NEW RIVER

RNS Announcement

NewRiver REIT plc Half Year Results

21 November 2018

Convenience & community focus delivering robust cash returns

Allan Lockhart, Chief Executive commented: "NewRiver has delivered a robust performance in a challenging market, with resilient cash returns underpinned by solid operational metrics. Our continued focus on the growing sub-sectors of the market characterised by convenience, value and frequent spend on everyday essentials continues to serve us well.

During the period we remained active across our retail portfolio, signing leases with growing, best-in class operators and progressing our risk-controlled development pipeline, most recently reaching practical completion at Canvey Island Retail Park in Essex. We continued to diversify our portfolio by investing in high-quality community pubs through the acquisition of Hawthorn Leisure, where integration is progressing well and we remain on track to deliver annualised scale-based synergies of at least £3 million. We achieved all of this while maintaining the strong balance sheet required to support our growth ambitions.

Looking ahead, our income profile is well-diversified and we have deliberately avoided sub-sectors such as department stores, mid-market fashion and casual dining, which we believe are most exposed to the structural changes impacting the retail market. The way that people live, work and consume is evolving rapidly and, as an active and specialist owner of community assets with a strong balance sheet, we are well placed to adapt to and benefit from these changes."

Proven business model delivering robust cash returns, underpinned by a strong balance sheet

- Funds From Operations ('FFO') of £25.3 million (HY18: £26.5 million); decrease mainly due to £2.2 million one-off promote received in the prior period, offset by net acquisition activity; FFO of 8.3 pence (HY18: 10.0 pence)
- Ordinary dividend per share increased by 3% to 10.8 pence (HY18: 10.5 pence); 77% covered as our disciplined approach has meant capital is not yet fully deployed in anticipation of future acquisition opportunities
- Q3 FY19 ordinary dividend increased by 3% to 5.4 pence per share (Q3 FY18: 5.25 pence)
- EPRA NAV per share of 283 pence (March 2018: 292 pence), impacted by valuation decline of 1.8%
- Total Property Return +2.4%, +230 bps vs MSCI-IPD benchmark; Total Accounting Return of +0.6% (HY18: +6.3%)
- Proportionally consolidated LTV of 35% (March 2018: 28%); increase due to acquisitions; well within guidance
- IFRS net assets £864.3 million (March 2018: £892.4 million); Net property income £43.2 million (HY18: £40.1 million); IFRS profit after tax £2.7 million (HY18: £29.3 million); IFRS basic EPS 0.9 pence (HY18: 11.0 pence)

Strength of operational metrics demonstrate resilience of convenience & community focused portfolio

- Retail occupancy of 96.2% (March 2018: 96.5%); Pub occupancy of 98.6% (March 2018: 99.0%)
- 127 retail leasing events across 653,000 sq ft; long term deals on terms 10.7% ahead of previous rent
- Affordable average retail rent of £12.48 psf (March 2018: £12.36); deliberately limited exposure to structurally challenged sub-sectors such as department stores (<0.1% of total income) and casual dining (1.1%)
- Like-for-like footfall across shopping centres declined 1.9%; outperforming the UK benchmark by 100 bps
- Like-for-like net income across retail portfolio -0.5% reflecting impact of CVAs and administrations

Remaining disciplined and active in our key investment markets

- Hawthorn Leisure acquired in May 2018 for an enterprise value of £106.8 million, representing a NIY of 13.6%; portfolio of 298 high quality community pubs and an established pub management platform; integration of business progressing well and expected to complete in Q4 FY19; already successfully unlocked £1.7 million of £3 million of expected annualised operating cost synergies and expect to see the benefit of these from early 2019
- Acquired Grays Shopping Centre in June 2018 for £20.2 million and a NIY of 9.4%, and Hollywood Retail & Leisure Park in Barrow-in-Furness in July 2018 for £15.3 million and a NIY of 8.7%
- Completed £14.6 million of disposals 1% ahead of book value, including sales of Whitwick Retail Park in Coalville for £9.9 million, representing a NIY of 6.9% following completion of a programme of active asset management initiatives; further £20.5 million of disposals completed post period end and £23.3 million under offer

Good progress with our strategic opportunities in a changing environment

- Asset Management Platform: signed first agreement with Canterbury City Council at Whitefriars Shopping Centre
- Residential development: completed strategic review of entire portfolio; identified potential to deliver up to 1,300 residential units adjacent to or above our retail assets over the next 5-10 years, in addition to existing pipeline of 1,100 units

Growing income streams and generating value through 1.8 million sq ft risk-controlled development pipeline

- Reached practical completion on 62,000 sq ft Canvey Island Retail Park development; M&S Foodhall and B&M expect to open in January 2019; fully-let annualised rent roll of £1 million and projected yield on cost of 9%
- Convenience store ('c-store') development programme for The Co-operative saw completion of two c-stores during the period; on-site with a further four, which on completion will bring total number delivered to 25

Financial Statistics

Performance	Note	HY19	HY18	Change
Funds From Operations ('FFO')	(1)	£25.3m	£26.5m	-5%
FFO per share (Pence Per Share)	(1)	8.3	10.0	-17%
Ordinary dividend (Pence Per Share)		10.8	10.5	+3%
Dividend cover		77%	95%	
Admin cost ratio		13%	11%	
Interest cover	(2)	3.8x	4.6x	
Net Property Income		£43.2m	£40.1m	
IFRS Profit after taxation		£2.7m	£29.3m	
IFRS Basic EPS (Pence Per Share)		0.9	11.0	
EPRA EPS (Pence Per Share)		8.0	9.3	
Total Accounting Return (paid basis)	(3)	+0.6%	+6.3%	

Balance Sheet	Note	Sep 2018	March 2018	Change
IFRS Net Assets		£864.3m	£892.4m	
EPRA NAV per share (Pence Per Share)		283	292	-3%
Shares in issue		303.4m	302.9m	
Balance Sheet (proportionally consolidated)	Note	Sep 2018	March 2018	Change
Principal value of gross debt		£525.0m	£469.0m	
Cash		£30.8m	£116.2m	
Cost of debt	(4)	3.2%	3.1%	
Average debt maturity	(5)	7.4 years	7.9 years	
Loan to value		35%	28%	

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) Interest cover is tested at property level and is the basis for banking covenants. It is calculated by comparing actual net rental income received versus cash interest payable.
(3) Total Accounting Return (paid basis) equals EPRA NAV per share growth plus dividends paid in the period
(4) Cost of debt assuming £215 million revolving credit facility is fully drawn
(5) Average debt maturity assumes one-year extension options are exercised and bank approved

For further information

NewRiver REIT plc +44 (0)20 3328 5800
Allan Lockhart (Chief Executive)
Mark Davies (Chief Financial Officer)
Will Hobman (Head of Investor Relations & Strategy)

Finsbury +44 (0)20 7251 3801
Gordon Simpson
James Thompson

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 9.30am 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/965-1325-20163/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 ('NewRiver') is a leading Real Estate Investment Trust specialising in buying, managing, developing and recycling convenience-led, community-focused retail and leisure assets throughout the UK.

Our £1.4 billion portfolio covers over 9 million sq ft and comprises 34 community shopping centres, 21 conveniently located retail parks and over 600 community pubs. Having hand-picked our assets since NewRiver was founded in 2009, we have deliberately focused on the fastest growing and most sustainable sub-sectors of the UK retail market, with grocery, convenience stores, value clothing, health & beauty and discounters forming the core of our retail portfolio. This focus, combined with our affordable rents and desirable locations, delivers sustainable and growing returns for our shareholders, while our active approach to asset management and inbuilt 1.8 million sq ft development pipeline provide further opportunities to extract value from our portfolio.

NewRiver has a Premium Listing on the Main Market of the London Stock Exchange (ticker: NRR) and is a constituent of the FTSE 250 and EPRA indices. Visit www.nrr.co.uk for further information.

LEI Number: 2138004GX1VAUMH66L31

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.

Chief Executive's review

I am pleased to report another period of solid performance for NewRiver, during which our proven business model, and focus on those sub-sectors characterised by frequent, store-based spend on everyday essentials, allowed us to navigate challenging market headwinds and continue to deliver resilient cash returns to our shareholders.

Market backdrop

For the UK retail sector, market trends in the first half were broadly similar to those in the previous financial year. Retailers continue to face a range of cost pressures at a time when the growth of online retailing, changes in consumer behaviour and increased competition are significantly altering market dynamics. Low consumer confidence and continued economic and political uncertainty are compounding these issues further. While many retailers have fared well despite these headwinds, for others they have exposed challenged business models leading to weaker performance, requests for rent reductions and, in extreme cases, a number of business failures.

NewRiver's response to these challenges has been consistent and effective. Firstly, we have continued to focus our portfolio on the growing and sustainable market sub-sectors which meet the everyday needs of UK consumers. These sub-sectors - which include food & grocery, discounters, grab & go food, value fashion and health & beauty - are sustainable because they provide essential goods and services, and are resilient to online retailing, either because online fulfilment would be too costly or because a face-to-face service is an integral element of their offer. Secondly, we work closely with our occupiers to provide affordable rents, low occupational costs and attractive, well-located spaces which allow their businesses to thrive, in turn underpinning the sustainability of our income streams. Thirdly, where our occupiers do face challenges, we are proactive in finding solutions to protect the value of our assets and the security of our income. Finally, we have a relentless focus on extracting further value from our assets, either through our risk-controlled development pipeline or our strategic opportunities first outlined in May 2018.

The challenges facing the retail sector are being reflected in the valuations of some retail assets. Due to the differentiated nature of our assets, which are typically higher yielding and have smaller lot sizes than those of our peers, we have been pleased to see relatively small reductions in valuations across our shopping centres, and stable valuations across our retail parks. The investment market for these types of asset has remained active, as demonstrated by the disposals we have made and the assets currently under offer, realising disposal prices that are on average ahead of March 2018 valuations.

The UK pubs sector has generally performed well over the last six months. Wet-led outlets, which represent the vast majority of the NewRiver portfolio of 616 community pubs, continued to outperform the market, benefitting from the warm weather and the World Cup during the period, while being insulated from the ongoing challenges faced by casual dining operators, such as market overcapacity and increasing multi-channel competition. Against a backdrop of low consumer confidence and limited real wage growth, the pub remains an affordable treat and an integral part of community life.

Financial performance

Our financial performance remained robust in the first half, with our convenience & community focused portfolio delivering Funds From Operations ('FFO') of £25.3 million. This represented a small reduction from the £26.5 million reported in the first half of last year, due predominantly to a £2.2 million one-off promote received in the prior period. Our IFRS Profit after tax was £2.7 million, reduced from £29.3 million in HY18 predominantly due to a 1.8% reduction in portfolio valuation. Our portfolio outperformed the MSCI-IPD benchmark for income return and capital growth, delivering a total return of 2.4%, compared to the benchmark of 0.2%, an outperformance of 230 bps.

The Board approved two quarterly dividend payments of 5.4 pence per share, resulting in a first half dividend of 10.8 pence per share, an increase of 3% compared with the same period last year. In the first half our dividend was 77% covered, reflecting the fact that we have deliberately held back on deploying capital because we expect better buying opportunities in the future, which we are well placed to take advantage of. We have also announced a third quarter dividend of 5.4 pence per share, and we expect dividend cover to improve in the second half of the financial year, as we see the full benefit of the Hawthorn Leisure acquisition which we made part way through the first half.

We continue to benefit from our transformational actions in the debt capital markets in the last financial year, which mean that we have now diversified our sources of funding, increased operational flexibility, increased debt maturity to 7.4 years and reduced our cost of debt to 3.2%. Our LTV was 35% at 30 September 2018, well within our stated guidance of less than 40%, and interest cover of 3.8x was comfortably within our stated guidance of more than 2.0x, which means that we have capacity to grow through disciplined stock selection and our inbuilt risk-controlled development pipeline.

Our portfolio valuation now stands at £1.4 billion, increased from £1.2 billion at 31 March 2018 due primarily to the acquisition of Hawthorn Leisure in the period. Our EPRA net asset value per share decreased by 9 pence to 283 pence, reflecting both the 1.8% reduction in portfolio valuation and that our dividend was not fully covered in the first half. Our IFRS net assets reduced to £864.3 million, due principally to the same factors. This means that in a challenging operating environment we still delivered a positive total accounting return of +0.6%.

Operational performance

During the period we completed £149.8 million of acquisitions across our shopping centre, retail park and community pubs portfolios, at an average net initial yield ('NIY') of 12.5%.

In our retail portfolio, in June 2018 we acquired Grays Shopping Centre in Essex for £20.2 million, equating to a NIY of 9.4% on the shopping centre element. The acquisition comprised a community shopping centre with 177,300 sq ft of retail space, anchored by value and grocery retailers, and a 32,000 sq ft office building with permitted development rights for residential conversion. We have already identified a number of value-creating opportunities at the asset, to meet demand for a budget hotel, budget gym and discount food retailer, and to deliver much needed residential units. In July 2018 we acquired Hollywood Retail & Leisure Park in Barrow-in-Furness, Cumbria for £15.3 million, equating to a NIY of 8.7%. The acquisition comprised a ten-unit 124,400 sq ft retail and leisure park with an occupier line-up including TK Maxx, Currys PC World, Dunelm, Nuffield Health and a six-screen Vue cinema. The asset offers a number of opportunities to extract further value, including the immediate conversion of two existing units to introduce a 20,000 sq ft store let to Aldi.

In our community pub portfolio, in May 2018 we completed the acquisition of Hawthorn Leisure for an enterprise value of £106.8 million, comprising a portfolio of 298 pubs and a best-in-class pub management platform. The acquisition has been accretive to both FFO and net assets, and is expected to generate scale-based synergies of at least £3 million on an annualised basis, as well as providing a platform for the future growth of our pub portfolio.

Across our retail portfolio we continued to see strong operational metrics. Occupancy remained stable at 96.2%, reflecting the resilient performance of our occupiers and our active approach to asset management. Our average rent remained low at £12.48, compared to £12.36 psf in March 2018, reflecting our commitment to affordability for retailers and underpinning the sustainability of our income. Our shopping centre footfall declined by 1.9% during the period, outperforming the UK benchmark by 100 bps and demonstrating the essential nature of the spend at our centres.

Over the period we completed 653,000 sq ft of new lettings and renewals across our retail portfolio. On average, long-term deals were signed 11% ahead of previous passing rent but at a small 0.6% discount to March 2018 ERV, reflecting a few instances where deals were signed below valuers' assumptions in order to achieve wider strategic aims. Our leasing activity in the year to date continues to reflect our focus on the growing and sustainable sub-sectors which provide convenience and value on everyday purchases, with deals signed with discounters B&M and Wilko; food and grocery stores Sainsbury's and Iceland; value fashion retailers such as BonMarché, TK Maxx and Claire's Accessories; grab & go food operators including Burger King, Costa and Cooplands; and health & beauty retailers Savers and Superdrug.

Retail failures in the form of Company Voluntary Arrangements ('CVAs') or administrations continue to have only a small impact on our rental income. Having deliberately limited our exposure to sub-sectors facing structural challenges such as casual dining, department stores and mid-market fashion, the majority of CVAs and administrations occurring in the first half has no impact. However, we were impacted by the administration of Poundworld, and the CVAs of Homebase and Office Depot, which had represented £1.9 million, or 1.9%, of our annual net rental income at the start of the period. Stores representing £0.1 million of rental income were unaffected, with a further £0.9 million recovered through new deals or deals currently in legals. This results in an estimated impact on FFO in FY19 of £0.9 million, which we are working to reduce further, encouraged by the strong progress we have made in mitigating the impact of CVAs and administrations in the previous financial year.

In our community pubs, the integration of Hawthorn Leisure is progressing well and is expected to complete in Q4 FY19, with a dedicated committee established to involve all stakeholders in the process. At the time of acquisition we identified scale-based synergies of at least £3 million on an annualised basis, achieved through taking a "best of both" approach where expertise and best practice are shared across the two portfolios. I am pleased to report we have already made significant progress towards achieving these, unlocking £1.7 million of annualised cost savings which we will benefit from in early 2019.

We made good progress with our 1.8 million sq ft risk-controlled development pipeline during the period. We have now reached practical completion on our 62,000 sq ft retail park development in Canvey Island, Essex, with the scheme 75% pre-let to M&S Foodhall, B&M, Sports Direct and Costa. These stores are set to open in early 2019 and once fully-let the scheme will deliver £1.0 million of annualised rental income. At our 465,000 sq ft mixed-used regeneration scheme in Burgess Hill town centre, we have now handed over a site for the relocation of Lidl away from the scheme and are on-site with works to relocate the library, the final step before demolition works can begin.

Across our community pub portfolio, our convenience store ('c-store') development programme for The Co-operative saw the completion of two new c-stores, and we are on-site with a further four, which on completion will bring the total number delivered to date to 25.

We are committed to operating in a way that enhances the lives of the communities we serve and minimises our impact on the environment, as we believe this in the best interests of all of our key stakeholders. To this end we were delighted to receive a Green Star in the 2018 Global Real Estate Sustainability Benchmark ('GRESB') assessment during the period, and a 35% improvement in our overall score compared to the prior year. We have been a GRESB participant since 2015 and these latest results recognise the significant progress we have made in integrating environmental, social and governance considerations into our strategy and operations. Examples of this progress during the first half include the roll-out of energy efficient LED lighting to many of our shopping centre assets and the completion of comprehensive staff wellbeing and occupier engagement surveys, the results of which are now being integrated into our strategy.

Strategic opportunities in a changing environment

The way that people live, work and consume continues to evolve, and as specialist asset managers we are well placed to benefit from many of the developing trends. To ensure we capture maximum value from these benefits for our communities and our shareholders, we identified in May 2018 a number of strategic opportunities on which we will initially focus our efforts. I am pleased to report early progress across all of these opportunities.

- **Asset management platform**
  There is a growing trend of local authorities purchasing shopping centre assets in order to gain greater control over their town centres and better meet the needs of their communities. However, in most cases local authorities lack the personnel, expertise or relationships to successfully asset manage these centres in-house, and are seeking a partner with the scale, relationships and proven track record to manage them on their behalf. Partnering with a large, listed entity such as NewRiver has additional benefits in the form of greater transparency and strong governance credentials. In response to this opportunity, we have now made available our market-leading asset management platform and expertise to third parties.

  In September 2018 we signed our first Asset Management Agreement with Canterbury City Council for management of the city's Whitefriars Shopping Centre. Under the terms of the agreement, NewRiver will undertake full asset management responsibilities for the centre in exchange for a management fee calculated as a proportion of net operational income received and a development fee calculated on third-party-tendered development costs. Our active asset management approach has already made an impact, with the centre now fully occupied, and we are already in discussions with another local authority to secure a similar agreement.

- **Click & Collect**
  According to research by GlobalData, the value of click & collect transactions is forecast to grow by 46% over the next five years to £9.8bn, following an estimated 12% in 2018. As the channel grows, consumers are increasingly demanding convenient collections close to their home or work, and retailers are investing heavily in-store and in their supply chains to improve click & collect infrastructure, as well as using third-party collection points to expand their reach. Town centres, retail parks and neighbourhood shops currently account for over 70% of all click & collect locations, meaning NewRiver's portfolio is particularly well-suited to this channel. In addition to increased sales for our occupiers, click & collect brings significant extra benefits to our assets such as increased footfall and additional spend.

  During the first half we agreed with Paypoint plc to trial its CollectPlus service over the Christmas period at a number of our community pubs. The CollectPlus service is currently available in over 7,000 stores across the UK, and provides customers the ability to click & collect, return or send parcels easily at a time and location that is convenient to them. The CollectPlus network is growing, and we see significant potential across our 616 conveniently located community pubs.

- **Residential development**
  As the UK's urban population increases, national planning policy has become strongly supportive of residential development in town centres, including in the airspace above commercial premises, and many of our assets are ideally suited to meet local housing demand. As asset owners, we can crystallise value at several stages in a residential development project, such as through selling the development rights or partnering with a third party to develop. Regardless of where in the process we crystallise value, these developments will also benefit our assets through increased footfall and further investment.

  Our risk-controlled development pipeline already includes 1,100 residential units, at development sites such as Burgess Hill, Cowley in Oxford, and Stamford, and we have a track-record of profitably selling development rights. In July 2018, we completed a strategic review of our entire retail portfolio and identified the potential to deliver up to 1,300 residential units adjacent to or above our assets over the next 5-10 years, in addition to the 1,100 units already included within our 1.8 million sq ft risk-controlled development pipeline. We believe this opportunity has the potential to deliver up to £140 million of development profit.

- **Additional uses**
  Our shopping centres are at the heart of the communities they serve, surrounded by residential areas and fully connected to urban infrastructure. As the way people live, work and consume evolves, these assets will play an even more important role in meeting the needs of local people. With an analytical and tailored approach, we are already looking at how our centres can be of greater benefit to their communities in the future. For example, a key element of the NHS's plans to transform primary care is the provision of localised and integrated healthcare facilities, and our centres are ideally placed to meet this demand. We are now in early-stage discussions with one NHS trust to develop a primary care facility at one of our shopping centres. Another example is how the changing nature of work has made flexible working spaces increasingly popular – many of our units can provide bright, spacious and well-connected units in the centre of towns which is well-suited to the needs of modern workers. We will continue to examine how best we can develop this type of space across our shopping centre portfolio.

Outlook

We expect the challenges faced by the UK retail sector to continue in the near-term. We see diverging performance between retailers in the growing, online-resilient sub-sectors focused on essential goods and services, where NewRiver is positioned, and those in the structurally-challenged sub-sectors severely impacted by low consumer confidence, the rise of e-commerce, and market overcapacity. In pubs we have seen wet-led community pubs, which represent the vast majority of NewRiver's portfolio, outperform, while destination and food-led pubs have been impacted by the wider malaise in the casual dining sector, and we expect this trend to continue into the future.

The rigorous execution of our business model ensures that we align our portfolio with the best performing areas of the market through disciplined stock selection, and that we have the expertise and ability to extract further value for our shareholders and communities through active asset management and risk-controlled development, even when the market faces disruption. Through continuing this approach, and building on the excellent progress made to date on our strategic priorities, we are confident that NewRiver will continue to provide growing returns to our shareholders.

Allan Lockhart
Chief Executive
20 November 2018

Property review

Highlights

- Portfolio increased by 11% to £1.4 billion (March 2018: £1.2 billion), driven by net acquisitions
- Ungeared total property return of 2.4%, outperforming the MSCI-IPD benchmark by 230 bps
- Completed £149.8 million of acquisitions in four separate transactions, at an average equivalent yield of 12.5%
- Retail occupancy remains high at 96.2% (March 2018: 96.5%)
- Shopping centre like-for-like footfall outperformed the UK benchmark by 100 bps, with a decline of 1.9%
- Completed 653,000 sq ft of new lettings and renewals in retail portfolio; long-term deals on average 11% ahead of previous passing rent and 0.6% below March 2018 ERV
- Occupiers representing £1.9 million of annualised rent were impacted by CVAs and Administrations in the period; good early progress in re-letting vacated units
- Reached practical completion on 62,000 sq ft Canvey Island Retail Park; annualised rent roll of £1 million once fully-let and projected yield on cost of 9%
- Delivered two c-stores to the Co-op, and on site with a further four which will bring total number developed to 25
- Completed £14.6 million of disposals on terms on average 1% ahead of March 2018 valuation

Portfolio overview

As at 30 September 2018	Valuation NRR share £m	Weighting NRR Share %	Valuation surplus/(deficit) %	Topped-up NIY %	NEY %	LFL ERV Movement %
Shopping centres	798	57	(2.7)	6.8	7.4	(1.4)
Retail parks	172	13	-	6.6	6.9	(0.9)
High street	26	2	(2.0)	7.4	7.3	(4.4)
Pubs & c-stores	286	21	(0.9)	11.1	11.1	N/A
Development	92	7	0.5	N/A	N/A	N/A
Total	1,374	100	(1.8)	7.8	8.1	(1.4)

During the six months our portfolio valuation increased to £1.4 billion, from £1.2 billion in March 2018. This was the result of £149.8 million of acquisitions in the period being partially offset by £14.6 million of disposals and a 1.8% decline in valuations.

The portfolio initial yield stood at 7.8% in September 2018, increased from 7.2% in March 2018, due primarily to the acquisition of Hawthorn Leisure in May 2018.

	Total Return %	Income Return %	Capital Growth %
NRR portfolio	2.4	3.6	(1.1)
MSCI-IPD Benchmark[1]	0.2	2.4	(2.2)
Relative performance	+230 bps	+110 bps	+110 bps

1. Benchmark includes monthly & quarterly valued retails

Our portfolio outperformed the MSCI-IPD benchmark for income return and capital growth, delivering a total return of 2.4%, compared to the benchmark of 0.2%, an outperformance of 230 bps.

Disciplined stock selection

Retail

Since 1 April 2018, we have completed £35.5 million of acquisitions in two separate transactions, at a blended equivalent yield of 9.1%.

Since 1 April 2018	Acquisition price (£m)	Net initial yield (%)	Equivalent yield (%)
Grays Shopping Centre, Grays	20.2	9.4	9.8
Hollywood Retail & Leisure Park, Barrow-in-Furness	15.3	8.7	8.2
Total	35.5	9.1	9.1

Grays Shopping Centre, Grays

In June 2018, we acquired Grays Shopping Centre in Grays, Essex. The acquisition comprised a community shopping centre with 177,300 sq ft of retail space and a 32,000 sq ft office building with permitted development rights for residential conversion, across a 4.7 acre site located in the centre of Grays, with the City of London accessible by train in less than 35 minutes.

The convenience-led community shopping centre is anchored by value and grocery retailers including Wilko, Poundland, Iceland and Peacocks, and has a 700-space multi-storey car park. At acquisition, it had an affordable average rent of £9.62 per sq ft and a weighted average unexpired lease term of 4.6 years, which will facilitate asset management and risk-controlled development opportunities.

We have already identified a number of value-creating opportunities at the asset, to meet demand for a budget hotel, budget gym and discount food retailer, and to deliver much needed residential units. These plans are in line with the Grays Town Centre Framework, produced by Thurrock Council, and NewRiver will work closely with them in redeveloping the site, while continuing to receive an attractive income in the interim.

Hollywood Retail & Leisure Park, Barrow-in-Furness

In July 2018, we acquired Hollywood Retail & Leisure Park in Barrow-in-Furness, Cumbria. The acquisition comprised a ten-unit 124,400 sq ft retail and leisure park providing 665 free car parking spaces, with a line-up consisting of quality national retailers and leisure operators including TK Maxx, Currys PC World, Dunelm, Nuffield Health and a six-screen Vue cinema.

The asset offers a number of opportunities to extract further value, including the immediate conversion of two existing units to introduce a 20,000 sq ft store let to Aldi, which will make the asset 100% occupied. Including the Aldi store, the retail park had a weighted average unexpired lease term of 8.3 years and an affordable average rent of £11.36 per sq ft.

The asset is conveniently located in the main retail park concentration in Barrow-in-Furness, a town with a large catchment and limited retail competition, and will provide the primary discount food offer for the community following the introduction of Aldi.

Pubs

Since 1 April 2018 we have completed £114.3 million of property acquisitions in two separate transactions, at an equivalent yield of 13.6%.

Since 1 April 2018	Acquisition price (£m)	Net initial yield (%)	Equivalent yield (%)
Hawthorn Leisure (298 pubs)	114.0	13.6	13.6
Other pubs (one pub)	0.3	N/A	19.7
Total	114.3	13.6	13.6

Hawthorn Leisure

In May 2018, we completed the acquisition of Hawthorn Leisure Holdings Limited (“Hawthorn Leisure”). The acquisition comprised 298 high quality community pubs, an established brand and a pub management platform. By combining NewRiver’s existing pub portfolio with Hawthorn Leisure we aim to achieve scale-based benefits and other improvements in purchasing and logistics in order to realise synergies of at least £3 million per annum. We have already made significant progress towards achieving these, unlocking £1.7 million of annualised cost savings which we will start to see the benefit of from early 2019.

Active asset management

Our active asset management is a key driver of long-term capital value and the generation of cash returns for our 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 beneficial to all parties.

Retail

During the first half we completed 653,000 sq ft of new lettings and renewals across our retail portfolio. This high volume of leasing activity means that our occupancy rate was sustained at 96.2% at September 2018. On average, long-term deals were signed 11% ahead of previous passing rent but at a small 0.6% discount to March 2018 ERV, reflecting a few instances where deals were signed below valuers’ assumptions in order to achieve wider strategic aims.

Leasing activity in the period continued to reflect our focus on value and convenience, as we made 63,000 sq ft of lettings to discounters B&M and Wilko; 19,600 sq ft of lettings to food and grocery stores including Sainsbury's and Iceland; 10,600 sq ft of lettings to value fashion retailers such as BonMarché and Claire's Accessories; 6,700 sq ft of lettings with grab & go food operators including Costa and Cooplands; and 2,600 sq ft of lettings with health & beauty retailers including Savers and Superdrug. Other notable deals in the period included: the letting of a 5,500 sq ft unit in Gateshead, vacated by Maplin just a month earlier following its administration, to specialist cycling retailer Cycle Republic, marking its first opening in the north east of England and in the NewRiver portfolio; and the letting of a 13,000 unit at Bexleyheath, formerly used for storage, to low cost gym operator The Gym. Like-for-like footfall at our shopping centre assets continued to outperform the UK benchmark, by 100 bps in the period, albeit with a 1.9% decline, demonstrating the essential nature of the spend at our centres.

Our rental income is well-diversified, with no single retailer accounting for more than 1.9% of contracted rents, and our policy is that no single retailer will account for more than 5% of total rent. Continuing a trend seen in FY18, the period saw a number of retailers enter into Company Voluntary Arrangements ('CVA's) or administrations, some of which have impacted our annualised FFO.

Operator	% annualised rent roll pre-CVA/Admin (%)	Rent pre-CVA/Admin (£m)	Rent not impacted by CVA/Admin (£m)	Rent secured on new deals (£m)	Rent in legals (£m)	Expected FY19 FFO impact (£m)
Byron Burger, Jamie's Italian, Toys R Us, Prezzo, House of Fraser, Carluccio's	-	-	-	-	-	-
Maplin	0.1	0.2	-	0.1	-	0.1
Select	0.4	0.4	-	0.3	-	0.1
New Look	1.9	1.9	0.6	0.9	-	0.4
Carpetright	0.3	0.3	0.3	-	-	-
Mothercare	0.5	0.5	0.2	0.2	-	0.1
Total FY18	3.2	3.3	1.1	1.5	-	0.7
Gaucho, Gourmet Burger Kitchen, Coast, Fabb Sofas	-	-	-	-	-	-
Poundworld	1.0	1.0	-	0.2	0.2	0.6
Homebase	0.7	0.7	0.1	-	0.4	0.2
Office Outlet	0.2	0.2	-	0.1	-	0.1
Total HY19	1.9	1.9	0.1	0.3	0.6	0.9
Total	5.1	5.2	1.2	1.8	0.6	1.6

These retail failures have given further weight to our long-held view that it is affordability, rather than lease length, that underpins the sustainability of rental income. Our average rent remained affordable during the period, at £12.48 psf, compared to £12.36 psf in March 2018, and in addition to this, we have made significant early progress in our efforts to reduce occupational costs for our occupiers, reducing service charge budgets by £1.0 million so far in FY19, through reviews of areas such as staffing, soft services and the monitoring and evaluation of energy consumption.

Pubs

Pub portfolio movements

# Pubs held at 31 March 2018	Pubs acquired	Pubs sold	# Pubs held at 30 September 2018
331	299	(14)	616

During the period we completed the acquisition of Hawthorn Leisure, comprising a portfolio of 298 community pubs and a best-in-class pub management platform. The integration of Hawthorn Leisure into our business is progressing well, with a dedicated committee established internally to involve all stakeholders in the process, and we expect this to complete in Q4 FY19.

At the time of the acquisition we identified scale-based synergies of at least £3 million on an annualised basis, achieved through a "best of both" approach whereby expertise and best practice are shared between the two portfolios. This approach means that we have already unlocked £1.7 million of annualised synergies which we will begin to benefit from in early 2019.

Across the NewRiver and Hawthorn Leisure pub portfolios, we continued our programme of targeted capital investment projects aimed at enhancing the customer experience, further improving trade and increasing capital values. We completed 53 such projects at a total cost of £2.1 million during the period, and have approvals in place for a further 51 schemes at an anticipated total cost of £1.7 million.

Risk controlled development

During the period we made significant progress across our risk-controlled development pipeline which totals 1.8 million sq ft (1.4 million sq ft in the near-term) including our Retail (1,622,700 sq ft) and Pub (220,900 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, Essex)
- Capitalising on opportunities within our ownership above or adjacent to our assets (e.g. Cowley, Oxford)
- Complete redevelopment of existing assets (e.g. Burgess Hill, c-store pub conversions)

Total development pipeline

	Shopping Centre Sq ft	Retail Park Sq ft	Hotel Sq ft	C-stores Sq ft	Residential Sq ft	Total Pipeline Sq ft	Retail & Leisure Pre-let %	Residential Pre-sold %
Completed in period/ Under construction	-	76,800	-	23,300	-	100,100	85	-
Planning granted	266,300	15,600	87,700	14,300	575,600	959,500	61	28
In planning	-	-	-	3,900	106,600	110,500	100	-
Pre-planning	129,400	26,000	-	10,200	81,900	247,500	6	-
Near-term pipeline	395,700	118,400	87,700	51,700	764,100	1,417,600		
Early feasibility stages	107,600	-	30,000	-	288,400	426,000	-	-
Total pipeline	503,300	118,400	117,700	51,700	1,052,500	1,843,600		
Additional residential potential[1]	-	-	-	-	*926,500*			
Basingstoke Leisure Park	*700,000*	-	-	-	-			

1. A strategic review of our entire retail portfolio identified the potential to deliver up to 1,300 residential units adjacent to or above our assets over the next 5-10 years

During the year we completed 22,800 sq ft of fully pre-let development, with 77,300 sq ft currently under construction. Post period end, we reached practical completion on the 62,000 sq ft Canvey Island Retail Park, which was 75% pre-let at completion, in line with our risk-controlled approach to development. The period also saw progress with our 465,000 sq ft regeneration project in Burgess Hill and 236,000 sq ft residential-driven redevelopment of Templars Square Shopping Centre in Cowley, Oxford. Looking at our longer-term pipeline, we held our first public engagement during the period on our 66-acre leisure park development in Basingstoke.

Retail

Retail portfolio development pipeline

	Shopping Centre Sq ft	Retail Park Sq ft	Hotel Sq ft	Residential Sq ft	Total Pipeline Sq ft	Resi Units #	Retail & Leisure Pre-let %	Resi Pre-sold %
Completed in period/ Under construction	-	76,800	-	-	76,800		80	-
Planning granted	266,300	15,600	87,700	461,900	831,500	468	59	35
In planning	-	-	-	89,600	89,600	128	-	-
Pre-planning	129,400	26,000	-	80,500	235,900	115	-	-
Near-term pipeline	395,700	118,400	87,700	632,000	1,233,800			
Early feasibility stages	107,600	-	30,000	251,300	388,900	359	-	-
Total retail pipeline	503,300	118,400	117,700	883,300	1,622,700	1,070		
Additional residential potential[1]	-	-	-	*926,500*		*1,315*		
Basingstoke Leisure Park	*700,000*	-	-	-				

1. A strategic review of our entire retail portfolio identified the potential to deliver an additional 1,300 residential units adjacent to or above our assets over the next 5-10 years

Completed in period/Under construction

Canvey Island Retail Park
We have now reached practical completion on our 62,000 sq ft retail park development in Canvey Island, Essex, on a site which we acquired in July 2015 as part of the Ramsay portfolio. The park is now 75% pre-let, with a line-up comprising M&S Foodhall, Sports Direct, B&M and Costa. The M&S Foodhall and B&M stores are expected to be handed over for fit out works in late November, to enable the stores to open in early 2019.

Victoria Retail Park, Beverley
During the period we completed the construction of a 13,000 sq ft extension to the retail parade at Victoria Retail Park in Beverley, which we acquired in July 2015 as part of the Ramsay portfolio. The extension had been pre-let to B&M, which opened its new store in September 2018. B&M joins a high quality retailer line-up comprising Halfords, Poundstretcher and Poundland at the asset, which now provides 36,600 sq ft of fully-let retail space.

Planning granted

Burgess Hill
In the first half we made further progress at our 465,000 sq ft mixed-use regeneration of Burgess Hill town centre. Alongside 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.

In FY18 we pre-sold the entire residential element of the development to Delph Property Group for £34 million and made significant progress in pre-letting the retail and leisure element of the scheme. We also completed the relocation of Iceland to a high street unit opposite the redevelopment site, with the store open and trading from February 2018.

During the period we undertook works to relocate Lidl to a site outside the redevelopment area, on Leylands Road. Having completed remediation and site preparation works at the Leylands Road site we expect to complete its sale to Lidl in November. Also during the six months we started on-site to relocate the existing library to a new temporary unit. These works are expected to complete in early 2019, with the first demolition works expected to begin shortly after.

Cowley, Oxford
In July 2017, Oxford City Council approved plans for our major mixed-use development to regenerate Templars Square Shopping Centre. The 236,000 sq ft development will include 226 new residential apartments, a 71-bed Travelodge hotel, two new restaurant units, a modernised car park and major improvements to the public realm. The hotel and leisure element of the scheme is already 82% pre-let.

During the period we advanced discussions with local authorities to finalise Section 278 and Section 106 agreements. Once these have been agreed we will proceed to the next phase of the development.

Pre-planning

Blenheim Shopping Centre, Penge

At the Blenheim Shopping Centre, we have plans to revitalise this key Greater London asset and provide a significant development in the airspace above the shopping centre to meet significant local demand for housing. We are now in pre-planning application discussions regarding the site with Bromley Council.

Early feasibility stages

We believe that our risk-controlled development pipeline will be a key driver of future growth and we are currently reviewing several 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 and adjacent to our shopping centres in Bexleyheath, Hull, Witham and Worthing.

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, near Junction 6 of the M3 motorway.

Capitalising on the growing popularity of integrated leisure and retail, our proposals currently comprise approximately 500,000 sq ft of leisure and 200,000 sq ft of designer outlet shopping. 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.

To facilitate this development, we have entered into a long-term Development Agreement with Basingstoke and Deane Borough 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, NewRiver will be granted a 250-year leasehold interest.

In October 2018, we held our first community engagement event to garner the views of all local stakeholders, with a view to submitting a formal planning application in 2020.

Pubs

Pubs portfolio development pipeline

	C-stores Sq ft	Residential Sq ft	Total Pipeline Sq ft	Retail & Leisure Pre-let %	Residential Pre-sold %
Completed in period/ Under construction	23,300	-	23,300	100	-
Planning granted	14,300	113,700	128,000	100	-
In planning	3,900	17,000	20,900	100	-
Pre-planning	10,200	1,400	11,600	100	-
Near-term pipeline	51,700	132,100	183,800		
Early feasibility stages	-	37,100	37,100	-	-
Total pubs pipeline	51,700	169,200	220,900		

As well as generating high levels of low risk cash returns, our portfolio of 616 pubs contains a number of inbuilt 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-operative (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 £75,000 in the period.

During the first half we completed two c-stores and at period end were on-site with a further four. Completion of these stores will bring our total number of c-stores delivered to 25; 18 utilising surplus land adjacent to existing pubs, three pub conversions and four new builds on sites previously occupied by pubs.

Profitable capital recycling

During the period we completed £14.6 million of disposals, on terms on average 1% ahead of March 2018 valuation, but 4% below total cost (being purchase price plus subsequent capex), generating a small cash loss of £0.6 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 2018	Number of Disposals	Disposal price £m	Total cost £m	Disposal vs Total cost %	March 2018 Valuation £m	Disposal vs Valuation %	Blended NIY %	Blended IRR %
Retail park	1	9.9	9.4	5%	10.0	-1%	6.9	7.5
Pubs and pub land	19	4.7	5.9	-20%	4.5	4%	N/A	5.3
Total	20	14.6	15.3	-4%	14.5	1%	4.7	7.0

In September 2018 we completed the disposal of Whitwick Retail Park in Coalville for £9.9 million, reflecting a topped-up net initial yield of 6.9% and delivering an unlevered IRR of 7.5%. The asset was sold following the completion of a comprehensive programme of asset management initiatives, which saw NewRiver invest £1.2 million, and increased the weighted average unexpired lease term from 2.2 years at acquisition to 10.7 years and increasing net rental income across the park by 17%.

Throughout the period, we disposed of 14 pubs and five pieces of pub land. These were sales to special purchasers, mainly the occupiers of pubs, in line with our commitment to working with our pub occupiers to best meet their needs and those of the local community.

Finance review

In the context of a challenging market backdrop in the retail sector, our financial performance remained robust in the first half, with our convenience & community focused portfolio delivering Funds from Operations ('FFO') of £25.3 million. This represented a small reduction from the £26.5 million reported in the first half of last year, due predominantly to a £2.2 million one-off promote received in the prior period, offset by net acquisition activity.

Our first half ordinary dividend per share increased by 3% to 10.8 pence (HY18: 10.5 pence), and was 77% covered by FFO per share of 8.3 pence, as we have deliberately withheld full capital deployment in anticipation of future acquisition opportunities. Our fully unencumbered balance sheet remains well placed, with LTV increased to 35% reflecting acquisition activity completed during the period, but well within our stated guidance.

Our IFRS Profit after tax was £2.7 million, reduced from £29.3 million in HY18 predominantly due to a non-cash 1.8% reduction in portfolio valuation, which also caused IFRS net assets to decrease by 3% from £892.4 million at 31 March 2018 to £864.3 million at 30 September 2018.

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.

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

	30 September 2018 £m	30 September 2017 £m
Profit for the period after taxation	2.7	29.3
Adjustments		
Revaluation of investment properties	24.7	(2.2)
Revaluation of joint ventures' investment properties	0.2	0.2
Revaluation of derivatives	0.4	(2.1)
Revaluation of joint ventures' derivatives	-	(0.1)
Share-based payment charge	1.2	1.4
Depreciation on properties	0.1	-
Gain on bargain purchase	(6.9)	(3.0)
Cost in respect of unsecured refinancing	-	3.0
Cost in respect of Hawthorn Leisure acquisition	2.9	-
Funds From Operations	25.3	26.5

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

FUNDS FROM OPERATIONS	30 September 2018			30 September 2017
	Existing portfolio[1] £m	Hawthorn Leisure £m	Proportionally consolidated £m	Proportionally consolidated £m
Gross income	48.3	11.4	59.7	49.9
Property operating expenses	(10.6)	(5.9)	(16.5)	(9.8)
Net property income	37.7	5.5	43.2	40.1
Administrative expenses	(5.8)	(1.9)	(7.7)	(6.1)
Net finance costs			(9.4)	(7.3)
(Loss) / Profit on disposal of investment properties			(0.3)	0.4
Taxation			(0.5)	(0.6)
Funds From Operations			25.3	26.5
FFO per share (pence)			8.3	10
Ordinary dividend per share (pence)			10.8	10.5
Dividend cover			77%	95%
Adjusted FFO			24.9	26.2
Admin cost ratio			12.9%	11.4%
Weighted average # shares			303.8m	266.5m

1. Proportionally consolidated excluding Hawthorn Leisure

Adjusted FFO ('AFFO'), a measure which adjusts our FFO to reflect maintenance capex incurred during the period (the element considered to be non-accretive, and which cannot be recovered from occupiers through the service charge) stood at £24.9 million. Our maintenance capex remained low over the period, representing less than 2% of our gross property income and 0.03% 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 6 months ended 30 September 2017	**40.1**
BRAVO JVs promote	(2.2)
	37.9
Retail: Like-for-like net property income	(0.2)
Retail: Acquisitions	3.8
Retail: Disposals	(1.3)
Retail: Prior period surrender premia	(1.1)
Pubs: Trent transfer programme	(1.1)
Pubs: Acquisition of Hawthorn Leisure	5.5
Pubs: C-store developments	0.3
Pubs: Disposals	(0.3)
Other	(0.3)
Net property income for the 6 months ended 30 September 2018	**43.2**

On a proportionally consolidated basis, net property income has increased by 8% to £43.2 million, from £40.1 million in HY18. Adjusting for the one-off BRAVO JV promote fees of £2.2 million, net property income has increased by 14% from £37.9 million to £43.2 million.

Retail like-for-like net property income decreased marginally by £0.2 million, or 0.5%, during the period, including the adverse impact of CVAs/administrations announced in 2018. Our well diversified income streams and focus on convenience & community retail mitigated our exposure to such operators, but we did see a reduction in net rental income of £0.7 million as a result of CVAs/administrations. Excluding this impact, retail like-for-like net property income increased by 1.9%.

Retail acquisitions increased net property income by £3.8 million, with the acquisition of the remaining 50% share in the BRAVO joint ventures in July 2017 contributing £1.8 million, the acquisitions of The Rishworth Centre and Railway Street Retail Park, Dewsbury and Valegate Retail Park, Cardiff, in February 2018 contributing £1.2 million, and the acquisitions of Grays Shopping Centre and Hollywood Retail Park during the period contributing £0.8 million.

Retail disposals decreased net rental income by £1.3 million, with the disposal of the Primark unit in the Hillstreet Shopping Centre in Middlesbrough and Clough Road Retail Park in Hull the key drivers. Prior period surrender premia reduced net property income by £1.1 million, with a key driver the surrender premium received on the unit formerly occupied by Morrisons at The Piazza in Paisley, where we are in discussions with an existing occupier looking to upsize.

In our pub portfolio, we saw a reduction in net property income of £1.1 million due to the transfer of the final pubs in the Trent portfolio. At the time of the Trent portfolio acquisition, we signed a four-year leaseback agreement with Marston's PLC ("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 structured in such a way that the final two tranches included those pubs in most need of capital investment, causing a reduction in income when compared to the leaseback which we are confident of recovering as we continue to roll out our targeted capex programme.

The acquisition of Hawthorn Leisure in May 2018, including a portfolio of 298 high quality community pubs, and an established pub management platform, contributed £5.5 million to net property income in the period. At the time of acquisition, we identified scale-based operating synergies of at least £3 million, and we have already successfully unlocked £1.7 million of synergies, which will come on-stream from the start of FY20.

We had 19 c-stores open and trading during the period, compared with 11 during the comparative period which added £0.3m to net property income. We sold 14 community pubs and five plots of land adjacent to pubs during the period, generating disposal proceeds of £4.7 million and reducing net property income by £0.3 million.

Administrative expenses

Administrative expenses increased by 26% during the period to £7.7 million from £6.1 million. The increase is due to the acquisition of the Hawthorn Leisure pub management platform, which added £1.9 million to administrative expenses during the period, offset by other administrative cost savings. Our admin cost ratio increased from 11.4% in HY18 to 12.9% which also reflects the impact of the additional administrative costs associated with the Hawthorn Leisure acquisition.

Net finance costs

Net finance costs have increased by 27% during the period to £9.4 million from £7.3 million. This is due to an increase in drawn debt to support acquisition activity completed over the last 12 months, with the weighted average amount of gross debt held during the period increasing to £515 million, from £437 million in the prior period.

Disposals

We completed £14.6 million of capital recycling during the period. Disposals comprised one retail park, 14 pubs and five plots of land adjacent to pubs.

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 period we incurred a corporation tax charge of £0.5 million, which was in-line with the charge incurred in the prior period.

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 HY19 (pence)		**Declared in relation to HY19 (pence)**	
	Ordinary	**Total**	Ordinary	**Total**
FY18 Q4	5.25	**5.25**	-	**-**
FY19 Q1	5.40	**5.40**	5.40	**5.40**
FY19 Q2	-	**-**	5.40	**5.40**
Total	**10.65**	**10.65**	**10.80**	**10.80**

During the period we paid 10.65 pence per share of ordinary dividends, being quarterly dividends from Q4 FY18 and Q1 FY19.

During the period, we declared a total ordinary dividend of 10.8 pence per share, a 3% increase from 10.5 pence in HY18. This dividend was 77% covered by FFO of 10.8 pence per share, due predominantly to the fact that we have deliberately withheld full capital deployment in anticipation of future opportunistic acquisition opportunities. We remain committed to delivering a fully covered dividend to our shareholders, and we would expect dividend cover to improve in the second half of the financial year, as we see the full benefit of the Hawthorn Leisure acquisition which we made part way through the first half. Dividend cover is one of our five key Financial Policies which are explained in the 'Net debt & financing' section of this Review.

Today we also announce our ordinary dividend for the third quarter of FY19 of 5.4 pence, an increase of 3% compared with Q3 FY18. The dividend will be paid on 8 February 2019 to shareholders on the register on 28 December 2018. The ex-dividend date will be 27 December 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 30 September 2018			As at 31 March 2018
	Group £m	Joint ventures £m	Proportionally consolidated £m	Proportionally consolidated £m
Properties at valuation	1,364.3	12.2	**1,376.5**	1,239.6
Investment in joint ventures	8.5	(8.5)	**-**	-
Other non-current assets	3.0	-	**3.0**	4.3
Cash	30.3	0.5	**30.8**	116.2
Other current assets	15.3	0.1	**15.4**	34.6
Total assets	**1,421.4**	**4.3**	**1,425.7**	1,394.7
Other current liabilities	(42.4)	(0.3)	**(42.7)**	(41.2)
Debt	(513.0)	(4.0)	**(517.0)**	(460.9)
Other non-current liabilities	(1.7)	-	**(1.7)**	(0.2)
Total liabilities	**(557.1)**	**(4.3)**	**(561.4)**	(502.3)
IFRS net assets	**864.3**	**-**	**864.3**	892.4
EPRA adjustments:				
Warrants in issue			**0.5**	0.5
Unexercised employee awards			**1.3**	1.3
Deferred tax			**1.6**	-
Fair value derivatives			**(3.0)**	(3.3)
EPRA net assets			**864.7**	890.9
EPRA NAV per share			**283p**	292p
IFRS net assets per share			**284p**	294p
LTV			**35%**	28%

Net assets

At 30 September 2018, net assets decreased by 3% to £864.3 million, from £892.4 million at 31 March 2018. This marginal decrease was predominately due to a 1.8% decrease in portfolio valuation.

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 decreased by 3% to £864.7 million, from £890.9 million at 31 March 2018. EPRA NAV per share decreased by 3% to 283 pence per share at September 2018 compared to 292 pence per share in March 2018. This was primarily due to a decline in our portfolio valuation of 1.8%.

Properties at valuation

Properties at valuation increased by £136.9 million in the six months to September 2018, predominantly due to acquisitions and capital expenditure, less disposals and a small reduction in portfolio valuation. Hawthorn Leisure and other accretive acquisitions added £160.4 million and we incurred £11.6 million of capital expenditure during the half, spending £4.8 million on our retail park development in Canvey Island which reached practical completion post period end, and £1.5 million on c-store developments. We completed £14.0 million of capital recycling during the period, selling one retail park, 14 pubs and five plots of land adjacent to pubs.

Net debt & financing

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

Proportionally consolidated net debt at 31 March 2018	**344.7**
Operating activities	
Net cash inflow from operations before working capital movements	(22.9)
Changes in working capital	3.0
Investing activities	
Purchase of investment properties	37.3
Hawthorn Leisure acquisition	109.1
Disposal of investment properties	(30.2)
Purchase of plant, property and equipment	0.6
Development and other capital expenditure	11.8
Financing activities	
Ordinary dividends paid	32.1
Other	0.7
Proportionally consolidated net debt at 30 September 2018	**486.2**

Net debt increased by £141.5 million over the period, to £486.2 million, primarily as a result of the accretive acquisitions made in the period.

Operating activities generated a net cash inflow from operations before working capital movements of £22.9 million, compared with FFO of £25.3 million.

Investing activities included the acquisition of Grays Shopping Centre and Hollywood Retail Park, Barrow-in-Furness increased net debt by £37.3 million and the acquisition of Hawthorn Leisure which increased net debt by £109.1 million, being the sum of the purchase price (net of cash acquired) of £48.5 million, and the share of debt acquired in the transaction of £60.6 million. This acquisition activity was offset by £30.2 million received following the disposal of investment properties, principally Coalville Retail Park which was sold during the period, and the Primark unit in the Hillstreet Shopping Centre in Middlesbrough which was sold at the end of FY18.

Financial Policies

	Financial policy	**Proportionally consolidated**	
		30 September 2018	**31 March 2018**
Net debt		£486.2m	£344.7m
Principal value of gross debt		£525.0m	£469.0m
Weighted average cost of drawn debt[1]		3.2%	3.1%
Weighted average debt maturity of drawn debt[2]		7.4 yrs	7.9 yrs
Loan to value	Guidance <40% Policy <50%	35%	28%
		30 September 2018	**30 September 2017**
Net debt: EBITDA	<10x	6.9x	4.4x
Interest cover	>2.0x	3.8x	4.6x
Dividend cover	>100%	77%	95%
		Group	
		30 September 2018	**31 March 2018**
Balance sheet gearing	<100%	56%	38%

1. Cost of debt assuming £215 million revolving credit facility is fully drawn
2. Average debt maturity assumes one-year extension options are exercised and 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.

- Loan to Value was 35% at 30 September 2018, an increase from 28% on 31 March 2018. Our guidance is that our LTV will remain below 40%.

- Net debt: EBITDA was 6.9x, an increase from 4.4x in HY18. Our guidance is that Net debt: EBITDA will remain below 10x.
- Interest cover was 3.8x at 30 September 2018, which remains significantly ahead of our financing policy which requires a minimum cover of 2.0x.
- Dividend cover, calculated with reference to FFO per share, was 77% in HY18, and it is our policy to have at least 100% dividend cover. Our dividend was not fully covered because we have not yet fully deployed the proceeds of the equity raise completed in the prior period. We are committed to delivering a fully covered dividend to our investors, and we will remain disciplined and active in the investment market.
- Balance sheet gearing increased to 56% from 38% at 31 March 2018, largely due to the increase in drawn debt from the funding of acquisitions in the period.

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	**30 September 2018**
Single retailer concentration	<5%	1.9%
Development expenditure	<10% of GAV	1%
Risk-controlled development	>70% pre-let or pre-sold on committed	85%
Pub weighting	<20% of GAV	20%

- Our largest single retailer concentration at the period end was Poundland, with a single retailer concentration, expressed as a percentage of total rent roll, of 1.9%
- Our development expenditure in the last 12 months as a proportion of total gross asset value was less than 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 85% pre-let on committed developments.
- Our pub weighting is currently 20% excluding c-stores, and we envisage that pubs will remain an important part of our portfolio.

Mark Davies
Chief Financial Officer
20 November 2018

Principal risks and uncertainties

The principal risks of the business are set out on pages 75-77 of the Group's 2018 Annual Report & Accounts alongside their potential impact and related mitigations.

The Board has considered the principal risks and uncertainties that the Group is exposed to, and which may impact performance, in light of the continued political and economic uncertainty from Brexit and world events. Whilst we consider the principal risks are unchanged from those set out in the Annual Report and Accounts published in June 2018, the Board is aware that market uncertainty could lead to some risks being elevated.

The Board has reviewed the principal risks in the context of the second half of the current financial year and believes there has been no material change to the risks outlined in the Group's Annual Report, and that the existing mitigation measures within the business remain relevant for the risks highlighted.

Our principal risks and uncertainties which may impact the business over the remaining six months of the year are summarised below.

General Commercial – Economic recession due to uncertainty from Brexit and world events, or future Government policy which adversely affects the Company's ability to manage its assets effectively.

Corporate Strategy and Performance – Failure to communicate sufficiently and effectively with investors, leading to a depressed share price and demand for equity, or growth in online retail spend could be perceived as a threat to traditional bricks and mortar retailers.

Financial – Breach of debt covenants could trigger loan defaults and repayment of facilities putting pressure on surplus cash resources. Ensuring that there is adequate working capital for capital expenditure, development projects and acquisitions.

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.

Asset Management – Failure in performance by individual assets against their business plans.

Development - Poor control of development projects could lead to inadequate returns on investment, or over-exposure to developments could put pressure on cash flow and debt financing.

Directors' Responsibility Statement

We confirm to the best of our knowledge:

(a) The condensed set of financial statements has been prepared in accordance with IAS 34 'Interim Financial Reporting';

(b) The interim management report includes a fair review of the information required by DTR 4.2.7R (indication of important events during the first six months and description of principal risks and uncertainties for the remaining six months of the year); and

(c) The interim management report includes a fair review of the information required by DTR 4.2.8R (disclosure of related parties' transactions and changes therein).

On behalf of the Board

Allan Lockhart	Mark Davies
Chief Executive	Chief Financial Officer

20 November 2018

Copies of this announcement are available on the Company's website at www.nrr.co.uk and can be requested from the Company's registered office at 16 New Burlington Place, London W1S 2HX.

Independent Review Report to NewRiver REIT plc

We have been engaged by the company to review the condensed set of financial statements in the half-yearly financial report for the six months ended 30 September 2018 which comprises the condensed consolidated statement of comprehensive income, the condensed consolidated balance sheet, the condensed consolidated cash flow statement, the condensed consolidated statement of changes in equity and related notes 1 to 17. We have read the other information contained in the half-yearly financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

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

Directors' responsibilities

The half-yearly financial report is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the half-yearly financial report in accordance with the Disclosure and Transparency Rules of the United Kingdom's Financial Conduct Authority.

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

Our responsibility

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

Scope of review

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

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-yearly financial report for the six months ended 30 September 2018 is not prepared, in all material respects, in accordance with International Accounting Standard 34 as adopted by the European Union and the Disclosure and Transparency Rules of the United Kingdom's Financial Conduct Authority.

Deloitte LLP

Statutory Auditor
Guernsey, Channel Islands
20 November 2018

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the six months ended 30 September 2018

Unaudited	Notes	Six months ended 30 September 2018 Operating and financing £'000	Fair value adjustments £'000	Total £'000	Six months ended 30 September 2017 Operating and financing £'000	Fair value adjustments £'000	Total £'000
Gross income	4	59,227	-	59,227	49,734	-	49,734
Property operating expenses	5	(16,356)	-	(16,356)	(9,269)	-	(9,269)
Net property income		42,871	-	42,871	40,465	-	40,465
Administrative expenses	6	(8,925)	-	(8,925)	(7,203)	-	(7,203)
Acquisition costs	6	(2,851)	-	(2,851)	-	-	-
		(11,776)	-	(11,776)	(7,203)	-	(7,203)
Share of income from joint ventures	10	219	(178)	41	1,673	(237)	1,436
Net valuation movement	9	-	(24,705)	(24,705)	-	2,215	2,215
(Loss)/profit on disposal of investment properties		(262)	-	(262)	502	-	502
Operating profit		31,052	(24,883)	6,169	35,437	1,978	37,415
Gain on bargain purchase	13	-	6,876	6,876	-	-	-
Finance income		22	-	22	24	-	24
Finance costs		(9,366)	-	(9,366)	(7,748)	(1,989)	(9,737)
Revaluation of derivatives		-	(418)	(418)	-	2,155	2,155
Profit for the period before taxation		21,708	(18,425)	3,283	27,713	2,144	29,857
Taxation		(546)	-	(546)	(600)	-	(600)
Profit for the period after taxation		21,162	(18,425)	2,737	27,113	2,144	29,257
IFRS earnings per share (pence)							
Basic	7			0.9			11.0
Diluted	7			0.9			10.9

Unaudited	Six months ended 30 September 2018 £'000	Six months ended 30 September 2017 £'000
Profit for the period after taxation	2,737	29,257
Other comprehensive income		
Revaluation of property, plant and equipment	49	-
Total comprehensive income for the year	2,786	29,257

All activities derive from continuing operations of the Group.

CONDENSED CONSOLIDATED BALANCE SHEET
As at 30 September 2018

	Notes	30 September 2018 Unaudited £'000	31 March 2018 Audited £'000
Non-current assets			
Investment properties	9	**1,358,661**	1,227,212
Investments in joint ventures	10	**8,467**	8,509
Property, plant and equipment	14	**5,617**	951
Derivative financial instruments		**2,985**	3,339
Total non-current assets		**1,375,730**	1,240,011
Current assets			
Trade and other receivables		**15,311**	34,427
Derivative financial instruments		**35**	122
Cash and cash equivalents		**30,343**	115,801
Total current assets		**45,689**	150,350
Total assets		**1,421,419**	1,390,361
Current liabilities			
Trade and other payables		**40,430**	38,731
Current taxation		**2,025**	2,125
Total current liabilities		**42,455**	40,856
Non-current liabilities			
Derivative financial instruments		**149**	173
Deferred tax liability		**1,569**	-
Borrowings	11	**512,975**	456,952
Total non-current liabilities		**514,693**	457,125
Net assets		**864,271**	892,380
Equity			
Share capital	12	**3,033**	3,029
Share premium	12	**223,434**	223,287
Merger reserve	12	**(2,335)**	(2,335)
Retained earnings		**640,139**	668,399
Total equity		**864,271**	892,380
Net asset value (NAV) per share			
Basic	7	**284p**	294p
Diluted	7	**283p**	293p

The financial statements were approved by the Board of Directors on 20 November 2018 and were signed on its behalf by:

Allan Lockhart
Chief Executive

Mark Davies
Chief Financial Officer

NewRiver REIT plc
Registered number: 10221027

CONDENSED CONSOLIDATED CASH FLOW STATEMENT
For the six months ended 30 September 2018

Unaudited	Notes	Six months ended 30 September 2018 £'000	30 September 2017 £'000
Cash flows from operating activities			
Profit for the period before taxation		3,283	29,857
Adjustments for:			
Loss/(profit) on disposal of investment property		262	(502)
Net valuation movement	9	24,705	(2,215)
Net valuation movement in joint ventures	10	178	274
Share of income from joint ventures		(219)	(1,710)
Gain on bargain purchase		(6,876)	(2,964)
Net interest expense		9,344	9,713
Revaluation of derivatives		418	(2,155)
Rent free lease incentives		(683)	(1,995)
Movement in provision for bad debts		191	205
Amortisation of legal and letting fees		154	185
Depreciation on property plant and equipment		257	225
Share-based payment expense		1,200	1,400
Cash generated from operations before changes in working capital		32,214	30,318
Changes in working capital			
Decrease/(increase) in receivables and other financial assets		1,685	(2,256)
Decrease in payables and other financial liabilities		(4,720)	(4,650)
Cash generated from operations		29,179	23,412
Interest paid		(8,735)	(6,543)
Corporation tax paid		(646)	(275)
Dividends received from joint ventures	10	83	1,916
Net cash inflow from operating activities		19,881	18,510
Cash flows from investing activities			
Interest income		22	24
Purchase of investment properties	9	(37,318)	(2,932)
Business combinations net of cash acquired	13	(48,484)	(53,646)
Disposal of investment properties		30,176	37,426
Development and other capital expenditure		(11,791)	(8,422)
Purchase of plant and equipment		(623)	(431)
Net cash used in investing activities		(68,018)	(27,981)
Cash flows from financing activities			
Proceeds from issuance of new shares		151	222,022
Repayment of borrowings acquired in business combination		(60,578)	-
Repayment of borrowings		(28,000)	(365,620)
New borrowings		83,392	211,048
Purchase of derivatives		(184)	(2,362)
Dividends paid – ordinary	8	(32,102)	(23,337)
Dividends paid – special	8	-	(7,019)
Net cash (used in)/generated from financing activities		(37,321)	34,732
Cash and cash equivalents at beginning of the period		115,801	45,956
Net (decrease)/increase in cash and cash equivalents		(85,458)	25,261
Cash and cash equivalents at end of period		30,343	71,217

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
As at 30 September 2018

	Notes	Share capital £'000	Share premium £'000	Merger reserve £'000	Retained earnings £'000	Total £'000
As at 31 March 2017		2,340	1,691	(2,335)	682,842	684,538
Profit for the period after taxation		-	-	-	29,257	29,257
Total comprehensive income for the period		-	-	-	29,257	29,257
Transactions with equity holders						
Net proceeds from issue of shares		682	226,902	-	-	227,584
Cost of issue of new shares			(5,562)	-	-	(5,562)
Share-based payments		-	-	-	1,400	1,400
Dividends paid			-	-	(31,002)	(31,002)
As at 30 September 2017		3,022	223,031	(2,335)	682,497	906,215
Profit for the period after taxation		-	-	-	16,475	16,475
Total comprehensive income for the period		-	-	-	16,475	16,475
Transactions with equity holders						
Net proceeds from issue of shares		7	284	-	-	291
Cost of issue of new shares		-	(28)	-	-	(28)
Share-based payments		-	-	-	1,159	1,159
Dividends paid			-	-	(31,732)	(31,732)
As at 31 March 2018		3,029	223,287	(2,335)	668,399	892,380
Profit for the period after taxation		**-**	**-**	**-**	**2,737**	**2,737**
Revaluation of property, plant and equipment		**-**	**-**	**-**	**49**	**49**
Total comprehensive income for the period		**-**	**-**	**-**	**2,786**	**2,786**
Transactions with equity holders						
Net proceeds from issue of shares	12	**4**	**147**	**-**	**-**	**151**
Share-based payments		**-**	**-**	**-**	**1,200**	**1,200**
Dividends paid	8	**-**	**-**	**-**	**(32,246)**	**(32,246)**
As at 30 September 2018		**3,033**	**223,434**	**(2,335)**	**640,139**	**864,271**

1. Accounting policies

General information
NewRiver REIT plc (the 'Company') and its subsidiaries (together the 'Group') is a property investment group specialising in commercial real estate in the UK.

These condensed consolidated financial statements have been approved for issue by the Board of Directors on 20 November 2018.

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

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

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

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 condensed consolidated financial statements.

Statement of compliance
The information for the year ended 31 March 2018 does not constitute statutory accounts as defined in section 434 of the Companies Act 2006. A copy of the statutory accounts for that year has been delivered to the Registrar of Companies. The auditor's report on those accounts was not qualified, did not include a reference to any matters to which the auditors drew attention by way of emphasis without qualifying the report and did not contain statements under section 498(2) or (3) of the Companies Act 2006.

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

Basis of consolidation
The consolidated financial statements incorporate the financial statements of the Company and its subsidiaries. The consolidated financial statements account for interest in joint ventures using the equity method of accounting per IFRS11.
Other than the policy on plant, property and equipment for pubs, the same accounting policies, presentation and methods of computation are followed in the condensed set of financial statements as applied in the Group's latest audited financial statements, a copy of which can be found on our website www.nrr.co.uk. The Group's financial performance is not seasonal.

Changes in accounting policy and disclosures

IFRS 9 Financial Instruments (became effective 1 January 2018)
IFRS 9 replaces IAS 39 Financial Instrument: Recognition and Measurement and introduces a single model that has initially only two classification categories rather than the multiple classification and measurement models in the previous standard. The new models are amortised at cost and fair value.

The fair value of each category of the Group's financial instruments approximates to their carrying value other than the Group's debt instruments, which are carried at amortised cost. Where financial assets and liabilities are measured at fair value the measurement hierarchy, valuation techniques and inputs used are consistent with those used at 31 March 2018. Therefore, the adoption of IFRS 9 does not have a material impact on the Group's consolidated results or financial position and does not require there to be a restatement of comparative figures. There were no movements between different levels of the fair value hierarchy in the period.

Having considered the requirements of IFRS 9, under section 5.5.15(b), the Directors are required to apply the simplified approach when considering the Expected Credit Loss ("ECL") model when determining the expectations of impairment. Under the simplified approach the Company is always required to measure lifetime expected losses. The probability of credit loss is recognised as part of the provision for doubtful debts.

IFRS 15 Revenue from Contracts with Customers (became effective 1 January 2018)
The new revenue recognition model under which IFRS 15 operates recognises revenue either at a point in time or over time.

The Group's revenue is largely generated from rental income from leases, wet income from pubs and asset management fees that do not contain service components and revenue recognition under IFRS 15 has not resulted in the change of revenue recognition.

IFRS 16 Leases (effective 1 January 2019)
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 and expects there to be some impact particularly in respect of ground rent obligations payable by the Group.

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

Business Combinations
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 25 May 2018, the Group acquired Hawthorn Leisure. It was determined that a business had been acquired and as such the transaction would be accounted for as a business combination under IFRS 3.

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 if the fair value of the net asset assets is deemed to be higher than the purchase consideration then this is recognised as a bargain purchase.

Operating segments
Following the acquisition of Hawthorn Leisure in May 2018, the Group's operations are organised into two operating segments, being investment in retail property and in pubs. The retail investments comprise shopping centres, retail warehouses and high street stores. The pub investments consist of over 600 community public houses. The Group's assets and revenue have been shown as two separate operating segments in note 3.

Sources of estimation uncertainty
As noted above, the Group's investment properties are stated at fair value. The assumptions and estimates used to value the properties are detailed in note 9. 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.

Pub classification
The Group's strategic aim is to hold all of its property for capital appreciation and income, regardless of the asset type and operating model. The Group operates pubs under three operating models; leased, operator managed and fully managed. Management have concluded that the most appropriate classification is investment property for the leased model as the Group earns rental income from these properties and, whilst it may in some cases earn a margin on beverage sales to the pub, it does not retain the risks and rewards associated with operating these pubs. The fully managed and operator managed pubs have been classified as property, plant and equipment as the Group directly or indirectly manages those pubs and retains all the risks and rewards from trading.

3. Segmental reporting

Following the acquisition of Hawthorn Leisure in May 2018, the Group's operations are organised into two operating segments, being investment in retail property and in pubs. The retail investments comprise shopping centres, retail warehouses and high street stores. The pub investments consist of over 600 community public houses. All of the Group's operations are in the UK and therefore no geographical segments have been identified.

The relevant gross income, net rental income and property and other assets, being the measures of segment revenue, segment result and segment assets used by the management of the business, are set out below. The results include the Group's share of assets and results from properties held in joint ventures.

Segment revenues and result	Six months ended 30 September 2018			Six months ended 30 September 2017		
	Retail	**Pubs**	**Group**	Retail	Pubs	Group
	£'000	**£'000**	**£'000**	£'000	£'000	£'000
Property rental and related income	**40,363**	**18,900**	**59,263**	38,619	8,458	47,077
Asset management fees	**124**	**-**	**124**	415	-	415
Realised gain received from joint venture	**-**	**-**	**-**	2,238	-	2,238
Surrender premiums and commissions	**272**	**58**	**330**	198	-	198
Gross income	**40,759**	**18,958**	**59,717**	41,470	8,458	49,928
Service charge expense	**(3,177)**	**-**	**(3,177)**	(3,379)	-	(3,379)
Amortisation of tenant incentives and letting costs	**(587)**	**(155)**	**(742)**	(591)	(197)	(788)
Ground rent	**(1,510)**	**-**	**(1,510)**	(1,316)	-	(1,316)
Rates	**(1,903)**	**(261)**	**(2,164)**	(1,310)	(5)	(1,315)
Other property operating expenses	**(1,056)**	**(7,862)**	**(8,918)**	(1,409)	(1,593)	(3,002)
Property operating expenses	**(8,233)**	**(8,278)**	**(16,511)**	(8,005)	(1,795)	(9,800)
Segment result	**32,526**	**10,680**	**43,206**	33,465	6,663	40,128
Administrative expenses			**(11,825)**			(7,450)
Net valuation movement			**(24,884)**			1,941
(Loss)/profit on disposal of investment properties			**(264)**			388
Finance income			**22**			24
Finance costs			**(9,430)**			(10,329)
Gain on bargain purchase			**6,876**			2,964
Revaluation of derivatives			**(418)**			2,191
Taxation			**(546)**			(600)
Profit for the year after taxation			**2,737**			29,257

Segment assets	30 September 2018				31 March 2018			
	Retail	**Pubs**	**Unallocated**	**Total**	Retail	Pubs	Unallocated	Total
	£'000	**£'000**	**£'000**	**£'000**	£'000	£'000	£'000	£'000
Non-current assets								
Investment properties	**1,062,957**	**295,704**	**-**	**1,358,661**	1,047,852	179,360	-	1,227,212
Investments in joint ventures	**8,467**	**-**	**-**	**8,467**	8,509	-	-	8,509
Property, plant and equipment	**-**	**4,445**	**1,172**	**5,617**	-	-	951	951
Other non-current assets	**-**	**-**	**2,985**	**2,985**	-	-	3,339	3,339
Total non-current assets				**1,375,730**				1,240,011
Current assets								
Trade and other receivables	**9,006**	**6,305**	**-**	**15,311**	29,533	4,894	-	34,427
Other current assets	**-**	**-**	**30,378**	**30,378**	-	-	115,923	115,923
Total current assets				**45,689**				150,350
Segment assets	**1,080,430**	**306,454**	**34,535**	**1,421,419**	1,085,894	184,254	120,213	1,390,361

4. Gross income

	Six months ended 30 September 2018 £'000	30 September 2017 £'000
Property rental and related income	58,785	43,929
Asset management fees	124	406
Realised gain received from joint venture	-	5,201
Surrender premiums and commissions	318	198
Gross income	59,227	49,734

5. Property operating expenses

	Six months ended 30 September 2018 £'000	30 September 2017 £'000
Service charge expense	3,125	3,156
Amortisation of tenant incentives and letting costs	709	743
Ground rent	1,500	1,246
Rates on vacant units	2,117	1,241
Pub operating costs	7,862	1,593
Other property operating expenses	1,043	1,290
Property operating expenses	16,356	9,269

The principal reason for the increase in pub operating costs is the acquisition of Hawthorn Leisure, which accounted for £5,629k of the increase.

6. Administrative expenses

	Six months ended 30 September 2018 £'000	30 September 2017 £'000
Wages and salaries	3,857	2,371
Social security costs	635	988
Other pension costs	139	65
Staff costs	4,631	3,424
Depreciation	257	225
Share based payments	1,200	1,400
Operating lease payments	281	102
Other administrative expenses	2,556	2,052
	8,925	7,203
Professional fees in relation to the acquisition of Hawthorn Leisure	2,851	-
Administrative expenses	11,776	7,203

The acquisition of Hawthorn Leisure accounted for an increase in administrative expenses as summarised below;

Existing operations	7,043	7,203
Hawthorn Leisure	1,882	-
Acquisition costs	2,851	-
Administrative expenses	11,776	7,203

Net administrative expenses ratio is calculated as follows:

	Six months ended 30 September 2018 £'000	Six months ended 30 September 2017 £'000
Administrative expenses	**11,776**	7,203
Adjust for:		
Asset management fees	**(124)**	(406)
Share of joint ventures' administrative expenses	**49**	248
Less share-based payments	**(1,200)**	(1,400)
Less exceptional cost in respect of the acquisition of Hawthorn Leisure	**(2,851)**	-
Group's share of net administrative expenses	**7,650**	5,645
Property rental and related income	**58,785**	43,929
Realised gain received from joint ventures	**-**	5,201
Less gain on bargain purchase	**-**	(2,964)
Share of joint ventures' property rental income	**477**	3,148
	59,262	49,314
Net administrative expenses as a % of property income (including share of joint ventures)	**12.9%**	11.4%
Average staff numbers including Directors		
Directors	**7**	7
Operations and asset managers	**30**	20
Pubs	**48**	-
Support functions	**80**	28
	165	55

The increase in the average number of staff during year is due to the acquisition of Hawthorn Leisure.

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 gains on disposals and adds back expense recognised for non-cash share-based payment, unrealised gains and the one-off cost in respect of the costs 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:

	Six months ended 30 September 2018 £'000	Six months ended 30 September 2017 £'000
Profit for the period after taxation	**2,737**	29,257
Adjustments		
Revaluation of investment properties	**24,705**	(2,215)
Loss/(profit) on disposal of investment properties	**262**	(502)
Revaluation of derivatives	**418**	(2,155)
Gain on bargain purchase	**(6,876)**	(2,964)
Refinance costs	**-**	2,954
Exceptional cost in relation to the acquisition of Hawthorn	**2,851**	-
Group's share of joint ventures' adjustments		
Revaluation of investment properties	**178**	274
Loss on disposal of investment properties	**2**	114
Revaluation of derivatives	**-**	(37)
EPRA earnings	**24,277**	24,726
(Loss)/profit on disposal of investment properties	**(262)**	502
Loss on disposal of joint ventures' investment properties	**(2)**	(114)
Depreciation of investment properties	**126**	-
Share-based payment charge	**1,200**	1,400
Funds From Operations (FFO)	**25,339**	26,514

Number of shares	Six months ended 30 September 2018 No. 000s	Six months ended 30 September 2017 No. 000s
Weighted average number of ordinary shares for the purposes of Basic EPS, FFO and EPRA	**303,819**	266,452
Effect of dilutive potential ordinary shares:		
Share options	**67**	163
Deferred bonus shares	**206**	609
Performance share plan	**631**	1,133
Warrants	**204**	231
Weighted average number of ordinary shares for the purposes of diluted EPS	**304,927**	268,588
Performance measures (pence)		
IFRS		
Basic EPS	**0.9**	11.0
Diluted EPS	**0.9**	10.9
FFO		
FFO per share	**8.3**	10.0
Diluted FFO per share	**8.3**	9.9
EPRA		
EPRA EPS	**8.0**	9.3
Diluted EPRA EPS	**8.0**	9.2

EPRA NAV per share and basic NAV per share:

	30 September 2018 £'000s	Shares 000s	Pence per share	31 March 2018 £'000s	Shares 000s	Pence per share
Net assets	**864,271**	**303,923**	**284p**	892,380	303,655	294p
Warrants in issue	**482**	**380**		501	380	
Unexercised employee awards	**1,276**	**1,368**		1,276	1,301	
Diluted net assets	**866,029**	**305,671**	**283p**	894,157	305,336	293p
Fair value of deferred tax liability	**1,569**	**-**		-	-	
Fair value derivatives	**(2,869)**	**-**		(3,288)	-	
EPRA net assets	**864,729**	**305,671**	**283p**	890,869	305,336	292p

8. Dividends

Payment date	PID	Non-PID	Pence per share	£'000
Six months to September 2018				
Ordinary dividends				
25 May 2018	**5.25**	**-**	**5.25**	**15,883**
27 July 2018	**5.40**	**-**	**5.40**	**16,363**
	10.65	**-**	**10.65**	**32,246**
Year to March 2018				
Special dividends				
4 August 2017	3.00	-	3.00	7,019
Ordinary dividends				
11 May 2017	5.00	-	5.00	11,699
4 August 2017	5.25	-	5.25	12,284
1 November 2017	5.25	-	5.25	15,922
9 February 2018	5.25	-	5.25	15,810
	23.75	-	23.75	62,734

9. Investment properties

	30 September 2018 £'000	31 March 2018 £'000
Fair value brought forward	**1,227,212**	995,928
Acquisitions	**37,318**	31,238
Capital expenditure	**11,430**	16,393
Properties acquired in business combinations (see note 13)	**121,492**	244,657
Lease incentives, letting and legal costs	**890**	3,790
Reclassification of investment property	**(883)**	-
Disposals	**(14,093)**	(51,892)
Net valuation movement	**(24,705)**	(12,902)
Fair value carried forward	**1,358,661**	1,227,212

The Group's investment properties have been valued at fair value on 30 September 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.

The fair value at 30 September 2018 represents the highest and best use.

The properties are categorised as Level 3 in the IFRS 13 fair value hierarchy. There were no transfers of property between Levels 1, 2 and 3. Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date. Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. Level 3 inputs are unobservable inputs for the asset or liability.

The investments are several retail and leisure assets in the UK. The valuation was determined using an income capitalisation method, which involves applying a yield to rental income streams. Inputs include yield, current rent and ERV. Development properties are valued using a residual method, which involves valuing the completed investment property using an investment method and deducting estimated costs to complete, then applying an appropriate discount rate.

The relationship of unobservable inputs to fair value are the higher the rental values and the lower the yield, the higher the fair value.

In respect of the pub portfolio the valuer makes judgements on whether to use residual value or a higher value to include development potential where appropriate. Where no conversion opportunity has been identified at present, the valuer has not specifically considered an alternative use valuation.

The inputs to the valuation include:

- Rental value – total rental value per annum
- Equivalent yield – the discount rate of the perpetual cash flow to produce a net present value of zero assuming a purchase at the valuation
- EBITDA multiples and maintainable earnings from each pub
- Estimated development costs

There were no changes to valuation techniques during the period.

Valuation reports are based on both information provided by the Group, e.g. current rents and lease terms which is derived from the Company's financial and property management systems and is subject to the Group's overall control environment, and assumptions applied by the valuers, e.g. ERVs and yields. These assumptions are based on market observation and the valuers' professional judgement.

Revenues are derived from a large number of tenants with no single tenant or group under common control contributing more than 4% of the Group's revenue.

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

During the period two public houses in the Trent portfolio were reclassified as from investment property to property, plant and equipment as these operate under the fully managed model.

10. Investments in joint ventures

There were five joint ventures which were equity accounted for prior to the acquisition of the joint venture partner's holding in July 2017. As at 30 September the Group has one joint venture.

	30 September 2018	31 March 2018
	£'000	£'000
Opening balance	**8,509**	71,763
Effective disposal of investments	**-**	(62,379)
Group's share of profit after taxation excluding valuation movement	**219**	2,018
Net valuation movement	**(178)**	(564)
Distributions and dividends	**(83)**	(2,329)
Investments in joint ventures	**8,467**	8,509

Name	Country of incorporation	**30 September 2018**	31 March 2018
		% Holding	% Holding
NewRiver Retail Investments LP	Guernsey	**50**	**50**

The aggregate amounts recognised in the consolidated balance sheet and income statement are as follows:

Balance sheet	**30 September 2018**		31 March 2018	
	Total	**Group's share**	Total	Group's share
	£'000	**£'000**	£'000	£'000
Non-current assets	**24,400**	**12,200**	24,750	12,375
Current assets	**1,058**	**529**	779	390
Current liabilities	**(531)**	**(266)**	(528)	(265)
Borrowings	**(7,992)**	**(3,996)**	(7,982)	(3,991)
Net assets	**16,935**	**8,467**	17,019	8,509

Income statement	Six months ended			
	30 September 2018		30 September 2017	
	Total	**Group's share**	Total	Group's share
	£'000	**£'000**	£'000	£'000
Net property income	**670**	**335**	5,254	2,627
Administration expenses	**(98)**	**(49)**	(496)	(248)
Net finance costs	**(131)**	**(65)**	(1,184)	(592)
	441	**221**	3,574	1,787
Net valuation movement	**(356)**	**(178)**	(548)	(274)
Derivative fair value movement	**-**	**-**	74	37
Profit on disposal	**(4)**	**(2)**	(228)	(114)
Profit after taxation	**81**	**41**	2,872	1,436
Add back net valuation movement	**356**	**178**	548	274
Add back derivative fair value movement	**-**	**-**	(74)	(37)
Group's share of joint ventures' Funds From Operations	**437**	**219**	3,346	1,673

11. **Borrowings**

	30 September 2018	31 March 2018
Maturity of secured bank loans:	**£'000**	£'000
Less than one year	**-**	-
Between one and two years	**-**	-
Between two and three years	**-**	-
Between three and four years	**-**	-
Between four and five years	**221,000**	165,000
After five years	**300,000**	300,000
	521,000	465,000
Unamortised loan fees	**(8,025)**	(8,048)
	512,975	456,952

During the period, the Company utilised £56 million of available facilities to fund the Hawthorn Leisure acquisition, the acquisition of Grays Shopping Centres and Hollywood Retail & Leisure Park.

During the prior 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 facilities were extended by one year in August 2018. 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	Facility drawn	Unamortised facility fees / discount	
		£'000	£'000	£'000	£'000
Term loan	August 2023	165,000	165,000	(1,470)	163,530
Revolving credit facility	August 2023	215,000	56,000	(1,918)	54,082
Corporate bond	March 2028	300,000	300,000	(4,637)	295,363
		680,000	521,000	(8,025)	512,975

12. Share capital and reserves

Share capital

Ordinary shares	Number issued	Price per share	Total	Held by EBT	Shares in issue
	000's	pence	000's	000's	000's
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
Scrip dividends issued	**53**	**286**	**306,959**	**3,957**	**303,002**
Exercise of share options	**386**	**-**	**306,959**	**3,571**	**303,388**
30 September 2018			**306,959**	**3,571**	**303,388**

	Share capital	Share premium	Total
	£'000	£'000	£'000
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
Proceeds from issue of new shares	**4**	**147**	**151**
30 September 2018	**3,033**	**223,434**	**226,467**

Warrants
Shareholders who subscribed for placing shares in the original share listing of NewRiver Retail Limited's shares, which were subsequently novated to NewRiver REIT plc, received warrants 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 127p as at 30 September 2018. 380,000 remain outstanding (31 March 2018: 380,000) and are satisfied by issuing shares in the Company.

Merger reserve
The merger reserve arose as result of a scheme of arrangement and group reorganisation, and represents the nominal amount of share capital that was issued to shareholders of NewRiver Retail Limited, the previous holding company of the group.

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 £682 million at 30 September 2018.

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 3,570,682 ordinary shares held by the EBT.

13. Business combinations

On 24 May 2018, the Group acquired Hawthorn Leisure Limited for a cash consideration of £55.1 million. Hawthorn Leisure owned 298 public houses situated across England and Scotland. From the date of acquisition, Hawthorn Leisure contributed net revenue of £5.5 million and profit before tax from continuing operations of the Group of £3.1 million If the acquisition had taken place at the beginning of the year, net revenue from continuing operations would have been £7.6 million and profit before tax from continuing operations for the Group would have been £6.6 million.

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

	Fair value £'000
Investment property	121,492
Property, plant and equipment	3,629
Current assets	3,199
Cash and cash equivalents	6,583
Other net current liabilities	(72,960)
Fair value of acquired interest in net assets of subsidiaries	61,943
Gain on bargain purchase	(6,876)
Total purchase consideration	55,067

The bargain purchase is a result of the fair value determined for the assets purchased exceeding the gross asset value determined. The gain on bargain purchase 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.

14. Property plant and equipment

	Property £'000	Plant and Equipment £'000	Total £'000
Cost			
At 1 April 2017	-	728	728
Additions	-	913	913
At 31 March 2018	-	1,641	1,641
Additions	-	386	386
Transfer of investment property	3,355	-	3,355
Business combinations	1,335	-	1,335
At 30 September 2018	4,690	2,027	6,717
Depreciation			
At 1 April 2017	-	(377)	(377)
Depreciation charge for the year	-	(313)	(313)
At 31 March 2018	-	(690)	(690)
Depreciation charge for the year	(126)	(122)	(248)
Revaluation	(162)	-	(162)
At 30 September 2018	(288)	(812)	(1,100)
Book value at 30 September 2018	4,402	1,215	5,617
Book value at 31 March 2018	-	951	951

15. Financial instruments

The Group enters into derivative financial instruments to provide an economic hedge to its interest rate exchange risks. These financial instruments are classified as Level 2 fair value measurements, being those derived from inputs other than quoted prices. There were no transfers between levels in the current year. The cumulative amount previously recognised in equity was recycled to the income statement. See latest audited financial statements.

The increase in net financial liabilities is largely due to the acquisition of Hawthorn Leisure which resulted in a drawdown on the revolving credit facility of £56.0 million and the utilisation of cash for the repayment of the loan within Hawthorn of £60.6 million.

Financial instruments

	Valuation level	**30 September 2018 £'000**	31 March 2018 £'000
Financial assets			
Fair value through profit or loss			
Interest rate caps	2	**-**	503
Interest rate swaps		**3,019**	2,958
Loans and receivables			
Trade and other receivables		**13,066**	29,449
Cash and cash deposits		**30,343**	115,801
		46,429	148,711
Financial liabilities			
Fair value through profit or loss			
Interest rate swaps	2	**(150)**	(346)
At amortised cost			
Borrowings		**(512,975)**	(456,952)
Payables and accruals		**(25,309)**	(26,649)
		(538,433)	(483,947)
		(492,004)	(335,236)

16. Related party transactions

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

Management fees are charged to join ventures for asset management, investment advisory, project management and accounting services. Total fees charged were:

	Six months ended	
	30 September 2018 £'000	30 September 2017 £'000
NewRiver Retail Investments LP	**56**	72
NewRiver Retail Property Unit Trust No.2	**-**	48
NewRiver Retail Property Unit Trust No.5	**-**	33
NewRiver Retail Property Unit Trust No.6	**-**	211
NewRiver Retail Property Unit Trust No.7	**-**	41

No amounts outstanding at period end.

17. Post balance sheet events

The Group sold 22 community pubs for £14.8 million on the 29 October 2018 and a supermarket in East Ham, held in a 50:50 joint venture between NewRiver and Morgan Stanley Real Estate Investing, for £7.8 million (NRR share: £3.9 million) on the 13 November 2018.

The third quarter dividend in relation to the year ended 31 March 2019 will be 5.40 pence per share and will be paid on 8 February 2019 to shareholders on the register on 28 December 2018. The ex-dividend date will be 27 December 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	HY19	HY18
EPRA Earnings per Share (EPS)	8.0p	9.3p
	September 18	**March 18**
EPRA NAV per share	283p	292p
EPRA NNNAV per share	284p	293p
EPRA NIY	7.3%	6.8%
EPRA 'topped-up' NIY	7.8%	7.2%
EPRA Vacancy Rate	4%	3%

A. EPRA Earnings per Share: 8.0p

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

Calculation of EPRA Earnings	HY19 £m	HY18 £m
Earnings per IFRS income statement	2.7	29.3
Adjustments to calculate EPRA Earnings, exclude:		
Changes in value of investment properties, development properties held for investment and other interests	24.7	(2.2)
Profits or losses on disposal of investment properties, development properties held for investment and other interests	0.3	(0.5)
Negative goodwill / goodwill impairment	(6.9)	(3.0)
Changes in fair value of financial instruments and associated close-out costs	0.4	(2.2)
Acquisition costs on share deals and non-controlling joint venture interests	2.9	2.0
Exceptional costs in respect of refinancing	-	1.0
Adjustments to above in respect of joint ventures (unless already included under proportional consolidation)	0.2	0.3
EPRA Earnings	**24.3**	**24.7**
Basic number of shares	303.8	266.5
EPRA Earnings per Share (EPS)	**8.0p**	**9.3p**

B. EPRA NAV per share: 283p

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.

Calculation of EPRA Net Asset Value	September 2018 £m	March 2018 £m
NAV per the financial statements	864.3	892.4
Effect of exercise of options, convertibles and other equity interests (diluted basis)	1.8	1.8
Diluted NAV, after the exercise of options, convertibles and other equity interests	866.1	894.2
Exclude:		
Fair value of financial instruments	(3.0)	(3.3)
Deferred tax	1.6	-
EPRA NAV	864.7	890.9
Fully diluted number of shares	305.7	305.3
EPRA NAV per share	**283p**	**292p**

C. EPRA NNNAV per share: 284p

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.

Calculation of EPRA Triple Net Asset Value (NNNAV)	September 2018 £m	March 2018 £m
EPRA NAV	864.7	890.9
Include:		
Fair value of financial instruments	3.0	3.3
Fair value of debt	3.1	(0.3)
Deferred tax	(1.6)	
EPRA NNNAV	869.2	893.9
Fully diluted number of shares	305.7	305.3
EPRA NNNAV per share	**284p**	**293p**

D. EPRA NIY: 7.3%, EPRA 'topped-up' NIY: 7.8%

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.

Calculation of EPRA NIY and 'topped-up' NIY[1]		September 2018 £m	March 2018 £m
Investment property – wholly owned		1,361.5	1,226.3
Investment property – share of JVs/Funds		12.2	12.4
Trading property (including share of JVs)			
Less: developments		(92.4)	(78.7)
Completed property portfolio		**1,281.3**	**1,159.9**
Allowance for estimated purchasers' costs and capital expenditure allowed for		92.4	76.3
Gross up completed property portfolio valuation	B	1,373.7	1,236.3
Annualised cash passing rental income		111.1	95.4
Property outgoings		(10.7)	(11.1)
Annualised net rents	A	100.4	84.3
Add: notional rent expiration of rent free periods or other lease incentives[2,3]		6.3	4.5
Topped-up net annualised rent	C	106.7	88.8
EPRA NIY	**A/B**	**7.3%**	**6.8%**
EPRA 'topped-up' NIY	**C/ B**	**7.8%**	**7.2%**

E. **EPRA Vacancy rate: 4%**

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.

Calculation of EPRA Vacancy Rate		September 2018 £m	March 2018 £m
Estimated Rental Value of vacant retail space	A	3.1	2.8
Estimated rental value of the retail portfolio	B	83.2	80.1
EPRA Vacancy Rate	**A/B**	**4%**	**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 17 of this document
EPRA Net Asset Value ('NAV') and EPRA NAV per share	Net Assets	Note 7 of the Financial Statements and page 20 of this document
Dividend cover	N/A	Glossary and page 19 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 NNNAV	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).

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.

Cost of debt: Is the Group loan interest and derivative costs 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.

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: 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.

Promote: A share of returns received by one party in a joint venture that is higher than its equity share, reflecting that party's role as operator

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.

Risk-controlled development pipeline: Is the combination of all development projects that the Company is currently pursuing or assessing for feasibility. 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.

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.