	**(4,543)**	(2,506)
Net cash from financing activities		**4,616**	85,148
Cash and cash equivalents at the beginning of the year	17	**8,562**	10,651
Movement during the year		**(1,017)**	(2,089)
Cash and cash equivalents at the end of the year		**7,545**	8,562
Cash and cash equivalents comprise:			
Cash at bank and in hand	17	**7,545**	8,562
Cash and cash equivalents at the end of the year		**7,545**	8,562

The Notes on pages 54 to 73 form an integral part of these financial statements.

Consolidated Statement of Changes in Equity

As at 31 March 2013

	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 31 March 2011		318	–	33,801	(250)	62	4,843	38,774
Net proceeds of issue from new shares	20	–	40,284	–	–	–	–	40,284
Transfer of share premium	20	–	(40,284)	40,284	–	–	–	–
Total comprehensive income for the year	20	3,850	–	–	(1,451)	–	–	2,399
Share based payments	22	–	–	–	–	125	–	125
Dividend payments	11	(2,506)	–	–	–	–	–	(2,506)
Revaluation movement	20	274	–	–	–	–	(274)	–
As at 31 March 2012		**1,936**	**–**	**74,085**	**(1,701)**	**187**	**4,569**	**79,076**
Net proceeds of issue from new shares	20	–	4,552	–	–	–	–	4,552
Transfer of share premium	20	–	(4,552)	4,552	–	–	–	–
Total comprehensive income for the year	20	1,498	–	–	(572)	–	–	926
Realisation of fair value movements	20	102	–	–	–	–	(102)	–
Share-based payments	22	–	–	–	–	73	–	73
Dividend payments	11	(4,839)	–	–	–	–	–	(4,839)
Revaluation movement	20	2,157	–	–	–	–	(2,157)	–
As at 31 March 2013		**854**	**–**	**78,637**	**(2,273)**	**260**	**2,310**	**79,788**

The Notes on pages 54 to 73 form an integral part of these financial statements.

Notes to the accounts

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 as a registered closed-ended investment company. The Company was incorporated 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 Martins, Guernsey GY4 6RT and the business address is 37 Maddox Street, London W1S 2PP. The Company is publicly traded on the AIM and Channel Island Stock Exchange ("CISX") market under the symbol NRR. The Company has taken advantage of the exemption conferred by the Companies (Guernsey) Law, 2008, Section 244, not to prepare company only financial statements.

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, 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 Company has also signed heads of terms on a new subordinated debt facility of £15 million after the balance sheet date which provides the capacity to support future capex and risk controlled development requirements.

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.

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"). These financial statements have been prepared under the historical cost convention, as modified by the revaluation of investment properties, joint venture interests and derivatives which are fair valued.

Basis of consolidation
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.

The Group financial statements consolidate the financial statements of the Company and its subsidiaries. Intra group transactions are eliminated in full.

Certain new interpretations and amendments or revisions to existing standards, which may be relevant to the Group, have been published that are mandatory for later accounting periods and which have not been adopted early. These are:

- IFRS 9 Financial Instruments
- IFRS 10 Consolidated Financial Statement
- IFRS 11 and IFRS 12 Joint Arrangements and Disclosures of Interests in other entities respectively.
- IFRS 13 Fair Value Measurement
- IAS 19 (revised) Employee Benefits

The Directors are considering whether these will have a material impact on the Group's financial statements. Whilst they believe these will not have any material impact on the carrying value of assets and liabilities, these standards may lead to additional disclosures in the future.

Critical judgements in applying the Group's accounting policies
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

Key sources of estimation uncertainty

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 below, the Group's investment properties are stated at estimated market 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 share-based payments
Management have 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.

iii. Valuation of Convertible Unsecured Loan Stock
Management was required to make estimates with the assistance of external experts to conclude on the valuation of the convertible unsecured loan stock 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 5 years. Management have concluded that the value of the convertible option was negligible and the value resided in the debt portion of the instrument at the date of issue.

iv. Impairment in investment in subsidiaries and associates
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.

Investment property and property in the course of construction

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 and transferred to the revaluation reserve.

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

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.

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.

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, including 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. Interest Income
Interest income and expenses is recognised in the income statement under the effective interest method as they accrue. Interest income is recognised on a gross basis, including withholding tax, if any.

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

iv. Promote payments
The Group is contractually entitled to receive a promote payment should the returns from the 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. 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.

Business combinations
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. The acquisition of subsidiaries is accounted for using the purchase method. 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.

Acquisitions
The consideration payable in respect of each acquisition may be dependant 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.

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.

1 Accounting policies continued

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. Any premium paid for an interest in a jointly controlled entity above fair value of identifiable assets, liabilities and contingent liabilities is accounted for in accordance with the goodwill accounting policy.

Cash and cash equivalents
Cash and cash equivalents comprise cash in hand and on demand deposits and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

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 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.

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.

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.

Share-based payments
Share Options
Share options have been granted to key management as set out in Note 22. 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).

Performance Shares
Performance shares have been granted to Executive staff and Directors as set out in Note 22. 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 3 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 3 years commencing on the first day of the relevant financial year in which the Grant Date falls.

1 Accounting policies continued

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 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	£2.01
Exercise price	£N/A
Expected volatility	8%
Risk free rate	0.45%
Expected dividends	7.5%

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 21. 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.

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.

Hedge accounting
Hedges of interest rate risk on firm commitments are accounted for as cash flow hedges.

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.

Leasing (as lessors)
Leases where the Group does not transfer substantially all the risks and benefits incidental to the ownership of the assets are classified as operating leases. All of the Group's properties are leased to tenants under operating leases and included in investment property in the balance sheet.

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 property income

	2013 £'000	2012 £'000
Rental and related income	**16,308**	14,290
Asset management fees	**653**	470
Surrender premiums and commissions	**1,017**	251
Gross property income	**17,978**	15,011

4 Property operating expenses

	2013 £'000	2012 £'000
Amortisation of tenant incentives and letting costs	**402**	204
Ground rent payments	**733**	553
Service charge and void rates	**1,756**	1,152
Other property operating expenses	**700**	313
Property operating expenses	**3,591**	2,222

5 Administrative expenses

	2013 £'000	2012 £'000
Group staff costs	**2,943**	2,537
Depreciation	**53**	11
Share option expense	**73**	125
Administration and other operating expenditure	**1,728**	1,336
Administrative expenses	**4,797**	4,009
Asset management fees	**(653)**	(470)
Net administrative expenses	**4,144**	3,539

	2013 £'000	2012 £'000
Auditors remuneration		
Fees payable to the Company's auditor for the audit	**118**	115
Fees payable to the Company's auditor for the interim review	**25**	24
Total audit fees	**143**	139
Fees payable to the Company's auditor for corporate finance services	**23**	100
Total non-audit fees	**23**	100

6 Profit on disposal of investment properties

	2013 £'000	2012 £'000
Gross disposal proceeds	**850**	8,380
Costs of disposal	**(39)**	(322)
Net disposal proceeds	**811**	8,058
Carrying value	**– ***	(7,645)
Profit on disposal	**811**	413

* There was no carrying value associated with the sale of Gilmour House in the current year as it was vacant and of nil value when acquired as part of the investment property at Paisley.

7 Finance income and expense

	2013 £'000	2012 £'000
(a) Finance income		
Income from cash and short-term deposits	**10**	5
Total finance income	**10**	5
(b) Finance costs		
Interest on bank loans	**4,645**	3,756
Interest on debt instruments	**1,575**	1,583
Total finance costs	**6,220**	5,339
Net finance cost	**6,210**	5,334

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

More details on the Group's borrowings are provided in Note 19.

8 Taxation

The tax expense for the year comprises:

	2013 £'000	2012 £'000
Current taxation		
UK Corporation Tax at 24% (2012: 26%)	**(88)**	120
Tax (credit)/charge for the year	**(88)**	120

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

	2013 £'000	2012 £'000
Profit before tax	**1,410**	3,970
Tax at the current rate of 24% (2012: 26%)	**338**	1,032
Reversal of prior year tax over provision	**(120)**	–
Tax effect of profit under REIT regime	**(306)**	(912)
Tax (credit)/charge	**(88)**	120

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. At the time of the Company's conversion a provision of £1.6 million (representing a 2% charge on the assets taken into the regime) was made for the REIT conversion charge which the Company has chosen to pay over 4 years (which carries as 0.19% charge). The instalments are payable annually between June 2011 and July 2014.

9 Earnings per share

The European Public Real Estate Association (EPRA) issued Best Practices Policy Recommendations in October 2010, which gives guidelines for performance measures. The EPRA earnings measure excludes investment property revaluations and gains on disposals, intangible asset movements and their related taxation and the REIT conversion charge. 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:

	2013 £'000	2012 £'000
Earnings		
Earnings for the purposes of basic and diluted EPS being profit after taxation	**1,498**	3,850
Adjustments to arrive at EPRA profit		
Exceptional items	**–**	83
Unrealised deficit on revaluation of investment properties	**2,157**	274
Unrealised deficit on revaluation of joint venture investment properties	**1,483**	560
Profit on disposal of investment properties	**(811)**	(413)
EPRA profit	**4,327**	4,354
Profit on disposal of investment properties	**811**	413
Share option expense	**73**	125
EPRA Adjusted Profit	**5,211**	4,892
Adjustments to EPRA profit to arrive at NAREIT FFO		
EPRA profit	**4,327**	4,354
Amortisation of tenant incentives and letting costs	**402**	204
Amortisation of rent free periods	**(573)**	(171)
NAREIT FFO	**4,156**	4,387

Number of shares	2013 No. 000's	2012 No. 000's
Weighted average number of Ordinary Shares for the purposes of basic EPS and basic EPRA EPS	**31,904**	25,242
Effect of dilutive potential Ordinary Shares:		
Options	**–**	–
Warrants	**–**	28
CULS	**–**	–
Weighted average number of Ordinary Shares for the purposes of basic diluted EPS and basic diluted EPRA EPS	**31,904**	25,270
EPRA Adjusted EPS (pence)	**16.3**	18.9
EPRA EPS basic (pence)	**13.6**	17.3
EPRA diluted EPS (pence)	**13.6**	17.2
FFO EPS basic (pence)	**13.0**	17.4
EPS basic (pence)	**4.7**	15.3
Diluted EPS basic (pence)	**2.4**	15.2

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 an 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 (accretive effect in the prior year) and an accretive effect on the Group's EPRA EPS calculation.

Notes to the accounts continued

10 Net asset value per share

	2013 No. 000's	2012 No. 000's
Net asset value (£'000)	**79,788**	79,076
Number of Ordinary Shares	**34,030**	31,080
Number of Ordinary Shares EPRA*	**34,813**	34,333
EPRA Net asset value per share (pence)	**240**	258
Basic Net asset value per share (pence)	**235**	254
Diluted Net asset value per share (pence)	**235**	253

* 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.

11 Dividends

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

Payment date		PID	Non-PID	Pence per share	2013 £'000	2012 £'000
Current year dividends						
25 July 2013	2013 Final dividend	10.0	0.0	10.0		
30 January 2013	2013 Interim dividend	6.0	0.0	6.0	**2,042**	
				16.0		
Prior year dividends						
13 July 2012	2012 Final dividend	9.0	0.0	9.0	**2,797**	
23 December 2011	2012 Interim dividend	6.0	0.0	6.0		1,865
				15.0		
20 July 2011	2011 Final dividend	4.5	0.0	4.5		641
Dividends in consolidated statement of changes in equity					**4,839**	2,506
Dividends settled in cash					**4,839**	2,506
Timing difference related to payment of withholding tax on dividends					**(296)**	–
Dividends in cash flow statement					**4,543**	2,506

The final dividend was declared on 22 May 2013 and will be paid on 25 July 2013 to ordinary shareholders on the register on 28 June 2013 and the ex-dividend date is 26 June 2013. It has not been included as a liability or deducted from retained profits in these accounts. It will be recognised as an appropriation of retained earnings in 2014.

The dividend will be paid entirely as a PID (Property Income Distribution). PID dividends are paid, as required by REIT legislation, after deduction of withholding tax at the basic rate of income tax (currently 20%). However, certain classes of shareholder may be able to claim exemption from deduction of withholding tax.

12 Investment properties

	2013 £'000	2012 £'000
Opening balance	**197,736**	105,800
Acquisitions and improvements in the year	**10,699**	99,855
Disposals in the year	**–**	(7,645)
	208,435	198,010
Fair value deficit on property revaluations	**(2,157)**	(274)
Closing balance	**206,278**	197,736

The Group's investment properties have been valued at fair value on 31 March 2013 by independent valuers on the basis of open market valuations in accordance with the Current Practice Statements contained in The Royal Institution of Chartered Surveyors Valuation – Professional Standards, (the "Red Book").

It is the Group's policy to carry investment property at fair value in accordance with IAS 40 "Investment Property". The fair value of the Group's investment property at 31 March 2013 has been determined on the basis of open market valuations carried out by Colliers International who are the external independent valuers to the Group.

13 Investments in joint ventures

	2013 £'000	2012 £'000
Opening balance	**11,275**	11,926
Additional joint venture interests acquired during the year (1)	**4,830**	–
Income from joint ventures	**859**	945
Net valuation movement	**(1,483)**	(560)
Distributions and dividends (1)	**(925)**	(695)
Return of capital (1)	**–**	(150)
Hedging movements	**132**	(191)
Net book value	**14,688**	11,275

Name	Country of incorporation	**% Holding 2013**
NewRiver Retail Investments LP	Guernsey	**50%**
NewRiver Retail Investments (GP) Ltd*	Guernsey	**50%**
NewRiver Retail Property Unit Trust	Jersey	**10%**

(1) The net cash outflow during the year was £3.91m (2012: cash inflow £0.84m).

*NewRiver Retail Investments (GP) Limited 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.

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

1. The Barley JV

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.

No promote payment has been recognised during the year and the Group is entitled to receive promote payments only after achieving the agreed hurdles.

13 Investments in joint ventures continued

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 an 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 and an accretive effect on the Group's EPRA EPS calculation.

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 inter company transactions and are as follows:

	2013 NewRiver Retail Investments (GP) Ltd Total £'000	**2013 Group's Share 50% £'000**	2012 NewRiver Retail Investments (GP) Ltd Total £'000	2012 Group's Share 50% £'000
Balance sheet				
Non-current assets	**41,700**	**20,850**	45,465	22,733
Current assets	**1,880**	**940**	2,035	1,018
Current liabilities	**(1,118)**	**(559)**	(2,002)	(1,001)
Non-current liabilities	**(22,658)**	**(11,329)**	(22,949)	(11,475)
Net assets	**19,804**	**9,902**	22,549	11,275
Income statement				
Net income	**2,592**	**1,296**	3,014	1,507
Administration expenses	**(312)**	**(156)**	(205)	(103)
Finance costs	**(882)**	**(441)**	(919)	(459)
Recurring income	**1,398**	**699**	1,890	945
Fair value (deficit) on property revaluations	**(2,967)**	**(1,483)**	(1,121)	(560)
(Deficit)/income from joint ventures	**(1,569)**	**(784)**	769	385

Recurring income in the Barley JV has reduced due to a reduction in net rental income as properties have been sold.

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

2. The CAMEL II JV
NewRiver Retail Property Unit Trust (the "CAMEL II JV") is an established Jersey Property Unit Trust set up by NewRiver Retail Limited and Bravo I to invest in UK Retail property.

The CAMEL II JV is owned 10% by NewRiver Retail Limited and 90% Bravo I. NewRiver Retail (UK) Limited is the appointed asset manager on behalf of the CAMEL II JV and receives asset management fees as well as performance-related return promote payments. No promote payment has been recognised during the year and the Group is entitled to receive promote payments only after achieving the agreed hurdles.

Management have taken the decision to equity account for the interest in The CAMEL II JV, as an associate, as the Group has significant influence over decisions made by the joint venture.

The CAMEL II JV has 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. Interests in further property acquisitions made by the joint venture may vary from the current 10/90 split of existing projects. NewRiver Retail Limited can invest up to 50% in future projects.

13 Investments in joint ventures continued

In line with the existing NewRiver investment strategy, the CAMEL II 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 CAMEL II JV has a 31 December year end and the Group has applied equity accounting for its interest in the CAMEL II JV. The aggregate amounts recognised in the consolidated balance sheet and income statement eliminate inter company transactions and are as follows:

	2013 NewRiver Retail Property Unit Trust Total £'000	2013 Group's Share 10% £'000
Balance sheet		
Non-current assets	**90,401**	**9,040**
Current assets	**4,668**	**467**
Current liabilities	**(4,663)**	**(466)**
Non-current liabilities	**(42,546)**	**(4,255)**
Net assets	**47,860**	**4,786**
Income statement		
Net income	**2,325**	**232**
Administration expenses	**(128)**	**(13)**
Finance costs	**(590)**	**(59)**
Recurring income	**1,607**	**160**
Fair value deficit on property revaluations	**–**	**–**
Income from joint ventures	**1,607**	**160**

The Group's share of any contingent liabilities to the CAMEL II JV is £nil.

14 Property, plant and equipment

	Fixtures and equipment £'000	Total £'000
At 1 April 2012	404	404
Additions	53	53
Depreciation	(53)	(53)
At 31 March 2013	**404**	**404**
At 1 April 2011	7	7
Additions	415	415
Disposals	(7)	(7)
Depreciation	(11)	(11)
At 31 March 2012	404	404
Net Book Value		
Cost	468	468
Accumulated depreciation	(64)	(64)
At 31 March 2013	**404**	**404**
Cost	415	415
Accumulated depreciation	(11)	(11)
At 31 March 2012	404	404

Notes to the accounts continued

15 Investment in subsidiary undertakings

Below is a list of the Group's principal subsidiaries

Name	Country of incorporation	Activity	**Proportion of ownership interest 2013**
NewRiver Retail (Boscombe No. 1) Limited	UK	Real estate investments	**100%**
NewRiver Retail (Carmarthen) Limited	UK	Real estate investments	**100%**
NewRiver Retail CUL No. 1 Limited	UK	Finance Company	**100%**
NewRiver Retail (Holdings) Limited	Guernsey	Real estate investments	**100%**
NewRiver Retail (Market Deeping No. 1) Limited	Guernsey	Real estate investments	**100%**
NewRiver Retail (Newcastle No. 1) Limited	Guernsey	Real estate investments	**100%**
NewRiver Retail (Paisley) Limited	UK	Real estate investments	**100%**
NewRiver Retail (Portfolio No. 1) Limited	Guernsey	Real estate investments	**100%**
NewRiver Retail (Portfolio No. 2) Limited	Guernsey	Real estate investments	**100%**
NewRiver Retail (Portfolio No. 3) Limited	UK	Real estate investments	**100%**
NewRiver Retail (Portfolio No. 4) Limited	UK	Real estate investments	**100%**
NewRiver Retail (Portfolio No. 5) Limited	UK	Real estate investments	**100%**
NewRiver Retail (Portfolio No. 6) Limited	UK	Real estate investments	**100%**
NewRiver Retail (Skegness) Limited	UK	Real estate investments	**100%**
NewRiver Retail (UK) Limited	UK	Company operation and asset management	**100%**
NewRiver Retail (Wisbech) Limited	UK	Real estate investments	**100%**
NewRiver Retail (Witham) Limited	UK	Real estate investments	**100%**
NewRiver Retail (Wrexham No. 1) Limited	Guernsey	Real estate investments	**100%**

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

16 Trade and other receivables

	2013 £'000	2012 £'000
Trade receivables	**1,192**	2,089
Prepayments and accrued income	**789**	505
Other receivables	**–**	451
	1,981	3,045

All amounts fall due for payment in less than one year.

A provision of £0.4 million (2012: £0.2 million) was made against trade receivables as at 31 March 2013.

17 Cash and cash equivalents

	2013 £'000	2012 £'000
Cash at bank	**7,545**	8,562
	7,545	8,562

18 Trade and other payables

	2013 £'000	2012 £'000
Trade payables	**1,609**	495
Other payables	**888**	675
Accruals	**5,394**	2,409
Rent received in advance	**3,103**	3,329
	10,994	6,908
Taxation – current	**424**	495
Current trade and other payables	**11,418**	7,403
Taxation – non-current	**220**	744
Non-current trade and other payables	**220**	744

19 Borrowings

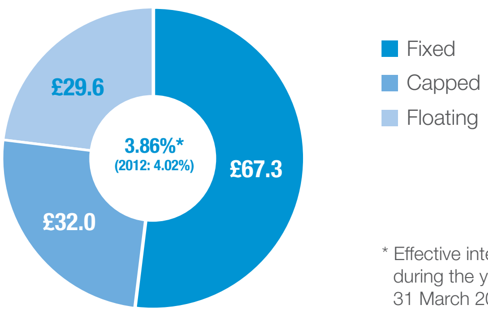
	2013 £'000	2012 £'000
Secured bank loans	**112,697**	107,842
Convertible Unsecured Loan Stock	**24,693**	24,581
	137,390	132,423
Maturity of borrowings:		
Less than one year	**–**	–
Between one and two years*	**–**	13,268
Between two and five years	**137,390**	119,155
Over five years	**–**	–
	137,390	132,423

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

Secured bank loans

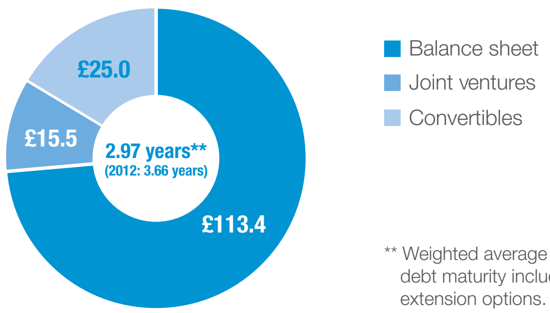
Bank loans are secured by way of legal charges on properties held by the Group and a hedging policy is adopted which is aligned with the property strategy on each of its assets.

Total Group secured bank loans (£ million)
– Hedging and Group borrowing costs (including share of joint ventures)



* Effective interest rate during the year to 31 March 2013.

Total Group borrowing facilities (£ million)
– Including share of joint ventures



** Weighted average debt maturity including extension options.

Notes to the accounts continued

19 Borrowings continued

Facility and arrangement fees

	2013				2012			
	Facility £'000	**Fees £'000**	**Amortised £'000**	**Balance £'000**	Facility £'000	Fees £'000	Amortised £'000	Balance £'000
Santander*	**36,083**	**(327)**	**208**	**35,964**	33,371	(327)	132	33,176
Clydesdale**	**40,815**	**(539)**	**167**	**40,443**	40,815	(539)	64	40,340
HSBC***	**36,475**	**(346)**	**162**	**36,290**	34,580	(346)	92	34,326
	113,373	**(1,212)**	**537**	**112,697**	108,766	(1,212)	288	107,842
Convertibles	**25,000**	**(574)**	**267**	**24,693**	25,000	(574)	155	24,581
	138,373	**(1,786)**	**804**	**137,390**	133,766	(1,786)	443	132,423

* This facility is 92% fixed by way of an interest rate swap at an all in cost of 3.9%.
** This facility is 81% fixed by way of an interest rate swap at an all in cost of 4.1%.
*** This facility has a current all in cost of 3.6% and is subject to an interest rate cap agreement that is 60% capped at 6.5% (4% cap, 2.5% bank margin).

Fair value on interest rate swaps

	2013 £'000	2012 £'000
Derivative financial instruments	**2,080**	1,376
Market fair value loss recognised in the year	**(572)**	(1,451)

The Group recognised a mark to market fair value loss of £0.6 million (2012: £1.5 million) on its interest rate swaps as at 31 March 2013. The carrying value of interest rate swaps in the balance sheet as at 31 March 2013 was £2.08 million (2012: £1.38 million).

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 where the stock holder may convert all or any of the stock into Ordinary Shares at the rate of 1 ordinary share for every £2.72 nominal value of CULS held (adjusted from £2.80 for special dividends). Under the terms of the convertible, interest will accrue at 5.85% on the outstanding loan stock until 31 December 2015 when it will either be converted or repaid. The interest payable on the CULS is due biannually on the 30 June and 31 December.

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 5 years. Management have concluded that the value of the convertible option was negligible and the value resided in the debt portion of the instrument at the date of issue.

20 Share capital and reserves

	2012 Retained earnings £'000	2012 Share premium £'000	2012 Other reserves £'000	2012 Hedging reserve £'000	2012 Share option reserve £'000	2012 Revaluation reserve £'000	2012 Total £'000
Brought forward as at 1 April 2011	318	–	33,801	(250)	62	4,843	38,774
Net proceeds of issue from new shares	–	40,284	–	–	–	–	40,284
Transfer of share premium	–	(40,284)	40,284	–	–	–	–
Total comprehensive income for the year	3,850	–	–	(1,451)	–	–	2,399
Share-based payments	–	–	–	–	125	–	125
Dividend paid	(2,506)	–	–	–	–	–	(2,506)
Revaluation movement	274	–	–	–	–	(274)	–
Balance carried forward as at 31 March 2012	1,936	–	74,085	(1,701)	187	4,569	79,076

	2013 Retained earnings £'000	**2013 Share premium £'000**	**2013 Other reserves £'000**	**2013 Hedging reserve £'000**	**2013 Share option reserve £'000**	**2013 Revaluation reserve £'000**	**2013 Total £'000**
Brought forward as at 1 April 2012	**1,936**	**–**	**74,085**	**(1,701)**	**187**	**4,569**	**79,076**
Net proceeds of issue from new shares	**–**	**4,552**	**–**	**–**	**–**	**–**	**4,552**
Transfer to distributable reserve	**–**	**(4,552)**	**4,552**	**–**	**–**	**–**	**–**
Total comprehensive income for the year	**1,498**	**–**	**–**	**(572)**	**–**	**–**	**926**
Share-based payments	**–**	**–**	**–**	**–**	**73**	**–**	**73**
Realisation of fair value movements	**102**	**–**	**–**	**–**	**–**	**(102)**	**–**
Dividend paid	**(4,839)**	**–**	**–**	**–**	**–**	**–**	**(4,839)**
Revaluation movement	**2,157**	**–**	**–**	**–**	**–**	**(2,157)**	**–**
Balance carried forward as at 31 March 2013	**854**	**–**	**78,637**	**(2,273)**	**260**	**2,310**	**79,788**

The authorised share capital is unlimited and there are currently 34,029,508 shares in issue (31 March 2012: 31,079,508). In addition there are 624,000 treasury shares held in the Employee Benefit Trust (Note 21).

In the year ending 31 March 2013, 2.95 million (2012: 16.87 million) nil par value Ordinary Shares were issued to PIMCO Bravo Fund LP for cash consideration at a price of £1.65 (2012: £2.52) resulting in an increase of the total share capital and other reserves to £78.6 million (2012: £74.1 million). Costs of £0.3 million (2012: £2.2 million) directly attributable to the issue of these shares have been set against the share premium account.

During the year the Group approved a transfer from the share premium account of £4.6 million (2012: £40.3 million) to other reserves which may be distributed in the future.

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 was adjusted to £2.44 following the share issue in May 2010 and subsequently to £2.06 following subsequent dividend payments and share issues. During the year no (2012: nil) warrants were exercised.

As at 31 March 2013, the total number of shares outstanding was 34,029,508 (2012: 31,079,508). No treasury shares were acquired during the year (2012: nil) (see Note 21).

21 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.

During the year no shares were issued to the EBT (2012: nil).

As the EBT is consolidated, these shares are treated as Treasury Shares.

No shares have been allocated by the EBT to directors or employees during the year.

	2013 000s	2012 000s
Brought forward	**624**	624
Issued during the year	**–**	–
Carried forward	**624**	624

22 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.

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.

(a) Terms

	Exercise Price £	**2013 Number of Options**	2012 Number of Options
Awards brought forward		**2,471,949**	886,949
Awards made during the prior year:	2.35		1,585,000
Awards lapsed during the current year:	–	**(154,539)**	
Exercisable options at the end of the year		**2,317,410**	2,471,949

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 £	**2013 Number of Shares**	2012 Number of Shares
Awards brought forward		**–**	–
Awards made during the current year:	nil	**500,000**	
Issued shares at the end of the year		**500,000**	–

(b) Share-based payment charge

	2013 £'000	2012 £'000
Share-based payment expense brought forward	**187**	62
Share-based payment expense in the year	**73**	125
Cumulative share-based payment	**260**	187

23 Financial commitments and operating lease arrangements

	2013 £'000	2012 £'000
Rentals payable on operating leases:		
Within one year	**141**	173
One to two years	**191**	141
Two to five years	**514**	514
After five years	**687**	879
	1,533	1,707

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

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

24 Post balance sheet events

On 8 May 2013 the Group exercised its option to extend the bilateral term loan with Santander of £15.98 million by two years to 4 June 2015.

On 22 May 2013, the Board of Directors approved a final dividend of 10 pence per share which will result in a final total dividend for the year of 16 pence per share (2012: 15 pence).

25 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 19), 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 on-going 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 2013, the Group (including joint ventures) had £141.7 million (2012: £107.7 million) of interest rate swaps in place and its share of net debt was 77% fixed (2012: 80%). This gives certainty over future cash flow but exposure to fair value movements, which amounted to an unrealised loss of £0.57 million at 31 March 2013 (2012: £1.45 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 200bps increase in interest rates for the year would increase the net interest payable in the Income Statement and reduce net assets by £0.7 million (2012: £1.1 million).

Notes to the accounts continued

25 Financial instruments – risk management continued

(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 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.

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:

			2013
	Current £'000	**Year 2 £'000**	**Years 3 to 5 £'000**
Interest bearing loans and borrowings	**–**	**–**	**113,373***
CULS	**–**	**–**	**25,000**
Trade and other payables	**11,418**	**220**	**–**
Derivative financial instruments	**–**	**509**	**1,571**
	11,418	**729**	**139,944**

			2012
	Current £'000	Year 2 £'000	Years 3 to 5 £'000
Interest bearing loans and borrowings	–	13,268	95,498
CULS	–	–	25,000
Trade and other payables	7,403	744	–
Derivative financial instruments	–	–	1,701
	7,403	14,012	122,199

* 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 fund raisings.

(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.

26 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 £1.8 million (2012: £1.5 million). This increased since 2012 as a result of an additional Executive Director on the Board.

Share-based payments of £0.1 million (2012: £0.1 million) accrued during the year.

During the year 544 shares (2012: 24,250) were acquired on the open market by Directors.

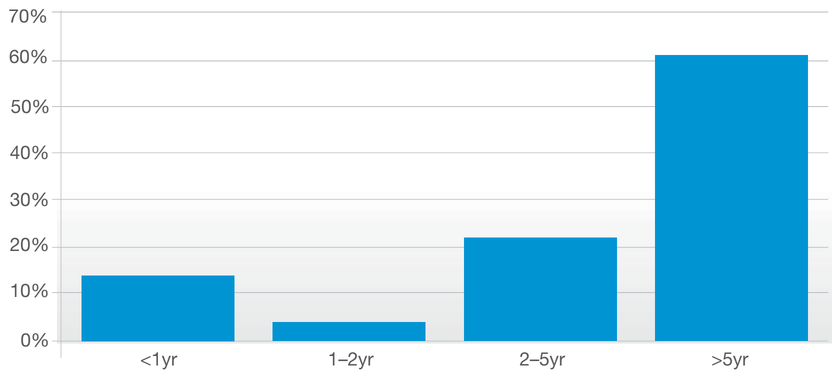
27 Operating lease arrangements

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:

	2013 £'000	2012 £'000
Within one year	**14,338**	17,267
In the two years	**13,520**	14,325
In the three to five years (inclusive)	**35,225**	33,922
After five years	**66,349**	45,669
	129,432	111,183

Weighted Average Lease Expiry
(to expiry) of operating leases in NewRiver Retail Limited portfolio



The Group's weighted average lease length of operating leases at 31 March 2013 was 7.8 years (2012: 7.4 years).

Glossary of terms

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

EPRA is the European Public Real Estate Association.

EPRA earnings is the profit after taxation excluding investment property revaluations and gains/losses on disposals, REIT conversion charge, intangible asset movements and their related taxation.

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.

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.

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

NAREIT FFO is a calculation to adjust a REIT's 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.

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.

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 term 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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Paul Roy
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David Lockhart
(Chief Executive)
Mark Davies
(Finance Director)
Allan Lockhart
(Property Director)
Nick Sewell
(Director)
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(Development Director)
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