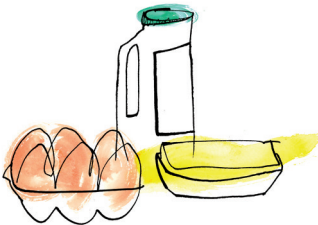


Half Year Report
30 September 2014


The true value of retail



Who we are

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

Inside this report

- 
- 01** Highlights
 - 02** Financial statistics
 - 03** Proportionately consolidated Statement of Comprehensive Income
 - 04** Proportionately consolidated Balance Sheet
 - 05** Chairman's Statement
 - 06** Consolidated Condensed Income Statement
 - 07** Consolidated Condensed Statement of Comprehensive Income
 - 08** Consolidated Condensed Balance Sheet
 - 09** Consolidated Condensed Cash Flow Statement
 - 10** Consolidated Condensed Statement of Changes in Equity
 - 11** Notes to the accounts
 - 28** Company information
 - 29** Independent Review Report to the members of NewRiver Retail Limited

Highlights

Strong financial performance and portfolio expansion through successful deployment of equity placing proceeds.

Financial Highlights

Record profits and good NAV per share growth

- EPRA adjusted profit increased by 120% to £6.8 million (Sept 2013: £3.1 million)
- Profit before tax increased by 137% to £12.3 million (Sept 2013: £5.2 million)
- EPRA adjusted earnings per share of 6.8 pence (Sept 2013: 6.5 pence)*
- Dividend per share of 8.5 pence (Sept 2013: 6 pence) following commencement of quarterly dividend
- EPRA NAV per share increased by 14% to 252p (Sept 2013: 222p)
- LTV increased to 38% (Sept 2013: 30%) with further approved debt facilities in place
- Effectively deployed the majority of the £85 million proceeds from the recent equity raise

Operational Highlights

Highly active asset management continues to drive value

- Total of £174m of acquisitions completed at an average yield of 8.2%
- Assets under management increased by 28% to £767 million (March 2014: £600 million)
- Largest acquisition to date of Swallowtail portfolio, for £140 million at a NIY of 8%
- High retail occupancy rate maintained at 95% (March 2014: 95%)
- Strong performance across the retail portfolio including 110 new lettings and lease renewals, delivering £2.7 million pa at 11.1% above ERV
- Excellent progress of Marston's pub estate conversion with 63 pre-let agreements secured with The Co-operative Group to build a convenience store portfolio
- Growth of BRAVO** joint venture to £516 million of assets (March 2014: £347 million)
- Successful recycling of equity through four disposals totalling £34.3 million
- Growing risk-controlled development programme with two completions in Preston and Widnes

* During the period the average number of shares increased from 47.8 million at 30 Sep 2013 to 99.5 million at 30 Sep 2014.

** BRAVO refers to the joint venture with BRAVO I and II (funds advised or managed by Pacific Investment Management Company LLC).

Financial Statistics

Performance

Six months ended	30 Sep 2014	30 Sep 2013	Movement/ Growth
EPRA adjusted profit	£6.8m	£3.1m	+£3.7m
EPRA adjusted EPS*	6.8p	6.5p	0.3p
Dividends per share	8.5p	6.0p	+2.5p
Profit before tax	£12.3m	£5.2m	+£7.1m
Basic EPS	12.4p	10.9p	+1.5p
Property valuation movement and disposals	£6.8m	£2.2m	+£4.6m
Total Shareholder Return	+9%	+25%	+16%

* During the period the average number of shares increased from 47.8m at 30 Sep 2013 to 99.5m at 30 Sep 2014.

Balance Sheet (proportionally consolidated)

Six months ended	30 Sep 2014	30 Sep 2013	Movement/ Growth
Net Asset Value	£252.6m	£239.6m	+£13m
EPRA NAV per share	252 pence	240 pence	+12 pence
Secured debt facilities (net of fees)	£184.2m	£184.1m	+£0.1m
Cash	£13.9m	£92.6m	(£78.7m)
Net debt	£170.3m	£91.5m	+£78.8m
Cost of debt	4.2%	3.9%	+0.3%
Average debt maturity	4.0 years	4.5 years	(0.5 years)
Loan to value	38%	25%	+13%
Interest cover	3.5x	3.9x	(0.4x)
% of debt at fixed/capped rates	80%	74%	+6%

Proportionally consolidated Statement of Comprehensive Income

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

	Six months ended 30 September 2014			Six months ended 30 September 2013		
	Group £'000	Joint Ventures £'000	Proportionally consolidated £'000	Group £'000	Joint Ventures £'000	Proportionally consolidated £'000
Income statement						
Gross rental income and fees	9,199	7,731	16,930	8,742	1,844	10,586
Property outgoings	(1,750)	(662)	(2,412)	(1,797)	(260)	(2,057)
Net property income	7,449	7,069	14,518	6,945	1,584	8,529
Operating expenses	(3,781)	(387)	(4,168)	(2,191)	(150)	(2,341)
Net financing costs	(2,908)	(1,889)	(4,797)	(2,784)	(377)	(3,161)
Profit/(loss) on disposal of investment properties	1,153	–	1,153	–	–	–
Tax & EPRA adjustments	75	–	75	93	–	93
EPRA adjusted profit	1,988	4,793	6,781	2,063	1,057	3,120
Revaluation surplus	–	5,631	5,631	924	1,267	2,191
Tax & EPRA adjustments	(75)	–	(75)	(93)	–	(93)
Profit for the period before tax	1,913	10,424	12,337	2,894	2,324	5,218

Financial statistics continued

Proportionally consolidated Balance Sheet

Management assesses the business on a proportionally consolidated basis. The IFRS net assets for the Group include investment in joint ventures on one line and this is split out on a line by line basis in the table below.

	As at 30 September 2014			As at 31 March 2014		
	Group £'000	Joint Ventures £'000	Proportionally consolidated £'000	Group £'000	Joint Ventures £'000	Proportionally consolidated £'000
Balance sheet						
Properties at valuation	226,098	225,087	451,185	214,124	149,222	363,346
Investment in joint ventures	155,058	(155,058)	–	74,851	(74,851)	–
Other non-current assets	417	–	417	384	–	384
Cash	10,811	3,079	13,890	89,555	3,010	92,565
Other current assets	5,792	4,326	10,118	3,595	2,567	6,162
Total assets	398,176	77,434	475,610	382,509	79,948	462,457
Other current liabilities	(8,420)	(5,833)	(14,253)	(10,421)	(3,817)	(14,238)
Debt	(113,067)	(71,093)	(184,160)	(108,256)	(75,812)	(184,068)
Convertible loan stock	(23,362)	–	(23,362)	(23,306)	–	(23,306)
Other non-current liabilities	(739)	(508)	(1,247)	(899)	(319)	(1,218)
Total liabilities	(145,588)	(77,434)	(223,022)	(142,882)	(79,948)	(222,830)
IFRS net assets	252,588	–	252,588	239,627	–	239,627
EPRA adjustments (Note 7)	29,972		29,972	4,879		4,879
EPRA net assets	282,560		282,560	244,506		244,506
EPRA NAV per share (£)			2.52			2.40

Chairman's Statement



“The Board is delighted with the Company's significant progress which further demonstrates that NewRiver is achieving its objective of becoming one of the leading value-creating retail property investment businesses in the UK.”

The first half of the financial year has been another strong period for the Company since listing in 2009 and I am pleased to report NewRiver's interim results for the six months to 30 September 2014.

The Company continued to deliver a strong financial performance. EPRA adjusted profit increased by 120 per cent to £6.8 million (Sept 2013: £3.1 million), whilst assets under management grew to £767 million since the end of the last financial year, representing a 28 per cent uplift since 31 March 2014. The Board has approved two Quarterly Dividend payments resulting in an increase of the interim dividend to 8.5 pence (Sept 2013: 6 pence).

Following the successful and oversubscribed capital raise at the beginning of 2014, NewRiver

secured £85 million of fresh equity. The Management team has effectively deployed the majority of the equity proceeds having identified attractive opportunities to acquire quality assets and completing £174 million of new acquisitions during the period.

The major event of the period was the £140 million acquisition of three large shopping centres, part of the Swallowtail Portfolio, which added 758,000 sq ft of high quality retail space to NewRiver's growing asset base. The acquisition was funded through the Company's well-established joint venture with BRAVO*, with both parties taking a 50 per cent equity stake. Acquired at an attractive initial 8 per cent yield, the centres offer a range of opportunities for NewRiver to exercise its active asset management initiatives to enhance income and value, a number of which are already underway.

The freehold acquisition of the Linear Portfolio comprising four retail parks for £17.3 million, and a retail warehouse in Gloucester for £4.25 million, both at highly attractive yields of 9.1 per cent and 8.3 per cent respectively, creates access to the traditional edge of town marketplace.

The Company also acquired Three Horseshoes Walk in Warminster for £9.0 million at an attractive yield of 9.0 per cent as well as a number of smaller assets both during the period (£3.12 million) and post balance sheet (£11.26 million) totalling £14.38 million. These acquisitions reflect the expedient and resourceful use of capital raised earlier this year.

In addition to an active acquisition programme, the NewRiver team delivered 110 new lettings and lease renewals during the period at 11.1 per cent above ERV delivering £2.7 million pa of income. The Company's growing

development pipeline within the existing portfolio, some 1 million sq ft in total, continues to progress well with 20 planning applications submitted in the period together with the completion of two pre let development projects in Widnes and Preston.

The Marston's pub portfolio acquired 12 months ago is performing ahead of expectations. These high yielding assets have generated significant cash income into the business and the planned alternative use conversion strategy is ahead of schedule. In September NewRiver announced 63 C-Store Agreement for Leases with The Co-Operative Group (an expansion of the original 54 Conditional Agreements for Lease announced in April 2014) built principally on excess land with each pub remaining a going concern. This represents nearly a third of the pub estate and reflects the rapid delivery of NewRiver's stated strategy to meet the fast-growing demand for C-Stores from major food store operators.

The Board is delighted with the Company's significant progress which further demonstrates that NewRiver is achieving its objective of becoming one of the leading value-creating retail property investment businesses in the UK. The Board looks forward to the future with confidence.

Paul Roy
Chairman

19 November 2014

*BRAVO refers to the joint venture with BRAVO I and II (funds advised or managed by Pacific Investment Management Company LLC)

Consolidated Condensed Income Statement

For the period from 1 April 2014 to 30 September 2014

		Unaudited Period 1 Apr 2014 to 30 Sep 2014			Unaudited Period 1 Apr 2013 to 30 Sep 2013		
	Notes	Income £'000	Capital £'000	Total £'000	Income £'000	Capital £'000	Total £'000
Gross property income	3	9,199	–	9,199	8,742	–	8,742
Property operating expenses	4	(1,750)	–	(1,750)	(1,797)	–	(1,797)
Net property income		7,449	–	7,449	6,945	–	6,945
Administrative expenses	5	(3,781)	–	(3,781)	(2,191)	–	(2,191)
Share of income from joint ventures	10	4,793	5,631	10,424	1,056	1,268	2,324
Net valuation movement		–	–	–	–	924	924
Profit on disposal of investment properties		–	1,153	1,153	–	–	–
Operating profit		8,461	6,784	15,245	5,810	2,192	8,002
Net finance expense							
Finance income		166	–	166	29	–	29
Finance costs		(3,074)	–	(3,074)	(2,813)	–	(2,813)
Profit for the period before taxation		5,553	6,784	12,337	3,026	2,192	5,218
Current taxation		–	–	–	–	–	–
Profit for the period after taxation		5,553	6,784	12,337	3,026	2,192	5,218
Earnings per share							
EPRA adjusted (pence)	6			6.8			6.5
EPRA basic (pence)	6			5.6			6.3
Basic (pence)	6			12.4			10.9
Basic diluted (pence)	6			11.6			9.2

All activities derive from continuing operations of the Group. The Notes on pages 11 to 27 form an integral part of these financial statements.

Consolidated Condensed Statement of Comprehensive Income

For the period from 1 April 2014 to 30 September 2014

		Unaudited Period 1 Apr 2014 to 30 Sep 2014 £'000	Unaudited Period 1 Apr 2013 to 30 Sep 2013 £'000
	Notes		
Profit for the period after taxation		12,337	5,218
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss			
Fair value gain on interest rate swaps	12	129	873
Total comprehensive income for the period		12,466	6,091

All activities derive from continuing operations of the Group. The Notes on pages 11 to 27 form an integral part of these financial statements.

Consolidated Condensed Balance Sheet

As at 30 September 2014

	Notes	Unaudited as at 30 Sep 2014 £'000	Audited as at 31 Mar 2014 £'000
Non-current assets			
Investment properties	9	226,098	214,124
Investments in joint ventures	10	155,058	74,851
Property, plant and equipment		417	384
Total non-current assets		381,573	289,359
Current assets			
Trade and other receivables		5,792	3,595
Cash and cash equivalents		10,811	89,555
Total current assets		16,603	93,150
Total assets		398,176	382,509
Equity and liabilities			
Current liabilities			
Trade and other payables		8,420	10,202
Current taxation liabilities		–	219
Total current liabilities		8,420	10,421
Non-current liabilities			
Derivative financial instruments	12	739	899
Borrowings	12	113,067	108,256
Debt instruments	12	23,362	23,306
Total non-current liabilities		137,168	132,461
Net assets		252,588	239,627
Equity			
Share capital		–	–
Retained earnings		37,778	26,107
Other reserves		213,401	212,981
Hedging reserve		110	(19)
Share option reserve		528	453
Revaluation reserve		771	105
Total equity		252,588	239,627
Net asset value (NAV) per share			
EPRA NAV (pence)	7	252	240
Basic (pence)	7	253	241
Basic diluted (pence)	7	252	240

The Notes on pages 11 to 27 form an integral part of these financial statements.

The financial statements were approved by the Board of Directors on 19 November 2014 and were signed on its behalf by:



David Lockhart
Chief Executive



Mark Davies
Finance Director

Consolidated Condensed Cash Flow Statement

For the period from 1 April 2014 to 30 September 2014

	30 Sep 2014	31 Sep 2014
	Notes	£'000
	£'000	£'000
Cash flows from operating activities		
Profit before tax on ordinary activities for the year attributable to Shareholders	12,337	5,217
Adjustments for:		
Profit on disposal of investment property	(1,153)	–
Net movement from fair value adjustments on investment properties	–	924
Net movement from fair value adjustments in joint ventures	(5,631)	(1,268)
Profits in joint ventures	(4,793)	(1,056)
Net finance costs	2,908	2,784
Other adjustments	515	37
Operating cashflow before changes in working capital	4,183	6,638
<i>Changes in working capital:</i>		
Increase in receivables and other financial assets	(3,328)	(1,552)
Decrease in payables and other financial liabilities	(3,458)	(604)
Cash generated from operations before interest	(2,603)	4,482
Net finance costs	(175)	(2,612)
Corporation tax paid	(219)	(205)
Net cash (used in)/generated from operating activities	(2,997)	1,665
Cash flows from investing activities		
Investment in joint ventures	10	(72,470)
Purchase of investment properties		(33,578)
Disposal of investment properties	9	24,450
Development and other capital expenditure		(1,693)
Purchase of plant and equipment		(66)
Dividends received	10	2,380
Net cash (used in)/generated from investing activities		(80,977)
Cash flows from financing activities		
Proceeds from issuance of new shares		–
Conversion of warrants		420
Repayment of bank loans and other costs		(11,960)
New borrowings		16,770
Dividends paid		–
		(2,965)
Net cash generated from financing activities		5,230
Cash and cash equivalents at 1 April		89,555
Net (decrease)/ increase in cash and cash equivalents		(78,744)
Cash and cash equivalents at 30 September		10,811

The Notes on pages 11 to 27 form an integral part of these financial statements.

Consolidated Condensed Statement of Changes in Equity

As at 30 September 2014

	Retained earnings	Share capital and share premium	Other reserves	Hedging reserves	Share option reserves	Revaluation reserves	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
As at 31 March 2013	854	–	78,637	(2,273)	260	2,310	79,788
Net proceeds of issue from new shares	–	64,395	–	–	–	–	64,395
Transfer of share premium	–	(64,395)	64,395	–	–	–	–
Total comprehensive income for the period	5,218	–	–	873	–	–	6,091
Share-based payments	–	–	–	–	93	–	93
Dividend payments	–	–	(3,403)	–	–	–	(3,403)
Revaluation movement	(924)	–	–	–	–	924	–
As at 30 September 2013	5,148	–	139,629	(1,400)	353	3,234	146,964
Net proceeds of issue from new shares	–	84,086	–	–	–	–	84,086
Transfer of share premium	–	(84,086)	84,086	–	–	–	–
Total comprehensive income for the year	17,830	–	–	1,381	–	–	19,211
Realisation of fair value movements	1,442	–	–	–	–	(1,442)	–
Share-based payments	–	–	–	–	100	–	100
Dividend payments	–	–	(10,734)	–	–	–	(10,734)
Revaluation movement	1,687	–	–	–	–	(1,687)	–
As at 31 March 2014	26,107	–	212,981	(19)	453	105	239,627
Net proceeds of issue from new shares	–	420	–	–	–	–	420
Transfer of share premium	–	(420)	420	–	–	–	–
Total comprehensive income for the period	12,337	–	–	129	–	–	12,466
Realisation of fair value movements	(666)	–	–	–	–	666	–
Share-based payments	–	–	–	–	75	–	75
As at 30 September 2014	37,778	–	213,401	110	528	771	252,588

The Notes on pages 11 to 27 form an integral part of these financial statements.

Notes to the accounts

1 Accounting policies

General information

NewRiver Retail Limited (the 'Company') and its subsidiaries (together the 'Group') is a property investment group specialising in commercial real estate in the United Kingdom. NewRiver Retail Limited was incorporated on 4 June 2009 in Guernsey. The Company was incorporated in Guernsey under the provisions of The Companies (Guernsey) Law, 2008. On 22 November 2010, the Company converted to a REIT and repatriated effective management and control to the United Kingdom. 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 AIM under the symbol NRR.

These consolidated condensed financial statements have been approved for issue by the Board of Directors on 19 November 2014.

Going concern

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

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

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

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.

Fair value measurements recognised in the balance sheet

The financial instruments that are measured subsequent to initial recognition at fair value are interest rate swaps. These financial instruments would be classified as Level 2 fair value measurements, as defined by IFRS 13, being those derived from observable inputs other than quoted prices (i.e. derived from prices). There were no transfers between levels in the current or prior period.

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

Interest rate swap contracts are measured using the mid point 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.

Statement of compliance

The financial statements are prepared in accordance with IFRSs as adopted by the European Union. The condensed set of financial statements included in this half-yearly financial report has been prepared in accordance with International Accounting Standard 34 'Interim Financial Reporting', as adopted by the European Union.

Notes to the accounts continued

1 Accounting policies continued

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and its subsidiaries. The consolidated financial statements account for interests in joint ventures using the equity method of accounting per IFRS 11.

The same accounting policies, presentation and methods of computation are followed in the condensed set of financial statements as applied in the Group's latest audited financial statements, a copy of which can be found on our website www.nrr.co.uk.

2 Segmental reporting

During the period the Group operated in one business segment, being property investment in the United Kingdom and as such no further operating segment information is provided.

3 Gross property income

	30 Sep 2014 £'000	31 Sep 2014 £'000
Rental and related income	8,307	7,975
Asset management fees	874	559
Surrender premiums and commissions	18	208
Gross property income	9,199	8,742

4 Property operating expenses

	30 Sep 2014 £'000	31 Sep 2014 £'000
Amortisation of tenant incentives and letting fees	235	215
Ground rent payments	363	356
Rates on vacant units	869	852
Other property operating expenses	283	374
Property operating expenses	1,750	1,797

5 Administrative expenses

	30 Sep 2014 £'000	31 Sep 2014 £'000
Group staff costs	2,673	1,339
Depreciation	33	28
Share option expense	75	93
Administration and other operating expenditure	1,000	731
Administrative expenses	3,781	2,191
Asset management fees	(874)	(559)
Net administrative expenses	2,907	1,632
Net administrative expenses as a % of gross rental income (including share of joint ventures)	19%	17%

6 Earnings per share

The European Public Real Estate Association (EPRA) issued Best Practices Policy Recommendations in September 2011 and additional guidance in January 2012, 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 and the REIT conversion charge. We have also disclosed an EPRA adjusted profit measure which includes realised gains on disposals and adds back Share Option expense as it is unrealised.

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

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

	30 Sep 2014	30 Sep 2013
	£'000	£'000
Earnings		
Earnings for the purposes of basic and diluted EPS being profit after taxation	12,337	5,218
Adjustments to arrive at EPRA profit		
Unrealised surplus on revaluation of investment properties	–	(924)
Unrealised surplus on revaluation of joint venture investment properties	(5,631)	(1,267)
Profit on disposal of investment properties	(1,153)	–
EPRA profit	5,553	3,027
Profit on disposal of investment properties	1,153	–
Share option expense	75	93
EPRA adjusted profit	6,781	3,120
Adjustments to EPRA profit to arrive at NAREIT FFO		
EPRA profit	5,553	3,027
Amortisation of tenant incentives and letting costs	235	215
Amortisation of rent free periods	(216)	(279)
NAREIT FFO	5,572	2,963
	30 Sep 2014	30 Sep 2013
Number of shares	No. 000s	No. 000s
Weighted average number of Ordinary Shares for the purposes of basic EPS and basic EPRA EPS	99,545	47,783
Effect of dilutive potential Ordinary Shares:		
Options	707	–
Warrants	244	139
MSREI joint venture conversion	2,803	–
Weighted average number of Ordinary Shares for the purposes of diluted EPS and diluted EPRA EPS	103,299	47,922

Notes to the accounts continued

6 Earnings per share continued

	30 Sep 2014	30 Sep 2013
Adjusted EPRA EPS (pence)	6.8	6.5
EPRA EPS basic (pence)	5.6	6.3
EPRA diluted EPS (pence)	5.5	6.3
FFO EPS basic (pence)	5.6	6.2
EPS basic (pence)	12.4	10.9
Diluted EPS (pence)	11.6	9.2

7 Net asset value per share

	30 September 2014			March 2014		
	Total equity £'000s	Shares No'000s	Pence per share	Total equity £'000s	Shares No'000s	Pence per share
Basic	252,588	99,669	253	239,627	99,379	241
Warrants in issue	988	574	172	1,488	865	172
Unexercised employee awards	5,594	2,416	232	3,372	1,730	195
Convertible loan stock (A CULS)	17,000	6,773	251	–	–	–
Convertible loan stock (B CULS)	6,500	2,610	249	–	–	–
Diluted	282,670	112,042	252	244,487	101,974	240
Fair value derivatives	(110)	–	–	19	–	–
EPRA	282,560	112,042*	252	244,506	101,974*	240

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

8 Dividends

	Dividend	PID	Non-PID	Pence per share	Sep 2014 £'000	
Current and future period dividends						
30 January 2015	Q2 2014 Interim dividend proposed	1.0	3.25	4.25	4,236	
31 October 2014	Q1 2014 Interim dividend paid	1.0	3.25	4.25	4,236	
		2.0	6.50	8.50	8,472	
<hr/>						
Prior period dividends						Mar 2014 £'000
28 March 2014	2014 Special interim dividend	10.0	0.0	10.0	–	6,730
31 January 2014	2014 Interim dividend	6.0	0.0	6.0	–	4,003
25 July 2013	2013 Final dividend	16.0	0.0	16.0	–	10,733
		10.0	0.0	10.0	–	3,404
		26.0	0.0	26.0	–	14,137

The interim dividend approved on 24 September 2014 was paid on 31 October 2014 to Ordinary Shareholders. The interim dividend approved on 19 November 2014 will be paid on 30 January 2015 to Ordinary Shareholders on the register on 30 December 2014. The ex-dividend date will be 29 December 2014. These have not been included as a liability or deducted from retained earnings in these accounts. It will be recognised as an appropriation of retained earnings in the year end financial statements 2015.

The dividends have been paid partly as a PID (Property Income Distribution) and partly as a Non-PID. PID dividends are paid, as required by REIT legislation, after deduction of withholding tax at the basic rate of income tax (currently 20%). However, certain classes of shareholders may be able to claim exemption from deduction of withholding tax.

Notes to the accounts continued

9 Investment properties

	Six months to Sep 2014 £'000	Year ended Mar 2014 £'000
Fair value brought forward	214,124	206,278
Acquisitions and improvements in the period	35,271	14,447
Disposals in the period	(23,297)	(5,838)
	226,098	214,887
Valuation movement losses in profit and loss	–	(763)
Fair value carried forward	226,098	214,124

It is the Group's policy to carry investment properties at fair value in accordance with IAS 40 'Investment Property'. The fair value of the Group's investment property at 30 September 2014 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 properties are categorised as Level 3 in the IFRS 13 fair value hierarchy. There were no transfers of property between Levels 1, 2 and 3.

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

Valuation processes

The Group's investment properties have been valued at fair value on 30 September 2014 by independent valuers, Colliers International Valuation UK LLP, on the basis of fair value in accordance with the Current Practice Statements contained in The Royal Institution of Chartered Surveyors Valuation – Professional Standards, (the 'Red Book').

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

Segment	Fair value £'000s	Property ERV per sq ft (£)			Property Rent per sq ft (£)			Property Equivalent Yield (%)		
		Min	Max	Average	Min	Max	Average	Min	Max	Average
Shopping centres	322,848	7.89	34.29	12.61	5.21	26.89	11.84	5.9	11.4	7.7
High street	48,742	1.46	24.44	9.14	0.00	22.47	8.54	5.2	11.3	7.0
Supermarkets/ Convenience stores	23,100	7.99	16.46	10.06	7.47	16.46	9.31	6.4	10.6	7.7
	394,690	1.46	34.29	12.00	0.00	26.89	10.94	5.2	11.4	7.6

9 Investment properties continued

Segment	Fair value (£'000)	Property Rent per sq ft (£)			Net Initial Yield (%)		
		Min	Max	Average	Min	Max	Average
Pub portfolio	33,335	5.22	70.95	19.19	6.0	33.5	12.3
Convenience store development portfolio	23,160	15.00	17.50	16.91	6.0	7.5	6.0
	56,495						
Group Total	451,185						
By Ownership							
Wholly owned	226,098						
Joint ventures	225,087						
Group Total	451,185						

The fair value at 30 September 2014 represents the highest and best use.

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

There are interrelationships between all these unobservable inputs as they are determined by market conditions. The existence 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 a number of retail assets in the UK with a total carrying amount of £451.2 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.

These inputs include:

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

There were no changes in valuation techniques during the period.

The portfolio has been valued by external valuers biannually, on a fair value basis in accordance with the RICS 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.

Notes to the accounts continued

10 Investments in joint ventures

	Sep 2014	Mar 2014
	£'000	£'000
Opening balance	74,851	14,688
Additional joint venture interests acquired during the period ⁽¹⁾	72,470	42,400
Income from joint ventures	4,793	4,296
Net gains on investment properties	5,631	14,503
Distributions and dividends ⁽¹⁾	(2,380)	(1,668)
Loan repayment	–	(282)
Hedging movements	(307)	914
Net book value	155,058	74,851

Name	Country of incorporation	% Holding Sep 2014 £'000	% Holding Mar 2014 £'000
NewRiver Retail Investments LP and NewRiver Retail Investments (GP) Limited*	Guernsey	50	50
NewRiver Retail Property Unit Trust	Jersey	10	10
NewRiver Retail Property Unit Trust No.2	Jersey	50	50
NewRiver Retail Property Unit Trust No.3	Jersey	50	50
NewRiver Retail Property Unit Trust No.4	Jersey	50	50
NewRiver Retail Property Unit Trust No.5	Jersey	50	–
NewRiver Retail Property Unit Trust No.6	Jersey	50	–
NewRiver Retail Property Unit Trust No.7	Jersey	50	–

(1) The net cash outflow during the year was £70.0 million (March 2014: cash outflow £40.73 million).

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

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

[NewRiver Retail Property Unit Trust, NewRiver Retail Property Unit Trusts No 2, 3, 4, 5, 6 and 7.](#)

NewRiver Retail Property Unit Trust (the 'CAMEL II JV') is an established jointly controlled Jersey Property Unit Trust set up by NewRiver Retail Limited and PIMCO BRAVO Fund LP ('BRAVO') to invest in UK retail property. NewRiver Retail Property Unit Trusts No 2, 3, 4, 5, 6 and 7 (the 'Middlesbrough', 'Camel III', 'Trent' 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.

The CAMEL II JV is owned 10% by NewRiver Retail Limited and 90% BRAVO. The Middlesbrough, Camel III, Trent and Swallowtail JVs are owned 50% by NewRiver Retail Limited and 50% BRAVO II. NewRiver Retail (UK) Limited is the appointed asset manager on behalf of these JVs and receives asset management fees, development management fees and performance-related return promote payments.

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

10 Investments in joint ventures continued

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

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

	Sep 2014 NewRiver Retail Property Unit Trust, 2, 3, 4, 5, 6, 7 Total £'000	30 September 2014 Group's share £'000	Mar 2014 NewRiver Retail Property Unit Trust, 2, 3, 4 Total £'000	31 March 2014 Group's share £'000
Balance sheet				
Non-current assets	516,410	212,087	346,560	131,060
Current assets	15,759	6,285	12,475	4,429
Current liabilities	(13,757)	(5,231)	(9,152)	(3,207)
Senior debt	(163,097)	(64,678)	(162,882)	(64,599)
Non-current liabilities	(616)	(474)	(73)	(250)
Net assets	354,699	147,989	186,928	67,433
Income statement				
Net income	16,243	6,475	17,046	5,078
Administration expenses	(818)	(315)	(936)	(271)
Finance costs	(4,190)	(1,682)	(4,071)	(1,230)
Recurring income	11,235	4,478	12,039	3,577
Profit on disposals	314	157	–	–
Fair value surplus on property revaluations	17,876	6,172	45,443	16,963
Income from joint ventures	29,425	10,807	57,482	20,540

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

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

The average cost of debt across NewRiver Retail Property Unit Trust, NewRiver Retail Property Unit Trusts No 2, 3, 4, 5, 6 and 7 was 4.9% (Mar 2014 4.9%) .

Notes to the accounts continued

10 Investments in joint ventures continued

Group share of joint venture borrowing	Maturity date	Facility drawn £'000	Fees £'000	September 2014	
				Amortised £'000	Balance £'000
Santander/HSBC	December 2017	4,250	(67)	32	4,215
Barclays	August 2018	13,585	(264)	132	13,453
Barclays	December 2018	15,998	(312)	156	15,842
Venn Capital	December 2018	31,500	(664)	332	31,168
		65,333	(1,307)	652	64,678

Group share of joint venture borrowing	Maturity date	Facility drawn £'000	Fees £'000	Amortised £'000	March 2014
					Balance £'000
Santander/HSBC	December 2017	4,250	(72)	31	4,210
Barclays	August 2018	13,585	(272)	122	13,436
Barclays	December 2018	15,998	(320)	145	15,824
Venn Capital	December 2018	31,500	(680)	312	31,134
		65,333	(1,344)	610	64,599

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.

No promote payment has been recognised during the period and the Group is entitled to receive promote payments only after achieving the agreed hurdles. Under the terms of the Limited Partnership Agreement relating to NewRiver Retail Investments LP dated 28 February 2010, MSREI has been granted the right to convert its interest in the Barley JV or part thereof on a NAV for NAV basis into shares of NewRiver Retail Limited, up to 10% of the share capital of NewRiver Retail Limited up until its fifth anniversary of 17 May 2015. This conversion would currently have a dilutive effect on the Group's EPS calculation of 0.71 pence.

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

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

	Sep 2014 NewRiver Retail Investments (GP) Ltd Total £'000	Sep 2014 Group's Share £'000	Mar 2014 NewRiver Retail Investments (GP) Ltd Total £'000	Mar 2014 Group's share £'000
Balance sheet				
Non-current assets	26,000	13,000	36,325	18,162
Current assets	2,240	1,120	2,294	1,147
Current liabilities	(1,205)	(603)	(1,221)	(610)
Senior debt	(12,829)	(6,415)	(22,425)	(11,213)
Non-current liabilities	(69)	(34)	(138)	(68)
Net assets	14,137	7,068	14,835	7,418
Income statement				
Net income	1,187	594	2,314	1,157
Administration expenses	(143)	(71)	(269)	(134)
Finance costs	(415)	(208)	(606)	(303)
Recurring income	629	315	1,439	720
Profit / (loss) on disposals	(668)	(334)		
Fair value (deficit) on property revaluations	(727)	(364)	(4,921)	(2,460)
Deficit from joint ventures	(766)	(383)	(3,482)	(1,740)

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

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

The average cost of debt across NewRiver Retail Investments LP was 3.9% (Mar 2014 3.4%).

Group share of joint venture borrowing	Maturity date	Credit approved extension	Facility drawn £'000	September 2014		
				Fees £'000	Amortised £'000	Balance £'000
Santander	February 2015	February 2017	6,424	(18)	19	6,415

Group share of joint venture borrowing	Maturity date	Credit approved extension	Facility drawn £'000	March 2014		
				Fees £'000	Amortised £'000	Balance £'000
Santander	February 2015	–	11,233	(40)	20	11,213

Notes to the accounts continued

11 Investment in subsidiary undertakings

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

Name	Country of incorporation	Activity	Proportion of ownership interest 2014	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 Holdings No. 5 Limited	Guernsey	Real estate investments	100%	Ordinary Shares
NewRiver Retail (Market Deeping No. 1) Limited	Guernsey	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. 4) Limited	UK	Real estate investments	100%	Ordinary Shares
NewRiver Retail (Portfolio No. 5) Limited	UK	Real estate investments	100%	Ordinary Shares
NewRiver Retail (Skegness) Limited	UK	Real estate investments	100%	Ordinary Shares
NewRiver Retail (UK) Limited	UK	Company operation and asset management	100%	Ordinary Shares
NewRiver Retail (Warminster) Limited	UK	Real estate investments	100%	Ordinary Shares
NewRiver Retail (Wisbech) Limited	UK	Real estate investments	100%	Ordinary Shares
NewRiver Retail (Witham) Limited	UK	Real estate investments	100%	Ordinary Shares
NewRiver Retail (Wrexham No. 1) Limited	Guernsey	Real estate investments	100%	Ordinary Shares
NewRiver Leisure Limited	UK	Real estate investments	100%	Ordinary Shares

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

12 Borrowings

	Sep 2014 £'000	Mar 2014 £'000
Secured bank loans	113,067	108,256
Convertible Unsecured Loan Stock	23,362	23,306
	136,429	131,562
Maturity of borrowings:		
Less than one year	–	–
Between one and two years	63,786	23,306
Between two and five years	41,067	40,373
Over five years	31,576	67,883
	136,429	131,562

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.

Weighted average debt maturity including extension options and Group share of joint venture debt 4.0 years (March 2014: 4.5 years).

Effective interest rate during the period to 30 September 2014 was 4.2% (March 2014: 3.9%).

Proportionately consolidated hedging statistics

	Sep 2014 £'000	Mar 2014 £'000
Fixed	41	43
Capped	39	31
Hedged	80	74
Floating	20	26
	100	100

Notes to the accounts continued

12 Borrowings continued

Facility and arrangement fees

		September 2014			
	Maturity date	Facility drawn £'000	Fees £'000	Amortised £'000	Balance £'000
Clydesdale	August 2016	40,645	(539)	318	40,424
HSBC	May 2019	24,736	(476)	36	24,296
Lloyds	September 2019	16,940	(169)	–	16,771
Santander	February 2021	31,891	(368)	53	31,576
		114,212	(1,552)	407	113,067
Convertible Unsecured Loan Stock	December 2015	23,500	(574)	436	23,362
		131,712	(2,126)	843	136,429

		March 2014				
Current year	Maturity date	Credit approved extension	Facility drawn £'000	Fees £'000	Amortised £'000	Balance £'000
HSBC	November 2015	May 2019	36,475	(346)	231	36,360
Clydesdale	August 2016		40,645	(539)	267	40,373
Santander	February 2021		31,891	(368)	–	31,523
			109,011	(1,253)	498	108,256
Convertible Unsecured Loan Stock	December 2015		23,500	(574)	380	23,306
			132,511	(1,827)	878	131,562

Total Group secured facilities

Total Group secured facilities (including share of joint ventures and excluding CULS) are made up of the following balances:

	Note	Sep 2014 £'000	Mar 2014 £'000
Balance sheet debt facilities		113,067	108,256
BRAVO joint venture debt facilities	10	64,678	64,599
MSREF joint venture debt facilities	10	6,415	11,213
		184,160	184,068

12 Borrowings continued

Fair value on interest rate swaps

The Group recognised a mark to market fair value gain of £0.1 million (2013 £0.8 million) on its interest rate swaps as at 30 September 2014. The fair value of interest rate swap liabilities in the balance sheet as at 30 September 2014 was £0.7 million (March 2014: £0.9 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 has subsequently been adjusted on the A CULS to £2.51(2013: £2.72) and on the B CULS to £2.49 (2013: £2.70) as at 31 March 2014 and 30 September 2014 as a result of equity raised and dividends paid in accordance with the terms of the agreement. Under the terms of the convertible, interest will accrue at 5.85% on the outstanding loan stock until 31 December 2015 when it will be either converted or repaid. The interest payable on the CULS is due biannually on the 30 June and 31 December.

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

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

Notes to the accounts continued

13 Share capital and reserves

The authorised share capital is unlimited and there are 99,669,222 shares in issue (Mar 2014: 99,378,507).

The table below outlines the movement of shares in the period:

		Number of Ordinary Shares issued 000's	Price per pence	Total number of shares 000's
Brought forward at 1 April				99,379
April 2014	Warrant conversion	26	172	99,405
May 2014	Warrant conversion	26	172	99,431
June 2014	Warrant conversion	132	172	99,563
July 2014	Warrant conversion	85	172	99,648
August 2014	Warrant conversion	17	172	99,665
September 2014	Warrant conversion	4	172	99,669
Carried forward at 30 September				99,669

During the period, the Group approved a transfer from the share premium account of £0.4 million (Mar 2014: £148.5 million) to other reserves which may be distributed in the future.

Shareholders who subscribed for Placing Shares in the IPO received warrants, in aggregate, to subscribe for 3% of the Fully Diluted Share Capital exercisable at the subscription price per Ordinary Share of £2.50 and all such warrants shall be fully vested and exercisable upon issuance. The subscription price has subsequently been adjusted to £1.70 following subsequent dividend payments and share issues as at the date of this report.

14 Post balance sheet events

On 1 October 2014 the Company received a notice to exercise warrants over 2,207 Ordinary Shares of no par value at an exercise price of 172 pence per Ordinary Share.

On 1 October 2014 the Company received a notice to exercise share options of 89,205 from the Company's EBT.

On 15 October 2014 the purchase of Cookstown, Orriter Road completed for a consideration of £3.04 million.

On 23 October 2014 the Company exchanged to purchase the property of Eastham Point, Wirral for a consideration of £2.40 million.

On 31 October 2014 NewRiver Retail Limited entered into a revolving credit facility for £5 million with Barclays.

On 4 November 2014 the purchase of The Montague Centre at Worthing completed for a consideration of £5.82 million.

On 10 November 2014 the Company as part of its joint venture with BRAVO II (a fund advised or managed by Pacific Investment Management Company LLC) finalised the £94 million facility with HSBC on the Swallowtail assets.

On 18 November 2014 the Company has received a notice to exercise warrants over 6,239 ordinary shares of no par value at an exercise price of 170 pence per Ordinary Share.

15 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.

Total emoluments of Executive Directors during the period (excluding share-based payments) were £1.6 million (2013: £1.3 million).

Share-based payments of £0.1 million (2013: £0.1 million) accrued during the period.

During the year, 76,018 shares (2013:46,146) were acquired on the open market by Directors. See Directors' Interests below:

	30 Sep 2014	30 Sep 2013
	Number of Ordinary Shares	Number of Ordinary Shares
Paul Roy	360,000	360,000
David Lockhart	1,660,000	1,622,000
Mark Davies	18,000	14,000
Allan Lockhart	211,684	173,684
Charles Miller	–	9,756
Nick Sewell	111,500	109,500
Chris Taylor	10,000	10,000
Kay Chaldecott	3,774	–

Company information

Directors

Paul Roy

(Non-Executive Chairman)

David Lockhart

(Chief Executive)

Mark Davies

(Finance Director)

Allan Lockhart

(Property Director)

Nick Sewell

(Director)

Andrew Walker

(Non-Executive Director)

Chris Taylor

(Non-Executive Director)

Kay Chaldecott

(Non-Executive Director)

Company Secretary

Caroline Tolhurst

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BDO LLP

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Independent Review Report to the members of NewRiver Retail Limited

We have been engaged by the Company to review the condensed set of financial statements in the half-yearly financial report for the six months ended 30 September 2014 which comprises the Consolidated Condensed Income Statement, the Consolidated Condensed Statement of Comprehensive Income, the Consolidated Condensed Balance Sheet, the Consolidated Condensed Cash Flow Statement, the Consolidated Condensed Statement of Changes in Equity and related Notes 1 to 15. We have read the other information contained in the half-yearly financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

This report is made solely to the Company in accordance with International Standard on Review Engagements (UK and Ireland) 2410 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity' issued by the Auditing Practices Board. Our work has been undertaken so that we might state to the Company those matters we are required to state to it in an independent review report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company, for our review work, for this report, or for the conclusions we have formed.

Directors' responsibilities

The half-yearly financial report is the responsibility of, and has been approved by, the Directors. The Directors are responsible for preparing the half-yearly financial report in accordance with the AIM Rules of the London Stock Exchange.

As disclosed in Note 1, the annual financial statements of the Group are prepared in accordance with IFRSs as adopted by the European Union. The condensed set of financial statements included in this half-yearly financial report has been prepared in accordance with International Accounting Standard 34, 'Interim Financial Reporting,' as adopted by the European Union.

Our responsibility

Our responsibility is to express to the Company a conclusion on the condensed set of financial statements in the half-yearly financial report based on our review.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity' issued by the Auditing Practices Board for use in the United Kingdom. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK and Ireland) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-yearly financial report for the six months ended 30 September 2014 is not prepared, in all material respects, in accordance with International Accounting Standard 34 as adopted by the European Union and the AIM Rules of the London Stock Exchange.



Deloitte LLP

Chartered Accountants
Guernsey, Channel Islands

19 November 2014



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