

NewRiver REIT plc Full Year Results

24 May 2018

Convenience & community focus and active approach delivering growing cash returns

Allan Lockhart, Chief Executive commented: “This has been another year of growth for NewRiver, in which the foundations we have put in place through our actions in the equity and debt capital markets, our balance sheet capacity and continued focus on the most sustainable segments of the UK retail market, characterised by frequent spend on everyday essentials, have positioned us well for growth.

The continued strength of our key operational metrics demonstrates the resilience of our well diversified portfolio, and our risk-controlled development pipeline is starting to deliver, with the recently announced development agreement signed in Basingstoke a key long-term opportunity.

Our proven business model has continued to perform despite the challenging headwinds affecting the wider UK retail sector. With our convenience and community focus, we continue to generate growing and sustainable cash returns for shareholders, and as a result we have increased our fully covered full year ordinary dividend by 5% to 21.0 pence per share. Looking ahead, the strength of our underlying cash flows, and our well-advanced acquisition pipeline, including the acquisition of Hawthorn Leisure announced this morning, give us the confidence to increase our dividend for the first quarter of the new financial year by 3%.”

Convenience & community focus and active approach delivering growing and sustainable cash returns

- Funds From Operations (‘FFO’) up 4% to £60.3 million (FY17: £58.2 million); FFO per share reduced to 21.2 pence (FY17: 24.9 pence), following issue of 67 million new ordinary shares in July 2017
- Ordinary dividend per share increased by 5% to 21.0 pence (FY17: 20.0 pence); fully covered by FFO
- Q1 FY19 ordinary dividend increased by 3% to 5.4 pence per share (Q1 FY18: 5.25 pence)
- EPRA NAV per share of 292 pence (March 2017: 292 pence); Total Property Return +8.2%, +190 bps vs MSCI-IPD All Retail benchmark; focus on income delivered a Total Accounting Return of 8.1% (FY17: 5.7%)
- IFRS net assets of £892.4 million (March 2017: £684.5 million); Net property income of £87.1 million (FY17: £89.7 million); IFRS profit after tax of £45.7 million (FY17: £36.2 million); IFRS basic EPS of 16.0 pence (FY17: 15.5 pence)

Strength of operational metrics demonstrate resilience of portfolio

- Retail occupancy of 97% (March 2017: 97%); affordable average retail rent of £12.36 psf (March 2017: £12.45)
- 257 leasing events across 985,600 sq ft; long term retail deals on average +1.3% vs ERV; retention rate of 95%
- Like-for-like footfall across shopping centres broadly stable at -0.9% outperforming UK benchmark by 130 bps
- Like-for-like net income across retail portfolio +0.9% reflecting impact of active asset management initiatives

Growing income streams and generating value through 1.9 million sq ft risk-controlled development pipeline

- Delivered a further 10 convenience stores to the Co-operative, taking total developed to 20
- Started on site at 62,000 sq ft retail park development in Canvey Island having de-risked with 75% pre-let
- Pre-sale of the entire residential element at regeneration of Burgess Hill town centre for £34 million
- Planning consent obtained for a 236,000 sq ft mixed-use development scheme in Cowley, Oxford
- Appointed by Basingstoke and Deane Borough Council as its nominated developer to bring forward the major long-term redevelopment of a 66-acre leisure park in Basingstoke

Successfully raised £1 billion of financing on accretive terms

- Significantly over-subscribed £225 million equity raise in July 2017 at a 14.7% premium to March 2017 EPRA NAV
- Arranged £730 million of unsecured financing to complete transition from secured to unsecured balance sheet; includes debut £300 million sterling-denominated senior unsecured bond which Fitch assigned rating of BBB+
- Actions in the debt capital market have increased debt maturity to 7.9¹ years (March 2017: 2.5 years) at an all-in cost of debt of 3.1% once the £215 million RCF is fully drawn (March 2017 actual cost of debt: 3.5%)

Active in the investment market with capacity to grow

- Acquired the remaining 50% share in BRAVO JVs for consideration of £59.4 million, gaining control over four community shopping centres with a gross asset value of £240 million, at a NEY of 7.7% and topped-up NIY of 7.4%
- Acquired two retail parks for £26.5 million, representing a NEY of 7.7% and NIY of 8.9%
- Disposed of £57.5 million of assets 11% ahead of March 2017 valuation; blended NIY 5.6% and IRR of 14.8%

Acquisition of Hawthorn Leisure for £106.8 million representing an initial yield of 13.6% announced today

- Post year end acquisition includes a portfolio of 298 high quality community pubs, and an established pub management platform, which is expected to generate significant scale-based operating synergies
- Increases proforma portfolio at valuation from £1.24 billion at 31 March 2018 to £1.35 billion
- On a proforma basis, increases proportionally consolidated LTV from 28% at 31 March 2018 to 34% and increases pub weighting from 12% at 31 March 2018 to 19%, both within stated guidance

Notes:

- (1) Average debt maturity assumes two-year extension options are bank approved

Financial Statistics

| Performance | Note | March 2018 | March 2017 | Change |
|--------------------------------------|------|------------|------------|--------|
| Funds From Operations ('FFO') | (1) | £60.3m | £58.2m | +4% |
| FFO PS (Pence Per Share) | (1) | 21.2 | 24.9 | -15% |
| Ordinary dividend (Pence Per Share) | | 21.0 | 20.0 | +5% |
| Dividend cover | (2) | 101% | 108% | |
| Admin cost ratio | | 15.0% | 13.6% | |
| Interest cover | (3) | 4.7x | 4.5x | |
| Net Property Income | | £87.1m | £89.7m | -3% |
| IFRS Profit after taxation | | £45.7m | £36.2m | +26% |
| IFRS Basic EPS (Pence Per Share) | | 16.0 | 15.5 | +3% |
| EPRA EPS (Pence Per Share) | | 18.6 | 23.6 | -21% |
| Total Accounting Return (paid basis) | (4) | +8.1% | +5.7% | |

| Balance Sheet | Note | March 2018 | March 2017 | Change |
|---|------|------------|------------|---------|
| IFRS Net Assets | | £892.4m | £684.5m | +30% |
| EPRA NAV per share (Pence Per Share) | | 292 | 292 | - |
| Shares in issue | | 302.9m | 233.8m | |
| Balance Sheet (proportionally consolidated) | Note | March 2018 | March 2017 | Change |
| Principal value of gross debt | | £469.0m | £470.9m | |
| Cash | | £116.2m | £49.6m | |
| Cost of debt | (5) | 3.1% | 3.5% | -40 bps |
| Average debt maturity | (6) | 7.9 years | 2.5 years | |
| Loan to value | | 28% | 37% | |

- Notes:
- (1) Funds From Operations ('FFO') is a Company measure of cash profits which includes realised recurring cash profits plus realised profits (or losses) on the sale of properties and excludes other one off or non-cash adjustments as set out in Note 7 and the Chief Financial Officer's review. FFO is used by the Company as the basis for dividend payments and cover
- (2) Dividend cover is calculated with reference to FFO. In year to March 2017 includes 3.0 pence special dividend
- (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) Total Accounting Return (paid basis) equals EPRA NAV per share growth plus dividends paid in the period
- (5) Cost of debt assuming £215 million revolving credit facility is fully drawn
- (6) Average debt maturity assumes two-year extension options are bank approved

For further information

NewRiver REIT plc

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This announcement contains inside information as defined in Article 7 of the EU Market Abuse Regulation No 596/2014 and has been announced in accordance with the Company's obligations under Article 17 of that Regulation. This announcement has been authorised for release by the Board of Directors.

Results presentation

The results presentation will be held at 9.00am today at the offices of Eversheds Sutherland (International) LLP, 1 Wood St, London EC2V 7WS. The presentation will be broadcast live via webcast and conference call.

A live audio webcast will be available at: <http://view-w.tv/965-1325-19475/en>

A recording of this webcast will be available on the same link after the presentation, and on the Company's website (<http://www.nrr.co.uk/investor-center>) later in the day.

The dial in details for the conference call facility are as follows:

| | |
|--------------------------------|----------------------|
| UK Toll Free: | 0808 109 0700 |
| Standard International Access: | +44 (0) 20 3003 2666 |
| Password: | NewRiver |

About NewRiver

NewRiver REIT plc (ticker: NRR) is a premium listed REIT on the London Stock Exchange and a constituent of the FTSE 250 and EPRA indices. The Company specialises in buying, managing, developing and recycling convenience-led, community-focused retail and leisure assets.

Founded in 2009, NewRiver is one of the UK's largest owner/managers of convenience-led community shopping centres with a property portfolio of £1.2 billion principally comprising 33 UK wide shopping centres together with further nationwide retail and leisure assets. The portfolio totals 8 million sq. ft. with over 2,000 occupiers, an annual footfall of 150 million and a retail occupancy rate of 97 per cent. Visit www.nrr.co.uk for further information.

Forward-looking statements

The information in this announcement may include forward-looking statements, which are based on current projections about future events. These forward-looking statements reflect the directors' beliefs and expectations and are subject to risks, uncertainties and assumptions about NewRiver REIT plc (the 'Company'), including, amongst other things, the development of its business, trends in its operating industry, returns on investment and future capital expenditure and acquisitions, that could cause actual results and performance to differ materially from any expected future results or performance expressed or implied by the forward-looking statements.

None of the future projections, expectations, estimates or prospects in this announcement should be taken as forecasts or promises nor should they be taken as implying any indication, assurance or guarantee that the assumptions on which such future projections, expectations, estimates or prospects have been prepared are correct or exhaustive or, in the case of the assumptions, fully stated in the document. As a result, you are cautioned not to place reliance on such forward-looking statements as a prediction of actual results or otherwise. The information and opinions contained in this announcement are provided as at the date of this document and are subject to change without notice. No one undertakes to update publicly or revise any such forward looking statements. No statement in this document is or is intended to be a profit forecast or profit estimate or to imply that the earnings of the Company for the current or future financial years will necessarily match or exceed the historical or published earnings of the Company.

Chairman's review

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

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

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

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

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

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

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

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

Paul Roy
Non-Executive Chairman
23 May 2018

Chief Executive's review

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

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

Market backdrop

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

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

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

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

Financial performance

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

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

IFRS net assets increased from £684.5 million at 31 March 2017 to £892.4 million, predominantly due to our £225 million equity raise. Our EPRA Net Asset Value ('NAV') per share was 292 pence at the year end, in line with the position at 31 March 2017 but slightly lower than the position at the half year due to a 1.3% reduction in capital values in the second half of the financial year, reflecting negative sentiment towards the UK retail sector. Our portfolio valuation now stands at £1.2 billion, from £1.1 billion at 31 March 2017, due primarily to acquisition activity in the period. We remain focused on delivering growing and sustainable cash returns to our shareholders, with our total accounting return of 8.1% being entirely income driven.

It was a transformational year for NewRiver in the debt and equity capital markets, during which we raised £1 billion on accretive terms. In July 2017 we successfully raised £225 million of equity at a 14.7% premium to March 2017 EPRA NAV. The equity raise gave us the capacity to grow, but importantly also the scale we required to complete our long-held ambition to move from a secured to an unsecured debt structure, which meant that we ended the year with an unencumbered balance sheet having raised £730 million of unsecured financing. This included £430 million of new unsecured bank facilities, which we raised in August 2017, and our debut £300 million sterling-denominated corporate bond which was assigned an investment grade rating by Fitch Ratings. These actions mean that we have diversified our sources of funding, increased operational flexibility, increased debt maturity to 7.9 years and reduced our cost of debt to 3.1% - this is a fantastic

achievement, especially given the market backdrop. With an LTV of 28% at 31 March 2018, safely within our stated guidance of less than 40%, and interest cover of 4.7x, we have capacity to grow through disciplined stock selection and our inbuilt risk-controlled development pipeline.

Operational performance

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

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

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

Our highly active approach to asset management resulted in the completion of 985,600 sq ft new lettings and renewals, with long term deals completed on terms 1.3% ahead of ERV. As already mentioned, the number of Company Voluntary Arrangements ('CVA's) and administrations filed by over indebted retailers and restaurant operators since the start of 2018 clearly demonstrate that the occupational market is under pressure. As owners of retail property, we are not immune to this pressure, but with our clear focus on those growing sub-sectors providing shoppers with value for money on essential items, and a deliberately minimal exposure to structurally challenged sectors such as department stores, mid-market fashion and casual dining, we feel well positioned. As a result of this, and because of the highly diversified nature of our rental income stream, we estimate that just £0.9 million, less than 1% of our total rent roll for the coming year, is currently at risk from retailers who have already entered CVAs or administrations. The two new leases agreed with Primark during the year on units vacated by BHS following its administration in July 2016 demonstrate our active approach to asset management and are good examples of how a retailer administration gave us the opportunity to enhance our occupier line-up.

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

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

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

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

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

Opportunities in a changing environment

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

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

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

- **Asset management platform**

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

- **Additional uses**

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

- **Evolution of click & collect**

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

Outlook

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

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

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

Allan Lockhart
Chief Executive
23 May 2018

Property review

Highlights

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

Portfolio overview

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

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

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

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

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

Disciplined stock selection

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

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

BRAVO acquisition

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

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

Abbey Centre, Belfast

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

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

Priory Meadow Shopping Centre, Hastings

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

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

Hillstreet Shopping Centre, Middlesbrough

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

The Avenue Shopping Centre, Glasgow

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

The Rishworth Centre and Railway Street Retail Park, Dewsbury

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

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

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

Valegate Retail Park, Cardiff

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

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

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

Active asset management

Our active asset management is a key driver of long-term capital value and the generation of cash returns to shareholders. We have a hands-on approach to asset management utilising our in-house expertise, scale, a deep understanding of our market and strong relationships with our occupiers, which enables us to deliver the right space in the right locations on terms mutually beneficial to all stakeholders.

Retail

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

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

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

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

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

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

At Priory Meadow, we agreed a new 20-year lease with Primark on the 40,000 sq ft unit vacated by BHS. Primark is a new entrant to the town, and this deal is a good example of our active and forensic approach to asset management. Using the strong relationship we have established with Primark, our fifth largest retailer based on current rent roll, and the detailed analysis we compile on each of our assets, we were able to approach them proactively with data convincing them that Hastings would be a great location for them. For example, we were able to show a projected turnover for Primark of up to £18 million, compared with just over £3 million achieved by BHS, and demonstrated that the local catchment was ideally suited for Primark's core shoppers.

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

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

We remained active across our retail park portfolio, completing a programme of asset management works at Coalville Retail Park in Leicestershire during the year. In July 2015 we paid £7.3 million for the 55,300 sq ft park as part of the Ramsay Portfolio. At acquisition the park was anchored by B&M, with Poundstretcher, Ponden Mill, Jollyes Petfood and Littlewoods Clearance completing the occupier line-up. With a weighted average unexpired lease term of 2.2 years at acquisition, we

were able to apply our active asset management approach to completely reposition the asset, signing new leases with every retailer in the park. We retained two of the existing occupiers, agreeing a new 15-year lease with B&M in the year to March 2017, and a new 10-year lease with Poundstretcher in May 2017, and improved the rest of the occupier line-up by introducing Pets at Home, Peacocks and Sports Direct. Following this work, the weighted average lease length has increased by 9.0 years to 11.2 years and rents have increased by 17%.

Our average rents remain affordable at £12.36 per sq ft, and lower than the average of £12.45 per sq ft at March 2017. The combination of our high occupancy and affordable average rents indicates to us that retailers are trading profitably at our assets, underpinning the sustainability of our income. Moreover, over 99% of this rent had been collected in respect of FY18 one month after the period end.

Pubs

Pub portfolio movements

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

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

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

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

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

Risk-controlled development

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

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

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

Total development pipeline

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

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

Retail

Retail portfolio development pipeline

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

Completed in period/Under construction

Abbey Centre, Belfast

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

Canvey Island Retail Park

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

Victoria Retail Park, Beverley

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

Planning granted

Burgess Hill

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

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

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

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

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

Cowley, Oxford

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

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

Stamford, Lincolnshire

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

Pre-planning

Blenheim Shopping Centre, Penge

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

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

Early feasibility stages

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

Pubs

Pubs portfolio development pipeline

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

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

Convenience stores ('c-stores')

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

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

Residential

To date we have received planning consent for 115 residential units across 38 pub sites, with consent received for 50 units across 16 pub sites in the year. Using our in-house residential planning expertise, our strategy with these residential opportunities is to create value by obtaining planning consent, and then to realise value by selling on to local developers.

Basingstoke Leisure Park

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

Capitalising on the growing popularity of integrated leisure and retail, our proposals currently comprise approximately 200,000 sq ft of designer outlet shopping and 500,000 sq ft of leisure. We are confident that this unique combination of leisure and designer outlet shopping will appeal to the local community and a catchment significantly beyond Basingstoke

in one of the UK's most affluent regions. This opportunity will be progressed in line with our risk-controlled development approach and stated financial policies.

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

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

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

Profitable capital recycling

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

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

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

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

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

Finance review

Our convenience and community focus and execution of our business model has delivered another profitable period for shareholders, with Funds From Operations ('FFO') increasing by 3.6% to £60.3 million (FY17: £58.2 million) delivering an FFO per share of 21.2 pence (FY17: 24.9 pence). Our ordinary dividend per share increased by 5.0% to 21.0 pence (FY17: 20.0 pence) and was fully covered, in line with one of our core financial policies, and demonstrating our commitment to delivering sustainable cash returns for shareholders.

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

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

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

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

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

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

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

Key performance measures

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

In addition to information contained in the Group financial statements, Alternative Performance Measures ('APMs'), being financial measures which are not specified under IFRS, are also used by management to assess the Group's performance. These include a number of the financial statistics included on page 2 of this document. These APMs include a number of European Public Real Estate Association ('EPRA') measures, prepared in accordance with the EPRA Best Practice Recommendations reporting framework. We report a number of these measures because management considers them to improve the transparency and relevance of our published results as well as the comparability with other listed European real estate companies. Definitions for APMs are included in the glossary and the most directly comparable IFRS measure is also identified. The measures used in the review below are all APMs presented on a proportionally consolidated basis unless otherwise stated.

The APM on which management places most focus, reflecting the Company's commitment to driving cash income returns and growing the dividend, is Funds From Operations ('FFO'). We consider this measure to be most appropriate when

considering our dividend policy as it is a cash measure and it is familiar to non-property and international investors. Funds From Operations is a Company measure determined by cash profits which includes realised recurring cash profits, realised profits or losses on the sale of properties and excludes other one-off or non-cash adjustments.

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

Capital markets activity

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

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

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

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

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

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

Funds From Operations

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

Reconciliation of profit after taxation to FFO

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

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

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

1. Group excluding JV income

2. Dividend cover calculation in year to March 2017 includes 3.0 pence special dividend

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

Net property income

Analysis of net property income (£m)

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

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

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

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

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

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

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

Administrative expenses

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

Net finance costs

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

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

Profit on disposals

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

Taxation

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

Dividends

We are committed to our progressive dividend policy, and we have a track record of delivering a growing ordinary dividend to shareholders. Our dividend policy is driven by two key objectives:

- Growing cash FFO and FFO per share so that we can continue to pay a growing and fully covered dividend
- The REIT requirement to pay out at least 90% of recurring cash profits

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

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

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

Today, we also announced our ordinary dividend for the first quarter of FY19 of 5.4 pence, an increase of 3% compared with Q1 FY18. The dividend will be paid on 27 July 2018 to shareholders on the register at close of business on 22 June 2018. The ex-dividend date will be 21 June 2018. The quarterly dividend will be payable as a REIT Property Income Distribution (PID).

Balance sheet

EPRA net assets include a number of adjustments to the IFRS reported net assets and both measures are presented below on a proportionally consolidated basis.

| | As at 31 March 2018 | | | As at 31 March 2017 |
|-------------------------------|---------------------|----------------------------|---|---|
| | Group £'000 | Joint ventures £'000 | Proportionally consolidated £'000 | Proportionally consolidated £'000 |
| Properties at valuation | 1,227,212 | 12,375 | 1,239,587 | 1,130,568 |
| Investment in joint ventures | 8,509 | (8,509) | - | - |
| Other non-current assets | 4,290 | - | 4,290 | 351 |
| Cash | 115,801 | 402 | 116,203 | 49,574 |
| Other current assets | 34,549 | (12) | 34,614 | 6,190 |
| Total assets | 1,390,361 | 4,256 | 1,394,617 | 1,186,683 |
| Other current liabilities | (40,856) | (265) | (41,198) | (32,497) |
| Debt | (456,952) | (3,991) | (460,943) | (467,357) |
| Other non-current liabilities | (173) | - | (173) | (2,291) |
| Total liabilities | (497,981) | (4,256) | (502,237) | (502,145) |
| IFRS net assets | 892,380 | - | 892,380 | 684,538 |
| EPRA adjustments: | | | | |
| Warrants in issue | | | 501 | 535 |
| Unexercised employee awards | | | 1,276 | 3,861 |
| Fair value derivatives | | | (3,288) | 4,144 |
| EPRA net assets | | | 890,869 | 693,078 |
| EPRA NAV per share | | | 292p | 292p |
| IFRS net assets per share | | | 294p | 292p |
| LTV | | | 28% | 37% |

Net assets

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

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

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

Properties at valuation

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

Net debt & financing

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

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

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

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

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

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

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

Financial Policies

| | Financial policy | Proportionally consolidated | |
|--|------------------------------|-----------------------------|----------------------|
| | | 31 March 2018 | 31 March 2017 |
| Net debt | | £344.7m | £417.9m |
| Principal value of gross debt | | £469.0m | £470.9m |
| Weighted average cost of drawn debt | | 3.1% ¹ | 3.5% |
| Weighted average debt maturity of drawn debt | | 7.9 yrs ² | 2.5 yrs |
| Loan to value | Guidance <40% Policy <50% | 28% | 37% |
| | | 31 March 2018 | 31 March 2017 |
| Net debt: EBITDA | <10x | 4.5x | 5.5x |
| Interest cover | >2.0x | 4.7x | 4.5x |
| Dividend cover | >100% | 101% | 108% |
| | | Group | |
| | | 31 March 2018 | 31 March 2017 |
| Balance sheet gearing | <100% | 38% | 52% |

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

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

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

Additional guidelines

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

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

- Our largest single retailer concentration at the year end was Poundland, with a single retailer concentration, expressed as a percentage of total rent roll, of 2.2%.
- Our development expenditure in the last 12 months as a proportion of total gross asset value was 1%.
- Our risk-controlled approach to development means that we will not commit to a new development unless we have pre-let or pre-sold at least 70% by area, and we are currently 84% pre-let on committed developments.
- We are comfortable with our pub weighting, currently 12% excluding c-stores, and we envisage that pubs will remain an important part of our portfolio.

Mark Davies
Chief Financial Officer
23 May 2018

Principal risks and uncertainties

Risk Appetite

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

- The Board oversees the Group's risk management and internal controls. It determines the Group's risk appetite.
- The Audit Committee monitors the effectiveness of the Group's risk management and internal controls systems.
- The Executive Committee is responsible for risk management on a day-to-day basis and monitors strategic and other risks. It delegates accountability for risk management to the asset managers and monitors their performance.
- The asset manager is responsible for risk within their portfolio of assets and ensures that they are within the risk appetite set by the Board. Regular reviews are undertaken of the assets which include monitoring risk levels

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

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

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

Principal Risks

| Risk | Risk Assessment | | Mitigation |
|--|-----------------|------------|---|
| | Impact | Likelihood | |
| General Commercial | | | |
| Economic recession due to uncertainty from Brexit and world events | High | High | Macro-economic and property market reviews are considered at each Board meeting and ongoing updates are evaluated by the Executive Committee with the view to limit the impact such a recession might have on the Group |
| Future Government policy which adversely affects the Company's ability to manage its assets effectively | High | High | The Executive Committee considers regular updates from its external advisers and the Company is a member of various industry bodies, with representatives on advisory panels |
| Corporate Strategy and Performance | | | |
| Failure to communicate sufficiently and effectively with investors, leading to a depressed share price and demand for equity | High | Low | There is a full programme of investor meetings throughout the year as well as specific rounds of meetings post half and full-year results |
| Growth in online retail spend could be perceived as a threat to traditional bricks and mortar retailers | High | Low | The management team are embracing the digital age as part of the strategy for the shopping centres, working with online retailers such as Amazon to offer "click and collect" lockers, as well as our traditional retailers to offer click and collect facilities. This helps drive footfall to the centres. Management also commissioned research on the future of the retail sector. It found that the 55+ age bracket is set to account for 57.5% of all store and click and collect sales growth in the next ten years. The same age bracket also shop more frequently and prefer the convenience and accessibility of retail parks and convenience led shopping centres, all of which are included within the portfolio. In addition, 46% of NewRiver's 150m annual footfall are shoppers aged 55+ |
| Financial | | | |

| | | | |
|--|------|-----|---|
| Breach of debt covenants could trigger loan defaults and repayment of facilities putting pressure on surplus cash resources | High | Low | Management actively engages with its key lenders. The team actively monitor the debt covenants and a debt analysis is presented at each Board meeting |
| Ensuring that there is adequate working capital for capital expenditure, development projects and acquisitions | High | Low | Management actively engages with its key lenders, ensuring transparency when it comes to the asset management and development of assets and what funding is required for these. A weekly working capital and cash flow analysis is completed by the finance team and circulated to management to assist with this. The financial policies are monitored regularly, including loan to value. |
| Compliance | | | |
| Breach of any of the regulations governing the business of the Group, such as listing rules, UK Corporate Governance Code and The Pubs Code etc. | High | Low | The Company and its advisers monitor any changes to the relevant legislations that affect the Group's business and how these changes may affect it. Any breaches would be resolved accordingly and reported to the Board |
| Asset Management | | | |
| Failure in performance by individual assets against their business plans | High | Low | Business plans for each asset are regularly reviewed by their asset manager and updated twice yearly. These revised business plans are then reviewed by the Executive Committee. |
| Development | | | |
| Poor control of development projects could lead to inadequate returns on investment | High | Low | The Group applies a risk-controlled development strategy through negotiating long-dated pre-lets (typically at least 70% of a development has to be pre-let prior to commitment) and tight cost control help to de-risk our developments |
| Over-exposure to developments could put pressure on cash flow and debt financing | High | Low | Each development project is reviewed and approved by the Executive Committee following detailed due diligence modelling and market research. The financial policies restrict the exposure to development and are monitored regularly. |

Statement of Directors' Responsibilities

The responsibility statement has been prepared in connection with the Company's full Annual Report for the year ended 31 March 2018. Certain parts of the Annual Report are not included in this announcement, as described in note 1.

Responsibility statement

We confirm that to the best of our knowledge:

- the financial statements, prepared in accordance with International Financial Reporting Standards as adopted by the European Union, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company and the undertakings included in the consolidation taken as a whole; and
- the Chairman's Statement and the Chief Executives' review include a fair review of the development and performance of the business and the position of the Company and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face.

By order of the Board:

Allan Lockhart
Chief Executive Officer
23 May 2018

Mark Davies
Chief Financial Officer

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 March 2018

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

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

All activities derive from continuing operations of the Group.

CONSOLIDATED BALANCE SHEET
As at 31 March 2018

| | Notes | 2018 £'000 | 2017 £'000 |
|--|-------|------------------|------------------|
| <i>Non-current assets</i> | | | |
| Investment properties | 8 | 1,227,212 | 995,928 |
| Investments in joint ventures | 9 | 8,509 | 71,763 |
| Property, plant and equipment | | 951 | 351 |
| Derivative financial instruments | | 3,339 | 626 |
| Total non-current assets | | 1,240,011 | 1,068,668 |
| <i>Current assets</i> | | | |
| Trade and other receivables | 10 | 34,427 | 5,373 |
| Derivative financial instruments | | 122 | - |
| Cash and cash equivalents | | 115,801 | 45,956 |
| Total current assets | | 150,350 | 51,329 |
| Total assets | | 1,390,361 | 1,119,997 |
| <i>Equity and liabilities</i> | | | |
| <i>Current liabilities</i> | | | |
| Borrowings | 12 | - | 100,084 |
| Trade and other payables | 11 | 38,731 | 28,729 |
| Current taxation liabilities | | 2,125 | 1,200 |
| Derivative financial instruments | | - | 160 |
| Total current liabilities | | 40,856 | 130,173 |
| <i>Non-current liabilities</i> | | | |
| Derivative financial instruments | | 173 | 2,291 |
| Borrowings | 12 | 456,952 | 302,995 |
| Total non-current liabilities | | 457,125 | 305,286 |
| Net assets | | 892,380 | 684,538 |
| <i>Equity</i> | | | |
| | 13 | | |
| Share capital | | 3,029 | 2,340 |
| Share premium | | 223,287 | 1,691 |
| Merger reserve | | (2,335) | (2,335) |
| Retained earnings | | 668,399 | 682,842 |
| Total equity | | 892,380 | 684,538 |
| <i>Net Asset Value (NAV) per share (pence)</i> | | | |
| EPRA | 7 | 292p | 292p |
| Basic | 7 | 294p | 292p |
| Diluted | 7 | 293p | 290p |

The financial statements of NewRiver REIT plc were approved by the Board of Directors on 23 May 2018 and authorised for issue.

Signed on behalf of the Board of Directors

Allan Lockhart Mark Davies
Chief Executive Chief Financial Officer

NewRiver REIT plc
Registered number: 10221027

CONSOLIDATED CASH FLOW STATEMENT
As at 31 March 2018

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
As at 31 March 2018

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

NOTES TO THE FINANCIAL STATEMENTS

1. Accounting policies

General information

NewRiver REIT plc was incorporated in the United Kingdom on 8 June 2016 under the Companies Act 2006 as a public company.

These condensed financial statements are presented in Sterling because that is the currency of the primary economic environment in which the Company operates.

Going concern

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

- Value of investment property
- Timing of property transactions
- Capital expenditure and tenant incentives
- Rental income
- Loan covenants
- Capital and debt funding

The Group has cash and short-term deposits, as well as profitable rental income streams and as a consequence the Directors believe the Group is well placed to manage its business risks. Whilst the Group has borrowing facilities in place, the Group is currently within all financial covenants. The Group has undrawn bank facilities to fund any future acquisitions and risk-controlled developments. During the year, the Group completed its move from secured to unsecured financing.

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

Basis of preparation

Statement of compliance

The financial information set out in these condensed financial statements does not constitute the Company's statutory accounts for the years ended 31 March 2018 or 31 March 2017, but is derived from those accounts. The auditors have reported on those accounts; their reports were unqualified, did not draw attention to any matters by way of emphasis without qualifying their report and did not contain statements under s498(2) or (3) Companies Act 2006.

Changes in accounting policy and disclosure

At the date of authorisation of the financial statements, the Group has not applied the following new and revised IFRSs that have been issued but are not yet effective:

- IAS 7 (Amendments) Disclosure Initiative
- IAS 12 (Amendments) Recognition of Deferred Tax Assets for Unrealised Losses
- IAS 40 (Amendments) Transfers of Investment Property
- IFRS 2 (Amendments) Classification and Measurement of Share-based Payment Transactions
- IFRS 4 (Amendments) Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts
- IFRS 9 Financial Instruments
- IFRS 14 Regulatory Deferral Accounts
- IFRS 15 Revenue from Contracts with Customers
- IFRS 16 Leases
- IFRIC 22 Foreign Currency Transactions and Advance Consideration

Impact assessment of adopting new accounting Standards and Interpretations.

The Directors do not expect that the adoption of the standards listed above will have a material impact on the financial statements of the Group in future periods. Further details of IFRS 9, 15 (both mandatory for financial years commencing on or after 1 January 2018) and IFRS 16 (mandatory for financial years commencing on or after 1 January 2019) are given below.

IFRS 9 Financial Instruments

This standard deals with the classification, measurement and recognition of financial assets and liabilities and replaces the guidance in IAS39 Financial instruments: Recognition and Measurement. The impairment model under IFRS 9 reflects expected credit losses, as opposed to only incurred credit losses under IAS 39. Under the impairment approach in IFRS 9, it is not necessary for a credit event to have occurred before credit losses are recognised. Instead, an entity always accounts for expected credit losses and changes in those expected credit losses. The new impairment model will apply to the Group's financial assets including trade and other receivables and cash and cash equivalents. The Directors expect to apply the simplified approach to recognise lifetime expected credit losses for these current assets. As such, the Directors do not currently expect there to be any material impact on the adoption of IFRS 9. There will also be no change in the accounting for financial liabilities. Derivative financial instruments continue to qualify for designation as at fair value through the profit and loss under IFRS 9. Having carried out an assessment of the standard the impact is immaterial from an earnings and net asset value perspective as the Group settled the majority of their derivatives during the refinance.

IFRS 15 Revenue from Contracts with Customers

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

IFRS 16 Leases

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

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

2. Critical accounting judgements and estimates

The preparation of financial statements requires management to make estimates affecting the reported amounts of assets and liabilities, of revenues and expenses, and of gains and losses. The key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below. Estimates and judgements are continually evaluated and are based on historical experience as adjusted for current market conditions and other factors.

Significant judgements

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

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

Sources of estimation uncertainty

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

Rents, ERVs, EBITDA multiples and maintainable earnings have a direct relationship to valuation, while yield has an inverse relationship. Estimated costs of a development project will inversely affect the valuation of development properties. There are interrelationships between all these unobservable inputs as they are determined by market conditions. The existence of an increase in more than one unobservable input could be to magnify the impact on the valuation. The impact on the valuation will be mitigated by the interrelationship of two unobservable inputs moving in directions which have an opposite impact on value e.g. an increase in rent may be offset by an increase in yield, resulting in no net impact on the valuation.

The estimated fair value may differ from the price at which the Group's assets could be sold. Actual realisation of net assets could differ from the valuation used in these financial statements, and the difference could be significant.

3. Gross income

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

4. Property operating expenses

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

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

5. Administrative expenses

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

Net administrative expenses ratio is calculated as follows:

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

6. Finance income and expense

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

7. Performance measures

The Group's key performance measure is 'Funds from Operations' or 'FFO'. This performance measure is intended to measure the underlying profitability of the Group and as such includes realised cash gains on disposals and adds back expense recognised for non-cash share-based payment, unrealised gains/losses and the one-off cost in respect of the costs to refinance debt and in the prior year cost of the move to the main market. The measure is not intended to replace the cash measures disclosed in the cash flow statement.

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

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

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

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

Number of shares

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

EPRA NAV per share and Basic NAV per share:

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

8. Investment properties

| | 2018 | 2017 |
|--|-----------|----------|
| | £'000 | £'000 |
| Fair value brought forward | 995,928 | 839,107 |
| Acquisitions | 31,238 | 162,146 |
| Capital expenditure | 16,393 | 15,572 |
| Properties acquired in business combinations | 244,657 | - |
| Lease incentives, letting and legal costs | 3,790 | 2,771 |
| Disposals | (51,892) | (8,638) |
| Net valuation movement | (12,902) | (15,030) |
| Fair value carried forward | 1,227,212 | 995,928 |

The Group's investment properties have been valued at fair value on 31 March 2018 by independent valuers, Colliers International Valuation UK LLP and Knight Frank LLP, on the basis of fair value in accordance with the Current Practice Statements contained in The Royal Institution of Chartered Surveyors Valuation – Professional Standards, (the 'Red Book'). The valuations are performed by appropriately qualified valuers who have relevant and recent experience in the sector.

9. Investments in joint ventures

| | 2018 | 2017 |
|---|----------|---------|
| | £'000 | £'000 |
| Opening balance | 71,763 | 70,125 |
| Effective disposal of investments | (62,379) | - |
| Group's share of profit after taxation excluding valuation movement | 2,018 | 5,683 |
| Net valuation movement | (564) | (419) |
| Distributions and dividends | (2,329) | (6,050) |
| Investment in joint ventures | - | 2,541 |
| Losses on cash flow hedges | - | (117) |
| Investments in joint ventures | 8,509 | 71,763 |

10. Trade and other receivables

| | 2018 | 2017 |
|-------------------|--------|-------|
| | £'000 | £'000 |
| Trade receivables | 8,580 | 3,481 |
| Other receivables | 20,869 | - |
| Prepayments | 3,052 | 1,483 |
| Accrued income | 1,926 | 409 |
| | 34,427 | 5,373 |

The provision for doubtful debts was £975,000 at 31 March 2018 (31 March 2017: £695,000). Other receivables principally consist of amounts owed due to the disposal of an investment property and surrender premia due but received after 31 March 2018.

11. Trade and other payables

| | 2018 | 2017 |
|--------------------------|--------|--------|
| | £'000 | £'000 |
| Trade payables | 3,252 | 2,140 |
| Other payables | 7,754 | 3,970 |
| Accruals | 15,643 | 12,501 |
| Rent received in advance | 12,082 | 10,118 |
| | 38,731 | 28,729 |

12. Borrowings

| | 2018 | 2017 |
|----------------------------------|---------|---------|
| | £'000 | £'000 |
| Maturity of bank loans: | | |
| Less than one year | - | 100,584 |
| Between one and two years | - | 61,996 |
| Between two and three years | - | 141,271 |
| Between three and four years | - | 34,029 |
| Between four and five years | 165,000 | 68,461 |
| After five years | 300,000 | - |
| | 465,000 | 406,341 |
| Less unamortised fees / discount | (8,048) | (3,262) |
| | 456,952 | 403,079 |
| Due in less than one year | - | 100,084 |
| Due after one year | 456,952 | 302,995 |

During the year the Company secured £680 million of new unsecured borrowing facilities to replace its secured borrowings. The refinancing exercise provided the Company with a reduced cost of debt, increased flexibility and an increased borrowings maturity.

The new facilities include a £165 million term loan and a £215 million revolving credit facility, with an initial maturity of five years which can be extended to a maximum of seven years, subject to lender consent. The facility agreement contains financial covenants based on loan to value ratio, interest cover and the level of secured borrowings. The floating rate interest on the loan must be substantially hedged and the Group has entered into interest rate swaps to fix the interest on the five-year term loan.

In February 2018, the Group issued a £300 million publicly listed corporate bond with a maturity of 10 years to March 2028 and a coupon of 3.5%. The unsecured corporate bond was rated BBB+ by Fitch.

| Unsecured borrowings: | Maturity date | Facility £'000 | Facility drawn £'000 | Unamortised facility fees / discount £'000 | £'000 |
|---------------------------|---------------|-------------------|-------------------------|---|---------|
| Term loan | August 2022 | 165,000 | 165,000 | (1,378) | 163,622 |
| Revolving credit facility | August 2022 | 215,000 | - | (1,795) | (1,795) |
| Corporate bond | March 2028 | 300,000 | 300,000 | (4,875) | 295,125 |
| | | 680,000 | 465,000 | (8,048) | 456,952 |

13. Share capital and reserves

Share capital

On 6 July 2017, the Company issued 67,164,179 ordinary shares at an issue price of 335 pence per ordinary share, with total share issue costs of £5.6 million, after a firm placing and open offer. The new shares were not entitled to receive the special dividend of 3 pence per ordinary share in respect of the financial year ended 31 March 2017 or the first quarterly dividend of 5.25 pence per ordinary share in respect of the first quarter of the financial year to 31 March 2018. The shares rank pari passu in all respects with the other ordinary shares in issue.

| Ordinary shares | Number issued 000's | Price per share pence | Total 000's | Held by EBT 000's | Shares in issue 000's |
|--|---------------------------|-----------------------------|----------------|-------------------------|-----------------------------|
| Issued upon incorporation | - | 1 | - | - | - |
| Issued pursuant to scheme of arrangement | 238,589 | 1 | 238,589 | 5,075 | 233,514 |
| Exercise of share options | 328 | 240 | 238,589 | 4,747 | 233,842 |
| Shares issued under employee share schemes | 133 | - | 238,589 | 4,614 | 233,975 |
| 31 March 2017 | | | 238,589 | 4,614 | 233,975 |
| Issue of shares in firm placing and open offer | 67,164 | 335 | 305,753 | 4,614 | 301,139 |
| Exercise of share options | 1,066 | 242 | 306,819 | 4,614 | 302,205 |
| Scrip dividends issued | 87 | 335 | 306,906 | 4,614 | 302,292 |
| Shares issued under employee share schemes | 657 | - | 306,906 | 3,957 | 302,949 |
| 31 March 2018 | | | 306,906 | 3,957 | 302,949 |

| | Share capital £'000 | Share premium £'000 | Total £'000 |
|--|---------------------------|---------------------------|----------------|
| Issued upon incorporation | - | - | - |
| Issued pursuant to scheme of arrangement | 2,335 | - | 2,335 |
| Exercise of share options | 4 | 1,691 | 1,696 |
| Shares issued under employee share schemes | 1 | - | 1 |
| 31 March 2017 | 2,340 | 1,691 | 4,031 |
| Issue of shares in firm placing and open offer | 672 | 219,028 | 219,700 |
| Exercise of share options | 10 | 2,568 | 2,578 |
| Shares issued under employee share schemes | 7 | - | 7 |
| 31 March 2018 | 3,029 | 223,287 | 226,316 |

Warrants

Shareholders who subscribed for placing shares in the original share listing of NewRiver Retail Limited's shares received warrants, in aggregate, to subscribe for 3% of the fully diluted share capital. The subscription price is adjusted following the payment of dividends or share issuance and was 132p as at 31 March 2018 380,000 remain outstanding (31 March 2017: 377,000).

Merger reserve

The merger reserve arose as a result of the scheme of arrangement and represents the nominal amount of share capital that was issued to shareholders of NewRiver Retail Limited.

Retained earnings

Retained earnings consist of the accumulated net profit of the Group, less dividends paid from distributable reserves, and transfers from equity issues where those equity issues generated distributable reserves. Dividends are paid from the Company's distributable reserves which were approximately £26 million at 31 March 2018. The Company received a dividend from its subsidiary of £300 million in May 2018 and its subsidiaries have significant distributable reserves in which to pay future dividends.

Shares held in Employee Benefit Trust (EBT)

As part of the scheme of arrangement and group reorganisation, the Company established an EBT which is registered in Jersey. The EBT, at its discretion, may transfer shares held by it to directors and employees of the Company and its subsidiaries. The maximum number of ordinary shares that may be held by the EBT may not exceed 10% of the Company's issued share capital. It is intended that the EBT will not hold more ordinary shares than are required in order to satisfy share options granted under employee share incentive plans.

There are currently 3,957,165 ordinary shares held by the EBT.

14. Business combinations

On 17 July 2017, the Group acquired the remaining 50% share in its BRAVO joint ventures, NewRiver Retail Property Unit Trusts No.2, No.5, No.6 and No.7 for a cash consideration of £59.4 million. The transaction allowed the Group to gain control over 4 convenience-led community shopping centre assets in Belfast, Glasgow, Hastings and Middlesbrough with a total gross asset value of over £240 million, representing a topped-up net initial yield of 7.4%.

The fair value of the Group's 50% equity interest in the unit trusts held before the business combination amounted to £62.4 million. No gain or loss was recognised as a result of remeasuring to fair value the equity interest in the unit trusts. The properties in the unit trust contributed net revenue of £3.2 million and profit of £3.4 million to the Group for the period from the date of acquisition to 31 March 2018. If the acquisition had occurred on 1 April 2017, with all other variables held constant, gross income for the year ended 31 March 2018 would have increased by £2.7 million and profit before taxation would have increased by £1.5 million.

Details of the assets and negative goodwill arising are as follows:

| | Fair value £'000 |
|---|---------------------|
| Investment property | 244,657 |
| Current assets | 2,429 |
| Other net current liabilities | (7,429) |
| Cash and cash equivalents | 5,769 |
| Borrowings | (120,668) |
| Fair value of acquired interest in net assets of subsidiaries | 124,758 |
| Gain on bargain purchase | (2,964) |
| Total purchase consideration | (59,415) |
| Less: fair value of previously held interest | (62,379) |
| Total acquisitions | - |

The bargain purchase is a result of the fair value determined for the assets purchased exceeding the gross asset value implicit in the sale and purchase agreement. The negative goodwill was recognised in the statement of comprehensive income in gross income. The fair value of cash and cash equivalents was considered equal to the carrying value representing the entity's bank deposits. The fair value of borrowings and trade and other payables was considered materially equivalent to their amortised cost based on discounted cash flow models. The borrowings acquired have no recourse to other companies or asset in the Group.

15. Financial instruments and risk management

| Reconciliation of movement in the Group's share of net debt in the year | 2018 £'000 | 2017 £'000 |
|---|---------------|---------------|
| Group's share of net debt at beginning of year | 417,877 | 261,673 |
| Cash flow | | |
| Net (increase)/decrease in cash and cash equivalents | (69,845) | 68,115 |
| New bank loans raised (net of expenses) | 506,152 | 153,630 |
| Borrowings acquired in business combinations | 120,668 | - |
| Bank loans repaid | (577,511) | (65,943) |
| <i>Group's share of joint ventures' cash flow</i> | | |
| Net decrease/(increase) in cash and cash equivalents | 3,122 | (95) |
| New bank loans raised (net of expenses) | - | 1,500 |
| Bank loans repaid | - | (2,400) |
| Borrowings disposed of | (60,334) | - |
| Other | | |
| Amortisation of bank loan fees | 4,551 | 1,184 |
| Group's share of joint ventures' amortisation of bank loan fees | 60 | 213 |
| Group's share of net debt | 344,740 | 417,877 |

| Net debt to equity ratio | 2018 £'000 | 2017 £'000 |
|--|---------------|---------------|
| Borrowings | 456,952 | 403,079 |
| Cash and cash equivalents | (115,801) | (45,956) |
| Net debt | 341,151 | 357,123 |
| Equity attributable to equity holders of the parent | 892,380 | 684,538 |
| Net debt to equity ratio ('Balance sheet gearing') | 38% | 52% |
| Share of joint ventures' borrowings | 3,991 | 64,278 |
| Share of joint ventures' cash and cash equivalents | (402) | (3,524) |
| Group's share of net debt | 344,740 | 417,877 |
| Carrying value of investment properties | 1,227,212 | 995,928 |
| Share of joint ventures' carrying value of investment properties | 12,375 | 134,640 |
| Group's share of carrying value of investment properties | 1,239,587 | 1,130,568 |
| Net debt to property value ratio ('Loan to value') | 28% | 37% |

16. Post balance sheet events

The first quarter dividend in relation to the year ended 31 March 2019 will be 5.4 pence per share (Q1 FY18: 5.25 pence per share) and will be paid on 27 July 2018 to shareholders on the register on 22 June 2018. The ex-dividend date will be 21 June 2018.

EPRA performance measures

The information in this section is unaudited and does not form part of the consolidated primary statements of the company or the notes thereto.

Introduction

The Group discloses financial performance measures in accordance with the European Public Real Estate Association ('EPRA') Best Practice Recommendations which are aimed at improving the transparency, consistency and relevance of reporting across European Real Estate companies.

This section sets out the rationale for each performance measure as well as how it is measured. A summary of the performance measures is included in following table.

| Performance Measure | March 2018 | March 2017 |
|-------------------------------|------------|------------|
| EPRA Earnings per Share (EPS) | 18.6p | 23.6p |
| EPRA NAV per share | 292p | 292p |
| EPRA NNNAV per share | 293p | 290p |
| EPRA NIY | 6.8% | 7.1% |
| EPRA 'topped-up' NIY | 7.2% | 7.5% |
| EPRA Vacancy Rate | 3% | 3% |

A. EPRA Earnings per Share: 18.6p

Definition

Earnings from operational activities

Purpose

A key measure of a company's underlying operating results and an indication of the extent to which current dividend payments are supported by earnings

| | March 2018 | March 2017 |
|--|---------------|---------------|
| | £m | £m |
| Calculation of EPRA Earnings | | |
| Earnings per IFRS income statement | 45.7 | 36.2 |
| Adjustments to calculate EPRA Earnings, exclude: | | |
| Changes in value of investment properties, development properties held for investment and other interests | 12.9 | 15.0 |
| Profits or losses on disposal of investment properties, development properties held for investment and other interests | (4.8) | (0.9) |
| Negative goodwill / goodwill impairment | (3.0) | - |
| Changes in fair value of financial instruments and associated close-out costs | (3.8) | 3.6 |
| Exceptional costs in respect of refinancing | 5.3 | - |
| Adjustments to above in respect of joint ventures (unless already included under proportional consolidation) | 0.6 | 1.3 |
| EPRA Earnings | 53.0 | 55.3 |
| Basic number of shares | 285.0m | 233.8m |
| EPRA Earnings per Share (EPS) | 18.6p | 23.6p |

B. EPRA NAV per share: 292p

Definition

Net Asset Value adjusted to include properties and other investment interests at fair value and to exclude certain items not expected to crystallise in a long-term investment property business model.

Purpose

Makes adjustments to IFRS NAV to provide stakeholders with the most relevant information on the fair value of the assets and liabilities within a true real estate investment company with a long-term investment strategy.

| | March 2018 £m | March 2017 £m |
|--|---------------------|---------------------|
| Calculation of EPRA Net Asset Value | | |
| NAV per the financial statements | 892.4 | 684.5 |
| Effect of exercise of options, convertibles and other equity interests (diluted basis) | 1.8 | 4.4 |
| Diluted NAV, after the exercise of options, convertibles and other equity interests | 894.2 | 688.9 |
| <i>Exclude:</i> | | |
| Fair value of financial instruments | (3.3) | 4.2 |
| EPRA NAV | 890.9 | 693.1 |
| Fully diluted number of shares | 305.3 | 237.4 |
| EPRA NAV per share | 292p | 292p |

C. EPRA NNNAV per share: 293p

Definition

EPRA NAV adjusted to include the fair values of (i) financial instruments, (ii) debt and (iii) deferred taxes.

Purpose

Makes adjustments to EPRA NAV to provide stakeholders with the most relevant information on the current fair value of all the assets and liabilities within a real estate company.

| | March 2018 £m | March 2017 £m |
|---|---------------------|---------------------|
| Calculation of EPRA Triple Net Asset Value (NNNAV) | | |
| EPRA NAV | 890.9 | 693.1 |
| <i>Include:</i> | | |
| Fair value of financial instruments | 3.3 | (4.2) |
| Fair value of debt | (0.3) | - |
| Deferred tax | - | - |
| EPRA NNNAV | 893.9 | 688.9 |
| Fully diluted number of shares | 305.3 | 237.4 |
| EPRA NNNAV per share | 293p | 290p |

D. EPRA NIY: 6.8%, EPRA 'topped-up' NIY: 7.2%

Definition

The basic EPRA NIY calculates the annualised rental income based on the cash rents passing at the balance sheet date, less non-recoverable property operating expenses, divided by the market value of the property, increased with (estimated) purchasers' costs.

In respect of the 'topped-up' NIY, an adjustment to the EPRA NIY in respect of the expiration of rent-free periods (or other unexpired lease incentives such as discounted rent periods and step rents).

Purpose

A comparable measure for portfolio valuations to assist investors in comparing portfolios.

| | | March 2018 £m | March 2017 £m |
|---|-----------|---------------------|---------------------|
| Calculation of EPRA NIY and 'topped-up' NIY | | | |
| Investment property – wholly owned | | 1,226.3 | 992.1 |
| Investment property – share of JVs/Funds | | 12.4 | 134.6 |
| Trading property (including share of JVs) | | - | - |
| Less: developments | | (78.7) | (57.9) |
| Completed property portfolio | | 1,159.9 | 1068.8 |
| Allowance for estimated purchasers' costs and capital expenditure allowed for | | 76.3 | 66.3 |
| Gross up completed property portfolio valuation | B | 1,236.3 | 1135.1 |
| Annualised cash passing rental income | | 95.4 | 91.6 |
| Property outgoings | | (11.1) | (11.3) |
| Annualised net rents | A | 84.3 | 80.2 |
| Add: notional rent expiration of rent free periods or other lease incentives ¹ | | 4.5 | 5.2 |
| Topped-up net annualised rent | C | 88.8 | 85.4 |
| | A/ | | |
| EPRA NIY | B | 6.8% | 7.1% |
| | C/ | | |
| EPRA 'topped-up' NIY | B | 7.2% | 7.5% |

1. The weighted outstanding rent-free period was less than one year in respect of March 2018 and 1.25 yrs in respect of March 2017

E. EPRA Vacancy rate: 3%

Definition

Estimated Market Rental Value (ERV) of vacant space divided by ERV of the whole portfolio, excluding pub and development assets.

Purpose

A 'pure' (%) measure of investment property space that is vacant, based on ERV.

| | | March 2018 £m | March 2017 £m |
|--|------------|---------------------|---------------------|
| Calculation of EPRA Vacancy Rate | | | |
| Estimated Rental Value of vacant retail space | A | 2.8 | 2.4 |
| Estimated rental value of the retail portfolio | B | 80.1 | 70.7 |
| EPRA Vacancy Rate | A/B | 3% | 3% |

Alternative Performance Measures (APMs)

In addition to information contained in the Group financial statements, Alternative Performance Measures ('APMs'), being financial measures which are not specified under IFRS, are also used by management to assess the Group's performance. These include a number of the financial statistics included on page 2 of this document. These APMs include a number of European Public Real Estate Association ('EPRA') measures, prepared in accordance with the EPRA Best Practice Recommendations reporting framework. We report these because management considers them to improve the transparency and relevance of our published results as well as the comparability with other listed European real estate companies.

The table below identifies the APMs used in this statement and provides the nearest IFRS measure where applicable, and where in this statement an explanation and reconciliation can be found.

| APM | Nearest IFRS measure | Explanation and reconciliation |
|---|------------------------------------|---|
| Funds From Operations ('FFO') and FFO per share | Profit for the year after taxation | Note 7 of the Financial Statements and page 20 of this document |
| EPRA Net Asset Value ('NAV') and EPRA NAV per share | Net Assets | Note 7 of the Financial Statements and page 23 of this document |
| Dividend cover | N/A | Glossary and page 20 of this document |
| Admin cost ratio | N/A | Glossary |
| Interest cover | N/A | Glossary and page 2 of this document |
| EPRA EPS | IFRS Basic EPS | Note 7 of the Financial Statements |
| EPRA NNNNAV | Net Assets | Page 43 of this document |
| EPRA NIY | N/A | Page 43 of this document |
| EPRA 'topped-up' NIY | N/A | Page 43 of this document |
| EPRA Vacancy Rate | N/A | Page 44 of this document |
| Total Accounting Return | N/A | Glossary and page 2 of this document |
| Cost of debt | N/A | Page 2 of this document |
| Average debt maturity | N/A | Page 2 of this document |
| Loan to Value | N/A | Page 2 of this document |

Glossary

Admin cost ratio: Is the Group's share of net administrative expenses (including its share of JV administrative expenses) divided by the Group's share of property income (including its share of JV property income).

Assets under Management (AUM): Is a measure of the total market value of all properties managed by the Group.

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.

Balance sheet gearing: Is the balance sheet net debt divided by IFRS net assets.

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

BREEAM: (Building Research Establishment Environmental Assessment Method) assesses the sustainability of buildings against a range of social and environmental criteria.

Capital return: Is calculated as the change in capital value less any capital expenditure expressed as a percentage of capital employed over the period.

Capped rents: Are rents subject to a maximum level of uplift at the specified rent reviews as agreed at the time of letting.

Collared rents: Are rents subject to a minimum level of uplift at the specified rent reviews as agreed at the time of letting.

Cost of debt: Is the Group loan interest and derivative costs pa at the period end, divided by total Group debt in issue at the period end.

Dividend cover: Funds From Operations per share divided by dividend per share declared in the period.

EPRA: Is the European Public Real Estate Association.

EPRA earnings: Is the IFRS profit after taxation excluding investment property revaluations, fair value adjustments on derivatives and gains/losses on disposals.

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

EPRA NAV per share: Is EPRA NAV divided by the diluted number of shares at the period end.

ERV growth: Is the change in ERV over a period on our investment portfolio expressed as a percentage of the ERV at the start of the period. ERV growth is calculated monthly and compounded for the period subject to measurement, as calculated by MSCI Real Estate (formerly named IPD).

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

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

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

Footfall: Is the annualised number of visitors entering our shopping centre assets.

Funds From Operations: Is a measure of cash profits which includes realised recurring cash profits, realised cash profits or losses on the sale of properties and excludes other one off or non-cash adjustments.

Group: Is NewRiver REIT plc, the Company and its subsidiaries and its share of joint ventures (accounted for on an equity basis).

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

IAS/IFRS: Is the International Financial Reporting Standards issued by the International Accounting Standards Board and adopted by the EU.

Income return: Is the income derived from a property as a percentage of the property value.

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

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

MSCI Real Estate: MSCI Real Estate (formerly Investment Property Databank Ltd or 'IPD') produces independent benchmarks of property returns and NewRiver portfolio returns.

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

Leasing events: Long-term and temporary new lettings, lease renewals and lease variations within investment and joint venture properties.

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

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

Like-for-like footfall growth: Is the movement in footfall against the same period in the prior year, on properties owned throughout both comparable periods, aggregated at 100% share.

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

Loan to Value (LTV): Is the ratio of gross debt less cash, short-term deposits and liquid investments to the aggregate value of properties and investments. LTV is expressed on a proportionally consolidated basis.

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

Net equivalent yield (NEY): 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.

Net initial yield (NIY): Is the current annualised rent, net of costs, expressed as a percentage of capital value, after adding notional purchaser's costs.

Net rental income: Is the rental income receivable in the period after payment of ground rents and net property outgoings. Net rental income will differ from annualised net rents and passing rent due to the effects of income from rent reviews, net property outgoings and accounting adjustments for fixed and minimum contracted rent reviews and lease incentives.

NRR share: Represents the Group's ownership on a proportionally consolidated basis.

Passing rent: Is the gross rent, less any ground rent payable under head leases.

Pre-let: A lease signed with an occupier prior to the completion of a development.

Pre-sale: A sale exchanged with a purchaser prior to completion of a development.

Property Income Distribution (PID): As a REIT the Group is obliged to distribute 90% of the tax-exempt profits. These dividends, which are referred to as PIDs, are subject to withholding tax at the basic rate of income tax. Certain classes of shareholders may qualify to receive the dividend gross. See our website (www.nrr.co.uk) for details. The Group can also make other normal (non-PID) dividend payments which are taxed in the usual way.

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

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

Retail 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.

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

Reversionary yield: Is the anticipated yield, which the initial yield will rise to once the rent reaches the estimated rental value.

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

Total Accounting Return (TAR): Is the increase or decrease in EPRA NAV per share plus dividends paid in the period, expressed as a percentage of EPRA NAV per share at the beginning of the period.

Total Property Return (TPR): Is calculated as the change in capital value, less any capital expenditure incurred, plus net income, expressed as a percentage of capital employed over the period, as calculated by MSCI Real Estate (formerly IPD). Total property returns are calculated monthly and indexed to provide a return over the relevant period.

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

Voids: Are expressed as a percentage of ERV and represent all unlet space, including voids where refurbishment work is being carried out and voids in respect of pre-development properties. Temporary lettings of up to 12 months are also treated as voids.

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

Yield on cost: Passing rents expressed as a percentage of the total development cost of a property.

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