NEWRIVER RETAIL

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2016
Property Week Awards
Winner
NEWRIVER RETAIL
Property Company
of the Year

This year's annual results mark NewRiver's sixth consecutive year of growth in revenue, profit and dividend, delivering a record set of results for the Company.

NewRiver is one of the UK's largest REITs focused on the dynamic convenience-led retail and leisure sectors. Our high quality retail and leisure portfolio caters for the weekly needs of millions of UK wide shoppers, in turn creating desirable and profitable trading opportunities for our retail and leisure occupiers.

NewRiver's focused and scalable business model is committed to delivering consistent and attractive shareholder returns, underpinned by high income returns. Each year since our inception in 2009, NewRiver has delivered revenue, profit and dividend growth, achieved through astute stock selection, intense active asset management, risk-controlled development and a commitment to cost control.

HIGHLIGHTS

NewRiver delivers sixth consecutive year of revenue, profit and dividend growth.

Record Financial Results

Gross income +115%

£60.8 million

(2015: £28.1 million)

Profit before tax +76%

£69.5 million

(2015: £39.5 million)

EPRA adjusted profit +125%

£47.1 million

(2015: £20.9 million)

Basic EPS +5%

39.2 pence

(2015: 37.5 pence)

EPRA adjusted earnings per share +34%

26.6 pence

(2015: 19.8 pence)

EPRA NAV +11%

295 pence

(2015: 265 pence)

Strong Balance Sheet Delivering Profitable Performance

Shareholder funds + 103%

£690 million

(2015: £340 million)

Low cost debt

3.7%

(2015: 3.8%)

Loan to value

27%

(2015: 39%)

Balance sheet gearing

29%

(2015: 49%)

Sector Leading Dividend and Strong TSR

Total shareholder return

16%

(2015: 16%)

Dividend cover[2]

144%

(2015: 116%)

Total accounting return[1]

18%

(2015: 16%)

FY17 first quarter dividend +11%

5 pence

(FY16 Q1: 4.5 pence)

Fully covered dividend +9%

18.5 pence

(2015: 17 pence), paid quarterly

1 Total Accounting Return equals NAV per share growth plus dividends paid.

2 Dividend cover based on EPRA Adjusted EPS.

Scalable Business Model Delivering Growth

- Two over-subscribed equity placings totalling £300 million, issuing 97 million new shares
- Assets under management increased 30% to £1.1 billion (2015: £848 million), NewRiver share: £970 million
- Administrative costs reduced to 18% of revenue (2015: 23%) demonstrating economies of scale
- Move to Main Market on track for Q2 FY17

Strategic Acquisitions Through Swift Deployment Of Capital

- Acquisitions totalling £342 million, average yield 9.2%
- Post year end £120 million acquisition of Broadway Shopping Centre and Retail Park in Bexleyheath, equivalent yield of 7%
- Ongoing capital recycling with profitable £48.2 million disposals at an average exit yield of 5.7%

Focused Asset Management Generating Sustainable Income Streams

- 235 total leasing events; new long-term leasing events at an average 5.1% above ERV
- High occupancy of 96% (2015: 96%)
- Like-for-like NOI increased 2.4%
- Like-for-like ERV growth of 4.6%
- Like-for-like valuation gain of 3.9%
- Retailer retention of 79% at lease expiry

Risk-Controlled Development Unlocking Value

- Growing 1.5 million sq ft risk-controlled development programme on track
- Planning consent secured for major £65 million town centre regeneration in Burgess Hill
- 24 planning approvals granted
- Convenience store programme advancing with three stores handed over to the Co-operative to date
- Significant residential value identified within pub portfolio creating over 150 units

CHAIRMAN'S STATEMENT

"NewRiver has enjoyed its most progressive year to date and remains in a strong position to continue this growth. The Company's commitment and track record in delivering attractive income returns places the Company in a good position for the year ahead."

Paul Roy, Chairman

NewRiver Retail celebrated its sixth year as a UK-listed REIT during the period and I am pleased to report that our team delivered another year of significant transformational growth.

Overview

The financial year to 31 March 2016 delivered yet another record set of results in what was markedly NewRiver's most active year since incorporation. During the year, the Company grew significantly through major acquisitions funded by two equity fundraisings and competitively placed debt finance.

EPRA Adjusted Profit increased by 125% to £47.1 million from £20.9 million in the previous year. EPRA Adjusted Earnings per share, a key metric for the Company, increased to 26.6 pence per share from 19.8 pence per share.

In the 12 month period, the Company raised a total of £300 million of equity capital through two placings of £150 million each. Both fundraisings were over-subscribed and well supported by new and existing shareholders.

The Board view this as testament to the strength of NewRiver's investment case and its strong credentials as an asset backed, income generating REIT which has consistently increased its dividend since admission to the AIM market.

For the year ended 31 March 2016, fully covered total dividends of 18.5 pence per share were paid, distributed on a quarterly basis, reflecting the strong and sustainable income generating capability of the business.

The Company is delighted to announce an 11% increase in the first quarter dividend for the new financial year to 5 pence per share (Q1 FY16: 4.5 pence) payable on 19 August 2016 to shareholders on the register on 22 July 2016. The ex-dividend date will be 21 July 2016.

NewRiver prides itself in its ability to swiftly deploy shareholder capital and the year under review was no exception. A total of £342 million was strategically invested at attractive entry yields averaging 9.2%.

At the year end, assets under management had increased by 30% to stand at £1.1 billion and the market capitalisation of the Group grew 97%, from £393 million at the start of the financial year to £774 million at the year end on 31 March 2016.

In July 2015, the Board announced its intention to move the Company's listing from the AIM market to the premium segment of the Main Market of the London Stock Exchange. The move is progressing well and on track for Q2 FY17. At its current market capitalisation NewRiver shares would be included in the FTSE250 and EPRA indices, a significant achievement for a company less than seven years old.

The Board continues to believe that there are still many value-enhancing real estate buying opportunities with purchase yields outstripping NewRiver's cost of funding by a healthy margin for the foreseeable future.

The Company's strategy remains focused on targeting higher yielding retail sub-sectors with a focus on assets catering for daily convenience shopping as well as extending its programme of town centre and mixed-use developments from within a growing portfolio.

The Board has considered the forthcoming EU referendum and the potential impact of Brexit. Whilst a Brexit vote is unlikely to have a significant impact on the operational side of the business as consumers still need to eat, clothe themselves and buy day-to-day necessities, a Brexit vote could have an impact on investor sentiment in both the Equity Capital Markets and direct property investment market. The Board is monitoring this closely.

The tremendous success achieved this year is a product of the people who make NewRiver possible, an expert and highly focused management, a committed NewRiver team and the continued support from our advisers and shareholders. The Board extends its gratitude for all their hard work and enthusiasm for the Company.

NewRiver has enjoyed its most progressive year to date and remains in a strong position to continue this growth. The commitment and track record of NewRiver in delivering attractive income returns places the Company in a good position for the year ahead. The Board is delighted with the progress to date and looks forward to the future with confidence.

Paul Roy
Chairman

25 May 2016

OUR BUSINESS MODEL

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

1 Retail specialisation

Leading position in the convenience-led retail and leisure sector

2016 Property Week Awards Winner NEWRIVER RETAIL Property Company of the Year

2 Strategic stock selection

Total acquisitions	Average yield at acquisition
£342 million	9.2%
(2015: £330 million)	(2015: 8.12%)

3 Active asset management

Assets under management	Total leasing events
£1.1 billon	235
(2015: £848 million)	(2015: 216)

WALE (excludes pubs)	Occupancy
7.2 years	96%
(2015: 7.4 years)	(2015: 96%)

4 Risk-controlled development

Total development area	Planning consents
1.5m sq ft	24
(2015: 1.25m sq ft)	(2015: 24)

5 Recycling capital

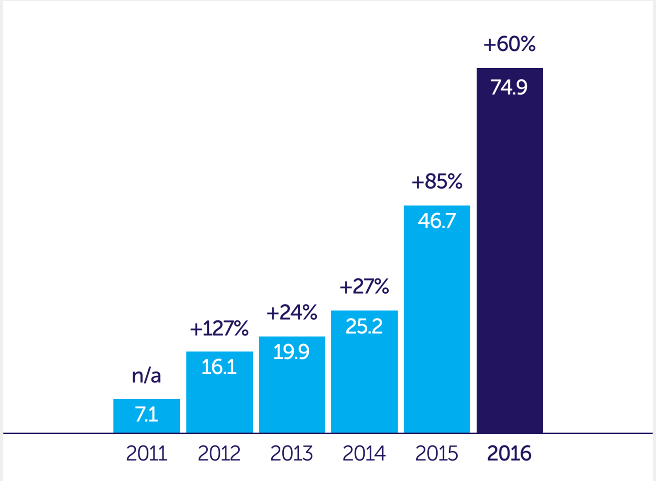
Total disposals	Average exit yield
£48.2 million	5.7%
(2015: £40.2 million)	(2015: 7.03%)

SIX YEAR TRACK RECORD

Gross rental income (proportionally consolidated) (£m)

£74.9 million

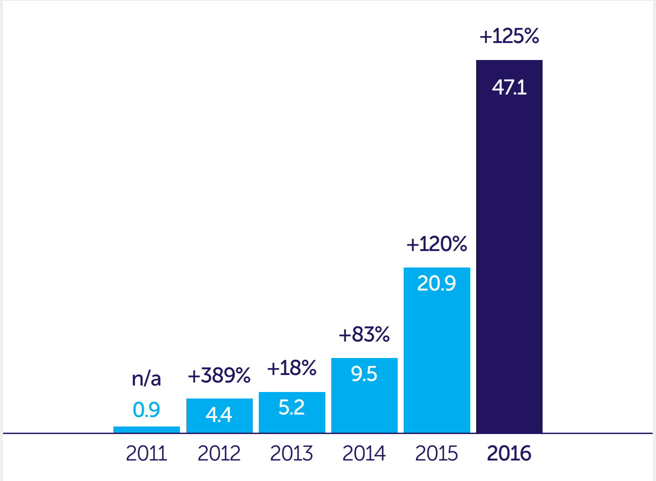
(2015: £46.7 million)



EPRA Adjusted Profit (£m)

£47.1 million

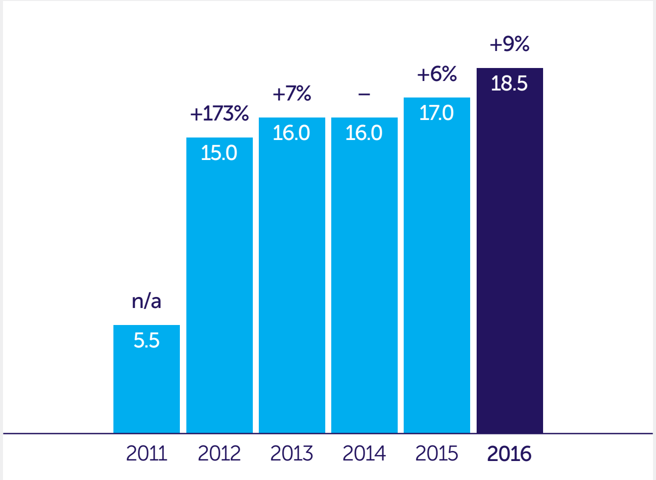
(2015: £20.9 million)



Dividend per share (pence)

18.5 pence

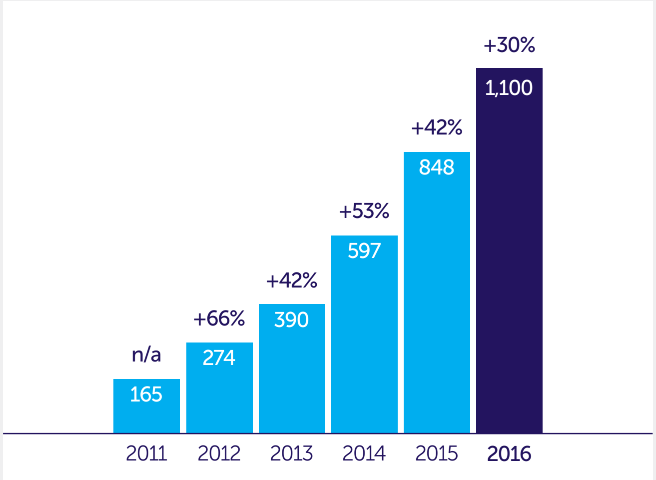
(2015: 17 pence)



Assets under management (£m)

£1.1 billon

(NewRiver share: £970 million)



KEY EVENTS DEFINING A RECORD YEAR

Our business model in action.

ACQUISITIONS

May 2015
GATESHEAD
Retail Warehouse
£4.4m
8.5% yield

June 2015
MARKET HARBOROUGH
High Street
£2.83m
9.0% yield

June 2015
TRENT – JV
Pubs
£60.7m
10.1% yield
Debt transferred to NewRiver

June 2015
CAMEL III – JV
4x Shopping Centres,
1x High Street
£38.9m
7.2% yield
Debt transferred to NewRiver

July 2015
RAMSAY PORTFOLIO
Retail Warehouses and development sites
£69.1m
8.0% yield

September 2015
MANTLE PORTFOLIO
158 Pubs from Punch Taverns
£53.5m
13.6% yield

KEY EVENTS

July 2015
£150M FUNDRAISE

July 2015
ANNOUNCED INTENTION TO MOVE UP FROM AIM TO MAIN MARKET

July 2015
FY16 Q1 DIVIDEND PAID

September 2015
WORLDHOST CUSTOMER SERVICE ACCREDITATION – PORTFOLIO-WIDE

November 2015
FY16 Q2 DIVIDEND PAID

DISPOSALS

June 2015
HIGH STREET PORTFOLIO
5x High Street assets
£6.0m
9.2% yield

December 2015
2X RETAIL WAREHOUSES
York & Daventry
£8.8m
8.2% yield

December 2015
PENGE
Shopping Centre
£6.9m
6.2% yield

January 2016
NEPTUNE
3x Shopping Centres, Cardiff, Wakefield & Darlington
£92.3m
8.0% yield

February 2016
HULL
High Street
£4.7m
8.9% yield

Post Period Event
April 2016
BEXLEYHEATH
Shopping Centre
£120m
6.7% net initial yield
7.0% equivalent yield

January 2016
£150M FUNDRAISE

February 2016
FY16 Q3 DIVIDEND PAID

February 2016
FIRST CO-OP C-STORE OPENED

March 2016
BURGESS HILL PLANNING CONSENT GRANTED

Post Period Event
April 2016
PROPERTY WEEK PROPERTY COMPANY OF THE YEAR

Post Period Event
May 2016
FY16 Q4 DIVIDEND PAID

October 2015
February 2016
2 X PUBS
£1.4m

November 2015
HULL
Ferensway Building,
£3.0m
4.0% yield

November 2015
LEAMINGTON SPA
Shopping Centre
£28.4m
5.0% yield

January 2016
GLASGOW
Development site from within the Ramsay portfolio
£9.0m

CHIEF EXECUTIVE'S REVIEW

"We have created a strong platform for future growth and demonstrated the scalability of our business model. We look forward to the next stage of our journey as a Main Market listed company with excitement and confidence."

David Lockhart, Chief Executive

For the sixth consecutive year, NewRiver has achieved outstanding financial results, once again delivering exceptional growth in revenue, profit and dividends.

It has been a remarkable year for NewRiver and we are poised to enter an exciting new phase with our move to the Main Market.

NewRiver was founded in September 2009, with a team of two, zero assets and £25 million of cash following our IPO. At 31 March 2016, six and half years later, with a team of 41, we have grown our EPRA Adjusted Profit from just under £1 million in our first full financial year to almost £50 million today and have over £1 billion of assets under management.

A Highly Active Year

The Company experienced its most active and successful year to date. By every measure NewRiver has grown in stature to become one of the UK's leading specialist REITs delivering growing and sustainable income returns.

NewRiver is firmly established as one of the UK's largest and most active shopping centre owner-managers with a well-balanced geographical spread of assets across the UK. The Company is invested in more than 60 towns and cities, owns over 7 million sq ft of income producing assets and is well placed to benefit from the ever evolving dynamics of the retail and leisure market, mixed use and town centre developments.

Record Results

The business was highly profitable in the year under review. EPRA Adjusted Profit grew 125% to £47.1 million, while profit before tax reached £69.5 million compared to £39.5 million last year. EPRA Adjusted EPS increased 34% to 26.6 pence per share from 19.8 pence per share.

We are very proud to have delivered a total dividend increase of 9% to 18.5 pence per share, fully covered. A great result in a year in which we issued 97 million new shares following two successful equity raises. The Company delivered an excellent Total Shareholder Return of 16% and a Total Accounting Return of 18%.

Our net asset value increased by a commendable 11% to 295 pence per share at the year end. As an income focused REIT, our ability to deliver sustainable and growing income returns will always be our key performance metric.

In that respect, the increase in the Q1 FY17 dividend to 5 pence per share, an increase of 11% on Q1 FY16, demonstrates our commitment to growing income for shareholders and our confidence in the business model.

Shareholder Support

A key highlight this year was the continuing strong support from both our equity and debt stakeholders. In the Equity Capital Markets, we undertook two successful and over-subscribed fundraisings, raising a total of £300 million from new and existing shareholders including some of the UK's most respected fund managers.

The new equity was rapidly deployed through strategic acquisitions which increased both assets under management and the market capitalisation of the Company, which at its current value qualifies the Company for the FTSE250 and EPRA indices.

Strategic Acquisitions

The scale of acquisitions undertaken was another key highlight of the year, with £342 million of investment in high quality shopping centres, retail warehouses and leisure assets. The acquisitions were made at an average yield of 9.2%, demonstrating that NewRiver maintains its competitive edge in acquiring high quality, higher yielding assets with a low risk profile in sought after locations.

During the financial year, the Company took the opportunity to buy out its joint venture partner from the Camel III shopping centre portfolio and Marston's public house portfolio. This enabled the Company to take full control of assets we know intimately and to directly enjoy income and capital growth as the assets improved through NewRiver's trademark active asset management and risk-controlled development programmes.

After the year end we completed our largest single asset acquisition to date and first significant shopping centre in Greater London with the £120 million purchase of The Broadway Shopping Centre and Broadway Square Retail Park in Bexleyheath, South East London at an equivalent yield of 7%.

Recycling Capital

We successfully completed £48.2 million of asset sales, at an average exit yield of 5.7%. The most significant was the £28.4 million sale of Regent Court in Leamington Spa, acquired in 2012 for £10.5 million at a yield of 8.9% reflecting an occupancy of 86%. We identified an opportunity to reposition the shopping centre as a predominately restaurant-led destination and following the completion of our asset management initiatives, Regent Court was 100% occupied and sold at a yield of 5.0%. This is another classic example of NewRiver's strategic stock selection and value creating asset management in practice.

Our debt providers continued to be supportive and the Company was successful in raising £145 million of competitively priced facilities to support our investment strategies. The Company prides itself on the highly efficient use of its balance sheet to maximise income for our shareholders through rapid deployment of capital and this year was no different. Nevertheless, we retain a prudent approach as evidenced by our low Balance Sheet gearing of just 29% at the year end.

CHIEF EXECUTIVE'S REVIEW CONTINUED

Active Asset Management

While our portfolio grew significantly through acquisitions, our core strategy of active asset management to drive income returns continued apace. We invest significantly in our portfolio which both attracts new and retains existing high quality occupiers, evidenced through our sustained high occupancy of 96%. During the year, we completed 235 separate leasing events, with average new long-term leases or renewals being achieved at 5.1% above estimated rental value.

At the Heart of UK Retail

NewRiver operates at the heart of the UK retail and leisure market. We are far more than a property company that simply collects rent and owns assets. Our occupiers are valued partners and we strive to work with them and understand them. Our interests are aligned and we share a mutual goal. We collaborate to drive footfall, increase dwell time, grow basket size and spend and ultimately to enhance and innovate the entire consumer experience.

Retail and leisure is one of the most resilient sectors of the UK economy. Our scale, national platform and range of stakeholders provides sustainability to our income flows. Our 32 shopping centres attract 140 million shoppers per year with like-for-like footfall increasing 4% year-on-year as a result of our focused asset management. Visitors to our shopping centres, retail and leisure assets do so because of the quality of the occupiers, the ambience of the environment and the convenience of the location. It is at our destinations that the UK family budget is spent day in and day out.

Risk-Controlled Development

Our risk-controlled development programme, totalling over 1.5 million sq ft, continued to advance and should provide long-term income streams and enhanced asset values. During the year, 24 planning applications were approved including consent for our £65 million mixed-use redevelopment of Burgess Hill town centre in the Gatwick triangle.

Our convenience store programme within the pub portfolio is well advanced. We have handed over three new stores to the Co-operative and are on site for the construction of a further five stores.

With our commitment to town centres and local communities NewRiver is increasingly viewed as the property company partner of choice for local authorities seeking to rejuvenate their town centres.

Property Company of the Year

Shortly after the year end NewRiver won the prestigious Property Company of the Year Award at the Property Week Awards and we are delighted to have been recognised by our peers in this way.

Strong Platform For Future Growth

This year's success was achieved as a result of the drive, expertise and passion of the NewRiver team and our key advisers, together with the support of our shareholders and lenders. I thank them all.

We have created a strong platform for future growth and demonstrated the scalability of our business model. We look forward to the next stage of our journey as a Main Market listed company with excitement and confidence.

David Lockhart
Chief Executive

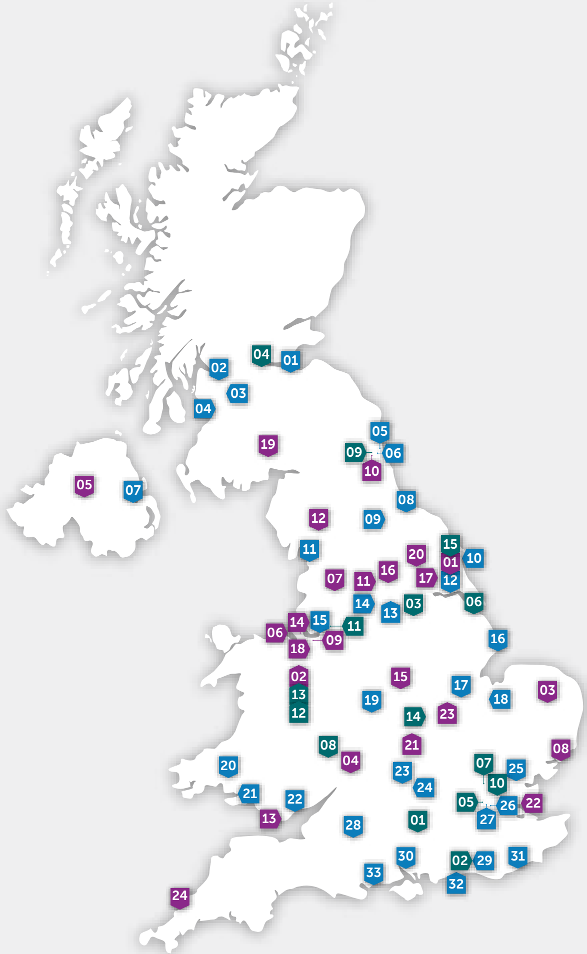
25 May 2016

OUR PORTFOLIO

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

Our retail portfolio

Invested in over 60 towns across the UK



Shopping centres

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

Retail warehouses (*Development sites)

1 Hull
2 Wrexham
3 Wymondham
4 Gloucester
5 Cookstown
6 Wirral
7 Blackburn
8 Felixstowe
9 Chester
10 Gateshead
11 Bradford
12 Kendal
13 Barry
14 Liverpool
15 Coalville
16 Leeds
17 Beverley
18 Saltney, Chester
19 Dumfries
20 York
21 Daventry
22 Canvey Island, Essex*
23 Stamford*
24 Newquay*

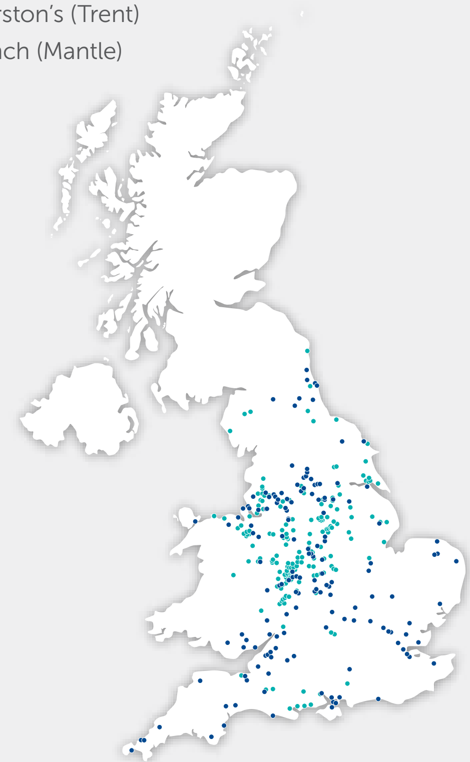
High street locations

1 Basingstoke
2 Burgess Hill
3 Doncaster
4 Grangemouth
5 Greater London
6 Grimsby
7 Harlow
8 Hereford
9 Newcastle
10 Romford
11 Warrington
12 Wrexham
13 Wrexham
14 Market Harborough
15 Hull

Our pub portfolio

358 pubs throughout Great Britain

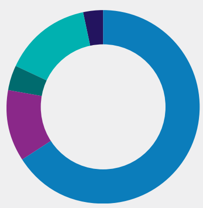
- Marston's (Trent)
- Punch (Mantle)



Total assets under management

£1.1 billon

(2015: £848 million)



		2016
Shopping centres	£726m	66%
Retail warehouses	£132m	12%
High street	£48m	4%
Pubs	£161m	15%
Development	£35m	3%

Retail occupancy rates

96%

(2015: 96%)

Retention on renewals

79%

(2015: 78%)

Occupiers

1,840

(2015: 1,377)

Footfall

140 million

(2015: 121 million)

+13% uplift year-on-year

+4% uplift like-for-like

Total leasing events

235

(2015: 216)

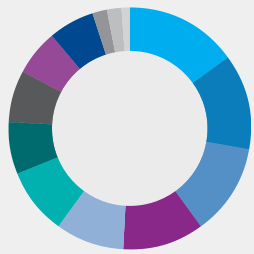
Retail WALE[1]

7.2 years

(2015: 7.4 years)

1 WALE excludes pub portfolio.

Retailer profile



	2016
Discount & Value	15%
Value Fashion	13%
Mid-priced Fashion	12%
Home	11%
Health & Beauty	9%
Groceries	9%
Service Related	7%
Food & Beverage	7%
Electrical	6%
Books & Stationery	6%
Jewellery	2%
Games & Toys	2%
Leisure	1%

Retailer income distribution (NewRiver share)

		No. of stores	Gross income	% Rent secured
1	PRIMARK	5	£1.9m	**2.9%**
2	Poundland	19	£1.7m	**2.6%**
3	Boots	20	£1.5m	**2.3%**
4	NEW LOOK	15	£1.4m	**2.2%**
5	wilko	7	£1.4m	**2.1%**
6	ASDA	5	£1.3m	**2.0%**
7	Superdrug	14	£1.3m	**2.0%**
8	B&M	8	£1.2m	**1.9%**
9	Poundstretcher	8	£1.2m	**1.8%**
10	Dixons Carphone	5	£1.0m	**1.7%**
11	TK Maxx	4	£1.0m	**1.6%**
12	Iceland	12	£1.0m	**1.5%**

Excludes pub portfolio, car parking and mall income

PROPERTY REVIEW

INTRODUCTION

In a transformational year, our portfolio increased 30% following £342 million of acquisitions, completed at an average weighted net initial yield of 9.2%, increasing assets under management to £1.1 billion and, as a consequence, we are now one of the largest listed retail and leisure property specialists in the UK. This is against a backdrop of an improving retail market, sustained sales growth and improving demand from occupiers and valuation growth.

Allan Lockhart, Property Director

Well positioned portfolio

Our portfolio is well positioned for the changing retail landscape with the continued convergence of convenience and experiential space. Our assets are necessity-based, catering for daily shopping activities. Many of our shopping centres form part of the dominant retail destination in their catchment area and create natural, attractive venues that cater to all daily needs. We aim to create vibrant hubs, providing a meeting place at the heart of the community.

Creating vibrant and dynamic space

We recognise that it is all about the consumer, who is well informed and is shopping and spending smarter across multiple channels. We want them to visit more often, stay longer, spend more and undertake a variety of activities, in a local, attractive and convenient environment.

Responsible asset management

We are invested in over 60 UK towns and work closely with the respective Councils and believe a healthy town, leads to a healthy asset. Responsible asset management is at the heart of our operations and we are active leaders within the local Business Improvement Districts (BIDs) and Town Teams helping us to influence and steer investment. We take a hands-on approach partnering with local schools, colleges, councils and community groups to create educational, cultural and economic opportunities that help to drive local regeneration. Our national platform allows us significant leverage at each stage of the value and management chain in order to deliver on our shareholder, retailer and customer targets and expectations.

Customer first

Our retailer relationships are integral to our business, adopting a customer-first approach and managing our shopping centres as operating platforms, as though we ourselves were retailers. We continue to drive our shared objectives of increasing footfall, dwell time and basket spend.

Innovative investment

We continue to invest strategically into our portfolio. A physical change drives a clear perception change in our assets which helps to facilitate corresponding investment from our retailers and fellow stakeholders, as well as helping to attract new retailers to the asset. From store configuration and soft furnishings, including modern lighting, landscaping and entrances, the physical retail environment remains an essential part of the customer experience.

Driving retail regeneration

Our strategic development pipeline has been significantly advanced and will offer long-term capital growth. We have submitted 62 planning applications for the year and received 24 consents including one for a major £65 million town centre regeneration project in Burgess Hill. We have agreed important lettings and pre-lets to create stores, restaurants and hotels for major operators including Next, Aldi, Burger King and Travelodge.

Retail warehouses

Our retail warehouse portfolio has grown to 21 assets and reflects our strategic decision to build a sizeable presence in the sector. We are acquiring incrementally and facilitating our key retailers' growth into a sector where we can add significant value. We continue to follow the Company's strategy of investing in low, affordable rents, and alongside our key retail partners.

Generating a high, sustainable income

We believe the outlook is positive with limited supply of new retail space and favourable demand conditions that play into NewRiver's business model. Our national platform now provides significant leverage and efficiencies across the portfolio together with low affordable portfolio rents offering growth prospects and embedded asset management opportunities

PROPERTY REVIEW CONTINUED

ACQUISITIONS – STRATEGIC STOCK SELECTIONS

Total acquisitions

£342 million

(2015: £330m)

Average acquisition yield

9.2%

(2015: 8.12%)

Total assets under management

£1.1 billon

(2015: £848m)

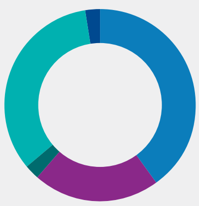
Our assets are located where people live, work and play; with natural footfall, integrated with public transport, car parking and shared access to education, healthcare, municipal services and the work place. We aim to offer the best retail environments and everyday shopping experiences in these locations.

To assist our decision making, we conduct detailed research on demographic profiles of the consumer base. We take great care to analyse spend patterns and the provision of retail space in the catchment and constantly monitor potential threats from competing developments or extensions and changing demographics.

We have been through an intensive period of activity for the business, swiftly and effectively deploying proceeds from two equity raises into strategic acquisitions and growing the portfolio by 30% to total £1.1 billion. We have acquired eight shopping centres (including JV acquisitions), 13 retail warehouse parks / parades and two high street parades. We now own and manage 32 shopping centres (excluding Bexleyheath, acquired post year end), making us one of the UK's largest shopping centre owners by number in the UK. Our acquisitions have been predominantly from impaired vendors, institutions and a major retailer selling part of its non-core estate.

A strong start to the year was halted as the election approached in May and subsequently dampened activity. We saw a high degree of re-trade stock and over-ambitious pricing. Demand remains resilient for high quality prime assets but investors are increasingly stock selective. Retail warehousing is benefiting from more meaningful occupier demand and we are seeing good rental growth prospects. The sector under performed IPD but is forecast to deliver improved relative returns.

Acquisitions



Shopping centres	£137.2m	40%
Retail warehouses	£73.7m	22%
High street	£8.4m	2%
Pubs	£114.2m	33%
Development	£8.5m	2%

Shopping centres

Camel III

Early in the first quarter we completed the strategic acquisition of the remaining 50% in the Camel III Portfolio, which comprises four shopping centres and a retail parade from our joint venture partners LVS, a subsidiary of Bravo II (a fund advised or managed by Pacific Investment Management Company LLC).

The portfolio comprised properties in Grangemouth, Leith in Edinburgh, North Shields, Llanelli and Oxford at an implied 100% price of £77.9 million for the portfolio, reflecting a net initial yield of 7.2%. The assets were well known to us, offering immediate deliverable opportunities at nominal execution cost. There is a huge benefit in taking full control of assets that we know and understand and we are confident around future underlying performance.

Camel III

Acquisition price
£38.9 millon

Net initial yield
7.2%

Equivalent yield
8.5%

Occupancy
95%

WALE
8.4 years

St. Elli, Llanelli

Gloucester Green, Oxford

The Beacon, North Shields

Locations

Retailers

ASDA, wilko, Argos, LIDL, Poundland, SPORTSDIRECT.com, home bargains, Boots

PROPERTY REVIEW CONTINUED

ACQUISITIONS – STRATEGIC STOCK SELECTIONS CONTINUED

The Neptune Portfolio
Early this year NewRiver completed contracts to acquire the Neptune Portfolio for a total consideration of £92.3 million, equating to a net initial yield of 8.0%, an equivalent yield of 9.6% and a reversionary yield of 10.5%. The Portfolio, assembled between 2005 and 2006, was acquired in the market at an aggregate value of £312 million.

This geographically diverse portfolio comprises three assets: the Ridings Shopping Centre, Wakefield in West Yorkshire; the Cornmill Shopping Centre, Darlington in the North East of England; and the Capitol Shopping Centre, Cardiff in South Wales.

The Portfolio offers an excellent balance of core and opportunistic assets, underpinned by high quality anchor retailers including Next, Primark, Tesco, Morrisons, TK Maxx and an entry price that was significantly below replacement cost. Initiatives include the reconfiguration of units to create more attractive retail space appropriate to retailer demand, improvements to the existing retail mix, and specifically, the repositioning of the Capitol Shopping Centre as a leading food and leisure destination, with realisable hotel, student and residential accommodation above.

Neptune Portfolio

Acquisition price
£92.3 million

Net initial yield
8.0%

Equivalent yield
9.6%

Occupancy
96%

WALE
5.3 years

Cornmill Shopping Centre, Darlington

Capitol Shopping Centre, Cardiff

Ridings Shopping Centre, Wakefield

Locations

Retailers

PRIMARK · next · Morrisons · TESCO · TK maxx

Penge

The acquisition of the Blenheim Shopping Centre in Penge, in the London Borough of Bromley, represents our first acquisition in London since 2011. The covered shopping centre was acquired for £6.85 million reflecting a net initial yield of 6.2% and an equivalent yield of 7.9%. The asset presents an exciting opportunity to enhance the retail mix to ultimately deliver rental growth and unlock further value through residential development in a location with excellent connectivity into Central London and strong retailer demand.

Penge

Acquisition price

£6.9 million

Net initial yield

6.2%

Equivalent yield

7.9%

Occupancy

100%

WALE

6.4 years

Blenheim Shopping Centre, Penge

Location

Retailers

PEACOCKS
wilko
Iceland
Card Factory

PROPERTY REVIEW CONTINUED

ACQUISITIONS – STRATEGIC STOCK SELECTIONS CONTINUED

Retail warehouses

The Company has identified opportunities in the retail warehouse sector to acquire parks and parades that are aligned to our core investment criteria of value and sustainability, with opportunities to extend and enhance. The retail warehouses are predominantly occupied by our key retailers where we are able to leverage our relationship and trading credentials of low cost to rent ratios. The Company's portfolio now includes 21 retail warehouse assets at a combined value of £132 million at a yield of 7.1%.

Retail warehouses acquisitions

£73.7 million

(2015: £45.3 million)

Average acquisition yield

7.9%

(2015: 8.76%)

Retail warehouses within portfolio

£132 million

(2015: £48 millon)

Yield

7.1%

(2015: 7.9%)

Allison Court Retail Park, Gateshead

The retail park in Tyne and Wear, was successfully acquired from joint owners Cheshire West and Chester Borough Council for a total consideration of £4.4 million, reflecting a net initial yield of 8.5%. Allison Court is well located, situated adjacent to The Metro Centre, the largest covered shopping and leisure centre in Europe, with over 23 million visitors per year. Allison Court is a 4.24 acres, multi-let retail park let to a variety of retailers including Evans Cycles, Maplin, American Golf and Halfords. At acquisition, the park had a WALE of 5.3 years and benefited from low rental levels ranging between £7.50–£12.00 per sq ft affording scope for potential rental growth. We have identified a range of significant asset management opportunities to enhance capital values through the letting of vacant units, increasing the rental tone, whilst remaining affordable and improving signage and wayfinding to the asset.

Location

Retailers

Evans, Maplin, American Golf, Halfords

Allison Court Retail Park, Gateshead

Acquisition price

£4.4 million

Net initial yield

8.5%

Equivalent yield

10.5%

Occupancy

100%

WALE

5.3 years

Daventry Retail Park

Daventry Retail Park in Daventry, Northamptonshire was acquired in December 2015 for a consideration of £4.1 million reflecting an attractive net initial yield of 8.5% and an equivalent yield of 10.5%. The acquisition presents an opportunity to generate value through an extension of the retail space and the introduction of a new drive-thru offer.

Location

Daventry Retail Park

Acquisition price

£4.1 million

Net initial yield

8.5%

Equivalent yield

10.5%

Occupancy

100%

WALE

6.27 years

B&M York

The B&M store, located adjacent to Clifton Moor Retail park in York was acquired for £4.65 million at a net initial yield of 7.9% and is currently let to discount retailer B&M for an unexpired term of 2.4 years. The location is highly regarded and offers excellent growth credentials. The two retail assets each offer excellent value-enhancing asset management and development opportunities.

B&M, York

Location

Retailer

B&M, York

Acquisition price

£4.65 million

Net initial yield

7.9%

Equivalent yield

7.9%

Occupancy

100%

WALE

2.4 years

PROPERTY REVIEW CONTINUED

ACQUISITIONS – STRATEGIC STOCK SELECTIONS CONTINUED

The Ramsay Portfolio

The Ramsay Portfolio was acquired in July 2015 for a total consideration of £69.1 million reflecting a net initial yield of 8.0%. The portfolio comprised 13 geographically diverse assets including nine value-led retail parks and four development sites each with approved planning consents and strong pre-let interest from retailers.

The portfolio comprised 463,000 sq ft of lettable space let to 35 occupiers and is located in successful retail destinations adjacent to upper-quartile performing Morrisons food stores. At acquisition, the portfolio had a high occupancy of 97% and was generating a strong, sustainable income stream underpinned by a WALE of 6.3 years.

Bradford

Kendall

The portfolio's high quality retail covenants, reflective of the Company's existing portfolio, include leading retailers such as TK Maxx, Argos, Poundstretcher, B&M, Matalan and Boots. Existing total net income for the portfolio is £4.9 million per annum with average rents of £12 per sq ft offering excellent opportunities for future income growth.

The portfolio presents significant asset management, extension and development opportunities given the existing planning consents totalling some 300,000 sq ft of retail space. NewRiver has already made good progress agreeing terms with leading retailers including B&M, Wickes, Pets at Home and Sports Direct and has subsequently sold a vacant site in Auchinlea, Glasgow to an owner occupier, realising significant profit and return.

Beverley

Ramsay Portfolio

Acquisition price

£69.1 million

Net initial yield

8.0%*

Equivalent yield

9.3%

Occupancy

97%

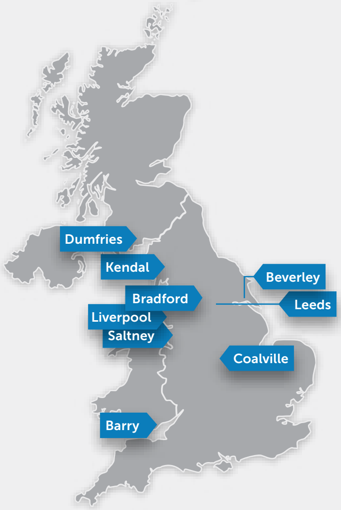
WALE

6.3 years

* Income producing assets only

Barry

Locations



Retailers

TK Maxx, Argos, Poundstretcher, B&M, Matalan, Boots

PROPERTY REVIEW CONTINUED

ACQUISITIONS – STRATEGIC STOCK SELECTIONS CONTINUED

High street

Market Harborough
In June 2015, the Company acquired two high street units in the affluent town of Market Harborough, Leicestershire for £2.83 million reflecting a net initial yield of 9.0%. The acquisition comprises 19/21 The Square, let to Tesco with five residential flats above and 10 The Commons, a stand-alone retail unit let to discount retailer B&M. The property adjoins one of the main car parks in the town and is situated in an attractive location adjacent to the River Welland. NewRiver has identified A1 and A3 development opportunities which it is now pursuing.

Location

Market Harborough

Acquisition price
£2.83 million

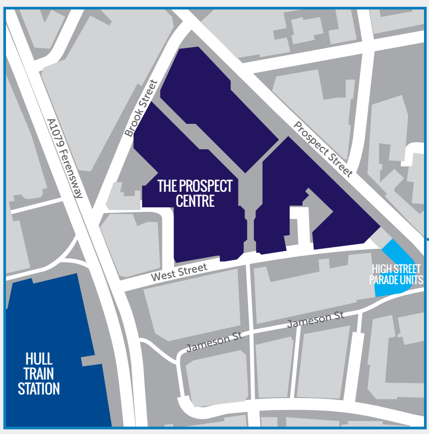
Net initial yield
9.0%

Equivalent yield
9.2%

Occupancy
100%

WALE
5.05 years

Jameson Street and King Edward Street, Hull
This unbroken high street parade adjoins our existing major shopping centre asset, the Prospect Shopping Centre and represents a strategic purchase with immediate marriage value. The parade was acquired from a UK institution for £4.7 million reflecting a net initial yield of 9.0%. The property will benefit from a major investment by the council in the neighbouring public realm which will help facilitate our strategy of improving the tenant profile and mix of restaurants.



Location

Hull

Acquisition price
£4.7 million

Net initial yield
9.0%

Equivalent yield
10.4%

Occupancy
78%

WALE
3.67 years

Public houses

Mantle Portfolio (Punch)

The Mantle Portfolio comprised an estate of 158 pubs located across England and Wales which was acquired from Punch Taverns for a total consideration of £53.5 million which equates to a net initial yield of 13.61%. Once leveraged the cash-on-cash equity return will be in excess of 20%. The portfolio comprises 340,000 sq ft of total internal gross area, 1.8 million sq ft of total site area, 1,730 car parking spaces and has an estimated reinstatement value of £146 million.

The quality and stability of the portfolio was reflected in it being 99.4% let and effectively 100% let for the last four years. The revenue arrears are negligible and beer volumes have increased by 2.24% per annum, compound, over the last four years. Significant asset management and development opportunities present themselves including unlocking and creating capital growth through the introduction of new and complementary uses, as well as offering existing occupiers longer, more sustainable leases. NewRiver has appointed a third party specialist pub management company to run the day-to-day management of the portfolio and deliver pre-identified efficiencies, allowing NewRiver to focus on the asset management and development programme.

NewRiver's pub portfolio accounts for 15% of total assets under management.

Mantle Portfolio

Acquisition price
£53.5 million

Net initial yield
13.6%

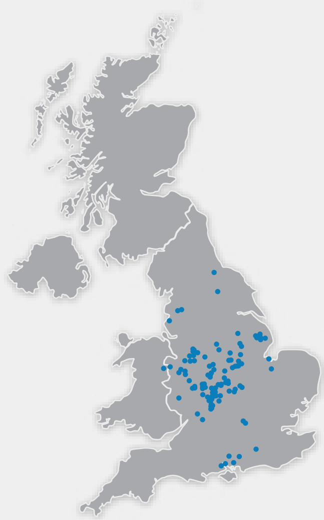
Equivalent yield
13.6%

Occupancy
99%

WALE
3.81 years

A snapshot of the Mantle Portfolio

Locations



PROPERTY REVIEW CONTINUED

DISPOSALS

Disposals

Total disposals

£48.2 million

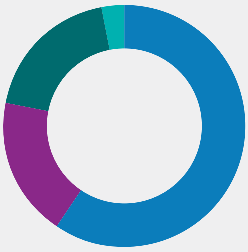
(2015: £40.2m)

Average exit yield

5.7%

(2015: 7.0%)

Disposals



Shopping centres	£28.7m	59%
Retail warehouses	£9.0m	19%
High street	£9.1m	19%
Pubs	£1.4m	3%

We have actively recycled mature assets into a buoyant investment market and during the year NewRiver completed £48.2 million of disposals, reflecting a weighted average exit yield of 5.7%.

Early in the financial year we completed the sale of a portfolio of five non-core high street assets totalling 33,800 sq ft in five separate UK locations: Rugby, Nuneaton, Spalding, Blackpool and Perth. The portfolio was sold to a private investor for £6.0 million resulting in an IRR on exit of 43.9%. In the relatively short period of ownership we were able to complete the letting to JoJo Maman Bébé in Perth and lease renewals in Nuneaton to Clinton Cards and Waterstones.

In late November 2015 the Company completed its largest sale to date realising a price of £28.4 million for Regent Court in Leamington Spa. The price achieved a yield of 5.0%, generating an IRR of 129%. The asset was acquired in 2012 for £10.5 million as part of the Camel II portfolio, reflecting a net initial yield of 8.9%. The sale to an institutional buyer follows the Company's successful repositioning of the asset from a low occupancy, lacklustre thoroughfare to Leamington Spa's leading food and restaurant destination. The asset benefited from significant income growth, new restaurants including Yo! Sushi, Nandos, Las Iguanas, Cote, GBK and Turtle Bay and increased income longevity, which was considered highly desirable by the investment market and ultimately delivered the attractive sales price.

Ferensway, Hull was sold for £3.0 million reflecting a net initial yield of 4.0% and equating to an IRR of 112%. We had intended to facilitate a reposition of the former TJ Hughes department store into a leisure and restaurant destination but ultimately we were able to realise our profit upfront through the sale to an owner occupier.

The disposal of a retail warehouse and site in Auchinlea, Glasgow, following a relatively short period of ownership was opportunistic and acquired by a special purchaser realising a price of £9.0 million, 50% above acquisition price and generating an attractive IRR of 177%. The property was acquired as part of the Ramsay Portfolio.

Finally, during the year we have completed two pub sales to a tenant and a special purchaser, these include The Railway Hotel in Chorley and the Bridge Inn in Wasdale at an aggregate price of £1.4 million. We have also concluded non-core sales of ancillary properties and land which we do not consider to be integral to the ongoing operational and strategic management of the assets.

We will continue to recycle assets that have matured or where we feel the forward looking returns are below acceptable levels or where the risk profile has changed.

Leamington Spa

Representing NewRiver's largest sale to date, the transformation of this former thoroughfare into Leamington's principal restaurant destination is a classic example of NewRiver's strategic stock selection and value creating asset management.

Leamington Spa	
Acquisition price	£10.5 million
Net initial yield	8.9%
Occupancy	86%
WALE	11.0 years

Leamington Spa	
Disposal price	£28.4 million
Net initial yield	5.0%
Occupancy	100%
WALE	12.6 years




Key restaurants introduced

Nando's, Côte Brasserie, Las Iguanas, Turtle Bay, Yo! Sushi, Gourmet Burger Kitchen

PROPERTY REVIEW
CONTINUED

ASSET MANAGEMENT

High occupancy rates

Total leasing events

Retention on renewals

Focused asset management generating sustainable income streams

Like-for-like valuation gain

Like-for-like ERV

Like-for-like net operating income

ASSET MANAGEMENT – VALUATIONS

Valuations

The portfolio is valued at £1.1 billion which reflects an EPRA topped up net initial yield of 7.8%. On a like-for-like basis the portfolio valuation has increased by 3.9%.

The Company benefited from progressive H1 performance with an overall like-for-like valuation gain of 2.6% in the period which moderated in H2 to 1.3% due to slowing yield compression and the impact of the increase in Stamp Duty Land Tax announced at the March Budget which reduced the value of assets located in England, Wales and Northern Ireland by approximately 1%. The Company equivalent yield as at 31 March 2016 was an attractive 8.2% reflective in part of a like-for-like, year-on-year contraction of just 21 basis points, demonstrating that performance has been predominantly generated through income growth, asset management and development activity.

Shopping centre & high street valuations

Our core shopping centre and high street portfolio represents approximately 70% of our total asset value and provided progressive income and valuation performance with a like-for-like aggregate gain of £17.0 million reflecting an improvement of 3.5%.

Retail warehouse valuations

We have continued our investment into retail warehousing where we see excellent value creating opportunities. The sector continues to trade above its long-term average yield and we are seeing increasing demand as high street brands, including many of our core retailers, move into the sector. The NewRiver retail warehouse portfolio benefited from a like-for-like valuation gain of £5.0 million, equating to 10.2% during the year.

Public house portfolio valuations

The public house portfolio benefited from considerable gain in the preceding year and is now producing steady valuation and income growth. The like-for-like valuation growth was £2.0 million, equating to 1.7%, driven by like-for-like income growth of 0.7%.

Development valuations

Across the development portfolio, a like-for-like valuation gain of £1.9 million or 13.7% was achieved driven by progress in pre-lets and the grant of planning permissions. In total, across the portfolio, over 60 planning applications have been submitted resulting in 24 permissions being granted.

We have a dynamic portfolio with the enhancement programmes, relocation of retailers and major planned development but have continued to benefit from progressive net operational income growth across the core portfolio which increased by 2.4% on a like-for-like basis. Our active asset management and prudent capital allocation strategy have also translated into a like-for-like ERV growth of 4.6%.

As at 31 March 2016	Total Assets %	Valuation £m	NEY %	LFL Valuation %	LFL Net Operating Income %	LFL ERV %
Shopping centres	66	726	7.9	3.9	1.6	3.9
Retail warehouses	12	132	7.4	10.2	0.2	0.8
High street	4	48	6.4	(1.0)	(0.1)	(0.9)
Development	3	35	n/a	13.7	0.0	0.0
Pubs	15	161	11.7	1.7	0.7	0.7
Total	**100%**	**1,103**	**8.2**	**3.9**	**2.4**	**4.6**

PROPERTY REVIEW CONTINUED

ASSET MANAGEMENT – OUR APPROACH

Asset management

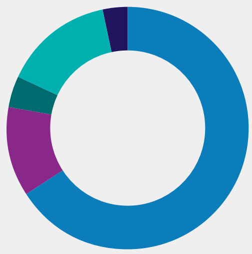
We believe our business model and team set us apart through our ability to unlock and generate enhanced value to deliver long-term capital and income returns to shareholders.

We have grown a team of highly focused, experienced and talented individuals, who are passionate retail property experts, understand their market intimately and are committed to delivering the true value of retail.

Total assets under management

£1.1 billon

(2015: £848 million)



		2016
Shopping centres	£726m	66%
Retail warehouses	£132m	12%
High street	£48m	4%
Pubs	£161m	15%
Development	£35m	3%

Annual footfall

140 million

+3.7% like-for-like

Ten key operating objectives

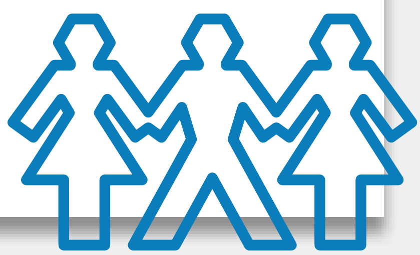
We adopt a hands on approach in the operational and asset management of our properties, continually focused on our ten key operational objectives:

1. Understand Your Asset
2. Know Your Customer
3. Choice
4. Leasing
5. Retail Mix
6. Retailer Relations
7. Good Practice
8. Asset Enhancement
9. Robust Reporting
10. Targets

1

Understand Your Asset

First and foremost, we understand our assets and the towns we are invested in. We immerse ourselves in the community and engage with our key stakeholders to influence and support investment.



2 Know Your Customer

We conduct consumer surveys to ensure that we are constantly listening to our customers to gain detailed insight into what they like and dislike and how we can improve. Our assets must offer choice, convenience and value.

Customer Insight & Increased Engagement

The Company is pleased to report uplifts in customer dwell time, footfall, customer satisfaction and visit frequency across the portfolio reflecting the success of the customer engagement strategy and the delivery of more attractive environments, with greater choice, convenience and affordability. We undertake consumer surveys with CACI to tailor business plans and investment to deliver upon our key customer findings.

3 Choice

Our shoppers have choices, loyalty is earned. We strive to earn and retain a loyal customer base through engagement and investment.

Food & Leisure

Responding to evolving consumer demand, NewRiver has made good progress advancing its strategy to create attractive food and leisure offers undertaking a number of restaurant lettings including new food courts at Promenades, Bridlington; Hill Street Shopping Centre, Middlesbrough and the Packhorse Kitchen, Huddersfield and the transformation of Regents Court, Leamington Spa into a thriving retail and leisure destination. The introduction of greater food and beverage content is an important and complementary use which seeks to cater for increased dining in our assets be it grab and go or sit down that extends dwell time and spend.

4 Leasing

The Company successfully completed 235 leasing events during the year. Long-term leasing events achieved a rental income of 5.1% above our estimated rental value at an average lease length of 9.7 years securing annual rent of £4.16 million. We employ a rounded approach, focused on research, local knowledge and intelligent marketing.

Portfolio Lettings

We have completed and or extended portfolio transactions with fashion retailer Pep & Co, Card Factory, Poundland and MCL, a major Burger King franchisee. The portfolio transactions illustrate the scale and buying power of the estate and the investment we have undertaken in the relationships with our retailers.

PROPERTY REVIEW CONTINUED

ASSET MANAGEMENT – OUR APPROACH CONTINUED

5 Retail Mix

The retail mix in our shopping centres is being developed to cater to the daily needs of our customers, taking into account the characteristics of the catchment and demand. It helps to make the retail mix richer with fresh brands and approaches.

6 Retailer Relations

Our portfolio is underpinned by successful, dynamic and best-in-class national retailers. We work with our retailers as partners and we are in constant dialogue, visiting their head offices and portfolios to develop our knowledge of their business. We leverage these close relationships to deliver efficiencies across the portfolio and we seek to enter into turnover based deals to share risk.

7 Good Practice

We are committed to good practice and set ourselves high standards. We are rigorous in our approach to offering value for money, overseen by our highly regarded property management and in-house project management teams that provide an efficient, effective and innovative management function which helps drive the physical and asset performance adding to the overall business success.

Operational Management

We were the first landlord to secure portfolio wide WorldHost Accreditation for customer service. Our on-site staff have been given the skills and knowledge to deliver excellent customer service.

WORLDHOST™

RECOGNITION FOR EXCELLENT CUSTOMER SERVICE

8 Asset Enhancement

A physical improvement drives a clear change in perception. We have a rolling programme of refurbishment and improvements, which must be balanced with an efficient and well run operational budget to maintain low occupational cost for our retailers. We aim to ensure that our assets are relevant to their customers and community and that our investment is adaptable to constantly changing retail trends.

Asset Enhancement Programme

A rolling program of asset enhancement has delivered significant improvements, both internally and externally, to our shopping centres in Leith, Paisley, North Shields, Warminster, Wallsend, Leamington Spa and Huddersfield. This has repositioned the centres and enhanced their offer to the specific profile of its catchment and community. Works include modernisation of malls, shop fronts and public realm, new lighting, car park resurfacing, branding, signage, wayfinding and public toilets.

9 Robust Reporting

Information is the life blood of the Company. We have adopted a consistent and transparent reporting regime which monitors and assesses performance against forecast. We are able to identify assets that are delivering and demonstrating value to help us understand why. The system also acts as an early warning system for assets that may underperform and allows us to deploy capital to improve performance or consider an exit strategy.

10 Targets

We provided detailed tenant by tenant analysis and forecasts and set demanding financial targets. It is testament to the hard work of our team that key targets have been exceeded across the business including revenue forecast, cost control, occupancy and capital return targets.

PROPERTY REVIEW CONTINUED

ASSET MANAGEMENT – A SNAPSHOT

Shopping Centres

Hastings

Our shopping centre Priory Meadow has performed well since its acquisition in August 2014 with an improving rental tone, rental base and increasing occupancy. Planning consent was successfully secured for new signage, a centre refurbishment and an upgrade to the car park where on 1 April 2015 parking tariffs were increased in line with competing council-owned sites.

Hastings

Planning consent granted

New signage, centre refurbishment & car park upgrade

H&M Priory Meadow, Hastings

Hull

Clough Road Retail Park is undergoing a major transformation following its acquisition in June 2014 with a succession of lettings and re-structured leases. To enhance the retail footprint, an enlarged 29,000 sq ft store has been delivered to accommodate Go Outdoors, providing a stronger retail line up as well as increasing the net operating income on the Park. Following this successful letting, planning was obtained and an Agreement for Lease signed with Costa for a new drive-thru at the entrance of the site, followed by the surrender and restructure of the Currys and PC World units, to provide a dual fascia for the Currys/PC World store and the creation of two units, let to Halfords and Staples. Over the 21 month period of ownership the net operating income has increased by 7.1%. Alongside these strategic new lettings, planning has also been obtained for improvement works to the facades and signage, to provide a modernised offer.

Hull

Go Outdoors store expansion

29,000 sq ft

Net operating income

+7.1%

Retailers

Costa Coffee, halfords, Currys PC World

Belfast, Newtownabbey

5 x new lettings totalling

£205,700 pa

Improved rental tone

£70 per sq ft

Refurbishment works underway

Improved car parking, entrances, wayfinding & rebrand

Development underway for

next DUNNES ALWAYS BETTER VALUE

Belfast, Newtownabbey

In conjunction with the development of a new 43,000 sq ft Next anchor store and a proposed extension to the existing Dunnes store, we have commenced the full rebrand and re-modernisation of Abbey Centre. As part of the wider refurbishment strategy, works include improved car parking, entrances and wayfinding. Driving the growth strategy for the centre, NewRiver successfully completed five new lettings and one lease renewal at a total rent of £205,700 firmly establishing the rental tone of £70 per sq ft.

Retail Warehouses

The Company has made great progress on the value-enhancing asset management of its retail warehouse strategy successfully securing three planning consents during the year. The planning application consents include open A1 consent including a 20% allowance for food sales in Felixstowe, a 12,000 sq ft site extension at ground with mezzanines in Kirkstall and a new 1,800 sq ft drive-thru pod in Hull. A further five planning applications are due for submission in Q3 to unlock additional value within the retail warehouse portfolio.

South Lakeland Retail Park, Kendal

PROPERTY REVIEW
CONTINUED

DEVELOPMENT HIGHLIGHTS: LONG-TERM VALUE CREATION

Development

Unanimous planning consent

Granted for Burgess Hill, March 2016

Improving occupier confidence and decreasing availability is triggering demand for supply of new high quality retail and leisure space and with our low risk programme of pre-let, cost controlled development we are confident of delivering on our current pipeline of projects of 1.5 million sq ft. We are also benefiting from the evolution of town centres with the increase in demand for a mixture of activities including retail, leisure, hotels, student and residential accommodation. Residential development will increasingly be seen as an efficient way of driving air-space opportunities within the portfolio, with the market underpinned by improving economic growth and fundamental imbalances between supply and demand, particularly in the South East.

Burgess Hill

Our major town regenerative development in Burgess Hill took a significant step forward having gained full detailed planning consent in March 2016 from Mid Sussex District Council unanimously by a 11–0 vote. The 465,000 sq ft project will provide a 10-screen multiplex Cineworld cinema, a 63-bed Travelodge, a higher quality retail offer and new restaurant and leisure provisions, 163 additional car park spaces and an improved public realm, together with 142 new residential flats and a new purpose-built library. The proposals will deliver an estimated 500 new jobs to the town. Phase one is due to commence in September 2016 which will also involve the commencement of works to provide for the relocation of Lidl to a new purpose-built 27,500 sq ft edge-of-centre store. Phase two will be commencing in September 2017 with completion in April 2019.

Burgess Hill

Development cost

£54 million

Retail & leisure area

200,000 sq ft

Employment

500 new jobs

New retail & leisure offer

- 10-screen cinema
- 63-bed hotel
- 5 restaurants
- 140+ residential units
- 500+ parking spaces
- Gym
- New library

Cowley, Oxford

Ahead of planning submission, the Company is making excellent progress in its £64 million mixed-use regeneration in Cowley, Oxford with the successful exchange of contracts with Travelodge for a 71-bed hotel in Cowley. By the end of 2015, NewRiver had completed two public consultations and is expected to submit the planning application by July 2016 to create 225,000 sq ft of retail and leisure space together with 230 new residential flats, an improved retail offer, two new restaurants, a modernised car park and public realm as well as the Travelodge hotel.

Cowley, Oxford

Development cost

£64 million

Retail & leisure area

225,000 sq ft

New retail & leisure offer

- 71-bed hotel
- Quality new restaurants
- 225+ residential units
- Enhanced public realm

Cowley, Oxford

PROPERTY REVIEW CONTINUED

DEVELOPMENT HIGHLIGHTS: LONG-TERM VALUE CREATION CONTINUED

Newtownabbey, Belfast
We are making excellent progress on the construction of a new 43,000 sq ft store for Next, to create one of Northern Ireland's largest stores. Completion and handover is expected in September 2016. Next are upsizing from their existing 15,000 sq ft to create a new three-storey anchor store, scheduled to open in time for Christmas 2016. In addition, NewRiver are progressing plans with Dunnes Stores to significantly extend and upgrade their existing store to create a new flagship Dunnes store for Northern Ireland with planning secured this year. A centre refurbishment and re-brand is also underway as part of the wider development.

Newtownabbey

Retailer
Next

Area
43,000 sq ft

Retailer
Dunnes

Area
31,600 sq ft

A visual of the brand new 43,000 sq ft Next anchor store

A visual of the extended and upgraded Dunnes Stores, anchor at Abbey Centre

Wallsend

Creating a new Aldi

18,000 sq ft

Creating a new Burger King drive-thru

1,500 sq ft

New market with Groupe Geraud

20,000 sq ft

Wallsend

On site for the delivery of Phase two in Wallsend to create an 18,500 sq ft Aldi and a 1,500 sq ft Burger King. Wider centre refurbishments, roof works and improved signage have been completed alongside a new 25 year lease at £175,000 pa across 20,000 sq ft, to leading market operator Groupe Geraud to provide 52 individual traders, with 48 already pre-let. A new letting to Costa Coffee was also agreed on a new ten-year lease at £37,500 pa.

East Ham

Planning application

34 residential apartments

Development area

34,000 sq ft

East Ham

In Q4 we submitted a detailed planning application for the creation of 34 residential apartments above our existing Sainsbury's store on Myrtle Road in East Ham. The proposed development will provide two residential blocks above the existing retained ground floor retail with a new gym on the first floor.

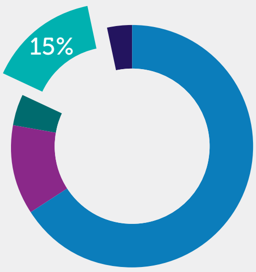
PROPERTY REVIEW CONTINUED

DEVELOPMENT HIGHLIGHTS: LONG-TERM VALUE CREATION CONTINUED

Driving performance across our pub portfolio

- Significant progress on c-store programme
- First Co-Op c-store completed February 2016
- On site for further five stores
- 49 planning applications submitted and 24 consents secured
- Unlocking residential: 150 units across 50+ sites, 26 planning applications submitted, eight consents

Total assets



Shopping centres	£726m	66%
Retail warehouses	£132m	12%
High street	£48m	4%
Pubs	£161m	15%
Development	£35m	3%

Pub portfolio represents 15% of assets under management

Pub Portfolio

NewRiver has successfully completed and handed over its first three convenience stores to the Co-operative, the first of which opened for trade in February 2016. The stores were delivered on time and within budget utilising surplus land adjacent to the existing pubs. The annual rent for the first Co-operative store is £73,000 pa on a 15-year lease across 4,173 sq ft NewRiver is on site for the construction of a further five. As at 31 March 2016, we had secured planning approval for 26 convenience store sites.

Value creating residential development continues to progress well within the pub portfolio with the submission of a total of 30 residential planning applications for the creation of up to 150 units. Of these, 8 consents have been granted to provide up to 28 residential units, a combination of one and two bedroom apartments, as well as detached and semi-detached houses.

C-Store Portfolio

Annual rent

£73,000 pa

Average lease terms

15 years

Area

4,173 sq ft

MARKETING & COMMERCIALISATION

Marketing & commercialisation

Marketing

Effective marketing is a key part of the NewRiver strategy. Our ultimate marketing objective is to drive footfall, dwell time and basket spend for our retailers and provide a first-class customer experience for our shoppers.

With 32 community-led shopping centres (as at 31 March 2016) across the UK and 140 million consumers shopping in our centres each year, our retail environments play an important role in the local community, providing more than simply a place to shop but often a local hub for communities and a place to meet, eat, play and learn.

We take a customer-first approach to the management and marketing of our retail assets to ensure that we are able to provide the best possible customer experience. The digital revolution has transformed the retail landscape forever. It is disruptive, innovative and exciting and as such, the physical customer experience at our shopping centres matters even more.

With the growing size of our assets we are creating significant economies of scale as we drive innovation, improve sophistication, consistency and coordination in our marketing at a corporate and asset level. This means ensuring that we secure genuine value for money, maximising our return on investment and creating truly special customer experiences through creative events and campaigns.

This year we curated a series of events and campaigns across our portfolio including a number of portfolio firsts and the activation of our centre rooftops into dynamic event spaces. At the Prospect Centre in Hull, we launched our first shopping centre rooftop community garden, the first such garden of its kind in Hull, part of our commitment to responsible property management, with schools and local community groups helping with the maintenance of the garden. Importantly, the produce grown in the garden is given to Hull City foodbank – a campaign that is truly growing roots in the community.

In Boscombe, we launched our first Rooftop Cinema in partnership with Bournemouth Coastal BID with space for 50 cars to watch a variety of movie classics. The event formed part of a wider community engagement project hosted in the centre with our shoppers being entertained by hip hop break dance performances, live DJs, graffiti artists and a host of family events and activities.

The better we understand our shoppers, the more we can deliver. We run focus groups at the shopping centre level and consumer surveys with CACI. This gives us a really strong understanding of our shoppers and the opportunity to improve the retail mix, enhance Food & Beverage and strengthen our click and collect facilities.

PROPERTY REVIEW CONTINUED

MARKETING & COMMERCIALISATION CONTINUED

Commercialisation

Commercialisation is an important component for our retail portfolio and we are beginning to expand into our retail warehouses and pub portfolio as well as our shopping centres. Commercialisation generates a significant income stream for NewRiver and creates an enhanced shopper experience, customer service and convenience that contributes to increased dwell time and basket spend. During the period we have delivered impressive year-on-year growth in commercialisation income achieving £2.29 million for the year, representing an uplift of almost 30% (FY15: £1.75 million) with like-for-like increasing 17%.

We believe commercialisation carefully managed can offer both significant growth of low base levels and enhancement of the offer within our malls and retail parks. We work with a variety of strategic partners across our portfolio offering significant scale across the country and ensuring improved operator presentation.

Commercialisation highlights for the year included portfolio deals for new bespoke mall kiosks in almost all covered centres for mobile phone accessories and electronic cigarette operators, significantly improving aesthetics and uplifting rental levels. Pleasingly, the former operator also took a number of shop units.

During the year, a number of new beauty operators were introduced and several independent operators formerly using NewRiver owned Retail Mall Units (RMUs) have demonstrated long-term commitment by investing in their own purpose-built kiosks on the malls.

A number of car valet operations and automated laundrettes have been introduced providing improved services, enhancing the customer experience and helping to improve dwell times. Portfolio wide deals were rolled out for a number of vending operations, including photo booths, kiddie rides and massage chairs as well as more click and collect lockers.

Commercialisation initiatives have contributed to increased rental levels as well as improving the overall shopping proposition at NewRiver centres through a broader retail mix, better customer experience and enhanced mall aesthetic.

Stakeholder Engagement

'We Are Smarter Than Me'

As one of the UK's leading retail specialists we are invested in over 60 towns nationally and recognise our vital role and responsibility within these local towns. Healthy towns translate to healthy assets.

Local engagement is unique to its locality, there is no one size fits all so we have developed a trusted approach of engaging, listening, acting, leading and delivering. Town centres have historically suffered from fragmented ownership and limited funding and a holistic coordinated approach can make a fundamental difference.

NewRiver is determined to make a difference and deliver change and value.

Allan Lockhart
Property Director

25 May 2016

FINANCIAL STATISTICS

Delivering sustainable income growth and enhancing value across the portfolio.

Performance	Note	2016	2015	Movement/ Growth
Total Shareholder Return		**+16%**	+16%	–
Total Accounting Return	1	**+18%**	+16%	+2.0%
EPRA Adjusted Profit	2	**£47.1m**	£20.9m	+125%
Profit before tax		**£69.5m**	£39.5m	+76%
EPRA Adjusted EPS (Pence Per Share)	2	**26.6**	19.8	+34%
EPRA Basic EPS (Pence Per Share)	2	**20.4**	17.6	+16%
Basic EPS (Pence Per Share)		**39.2**	37.5	+4.5%
Dividends (Pence Per Share)		**18.5**	17	+8.8%
Dividend cover	2	**144%**	116%	+28%
Like-for-like net income growth		**2.4%**	1.6%	+0.8%
Like-for-like capital return		**4.1%**	5.6%	1.5%
Property valuation movement and disposal profits		**£32.3m**	£21.0m	+£11.3m
Interest cover	3	**4.3x**	3.9x	+0.4x

Balance Sheet (proportionally consolidated)*	Note	2016	2015	Movement/ Growth
Net Asset Value		**£689.9m**	£339.7m	+103%
EPRA NAV per share		**295p**	265p	+11.3%
Secured debt	4	**£382.6m**	£272.5m	+£110.1m
Cash		**£117.5m**	£21.1m	£96.4m
Net debt		**£261.7m**	£251.4m	+£10.3m
Cost of debt		**3.7%**	3.8%	0.1%
Average debt maturity		**3.5 yrs**	4.6 yrs	1.1 yrs
Loan to Value	5	**27%**	39%	12%
Balance Sheet gearing		**29%**	49%	20%
% of debt at fixed/capped rates		**93%**	83%	+10%

Explanatory Notes:

* Unless otherwise stated all figures are proportionally consolidated.

1 Total Accounting Return equals NAV per share growth plus dividends paid.

2 EPRA Adjusted Profit is the benchmark profit ratio for the property sector and includes realised recurring profits plus realised profits on the sale of properties above Valuation and other adjustments as set out in Note 9. This is a true cash profit earned by the Company during the year and the basis for dividend payments and cover.

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

4 Secured debt facilities are secured directly against properties and are shown in the table on a look-through basis to include the Company's share of joint venture debt.

5 Loan to Value measures the value of properties compared to the secured debt facilities, net of cash balances.

FINANCIAL REVIEW

"The Company has grown its dividend per share again this year by 9% to 18.5 pence per share which is 144% covered by EPRA Adjusted Profit."

Mark Davies, Finance Director

It has been another active year at NewRiver paying quarterly dividends, raising £300 million of equity, £145 million of new debt facilities and investing £342 million in income producing acquisitions.

Increased Profitability Delivering a Strong Dividend

EPRA Adjusted Profit more than doubled to £47.1 million (2015: £20.9 million). EPRA Adjusted EPS increased by 34% to 26.6 pence (2015: 19.8 pence).

The Company considers EPRA Adjusted Profit to be a key performance metric as it includes EPRA Earnings (recurring profit) plus any realised gains on the disposal of properties during the year. Revaluation gains/losses are excluded from the calculation and are included in profit before tax which totalled £69.5 million (2015: £39.5 million).

Our strong financial performance flows through to the dividend and the Company has delivered a fully covered dividend of 18.5 pence per share this year which is 144% covered by EPRA Adjusted Profit during a year in which the Company issued 97 million new shares (excluding CULS).

Our equity placings in July 2015 and January 2016 raised £300 million enabling us to acquire the remaining 50% of the Trent and Camel III portfolios from our joint venture partner Bravo II (a fund advised or managed by Pacific Investment Management Company LLC) increasing further our investment in assets on our balance sheet by £100 million. Further acquisitions totalling £242 million include the Mantle, Ramsay and Neptune portfolios.

At the end of the financial year, the Group held £117.5 million of surplus cash, the majority of which was deployed to finance the post balance sheet acquisition of Bexleyheath for £120.25 million which, net of debt, totalled £71 million.

The Group continues to develop its close relationships with the core UK lenders including Barclays, HSBC, Santander, Lloyds and also AIG and Venn Capital. £145 million of new debt finance was made available during the year on competitive terms maintaining a low cost of debt across the portfolio of below 4%.

Our gearing measured by Loan to Value at the balance sheet date net of cash is 27% (2015: 39%). We are confident that overall returns to investors will continue to be enhanced without exposing the Group to undue leverage.

Dividend Growth

The Company continued its quarterly dividend payment policy and is committed to a growing, progressive, fully covered dividend. The Company achieved an 8.8% increase in the dividend per share this year to 18.5 pence per share (2015: 17 pence). It is particularly pleasing that the dividend is more than fully covered by profits realised throughout the year with coverage increasing to 144% (2015: 116%).

Dividend cover may be calculated on a per share basis or amount paid in sterling. The table overleaf shows the dividend is fully covered in 2016 on both bases. The total dividend declared for this year was 18.5 pence (2015: 17 pence) which totalled £33.9 million (2015: £18.1 million) as set out in Note 11 to the financial statements. This compares to an EPRA Adjusted Profit of £47.1 million (2015: £20.9 million).

The Board has approved a dividend of 5 pence per share (2015: 4.5 pence) for the first quarterly payment in 2016/2017. This is a further +11.1% increase in the quarterly dividend payment and starts the new financial year with confidence.

NAV Per Share Growth

The EPRA Net Asset Value per share (EPRA NAV) has increased 11.3% since the last financial year end from 265 pence to 295 pence. During the year we have absorbed £7.7 million of fundraising costs and £12.7 million of purchase costs. These costs have been more than offset by our active asset management, risk-controlled development and improving market sentiment for regional shopping centres adding £24.0 million of revaluation surpluses during the year.

Key Highlights

+16%

TSR

Total Shareholder Return of +16% (2015: +16%) for the 12 months to 31 March 2016. Total Accounting Return (NAV plus dividend per share) of 18% (2015: 16%).

£47.1 million (+125%)

Increase in EPRA Profit

EPRA Adjusted Profit before tax has more than doubled to £47.1 million (2015: £20.9 million)

26.6p (+34%)

EPRA Adjusted EPS increased by 34% to 26.6 pence from 19.8 pence.

EPRA EPS is an important performance indicator for the Company as it relates to recurring profits only. We have also included an EPRA Adjusted EPS measure which incorporates realised profit on sale of investment properties as this is a true profit made during the year where assets were sold above cost/valuations.

EPRA Adjusted EPS of 26.6 (2015: 19.8) pence per share is a very good result during a year in which 97 million new shares were issued.

18.5p (+9%)

Total dividend per share and fully covered

Growing and fully covered dividend. Paid quarterly.

The Board has approved a dividend of 5 pence per share for the first quarterly payment in 2016/2017. This is an increase of 11.1% (2015: 4.5 pence).

The Company issued 97 million new shares. To deliver EPS and DPS growth and dividend cover in a year is an impressive performance.

£300 million

Successfully oversubscribed equity issuance

Equity raised totalled £300 million in two stages, utilised for several key acquisitions in the year including the remaining 50% of Camel III and Trent portfolios from our joint venture partner Bravo II.

LTV 27%

Low cost of debt

£145 million of new debt facilities made available to the Group enabling us to maintain our low cost of debt of 3.7% (2015: 3.8%). Good debt maturity to 3.5 years (2015: 4.6 years) and a conservative Loan to Value of 27% (2015: 39%)

295p (+11%)

Increase in EPRA NAV per share to 295 pence

EPRA Net Asset Value per share of 295 pence (2015: 265 pence), in a year when we have absorbed £7.7 million of fundraising costs and £12.7 million of purchase costs (Stamp Duty and Fees) on new acquisitions.

FINANCIAL REVIEW CONTINUED

Dividend cover table

	(£'000) 31 Mar 16	Earnings Per Share	Cumulative Dividend Cover 31 Mar 16	(£'000) 31 Mar 15	% 31 Mar 15
EPRA Profit	**36,140**	20.4p	**110%**	18,522	103%
Profit on disposal of investment properties	**8,299**	5.1p	**25%**	1,740	112%
Exceptional cost in respect to move to Main Market	**900**	0.4p	**–**	–	–
Other adjustments	**1,776**	0.7p	**9%**	610	–
EPRA Adjusted Profit	**47,115**	26.6p	**144%**	20,872	116%
Revaluation surplus during the year	**24,002**	13.5p	**73%**	19,266	224%
Other adjustments	**(1,572)**	(0.9)p	**(5%)**	(610)	–
Profit before tax	**69,545**	39.2p	**212%**	39,528	220%

Highlights from the Income Statement

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

	Year ended 31 March 2016			Year ended 31 March 2015		
	Group £'000	Joint ventures £'000	Proportionally consolidated £'000	Group £'000	Joint ventures £'000	Proportionally consolidated £'000
Gross rental income and fees	**60,840**	**14,034**	**74,874**	28,195	18,486	46,681
Property operating expenses	**(6,253)**	**(1,468)**	**(7,721)**	(3,863)	(1,823)	(5,686)
Net property income	**54,587**	**12,566**	**67,153**	24,332	16,663	40,995
Administrative expenses	**(13,747)**	**(660)**	**(14,407)**	(10,089)	(936)	(11,024)
Net financing costs	**(12,155)**	**(3,364)**	**(15,519)**	(7,132)	(4,317)	(11,449)
Profit on disposal of investment properties	**8,299**	**17**	**8,316**	1,740	–	1,740
Joint ventures net income	**8,559**	**(8,559)**	**–**	11,411	(11,411)	–
Revaluation surplus	**24,002**	**–**	**24,002**	19,266	–	19,266
Taxation	**(136)**	**–**	**(136)**	–	–	–
IFRS profit for the year	**69,409**	**–**	**69,409**	39,528	–	39,528
Revaluation surplus	**(24,002)**	**–**	**(24,002)**	(18,656)	–	(18,656)
EPRA adjustments	**1,708**		**1,708**			
EPRA Adjusted Profit	**47,115**	**–**	**47,115**	20,872	–	20,872
EPRA Adjusted EPS	**26.6**		**26.6**	19.8		19.8
Basic EPS	**39.2**		**39.2**	37.5		37.5
Dividend per share	**18.5**		**18.5**	17.0		17.0
Dividend cover			**144%**			116%

Basic EPS was 39.2 pence (2015: 37.5 pence) which includes the upward fair value property valuations during the year. In addition we disclose Funds From Operations ('FFO') as this is an important metric often used by the international investment community when comparing the performance of international REITs. Reported FFO this year was £36.9 million (2015: £18.8 million) which amounted to 20.8 pence per share (2015: 17.8 pence per share).

Proportionally consolidated balance sheet

	Year ended 31 March 2016			Year ended 31 March 2015		
	Group £'000	Joint ventures £'000	Proportionally consolidated £'000	Group £'000	Joint ventures £'000	Proportionally consolidated £'000
Properties at valuation	**839,107**	**134,162**	**973,269**	404,098	222,205	626,303
Investment in joint ventures	**70,125**	**(70,125)**	**–**	113,027	(113,027)	–
Other non-current assets	**551**	**–**	**551**	513	–	513
Cash	**114,071**	**3,429**	**117,500**	15,412	5,696	21,108
Other current assets	**8,846**	**433**	**9,279**	6,166	2,698	8,864
Total assets	**1,032,700**	**67,899**	**1,100,599**	539,216	117,572	656,788
Other current liabilities	**(25,768)**	**(2,335)**	**(28,103)**	(16,197)	(4,596)	(20,793)
Debt	**(314,105)**	**(65,074)**	**(379,179)**	(157,921)	(112,012)	(269,923)
Convertible loan stock	**–**	**–**	**–**	(23,420)	–	(23,420)
Other non-current liabilities	**(2,960)**	**(490)**	**(3,450)**	(1,983)	(964)	(2,957)
IFRS net assets	**689,867**	**–**	**689,867**	339,695	–	339,695
EPRA adjustments	**7,880**	**–**	**7,880**	29,973	–	29,973
EPRA net assets	**697,747**	**–**	**697,747**	369,668	–	369,668
EPRA NAV pence per share			**295p**			265p

Group's financing policies

	Financing Policy	31 March 2016
Loan to Value	<50%	27%
Balance Sheet Gearing	<100%	29%
Interest Cover	>2.0x	4.3x
Dividend Cover	>100%	144%

Strong Balance Sheet delivering profitable performance

Shareholder funds increased 103% during the year to £690 million (2015: £340 million).

Together with our conservative financing policies, the balance sheet metrics remain strong.

As at the balance sheet date the Group has cash resources of £117.5 million, plus undrawn debt facilities available of up to £102 million.

Borrowings

The Company has a straight forward debt strategy focused around conservative gearing at a low cost whilst maintaining close relationships with its corporate banks. The Company wants to generate strong sustainable returns for shareholders and to do that believes its Loan to Value ("LTV") ratio should be at or below 50%. The Company may take on specific projects, acquisitions or joint ventures that justify a slightly higher LTV but on a proportionally consolidated basis (including joint ventures) the LTV target is below 50%.

New Facilities

The Company continued to build its existing relationships with HSBC, Barclays, Santander, Lloyds and AIG. During the year the Group, including joint ventures, originated £145 million of new senior debt facilities (2015: £278 million). This included taking on the existing loan facilities with Barclays, AIG and Venn from the 50% acquired joint ventures from Bravo II. The total interest cost (including fees) on the new senior debt facilities was 3.25% (excluding those from joint ventures) which in due course will help reduce the cost of debt for the Group.

FINANCIAL REVIEW CONTINUED

Hedging
The Group continues to apply a hedging strategy which is aligned to the property strategy. Borrowings are currently 93% hedged against interest rate risk (2015: 83%), 50% of all borrowings are fixed whilst 43% are capped. This provides interest rate protection whilst the hedging strategy allows the Company to benefit from the current low interest rate environment.

Gearing and Loan to Value
As at 31 March 2016 Balance Sheet gearing was 29% (2015: 49%) giving us firepower to draw existing undrawn facilities or securing alternative sources of debt. More detail on the Group's borrowings is provided in Note 20. The Group's LTV was 27% as at the year end compared to 39% in the prior year.

Move to the Main Market
The Company is making good progress in moving up to the Main Market and obtaining a Premium Listing. A draft prospectus has been submitted to the UKLA and the Company is on track to complete this project by the end Q2 FY17.

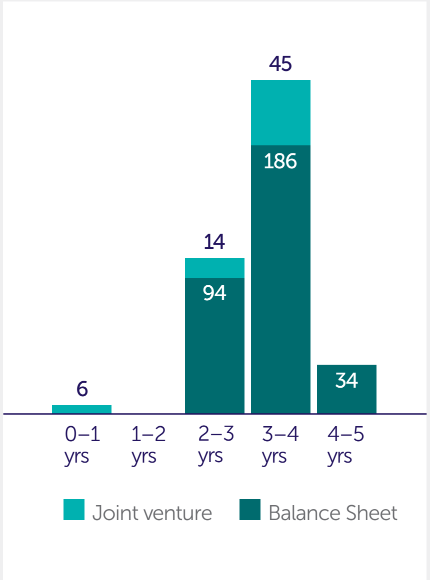
As part of the process the Group is introducing a new parent company, NewRiver REIT plc which is a UK Company. At 31 March 2016 the Company was approximately 60% of the way through the work required to complete the exercise and has accounted for £0.9 million of the total £1.5 million of expected costs. The Company expects to qualify for the FTSE250 and EPRA indices and achieve the advantages of access to a wide investor pool and better liquidity.

Summary
This year has been by far the most profitable to date, delivering a profit before tax of £69.5 million (2015: £39.5 million), of which £47.1 million is EPRA Adjusted Profit and £24.0 million from fair value movements in property valuations. The Company has a sector leading dividend yield of over 6% and has delivered a consistent track record of Total Shareholder Return.

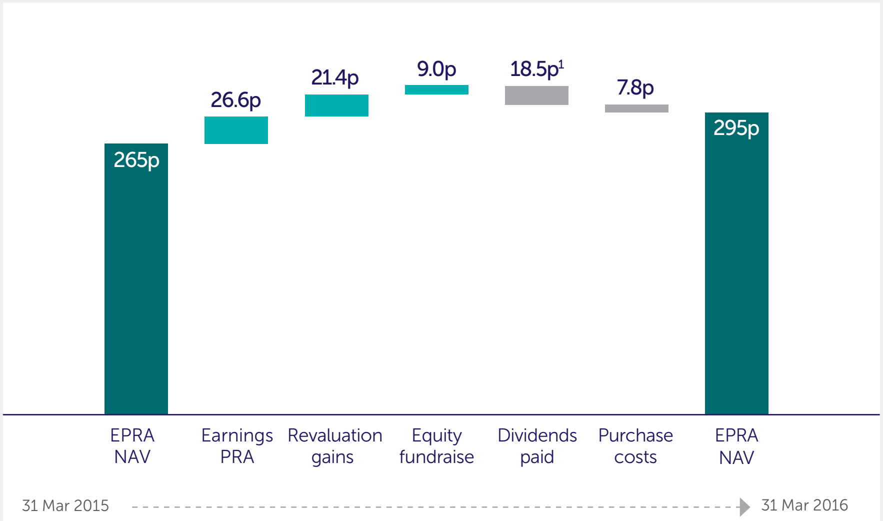
Mark Davies
Finance Director

25 May 2016

Debt maturity as at 31 March 2016 (excluding CULS) (£m)



EPRA NAV: Movement for 12 months ended 31 March 2016 (pence per share)



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

KEY PERFORMANCE INDICATORS

	2014	2015	2016
01. Delivering returns to our shareholders	• TSR +55% • Dividend cover +98% • Dividend per share of 16 pence	• TSR +16% • Dividend cover +116% • Dividend per share of 17 pence	• TSR +16% • Dividend cover +144% • Dividend per share of 18.5 pence
02. Creating value	• 141 new leasing events in the year generating and maintaining £1.8 million of income • Three development projects across 115,500 sq ft completed on time and within budget • Property valuation gains of £13.7 million	• 216 leasing events completed; for which all new long-term lettings or lease renewals were 10.1% above ERV • Property valuation gains of £34.7 million (£19.3 million after purchase costs) (NewRiver share) • Strong progress on pub portfolio	• 235 leasing events completed; new long-term leasing events were 5.1% above ERV • Like-for-like property valuations increased by £25.8 million (3.9%) • 3 convenience stores handed over to Co-Op; on site for a further five • Planning approval granted in Burgess Hill
03. Acquisition yields of 7% to 10%	• £200 million of acquisitions at an average yield of 11%	• £330 million of acquisitions at average yield of 8.12%	• £342 million of acquisitions at average yield of 9.2%
04. Geared IRRs of 15%+	• Asset in Glasgow sold in the year at a geared IRR of 76%	• Five assets sold during the year at IRRs between 15%–320%	• Total of £48.2 million of disposals completed during the year at an average exit yield of 5.7%, with IRRs between 32%–129%
05. Sensible financing strategy	• Interest cover of over three times • Net LTV of 25% at 31 March 2014 • Significant covenant headroom • 74% of borrowings are hedged • Average borrowing costs of 3.9% in year	• Interest cover of over three times • Net LTV of 39% at 31 March 2015 • Significant covenant headroom • 83% of borrowings are hedged • Average borrowing costs of 3.8% in year	• Interest cover of over four times • Net LTV of 27% at 31 March 2016 • Significant covenant headroom • 93% of borrowings are hedged • Average borrowing costs of 3.7% in year

RISK MANAGEMENT

Risk	Mitigation – Risk management	Progress in 2015 – 2016
Risk 1 – Valuation of property investments		
Investment decisions could result in lower income and capital returns to shareholders than forecast and expose them to unforeseen risks and liabilities.	Our strategic stock selection is driven by a rigorous selection criteria: • Focus on high yielding retail sub-sectors • Affordable rents for retailers (<10% of turnover) • Low competition within the local proximity • Balanced demographics • Equivalent yield of 7–10% to take advantage of the gap between yield and cost of borrowing circa 4% • Clear opportunities to create and deliver value Value is protected and created by maintaining the income generated through our active asset management and risk-controlled development as well as our strong retailer relationships. Due diligence is carried out on acquisitions, including detailed retailer audits. Five year business plans are prepared based on deliverable assumptions to demonstrate IRR targets are achievable. Disposals are considered once business plan objectives have been accomplished.	Strong demand for regional assets across the UK continued during the year which has led to increased competition for good buying opportunities.
Risk 2 – Exposure to retailer administrations		
Instability and subdued economic activity can lead to reductions in disposable income, impacting demand for retailer goods and ultimately leading to business failure and administrations.	Management monitor arrears on a weekly basis and regularly monitor the credit status of retailers. We apply a strategy to increase weighted average lease length to secure future income stream and limit exposure to voids. Retailer diversification is high with no retailer making up more than 3% of total retail income.	We have a diverse range of retailers and the number of tenancies increased during the year. The total number of administrations during the year was less than 1% of rental income.
Risk 3 – Business strategy		
The growth in online retail spend could be perceived as a threat to traditional bricks and mortar retailers that occupy NewRiver shopping centres.	The management team have over 100 years combined experience within the UK retail property market and perceive the digital age as an opportunity for our shopping centres and portfolio. We have adopted a 'bricks n clicks' strategy focused on creating a multi-channel retail experience through the installation of free wi-fi across our portfolio. In addition, we have a varied programme of events across the portfolio which drive footfall, dwell time and basket spend. All these measures create a valuable physical customer experience and prove our retail assets to be resilient in the face of any online competition.	Footfall has increased from 121 million to 140 million year-on-year (4% uplift in like-for-like). Commercialisation income has also continued to grow from £1.75 million in 2015 to £2.29 million this year (17% like-for-like increase). Following our 2015 CACI Consumer Surveys, we have identified that the average NewRiver click and collect customer is worth £48.69 versus the CACI UK Benchmark of £57.56 which represents a key opportunity for NewRiver to drive further growth.

Risk	Mitigation – Risk management	Progress in 2015 – 2016
Risk 4 – Development project management		
Poor control of development projects could lead to inadequate returns on investment. Over-exposure to developments could put pressure on cash flow and debt financing.	The Group applies a risk-controlled development strategy through negotiating long-dated pre-lets (typically at least 70%. pre-let to commencement) and tight cost-control to de-risk our developments. We have close relations with our preferred architects, quantity surveyors and project managers enabling us to monitor projects closely and tightly control costs. A development project is reviewed and approved by the Executive Committee following detailed due diligence modelling and market research.	We have made good progress during the year on our risk-controlled development programme submitting 62 planning applications and receiving 24 planning consents. We have also made significant progress in the convenience store conversion programme, handing over three stores to the Co-Op and we are on site for the construction of a further five.
Risk 5 – Financing and cash flow risk		
Breach of debt covenants could trigger loan defaults and repayment of facilities putting pressure on surplus cash resources. Economic recovery and change in the Bank of England monetary policy may result in interest rate rises and increased cost of borrowing. Financial regulatory changes under Basel III may require banks to increase their capital base increasing the cost to borrowers.	The Group actively engages in close relationships with its key lenders, ensuring transparency when it comes to monitoring the properties secured by debt. Assets are purchased that generate surplus cash which results in significant headroom on loan covenants. Gearing is maintained at a conservative level and hedging applied within an agreed range to limit exposure to rising interest rates or declining rental income. During the year, the Company implemented the following financing policies: Loan to Value: <50% Balance Sheet Gearing <100% Interest Cover >2.0x Dividend Cover >100%	The Group's average maturity of debt is in excess of three years (2015: 4.6 years) and 93% of debt is hedged reducing the Group's exposure to financing. The Group has consistently maintained a low borrowing cost (FY16: 3.7%, FY15: 3.8%) and is considered to be a strong sponsor for borrowing purposes which supports its rating in obtaining a lower cost of debt. The figures reported under the financing policies as at 31 March 2016 were: Loan to Value 27% Balance Sheet Gearing 29% Interest Cover 4.3x Dividend Cover 144%
Risk 6 – Growth of business		
Businesses can grow rapidly, leaving them exposed to a lack of resources, under-developed systems and controls, and insufficient processes to manage the business.	The Group continues to voluntarily comply with the UK Corporate Governance Code. The Company has an independent review of its systems and controls carried out annually by BDO LLP to ensure they are appropriate for the size of the Company. However, the review was undertaken by Deloitte LLP this year as part of its review on the Company's financial position and prospects procedures as part of its work on the Company's move to the main market. Management have good relationships with advisers, including auditors, tax advisers, investor relations and property professionals in order to seek expert advice where required.	The Group has expanded its skill set and members of the team in line with the growth of the business, growing by 28% in the last 12 months from 32 to 41 staff. The Group has invested in IT and HR systems and processes during the year to support the team remotely when they are out managing the assets, and whilst they are working in the office.

BOARD OF DIRECTORS

Paul Roy
Non-Executive Chairman

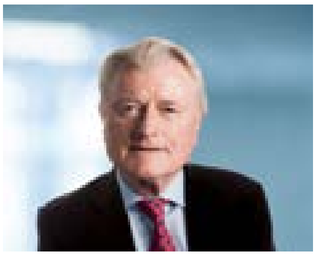
Committees:
- Chairman of the Nomination Committee
- Member of the Remuneration Committee

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

Paul has been a Non-Executive Director of Benfield Group Plc and Cenkos Securities Plc from 2005 to 2010. Between 2007 and 2013, Paul served as Chairman of the British Horseracing Authority responsible for governance and regulation of the sport and is now Chairman of Retraining of Racehorses, racing's main equine charity. In 2015, he became Chairman of Sky Bet after CVC acquired a majority stake in the company from SKY PLC.

He has a Bachelor of Arts degree in Economics (honours) and a Doctor of Laws from the University of Liverpool.

David Lockhart
Chief Executive Officer



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

Allan Lockhart
Property Director

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

Mark Davies
Finance Director

Experience:
Mark is a Chartered Accountant with over 20 years' experience in Finance, including over 10 years in the UK real estate sector. He started his property finance career with Grant Thornton before joining PKF (now BDO LLP) as a Partner and Head of Real Estate. Prior to joining NewRiver as Finance Director in 2009, Mark was CFO of Exemplar Properties and Finance Director of Omega Land, a £500 million property JV with Morgan Stanley.

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

Chris Taylor

Senior Independent Non-Executive Director

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

Experience:
Chris Taylor has a wealth of property knowledge with over 25 years' experience. He is currently Chief Executive Officer of Hermes Real Estate, a member of Hermes' Executive Committee and Head of Private Markets, having joined Hermes in 2010. Prior to that, Chris was the former head of European Property for Australian fund manager, QIC, having previously been a Director and Head of European Property at HSBC. Chris spent the majority of his career as a fund manager at Prudential, leading the diversification of Prudential's UK real estate exposure into overseas markets. Chris is Chairman of MEPC, Director of the Kings Cross Central Board and President of the British Property Federation. Other industry-related roles have included Founder Board Member of INREV, member of BCSC, member of IPF International sub-committee and a member of London First Retail Commission. He is a fellow of the Royal Institution of Chartered Surveyors and has a BSc (Hons) in Land Management from Reading University.

Kay Chaldecott

Non-Executive Director (Independent)

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

Experience:
Kay Chaldecott has over 25 years' experience of developing and managing regional shopping centres throughout the UK from having worked with Capital Shopping Centres Group plc (now Intu Properties plc). Kay was appointed Managing Director of the Shopping Centre business and served as a main Board Director from 2005 to 2011. Kay is a member of the board of St. Modwen Properties plc and the Advisory Board of Next Leadership. Kay is a member of the Royal Institution of Chartered Surveyors and has a breadth of industry knowledge covering the retail development process, retail mix and leasing and shopping centre operations.

Alastair Miller

Non-Executive Director (Independent)

Committees:
- Member of the Audit, Remuneration and Nomination Committees

Experience:
Alastair Miller was Chief Financial Officer of New Look Group plc from 2000 until 2014 and during that period had a range of other responsibilities in addition to finance including property, systems, company secretariat and investor relations. He was one of the MBO team who helped take the company private in 2004 and led a number of subsequent refinancings. Previously, he was the Group Finance Director at RAC for 11 years, having joined from Price Waterhouse in 1988 where he was a management consultant. Prior to that, he was Finance Director of a company within the BTR Group. Alastair qualified as a Chartered Accountant with Deloitte Haskins and Sells (now part of PricewaterhouseCoopers LLP) and holds a BSc in Economics.

CORPORATE GOVERNANCE REPORT

The Directors present their Corporate Governance Report for the year ended 31 March 2016.

As an AIM Listed company there is no requirement for NewRiver Retail Limited and its subsidiaries (the 'Group'), to comply with the UK Corporate Governance Code (as published by the Financial Reporting Council in September 2014) (the 'UK Code'). However, the Directors recognise the importance of strong corporate governance and, for the year ended 31 March 2016, the Company has voluntarily continued to comply with the UK Code and considers that it has adopted a best practice approach to corporate governance given the size and nature of the Group.

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

Independent Non-Executive Directors

The UK Code recommends that, in the case of smaller companies below the FTSE350 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 Company complies with this recommendation.

The Non-Executives on the Board as at the date of this report are Paul Roy, Chris Taylor, Kay Chaldecott and Alastair Miller. On 12 January 2016, there was a change in Non-Executive Directors with Andrew Walker resigning and Alastair Miller being appointed. The Board considers all of the Non-Executives to be independent and hence the Board continues to comply with the recommendation of the UK Code.

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

Senior Independent Director

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

Chris Taylor fulfils this role and the Company 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 risk and can only provide reasonable and not absolute assurance against material misstatement or loss. The Board has established a continuous process for identifying, evaluating and managing the significant risks the Group faces and for determining the nature and extent of the significant risks it is willing to take in achieving its strategic objectives. The Board regularly reviews the process, which has been in place from the start of the year to the date of this report. The detailed review of the system is delegated to the Audit Committee which reviewed the effectiveness of the Group's system of internal control during the year and concluded that it mitigates the risks identified as significant, including financial, operational and compliance risks. Further information can be found in the Audit Committee Report on pages 59 to 61.

Board appraisal and evaluation

The Board undertakes internal evaluations by means of a questionnaire which covers processes, communication, and the performance of the Board and its standing Committees. The results are then 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.

As preparation for the Company's move to the Main Market, the Board undertook training on its responsibilities and the regulations covering Main Market listed companies.

Board induction

Alastair Miller was appointed a new Director during the year. He was provided with a full briefing on the Company and its Board and his responsibilities of being a Director of a listed company, appropriate to his personal experience. Alastair met with the asset managers for the business as he visited various assets around the country.

Re-election of Directors

In accordance with the recommendations of the UK Code, all Directors are subject to election by shareholders at the first Annual General Meeting following their appointment and to re-election thereafter at intervals of no more than 3 years. Biographical detail in respect of each Director is included in the Board of Directors section on pages 54 to 55.

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

Shareholder relations

The Board places high importance on its relationship with its shareholders, making itself available for meetings with key shareholders and sector analysts. Over 70 meetings were held during the year with institutional shareholders to aid their understanding of the Group's strategic objectives and performance.

The Board welcomes correspondence from shareholders, sent to the Company'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 will be held on 12 July 2016.

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 2015 to 31 March 2016.

	David Lockhart	Mark Davies	Allan Lockhart	Nick Sewell[1]	Paul Roy	Chris Taylor	Kay Chaldecott	Andrew Walker[1]	Alastair Miller[1]
Board – Scheduled (4)	4	4	4	3	4	4	4	2	1
Board – Additional (9)	9	9	9	7	7	7	6	5	2
Audit Committee (4)	–	–	–	–	–	4	4	3	1
Remuneration Committee (6)	–	–	–	–	6	6	6	5	1
Nomination Committee (3)	–	–	–	–	3	2	3	–	1

1 On 12 January 2016, Andrew Walker and Nick Sewell resigned as Directors of the Company and Alastair Miller was appointed as a Director and therefore the number of meetings are only to / from that date.

CORPORATE GOVERNANCE REPORT CONTINUED

Board and Committees

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

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

In addition there is an Executive Committee composed of David Lockhart (Chair), Allan Lockhart, Mark Davies and Nick Sewell, which has written terms of reference and specific delegated authority from the Board. This Committee meets weekly for a short meeting and then monthly for a half-day meeting. The members of the Executive Committee have day-to-day responsibility for the management of the business. The Executive Committee's key functions include:

- ensuring a high standard of internal corporate governance;
- ensuring effective and transparent decision making;
- improving information sharing and communication between Executive Directors, between the Executive Committee and the Board; and between the Executive Committee and the employees of the Group; and
- ensuring there is adequate time for key discussions and an ability to make decisions quickly.

Audit Committee

The Audit Committee as at 31 March 2016 comprised Kay Chaldecott, Chris Taylor and Alastair Miller. Alastair Miller replaced Andrew Walker as a member of the Committee on 12 January 2016. The Audit Committee was chaired by Chris Taylor. It reviews the financial reporting process, system of internal financial and non-financial controls and risk management and ensures compliance with the principles of good governance, law, accounting standards and the AIM Rules. It also reviews the independence of the auditor and payment of any non-audit fees and the effectiveness of the auditor and the audit process. A full Audit Committee Report can be found on pages 59 to 61. The full terms of reference for the Audit Committee can be found on the Company's website www.nrr.co.uk.

Remuneration Committee

The Remuneration Committee as at 31 March 2016 comprised Kay Chaldecott, Paul Roy, Chris Taylor and Alastair Miller. Alastair Miller replaced Andrew Walker as a member of the Committee on 12 January 2016. The Remuneration Committee was chaired by Kay Chaldecott. The purpose of the Committee is to establish a formal and transparent procedure for developing policy on remuneration and to review the remuneration and incentives of the individual Executive Directors and Company Secretary and compare it to that of persons holding similar positions in comparable organisations and make recommendations in respect thereof. The Committee monitors the performance of the Directors and Company Secretary. The Committee meets not less than once a year. A full Remuneration Committee Report can be found on pages 63 to 69. The full terms of reference for the Remuneration Committee can be found on the Company's website www.nrr.co.uk.

Nomination Committee

The Nomination Committee as at 31 March 2016 comprised of Paul Roy, Kay Chaldecott, Chris Taylor and Alastair Miller. Alastair Miller joined the Committee upon his appointment to the Board on 12 January 2016. The purpose of the Committee is to review the Board's membership and composition, consider succession planning, review the management structure and resources and to endorse the process used to evaluate the performance of the Board and its Directors. A full Nomination Committee Report can be found on page 62. The full terms of reference for the Nomination Committee can be found on the Company's website www.nrr.co.uk.

Paul Roy
Chairman

25 May 2016

AUDIT COMMITTEE REPORT

Role of the Audit Committee

The purpose of the Audit Committee is to provide formal and transparent arrangements for considering all matters relating to the financial performance and reporting process of the Group, its system of internal controls and risk management and its compliance with the relevant principles set out in the UK Code and to maintain an appropriate relationship with the Group's auditor.

Membership

The Audit Committee as at 31 March 2016 comprised Kay Chaldecott, Chris Taylor and Alastair Miller. Andrew Walker served as a member until his resignation on 12 January 2016 when Alastair Miller was appointed a member. The Finance Director, Group Financial Controller and auditor attended all meetings by invitation.

The Committee was chaired by Chris Taylor. Biographies can be found under the Board of Directors details on pages 54 to 55 which set out the professional qualifications and commercial knowledge and experience of each Committee member. The Board is satisfied that Alastair Miller has the recent and relevant financial experience to be a member of the Audit Committee.

Members' attendance at meetings is set out in the table of page 57. Prior to the approval of the final and the interim financial statements, the Audit Committee Chairman meets with the auditor without management being present to discuss the audit process and any concerns that the auditor may have.

Activities of the Committee

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

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

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

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

AUDIT COMMITTEE REPORT
CONTINUED

Significant issues considered in relation to the financial statements

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

Valuation of property portfolio

The external valuation of the portfolio is a key determinant of the Group's results being the largest item on the balance sheet and the movement in values having a significant impact. The Committee therefore ensures that it has a good understanding of the valuation and reviews the underlying assumptions. During the year, the Committee spent time discussing the valuation of the pub element of the portfolio and how the valuations were affected by the agreements in place with Marston's and LT Management (both of whom manage the pubs on behalf of the Group) and the development opportunities that some sites may have. The Committee was satisfied that the valuations given to the pub element of the portfolio were fair and understandable.

Management reviews and confirms all data prior to it being submitted to the valuers then it reviews and challenges the valuers' key assumptions underlying their valuations prior to their issuing their final report to the Group. The topic is the main issue discussed at a separate meeting between the Audit Committee Chairman and the external auditor prior to the Committee meeting that reviews the annual and interim statements.

Accounting for acquisitions and disposals

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

Going concern

The Committee ensures sufficient review is undertaken of the adequacy of financing arrangements, cash flow forecasts and lender covenant compliance. The Finance Director presents a quarterly report to the Board which includes details of debt facilities, an 18 month cash flow forecast and management accounts. As part of the review of the year end financial statements the Committee specifically considered the statement on going concern and concluded that, in particular in the light of the substantial cash balance, the Group will remain a going concern and that covenants would not be breached therefore it was appropriate for the financial statements to be prepared on a going concern basis. The statement of the Directors relating to going concern can be found on page 74.

Independence and appointment of the external auditor

The Committee has assessed and is satisfied with the independence of the external auditor. The Group's general policy is not to instruct Deloitte on non-audit services, however with the move to the Main Market, and the work entailed with this, Deloitte have been engaged to undertake work on the project. Their work will include reporting accountants' services on the Group's financial position and prospects procedures and providing an accountants report on the audited financial figures included within the prospectus. The fee for doing this work, to be included in the 2017 report, is expected to be circa £200,000, of which £25,000 has been incurred during this financial year. There were no other non-audit services provided during the year.

The external auditor was appointed in 2009, following a formal process on the set up of the Group and therefore has been in place for approximately six years. As the auditor has been in place less than ten years, the Committee will continue to give consideration as to the timing of the next formal tender in the light of the regulatory requirements to tender the external audit contract at least every ten years as required under the UK Code. The Committee has also received confirmation from Deloitte as to their independence and objectivity in relation to the services they provide as external auditor.

Effectiveness of external auditor and audit process

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

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

Internal control and audit

The Group does not have an internal audit department. The requirement for a dedicated internal audit function was reviewed by the Audit Committee during the year and this was considered inappropriate given the size of the Group and the close involvement of the Executive Directors and senior management on a day-to-day basis. In addition, the Group has policies for internal control of various key matters.

Chris Taylor
Committee Chair

25 May 2016

NOMINATION COMMITTEE REPORT

Role of the Nomination Committee

The Nomination Committee meets at least once a year and at such other times as the Chairman of the Committee deems necessary. The Committee reviews the Board membership and composition, succession planning, the management structure and resources and to endorse the process used to evaluate the performance of the Board and its Directors.

Membership

The Nomination Committee as at 31 March 2016 comprised of Paul Roy, Chairman of the Committee, Kay Chaldecott, Chris Taylor and Alastair Miller. Alastair Miller joined the Committee upon his appointment to the Board on 12 January 2016. Biographies can be found under Board of Directors details on pages 54 to 55 which set out the professional qualifications and commercial knowledge and experience of each Committee member. Members attendance at meetings is set out in the table on page 57. The Chief Executive Officer ('CEO') and Andrew Walker also attended all of the meetings by invitation.

Changes to the Board's composition during the year

As part of the Company's impending move to the Main Market, the Committee reviewed the composition of the Board in light of its diversity in terms of skills, knowledge, experience, gender and in terms of its compliance with the UK Code to which the Company would be regulated once it was on the Main Market.

The Committee noted Code B.1.2 of the UK Code which states that at least half of the Board should be comprised of independent, Non-Executive Directors. Accordingly, it was decided that a further, independent, Non-Executive Director should be appointed to the Board.

A list of requirements for a suitable candidate was drafted by the Chairman of the Committee, the Company Secretary and with input from the CEO. The Committee appointed Ashwood Partners, an executive recruitment firm, to find candidates who met the criteria. A list of CVs was provided to the Chairman of the Committee and to the CEO for their review. They also reviewed other candidates who had been recommended to them.

The Chairman and CEO chose to meet with three strong candidates and following those meetings Alastair Miller emerged as the preferred candidate. His knowledge of the retail market, gained through his previous executive roles with New Look and the RAC, would be invaluable to the Board as it would bring a different perspective to meetings dominated by property experts. As a fully qualified accountant and recently as New Look's chief financial officer, Alastair would be suitable to meet the recent financial experience required by the Code as a member of the Audit Committee. The other members of the Board met with Alastair to gauge his suitability for the Board. Following the meetings, the Nomination Committee met and recommended that Alastair Miller be appointed as an independent Non-Executive Director.

At that time, Andrew Walker advised the Board that he wished to step down as a Director to concentrate on his other business interests. Nick Sewell also decided to step down from the Board as an Executive Director in order to focus on the Company's growing acquisition and investment strategy. Nick remains a key member on the Company's Executive Committee and will continue to play a key role in the future growth of the business.

Following the changes above, the Board of the Company, excluding the Chairman, who was independent on his appointment, is now comprised of three Executive Directors and three independent Non-Executive Directors, which is in compliance with the UK Code.

The full terms of reference for the Nomination Committee can be found on the Company's website www.nrr.co.uk

Paul Roy
Committee Chair

25 May 2016

REMUNERATION COMMITTEE REPORT

As an AIM listed company there is no requirement for the Group to comply with the Directors' remuneration disclosure requirements contained in Schedule 8 to the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 (as amended) which came into force on 1 October 2013 and the Group has opted not to do so. However, this report provides the information on Directors' remuneration considered of importance to shareholders and is well above the requirements as stated under the AIM rules.

Role of the Remuneration Committee

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

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

Membership

The Remuneration Committee as at 31 March 2016 comprised of Kay Chaldecott, Paul Roy, Chris Taylor and Alastair Miller. Andrew Walker served as a member of the Committee until his resignation as a Director on 12 January 2016 when Alastair Miller was appointed a member.

The Committee was chaired by Kay Chaldecott. Biographies can be found under Board of Directors details on pages 54 to 55 which set out the professional qualifications and commercial knowledge and experience of each Committee member. Members attendance at meetings is set out in the table on page 57. The Chief Executive Officer ('CEO') and h2glenfern also attended all of the meetings by invitation.

Matters considered during the year

In addition to its regular business of discussing remuneration, incentives and bonuses during the year, the Remuneration Committee considered and discussed the following matters:

- the implementation of a deferred bonus plan which was introduced in June 2015;
- the granting of enhanced performance share plan awards valued at up to 200% of basic salary which, after consulting with the Group's major shareholders, were granted in September 2015; and
- a method to adjust the Group's unapproved share option plan to compensate option holders for dividends paid since the plan was put in place at the Group's IPO in 2009. After consulting with the Group's major shareholders, it was decided that an additional award made under the deferred bonus plan would be the best method. Further information on this additional award can be found on page 65.

Basic salary and benefits

Basic salaries and the level and type of benefits offered to Executive Directors are reviewed annually by the Remuneration Committee, taking into account the executives' responsibilities, experience and performance, pay across the Group and market competitiveness in the context of total remuneration, against comparable roles in the UK property sector and companies within the FTSE250. The benefits that are provided include life insurance, private medical insurance, a contributory pension scheme and professional membership subscriptions.

In March 2016, the Remuneration Committee commissioned the preparation of a remuneration benchmarking report to provide context in the determination of salary levels and benefits for the year to March 2017 as the start of the process of further aligning the Executive Directors with the remuneration expected of a company with a Premium Listing on the London Stock Exchange. The Committee determined that effective 1 April 2016 the salary levels of the Executive Directors would be as follows: David Lockhart: £425,000, Allan Lockhart: £400,000 and Mark Davies: £350,000. The Executive Directors' salaries were last increased on 1 April 2014. The Committee also determined that the Company's contributions under the pension scheme for Executive Directors would be increased from 12.5% to 15.0% of base salary.

REMUNERATION COMMITTEE REPORT
CONTINUED

In determining the level of these increases, the Remuneration Committee took account of the performance of the Company over the past two years and the substantial increase in the Group's size, profitability and scale of operations over this period. The Remuneration Committee values the Executive Directors highly. It sees that the retention and motivation of the executive team is important to the long-term success of the Group.

Non-Executive Directors' fees

In November 2015, the Board instructed the Committee to undertake a review of fees paid to Non-Executive Directors. h2glenfern undertook this review and reported back to the Committee with their recommendations. These recommendations were put before the Board as a whole for them to review and consider. After due consideration and discussion by the Board, excluding the Non-Executive Directors, it was recommended that fees for the Non-Executive Directors be increased with effect from 1 April 2016 as follows:

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

Annual bonus

The Group operates a discretionary annual bonus scheme under which bonuses may be paid to executives in cash for achieving Group financial performance targets and personal objectives during a financial year. Group financial performance targets include earnings and dividend growth. The normal maximum bonus paid is 100% of basic salary, however this can be increased to 150% on the basis of exceptional performance.

Bonuses paid in respect of the year to 31 March 2016 are set out in the table on page 66. The amount of this bonus deferred into shares was 30%. The level of bonuses paid to Executive Directors in respect of the year reflect the strong performance of the Group including growth in EPRA Adjusted Profit; profit before tax and Net Asset Value growth. Dividends paid in the year increased by 9.0% and were fully covered. The Group was highly active during the year and successfully completed two substantial equity raises, totalling £300 million, and issuing 97 million new Ordinary Shares.

Deferred bonus plan

During 2015, a policy of deferring the payment of a portion of bonuses into shares, deferred for a period of two years, was introduced. The only condition attached to these shares is that of continued employment with the Group. The allocation of dividend equivalent shares is provided for under the scheme and the additional shares will be added to the original number granted at the end of the two year vesting period to reflect the value of dividends paid during the vesting period on a reinvested basis. Deferred bonuses are subject to clawback and malus provisions. The maximum amount of bonus that can be deferred into shares is 30% and this level was applied to bonuses paid during 2015 and 2016. Details of awards made under the Deferred Bonuses Plan are shown in the table at the end of this section.

Additional award made in March 2016

In March 2016, an additional award was made to Executive Directors under the Deferred Bonus Plan following a review by the Committee and consultation with the Group's major shareholders accounting for more than 50% of the share register in total. The awards were recommended by the Committee to adjust options granted pursuant to the share option plan put in place at the time of the Group's IPO in 2009 to compensate option holders for accrued dividends paid by the Group since the IPO. It was felt that this would appropriately align management incentive with Total Shareholder Return ('TSR'). For context, approximately half of the TSR since IPO has come from dividends paid. The award was granted at a price of £3.26 per share and will vest in March 2018 subject to the continued employment of the participants.

Deferred Bonus Plan Shares Awarded

The Executive Directors' holdings as at 31 March 2016 are detailed below:

Director	Award made in respect of	Number of shares awarded	Date award made	Date award vests
David Lockhart	Year end March 2015 bonus	40,000	31 July 2015	12 May 2017
	March 2016 award	152,515	30 March 2016	30 March 2018
Allan Lockhart	Year end March 2015 bonus	49,000	31 July 2015	12 May 2017
	March 2016 award	129,815	30 March 2016	30 March 2018
Mark Davies	Year end March 2015 bonus	40,000	31 July 2015	12 May 2017
	March 2016 award	81,871	30 March 2016	30 March 2018
Nick Sewell	Year end March 2015 bonus	21,000	31 July 2015	12 May 2017
	March 2016 award	108,220	30 March 2016	30 March 2018

Directors' contracts and payments for loss of office

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

REMUNERATION COMMITTEE REPORT
CONTINUED

Schedule of Directors' remuneration

Executive Directors 2016	Basic salary £'000	Annual cash bonus £'000	Value of bonus deferred into shares £'000	Pension £'000	Benefits £'000	Total £'000
David Lockhart	**400**	**420**	**180**	**50**	**–**	**1,050**
Mark Davies	**300**	**315**	**135**	**38**	**2**	**790**
Allan Lockhart	**350**	**367.5**	**157.5**	**44**	**2**	**921**
Nick Sewell[1]	**200**	**–**	**–**	**26**	**1**	**227**
	1,250	**1,102.5**	**472.5**	**158**	**5**	**2,988**

Executive Directors 2015	Basic salary £'000	Annual cash bonus £'000	Value of bonus deferred into shares £'000	Pension £'000	Benefits £'000	Total £'000
David Lockhart	400	280	120	50	0	850
Mark Davies	300	280	120	38	1	739
Allan Lockhart	350	343	147	44	1	885
Nick Sewell	265	147	63	33	1	509
	1,315	1,050	450	165	3	2,983

1 Nick Sewell resigned as a Director on 12 January 2016. However, he is still an employee of the Company and the details above show his remuneration to the date he resigned as a Director.

Non-Executive Directors' Fees	2016 £'000	2015 £'000
Paul Roy	**75**	75
Chris Taylor	**50**	50
Kay Chaldecott	**40**	40
Andrew Walker[1]	**31**	40
Alastair Miller[1]	**11**	–
	207	205

1 Andrew Walker resigned as a Director on 12 January 2016 and Alastair Miller was appointed a Director. The fees shown are to/from 12 January 2016 respectively.

Share Option Plans

The Group has two employee share option plans for employees and Executive Directors of the Group – the tax-advantaged Company Share Option Plan ('CSOP') and the non tax-advantaged Unapproved Share Option Plan ('USOP').

Whilst the two plans are still operating, no new awards have been made under the plans since 2011 and it is the Committee's intention not to make any further awards under the plans. The plans will cease to operate in 2019.

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

All option awards were granted three years prior to their first vesting date, except as noted in the table and lapse after ten years from that date. All awards have now vested in full.

Options were exercised by Executive Directors in respect of 46,098 shares held in the CSOP during the year to 31 March 2016. David Lockhart retained all of his shares following exercise. Allan Lockhart sold all of his shares upon exercise, and Mark Davies and Nick Sewell sold sufficient to cover their purchase costs, retaining the balance of shares. Following these exercises, no options are remaining in the CSOP.

The Executive Directors' holdings as at 1 April 2015 and 31 March 2016 are detailed below:

CSOP	At 1 April 2015	Exercised	**At 31 March 2016**	Exercise Price £	Share Price At Time Of Exercise £	Gain Made On Exercise
David Lockhart	12,000	12,000	**0**	2.50	3.31	£9,720
Mark Davies	11,049	11,049	**0**	2.71	3.45	£8,176
Allan Lockhart	12,000	12,000	**0**	2.50	3.45	£11,458
Nick Sewell[1]	11,049	11,049	**0**	2.71	3.45	£8,176
Totals	46,098	46,098	**0**	–	–	–

USOP	At 1 April 2015	Exercised	**At 31 March 2016**	Exercise Price £	Exercise Period begins	Exercise Period ends
David Lockhart	272,286	–	**272,286**	2.50	01/09/12	30/08/22
	348,000	–	**348,000**	2.35	26/09/14	25/09/24
Mark Davies	38,693	–	**38,693**	2.71	15/12/12	14/12/22
	15,000	–	**15,000**	2.44	15/12/12	14/12/22
	286,000	–	**286,000**	2.35	26/09/14	25/09/24
Allan Lockhart	192,686	–	**192,686**	2.50	01/09/12	30/08/22
	338,000	–	**338,000**	2.35	26/09/14	25/09/24
Nick Sewell[1]	102,647	–	**102,647**	2.71	15/12/12	14/12/22
	15,000	–	**15,000**	2.44	15/12/12	14/12/22
	328,000	–	**328,000**	2.35	26/09/14	25/09/24
Totals	1,936,312	–	**1,936,312**	–	–	–

1 As at the date of his resignation, 12 January 2016, and not as at 31 March 2016.

REMUNERATION COMMITTEE REPORT
CONTINUED

Paul Roy Unapproved Share Option Plan 2009

In 2009, the Chairman was granted options over an aggregate of 200,000 shares with an option price per share of £2.50. These options were fully vested in 2011. On 16 December 2015, the Chairman exercised his options in full and sold all of his shares at a sale price of £3.45 per share.

Following the exercise of the above options, the Chairman does not hold any share options or performance share plan awards in the Company.

Performance Share Plan

The objective of the Performance Share Plan ('PSP') is to strengthen the alignment of executive interests with those of the shareholders and to motivate and retain high quality executives. The vesting of the performance share awards awarded in 2013 and 2014 are based on a three year performance in terms of absolute Total Shareholder Return (TSR) and growth in Adjusted EPRA Earnings Per Share (EPRA EPS). These measures are weighted 50:50 so that vesting of half of the award depends on the performance of TSR and 50% on the growth in EPRA EPS. TSR will be measured from grant and EPRA EPS growth will be measured from the latest completed financial year.

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

Additionally, for any shares to vest, the Committee must satisfy itself that the recorded TSR and EPRA EPS outcomes are a fair reflection of the underlying performance of the Group over the performance period. Provisions for leavers and on change of control are aligned with best practice. Unvested awards will be subject to clawback in the event of material misstatements or gross misconduct at the Committee's discretion. The maximum amount that can be awarded under the PSP is 200% of salary.

2013 PSP award

The 2013 PSP award vested on 14 January 2016. The award was subject to the two performance conditions, EPRA EPS and TSR, with each performance condition relating to 50% of the award. Upon vesting, the EPRA EPS performance condition was not met and its 50% of the award lapsed. The TSR performance condition was met, so its 50% of the award vested. In March 2016, Mark Davies exercised his vested award and sold sufficient shares at a price of £3.29 per share to cover his tax liabilities, retaining the balance of shares.

2015 PSP award

In September 2015, the Committee determined to make enhanced PSP awards to Executive Directors, equal to the value of 200% of salaries. This higher award level reflected the substantial progress and achievements of the Group during the 2015 financial year and the increase in the Group's size. The objective of the Committee was to lock in and motivate the executive team which it values highly. The Committee consulted with its major shareholders concerning this and the award was duly made. In view of the size of the award, the performance conditions attached to the award were enhanced and the performance and vesting periods for 50% of the award were extended by one year. An additional performance condition was also added. The details of which are as follows:

Vesting Periods

The 2015 PSP award was split into two awards. The first award is measured against a three year vesting period and the second award is measured again a four year vesting period. The performance conditions are the same for both awards, just measured over different periods.

Performance conditions

For the 2015 PSP award, an additional performance condition was included, Net Asset Value per share. Details of the performance conditions for the award are as follows:

TSR performance condition

– 33.4% of the award is subject to a TSR performance condition. 25% of the award vests if TSR is 9% on a compound annual basis over the three year and four year vesting periods with full vesting at 16% (with straight-line vesting in between).

EPRA EPS performance condition
– 33.3% of the award is subject to an EPRA EPS performance condition. 25% of the award vests if the compound annual percentage growth in the Adjusted EPRA EPS over the three year and four year vesting periods is 5% per annum with full vesting at 12% (with straight-line vesting in between).

Net Asset Value per share plus dividends ('NAV') performance condition
– the remainder of the award is subject to a NAV performance condition. 25% of the award vests if the compound annual percentage growth in the Adjusted EPRA NAV on a compound annual basis over the three year and four year vesting periods is 9% per annum with full vesting at 16% (with straight-line vesting in between).

The shares subject to awards under the PSP as at 1 April 2015 and 31 March 2016 are detailed below:

	At 1 April 2015	Granted	Dividend Equivalent Shares Added	Lapsed	Vested	Exercised	**At 31 March 2016**	Share price at date of award £	Grant Date	Vesting Date
David Lockhart	116,500	–	27,375	(71,938)	71,937	–	**71,937**	2.04	14/01/13	14/01/16
	131,000	–	–	–	–	–	**131,000**	3.06	01/07/14	01/07/17
	–	117,578	–	–	–	–	**117,578**	3.40	28/09/15	28/09/18
	–	117,577	–	–	–	–	**117,577**	3.40	28/09/15	28/09/19
Mark Davies	91,000	–	21,384	(56,192)	56,192	(56,192)	**0**	2.04	14/01/13	14/01/16
	98,000	–	–	–	–	–	**98,000**	3.06	01/07/14	01/07/17
	–	88,183	–	–	–	–	**88,183**	3.40	28/09/15	28/09/18
	–	88,183	–	–	–	–	**88,183**	3.40	28/09/15	28/09/19
Allan Lockhart	116,500	–	27,375	(71,938)	71,937	–	**71,937**	2.04	14/01/13	14/01/16
	115,000	–	–	–	–	–	**115,000**	3.06	01/07/14	01/07/17
	–	102,881	–	–	–	–	**102,881**	3.40	28/09/15	28/09/18
	–	102,880	–	–	–	–	**102,880**	3.40	28/09/15	28/09/19
Nick Sewell[1]	91,000	–	21,384	(56,192)	56,192	–	**56,192**	2.04	14/01/13	14/01/16
	87,000	–	–	–	–	–	**87,000**	3.06	01/07/14	01/07/17
	–	77,895	–	–	–	–	**77,895**	3.40	28/09/15	28/09/18
	–	77,895	–	–	–	–	**77,895**	3.40	28/09/15	28/09/19
Totals	846,000	773,072	97,518	(256,260)	256,258	(56,192)	**1,404,138**	–	–	–

1 As at the date of his resignation, 12 January 2016, and not as at 31 March 2016.

Kay Chaldecott
Committee Chair

25 May 2016

DIRECTORS' REPORT

The Directors present their report and Group financial statements for the year ended 31 March 2016.

Principal activities and status

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

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

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

Strategic Report

The Strategic Report for the year ended 31 March 2016 is set out on pages 1 to 53 and contains a fair review of the business of the Group during the year including a description of the principal risks and uncertainties.

Results and dividend

The results for the year are set out in the financial statements. During the year the Group paid quarterly interim dividends totalling £33.9 million at 4.50 pence per share for the first two quarters and 4.75 pence per share for the second two quarters (2015: £18.1 million at 4.25 pence per share).

The Board approved the reclassification of £313.2 million (2015: £73.3 million) of Share Premium to Other Reserves in the year. The share premium arose from previous successful equity raises.

The Board

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

Paul Roy	Non-Executive Chairman
David Lockhart	Chief Executive Officer
Mark Davies	Finance Director
Allan Lockhart	Property Director
Nick Sewell	Executive Director, resigned 12 January 2016
Chris Taylor	Non-Executive Director
Kay Chaldecott	Non-Executive Director
Andrew Walker	Non-Executive Director, resigned 12 January 2016
Alastair Miller	Non-Executive Director, appointed 12 January 2016

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

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

Substantial shareholdings

The Company has been advised of shareholders with holdings of more than 3% of issued shares of the Company as at 24 May 2016 as follows:

Shareholder	Number of Ordinary Shares	% of Issued (undiluted) Share Capital
Woodford Investment Management LLP	53,945,369	23.11
Invesco Limited	34,973,048	14.98
JO Hambro Capital Management	11,205,026	4.80
Standard Life Investments	7,643,831	3.28
Bank of Montreal[1]	7,137,424	3.07
AXA Framlington Investment Managers	7,131,840	3.06

1 This includes 6,025,179 shares held by TR Property Investment Trust.

Convertible unsecured loan stock

On 22 November 2010 the Group issued £25 million of convertible unsecured loan stock ('CULS') where the stock holder may convert all or any of the stock into Ordinary Shares at the rate of 1 Ordinary Share for every £2.80 nominal value of convertible unsecured loan stock held, subject to the rate being adjusted to prevent dilution. The CULS were all converted during the year and are no longer in existence. Further details on the CULS can be found in Note 20 on page 110.

DIRECTORS' REPORT
CONTINUED

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:

	2016 Number of Ordinary Shares	2015 Number of Ordinary Shares
Paul Roy	**240,000**	370,000
David Lockhart	**1,497,000**	1,680,000
Mark Davies	**69,545**	18,000
Allan Lockhart	**277,944**	229,227
Chris Taylor	**10,000**	10,000
Kay Chaldecott	**3,774**	3,774
Alastair Miller	**30,000**	–

All related party transactions are disclosed in Note 28.

Directors' insurance

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

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.

Annual General Meeting

The Annual General Meeting will be held at 10.30 am on 12 July 2016 at the offices of Eversheds LLP, One Wood Street, London EC2V 7WS. At the meeting, resolutions will be proposed to receive the Annual Report and financial statements, approve the Directors' remuneration, re-elect Directors and reappoint and determine the remuneration of Deloitte LLP. In addition, it will be proposed that expiring authorities to allot shares and to repurchase shares are extended.

Internal controls review

Taking into account the principal risks provided on pages 52 to 53 and the ongoing work of the Audit Committee in monitoring the risk management and internal control systems on behalf of the Board, the Directors:

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

NewRiver Retail Limited Viability Statement for the year ended 31 March 2016

In accordance with provision C.2.2 of the 2014 revision of the UK Corporate Governance Code, the Board has assessed the prospects of the Group over a longer period than the 12 months that has in practice been the focus of the 'Going Concern' provision.

The Board, as part of its strategy process, has assessed the viability of the Group over a three year period to March 2019 as this timeframe gives greater certainty over the forecasting assumptions used. The assumptions used include the Group's existing investment commitments, available financial resources and long-term financing arrangements. They also consider profits, cash flows, funding requirements, REIT compliance and other key financial ratios over the period, as well as the headroom in the financial covenants contained in our various loan agreements.

In making their assessment, the Directors assessed the potential impacts, in severe but plausible scenarios, of the principal risks as set out on pages 52 and 53 together with the likely degree of effectiveness of mitigating actions reasonably expected to be available to the Group. The most relevant, with the highest potential impact, of these risks on viability were considered to be:

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

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

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

DIRECTORS' REPORT CONTINUED

Going concern

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

The key areas reviewed were:

- value of investment properties;
- cash flow forecasts including capital expenditure relating to development and asset management and tenant incentive commitments and forecast rental income;
- financing arrangements and loan covenant compliance; and
- timing of property acquisitions and sales.

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

After making enquiries and examining major areas which could give rise to significant financial exposure, the Board has a reasonable expectation that the Company and its Group have adequate resources to continue its operations for the foreseeable future. Accordingly, the Group continues to adopt the going concern basis in preparation of these financial statements (see Note 1).

Directors' Responsibilities Statement

The Directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

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

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

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group's transactions and disclose with reasonable accuracy at any time the financial position of the Group and enable them to ensure that the financial statements comply with the Companies (Guernsey) Law, 2008. They are also responsible for safeguarding the assets of the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

So far as each of the Directors is aware, there is no relevant audit information of which the Group'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 Group'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 their 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 Group and the undertakings included in the consolidation taken as a whole.

The Directors consider that as at the date of this report, the Annual Report and Accounts 2016 taken as a whole is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's and the Group's performance, business model and strategy.

Signed on behalf of the Board

Matthew Jones
Company Secretary

25 May 2016

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF NEWRIVER RETAIL LIMITED

Opinion on financial statements of NewRiver Retail Limited

In our opinion:

- **the financial statements give a true and fair view of the state of the Group's affairs as at 31 March 2016 and of the Group's profit for the year then ended;**
- **the Group financial statements have been properly prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union; and**
- **the financial statements have been prepared in accordance with the requirements of The Companies (Guernsey) Law, 2008.**

The financial statements comprise the Consolidated Income Statement, the Consolidated Statement of Comprehensive Income, the Consolidated Balance Sheet, the Consolidated Cash Flow Statement, the Consolidated Statement of Changes in Equity and the related Notes 1 to 29. The financial reporting framework that has been applied in their preparation is applicable law and IFRSs as adopted by the European Union.

Going concern and the Directors' assessment of the principal risks that would threaten the solvency or liquidity of the Group

We have reviewed the Directors' statement regarding the appropriateness of the going concern basis of accounting contained within Note 1 to the financial statements and the Directors' statement on the longer-term viability of the Group on page 73.

We have nothing material to add or draw attention to in relation to:

- the Directors' confirmation on page 74 that they have carried out a robust assessment of the principal risks facing the Group, including those that would threaten its business model, future performance, solvency or liquidity;
- the disclosures on pages 52 and 53 that describe those risks and explain how they are being managed or mitigated;
- the Directors' statement in Note 1 to the financial statements about whether they considered it appropriate to adopt the going concern basis of accounting in preparing them and their identification of any material uncertainties to the Group's ability to continue to do so over a period of at least 12 months from the date of approval of the financial statements;
- the Directors' explanation on page 73 as to how they have assessed the prospects of the Group, over what period they have done so and why they consider that period to be appropriate, and their statement as to whether they have a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due over the period of their assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.

We agreed with the Directors' adoption of the going concern basis of accounting and we did not identify any such material uncertainties. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the Group's ability to continue as a going concern.

Independence

We are required to comply with the Financial Reporting Council's Ethical Standards for Auditors and we confirm that we are independent of the Group and we have fulfilled our other ethical responsibilities in accordance with those standards. We also confirm we have not provided any of the prohibited non-audit services referred to in those standards.

Our assessment of risks of material misstatement

The assessed risks of material misstatement described below are those that had the greatest effect on our audit strategy, the allocation of resources in the audit and directing the efforts of the engagement team.

Risk	How the scope of our audit responded to the risk
Valuation of shopping centre, high street and retail warehouse portfolio NewRiver Retail Limited owns and manages a portfolio of commercial property assets. The valuation of shopping centre, high street and retail warehouse portfolio (including a number of development properties) is a significant judgement area and is underpinned by a number of assumptions. The Group uses professionally qualified external valuers to fair value its portfolio at six-monthly intervals. The portfolio (excluding development properties) is valued using the 'investment method' of valuation, in which the principal assumptions estimated include rental values and capitalisation yields. Development properties are valued by applying the same methodology, but with a deduction for all future costs necessary to complete the development together with an allowance for remaining risk, developers' profit and purchasers' costs ('the residual method'). The property assets are valued at £797.3 million (2015: £625.6 million) of which £663.2 million are held by subsidiaries (2015: £403.3 million) and £134.1 million by joint ventures (2015: £222.3 million). Please see Note 1 and 12 to the financial statements.	• We assessed, in consultation with our property valuation specialists, management's process for reviewing and challenging the work of the external valuer and development appraisals; • Alongside our property valuation specialists, we held discussions with the external valuers of the portfolio to discuss and challenge the valuation process, performance of the portfolio and significant assumptions and critical judgement areas, including occupancy rates, estimated rental values and yields. We benchmarked these assumptions to relevant external industry data and comparable property transactions, in particular the yield; • In consultation with our property valuation specialists, we performed detailed analysis of the valuations for a sample of properties in the portfolio; • For development properties we assessed future costs to complete based on development appraisals. We assessed the classification of development properties and whether the methodology applied (i.e. investment or residual method) was appropriate. We also challenged the allowances in the valuation for developers' profit; • We assessed the competence, independence and integrity of the external valuer; and • We performed audit procedures, including tests of design and implementation of controls, to assess the integrity of information provided to the independent valuer including agreement on a sample basis back to underlying lease agreement.
Valuation of pub portfolio NewRiver Retail completed the acquisition of the remaining 50% of the units in NewRiver Retail Property Unit Trust 4 (Project Trent) for £29.0 million and the acquisition of the Mantle portfolio for £53.5 million. The Group now owns and manages a pub portfolio with fair value of £176.0 million (Group's share of investment property 2015: £58 million) comprising 358 pubs. The extent and variety of judgements involved in the valuation of the pub portfolio is different to the rest of the portfolio due to the specific operational nature of the properties, as well as the contractual arrangements in place with Marston's, the Co-Op and LT Pub Management. The Group uses professionally qualified external valuers to fair value its portfolio at six-monthly intervals. The portfolio (excluding development properties) is valued using the 'investment method' of valuation, in which the principal assumptions estimated include fair maintainable trade ('FMT') and capitalisation multiples. Development properties are valued by applying the same methodology, but with a deduction for all future costs necessary to complete the development together with an allowance for remaining risk, developers' profit and purchasers' costs ('the residual method'). Specific to the Trent portfolio properties there are additional valuation considerations such as the ongoing rental guarantee agreement with Marston's, the amended agreement signed with Co-Op to develop 45 sites (2015: 63) for use as convenience stores, the development costs and the status of planning permissions. Please see Note 1 and 12 to the financial statements.	In addition to the procedures outlined in the 'Valuation of shopping centre, high street and retail warehouse portfolio' risk above, we performed the following procedures: • We challenged and benchmarked key judgments applied by the external valuers in relation to FMT multiples applied; • For a sample of pubs we have recalculated the valuation based on the related inputs, which have been agreed back to underlying lease arrangements and financial reporting received from the Group's service providers who are managing the estate; • Specific to the Trent portfolio, we engaged with our internal valuation specialists to assess the judgements related to the rental guarantee agreement with Marston's, including the operation of the public houses at the end of the four year Marston's rental guarantee period; • For development properties, we assessed future costs to complete on a sample of development properties agreeing costs to the reports provided by the Group's external quantity surveyors. In addition, we challenged the discount rate applied for planning risk and agreed the risk ratings to reports provided by the Group's external planning consultants. We also challenged the allowances in the valuation for developers' profit; and • We assessed the classification of development properties and whether the methodology applied (i.e. investment or residual method) was appropriate.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF NEWRIVER RETAIL LIMITED CONTINUED

Risk	How the scope of our audit responded to the risk
Accounting for investment property acquisitions and disposals Through deployment of share capital raised during the year, NewRiver Retail made a number of acquisitions. The more significant of these included the acquisition of the remaining 50% of the units in NewRiver Retail Property Unit Trust 3 (Camel III) for £23.0 million, the remaining 50% of the units in NewRiver Retail Property Unit Trust 4 (Project Trent) for £29.0 million, and the acquisition of the Mantle portfolio for £53.5 million. These transactions were considered to be an area of significant risk as they were identified as individually material and judgment was required as to whether these transactions represented a business combination or asset acquisitions. The project Camel III and Trent transactions also triggered the receipt of a capital payment of £1.0 million and £2.3 million respectively. Judgement was applied as to whether this amount formed part of the gain on acquisition of the Property Unit Trusts or whether this constituted management fee income. Further judgement was also applied in determining the classification of properties acquired in the Mantle business combination as either investment property or property, plant and equipment. This is due to the variability of returns through wholesale supply of beverages included within the pub tenancy arrangements. Please see Note 1 and 13 to the financial statements. The Group continued to recycle capital through a number of other acquisitions and disposals. Whilst there were a number of individually material transactions these were considered to be less complex asset acquisitions and disposals. Please see Note 6 to the financial statements.	• We considered management's analysis of the transactions and assessed their rationale for concluding that they represented a business combination. In particular, we challenged management to demonstrate whether the entities acquired constituted a business for this purpose; • In respect of the Mantle business combination we have additionally considered management's analysis in respect of the classification of properties acquired. In particular, we challenged management to demonstrate whether the Group is a passive investor to variable returns from wholesale beverage supplies and that the assets are held for investment purposes only; • We recalculated the recorded gain on bargain purchase and considered the appropriateness of including the capital payment receivable within this amount; • We also reviewed for completeness and accuracy the disclosure presented in the financial statements in relation to business combinations; • We examined relevant documents including the sale and purchase agreement to confirm the consideration paid and other particulars of acquisition and disposal transactions, including agreement of a sample of related costs to supporting documentation; • We recalculated the gain/(loss) on disposals and reconciled this with accounting entries and related disclosures.

Last year our report included two other risks which are not included in our report this year: going concern (the Group has raised gross proceeds of £300 million through the placing of new Ordinary Shares) and revenue recognition (the quantitative significance of tenant incentives is now much smaller in proportion to gross revenue).

The description of risks above should be read in conjunction with the significant issues considered by the Audit Committee discussed on page 60.

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

Risk	How the scope of our audit responded to the risk
Our application of materiality	We define materiality as the magnitude of misstatement in the financial statements that makes it probable that the economic decisions of a reasonably knowledgeable person would be changed or influenced. We use materiality both in planning the scope of our audit work and in evaluating the results of our work. We determined materiality for the Group to be £13.6 million (2015: £6.6 million), which is approximately 2% (2015: 2%) of shareholders' equity. In determining materiality, we considered the balances on which the users of the financial statements would judge the performance of the Company. As Net Asset Value takes into consideration the valuation of the Group's property portfolio, we determined the shareholders' equity of the Company to be a key performance indicator for shareholders. For account balances and classes of transactions that affect EPRA Profit we applied a lower level materiality threshold of £1.9 million (2015: £0.9 million), being approximately 5% (2015: 5%) of EPRA Profit. We agreed with the Audit Committee that this was appropriate as EPRA Profit is a key performance measure for the Group but is a relatively low amount compared to our overall Group materiality set out above. We agreed with the Audit Committee that we would report to the Committee all audit differences in excess of £272,400 (2015: £130,000), as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds. We also report to the Audit Committee on disclosure matters that we identified when assessing the overall presentation of the financial statements.
An overview of the scope of our audit	Our Group audit was scoped by obtaining an understanding of the Group and its environment, including group-wide controls, and assessing the risks of material misstatement at the Group level, encompassing all subsidiaries. We carried out audit work on each of the underlying subsidiaries executed at levels of materiality applicable to each subsidiary, which in all instances was lower than Group materiality. The audit of the Group's joint venture with Morgan Stanley Real Estate Fund ('MSREF'), which has a 31 December 2015 year end, is carried out by BDO LLP. Other joint ventures of the Group are audited by PriceWaterhouseCoopers LLP and also have 31 December 2015 year ends. We have obtained and reviewed audited financial statements and held detailed discussions with the joint venture auditors to understand the scope of their audit, findings and overall conclusions.
Matters on which we are required to report by exception	
Adequacy of explanations received and accounting records	Under The Companies (Guernsey) Law, 2008 we are required to report to you if, in our opinion: • we have not received all the information and explanations we require for our audit; or • proper accounting records have not been kept by the parent company; or • the financial statements are not in agreement with the accounting records and returns. • We have nothing to report in respect of these matters.
Our duty to read other information in the Annual Report	Under International Standards on Auditing (UK and Ireland), we are required to report to you if, in our opinion, information in the Annual Report is: • materially inconsistent with the information in the audited financial statements; or • apparently materially incorrect based on, or materially inconsistent with, our knowledge of the Group acquired in the course of performing our audit; or • otherwise misleading. In particular, we are required to consider whether we have identified any inconsistencies between our knowledge acquired during the audit and the Directors' statement that they consider the Annual Report is fair, balanced and understandable and whether the Annual Report appropriately discloses those matters that we communicated to the Audit Committee which we consider should have been disclosed. We confirm that we have not identified any such inconsistencies or misleading statements.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF NEWRIVER RETAIL LIMITED CONTINUED

Risk	How the scope of our audit responded to the risk
Respective responsibilities of Directors and auditor	As explained more fully in the Directors' Responsibilities Statement, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). We also comply with International Standard on Quality Control 1 (UK and Ireland). Our audit methodology and tools aim to ensure that our quality control procedures are effective, understood and applied. Our quality controls and systems include our dedicated professional standards review team and independent partner reviews. This report is made solely to the Company's members, as a body, in accordance with Section 262 of The Companies (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/or those further matters we have expressly agreed to report to them in our engagement letter and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.
Scope of the audit of the financial statements	An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Group's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Deloitte LLP
Chartered Accountants and Statutory Auditor
Guernsey, Channel Islands

25 May 2016

CONSOLIDATED INCOME STATEMENT

For the year ended 31 March 2016

	Notes	Year ended 31 March 2016 Operating and Financing £'000	Fair value adjustments £'000	Total £'000	Year ended 31 March 2015 Operating and Financing £'000	Fair value adjustments £'000	Total £'000
Gross income	3	**60,840**	**–**	**60,840**	28,195	–	28,195
Property operating expenses	4	**(6,253)**	**–**	**(6,253)**	(3,863)	–	(3,863)
Net property income		**54,587**	**–**	**54,587**	24,332	–	24,332
Administrative expenses	5	**(13,747)**	**–**	**(13,747)**	(10,089)	–	(10,089)
Share of income from joint ventures	14	**8,559**	**4,489**	**13,048**	11,411	12,405	23,816
Net valuation movement	12	**–**	**19,513**	**19,513**	–	6,861	6,861
Profit on disposal of investment properties	6	**8,299**	**–**	**8,299**	1,740	–	1,740
Operating profit		**57,698**	**24,002**	**81,700**	27,394	19,266	46,660
Net finance expense							
Finance income	7	**82**	**–**	**82**	191	–	191
Finance costs	7	**(12,237)**	**–**	**(12,237)**	(7,323)	–	(7,323)
Profit for the year before taxation		**45,543**	**24,002**	**69,545**	20,262	19,266	39,528
Current taxation charge	8	**(136)**	**–**	**(136)**	–	–	–
Profit for the year after taxation		**45,407**	**24,002**	**69,409**	20,262	19,266	39,528

	Notes	2016	2015
Earnings per share			
EPRA Adjusted (pence)	9	**26.6**	19.8
EPRA Basic (pence)	9	**20.4**	17.6
Basic EPS (pence)	9	**39.2**	37.5
EPS diluted (pence)	9	**38.9**	36.2

All activities derive from continuing operations of the Group. The Notes on pages 86 to 115 form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 March 2016

	Notes	**Year ended 31 March 2016 £'000**	Year ended 31 March 2015 £'000
Profit for the year after taxation		**69,409**	39,528
Other comprehensive income			
Items that will be reclassified subsequently to profit or loss			
Fair value loss on interest rate derivatives designated in cash flow hedges	20	**(1,152)**	(671)
Total comprehensive income for the year		**68,257**	38,857

The Notes on pages 86 to 115 form an integral part of these financial statements.

CONSOLIDATED BALANCE SHEET

As at 31 March 2016

	Notes	31 March 2016 £'000	31 March 2015 £'000
Non-current assets			
Investment properties	12	**839,107**	404,098
Investments in joint ventures	14	**70,125**	113,027
Property, plant and equipment	15	**551**	513
Total non-current assets		**909,783**	517,638
Current assets			
Trade and other receivables	17	**8,462**	5,853
Derivative financial instruments	20	**384**	313
Cash and cash equivalents	18	**114,071**	15,412
Total current assets		**122,917**	21,578
Total assets		**1,032,700**	539,216
Equity and liabilities			
Current liabilities			
Trade and other payables	19	**25,632**	16,197
Current taxation liabilities	19	**136**	–
Total current liabilities		**25,768**	16,197
Non-current liabilities			
Derivative financial instruments	20	**2,960**	1,983
Borrowings	20	**314,105**	157,921
Debt instruments	20	**–**	23,420
Total non-current liabilities		**317,065**	183,324
Net assets		**689,867**	339,695
Equity			
Share capital	23	**–**	–
Retained earnings		**118,248**	58,254
Other reserves		**554,599**	273,582
Hedging reserve		**(1,842)**	(690)
Share Option reserve		**1,961**	1,063
Revaluation reserve		**16,901**	7,486
Total equity		**689,867**	339,695
Net Asset Value (NAV) per share			
EPRA NAV (pence)	10	**295**	265
Basic (pence)	10	**295**	267
Basic diluted (pence)	10	**294**	264

The Notes on pages 86 to 115 form an integral part of these financial statements.

The financial statements were approved by the Board of Directors on 25 May 2016 and were signed on its behalf by:

David Lockhart
Chief Executive

Mark Davies
Finance Director

CONSOLIDATED CASH FLOW STATEMENT

As at 31 March 2016

	Note	31 March 2016 £'000	31 March 2015 £'000
Cash flows from operating activities			
Profit before tax on ordinary activities for the year attributable to shareholders		**69,409**	39,528
Adjustments for:			
Profit on disposal of investment property	6	**(8,299)**	(1,740)
Net movement from fair value adjustments on investment properties		**(19,513)**	(6,861)
Net movement from fair value adjustments in joint ventures		**(4,489)**	(12,405)
Profits in joint ventures		**(8,559)**	(11,411)
Net finance costs		**12,155**	7,132
Rent free lease incentive adjustment		**(103)**	(352)
Provision for bad debts		**75**	114
Amortisation of legal and letting fees		**259**	151
Depreciation on property plant and equipment	15	**125**	76
Share Options	25	**898**	610
Operating profit before changes in working capital		**41,958**	14,842
Changes in working capital:			
Increase in receivables and other financial assets		**(2,050)**	(1,242)
Increase in payables and other financial liabilities		**18,726**	2,387
Cash generated from operations before interest		**58,634**	15,987
Net finance costs		**(12,155)**	(7,603)
Corporation tax paid		**(136)**	(219)
Net cash generated from operating activities		**46,343**	8,165
Cash flows from investing activities			
Investment in joint ventures	14	–	(28,752)
Purchase of investment properties		**(192,583)**	(84,786)
Properties acquired on business combinations	13	**(105,447)**	(68,460)
Disposal of investment properties	6	**51,109**	30,575
Development and other capital expenditure		**(12,955)**	(5,586)
Purchase of plant and equipment	15	**(163)**	(205)
Dividends received from joint ventures	14	**4,325**	6,450
Net cash used in investing activities		**(255,714)**	(150,764)
Cash flows from financing activities			
Proceeds from issuance of new shares		**292,300**	73,320
Repayment of bank loans and other costs		**(21,873)**	(125,680)
New borrowings		**65,311**	133,032
Dividends paid	11	**(27,708)**	(12,216)
Net cash generated from financing activities		**308,030**	68,456
Cash and cash equivalents at the beginning of the year		**15,412**	89,555
Net (decrease)/increase in cash and cash equivalents		**98,659**	(74,143)
Cash and cash equivalents at the end of the year		**114,071**	15,412

The Notes on pages 86 to 115 form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

As at 31 March 2016

	Notes	Retained earnings £'000	Share capital and Share premium £'000	Other reserves £'000	Hedging reserves £'000	Share Option reserves £'000	Revaluation reserves £'000	Total £'000
As at 1 April 2014		26,107	–	212,981	(19)	453	105	239,627
Net proceeds of issue from new shares	23	–	73,320	–	–	–	–	73,320
Transfer of share premium		–	(73,320)	73,320	–	–	–	–
Total comprehensive income for the year		39,528	–	–	(671)	–	–	38,857
Realisation of fair value movements		(520)	–	–	–	–	520	–
Share-based payments		–	–	–	–	610	–	610
Dividend payments [1]	11	–	–	(12,719)	–	–	–	(12,719)
Revaluation movement		(6,861)	–	–	–	–	6,861	–
As at 31 March 2015		**58,254**	**–**	**273,582**	**(690)**	**1,063**	**7,486**	**339,695**
Net proceeds of issue from new shares		–	313,204	–	–	–	–	313,204
Transfer of share premium	23	–	(313,204)	313,204	–	–	–	–
Total comprehensive income for the year		69,409	–	–	(1,152)	–	–	68,257
Realisation of fair value movements		10,098	–	(3,967)	–	–	(10,098)	(3,967)
Share-based payments		–	–	–	–	898	–	898
Dividend payments[(1)]	11	–	–	(28,220)	–	–	–	(28,220)
Revaluation movement		(19,513)	–	–	–	–	19,513	–
As at 31 March 2016		**118,278**	**–**	**554,599**	**(1,842)**	**1,961**	**16,901**	**689,867**

1 Dividends paid in the current year include two quarterly dividends of 4.50 pence per share and the third quarterly dividend of 4.75 pence per share. The final quarterly dividend of 4.75 pence was paid after the year end.

The Notes on pages 86 to 115 form an integral part of these financial statements

STRATEGIC REPORT
GOVERNANCE
FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS

1 Accounting policies

General information

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

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

These consolidated financial statements have been approved for issue by the Board of Directors on 25 May 2016.

Going concern

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

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

The Group has cash and short-term deposits, as well as profitable rental income streams and as a consequence the Directors believe the Group is well placed to manage its business risks. Whilst the Group has borrowing facilities in place, see Note 20, it is currently well within prescribed financial covenants. Together with its cash resources the Group will arrange bank facilities to fund any future risk-controlled developments.

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

Summary of significant accounting policies

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

Basis of preparation

Statement of compliance

These financial statements have been prepared on a going concern basis and in accordance with International Financial Reporting Standards, as adopted by the European Union ('IFRS'). The financial statements are presented in GBP. These financial statements have been prepared under the historical cost convention, as modified by the revaluation of investment and development properties, joint venture interests and derivatives which are stated at fair value.

Income and cash flow statement

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

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

1 Accounting policies continued

Preparation of the consolidated financial statements

The consolidated financial statements incorporate the financial statements of the Company, its subsidiaries and the Special Purpose Vehicles ('SPVs') controlled by the Company, made up to 31 March each year. Control is achieved where the Company has the power to govern the financial and operating policies of an investee entity so as to obtain benefits from its activities. Intra group transactions are eliminated in full.

Changes in accounting policy and disclosure

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

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

- IFRS 9 – Financial Instruments (effective 1 January, 2018)
- IFRS 15 – Revenue Recognition (effective 1 January, 2018)
- IFRS 16 – Leases (effective 1 January, 2019)

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

Consolidation

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

i. Business combinations

The Group applies the acquisition method to account for business combinations. The cost of the acquisition is measured at the aggregate of the fair values, at the date of completion, of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquired. The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under IFRS 3 are recognised at their fair value at the acquisition.

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

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

ii. Joint ventures

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

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

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

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

1 Accounting policies continued

Investment property

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

Investment property is recognised as an asset when:

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

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

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

When the Group begins to redevelop an existing investment property for continued future use as an investment property, the property remains an investment property and is accounted for as such. When the Group begins to redevelop an existing investment property with a view to sell, the property is transferred to trading properties and held as a current asset. The property is remeasured to fair value as at the date of the transfer with any gain or loss being taken to the income statement. The remeasured amount becomes the deemed cost at which the property is then carried in trading properties, accounted for under IAS 2 Inventories. The Group does not currently classify any developments as trading property.

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.

Development property

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

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

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.

1 Accounting policies continued

Leasing (as lessors)

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

Leasing (as lessees)

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

Goodwill

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

Financial instruments

Financial assets

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

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

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

A number of the Group's borrowing arrangements place certain restrictions on the rent received each quarter. These do not prevent access to or use of this funding within the borrowing entities, however they do place certain restrictions on moving those funds around the wider group, typically requiring debt servicing costs to be paid before restrictions are lifted. The cash deposited under such arrangement totalled £7.1 million (March 2015: £7.0 million).

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

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

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

Interest rate swaps, caps and swaption contracts are measured using the Midpoint of the yield curve prevailing on the reporting date. The valuations have been made on a clean basis in that they do not include accrued interest from the previous settlement date to the reporting date. The fair value represents the net present value of the difference between the contracted rate and the valuation rate when applied to the projected balances for the period from the reporting date to the contracted expiry dates.

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

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

1 Accounting policies continued

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

In relation to trade receivables, a provision for impairment is made when there is objective evidence (such as the probability of insolvency or significant financial difficulties of the debtor) that the Group will not be able to collect all of the amounts due under the original terms of the invoice. Impaired debts are derecognised when they are assessed as uncollectible.

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

Financial liabilities

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

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

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

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

Hedge accounting

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

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

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

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

Prepayments

Prepayments are carried at cost less any accumulated impairment losses.

1 Accounting policies continued

Share capital

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

Trade and other receivables

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

Trade and other payables

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

Borrowings

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

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

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

Tax

Income tax

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

Value added tax

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

i. Where the value added tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the value added tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and

ii. Receivables and payables that are stated with the amount of value added tax included. The net amount of value added tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.

REIT Status

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

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

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

1 Accounting policies continued

Employee benefits

Share-based payments

i. Share Options

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

Share price	£1.77 – £3.50
Exercise price	£3.33 – £3.40
Expected volatility	12.5%* – 16.0%*
Risk free rate	0.77% – 0.93%
Expected dividends*	5.06% – 5.26%

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

ii. Performance Shares

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

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

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

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

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

Share price	£2.13 – £3.40
Exercise price	£N/A
Expected volatility	9.5% – 16.0%
Risk free rate	0.61% – 0.93%
Expected dividends	5.25% – 5.10%

iii. Treasury Shares

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

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

1 Accounting policies continued

Provisions

Provisions for legal claims are recognised when:

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

Revenue recognition

i. Rental income

Rental income is recognised on an accruals basis. A rent adjustment based on open market estimated rental value is recognised from the rent review date in relation to unsettled rent reviews. Where a rent free period is included in a lease, the rental income foregone is allocated evenly over the period from the date of lease commencement to the expiry date of the lease.

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

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

ii. Asset management fees

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

iii. Promote payments

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

Dividends

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

Finance income and costs

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

Service charge income and expense

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

Other expenses

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

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

1 Accounting policies continued

Critical accounting estimates and judgements

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

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

The preparation of financial statements requires management to make estimates affecting the reported amounts of assets and liabilities, of revenues and expenses, and of gains and losses. The key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

i. Investment properties

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

The valuation of the Group's development property portfolio and its public house portfolio is inherently subjective due to, amongst other factors, the individual nature of each property, forecast trading EBITDA, the status of planning consent, obtaining vacant possession, development cost projections and the expected future rental income, incorporating tenant credit risk. As a result, the valuations the Group places on its development property portfolio are subject to a degree of uncertainty and are made on the basis of current relevant information available at the date of valuation. Following the announcement of the date for the United Kingdom's referendum on its continued membership of the EU which will take place on 23 June 2016, there will be an element of uncertainty in the financial and property markets and this has been communicated to the Group by Colliers International following their valuations.

ii. Valuation of share-based payments

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

iii. Property disposals

The Company has elected for REIT status. To continue to benefit from this regime, the Group is required to comply with certain conditions as defined in the REIT legislation. In particular, Management are required to determine whether each property acquisition should be included within the REIT rental property income business and whether on disposal of that property, any gain arising is capital or trading in nature, and therefore whether it has triggered a tax charge to be payable to HMRC. If HMRC were to challenge the tax treatment on the disposal of a property, particularly for properties for which redevelopment works have occurred and disposal is within a three year period since acquisition, and consider this to be trading in nature, this may give rise to a tax charge. The Group has determined that all property acquisitions during the year, including those within joint ventures should be included within the REIT ring-fence and therefore has not recognised any deferred tax on the revaluation movements since acquisition. The Group has no unrecognised tax losses carried forward at 31 March 2016 as detailed in Note 8.

iv. Accounting for acquisitions

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

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

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. The Board receives internal performance reporting on the investment property portfolio as a whole and does not manage nor assess this on a segmented basis.

3 Gross income

	2016 £'000	2015 £'000
Rental and related income	**54,109**	20,697
Asset management fees	**870**	1,881
Realised gain received from joint venture partnership during the year	**3,373**	4,779
Surrender premiums and commissions	**1,242**	838
Other sundry income	**1,246**	–
Gross income	**60,840**	28,195

4 Property operating expenses

	2016 £'000	2015 £'000
Amortisation of tenant incentives and letting costs	**844**	627
Ground rent payments	**1,029**	761
Rates on vacant units	**1,235**	627
Other property operating expenses	**1,753**	727
Property operating expenses	**4,861**	2,742
Service charge income	**13,494**	4,133
Service charge expense	**(14,886)**	(5,254)
Net service charge expense	**1,392**	1,121
Total property operating expenses	**6,253**	3,863

5 Administrative expenses

	2016 £'000	2015 £'000
Group staff costs	**8,796**	6,871
Depreciation	**125**	76
Share Option and LTIP expense	**898**	610
Administration and other operating expenditure	**3,928**	2,532
Administrative expenses	**13,747**	10,089
Asset management fees	**(870)**	(1,881)
Exceptional cost[1]	**(900)**	–
Net administrative expenses	**11,977**	8,208
Net administrative expenses as a % of gross rental income (including share of joint ventures)	**18.5%**	23.0%

1 Exceptional one off item in respect of move to the Main Market of £0.9 million.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

5 Administrative expenses continued

	2016 £'000	2015 £'000
Auditor's remuneration		
Fees payable to the Company's auditor for the year end audit	**200**	172
Total audit fees	**200**	172
Fees payable to the Company's auditor for reporting accountant services	**30**	–
Fees payable to the Company's auditor for the interim review	**28**	28
Total non-audit fees	**58**	28
Total	**258**	200

	2016 Number	2015 Number
Staff numbers including Directors as at 31 March	**41**	32

6 Profit on disposal of investment properties

	Note	2016 £'000	2015 £'000
Gross disposal proceeds		**51,109**	30,575
Costs of disposal		**(461)**	(633)
Net disposal proceeds		**50,648**	29,942
Carrying value	12	**(42,349)**	(28,202)
Profit on disposal of investment properties		**8,299**	1,740

Profit based on historical cost was £21 million.

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

7 Finance income and expense

	2016 £'000	2015 £'000
(a) Finance income		
Income from cash and short-term deposits	**82**	191
Total finance income	**82**	191
(b) Finance costs		
Interest on bank loans	**11,500**	5,923
Interest on debt instruments	**737**	1,400
Total finance costs	**12,237**	7,323
Net finance cost	**12,155**	7,132

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

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

8 Taxation

The tax expense for the year comprises:

	2016 £'000	2015 £'000
Current taxation		
UK Corporation Tax at 20% (2015: 21%)	–	–
Tax charge for the year	**136**	–

The charge for the year can be reconciled to the profit per the Consolidated Income Statement as follows:

	2016 £'000	2015 £'000
Profit before tax	**70,909**	39,528
Tax at the current rate of 20% (2015: 21%)	**14,182**	8,300
Tax effect of profit under REIT regime	**(14,046)**	(8,300)
Tax charge	**136**	–

As at 31 March 2016, the Group had no surplus UK revenue tax losses carried forward (2015: £1.0 million) and surplus UK capital losses of £nil million (2015: £nil million).

9 Earnings per share

The European Public Real Estate Association (EPRA) issued Best Practices Policy Recommendations in 2014 and additional guidance in January 2015, which gives recommendations for performance measures. The EPRA Earnings measure excludes investment property revaluations and gains on disposals, intangible asset movements and their related taxation. We have also disclosed an EPRA Adjusted Profit measure which includes realised gains on disposals and adds back Share Option expense, gain on bargain purchase and an exceptional cost in respect of move to the Main Market.

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:

	2016 £'000	2015 £'000
Earnings		
Earnings for the purposes of basic and diluted EPS being Profit after Taxation	**69,409**	39,528
Adjustments to arrive at EPRA profit		
Unrealised gains on revaluation of investment properties	**(19,513)**	(6,861)
Unrealised surplus on revaluation of joint venture investment properties	**(4,489)**	(12,405)
Profit on disposal of investment properties	**(8,299)**	(1,740)
Gain on bargain purchase in respect of acquisition of joint venture entities	**(968)**	–
EPRA profit	**36,140**	18,522
Profit on disposal of investment properties	**8,299**	1,740
Share Option expense	**808**	610
Gain on bargain purchase in respect of acquisition of joint venture entities	**968**	–
Exceptional cost in respect of move to the main market	**900**	–
EPRA Adjusted Profit	**47,115**	20,872
Adjustments to EPRA profit to arrive at NAREIT FFO		
EPRA profit	**36,140**	18,522
Amortisation of tenant incentives and letting costs	**203**	153
Amortisation of rent free periods	**(103)**	(352)
Amortisation of capitalised leasing costs	**641**	474
NAREIT FFO	**36,881**	18,797

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

9 Earnings per share continued

Number of shares	2016 No. 000s	2015 No. 000s
Weighted average number of Ordinary Shares for the purposes of Basic EPS and EPRA EPS calculations	**176,903**	105,496
Effect of dilutive potential Ordinary Shares:		
Share awards	**1,327**	984
Warrants	**229**	255
MSREI joint venture conversion (expired)	**–**	2,870
Weighted average number of Ordinary Shares for the purposes of basic diluted EPS and basic diluted EPRA EPS	**178,459**	109,605
1. EPRA Adjusted EPS (pence)	**26.6**	19.8
2. EPRA EPS Basic (pence)	**20.4**	17.6
3. FFO EPS Basic (pence)	**20.8**	17.8
4. EPS Basic (pence)	**39.2**	37.5
EPRA diluted EPS (pence)	**20.3**	17.4
Diluted EPS Basic (pence)	**38.9**	36.2

1. This is a company calculation based on cash profits including only realised profits in the year and is the basis the Board uses to determine Dividend Payments and Dividend cover.
2. EPRA EPS is calculated in accordance with EPRA guidelines.
3. FFO EPS is calculated in accordance with Market Guidelines
4. Basic EPS includes unrealised gain such as property revaluations and is based on profit before taxation.
5. Dilutive calculations includes the impact of share awards and warrants

10 Net asset value per share

	2016			2015		
	Total equity £'000s	**Shares No. 000s**	**Pence per share**	Total equity £'000s	Shares No. 000s	Pence per share
Basic	**689,867**	**233,494**	**295**	339,695	127,078	267
Warrants in issue	**629**	**420**	**150**	933	569	164
Unexercised employee awards	**4,674**	**2,740**	**171**	4,850	2,617	185
Convertible loan stock (A CULS)[1]	**–**	**–**	**–**	17,000	6,855	248
Convertible loan stock (B CULS)[1]	**–**	**–**	**–**	6,500	2,642	246
Diluted	**695,170**	**236,654**	**294**	368,978	139,761	264
Fair value derivatives	**2,577**	**–**	**–**	690	–	–
EPRA	**697,747**	**236,654***	**295**	369,668	139,761	265

1 All A CULS and B CULS were converted in the year

* 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	Dividend	PID	Non-PID	Pence per share	2016 £'000
Current year dividends					
31 July 2015	First interim dividend	4.50	–	4.50	**5,839**
13 November 2015	Second interim dividend	4.50	–	4.50	**8,094**
10 February 2016	Third quarterly dividend	4.75	–	4.75	**8,887**
13 May 2016[1]	Fourth quarterly dividend	2.75	2.00	4.75	**11,086**
		16.5	2.00	18.5	**33,906**

1 Post balance sheet event.

The £33.9 million of dividends paid in the year is 136% covered by EPRA Adjusted Profits of £47.1 million as set out in Note 9.

Prior year dividends					2015 £'000
31 October 2014	First interim dividend	1.00	3.25	4.25	4,235
30 January 2015	Second interim dividend	1.00	3.25	4.25	4,242
30 January 2015	Third quarterly dividend	4.25	–	4.25	4,242
18 May 2015	Fourth quarterly dividend	4.25	–	4.25	5,401
		10.5	6.50	17.0	18,120

	2016 £'000	2015 £'000
Dividends in Consolidated Statement of Changes in Equity	**28,220**	12,719
Dividends settled in cash during the year	**28,220**	12,719
Timing difference related to payment of withholding tax on dividends	**(512)**	(503)
Dividends in cash flow statement	**27,708**	12,216

The Company has a quarterly dividend policy.

During the year ended 31 March 2016 the Company declared total dividends of 18.5 pence per share of which 4.75 pence was paid after the year end. This is a 8.8% increase on the prior year dividend of 17.0 pence per share. The total dividend is fully covered by profits in the year.

Of the total dividend in respect to the year ended 31 March 2016, 16.5 pence was paid as a PID and 2.00 pence paid as a Non-PID (2015: 10.5 as a PID and 6.5 as a Non-PID).

NOTES TO THE FINANCIAL STATEMENTS
CONTINUED

12 Investment properties

	Note	2016 £'000	2015 £'000
Fair value brought forward		**404,098**	214,124
Acquisitions and improvements in the year		**205,445**	89,815
Properties acquired on business combinations		**252,400**	121,500
Disposals in the year	6	**(42,349)**	(28,202)
		819,594	397,237
Valuation movement gains in profit and loss		**19,513**	6,861
Fair value at 31 March 2016		**839,107**	404,098

It is the Group's policy to carry investment properties at fair value in accordance with IAS 40 'Investment Property'. The fair value of the Group's investment property at 31 March 2016 has been determined on the basis of open market valuations carried out by Colliers International who are the external independent valuers to the Group.

The fair value at 2016 represents the highest and best use.

The properties are categorised as Level 3 in the IFRS 13 fair value hierarchy. There were no transfers of property between Levels 1, 2 and 3.

Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.

Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3 inputs are unobservable inputs for the asset or liability.

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

Valuation processes
The Group's investment properties have been valued at fair value on 31 March 2016 by independent valuers, Colliers International, on the basis of fair value in accordance with the Current Practice Statements contained in The Royal Institution of Chartered Surveyors Valuation – Professional Standards (the 'Red Book'). Following the announcement of the date for the United Kingdom's referendum on its continued membership of the EU which will take place on 23 June 2016, there will be an element of uncertainty in the financial and property markets and this has been communicated to the Group by Colliers International following their valuations.

12 Investment properties continued

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

		Property ERV per sq ft (£)			Property Rent per sq ft (£)			Property Equivalent Yield (%)	EPRA topped up Net Initial Yield (%)
	Fair value (£'000)	Min	Max	Average	Min	Max	Average	Average	Average
Shopping centres	594,462	8.13	38.18	14.10	5.05	30.93	13.54	7.9	6.96
High street	49,546	5.07	21.66	9.94	2.76	22.47	9.62	6.6	6.29
Retail warehouse	132,416	7.00	20.00	12.07	6.29	21.39	10.87	7.4	7.16
Development site	20,890	10.66	10.66	10.66	8.04	8.04	8.04	6.6	4.26
	797,314								

		Property Rent per sq ft (£)			Net Initial Yield (%)			EBITDA psf (£)			Income x		
	Fair value (£'000)	Min	Max	Average	Min	Max	Average	Min	Max	Average	Min	Max	Average
Pub portfolio	161,240	–	–	–	–	–	–	2.13	80.84	19.91	30.3	12.72	7.77
Convenience store development portfolio	14,715	15.00	17.50	13.90	6.0	7.5	6.1	–	–	–	–	–	–
	175,955												
Group Total													
By Ownership	973,269												
Wholly-owned	839,107												
Joint ventures	134,162												
Group Total	**973,269**												

Revenues are derived from a large number of tenants with no single tenant or group under common control contributing more than 10% of the Group's revenue.

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

Valuation techniques underlying the Group's estimation of fair value including joint ventures
The investments are several retail assets in the UK with a total carrying amount of £973 million. The valuation was determined using an income capitalisation method, which involves applying a yield to rental income streams. Inputs include yield, current rent and ERV.

Development properties are valued using a residual method, which involves valuing the completed investment property using an investment method and deducting estimated costs to complete, then applying an appropriate discount rate. The relationship of unobservable inputs to fair value are the higher the rental values and the lower the yield, the higher the fair value. In respect of the pub portfolio the Valuer makes judgements on whether to use residual value or a higher value to include development potential where appropriate. Where no conversion opportunity has been identified at present, the Valuer has not specifically considered an alternative use valuation.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

12 Investment properties continued

These inputs include:

- Rental value – total rental value per annum
- Equivalent yield – the discount rate of the perpetual cash flow to produce a net present value of zero assuming a purchase at the valuation

There were no changes in valuation techniques during the year.

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

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

13 Acquisition of subsidiaries (Business Combination)

On 18 June 2015, the Group acquired 50% of the units of NewRiver Retail Property Unit Trust 3 and 4, Unit Trusts registered in Jersey which are engaged in property investment, resulting in ownership of 100% and control of the underlying entities from its joint venture Partner Bravo II. Management determined that the acquisition of control should be accounted for as a business combination in accordance with IFRS 3 'Business Combinations'. The fair value of the Group's 50% equity interest in the NewRiver Retail Property Unit Trusts held before business combination amounted to £54 million. The total consideration amounted to £159 million. The acquired subsidiaries have contributed net revenues of £13.4 million and profit of £8.4 million to the Group for the period from the date of acquisition to 31 March 2016. If the acquisition had occurred on 1 April 2015, with all other variables held constant, Group net revenue would have increased by £12.8 million and underlying profit would have increased by £11.0 million.

On 11 September 2015 the Group acquired 158 pubs purchased under a Business Sale Agreement from Punch Taverns. The purchase consideration of this business combination was £53.5 million equivalent to the fair value investment property acquired of £53.5 million. No fair value was attributed to any other assets or liabilities. Since the acquisition date this pub portfolio has contributed £3.4 million net revenues and profit of £3.2 million to the Group. If the acquisition had occurred on 1 April 2015, with all other variables held constant, Group net revenue for the year would have increased by £5.7 million and underlying profit would have increased by £2.2 million.

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

	31 March 2016 Attributed fair value £'000
Investment property	252,400
Current assets	1,839
Other net current liabilities	(5,899)
Cash and cash equivalents	6,903
Debenture and loans	(94,811)
Fair value of acquired interest in net assets of subsidiaries	**160,432**
Bargain purchase (negative goodwill)	(968)
Total purchase consideration	159,464
Less: fair value previously held interest	(54,017)
Total acquisitions	**105,447**

The purchase consideration disclosed above comprises cash and cash equivalents paid to the acquiree's 50% owner of £51.95 million. The bargain purchase is a result of the fair value exceeding the purchase price and includes a capital payment by Bravo II of £3.3 million as part of the transaction which accrued to NewRiver Retail Limited as a result of strong performance of the Property Unit Trust. The gain on bargain purchase is recognised in the income statement. The fair value of cash and cash equivalents was considered equal to the carrying value representing the entity's bank deposits; fair value of borrowings and trade and other payables was calculated based on discounted cash flow models. The acquired bank loans and overdrafts have no recourse to other companies or asset in the Group.

14 Investments in joint ventures

	Note	2016 £'000	2015 £'000
Opening balance		**113,027**	74,851
Additional joint venture interests acquired during the year[1]		–	72,470
Effective disposal of 50%/10% investment	13	**(54,017)**	(7,942)
Income from joint ventures		**8,559**	11,411
Net valuation movement		**4,489**	11,843
Distributions and dividends[1]		**(4,325)**	(6,450)
Loan repayment		–	(45,567)
Capital call		**2,266**	2,275
Hedging movements		**126**	136
Closing balance		**70,125**	113,027

Name	Country of incorporation	% Holding 2016	% Holding 2015
NewRiver Retail Investments LP and NewRiver Retail Investments (GP) Ltd*	Guernsey	**50**	50
NewRiver Retail Property Unit Trust	Jersey	**100**	100
NewRiver Retail Property Unit Trust No.2	Jersey	**50**	50
NewRiver Retail Property Unit Trust No.3	Jersey	**100**	50
NewRiver Retail Property Unit Trust No.4	Jersey	**100**	50
NewRiver Retail Property Unit Trust No.5, No.6, No.7	Jersey	**50**	50

1 The net cash outflow during the year was £4.3 million (2015: cash outflow £66.02 million).

* NewRiver Retail Investments (GP) Limited and its Limited partner (NewRiver Retail Investments LP) has a number of 100% owned subsidiaries which are NewRiver Retail (Finco No 1) Limited and NewRiver Retail (GP1) Limited, acting in its capacity as General Partner for NewRiver Retail (Holding No 1) LP and NewRiver Retail (Portfolio No 1) LP. These entities have been set up to facilitate the investment in retail properties in the UK by the Barley JV.

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

NewRiver Retail Property Unit Trust, NewRiver Retail Property Unit Trusts No 2, 5, 6 and 7.
NewRiver Retail Property Unit Trusts No 2, 5, 6 and 7 (the 'Middlesbrough and 'Swallowtail' JVs) are established jointly controlled Jersey Property Unit Trusts set up by NewRiver Retail Limited and PIMCO Bravo II Fund LP ('Bravo II') to invest in UK retail property.

On 18 June 2015, the Group acquired 50% of the units of Trent and Camel III, resulting in ownership of 100% and control of the underlying entity from its joint venture Partner Bravo II. See Note 13. The Middlesbrough and Swallowtail JVs are owned 50% by NewRiver Retail Limited and 50% by BRAVO II. NewRiver Retail (UK) Limited is the appointed asset manager on behalf of these JVs and receives asset management fees, development management fees and performance-related return promote payments.

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

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

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

14 Investments in joint ventures continued

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

	2016 NewRiver Retail Property Unit Trust, 2, 3, 4, 5, 6,7 Total £'000	31 March 2016 Group's share £'000	2015 NewRiver Retail Property Unit Trust, 2, 3, 4 £'000	31 March 2015 Group's Share £'000
Balance sheet				
Non-current assets	**240,641**	**120,321**	417,560	208,780
Current assets	**6,664**	**3,332**	14,799	7,400
Current liabilities	**(3,888)**	**(1,944)**	(8,372)	(4,186)
Senior debt	**(117,365)**	**(58,675)**	(211,252)	(105,619)
Non-current (liabilities)/assets	**(979)**	**(497)**	(1,865)	(939)
Net assets	**125,073**	**62,537**	210,870	105,436
Income statement*				
Net income	**19,706**	**11,957**	34,702	15,705
Administration expenses	**(964)**	**(556)**	(1,800)	(804)
Finance costs	**(5,056)**	**(3,243)**	(8,867)	(4,021)
Recurring income	**13,686**	**8,158**	24,035	10,880
Fair value surplus on property revaluations	**11,604**	**5,802**	25,616	12,807
Profit on disposal	**33**	**17**	–	–
Income from joint ventures	**25,323**	**13,977**	49,651	23,687

* Includes NewRiver Retail Ltd's share of NewRiver Retail Property Unit Trust 3 and 4 from the period 1 April 2015 to 18 June 2015 prior to acquisition of the remaining 50%.

The Group's share of any contingent liabilities to the JPUTs is £nil (2015: £nil).

NewRiver Retail Investments LP

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

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

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.

14 Investments in joint ventures continued

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

	2016 NewRiver Retail Investments (GP) Ltd Total £'000	**2016 Group's Share 50% £'000**	2015 NewRiver Retail Investments (GP) Ltd Total £'000	2015 Group's Share 50% £'000
Balance sheet				
Non-current assets	**27,683**	**13,842**	26,850	13,425
Current assets	**1,060**	**530**	1,990	995
Current liabilities	**(783)**	**(391)**	(815)	(408)
Senior debt	**(12,784)**	**(6,393)**	(12,771)	(6,387)
Non-current liabilities	**–**	**–**	(70)	(34)
Net assets	**15,176**	**7,588**	15,184	7,591
Income statement				
Net income	**1,219**	**609**	1,916	957
Administration expenses	**(209)**	**(104)**	(262)	(131)
Finance costs	**(242)**	**(121)**	(591)	(295)
Recurring income	**768**	**384**	1,063	531
Fair value (deficit) on property revaluations	**(2,626)**	**(1,313)**	(804)	(402)
(Deficit)/Income from joint ventures	**(1,858)**	**(929)**	259	129

The Group's share of any contingent liabilities to the Barley JV is £nil (2015: £nil).

15 Property, plant and equipment

	Fixtures and equipment £'000
Cost	
At 1 April 2014	508
Additions	205
At 31 March 2015/1 April 2015	**713**
Additions	163
At 31 March 2016	**876**
Depreciation	
At 1 April 2014	(124)
Depreciation charge for the year	(76)
At 31 March 2015/1 April 2015	**(200)**
Depreciation charge for the year	(125)
At 31 March 2016	**(325)**
Book value at 31 March 2016	**551**
Book value at 31 March 2015	513

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

16 Investment in subsidiary undertakings

Below is a list of the Group's principal subsidiaries.

Name	Country of incorporation	Activity	Proportion of ownership interest 2016	Class of share
NewRiver Retail (Boscombe No. 1) Limited	UK	Real estate investments	100%	Ordinary Shares
NewRiver Retail (Carmarthen) Limited	UK	Real estate investments	100%	Ordinary Shares
NewRiver Retail CUL No. 1 Limited	UK	Finance Company	100%	Ordinary Shares
NewRiver Retail Holdings Limited	Guernsey	Real estate investments	100%	Ordinary Shares
NewRiver Retail Holdings No. 2 Limited	Guernsey	Real estate investments	100%	Ordinary Shares
NewRiver Retail Holdings No. 3 Limited	Guernsey	Real estate investments	100%	Ordinary Shares
NewRiver Retail Holdings No. 4 Limited	Guernsey	Real estate investments	100%	Ordinary Shares
NewRiver Retail (Market Deeping No. 1) Limited	Guernsey	Real estate investments	100%	Ordinary Shares
NewRiver Retail (Morecambe) Limited	UK	Real estate investments	100%	Ordinary Shares
NewRiver Retail (Newcastle No. 1) Limited	Guernsey	Real estate investments	100%	Ordinary Shares
NewRiver Retail (Paisley) Limited	UK	Real estate investments	100%	Ordinary Shares
NewRiver Retail (Portfolio No. 1) Limited	Guernsey	Real estate investments	100%	Ordinary Shares
NewRiver Retail (Portfolio No. 2) Limited	Guernsey	Real estate investments	100%	Ordinary Shares
NewRiver Retail (Portfolio No. 3) Limited	UK	Real estate investments	100%	Ordinary Shares
NewRiver Retail (Portfolio No. 5) Limited	UK	Real estate investments	100%	Ordinary Shares
NewRiver Retail (Portfolio No. 6) Limited	UK	Real estate investments	100%	Ordinary Shares
NewRiver Retail (Skegness) Limited	UK	Real estate investments	100%	Ordinary Shares
NewRiver Retail (UK) Limited	UK	Company operation and asset management	100%	Ordinary Shares
NewRiver Retail (Warminster) Limited	UK	Real estate investments	100%	Ordinary Shares
NewRiver Retail (Wisbech) Limited	UK	Real estate investments	100%	Ordinary Shares
NewRiver Retail (Witham) Limited	UK	Real estate investments	100%	Ordinary Shares
NewRiver Retail (Wrexham No. 1) Limited	Guernsey	Real estate investments	100%	Ordinary Shares
NewRiver Leisure Limited	UK	Real estate investments	100%	Ordinary Shares
NewRiver Retail (Bexleyheath) Limited	UK	Real estate investments	100%	Ordinary Shares
NewRiver Retail (Broadway Square) Limited	UK	Real estate investments	100%	Ordinary Shares
NewRiver Retail (Cardiff) Limited	UK	Real estate investments	100%	Ordinary Shares
NewRiver Retail (Colchester) Limited	UK	Real estate investments	100%	Ordinary Shares
NewRiver Retail (Darlington) Limited	UK	Real estate investments	100%	Ordinary Shares
NewRiver Retail (Leylands Road) Limited	UK	Real estate investments	100%	Ordinary Shares
NewRiver Retail (Mantle) Limited	UK	Real estate investments	100%	Ordinary Shares
NewRiver Retail (Penge) Limited	UK	Real estate investments	100%	Ordinary Shares
NewRiver Retail (Portfolio No.4) Limited	UK	Real estate investments	100%	Ordinary Shares
NewRiver Retail (Portfolio No.8) Limited	UK	Real estate investments	100%	Ordinary Shares
NewRiver Retail (Ramsay Development) Limited	UK	Real estate investments	100%	Ordinary Shares
NewRiver Retail (Ramsay Investment) Limited	UK	Real estate investments	100%	Ordinary Shares
NewRiver Retail (Skegness Developments) Limited	UK	Real estate investments	100%	Ordinary Shares
NewRiver Retail (Wakefield) Limited	UK	Real estate investments	100%	Ordinary Shares
NewRiver Retail Holdings 1 Limited	Guernsey	Real estate investments	100%	Ordinary Shares
NewRiver Retail Holdings 5 Limited	Guernsey	Real estate investments	100%	Ordinary Shares
NewRiver Retail Holdings 6 Limited	Guernsey	Real estate investments	100%	Ordinary Shares
NewRiver Retail Holdings 7 Limited	Guernsey	Real estate investments	100%	Ordinary Shares
C Store REIT Limited	UK	Real estate investments	100%	Ordinary Shares
Convenience Store REIT Limited	UK	Real estate investments	100%	Ordinary Shares
Pub REIT Limited	UK	Real estate investments	100%	Ordinary Shares
Shopping Centre REIT Limited	UK	Real estate investments	100%	Ordinary Shares

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

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

17 Trade and other receivables

	2016 £'000	2015 £'000
Trade receivables	**4,908**	2,920
Prepayments and accrued income	**3,554**	2,933
	8,462	5,853

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

A provision of £0.6 million (2015: £0.7 million) was made against trade receivables as at 31 March 2016.

18 Cash and cash equivalents

	2016 £'000	2015 £'000
Cash at bank	**114,071**	15,412

19 Trade and other payables

	2016 £'000	2015 £'000
Trade payables	**2,182**	3,770
Other payables	**3,841**	1,409
Accruals	**10,026**	5,569
Rent received in advance	**9,583**	5,449
	25,632	16,197
Taxation – current	**136**	–
Current trade and other payables	**25,768**	16,197

20 Borrowings

	2016 £'000	2015 £'000
Secured bank loans	**314,105**	157,921
Convertible Unsecured Loan Stock	**–**	23,420
	314,105	181,341
Maturity of borrowings:		
Balance sheet borrowings		
Less than one year – Convertible Unsecured Loan Stock	**–**	23,420
Between one and two years	**–**	–
Between two and three years	**94,029**	–
Between three and four years	**186,269**	–
Between two and five years	**33,807**	85,556
Over five years	**–**	72,365
	314,105	181,341

	2016 £'000	2015 £'000
Maturity of borrowings:		
Group's share of joint venture borrowings		
Less than one year	**6,396**	–
Between one and two years	**–**	6,386
Between two and three years	**13,505**	–
Between three and four years	**45,178**	60,538
Between four and five years	**–**	45,088
Over five years	**–**	–
	65,079	112,012

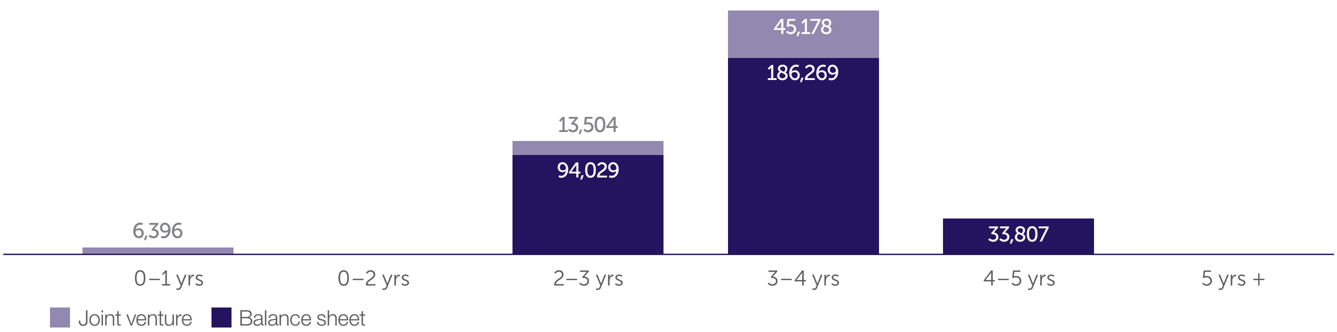
NOTES TO THE FINANCIAL STATEMENTS CONTINUED

20 Borrowings continued

Maturity of borrowings:

Total Group share of borrowings (Proportionally consolidated)		
Less than one year	**6,396**	23,420
Between one and two years	**–**	6,386
Between two and three years	**107,534**	–
Between three and four years	**231,447**	60,538
Between four and five years	**33,807**	130,645
Over five years	**–**	72,364
Total	**379,184**	293,353

Debt maturity as at 31 March 2016
£'000



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.

	2016	2015
Weighted average debt maturity including extension options		
Balance sheet secured borrowings	**3.6 yrs**	5.0 yrs
Joint venture secured borrowings	**3.1 yrs**	3.9 yrs
Total Group share of borrowings	**3.5 yrs**	4.6 yrs

	2016	2015
Effective interest rate during the year		
Balance sheet secured borrowings	**4.2%**	3.8%
Joint venture secured borrowings	**2.9%**	3.9%
Total Group share of borrowings	**3.7%**	3.8%
LTV (proportionally consolidated)	**27%**	39%
Interest cover x (proportionally consolidated)	**4.3x**	3.9x

20 Borrowings continued

Facility and arrangement fees

Current year	Maturity date	Facility drawn £'000	Unamortised facility fees £'000	Balance £'000
				2016
Secured balance sheet borrowings				
AIG	Dec 2018	62,662	427	**62,235**
Barclays	Dec 2018	31,996	200	**31,796**
HSBC	May 2019	24,736	280	**24,456**
Lloyds	Sep 2019	65,311	818	**64,493**
Santander/HSBC	Mar 2020	51,584	644	**50,940**
Barclays	Mar 2020	46,802	424	**46,378**
Santander	Feb 2021	34,029	222	**33,807**
Subtotal		317,120	3,015	**314,105**
Group's share of secured joint venture borrowings				
Santander	Feb 2017	6,400	4	**6,396**
Barclays	Aug 2018	13,585	81	**13,504**
HSBC	Nov 2019	45,500	321	**45,179**
Subtotal		65,485	406	**65,079**
Total Group's share of borrowings		**382,605**	**3,421**	**379,184**

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

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

20 Borrowings continued

Group's Share of Borrowings: Hedging Profile

Fixed	**50%**
Capped	**43%**
Floating	**7%**

Fair value on interest rate swaps

The Group recognised a mark to market fair value loss of £1.2 million (2015: loss of £0.7 million) on its interest rate swaps for the year ended 31 March 2016. The fair value of interest rate swap liabilities in the balance sheet as at 31 March 2016 was £3.0 million (2015: £1.9 million). The fair value of interest rate swap assets in the balance sheet as at 31 March 2016 was £0.4 million (2015: 0.3 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, £17 million of A CULS and £8 million of B CULS. On issue, the stockholder was able to convert all or any of the stock into Ordinary Shares at the rate of one Ordinary Share for every £2.80. The conversion rate was subsequently adjusted on the A CULS and on the B CULS as a result of new shares being issued and dividends paid in accordance with the terms of the agreement. Under the terms of the convertible, interest accrued at 5.85% on the outstanding loan stock until 31 December 2015 when it would be either converted or repaid. The interest payable on the CULS was due biannually on the 30 June and 31 December.

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

On 2 July 2015, £6.5 million B CULS were converted at a conversion price of £2.46 representing 2,653,061 Ordinary Shares.

On 25 November 2015, £17 million A CULS were converted at a conversion price of £2.43 representing 6,995,884 Ordinary Shares.

As at 31 March 2016, all of the CULS had been converted and are no longer in existence.

21 Operating lease arrangements

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

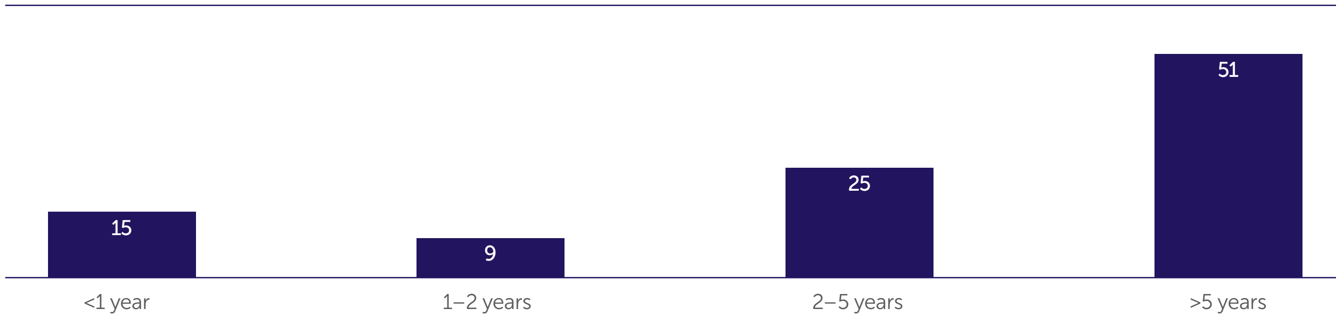
At the balance sheet date the Group had contracted with tenants for the following future minimum lease payments on its investment properties:

	2016 £'000	2015 £'000
Within one year	**74,261**	30,030
Between one and two years	**64,836**	27,823
In the second to fifth year inclusive	**114,451**	66,803
After five years	**157,127**	95,311
	410,675	219,967

21 Operating lease arrangements continued

Weighted average lease expiry

Operating leases in NewRiver Retail Limited portfolio



The Group's weighted average lease length of operating leases at 31 March 2016 was 7.2 years (2015: 7.4 years).

22 Financial commitments and operating lease arrangements

	2016 £'000	2015 £'000
Rents payable on operating leases:		
Within one year	**127**	387
One to two years	**191**	203
Two to five years	**574**	617
After five years	**114**	304
	1,006	1,511

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

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

23 Share capital and reserves

The authorised share capital is unlimited and there are 233,393,712 shares in issue which excludes treasury shares (2015: 127,077,895). The table below outlines the movement of shares in the year:

		Number of Ordinary Shares issued 000s	Price per pence	Total number of shares 000s
Brought forward at 1 April 2015				127,078
May 2015	Option exercise (EBT)	17	–	127,095
July 2015	CULS conversion	2,653	245	129,748
July 2015	Equity issuance	50,000	300	179,748
September 2015	Warrant conversion	90	156	179,838
September 2015	Option exercise (EBT)	25	–	179,863
December 2015	CULS conversion	6,995	243	186,858
January 2016	Option exercise (EBT)	234	–	187,092
January 2016	Equity issuance	46,154	325	233,246
March 2016	Warrant conversion	78	152	233,324
March 2016	Option exercise (EBT)	69	–	233,393
Carried forward at 31 March 2016				**233,393**

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

23 Share capital and reserves continued

During the year, the Group approved a transfer from the share premium account of £313.2 million (2015: £73.3 million) to other reserves which may be distributed in the future. Other reserves being distributable reserves. The share premium arose from previous successful equity raises. The gross proceeds of £300 million were received from the issue of 50,000,000 shares at 300 pence and 46,153,846 at 325 pence. Costs of £7.7 million associated with the issue have been netted off against these proceeds.

Shareholders who subscribed for Placing Shares in the IPO received warrants, in aggregate, to subscribe for 3% of the Fully Diluted Share Capital exercisable at the subscription price per Ordinary Share of £2.50 and all such warrants shall be fully vested and exercisable upon issuance. The subscription price has subsequently been adjusted to £1.50 following subsequent dividend payments and share issues.

24 Treasury shares

The Company has established an Employee Benefit Trust (EBT) which is registered in Jersey.

The EBT, at its discretion, may transfer shares held by it to Directors and employees of the Company and its subsidiaries. The maximum number of Ordinary Shares that may be held by the Trustee of the EBT may not exceed 10% of the Company's issued share capital at that time. It is intended that the Trustee of the EBT will not hold more Ordinary Shares than are required in order to satisfy awards/options granted under share incentive plans.

There are currently 152,055 treasury shares held in the Employee Benefit Trust. As the EBT is consolidated, these shares are treated as treasury shares. On 31 March 2016 5 million shares were gifted to the EBT.

During the year, 344,445 were issued from the EBT to satisfy the exercise of options for employees from the EBT (2015: 127,500).

	2016 000s	2015 000s
Brought forward	**497**	624
Exercised during the year	**(345)**	(127)
Gifted to EBT during the year	**5,000**	–
Carried forward	**5,152**	497

25 Share-based payments

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

(a) Terms

Share Options

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

	Exercise price £	**2016 Number of options**	2015 Number of options
Awards brought forward		**2,182,410**	2,317,410
Awards made during the current year	–	**–**	–
Awards exercised during the current year	2.35	**–**	(127,500)
Awards exercised during the current year	2.50	**(224,000)**	–
Awards exercised during the current year	2.72	**(22,098)**	–
Awards lapsed during the prior year	–	**–**	(7,500)
Exercisable options at the end of the year		**1,936,312**	2,182,410

The awards granted during the year are based on a percentage of the total number of shares in issue. There have been no new Share Options issued in the current year. The weighted average exercise price during the year was £2.61.

25 Share-based payments continued

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 £	2016 Number of shares	2015 Number of shares
Awards brought forward		**1,196,310**	650,000
Awards made during the current year	nil	**1,093,072**	607,000
New awards made during the current year in respect of accrued dividends		**206,354**	–
Awards exercised during the current year		**(81,192)**	–
Awards lapsed during the current year		**(315,569)**	(60,690)
Issued shares at the end of the year		**2,098,975**	1,196,310

(b) Share-based payment charge

	2016 £'000	2015 £'000
Share-based payment expense brought forward	**1,063**	453
Share-based payment expense in the year	**898**	610
Cumulative share-based payment	**1,961**	1,063

26 Financial instruments – risk management

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

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

(a) Market risk

Currency risk

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

Cash flow and fair value interest rate risk

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

The Group's cash flow and fair value risk is reviewed quarterly by the Board. The Group analyses its interest rate exposure on a dynamic basis. It takes on exposure to mitigate the effects of fluctuations in the prevailing levels of market interest rates on its financial position and cash flows. Interest costs may increase as a result of such changes. They may reduce or create losses in the event that unexpected movements arise. Various scenarios are simulated taking into consideration refinancing, renewal of existing positions, alternative financing and hedging. Based on these scenarios the Group calculates the impact on profit and loss of a defined interest rate shift. The simulation is run on an ongoing basis to verify that the maximum potential impact is within the parameters expected by management. To date the Group has sought to fix its exposure to interest rate risk on borrowings through the use of a variety of interest rate derivatives. At 31 March 2016, the Group (including joint ventures) had £413 million (2015: £342.3 million) of interest rate swaps and caps in place. This gives certainty over future cash flow but exposure to fair value movements, which amounted to an unrealised loss of £1.2 million at 31 March 2016 (2015: Loss £0.7 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 £0.6 million (2015: £1.3 million).

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

26 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 own and counterparty exposures.

(c) Liquidity risk

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

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:

			2016
	Current £'000	**Year 2 £'000**	**Years 3 to 5 £'000**
Interest bearing loans and borrowings	**–**	**–**	**317,122***
Trade and other payables	**25,767**	**–**	**–**
Derivative financial instruments	**–**	**–**	**1,842**
	25,767	**–**	**318,964**

			2015
	Current £'000	Year 2 £'000	Years 3 to 5 £'000
Interest bearing loans and borrowings	–	–	159,565
CULS	–	23,500	–
Trade and other payables	16,197	–	–
Derivative financial instruments	–	–	690
	16,197	23,500	160,255

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

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

(d) Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern to provide returns to shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

To maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt. Consistent with others in the industry, the Group monitors capital on the basis of its gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including borrowings and trade and other payables as shown in the balance sheet) but excluding preference shares, which for capital risk management is considered to be capital rather than debt, less cash and short-term deposits.

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

27 Contingencies and commitments

The Group has no material contingent liabilities (2015: None). The Group is contractually committed to £6.4 million of capital expenditure as at 31 March 2016 (2015: Nil).

28 Related party transactions

Group

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

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

Total emoluments of Executive Directors during the period (excluding share-based payments) were £3.1 million (2015: £3.8 million).

Share-based payments of £0.9 million (2015: £0.6 million) accrued during the year.

During the year, 30,000 shares (2015: nil) were acquired on the open market by Directors. See Directors' Interests on page 72.

29 Post balance sheet events

On 25 May 2016, NewRiver Retail Limited announced the first quarter dividend for the new financial year of 5 pence per share, payable on 19 August 2016 to shareholders. The ex-dividend date will be 21 July 2016.

On 13 May 2016, NewRiver Retail Limited paid dividends of £10.7 million to its shareholders. The total dividend was 4.75 pence of which 2.75 pence per share was paid as a PID and 2.0 pence was paid as a Non-PID. The total dividend for the year was 18.5 pence which was 144% fully covered.

On 18 April 2016, NewRiver Retail Limited acquired 100% of the shares through the acquisition of a legal entity of Broadway Shopping Centre and Broadway Square Retail Park in Bexleyheath, accounted for as a Business Combination per IFRS 3 for a total purchase consideration of £120.25 million equivalent to the fair value investment property acquired of £120.25 million. No fair value was attributed to any other assets or liabilities. It is not expected that Goodwill will be recognised following this business combination. Further information disclosure on this acquisition is not deemed practical at this point in time.

As part of the business combination, the Group acquired a £49 million secured loan from Deka bank.

GLOSSARY OF TERMS

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

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

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

EPRA is the European Public Real Estate Association.

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

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

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

EPRA NAV per share is EPRA NAV divided by the diluted number of shares at the period end. It excludes property revaluations.

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

Equivalent yield is the net weighted average income return a property will produce based upon the timing of the income received. In accordance with usual practice, the equivalent yields (as determined by the external Valuers) assume rent received annually in arrears and on values before deducting prospective purchaser's costs.

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

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

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

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

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

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

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

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

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

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

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

Like-for-like ERV growth is the change in ERV over a period on the standing investment properties expressed as a percentage of the ERV at the start of the period.

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

Loan to Value (LTV) is the ratio of gross debt less cash, short-term deposits and liquid investments to the aggregate value of properties and investments.

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

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

NAREIT FFO is a calculation to adjust a 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 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.

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.

Revolving Credit Facility (RCF)

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

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

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

Reversionary yield is the anticipated yield to which the initial yield will rise to once the rent reaches the ERV.

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

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

Voids are expressed as a percentage of ERV and represent all unlet space, including voids where refurbishment work is being carried out and voids in respect of pre-development properties.

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.

GLOSSARY OF TERMS
CONTINUED

Weighted average interest rate is the Group loan interest and derivative costs per annum at the period end, divided by total Group debt in issue at the period end.

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

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

COMPANY INFORMATION

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(Chief Executive)

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(Finance Director)

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