THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt as to what action you should take, you are recommended to seek your own financial advice immediately from your stockbroker, bank manager, solicitor, accountant, fund manager or other appropriate independent financial adviser duly authorised under the Financial Services and Markets Act 2000 (as amended) ("FSMA") if you are resident in the United Kingdom or, if not, from another appropriately authorised independent financial adviser.

This document comprises a prospectus relating to NewRiver REIT plc ("**NewRiver Holdco**" or the "**Company**") prepared in accordance with the Prospectus Rules and has been approved by the Financial Conduct Authority ("**FCA**") in accordance with section 87A of FSMA. A copy of this document has been filed with the FCA in accordance with paragraph 3.2.1 of the Prospectus Rules. In accordance with paragraph 3.2.2 of the Prospectus Rules, this document has been made available to the public free of charge at the Company's registered office and the London office of Eversheds LLP, details of which are set out on page 46 of this document.

This document has been prepared in connection with a scheme of arrangement pursuant to Part VIII of The Companies (Guernsey) Law, 2008, as amended to introduce a new English-incorporated holding company, NewRiver REIT plc, to the NewRiver Group (the "Scheme") and has been prepared on the assumption that the Scheme will become effective in accordance with its current terms. A summary of the Scheme and other proposals are set out in Part 1 of this document. You should read carefully the whole of this document. In particular, your attention is drawn to the section headed "Risk Factors" set out on pages 22 to 41 (inclusive) of this document.

The Directors, whose names appear on page 46 of this document, and the Company, accept responsibility for the information contained in this document. To the best of the knowledge of the Company and the Directors (who have taken all reasonable care to ensure that such is the case), the information contained in this document is in accordance with the facts and contains no omission likely to affect the import of such information.

Applications have been made to the FCA and to the London Stock Exchange for the entire issued and to be issued ordinary share capital of NewRiver Holdco to be admitted to the premium listing segment of the Official List and to be admitted to trading on the London Stock Exchange's Main Market for listed securities ("**Admission**"), subject in each case to the Scheme becoming effective. If the Scheme proceeds as currently planned, it is expected that Admission will become effective and that dealings in NewRiver Holdco Shares will commence at 8.00 a.m. on 18 August 2016. The admission to trading of the NewRiver Shares will also be cancelled on that date. No application has been, or is currently intended to be, made for NewRiver Holdco Shares to be admitted to listing or trading on any other stock exchange.

NEWRIVER RETAIL

NewRiver REIT plc

(Incorporated in England and Wales under the Companies Act 2006 with registered number 10221027)

Prospectus relating to admission to the premium listing segment of the Official List and to trading on the London Stock Exchange of 238,588,536 NewRiver Holdco Shares of one pence each

Sponsor and Financial Adviser
LIBERUM CAPITAL LIMITED
LIBERUM

Financial Adviser
KINMONT
KINMONT

This document should not be forwarded to, or transmitted into, any jurisdiction where to do so may constitute a violation of local securities laws or regulations, including, but not limited to, subject to certain exceptions, the Excluded Territories or their respective territories or possessions. The release, publication or distribution of this document into jurisdictions other than the United Kingdom may be restricted by law and therefore this document may not be distributed or published in any jurisdiction except under circumstances which result in compliance with any applicable laws and regulations. Persons into whose possession this document comes should inform themselves about and observe any such restrictions. Any failure to comply with these restrictions may constitute a violation of the securities laws and regulations of any such jurisdiction. In particular, subject to certain exceptions, this document should not be distributed, forwarded to or transmitted in or into any Excluded Territory or any other jurisdiction where to do so would breach any applicable law.

Neither the Guernsey Financial Services Commission nor the States of Guernsey Policy Counsel take any responsibility for the financial soundness of the NewRiver Group or for the correctness of any of the statements made or opinions expressed with regard to it.

Liberum Capital Limited ("**Liberum**"), which is authorised and regulated in the UK by the FCA, is acting exclusively for NewRiver and NewRiver Holdco in connection with the Proposals and will not be responsible to anyone other than NewRiver and NewRiver Holdco for providing the protections afforded to clients of Liberum or for providing advice in relation to the matters described in this document. Subject to the responsibilities and liabilities, if any, which may be imposed on Liberum by FSMA or the regulatory regime established thereunder, no representation or warranty, express or implied, is made by Liberum or any of its representatives as to any of the contents of this document, including its accuracy, completeness or verification, or concerning any other document or statement made or purported to be made by it, or on its behalf, in connection with the Company, NewRiver or the Proposals, and nothing in this document is, or shall be relied upon as, a promise or representation in this respect, whether as to the past or future. No liability whatsoever is accepted by Liberum or any of its representatives for the accuracy of any information or opinions contained in this document or for the omission of any material information, for which the Board and the Company are solely responsible.

Kinmont Limited ("**Kinmont**"), which is authorised and regulated in the UK by the FCA, is acting exclusively for NewRiver and NewRiver Holdco as financial adviser in connection with the Proposals and will not be responsible to anyone other than NewRiver and NewRiver Holdco for providing the protections afforded to clients of Kinmont or for providing advice in relation to the matters described in this document. Subject to the responsibilities and liabilities, if any, which may be imposed on Kinmont by FSMA or the regulatory regime established thereunder, no representation or warranty, express or implied, is made by Kinmont or any of its representatives as to any of the contents of this document, including its accuracy, completeness or verification, or concerning any other document or statement made or purported to be made by it, or on its behalf, in connection with the Company, NewRiver or the Proposals, and nothing in this document is, or shall be relied upon as, a promise or representation in this respect, whether as to the past or future. No liability whatsoever is accepted by Kinmont or any of its representatives for the accuracy of any information or opinions contained in this document or for the omission of any material information, for which the Board and the Company are solely responsible.

Investors should only rely on the information contained in this document. No person has been authorised to give any information or make any representations in relation to the Company other than those contained in this document and, if given or made, such information or representation must not be relied upon as having been so authorised by the Company, its Directors, Liberum, Kinmont or any of their representatives. NewRiver Holdco will comply with its obligation to publish a supplementary prospectus containing further updated information required by law or by any regulatory authority but assumes no further obligation to publish additional information.

This document does not constitute or form part of any offer or invitation to sell or issue, or any solicitation of any offer to purchase or subscribe for, any securities, or any offer or invitation to sell or issue, or any solicitation of any offer to purchase or subscribe for, such securities by any person in any circumstances in which such offer or solicitation is unlawful.

CONTENTS

SUMMARY

*Summaries are made up of disclosure requirements known as "**Elements**". These Elements are numbered in Sections A–E (A.1–E.7).*

This summary contains all the Elements required to be included in a summary for this type of security and issuer. Because some Elements are not required to be addressed, there may be gaps in the numbering sequence of the Elements.

Even though an Element may be required to be inserted in the summary because of the type of security and issuer, it is possible that no relevant information can be given regarding the Element. In this case a short description of the Element is included in the summary with the mention of "not applicable".

Section A – Introduction and warnings		
A.1	**Introduction**	This summary should be read as an introduction to this document. Any decision to invest in the securities should be based on consideration of this document as a whole by the investor. Where a claim relating to the information contained in this document is brought before a court, the plaintiff investor might, under the national legislation of the member states of the European Union, have to bear the costs of translating this Prospectus before the legal proceedings are initiated. Civil liability attaches only to those persons who have tabled the summary including any translation thereof, but only if the summary is misleading, inaccurate or inconsistent when read together with the other parts of this document or it does not provide, when read together with the other parts of this document, key information in order to aid investors when considering whether to invest in such securities.
A.2	**Subsequent resale of securities or final placement of securities through financial intermediaries**	Not applicable. The Company has not given consent to the use of this document for subsequent resale or any final placement of securities through financial intermediaries.

Section B – Issuer		
B.1	**Legal and commercial name**	The issuer's legal and commercial name is NewRiver REIT plc ("**NewRiver Holdco**").
B.2	**Domicile/Legal Form/ Legalisation/Country of Incorporation**	NewRiver Holdco is a public limited company incorporated in England and Wales with its registered office at 37 Maddox Street, London W1S 2PP and with registered number 10221027. NewRiver Holdco operates under the Companies Act 2006.
B.3	**Key factors of the issuer's current operations, principal activities and markets**	NewRiver Holdco has been incorporated to be the ultimate holding company for the NewRiver group of companies (the "**Group**"). The Group became a UK REIT on 22 November 2010 and, since its initial public offering on 1 September 2009, has established itself as a leading specialist retail and leisure property investor, asset manager and developer. As at 12 August 2016 (being the latest practicable date prior to the publication of this document) (the "**Latest Practicable Date**"), it owned a UK-wide portfolio 33 shopping centres across the

		UK, further retail assets across the UK and a portfolio of 356 public houses with retail and mixed-use development opportunities. The portfolio totals approximately 8 million square feet with almost 2,000 occupiers, an annual footfall of 150 million and a retail occupancy rate of 97 per cent. (as at 30 June 2016). As at 31 March 2016, the Group's share of its investment property assets under management was approximately £973.3 million and the aggregate combined capital value of its total investment property assets under management was in excess of £1.1 billion. The Group has a clear investment strategy focused on driving income returns and enhancing value through active asset management and risk-controlled development and enjoys strong relationships with many of the UK's leading retail and leisure operators. The dynamic nature of the UK retail sector sees major participants in the sub-sectors pursuing different real estate strategies at any one time. This allows an active asset manager, such as the Group, to operate on a national basis and bring its knowledge of larger retail and leisure operators to local property markets. **Shopping centres** The Group specialises in retail and leisure property with an emphasis on convenience and non-discretionary spending. Shopping centres are the Group's core asset base accounting for 66 per cent. of the Group's total investment property assets under management by value as at 31 March 2016. The Group is particularly focused on convenience-led retail assets that cater for everyday core household spending needs. The Directors believe that such retail assets should offer attractive investment opportunities at present given, amongst other things, the potential for attractive net initial yields at current acquisition prices, sustainable income streams and the potential for capital growth through active asset management and development initiatives over the longer term. The Group develops a detailed business plan for any asset or portfolio of assets prior to making a decision on an acquisition. In particular, NewRiver assesses the strength of tenants' trading histories, the affordability of rent and other occupational costs, current and future supply constraints on retail property in the area and the likelihood of continued occupier demand for space. These criteria are also kept under constant review. As well as considering asset specific criteria, the Group considers shopping centres in the context of the development of its overall portfolio, for example, regional balances and weighted average lease length. **Retail warehouses** The Group applies the same approach to acquisitions in this area as it does with shopping centres and the asset management skills of an experienced shopping centre owner, such as the Group, can assist in driving income and longer term capital value uplifts in retail warehouse properties. During the financial year ended 31 March 2015, the Group embarked upon a programme of acquiring retail warehouses,

		having recognised the potential in this part of the retail real estate market. As at 31 March 2016, retail warehouses accounted for 12 per cent. of the Group's total investment property assets under management by value. The Group continues to target investments in this segment. For the main part, its focus is on properties with active asset management potential, allowing value to be added through the re-gearing of leases, letting of vacant units and extensions, refurbishment and development. The Group has experienced good tenant demand for this type of asset from the discount and value retailers in the right locations. **Public house portfolio** The Directors believe that public house portfolio acquisitions have the potential to deliver strong cash-on-cash returns and capital growth through active asset management and risk-controlled development (such as developing surplus land for retail, in particular, convenience store, and residential uses). As at 31 March 2016, public houses accounted for 15 per cent. of the Group's total investment property assets under management by value. **Other** As at 31 March 2016, high street and development investment property assets accounted for four and three per cent., respectively, of the Group's total investment property assets under management by value.
B.4a	**Significant trends**	**Background** The Group operates in the retail and leisure sector of the UK real estate market. The NewRiver Holdco Directors consider that, within the UK real estate market, there are also specific regional, lot size and asset-related criteria which are key to operating successfully. These factors affect both the shopping centre and retail warehouse real estate markets which form the core of the Group's operations. **UK retail real estate market** The UK retail property market is broad and diverse, owned and managed by a mixture of institutional managers, listed entities, corporations and private individuals and enterprises. **Trends in capital value, yields and transaction volumes** From its calendar year end peak at 31 December 2006, the IPD UK Capital Growth Retail Property Index fell by some 36 per cent. to its trough at 31 December 2009. A period of recovery had followed, but the NewRiver Holdco Directors believe that, prior to the result of the UK referendum on continued EU membership held on 23 June 2016 (the "**Referendum**") (the "**Referendum Result**"), yield compression was slowing and the potential for achieving further growth through yield movement is uncertain in the immediate aftermath of the Referendum Result. The Group continues to target activity in the shopping centre area in the transaction value range of £10 million to £150 million, at net initial yields in the range of six to 10 per cent.

		Following its IPO in September 2009, the Group acquired a number of shopping centre assets at net initial yields of between seven to nine per cent., not dissimilar to current target acquisition prices and against a backdrop of a 311 bps compression in the IPD shopping centre yield index. As it established critical mass and a good operating platform, the Group established a valuable niche position in an area of investment which attracted less aggressive buying interest than trophy retail assets (which may be considered more likely to attract investment in the early stage of a property cycle) or where particular retail assets have suited the acquisition profile of the Group but not, for example, those of private equity investors. This has enabled the Group to build a significant portfolio. In terms of the development of the UK property cycle, as capital growth becomes more difficult to achieve, NewRiver will have an increased focus on income return facets which are a strong feature of the Group's portfolio (thus giving the potential for improved capital values over the longer term). The UK retail and leisure property market is also affected by the impact of macro-economic conditions and changing consumer spending and shopping habits on retailers and operators. **Macro-economic factors** ***Interest rates and borrowing levels*** Rental income margins over borrowing costs are currently attractive in the UK in absolute terms. Borrowing costs have been assisted by the low levels of official interest base rates and by the volume of financial capital willing to lend against UK property assets. ***UK consumer outlook*** In the period since NewRiver's admission to AIM in 2009, improvements in inflation and unemployment, in combination with consistently low interest rates, have positively influenced UK consumer confidence. Over the same period, the property market has, itself, also recovered. Against this positive economic backdrop, 2016 has so far seen a cautious interpretation of the prospects for the UK economy, both generally and for retailers, in particular, due to the uncertainty following the Referendum Result, as well as due to a variety of other economic factors. This more cautious interpretation of the UK economy is likely to influence UK consumer confidence, which according to a one-off survey conducted by GfK to reflect post-Referendum Result sentiment, showed the sharpest drop in consumer confidence in 21 years. These factors may continue to affect the potential to achieve rental growth over the medium to long term. In March 2016, the Office for Budget Responsibility had forecast average annual UK GDP growth of 2.1 per cent. between 2016 and 2020. Following the Referendum Result, in July 2016, the results of a survey of external forecasters conducted by the Bank of England confirmed that respondents to the survey, on average, believed that four quarter GDP growth would slow in the year to the third quarter of 2017 to 0.5 per cent., before increasing to 1.9 per cent. by the end of the third quarter of 2019.

B.5	**Group structure**	NewRiver Holdco has been incorporated to be the ultimate holding company of the Group and to hold all of the shares in NewRiver Retail Limited, a limited company incorporated in Guernsey with registered number 50463 ("**NewRiver**"). NewRiver has the following significant subsidiaries (all incorporated in the UK unless otherwise stated): NewRiver Retail (Bexleyheath) Limited, NewRiver Retail (Boscombe No. 1) Limited, NewRiver Retail (Broadway Square) Limited, NewRiver Retail (Camarthen) Limited, NewRiver Retail (Cardiff) Limited, NewRiver Retail (Colchester) Limited, NewRiver Retail CUL No. 1 Limited, NewRiver Retail (Darlington) Limited, NewRiver Retail Holdings Limited (Guernsey), NewRiver Retail Holdings No. 1 Limited (Guernsey), NewRiver Retail Holdings No. 2 Limited (Guernsey), NewRiver Retail Holdings No. 3 Limited (Guernsey), NewRiver Retail Holdings No. 4 Limited (Guernsey), NewRiver Retail Holdings No. 5 Limited (Guernsey), NewRiver Retail Holdings No. 6 Limited (Guernsey), NewRiver Retail Holdings No. 7 Limited (Guernsey), NewRiver Leisure Limited, NewRiver (Leylands Road) Limited, NewRiver Retail (Mantle) Limited, NewRiver Retail (Market Deeping No. 1) Limited (Guernsey), NewRiver Retail (Morecambe) Limited, NewRiver Retail (Newcastle No. 1) Limited (Guernsey), NewRiver Retail (Paisley) Limited, NewRiver Retail (Penge) Limited, NewRiver Retail (Portfolio No. 1) Limited (Guernsey), NewRiver Retail (Portfolio No. 2) Limited (Guernsey), NewRiver Retail (Portfolio No. 3) Limited, NewRiver Retail (Portfolio No. 4) Limited, NewRiver Retail (Portfolio No. 5) Limited, NewRiver Retail (Portfolio No. 6) Limited, NewRiver Retail (Portfolio No. 8) Limited, NewRiver Retail (Ramsay Development) Limited, NewRiver Retail (Ramsay Investment) Limited, NewRiver Retail (Skegness) Limited, NewRiver Retail (Skegness Developments) Limited, NewRiver Retail (UK) Limited, NewRiver Retail (Wakefield) Limited, NewRiver Retail (Warminster) Limited, NewRiver Retail (Wisbech) Limited, NewRiver Retail (Witham) Limited, NewRiver Retail (Wrexham No.1) Limited (Guernsey), NewRiver Trustee 1 Limited (Jersey), NewRiver Trustee 2 Limited (Jersey), NewRiver Trustee 5 Limited (Jersey), NewRiver Trustee 6 Limited (Jersey), NewRiver Trustee 7 Limited (Jersey), NewRiver Trustee 8 Limited (Jersey), NewRiver Retail (Bexleyheath) SARL (Luxembourg) and NewRiver Retail (Broadway Square) SARL (Luxembourg).
B.6	**Notifiable interests in the Company and voting rights**	As at the Latest Practicable Date, NewRiver Holdco has been notified that the following persons, in addition to the interests of the Directors referred to herein, are, directly or indirectly, interested in three per cent. or more of NewRiver's issued ordinary share capital or voting rights, and the amount of such person's holding in respect of NewRiver Holdco Shares following the Scheme becoming effective is expected to be as follows:

		As at the Latest Practicable Date / *As at the Effective Date*

Shareholder	*Number of issued NewRiver Shares*	*Percentage of issued NewRiver Shares (%)*	*Percentage of issued total voting rights (%)*	*Number of issued NewRiver Holdco Shares*	*Percentage of issued NewRiver Holdco Shares (%)*	*Percentage of issued total voting rights (%)*
	As at the Latest Practicable Date			*As at the Effective Date*		
Woodford Investment Management LLP	58,840,369	24.66	25.20	58,840,369	24.66	25.20
Invesco Limited	35,865,708	15.03	15.36	35,865,708	15.03	15.36
JO Hambro Capital Management Limited	11,205,026	4.70	4.80	11,205,026	4.70	4.80
Standard Life Investments	7,643,831	3.20	3.27	7,643,831	3.20	3.27
Bank of Montreal	7,137,424	2.99	3.06	7,137,424	2.99	3.06
AXA Framlington	7,131,840	2.99	3.05	7,131,840	2.99	3.05

There are no differences between the voting rights enjoyed by the persons referred to above (or their nominees) and those enjoyed by other NewRiver Shareholders and expected to be enjoyed by NewRiver Holdco Shareholders.

The NewRiver Holdco Directors are not aware of any person who, directly or indirectly, jointly or severally, exercises control over NewRiver or will or could exercise control over NewRiver Holdco immediately following the implementation of the Scheme.

Except in respect of the Scheme, neither NewRiver Holdco nor the NewRiver Holdco Directors are aware of any arrangements the operation of which may at a later date result in a change of control of NewRiver or NewRiver Holdco.

B.7 **Selected historical key financial information**

Not applicable for NewRiver Holdco. NewRiver Holdco has not traded since its date of incorporation and, as such, there is no historical financial information on NewRiver Holdco.

The tables below set out summary financial information for the Group for the periods indicated. The data below has been extracted, without material adjustment, from the Group's audited consolidated financial information for the years ended 31 March 2014, 31 March 2015 and 31 March 2016.

Consolidated income statement data for the three financial years ended 31 March 2016

	Year ended 31 March 2016			*Year ended 31 March 2015*			*Year ended 31 March 2014*		
	Operating and Financing £'000	*Fair value adjust-ments £'000*	*Total £'000*	*Operating and Financing £'000*	*Fair value adjust-ments £'000*	*Total £'000*	*Operating and Financing £'000*	*Fair value adjust-ments £'000*	*Total £'000*
Net property income	54,587	–	54,587	24,332	–	24,332	14,814	–	14,814
Net valuation movement	–	24,002	24,002	–	19,266	19,266	–	13,740	13,740
Operating profit	57,698	24,002	81,700	27,394	19,266	46,660	14,722	13,740	28,462
Net finance expense									
Finance income	82	–	82	191	–	191	105	–	105
Finance costs	(12,237)	–	(12,237)	(7,323)	–	(7,323)	(5,508)	–	(5,508)
Profit for the year before taxation	45,543	24,002	69,545	20,262	19,266	39,528	9,319	13,740	23,059
Current taxation charge	(136)	–	(136)	–	–	–	(11)	–	(11)
Profit for the year after taxation	45,407	24,002	69,409	20,262	19,266	39,528	9,308	13,740	23,048
Earnings per share									
EPRA Adjusted (pence)			26.6			19.8			15.7
EPRA basic (pence)			20.4			17.6			12.0
Basic EPS (pence)			39.2			37.5			38.0
EPS diluted (pence)			38.9			36.2			33.2

Consolidated balance sheet data for as at 31 March 2014, 31 March 2015 and 31 March 2016

	31 March 2016 £'000	*31 March 2015 £'000*	*31 March 2014 £'000*
Total non-current assets	909,783	517,638	289,359
Total current assets	122,917	21,578	93,150
Total assets	1,032,700	539,216	382,509
Equity and liabilities			
Total current liabilities	25,768	16,197	10,421
Total non-current liabilities	317,065	183,324	132,461
Net assets	689,867	339,695	239,627
Total equity	689,867	339,695	239,627
Net Asset Value (NAV) per share			
EPRA NAV (pence)	295	265	240
Basic (pence)	295	267	241
Basic diluted (pence)	294	264	240

		Certain significant changes in the financial condition or operating results of the Group occurred during the period covered by the audited annual reports and accounts of the Group for the years ended 31 March 2014, 31 March 2015 and 31 March 2016. These are described below. **Review of operational performance** Net property income for the financial year ended 31 March 2016 increased by 124.3 per cent. on the previous year from £24.3 million for the financial year ended 31 March 2015 to £54.6 million for the financial year ended 31 March 2016. For the financial year ended 31 March 2015, net property income increased by 64.3 per cent. on the previous year from £14.8 million for the financial year ended 31 March 2014. These increases derived largely from the growth in the Group's asset and development portfolio year-on-year. On a like-for-like basis, net property income was stable with a two per cent. increase year-on-year. EPRA adjusted profit for the financial year ended 31 March 2016 increased by 125.4 per cent. on the previous year from £20.9 million for the financial year ended 31 March 2015 to £47.1 million for the financial year ended 31 March 2016. For the financial year ended 31 March 2015, EPRA adjusted profit increased by 120.0 per cent. on the previous year from £9.5 million for the financial year ended 31 March 2014. These year-on-year increases came as a result of both rental profit growth as a consequence of the increase in size of the Group's property portfolio as well as an increase in actual realised profits on the sale of assets. Total profit after taxation for the financial year ended 31 March 2016 increased by 75.6 per cent. on the previous year from £39.5 million for the financial year ended 31 March 2015 to £69.4 million for the financial year ended 31 March 2016. For the financial year ended 31 March 2015, total profit after taxation increased by 71.5 per cent. on the previous year from £23.0 million for the financial year ended 31 March 2014. These year-on-year increases came as a result of rental profit growth as a consequence of the increase in size of the Group's property portfolio, an increase in actual realised profits on the sale of assets plus an increase in the Group's property revaluation surplus year-on-year. Net asset value as at 31 March 2016 increased by 103.0 per cent. on the previous year from £340 million as at 31 March 2015 to £690 million as at 31 March 2016. As at 31 March 2015, net asset value increased by 41.8 per cent. from £240 million as at 31 March 2014. These year-on-year increases were largely due to the growth of, and revaluation gains on, the Group's investment and development property portfolio over the period as well as the equity raised, in aggregate, during the relevant periods.

		EPRA net asset value per share as at 31 March 2016 increased by 11.3 per cent. on the previous year from 265 pence as at 31 March 2015 to 295 pence as at 31 March 2016. As at 31 March 2015, EPRA net asset value per share increased by 10.5 per cent. from 240 pence per share as at 31 March 2014, despite absorption of £1.7 million of fundraising costs and £9.0 million of purchasing costs. These increases derived largely from increased EPRA earnings, revaluation gains in the relevant years, the accretive impact of equity raises, dividends paid and purchase costs. **Significant events** The following are the significant events which have occurred over the last three financial years up to the date of publication of this document: • In July 2013, the Group raised £67 million of gross proceeds by way of a firm placing and an additional placing. The proceeds were deployed on standalone acquisitions, joint ventures and co-investments. • In October 2013, NewRiver delisted from the Channel Islands Stock Exchange. • In November 2013, the Group announced that it had exchanged contracts to acquire a portfolio of 202 public houses from Marston's Plc ("**Marston's**") for a total consideration of £90 million with the intention of converting a significant number of them for retail use. Again, a portion of the purchase consideration was funded from the proceeds raised through the placing referred to above. In connection with the acquisition, Marston's entered into a minimum four-year term leaseback agreement to manage and operate the portfolio as public houses pending conversion. • In February 2014, the Group raised £85 million of gross proceeds by way of a firm placing and an additional placing. The proceeds were deployed for the purposes of the Group's continuing investment programme. • In April 2014, the Group announced that The Co-operative Group Limited had signed a conditional agreement to lease a significant element of the Marston's public house portfolio comprising 54 new convenience stores (extended to 63 in September 2014 and subsequently reduced to 45 in January 2016). • In May 2014, on application by NewRiver, the Guernsey Financial Services Commission ("**GFSC**") agreed to revoke the declaration of NewRiver as a registered closed-ended collective investment scheme pursuant to The Registered Collective Investment Scheme Rules 2008 on the basis that it was a general commercial trading company no longer having the attributes of a collective investment scheme at which point NewRiver ceased to be subject to the supervision of the GFSC.

		• In August 2014, the Group announced the acquisition of the Swallowtail shopping centre portfolio for £140 million through the BRAVO II joint venture with the Group taking a 50 per cent. stake. • In January 2015, the Group raised £75 million of gross proceeds by way of a placing for the purposes of acquiring the 90 per cent. not already owned by it of one of its joint ventures with BRAVO II for consideration of £71 million. The acquisition was completed shortly following completion of the placing. • In July 2015, the Group raised £150 million of gross proceeds by way of a placing to fund the acquisitions of the 50 per cent. stakes not already owned by it in a further two joint ventures with BRAVO II for an aggregate consideration of £52 million, with the remaining proceeds to be used for the Group's near term acquisition and development pipeline (including the acquisition of the Ramsay portfolio of 13 retail warehouses for an aggregate consideration of £69 million). All of the above acquisitions were also completed in July 2015. • In August 2015, the Group announced that it had exchanged contracts to acquire a portfolio of 158 public houses from Punch Taverns for an aggregate consideration of £53.5 million. • In January 2016, the Group raised £150 million of gross proceeds to fund its pipeline of acquisition and development opportunities. • In April 2016, the Group announced that it had completed the acquisition of Broadway Shopping Centre and Broadway Square Retail Park, Bexleyheath for £120 million. • In June 2016, the Group announced that it had completed the acquisition of Cuckoo Bridge Retail Park, Dumfries for £20.2 million.
B.8	**Selected key proforma financial information**	Not applicable – NewRiver Holdco is a newly incorporated company and has not traded since its incorporation and, prior to the Scheme becoming effective, will not own any assets or have any liabilities. As a result of the Scheme becoming effective, NewRiver Holdco will become the new parent company of the NewRiver Group and its assets, liabilities and earnings on a consolidated basis will be those of the NewRiver Group.
B.9	**Profit forecast/estimate**	Not applicable – there is no profit forecast or estimate contained in this document.
B.10	**Audit report qualifications**	Not applicable – there are no qualifications contained in the audit reports regarding the Group's historical financial information in the period for which historical financial information is shown.

B.11	**Working capital**	NewRiver Holdco is of the opinion that, taking into account the existing bank and other facilities available to the NewRiver Holdco Group, the working capital available to the NewRiver Holdco Group is sufficient for its present requirements, that is, for a period of at least 12 months from the date of this document.

Section C – Securities		
C.1	**Type and class of the securities being admitted to trading, including the security identification number.**	The NewRiver Holdco Shares, which are subject to an application to be admitted to trading on the London Stock Exchange's main market for listed securities, will be ordinary shares of one pence each in the capital of NewRiver Holdco (the "**NewRiver Holdco Shares**"). When admitted to trading on the London Stock Exchange's main market for listed securities, the NewRiver Holdco Shares will be registered with ISIN GB00BD7XPJ64 and SEDOL BD7XPJ6.
C.2	**Currency of the securities issue**	The NewRiver Holdco Shares will be denominated in pounds sterling and will be quoted and traded in pounds sterling.
C.3	**Number of shares in issue and par value**	The nominal value of the issued ordinary share capital of NewRiver Holdco immediately following the Scheme becoming effective will be £2,435,885.36 divided into 238,588,536 NewRiver Holdco Shares of one pence each and 50,000 redeemable preference shares of 100 pence each (the "**NewRiver Holdco Redeemable Shares**"), each of which will be issued fully paid.
C.4	**Rights attaching to the securities**	The NewRiver Holdco Shares will be issued credited as fully paid and will rank *pari passu* in all respects with each other, including for voting purposes, and in full for all dividends or other distributions on the NewRiver Holdco Shares declared, made or paid after their issue and for any distributions made on a winding up of NewRiver Holdco. Subject to applicable laws, the NewRiver Holdco Articles and to any rights for the time being attached to any existing share, any shares may be issued with such rights or restrictions as NewRiver Holdco may from time to time by ordinary resolution determine, or, if NewRiver Holdco has not so determined, as the NewRiver Holdco Board may determine. Subject to applicable laws, any share may be issued which is to be redeemed, or is to be liable to be redeemed at the option of NewRiver Holdco or the holder, on such terms, conditions and in such manner as the NewRiver Holdco Board may determine. If NewRiver Holdco's share capital is divided into shares of different classes, any rights attached to any class of shares may (subject to the rights attached to the shares of the class) be varied or abrogated in any manner, either with the written consent of the holders of not less than three quarters in nominal value of the shares of that class or with the sanction of a special resolution passed at a separate meeting of the holders of such class of shares.
C.5	**Restrictions on free transferability of the securities**	Not applicable – there are no restrictions on the free transferability of the NewRiver Holdco Shares.

C.6	**Admission to trading on a regulated market**	Applications have been made to the FCA and to the London Stock Exchange for the NewRiver Holdco Shares to be admitted to the premium listing segment of the Official List and to trading on the London Stock Exchange's main market for listed securities, respectively, subject in each case to the Scheme becoming effective. If the Scheme proceeds as currently envisaged, it is expected that such admissions will become effective and that dealings in the NewRiver Holdco Shares will commence on the London Stock Exchange at 8.00 a.m. on 18 August 2016.
C.7	**Dividend policy**	As a REIT, NewRiver Holdco will be required to distribute at least 90 per cent. of the income from its property rental business as dividends. It is committed to a growing, progressive, fully covered dividend and its policy of paying quarterly dividends will provide a source of regular income for NewRiver Holdco Shareholders, thus improving their cashflow return profile. The level of future dividends will be determined by the Board having regard to, *inter alia*, the financial position and performance of the Group at the relevant time, UK REIT requirements and the interests of NewRiver Holdco Shareholders, as a whole.

Section D – Risks		
D.1	**Key information on the key risks that are specific to the issuer or its industry**	The key risk factors relating to the Group and its industry are set out below: • The Group's financial performance will be affected by variations in the general economic environment, such as conditions in the national and local economy, employment trends and inflation, as well as general conditions affecting the commercial rental market as a whole and/or events specific to the Group's investments. Such factors may impact the capital value of the Group's properties and/or the level of income it receives from such properties. The Group's ability to generate revenues from its portfolio is linked to occupancy levels, rental payments and the scope for rental increases which are themselves determined to varying degrees by a number of other general economic factors outside of the Group's control. Furthermore, movements in interest rates may also affect the cost of financing property and capital values. • The UK held a referendum on its continued membership of the European Union on 23 June 2016, the result of which was a majority vote in favour of the UK's exit from the European Union. The political, economic, legal and social consequences of this decision, and the exact timing for the triggering by the UK government of the formal process for negotiating the UK's exit from the European Union, as well as the potential outcome of such negotiations, are uncertain at the current time and may remain uncertain for some time to come. Such potentially prolonged uncertainty, as well as the ultimate outcome of the negotiations following the Referendum Result, could have a material adverse effect on the Group's business, financial position and/or results of operations, including the availability and cost of finance for

		investment and development activity, consumer spending in its shopping centres and other properties, tenants' ability to service rental costs, tenants' willingness to enter into long-term commitments, the valuation of real estate in the UK and investment flows into real estate in the UK. • The Group's performance is dependent on its ability to collect rent from tenants on a timely basis. This may be impacted by factors specific to the real estate market, such as by negative changes in the financial condition of an anchor tenant or multiple tenants or by the impact of general economic conditions on consumer spending levels. Additionally, there can be no assurance that the Group's tenants will renew their leases upon expiry of their existing leases and, if they do not, there is no guarantee that new tenants of equivalent standing (or at all) will be found. Any of the foregoing could result in a decrease in the rental income received by the Group with an attendant impact on the capital value of the underlying properties. • The Group and its operations are subject to competition from various sources, including (i) other UK and international property groups and other retail offerings within the same catchment area; and (ii) other retail sales channels (such as the Internet), both of which could impact demand for the Group's retail space, its ability to attract and retain tenants, the level of rent it can obtain and/or its ability to acquire properties or develop land at a satisfactory cost. • The valuation of the Group's properties is inherently subjective due to, among other factors, the individual nature of each property, its location and the expected future rental revenues from that particular property. Incorrect assumptions or flawed assessments underlying a valuation report could therefore have an adverse impact on the Group's business, financial condition and/or results of operations (including, *inter alia*, maintaining its internal target balance sheet gearing ratio and/or financial covenants on the Group's borrowings) and potentially inhibit the Group's ability to realise a sale price that reflects the stated valuation. • Due diligence may not identify all risks and liabilities in respect of an acquisition. In addition, whilst the Group will normally receive certain indemnities, representations and warranties from the seller(s) of properties it acquires, they may not be sufficient to cover all potential liabilities associated with the relevant property holding entity or property itself and will be of limited assistance in the event of the insolvency or analogous event in respect of a seller. To the extent that the Group or third parties engaged by it fail to identify risks and liabilities associated with the investment, or in the event that the Group does not have full recourse against any relevant seller(s) in respect of any losses or liabilities that it may incur, there may be a risk that properties are acquired that are not consistent with the

		Group's investment strategy, that fail to perform in accordance with projections or that may have an adverse impact on its business. • Investments in property are relatively illiquid and usually more difficult to realise than listed equities or bonds. Disposals of the Group's properties could, therefore, take longer than may be commercially desirable and/or the purchase prices obtained may be lower than anticipated, reducing the Group's profits and proceeds realised from such disposals. • The Group may be exposed to future liabilities and/or obligations with respect to the disposal of its property investments to the extent that any representations or warranties that it has given to a purchaser prove to be inaccurate or to the extent that it has breached any of its covenants or obligations contained in the disposal documentation. Any claims or litigation in respect of any such breaches requiring the Group to pay damages may have a material adverse effect on the Group's business, financial condition and/or results of operations. • Property investment and development can be high risk and the Group may be exposed to a number of industry-specific risks such as, *inter alia*: (i) the default, non-performance or increase in costs of third party service providers such as rent collection agents; (ii) increases in other costs, such as construction and development costs, business rates, payroll expenses and energy costs; (iii) a competitive rental market; (iv) the periodic need to renovate, repair and re-lease space; (v) the inability to recover operating costs on vacant space; (vi) material declines in rental values; (vii) defaults by tenants with material rental obligations, tenant insolvency or bankruptcy; (viii) changes in laws and regulations requiring increased cost expenditure to ensure compliance; (ix) cost overruns, completion delays and planning difficulties; (x) material downward movement in the valuation of the Group's property assets; and (xi) financing shortfalls. Any of the foregoing could negatively impact the Group's profitability/cashflows and/or the Group's investment properties. • Certain of the Group's investments and developments are conducted in the context of joint ventures or other co-ownership structures. Whilst relationships with joint venture partners or co-owners are generally good, if they were to deteriorate for any reason, this may potentially give rise to disputes and/or deadlock and, in serious cases, result in the Group being unable to pursue its desired strategy or to exit the joint venture other than on disadvantageous terms. There may also be restrictions on sales or transfers of interests in the Group's joint ventures which may affect its ability to dispose of a property on advantageous terms and at an appropriate time or at all. In addition, the insolvency or severe financial difficulty of a joint venture partner or

		co-owner could materially and adversely affect the Group's joint ventures and, in certain cases, result in the Group assuming a liability for a greater proportion of the joint venture's obligations than it would otherwise bear. • The Group's borrowings are secured on its property investments and such security may be substantial. The Group's obligation to make scheduled payments on its indebtedness and to maintain its covenants could limit its financial and operational flexibility and any breach of covenants could require the Group to dispose of assets at significantly less than full value. Additionally, any enforcement of security may lead to reputational damage for the Group and result in lender unwillingness to extend finance and/or raise the Group's future borrowing costs, all of which could have an adverse effect on the business, financial condition and/or results of operations of the Group. • The Group's operations are highly capital intensive and, in general, are part-funded by third party debt facilities. To the extent that the Group is unable to secure new third party debt facilities on the expiry of its existing facilities on favourable terms, or at all (which is dependent on a number of factors, many of which are outside of the Group's control), then there may be an adverse impact on the Group's business, financial condition and/or results of operations. For the avoidance of doubt, the above does not impact on the statement made by NewRiver Holdco at B.11 above relating to the NewRiver Holdco Group having sufficient working capital for its present requirements, that is, for at least the 12 months from the date of this document.
D.3	**Key risks that are specific to the securities**	• There is no guarantee that the Group will continue to maintain its REIT status (whether by reason of failure to satisfy the conditions for REIT status or otherwise). If the Group fails to remain qualified as a REIT, members of the Group may be subject to UK corporation or income tax on some or all of their property rental income and chargeable gains on the sale of properties which would reduce the amounts available to distribute to investors. If the REIT Group were to be required to leave the REIT Regime, HMRC has wide powers to direct how it would be taxed (both before and after it leaves the REIT Regime), including in relation to the date on which the Group would be treated as exiting the REIT Regime which could have a material impact on the financial condition of the Group and, as a result, NewRiver Holdco Shareholder returns. In addition, incurring a tax liability might require the REIT Group to borrow funds, liquidate some of its assets or take other steps that could negatively affect its operating results. A NewRiver Holdco Shareholder's returns may differ or change fundamentally if the Group fails or ceases to maintain its REIT status.

		• The market price of the NewRiver Holdco Shares may fluctuate significantly due to a change in sentiment in the market regarding the Company's business, financial condition or results of operations (including the level of dividend payments). Such fluctuations may be influenced by a number of factors beyond the Company's control, including but not limited to actual or anticipated changes in the Group's performance or that of its competitors, the expectations and recommendations of analysts who cover the Company's business and industry, changes in the regulatory or legal environment in which the Group operates adversely affecting its business and increasing compliance costs, large sales or purchases of the NewRiver Holdco Shares (or the perception that such transactions may occur), the general supply and demand of NewRiver Holdco Shares and general market and economic conditions. Additionally, there is no guarantee that the market price of the NewRiver Holdco Shares will reflect fully the underlying value of the assets held by the Group.

Section E – Offer		
E.1	**Net proceeds and expenses**	Not applicable – NewRiver Holdco is not undertaking an offer of its securities, nor is it seeking to raise any capital from shareholders. The total expenses payable by NewRiver Holdco in connection with the Scheme and Admission are estimated to be approximately £1.75 million (exclusive of VAT). No commissions, fees or expenses will be charged to NewRiver Holdco Shareholders.
E.2a	**Reasons for the offer**	Not applicable – NewRiver Holdco is not undertaking an offer of its securities. The NewRiver Board believes that changing the Group's ultimate holding company to a UK-incorporated company from a Guernsey-incorporated company will better align it with its existing UK tax jurisdiction and the geographic focus of its operations as the Group's operations are focused exclusively on the UK; the business is managed and controlled in the UK (save for certain joint ventures and certain other asset-holding corporate structures (which were in place at the time of their acquisition by the Group) which are managed and controlled from outside the UK); and the location of the Group's existing ultimate holding company in Guernsey no longer corresponds with the Group's tax status and the location of the majority of its operations. Further, the NewRiver Board believes that the proposed move to the Main Market will put it on a par with similarly sized companies and afford it access to a wider institutional investor base in the UK and overseas through its eligibility for inclusion in certain indices following Admission. In addition, NewRiver's market capitalisation as at the Latest Practicable Date was in excess of £735 million.

		Accordingly, the NewRiver Board, after detailed consideration, believes the proposed new corporate structure is the most appropriate structure for the Group and, together with the move to the Main Market, would best support its long term strategy and growth prospects.
E.3	**Terms and conditions of the offer**	Not applicable – NewRiver Holdco is not undertaking an offer of its securities. Under the Scheme, all the Scheme Shares will be cancelled by way of a reduction of capital. In consideration for the cancellation, holders of Scheme Shares will receive in respect of any Scheme Shares held as at the Scheme Record Time: **for each Scheme Share held** **one NewRiver Holdco Share** Following the cancellation of the Scheme Shares, the share capital of NewRiver will be increased to its former amount by the creation of the NewRiver New Ordinary Shares and the credit arising in the books of NewRiver as a result of the reduction of capital referred to above will be applied in paying up in full the NewRiver New Ordinary Shares. The NewRiver New Ordinary Shares will be issued to NewRiver Holdco which will, as a result, become the new parent company of NewRiver and the Group. On 3 August 2016: • the Scheme was approved by a majority in number, representing at least 75 per cent. of the voting rights, of the Scheme Shareholders present and voting, either in person or by proxy, at the Court Meeting; and • the Resolutions set out in the notice of the Extraordinary General Meeting to approve various matters in connection with the Scheme including: (i) authorising the NewRiver Holdco Directors to take appropriate actions to carry the Scheme into effect; (ii) approving the reduction of capital and issue of the NewRiver New Ordinary Shares referred to above; (iii) approving changes to the NewRiver Articles; (iv) approving that a general meeting of NewRiver Holdco, other than an Annual General Meeting, may be called on not less than 14 clear days' notice; and (v) approving the adoption of the NewRiver Holdco Share Incentive Plans, were passed. The Scheme remains conditional upon the sanction of the Scheme (with or without modification) by the Court at the Court Hearing. The Court Order will be conditional upon: • the formal processes having been put in place to cancel the admission to trading on AIM of the NewRiver Shares and to approve the application to admit (subject to the allotment of the NewRiver Holdco Shares and the satisfaction of the previous condition), the NewRiver Holdco Shares to be issued in connection with the Scheme to the Official List (including a listing hearing having been held); and

		• the London Stock Exchange having agreed to admit the NewRiver Holdco Shares to be issued in connection with the Scheme to trading on its Main Market for listed securities and its agreement not being withdrawn prior to the Scheme Effective Date. If the Scheme is sanctioned at the Court Hearing and the remaining conditions to the Scheme have been satisfied, the Scheme is expected to become effective, and dealings in the NewRiver Holdco Shares are expected to commence, at 8.00 a.m. on 18 August 2016.
E.4	**Interests material to the issue including conflicting interests**	Not applicable – NewRiver Holdco is not undertaking an offer of its securities and therefore there are no interests (including conflicts of interest) which are material to the issue of NewRiver Holdco Shares.
E.5	**Lock-up arrangements**	Not applicable – there are no entities or persons offering to sell the NewRiver Holdco Shares. There are no lock-up agreements.
E.6	**Dilution**	Not applicable – the Scheme does not comprise an offer of NewRiver Holdco Shares. If the Scheme becomes effective, existing holders of NewRiver Shares will receive one NewRiver Holdco Share for each NewRiver Share held and so the interests of Shareholders will not be diluted.
E.7	**Estimated expenses charged to the investor**	Not applicable – NewRiver Holdco is not undertaking an offer of its securities and so no commissions, fees or expenses will be charged to the NewRiver Shareholders.

RISK FACTORS

Any investment in NewRiver Holdco Shares is subject to a number of risks. Accordingly, NewRiver Shareholders and any prospective NewRiver Holdco Shareholders should carefully consider the following risks and uncertainties, which the Directors believe include all principal and/or material risks known to the Directors in relation to the Company, its industry and the Scheme, together with all other information set out in, or incorporated by reference into, this document prior to making any decisions relating to the NewRiver Holdco Shares and not rely solely on the information set out in this section. The risks are not set out in any particular order.

Prospective investors should note that the risks relating to the Group, its industry and the NewRiver Holdco Shares summarised in the section of this document headed "Summary" are the risks that the Directors believe to be the most relevant to an assessment by a prospective investor of whether to consider an investment in the NewRiver Holdco Shares. However, as the risks which the Group faces relate to events and depend upon circumstances that may or may not occur in the future, prospective investors should consider not only the information on the key risks summarised in the section of this document headed "Summary" but also, among other things, the risks and uncertainties described below.

These risks should not be regarded as a complete and comprehensive statement of all potential risks and uncertainties applicable to the Company and the Group. Additional risks and uncertainties not currently known to the Directors, or currently believed to be immaterial, could individually or cumulatively have an adverse effect on the Group. Any or all of these factors could have a material adverse effect on the Group's operational results, financial condition and prospects. Furthermore, the trading price of the NewRiver Holdco Shares could decline, resulting in the loss of all or part of any investment therein. Investors should consider carefully whether an investment in the NewRiver Holdco Shares is suitable for them in light of the information in this document and their personal circumstances. Any investment in the Company involves a high degree of risk and should be made only by those with the necessary expertise to appraise the investment.

The risk factors set out below relate to NewRiver and the Group as at the date of this document. If the Scheme becomes effective, NewRiver Holdco will become the parent company of the Group on the Effective Date and the risk factors will relate to NewRiver Holdco and its Group.

1. RISKS RELATING TO THE GROUP AND THE MARKETS IN WHICH IT OPERATES

The Group's performance will depend on the general economic environment and general property and investment market conditions

The Group's financial performance will be affected by variations in the general economic environment, as well as general conditions affecting the retail real estate market as a whole and/or events specific to the Group's investments, such as a decrease in capital values and weakening of rental yields. Whilst UK real estate markets have, in general, recovered in recent years following the global economic recession and credit crisis, there nevertheless remain certain downward pressures that the market may need to contend with, such as a potential rise in interest rates, political uncertainty relating to the tax regime and the availability of third party funding (which, while more available than at the height of the recession, is still scarce for certain types of investment and may be impacted further by increases in banking regulation and political uncertainty following the Referendum Result (as referred to below)).

Returns from an investment in property depend largely upon the amount of rental income generated from the property versus the expenses incurred in the acquisition, construction or redevelopment and management of the property, as well as changes in its market value.

The Group's ability to generate revenues from its portfolio is linked to occupancy levels, rental payments (including the timeliness thereof) and the scope for rental increases. These factors are themselves determined to varying degrees by a number of other general economic factors outside of the Group's control, including, but not limited to: the underlying performance of the tenants that rent space in those properties, which is influenced by consumer spending and fluctuations in disposable income, the solvency of retailers, the availability of lending and consumer credit, the level of consumer indebtedness, consumer and business confidence, gross domestic product growth, infrastructure quality, financial performance and productivity of industry, levels of employment, interest rates, tax rates, a continuation of government policies that favour fiscal austerity and a decrease in spending and/or fiscal stimulus, trends in house prices, fluctuations in weather and other seasonal cycles, taxation, changes in laws and governmental regulations in relation to property (including those governing permitted and planning usage, taxes and governmental charges, health and safety and environmental compliance) and oil prices. The Group manages its properties with a focus on net income but is also mindful of protecting values and tenant mix strategies for medium and long term value creation.

Negative changes in a significant number of the Group's tenants, including actual tenant failure, could result in a substantial decrease in the Group's rental income, which would have an adverse impact on the Group's business, financial condition and/or results of operations.

Both rental income and the value of properties may also be affected by other factors specific to the real estate market, such as competition from other property owners, the perception by prospective tenants of the attractiveness, convenience and safety of properties, the inability to collect rent because of the bankruptcy or insolvency of tenants or otherwise, the periodic need to renovate, repair and release space and the costs thereof, the costs of maintenance and insurance, and increased operating costs.

Any significant decline in the valuation of the Group's property portfolio would have an adverse impact on the Group's business, financial condition and/or results of operations.

Risks relating to the outcome of the UK's referendum on continued membership of the European Union

The UK held a referendum on its continued membership of the European Union on 23 June 2016, the result of which was a majority vote in favour of the UK's exit from the European Union. The political, economic, legal and social consequences of this decision, and the exact timing for the triggering by the UK government of the formal process for negotiating the UK's exit from the European Union, as well as the potental ultimate outcome of such negotiations, are uncertain at the current time and may remain uncertain for some time to come. The longer term potential for there to be a further referendum on Scottish independence is also exacerbating the immediate effects of the Referendum Result.

Such potentially prolonged uncertainty and the potential negative economic trends that may follow, for example, a fall in GDP and a significant and prolonged devaluation of sterling, could have a material adverse effect on the Group's business, financial position and/or results of operations, including the availability and cost of finance for investment and development activity, consumer spending in the Group's shopping centres and other properties, tenants' ability to service rental costs, tenants' willingness to enter into long-term commitments, an increase in construction and other development costs potentially impacting on the viability of development activities, investment flows into real estate in the UK and the valuation of real estate in the UK. In relation to the latter, there is a paucity of empirical data relating to transaction pricing and commercial property valuations since the Referendum Result which makes it difficult to assess the impact it may have on property values generally and the valuation of the Group's property portfolio specifically over the medium term (for further information in respect of which, see the paragraph headed "Effect of UK Referendum on Continued Membership of the European Union (23 June 2016)" under the heading "Valuation" in the valuation report set out in Part 4 of this document). There can therefore be no certainty at this stage on the severity or complexity of any negative trends affecting the Group's business, assets and the valuation of its property portfolio following the Referendum Result.

The potential significance of the Referendum Result is such that all of the information in the "Risk Factors" part of this document should be read in conjunction with the statement set out above, as negative outcomes arising from the Referendum Result could exacerbate the effect on the Group of all or any of the risk factors its business would otherwise face.

Market conditions will affect the Group's ability to strategically adjust its portfolio

Whilst the Company is not a limited life company and is under no obligation to sell its assets within a fixed time frame, there can be no assurance that, at the time it seeks to dispose of its assets, conditions in the relevant market will be favourable or that the Group will be able to maximise the returns on such disposed assets. As property assets are relatively illiquid (see the risk factor below headed "*The market for the Group's real estate investments is relatively illiquid and may result in low disposal prices or an inability to sell certain properties*" for further information), such illiquidity may affect the Group's ability to adjust, dispose of, or liquidate its portfolio in a timely fashion and at satisfactory prices. To the extent that market conditions are not favourable, the Group may not be able to dispose of property assets at a gain or at all. If the Group was required to dispose of or liquidate an investment on unsatisfactory terms, it may realise less than the value at which the investment was previously recorded in its accounts, which could result in a decrease in net asset value and which would, in turn, have a negative impact on the Group's financial condition and/or results of operations as well as potentially having a negative impact on its wider business. As a result of the foregoing, there can be no assurance that the Group's property portfolio can generate attractive returns for Shareholders.

Further, in acquiring a particular property, the Group may agree to restrictions that prohibit the sale of that property for a period of time or impose other restrictions, such as a limitation on the amount of debt that can be placed or repaid on that property. In addition, in circumstances where the Group purchases properties when capitalisation rates are low and purchase prices are high, the value of properties may not increase over time. This may restrict the Group's ability to sell its properties or, in the event that it is able to sell such a property, may lead to losses on the sale.

The Group's business is dependent on its ability to identify and manage investments which offer satisfactory returns

When the Group raises cash by way of equity issuances or through the disposal of assets, the Group may need to make further acquisitions in order to increase rental income and earnings and to enable it to comply with its dividend policy and maintain its dividend on a per share basis. The Group's strategy is therefore founded upon the basis that suitable properties will be available for investment at prices and upon terms and conditions (including financing) that the Board considers favourable. There can be no assurance that the Group will find suitable properties in which to invest. The longer the period before investment, the greater the likelihood that having uninvested cash will limit the Group's growth in underlying earnings and its ability to make distributions to Shareholders will be adversely affected.

The Group's property portfolio is concentrated on the UK retail real estate sector and the Group's performance will therefore depend on the success of that sector

The Group focuses on, and the majority of its property investments are concentrated in, the UK retail real estate sector with significant emphasis on value retailing. As such, the Group is subject to risks tied to, and cyclical downturns which may affect, the retail sector. Retail is a dynamic sector and whilst some retailers may continue to trade profitably and expand their store portfolios in profitable locations, there may in the future be decreased tenant demand because of a change in consumer behaviour, which could lead to a decrease in demand for retail units. The Group could, for example, be adversely affected by consumers' changes in preferred shopping locations and sites and/or the increased use of alternative retail supply methods (such as the Internet or catalogues) (see the risk factor headed "*Competition from other retail, leisure and public house premises and other retail sales channels, including the Internet, could have an adverse effect on the Group's business, financial condition and/or results of operations*" below for further information).

If a material number of retail tenants, or significant individual tenants, were to experience a downturn in their business, refinancing pressures, a restructuring, insolvency or bankruptcy in the future, it could lead to lack of payment or other defaults on lease terms, failure to renew leases or other developments, which could result in a loss of rental income, an increase in bad debts and a decrease in the value of the Group's property portfolio. As a consequence of the concentration of its portfolio on the UK retail real estate sector, weakness in, or cyclical downturns which may affect, that sector generally, or a particular geographic area in which the Group's investments are concentrated, or the businesses of a material number of retail tenants, or significant individual tenants, may have a material adverse effect on the Group's business, financial condition and/or results of operations.

Competition from other retail, leisure and public house premises and other retail sales channels, including the Internet, could have an adverse effect on the Group's business, financial condition and/or results of operations

The Group faces competition from other UK and international property groups and other commercial organisations active in the UK retail real estate sector. Competition in the property market may lead to: an oversupply of retail premises through overdevelopment (leading to a difficulty in achieving expected rents from existing properties and an attendant reduction in valuation); or inflated prices for existing properties arising from bids by potential purchasers (thereby limiting the Group's pipeline of opportunities). The Group's retail properties compete with other retail offerings within their catchment area. The amount of lettable space in the relevant area, the quality of facilities and the nature of stores at such competing retail offerings could each have a material adverse effect on the Group's ability to retain tenants, lease space and on the level of rent it can obtain. In addition, the existence of such competition may also have a material adverse impact on the Group's ability to acquire properties or develop its properties at a satisfactory cost. For example, significant planning applications and permissions submitted and/or received by the Group's competitors, which, even though they may not ultimately be implemented, may lead to the Group's tenants delaying decisions in respect of store openings or lease renewals, which could have an adverse impact on both rental and capital values.

Further, retailers at the Group's properties face increasing competition from other forms of retailing, such as retail parks, supermarkets, outlet malls, Internet shopping, catalogues, video and home shopping networks, direct mail and telemarketing, all of which impact on the demand for the Group's retail space, as well as alternative uses for customers' discretionary income.

The growth in online retail spend, in particular, is an increasing threat to the traditional bricks and mortar retailers that occupy the Group's properties and, whilst the Group has sought to mitigate the effect of the growth in Internet retailing by (i) its focus on assets which are defensive in this regard due to their focus on convenience and top-up, little and often shopping; and (ii) adopting its own "bricks 'n' clicks" strategy focused on creating a multi-channel retail experience through the installation of wi-fi and collection lockers across its portfolio, there can be no assurance that the implementation of such measures (and similar initiatives in the future, such as the installation of digital advertising screens, beacon technology and transaction-generated vouchers) will be sufficient to arrest or contain the threat to its business posed by the growth in online retailing.

The Group has a portfolio of public houses, some of which may, in due course, be converted to retail or residential uses but many of which will continue to be operated as public houses notwithstanding that the Group may, subject to receipt of relevant planning and other permissions, redevelop the surplus land on the sites on which they sit to add further retail and leisure space. Whilst such properties continue to be operated as public houses, they face a high level of competition to attract customers from a wide variety of other public houses and restaurants as well as off-licences, supermarkets and takeaways and other leisure companies operating in the same sector. Some of these alternatives may offer higher amenity levels or lower prices or both and/or may be backed by greater financial and operational resources than those that the Group possesses. Any such alternative provider could draw consumers away from public houses which are part of the Group's portfolio. The on-trade beer market in the UK has been adversely affected by the pricing policies of the large supermarket groups, with the off-trade accounting for a greater proportion of UK beer sales than in the past. The Group also faces increasing competition from other public house operators. Public houses which are part of the Group's estate may not be successful in competing against any or all of these alternatives.

Any of the foregoing factors could have an adverse effect on the Group's business, financial condition and/or results of operations.

Retail, leisure and public house tenants (including anchor or multiple tenants), who provide a significant portion of the Group's rental income, are exposed to decreased consumer spending in periods of economic uncertainty

The Group derives a significant portion of its rental income from retail, leisure and public house tenants whose revenues are exposed to decreased consumer spending in periods of economic uncertainty. Retail, leisure and public house sales are affected by, among other things, general economic conditions, at both a national and local level, and the resulting level of consumer spending, consumer confidence in the face of an economic downturn, seasonal earnings and increasing competition. The adverse impact of such conditions on the Group's tenants could, in turn, both indirectly and directly (in cases where the Group is entitled to receive turnover rents or has similar arrangements), have an adverse impact on the Group's business, financial condition and/or results of operations.

Multiple retailers, being tenants which account for a number of different stores across the Group's portfolio, represent, in aggregate, a significant percentage of the Group's non-public house portfolio rent roll (albeit that the Group's largest multiple retailer tenant in its core retail property portfolio (by percentage of gross rental income), Poundland Limited, accounted for only 2.67 per cent. of the Group's gross rental income (excluding income derived from the Group's car parks, public house portfolio and mall income) as at 30 June 2016) (see the table on page 70 of Part 2 of this document which sets out the Group's top 15 multiple retailer tenants by gross rental income (excluding income derived from the Group's public house portfolio)). Bankruptcy, insolvency or a downturn in the business of any of the Group's anchor or multiple tenants, or the failure of any anchor tenant or multiple tenant to renew its lease when it expires, could adversely affect the Group's business, financial condition and/or results of operations as the Directors regard anchor and multiple tenants as playing an important part in generating customer traffic at its properties. In the past, certain retailers, leisure operators and a number of public house tenants have gone into administration, bankruptcy or similar insolvency processes and there can be no assurance that further tenants will not experience financial difficulties or go into administration. Such a default, in particular, by one of the Group's more significant tenants in terms of rental income, could result in a loss of rental income, void costs, an increase in bad debts and a decrease in the value of the relevant property.

If the financial condition of tenants suffers, the Group may take steps or make arrangements with such tenants to proactively manage these situations, for example, by agreeing monthly rental payments or temporary reductions in rent. Such steps could also have an adverse effect on the Group's business, financial condition and/or results of operations.

The Group is exposed to the performance of certain counterparties in connection with its public house portfolio as a consequence of its contractual relationships with third party operators and managers

The Group is reliant on the services provided by a number of third party service providers, such as development consultants, builders and property managers (in particular, Workman LLP, LT Management Services Limited and Marston's plc, further information in respect of the Group's arrangements with which can be found at paragraphs 10.5 to 10.7 and 10.9 in Part 7 of this document). In addition, the Group has appointed third parties to operate, manage and collect rents from tenants in respect of its public house portfolios pursuant to arm's length contractual arrangements. In the event that any of such counterparties defaults in the performance of such contractual arrangements or becomes insolvent or otherwise unable to trade for any reason, then this could expose the Group to the risk of financial loss and have an adverse effect on the Group's business, financial condition and/or results of operations.

External events beyond the control of the Group may have a negative impact on footfall at the Group's retail, leisure and public house properties and therefore adversely affect demand for, and the value of, the Group's properties

Tenancy demand at the Group's shopping centres and its other retail properties is affected by customer footfall and a decrease in footfall may therefore adversely affect demand for, and the value of, the Group's properties. For example, the occurrence of events such as adverse weather, an outbreak of infectious disease or any other serious public health concern, could result in a reduction of footfall at the Group's shopping centres and its other retail properties. Similarly, local factors, such as transportation, access, demographics, competing centres/locations may also negatively impact footfall at the Group's shopping centres and its other retail properties.

Similarly, attendance at public houses is generally higher during holiday periods, such as Christmas and New Year, and over bank holidays. Outside of holiday periods, the frequenting of public houses is slightly lower during the winter months than the summer. Whilst there may be exceptions, typically, attendance levels at public houses may also be adversely affected by persistent rain or other inclement weather, especially during the summer months or over the Christmas period (which are peak trading times). Such adverse weather could, therefore, have a negative effect on the turnover generated by the Group's public houses and, in turn, on the ability of the Group's public house tenants to pay their rents in a timely manner or at all.

Furthermore, terrorist attacks or war could damage infrastructure or associated transport infrastructure or otherwise inhibit or prevent access to the Group's shopping centres and its other retail, leisure or public house properties or harm the demand for the value of the Group's properties. Terrorist attacks could also discourage consumers from shopping or undertaking leisure activities in public places, including the Group's properties. While the Group does have insurance in place in respect of certain risks, it is (or may become) not economically viable to insure against all risks (including certain of the risks specified above). Furthermore, any such insurance cover that is in place may not be sufficient to cover the full extent of any loss or damage suffered.

Any of the foregoing could have an adverse impact on the Group's business, financial condition and/or results of operations.

The Group could be affected by changes in supplier dynamics brought about by consolidation in the UK brewing and distribution industry

In recent years, there has been consolidation in the brewing and distribution industry in the UK. This consolidation could have the effect of exposing the Group to reliance on a limited number of suppliers for its public house portfolio, and those suppliers may be able to exert pressures on the Group that could result in an increase in the prices paid by it for goods bought or delivered. In particular, the Group would rely on the increasingly limited number of major brewing companies to supply it with beer and other wet products for onward supply to the Group's public house tenants. Whilst any increased costs in obtaining supply may be passed through to the Group's public house tenants, that would nevertheless have an underlying adverse impact on such tenants' businesses and, in turn, in the event that such public houses underperform so that they are unable to generate sufficient revenue to pay their rents, a consequential adverse impact on the business, financial condition and/or results of operations of the Group.

Health-related food scares could affect the Group's business, financial condition and/or results of operations

A major national or international food scare (for example, Bovine Spongiform Encephalopathy ("**BSE**"), avian flu and salmonella) affecting foods sold in retail shopping outlets and in the Group's public houses and by the Group's restaurant-operating tenants could have an impact on consumer preferences, reducing attendance or expenditure at the Group's public houses and restaurants operated by its tenants, producing an adverse impact on the revenues generated by the Group's public house and restaurant-operating tenants which, in turn, have a negative impact on their ability to service their rent obligations to the Group. As a consequence, a prolonged food scare could therefore have a corresponding negative impact on the Group's business, financial condition and/or results of operations.

The Group's success depends on attracting and retaining key personnel

The Group's success depends, to a significant extent, on the continued services of its executive management team, which has substantial experience in the property industry. In addition, the Group's ability to continue to identify, manage and develop properties depends on the management's knowledge of, and expertise in, the property market. There is no guarantee that any of the executive management team will remain employed by the Group. The sudden and/or unanticipated loss of the services of one or more members of the executive management team could have an adverse effect on the Group's business, financial condition and/or results of operations.

The Group is a fast growing business which exposes it to potential operational risks

The Group has grown significantly since its IPO in 2009. Such rapid growth has meant that, from time to time, management has had to divert a disproportionate amount of its attention away from its day-to-day activities to managing these growth activities, including recruitment and hiring and improving processes and controls. Whilst the Group has so far been able to manage the expansion of its operations and infrastructure effectively, any failure to do so in the future could lead to weaknesses in its infrastructure, operational mistakes, loss of business opportunities, loss of employees, reduced productivity among remaining employees, as well as potential failure to comply with applicable legislation or regulatory requirements to which the Group is subject. The Group's continued growth could require significant capital expenditure and the cost of this capital expenditure may be greater than expected. Accordingly, the Group's ability to generate and/or grow revenues could be reduced and it may not be able to implement its strategy effectively, which could have an adverse impact on its business, financial condition and/or results of operations.

Information technology systems and infrastructure face certain risks, including cybersecurity and data storage risks

In the ordinary course of business, the Group collects, stores and transmits confidential information and it is critical that it does so in a secure manner in order to maintain the integrity of such confidential information. The Group's information technology systems are potentially vulnerable to security breaches from inadvertent actions by the Group's employees or from attacks by malicious third parties. Whilst the NewRiver Holdco Directors consider that the Group has taken appropriate steps to protect such information, there can be no assurance that its efforts will prevent service interruptions or security breaches in its systems or the unauthorised or inadvertent wrongful access or disclosure of confidential information that could adversely affect the Group's business operations or result in the loss, dissemination, or misuse of critical or sensitive information. A breach of its security measures or the accidental loss, inadvertent disclosure, unapproved dissemination or misappropriation or misuse of trade secrets, proprietary information or other confidential information, whether as a result of theft, hacking, or other forms of deception, or for any other cause, could adversely affect its business position. Further, any such interruption, security breach, loss or disclosure of confidential information could result in financial, legal, business, and reputational harm to the Group and could have a material effect on its business, financial position and/or results of operations.

The Group is exposed to the effects of material business disruption or other detrimental events

Natural disasters, terrorist attacks, power outages or other detrimental events, whether man-made or natural in origin, that prevent the Group from using all or a significant part of its offices or computer systems, or that otherwise disrupt operations, may make it difficult and, in some cases, impossible for the Group to continue to operate its business for a substantial period of time which could materially and adversely affect the Group's business, results of operations and financial performance. Whilst the Group has in place disaster recovery plans and procedures which the NewRiver Holdco Directors consider to be appropriate, there can be no assurance that these will be adequate to ensure that any disruption is minimised.

2. RISKS RELATING TO REAL ESTATE INVESTMENT, DEVELOPMENT AND OWNERSHIP

The valuation of the Group's property is inherently subjective and uncertain and is based on assumptions which may prove to be inaccurate

The valuation of the Group's properties is inherently uncertain due to, amongst other things, the individual nature of each property, its location and the expected future rental revenues from that particular property and the fact that the valuation of property is inherently a subjective exercise based on a range of assumptions and estimations which require professional judgment. The Group's property portfolio has been valued by external valuers biannually on a fair value basis in accordance with the RICS Valuation – Professional Standards (Incorporating the International Valuation Standards) January 2014 prepared by Royal Institution of Chartered Surveyors (the "**Red Book**"). The Group's share of its investment property assets under management as at 31 March 2016 was £973.3 million. The aggregate Market Value of the Group's total investment property assets under management in accordance with the Red Book as at 31 March 2016 was approximately £1.1 billion, as set out in the valuation report contained in Part 4 of this document. In determining Market Value, the valuers are required to make certain assumptions. Such assumptions may prove to be inaccurate. Incorrect assumptions or flawed assessments underlying a valuation report could negatively affect the Group's financial condition and potentially inhibit the Group's ability to realise a sale price that reflects the stated valuation. This is particularly so in periods of volatility or when there has been limited transactional evidence against which property valuations can be benchmarked. In particular, and as set out in the property valuation report contained in Part 4 of this document, there has been limited transactional data against which to assess the potential impact of the Referendum Result on the UK commercial property market, leading to increased uncertainty as to property valuations generally. Further, if the Group acquires properties based on inaccurate valuations, the Group's net assets and results of operations may be materially adversely affected. There can be no assurance that the valuations of the Group's current and prospective properties will be reflected in actual transaction prices, even where any such transactions occur shortly after the relevant valuation date, or that the estimated yield and estimated annual rental income will prove to be attainable. In addition, property valuations are dependent on the level of rental income receivable and anticipated to be receivable on that property in the future and, as such, declines in rental income could have an adverse impact on revenue and the value of the Group's properties.

Any of the foregoing factors could have an adverse impact on the Group's business, financial condition and/or results of operations.

Due diligence may not identify all risks and liabilities in respect of an acquisition

Prior to entering into an agreement to acquire any property, the Group will perform due diligence on the proposed investment. In doing so, it would typically rely, in part, on third parties to conduct a significant portion of this due diligence (including legal reports on title and property valuations). To the extent that the Group or other third parties underestimate or fail to identify risks and liabilities associated with the investment in question, the investment may be subject to defects in title; to environmental, structural or operational defects requiring investigation, removal or remediation; or the Group may be unable to obtain necessary permits.

If there is a due diligence failure, there may be a risk that properties are acquired that are not consistent with the Group's investment strategy, that properties are purchased for a price which exceeds their realistic value or that properties are acquired that fail to perform in accordance with projections.

The Group may fail to complete acquisitions successfully and may incur additional liabilities as part of such acquisitions

The successful completion of any acquisition may be impacted by various factors, including the inability to satisfy any condition precedent to such acquisition. The Group may also be exposed to substantial undisclosed or unascertained liabilities embedded in properties that were incurred or arose prior to the acquisition of the properties. These liabilities may include, in cases where the Group has acquired the entity which owned the property, liabilities (including tax liabilities and other liabilities to state entities) to existing tenants, to creditors or to other persons involved with the properties prior to the acquisition. Furthermore, there can be no assurance that the title to the properties in any acquisition will not be subject to challenge. It can be difficult in certain cases to establish beyond doubt that such title is incapable of challenge. Any successful challenge to the validity of the Group's title to a property may have adverse consequences for its title and the Group may not be able to obtain compensation from the seller in such case.

Any of the foregoing could have an adverse impact on the Group's business, financial condition and/or results of operations.

The Group may not have full recourse against a seller in respect of all potential liabilities in relation to acquisitions, whether identified or unidentified

As part of any acquisition, the Group will normally receive certain indemnities, representations and/or warranties from the seller(s). However, these indemnities, representations and/or warranties may not cover all potential liabilities associated with the relevant property holding entity or the property itself, whether identified or unidentified, and they are in certain circumstances limited in their scope, duration and/or amount. In certain circumstances, the Group may also obtain warranty and indemnity insurance in respect of certain acquisitions that it may undertake. However, such insurance is subject to exclusions and limitations and may not cover all of the risks which may manifest themselves in connection with a particular acquisition. Accordingly, the Group may not have full recourse against, or otherwise recover in full from, any relevant seller (or insurer) in respect of all losses which it may suffer in respect of a breach of those representations and/or warranties, or in respect of the subject matter of any of the indemnities, or otherwise in respect of the acquisition. In addition, the Group will be dependent on the ongoing solvency of the seller(s) to the extent that it seeks to recover amounts in respect of claims brought under such indemnities, representations and/or warranties. All of the above could have an adverse impact on the Group's business, reputation, financial condition and/or results of operations.

The market for the Group's real estate investments is relatively illiquid and may result in low disposal prices or an inability to sell certain properties

The Group's properties, and those in which the Group may invest in the future, are relatively illiquid in the sense that there may not be ready buyers with financing and who are willing to pay fair value at the time the Group desires to sell. In addition, in the case of leasehold properties, consents are often required from landlords to transfer such properties. Such illiquidity and/or consent requirements may affect the Group's ability to dispose of, or liquidate part of its portfolio in a timely fashion and at satisfactory prices (or at all) in response to changes in economic, real estate market or other conditions or to finance its risk-controlled development activity. In the case of an accelerated sale, or a sale required for compliance with covenants contained in the Group's financing, or in the event of enforcement of security by a lender under one of the Group's borrowing facilities, there may be a significant shortfall between the carrying value of the property on the Group's consolidated balance sheet and the price achieved on the disposal of such property, and there can be no assurance that the price obtained from such a sale would cover the book value of the property sold.

Periods of reduced liquidity in the capital markets may also mean that it may be difficult to achieve the sale of property assets at prices reflecting the Group's property valuations. In addition, the lack of relevant transactional evidence increases the possibility of being unable to achieve successful sales of properties at acceptable prices. Failure to achieve successful sales of properties in the future at acceptable prices could have an adverse impact on the Group's business, financial condition and/or results of operations.

The Group may be exposed to future liabilities and/or obligations with respect to the disposal of property investments

The Group may be exposed to future liabilities and/or obligations with respect to the disposal of its property investments. The Group may be required, or may consider it prudent, to set aside provisions for warranty claims or contingent liabilities in respect of property disposals. The Group may be required to pay damages (including, but not limited, to litigation costs) to a purchaser to the extent that any representations and/or warranties that it has given to a purchaser prove to be inaccurate or to the extent that it has breached any of its covenants or obligations contained in the disposal documentation. In certain circumstances, it is possible that any representations and/or warranties incorrectly given could give rise to a right by the purchaser to rescind the contract in addition to the payment of damages. Further, the Group may become involved in disputes or litigation in connection with such disposed investments. Certain obligations and liabilities associated with the ownership of investments (such as certain environmental liabilities) can also continue to exist notwithstanding any disposal. Any such claims, litigation or obligations, and any steps which the Group is required to take to meet such costs, such as sales of assets or increased borrowings, may have a material adverse effect on the Group's business, financial condition and/or results of operations.

The Group faces inherent risks relating to property investment and development activities

Revenue earned from the properties held by the Group, the value of properties held by the Group and the operating expenses of the Group are subject to a number of inherent risks, which include, among other things:

- increases in business rates;
- increases in payroll expenses and energy costs;

- a competitive rental market, which may affect rental levels and/or occupancy levels at the Group's properties;
- the periodic need to renovate, repair and release space and the cost thereof;
- an inability to recover operating costs such as local taxes and service charges on vacant space;
- the Group's ability to collect rent and service charge payments from tenants on a timely basis or at all;
- material declines in rental values;
- defaults by a number of tenants with material rental obligations (including pre-let obligations) or a default by a significant tenant at a specific property that may hinder or delay the sale of such property;
- material disputes or litigation with tenants;
- material expenses in relation to the construction of new tenant improvements and re-letting a relevant property, including the provision of financial inducements to new tenants such as rent free periods;
- reduced access to financing for tenants, thereby limiting their ability to alter existing operations or sites or to undertake expansion plans;
- the Group's ability to manage increases in the cost of services provided by third party providers and/or increases in the cost of maintaining properties including, but not limited to, unforeseen capital expenditure;
- tenants seeking the protection of bankruptcy or insolvency laws which could result in delays to receipt of rental and other contractual payments, inability to collect such payments, the renegotiation of a tenant's lease on less favourable terms than previously, the termination of a tenant's lease or the failure of a tenant to vacate a property, all of which could hinder or delay the sale or re-letting of a property;
- whether the Group's properties are perceived as attractive, convenient, geographically well-located and safe in order to attract high quality tenants and to maintain footfall levels at the properties;
- changes in laws and governmental regulations in relation to real estate, including those governing permitted and planning usage, taxes and government charges (including those relating to health and safety and environmental compliance). Such changes may lead to an increase in property management expenses or unforeseen capital expenditure to ensure compliance. Rights related to particular properties may also be restricted by legislative actions, such as revisions to existing laws or the enactment of new laws; and
- the Group's ability to obtain adequate maintenance or insurance services on commercial terms and at acceptable premia or at all.

To the extent that these factors generate an increase in operating and other expenses, a loss of income or an increase in capital expenditure that is not matched by an increase in revenues or property valuations (as relevant) or are otherwise not recoverable from tenants, they could have an adverse effect on the Group's business, financial condition and/or results of operations.

Development or redevelopment expenditure may be necessary in the future to preserve rental income

Returns from investment in property depend largely upon the amount of rental income generated from the property and the expenses incurred in the repair, maintenance and management of the property, as well as upon changes in its market value. Development or redevelopment expenditure may be necessary in the future to preserve the rental income generated from and/or the value of properties, and this may affect the Group's profits and/or cashflows.

Redevelopment, refurbishment and/or expansion potential may be adversely affected by a number of factors

The potential for the redevelopment, refurbishment and/or expansion of properties may be adversely affected by a number of factors, including constraints on location, planning legislation and the need to obtain other licences, consents and approvals and the existence of restrictive covenants affecting the title to such property. Consequently, on some of its assets, there may not be an opportunity for the Group to carry out redevelopment or expansion or refurbishment or enhancement work, which, in each case, may have an adverse effect on the Group's business, financial condition and/or results of operations.

The Group may not be successful in completing risk-controlled development projects as planned, or on commercially favourable terms

The Group engages in development activities as part of its active asset management strategy. As at 30 June 2016, the Group was committed to £5 million of development expenditure for the purchase, construction, development and enhancement or refurbishment of investment property. Beyond the committed development pipeline, the Group has other potential development projects, but these are at an early stage and remain subject, *inter alia*, to planning.

Whilst the Group applies a risk-controlled development strategy through negotiating a significant level of pre-lets in advance of committing to construction in order to de-risk developments, nevertheless development projects may require substantial capital expenditure and it may also take a considerable amount of time before projects are completed and become income generating. Certain general risks affect development and refurbishment activities, including risks relating to completion, the possibility of construction overruns (both in terms of time and budget) and rising input/construction costs (for example, as a consequence of the introduction of the National Minimum Living Wage and any prolonged fall in the value of sterling and a significant reduction in, or potential restrictions on, immigration following the Referendum Result, which may give rise to skills shortages and/or an increase in construction labour costs), the risk of not obtaining, or delays in obtaining, necessary administrative permits, statutory consents and planning permissions and risks relating to the financing of the development. Inaccurate assessment of a development opportunity or a decrease in tenant demand due to competition from other commercial real estate properties or adverse market conditions where the Group has not been able to pre-let developments in advance of completion, could result in a substantial proportion of the development remaining vacant after completion, exerting pressure on the Group to provide rental or capital incentives to tenants or purchasers.

In addition, there are obligations in development agreements which may give rise to expenditure commitments and the changing economic environment could mean that projects no longer meet the Group's criteria for development. Any of these factors could increase the cost of, or could delay or prevent completion of, a project and could result in a delay or loss of revenues or capital invested. In addition, overruns on any new or existing developments (or the insolvency of sub-contractors or failure of sub-contractors to perform obligations) may have an adverse impact on the financial viability of the scheme and may lead to the need for additional funding.

Despite insurance cover, the development, restructuring and sale of premises may also give rise to actions being brought against the Group, or entities in which the Group owns an interest, in connection with actual or alleged defects in the property. Please see the risk factor headed "*The Group may be insufficiently insured against all losses, damage and limitations of use of its properties*" below.

Consequently, there can be no assurance that the existing or future development of property by the Group will not have an adverse effect on the Group's business, financial condition and/or results of operations.

The Group's joint ventures and other co-ownership structures in which it participates subject the Group to certain risks of shared ownership and control of the properties affected

Some of the Group's investments and developments are conducted in the context of joint ventures or are jointly owned with co-investment/joint venture partners. The Group may enter into additional joint ventures to finance its acquisition, investment and development activity. Whilst the Group manages and controls the assets that it acquires through joint ventures or other co-ownership structures, by definition, control of such joint ventures is shared with the Group's joint venture partners. In particular, certain material decisions relating to joint ventures are likely to require the consent of both joint venture partners, which may restrict the Group's ability to proceed with a planned operational change, acquisition, disposal or development, or the refinancing or repayment of debt. Whilst relationships with joint venture partners or co-owners are generally good, if they were to deteriorate for any reason, this may potentially give rise to disputes and/or deadlock and, in serious cases, result in the Group being unable to pursue its desired strategy or to exit the joint venture other than on disadvantageous terms.

There may be restrictive provisions and rights which govern sales or transfers of interests in the Group's joint ventures and joint ownership arrangements. These may affect the Group's ability to dispose of a property at a time that is most advantageous, for example, by giving the joint venture partner a pre-emptive right and/or requiring the approval of the joint venture partner to the making of a disposal.

In addition, in the event of a joint venture partner being unable to make financial commitments to the relevant asset, it may be difficult to proceed with a particular project relating to an asset or the Group may have increased financial exposure as it may be jointly and severally liable under the terms of the joint venture agreement with the joint venture partner. The Group's ability to recover any such monies from a joint venture partner may be limited.

Furthermore, the bankruptcy, insolvency or severe financial distress of one of the Group's joint venture partners could materially and adversely affect the relevant joint venture or joint venture property. The Group may have a right to acquire the joint venture or the relevant joint venture property, but the Group may not wish to do so, may not be able to agree an appropriate price and other terms on which to do so or may not have sufficient funds available to do so, any of which could lead to a third party acquiring such an interest or the joint venture's insolvency, both of which may have uncertain outcomes for the Group and could have an adverse impact on the Group's business reputation, financial condition and/or results of operations. Further, if a joint venture has incurred recourse obligations, the insolvency of a joint venture partner may, in certain circumstances, result in the Group assuming a liability for a greater portion of those obligations than it would otherwise bear.

The Group's consolidated balance sheet and income statement may be significantly affected by fluctuations in the fair market value of the Group's properties as a result of revaluations

In accordance with IAS 40, as adopted by the European Union, the Group's properties are independently revalued on a biannual basis and any increase or decrease in the value of its properties is recorded in the Group's income statement in the period during which the revaluation occurs. As a result, the Group can have significant non-cash gains and losses from period to period depending on the change in the fair value of its properties, whether or not such properties are sold, and could have difficulty maintaining its internal target balance sheet gearing ratio and other financial measures. Any such fluctuations could have an adverse impact on the Group's business, financial condition and/or results of operations.

The quality of tenants and occupancy levels at the Group's properties may decline over time as leases expire, having an adverse effect on the Group's business, financial condition and results of operations

There can be no assurance that existing tenants of the Group will renew their respective leases on expiry of their existing leases and, if they do not, that new tenants of equivalent standing (or at all) will be found to take up replacement leases. This is particularly the case where a property requires refurbishment or redevelopment following the expiry of the tenancy. Tenants with the benefit of contractual break rights may also exercise these to bring the lease to an end before the contractual termination date. Furthermore, even if renewals are effected or replacement leases granted, there can be no assurance that such renewals or replacement leases will be on terms (including as to rental levels) as favourable as those which exist now or before such termination, nor that the financial strength of tenants who renew their leases or new tenants who replace them will be the same as, or equivalent to, those now existing or existing before such termination. In addition, there can be no assurance that a significant number of existing and/or future leases will not expire at the same time or within a short period of each other, either with respect to any particular property or across all or a large number of properties, thereby concentrating any such occupancy risk within a limited time period. During void periods, the Group will suffer a rental shortfall and incur additional expenses until the property is re-let. Any prolonged period of reduced occupancy could have an adverse effect on the Group's business, financial condition and/or results of operations.

The Group may become subject to disputes with tenants and other commercial parties

The Group may become subject to disputes with tenants, commercial parties with whom it maintains relationships or other commercial parties in the property or related industries. Any such dispute could result in litigation between the Group and such commercial parties. For example, the Group's plans to redevelop its public house portfolio for retail and residential use, where appropriate, has engendered some opposition from tenants of such public houses and local communities (albeit that such opposition has not manifested itself in litigation as at the date of this document). Whether or not any dispute actually proceeds to litigation, the Group may be required to devote significant management time and attention to its successful resolution (through litigation, settlement or otherwise), which would detract from the management's ability to focus on the Group's business. Any such resolution could involve the payment of damages or expenses by the Group which may be significant. In addition, any such resolution could involve the Group agreeing to terms that restrict the operation of its business. Any of the foregoing could have an adverse impact on the Group's business, financial condition and/or results of operations.

The Group may be liable for environmental issues relating to its operations and properties

The Group may be liable for the costs of removal, investigation or remediation of hazardous or toxic substances located on or in a property currently or previously owned by or leased to it, or which it may own or lease in the future. The costs of any required removal, investigation or remediation of such substances may be substantial. The presence of such substances, or the failure to remediate such substances properly, may also adversely affect the Group's ability to sell or lease the real estate or to borrow using the real estate as security. Laws and regulations, as these may be amended over time, may also impose liability for the release of certain materials into the air or water from a current or former real estate investment, including asbestos, and such release can form the basis for liability to third persons for personal injury or other damages. Other laws and regulations can limit the development of, and impose liability for the disturbance of, wetlands or the habitats of threatened or endangered species.

Non-compliance with, or liabilities under, existing or future environmental laws and regulations, including failure to hold the requisite permits or licences, could result in fines, penalties, third party claims and other costs that could have a material adverse effect on the Group's business, financial condition and/or results of operations.

The Group may be insufficiently insured against all losses, damages and limitations of use of its properties

The Group's insurance policies are subject to exclusions of liability and limitations of liability both in amount and with respect to insured loss events.

There are certain types of losses, generally of a catastrophic nature, such as those caused by earthquakes, floods, hurricanes, terrorism or acts of war, that may be uninsurable or, for example, in the case of terrorism, are not economically insurable. Inflation, changes in building codes and ordinances, environmental considerations and other factors, including terrorism or acts of war, also may result in insurance proceeds, if any, being insufficient to repair or replace a property if it is damaged or destroyed. Under such circumstances, the insurance proceeds, if any, may be inadequate to restore the Group's economic position with respect to the affected real estate. Should an uninsured loss or a loss in excess of insured limits occur, the Group could lose capital invested in the affected property as well as anticipated future revenue from that property. In addition, the Group could be liable to repair damage caused by uninsured risks. The Group would also remain liable for any debt or other financial obligation related to that property. There can be no guarantee that the level of insurance cover for the Group now or in the future will be sufficient. No assurance can be given that material losses in excess of insurance proceeds will not occur in the future or that any insurance proceeds will be received at all. If such losses occur and are not covered by insurance and the Group has to make a payment, there could be an adverse effect on the Group's business, financial condition and/or results of operations.

There is a risk of accidents involving the public at shopping centres and other premises owned by the Group. However, should an accident attract publicity or be of a size and/or nature that is not adequately covered by insurance, the resulting publicity and/or costs could have an adverse impact on the Group's reputation, business, financial condition and results of operations. In such instance, the Group's ability to put in place public liability insurance cover in the future may also be adversely affected.

3. RISKS RELATING TO FINANCING

The Group has material credit facilities and indebtedness and its credit facilities contain various covenants which, if not complied with, could require accelerated repayment, thereby materially adversely affecting the Group's business, financial condition and results of operations

As at the Latest Practicable Date, the Group had £369.5 million of net external debt outstanding. The Group's obligation to make scheduled payments on its indebtedness and to maintain its covenants could limit its financial and operational flexibility, for example, by restricting its ability to develop a property, carry out an extension to an existing property or to pursue active asset management opportunities with tenants. This could have an adverse impact on the Group's business, financial condition and/or results of operations.

The Group's financing facilities contain covenants requiring the Group to maintain certain specified financial ratios. If market conditions deteriorate significantly, there is a risk that existing financial covenants could be breached, particularly covenants based on loan-to-value ratios (for example, if property valuations fall significantly), interest cover ratios (for example, if income falls or non-hedged interest rates rise significantly) balance sheet gearing (for example, if overall equity finance falls relative to debt finance), net worth covenants (for example, if the net worth of the Group falls) and dividend cover covenants. Breach of such covenants, whether as a result of declining property values or otherwise, could, subject to any applicable waiver or agreement, result in the facilities being withdrawn or becoming immediately repayable, potentially requiring the Group to dispose of assets at significantly less than full value.

In addition, certain of the Group's financings may impose further restrictions, including on the management of the properties underlying the facilities, performance conditions and the ability to withdraw cash from the structure, as covenant levels deteriorate toward the point of breach. Any cross-default provisions in the Group's financing facilities could magnify the effect of an individual default if such provisions were exercised by the Group's lenders. The terms of the Group's asset-specific facilities (whose covenant ratios vary from facility to facility) permit the Group to remedy any breach by setting aside additional capital. The NewRiver Holdco Directors expect to be able to maintain the relevant financial ratios for at least the next 12 months. In the event that there is any such breach, withdrawal, repayment, remedy or restriction, it could have an adverse impact on the Group's business, financial condition and/or results of operations in the longer term.

Borrowings by the Group are secured on the Group's assets and any failure to meet the requirements of the debts incurred may have an adverse effect on the Group's business, financial condition and results of operations

Subsidiaries of NewRiver through which investment properties are acquired from time to time act as borrowers under the financing facilities used to fund, in part, the acquisition of the Group's properties. Such borrowings are normally made on a secured basis, with the security being granted over the relevant property investment or investments. The borrowings of NewRiver's subsidiaries made in the course of their investment and development activities, and the security granted in respect thereof, may prove to be substantial. If the lenders force a sale of any of the secured assets of the Group, there is a risk that the value received may be lower than the value at which the investment was previously recorded. If the value received is less than the amount of the indebtedness, the borrower's other assets (which, in some cases, include monies owed to the borrower from the rest of the Group) would be available to the lender. In addition, if the Group's lenders seize secured properties, the Group will likely suffer reputational damage which could result in lender unwillingness to extend additional finance and significantly raise the Group's future borrowing costs. Any of the foregoing factors could have an adverse effect on the Group's business, financial condition and/or results of operations.

The Group may be unable to access credit markets, or may be able to access them only on unfavourable terms

The Group's operations are capital intensive. The Group has a number of asset-specific financings in place to finance its property acquisitions and risk-controlled development activities.

The ability of the Group to raise funds on favourable terms depends on a number of factors, including the Group's ability to negotiate new or increased or longer term credit facilities and lenders' estimates of the stability of the Group's cash flows, as well as general economic, political, regulatory and capital market conditions and credit availability (for example, a significant increase in banking regulation could have a material impact on the cost of financing, as could prolonged political uncertainty following the Referendum Result). The Directors have been monitoring the credit markets following the Referendum Result and there is some evidence that bank margins are increasing. To date, this has been offset by falls in swap rates. Although the Group has historically been able to obtain financing on reasonable terms, there is no guarantee that future financing will be available on terms that the Group considers acceptable. It is possible in the current lending environment that the terms of any new facilities entered into by the Group in the future could be more onerous than the terms of the Group's existing financing facilities.

Any of the foregoing factors may have an adverse impact on the Group's business, financial condition and/or results of operations.

For the avoidance of doubt, the above does not impact on the statement made by NewRiver Holdco at paragraph 17 of Part 7 relating to the NewRiver Holdco Group having sufficient working capital for its present requirements, that is, for at least the 12 months from the date of this document.

Use of gearing increases volatility in net asset value per Ordinary Share

Prospective investors should be aware that, whilst the use of borrowings should enhance the net asset value of the NewRiver Holdco Shares where the value of the Group's underlying assets is rising, it can have the opposite effect if the underlying asset value is falling. In addition, in the event that the rental income of the Group's property portfolio falls, the use of borrowings will increase the impact of such falls on the profitability of the Group and, accordingly, this will have an adverse effect on the Group's profits and the Company's ability to pay dividends to shareholders in the future.

The Group is exposed to interest rate risk

An increase in interest rates or an increase in the margins on which finance can be obtained may increase the Group's financing costs and, consequently, adversely affect the Group's business, financial condition and/or results of operations. The Group has a number of different borrowing facilities and arrangements and, in certain cases where the arrangements are not fixed rate, has entered into a range of interest rate derivatives to protect itself against fluctuations in interest rates. However, the market value of these instruments can fluctuate significantly as can the fair value of these instruments and, if such values decrease, this will be reflected negatively in the Group's income statement with an attendant impact on the Group's balance sheet. If there is a substantial decrease in the fair value of any of the Group's derivative instruments, this could have an adverse effect on the Group's business, financial condition and/or results of operations. Further, to the extent that the Group incurs variable rate indebtedness which is unhedged, increases in interest rates may increase the cost of borrowing, which will adversely affect the Group's business, financial condition and/or results of operations.

In relation to the Group's interest rate swap contracts, there may be instances where an interest rate swap contract provides for the option of early termination by either the Group or the counterparty. Depending on the interest rate environment at the relevant time, there is a risk that a counterparty to the contracts may elect to terminate early and the market value calculated on such termination may result in a net payment to the counterparty from the Group and this could have an adverse effect on the Group's business, financial condition and/or results of operations.

The Group is exposed to counterparty credit risk

The Group is exposed to counterparty credit risk in respect of the surplus funds it has placed on deposit and financial derivatives used to hedge interest rate risk. There is a risk of loss being sustained by the Group as a result of payment default by the counterparty with whom the Group has placed funds on deposit or entered into hedging transactions to hedge its interest rate risks. The extent of the Group's loss could be the full amount of the deposit or, in the case of hedging transactions, the cost of replacing those transactions. The Group only deals with counterparties with certain minimum credit ratings and has set its maximum exposure to each of them with regard to credit ratings. There can be no assurance that the Group will successfully manage this risk or that such payment defaults by counterparties will not adversely affect the Group's business, financial condition and/or results of operations.

4. RISKS RELATING TO LAW, REGULATION, GOVERNMENT POLICY AND TAX

The Group may face legal and regulatory restrictions or liabilities

The Group is required to comply with a variety of laws and regulations of local, national and European Union authorities, including planning, zoning, environmental, fire, health and safety, tax, landlord and tenant and other laws and regulations. If the Group fails to comply with these laws and regulations, the Group may have to pay penalties or private damages awards.

For example, there could be changes in retail tenancy laws that limit the Group's recovery of certain property operating expenses, changes or increases in real estate taxes that cannot be recovered from the Group's tenants or changes in environmental laws that require significant capital expenditure. A number of leases entered into by the Group exclude the Landlord and Tenant Act 1954 which gives tenants the right to renew leases through a court system. If there were a change in law affecting the ability to exclude these rights, there is a risk that the Group would not be able to enter into leases which, on expiry, could be re-let on more favourable terms to more attractive tenants, which could affect the rental income of the Group and the overall profitability of the Group in the future.

Changes in existing laws or regulations, or in their interpretation or enforcement, could require the Group to incur additional costs in complying with those laws, or require changes to its investment strategy, operations or accounting and reporting systems, leading to additional costs and tax liabilities or loss of revenue, which could materially adversely affect the Group's business, financial condition and/or results of operations.

In addition, any property, or part of any property, in the UK may, at any time, be compulsorily acquired by a Government department or local authority in connection with proposed redevelopment or infrastructure projects. If a compulsory purchase order were made in respect of a property, or part of a property, compensation would be payable on the basis of the value of all owners' and tenants' proprietary interests in that property at the time of the related purchase as determined by reference to a statutory compensation code, but the compensation could be less than the Group's assessment of the property's then current market value (or the relevant apportionment of such market value where only part of a property is subject to a compulsory purchase order). In the case of an acquisition of the whole or part of that property, the relevant freehold, heritable or long leasehold estate and any lease would both be acquired. If the amount received from the proceeds of purchase of the relevant freehold, heritable or long leasehold estate were inadequate, the Group's business, financial condition and/or results of operations may be adversely affected.

There are tax and other risks associated with the Group's REIT status

The Group has been a group UK real estate investment trust ("**REIT Group**") since 22 November 2010. HMRC has confirmed that, on the Effective Date, the Group, with NewRiver Holdco as the parent company, will continue to be a REIT Group. As a result, the REIT Group will need to comply with certain ongoing regulations and conditions thereafter. The basis of taxation of any Shareholder's shareholding in the Company may differ or change fundamentally if the REIT Group fails or ceases to maintain its REIT status.

The requirements for maintaining REIT status are, however, complex (see Part 3 of this document for further information) and the REIT Regime, having commenced in 2007, has as yet no case law history of interpretation. Furthermore, there may be changes subsequently introduced (including changes in interpretation) to the requirements for maintaining REIT status. Prospective investors should note that there is no guarantee that the Group will continue to maintain REIT status (whether by reason of failure to satisfy the conditions for REIT status or otherwise). The Company cannot guarantee that it will maintain continued compliance with all of the REIT conditions and there is a risk that the REIT Regime may cease to apply in some circumstances. HMRC may require the Company to exit the REIT Regime if:

- it regards a breach of the conditions or an attempt to obtain a tax advantage as sufficiently serious;
- the Company or the REIT Group fails to satisfy certain conditions relating to the REIT regime;
- if the REIT Group has committed a certain number of breaches of the conditions in a specified period; or
- if HMRC has given the REIT Group at least two notices in relation to the obtaining of a tax advantage within a ten year period.

In addition, if the conditions for REIT Group status relating to the share capital of the Company or the prohibition on entering into certain prohibited loans with abnormal returns are breached, or the Company ceases to be UK tax resident, becomes dual tax resident or an open-ended investment company, the Group will automatically lose its REIT status. The Group could therefore lose its status as a REIT as a result of actions by third parties, for example, in the event of a successful takeover by a company that is not a REIT. Alternatively, the Group may voluntarily give notice to cease to be a REIT.

If the Group fails to remain qualified as a REIT, members of the Group may be subject to UK corporation or income tax on some or all of their property rental income and chargeable gains on the sale of properties which would reduce the amounts available to distribute to investors.

If the REIT Group were to be required to leave the REIT Regime, HMRC has wide powers to direct how it would be taxed (both before and after it leaves the REIT Regime), including in relation to the date on which the Group would be treated as exiting the REIT Regime which could have a material impact on the financial condition of the Group and, as a result, Shareholder returns. In addition, incurring a tax liability might require the REIT Group to borrow funds, liquidate some of its assets or take other steps that could negatively affect its operating results. A Shareholder's returns from its shareholding in the Company may differ or change fundamentally if the Group fails or ceases to maintain its REIT status.

If the Company is acquired by an entity that is not a REIT, the Company is likely in most cases to fail to meet the requirements for being a REIT. If so, the Company will be treated as leaving the REIT Regime at the end of the accounting period preceding the takeover and will cease from the end of that accounting period to benefit from the REIT Regime's tax exemptions.

The Group monitors activities which could lead to a future breach of the balance of business income and asset tests or which could give rise to significant taxable income for the Group notwithstanding its REIT status. In particular, these activities include the ownership of public houses where operator risk is taken and development activity where developed assets may be sold within three years of practical completion. Whilst the Group monitors these business areas, it is possible that tax charges will arise from profits that relate to these activities. In addition, if the scale of the taxable business income and assets becomes substantial this could ultimately result in the Group exiting the REIT Regime.

All of the above matters may have a material effect on the Group's business, financial condition and/or results of operations.

The Company's status as a REIT may restrict distribution opportunities to certain Shareholders

As a REIT, the Company may become subject to an additional tax charge if it pays a dividend to, or in respect of, a company or certain corporate bodies beneficially entitled (directly or indirectly) to 10 per cent. or more of the NewRiver Holdco Shares or dividends of the Company or which controls (directly or indirectly) 10 per cent. or more of the voting rights of the Company (an "**Excessive Shareholder**"). This additional tax charge will not be incurred if the Company has taken reasonable steps to avoid paying distributions to an Excessive Shareholder. Therefore, (in the same way that the NewRiver Articles did) the NewRiver Holdco Articles contain provisions designed to avoid the situation where dividends may become payable to an Excessive Shareholder and these provisions are summarised at paragraph 3 of Part 3 of this document. The NewRiver Holdco Articles: (i) provide the Directors with powers to identify Excessive Shareholders, including giving notice to a Shareholder requiring it to provide such information as the Directors may require to establish whether or not it is an Excessive Shareholder; (ii) provide the Directors with powers to prohibit the payment of dividends on NewRiver Holdco Shares that form part of an Excessive Shareholder's shareholding (an "**Excessive Shareholding**"), unless certain conditions are met; (iii) allow dividends to be paid on NewRiver Holdco Shares that form part of an Excessive Shareholding where the Excessive Shareholder has disposed of its rights to dividends on its NewRiver Holdco Shares; (iv) seek to ensure that if a dividend is paid on NewRiver Holdco Shares that form part of an Excessive Shareholding and certain arrangements are not met, the Excessive Shareholder concerned does not become beneficially entitled to that dividend; and (v) provide the Directors with powers if certain conditions are met, to require (I) an Excessive Shareholder; or (II) a Shareholder who has not complied with a notice served; or (III) a Shareholder who has provided materially inaccurate or misleading information in relation to the Excessive Shareholder provisions of the NewRiver Holdco Articles, to dispose of such number of their NewRiver Holdco Shares as the Directors may specify, or to take such other steps as will cause the Directors to believe the Shareholder is no longer an Excessive Shareholder.

The Group's status as a REIT may restrict business opportunities

The REIT distribution requirements potentially limit the Group's ability to fund acquisitions and capital expenditures through retained income earnings. To maintain REIT status and as a result of obtaining full exemption from UK corporation tax on the profits of the Qualifying Property Rental Business of the Company, the Company is required to distribute annually to NewRiver Holdco Shareholders an amount sufficient to meet the 90 per cent. distribution test by way of Property Income Distributions ("**PIDs**"). The Company would be required to pay tax at regular UK corporation tax rates on any shortfall to the extent that it distributes as PIDs less than the amount required to meet the 90 per cent. distribution test for each accounting period. Therefore, the Group's ability to fund acquisitions and other capital expenditures would be limited if the Company were unable to obtain further debt or issue further shares.

Further, differences in timing between the receipt of cash and the recognition of income for the purposes of the REIT rules and the effect of any potential debt amortisation payments could require the Company to borrow funds to meet the distribution requirements that are necessary to achieve the full tax benefits associated with qualifying as a REIT, even if the then-prevailing market conditions are not favourable for these borrowings.

As a result of these factors, the constraints of maintaining REIT status could limit the Company's flexibility to make investments.

5. RISKS RELATING TO THE NEWRIVER HOLDCO SHARES

The market price of the NewRiver Holdco Shares may fluctuate in response to a number of factors, many of which are outside the Company's control

The market price of the NewRiver Holdco Shares may fluctuate significantly due to a change in sentiment in the market regarding the Group's business, financial condition or results of operations. Such fluctuations may be influenced by a number of factors beyond the Company's control including, but not limited to, actual or anticipated changes in the Group's performance or that of its competitors, the expectations and recommendations of analysts who cover the Group's business and industry, regulatory changes affecting the Group's operations, large sales or purchases of NewRiver Holdco Shares (or the perception that such transactions may occur) and general market and economic conditions.

Stock markets have from time to time experienced, and have recently experienced, significant price and volume fluctuations that have affected the market prices for securities, and these changes in market prices may have been unrelated to the operating performance or prospects of the businesses to which the securities relate. Stock market conditions are affected by many factors including, but not limited to, the supply and demand of capital, general economic, industry and political conditions, movements in or outlook on interest rates and inflation rates, currency fluctuations, commodity prices, changes in investor sentiment and terrorist activity. Furthermore, the Group's operating results and prospects from time to time may be below the expectations of market analysts and investors. Any of these factors could influence the market price of the NewRiver Holdco Shares.

For all or any of these reasons, the market price of the NewRiver Holdco Shares may go down as well as up. Consequently, investors may not recover their original investment and could lose all of it.

Shareholders may be exposed to fluctuations in currency exchange rates

Shareholders based outside the United Kingdom may be exposed to fluctuations in currency exchange rates. The NewRiver Holdco Shares are priced in sterling, and will be quoted and traded in sterling. In addition, any dividends that the Company may declare will be paid in sterling. Accordingly, Shareholders resident in non-UK jurisdictions are subject to risks arising from adverse movements in the value of their local currencies against sterling, which may reduce the value of the NewRiver Holdco Shares as well as that of any dividends paid.

Future sales of the NewRiver Holdco Shares in the public market could depress the market price

Sales of a substantial number of the NewRiver Holdco Shares in the public market, or the perception that these sales might occur, could depress the market price of the NewRiver Holdco Shares.

The correlation between net asset value and market price is not guaranteed

There is no guarantee that the market price of the NewRiver Holdco Shares will reflect fully the underlying value of the assets held by the Group. As well as being affected by the underlying value of the assets held, the market value of the NewRiver Holdco Shares will, amongst other factors, be influenced by their dividend yield, market sentiment and the supply and demand for the NewRiver Holdco Shares in the market. As such, the market value of the NewRiver Holdco Shares may vary considerably from the underlying value of the Group's assets.

The ability of Overseas Shareholders to bring actions or enforce judgments against the Company or the Directors may be limited

The ability of Overseas Shareholders to bring actions or enforce judgments against the Company or the Directors may be limited under law. The Company has been formed and registered under the laws of England and Wales. The rights of the Overseas Shareholders and the fiduciary duties that are owed to them and the Company may differ in material respects from the rights and duties that would be applicable if the Company were organised under the laws of a different jurisdiction.

An Overseas Shareholder may not be able to enforce a judgment against some or all of the Directors. All of the current Directors are residents of the United Kingdom. Consequently, it may not be possible for an Overseas Shareholder to effect service of process on the Directors within the Overseas Shareholder's country of residence nor to enforce against the Directors judgments of courts of the Overseas Shareholder's country of residence based on civil liabilities under that country's securities laws. Overseas Shareholders may be unable to enforce any judgments in civil and commercial matters or any judgments under the securities laws of countries outside the United Kingdom against the Directors who are residents of the United Kingdom or countries other than those in which a judgment is made. In addition, English or other courts may not impose civil liability on the Directors in any original action based solely on foreign securities laws brought against the Company or the Directors in a court of competent jurisdiction in England or other countries.

There is no public market for NewRiver Holdco Shares in the United States or elsewhere outside of the UK

The NewRiver Holdco Shares will not be registered under the US Securities Act or any state securities laws of the United States and will be subject to significant restrictions on resale in the United States. The Company does not intend to apply for a listing of the NewRiver Holdco Shares on a securities exchange in the United States or elsewhere outside the United Kingdom. As a consequence, an active trading market is not expected to develop for the NewRiver Holdco Shares outside of the United Kingdom and investors outside the United Kingdom may not be able to sell them at an acceptable price or at all.

US and other non-EU shareholders may not be able to participate in future equity offerings

Holders of NewRiver Holdco Shares will, in certain cases, be entitled to pre-emption rights to subscribe for shares to be issued in connection with an increase in the Company's share capital, unless such rights have been waived by a resolution at a Shareholders' meeting. US and certain other non-EU holders of NewRiver Holdco Shares will usually be excluded from exercising any such pre-emption rights they may have, unless exemptions from any overseas securities law requirements are available. There can be no certainty that the Company will utilise any such exemption from applicable overseas securities law requirements that might enable US or other non-EU holders to exercise such pre-emption rights.

6. RISKS RELATING TO THE PROPOSALS

The Proposals may not be implemented on a timely basis or at all

Implementation of the Proposals is conditional upon, among other things, sanction of the Scheme by the Court. It is possible that such sanction will be given only subject to conditions or will not be given, in which case it is possible that the Scheme will not occur on a timely basis or at all. In such an event, the Proposals may not be implemented and the benefits expected to result from the Proposals will not be achieved.

IMPORTANT INFORMATION

Introduction

Investors should rely only on the information in this document. No person has been authorised to give any information or to make any representations other than those contained in this document and, if given or made, such information or representations must not be relied on as having been so authorised by NewRiver, NewRiver Holdco, the NewRiver Holdco Directors, Liberum, Kinmont or any other person. Without prejudice to any obligation of the Company to publish a supplementary prospectus pursuant to section 87G of the FSMA and PR 3.4.1 of the Prospectus Rules, neither the delivery of this document nor any allotment, subscription or sale of NewRiver Holdco Shares made pursuant to the Scheme will, under any circumstances, create any implication that there has been no change in the business and/or affairs of the Group since the date of this document or that the information in it is correct as of any time subsequent to the date of this document.

The contents of this document are not, and should not be treated as, advice relating to legal, taxation, investment or any other matters. Shareholders should inform themselves as to: (a) the legal requirements within their own countries for the purchase, holding, transfer or other disposal of NewRiver Holdco Shares; (b) any foreign exchange restrictions applicable to the purchase, holding, transfer or other disposal of NewRiver Holdco Shares which they might encounter; and (c) the income and other tax consequences which may apply in their own countries as a result of the purchase, holding, transfer or other disposal of NewRiver Holdco Shares. Shareholders must rely upon their own legal advisers, accountants and other financial advisers as to legal, tax, investment or any other related matters concerning the Company and any investment therein. Statements made in this document are based on the law and practice currently in force in England and Wales and are subject to changes to such law and practice. Shareholders are entitled to the benefit of, and are bound by and are deemed to have notice of, the provisions of the NewRiver Holdco Articles.

Presentation of financial information

The Group publishes its financial statements in pounds sterling. The financial information presented in a number of tables in this document has been rounded to the nearest whole number or the nearest decimal. Therefore, the sum of the numbers in a column may not conform exactly to the total figure given for that column. In addition, certain percentages presented in the tables in this document reflect calculations based upon the underlying information prior to rounding and, accordingly, may not conform exactly to the percentages that would be derived if the relevant calculations were based upon the rounded numbers.

Market, economic and industry data

The market, economic and industry data used in this document has been obtained by the Company from various third party sources, as identified in this document, including:

- the European Public Real Estate Association ("**EPRA**");
- MSCI Inc. (IPD);
- CACI Limited;
- The Local Data Company Ltd.;
- Trevor Wood Associates;
- the British Property Federation;
- Bloomberg; and
- GfK SE.

Industry publications generally state that the information they contain has been obtained from sources believed to be reliable but that the accuracy of such information is not guaranteed and that the projections they contain are based on a number of significant assumptions. The Group confirms that information sourced from a third party has been accurately reproduced and, as far as the Directors are aware and have been able to ascertain from information published by that third party, no facts have been omitted which would render the reproduced information inaccurate or misleading. In addition, in many cases, the Company has made statements in this document regarding the Group's industry and its position in the industry based on internal surveys and data as well as its own experience.

International Financial Reporting Standards

As required by Article 4 of the European Union IAS Regulation, the consolidated financial statements of the Group are prepared in accordance with IFRS issued by the IASB, interpretations issued by the International Financial Reporting Interpretations Committee of the IASB as adopted by the European Union and, where appropriate, in accordance with EPRA's best practice recommendations.

Forward looking statements

This document contains statements which are based on the Board's current expectations and assumptions and involve known and unknown risks and uncertainties that could cause actual results, performance or events to differ materially from those expressed or implied in such statements. These statements include forward-looking statements both with respect to the Group and the markets in which the Group operates. Statements which include the words "expects", "intends", "plans", "believes", "projects", "anticipates", "will", "targets", "aims", "may", "would", "could", "continue" or, in each case, their negative or other variations, and similar statements of a future or forward-looking nature identify forward-looking statements. It is believed that the expectations reflected in these statements are reasonable, but they may be affected by a number of variables which could cause actual results or trends to differ materially, including (but not limited to) any limitations of the Company's internal financial reporting controls; an increase in competition; an unexpected decline in turnover, rental income or the value of all or part of the Group's property portfolio; legislative, fiscal and regulatory developments; and currency and interest rate fluctuations. Each forward-looking statement speaks only as of the date of this document. Except as required by the rules of the FCA (and, in particular, the Prospectus Rules, the Disclosure Rules and Transparency Rules and the Market Abuse Regulation), the London Stock Exchange, the Listing Rules or by law (in particular, FSMA), the Company expressly disclaims any obligation or undertaking to release publicly any updates or revisions to any forward-looking statements contained in this document to reflect any change in the Company's expectations with regard thereto or any change in events, conditions or circumstances on which any such statement is based. All subsequent written and oral forward-looking statements attributable to any person involved in the preparation of this document or to persons acting on the Company's behalf are, subject to the requirements of the Prospectus Rules, expressly qualified in their entirety by the cautionary statements referred to above and contained elsewhere in this document.

By their nature, forward-looking statements involve known and unknown risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future. Forward-looking statements are not guarantees of future performance. The Group's actual results of operations, financial condition, prospects, growth, strategies and dividend policy, and the development of the industry in which it operates, may differ materially from the impression created by the forward-looking statements contained in this document. In addition, even if the results of operations, financial condition, prospects, growth, strategies and the dividend policy of the Company, and the development of the industry in which it operates, are consistent with the forward-looking statements contained in this document, those results or developments may not be indicative of results or developments in subsequent periods. These forward-looking statements are further qualified by the risk factors set out on pages 22 to 41 (inclusive) of this document. Prospective investors are urged to read the section of this document entitled "Risk Factors" and the information on the Company and the Group contained in Part 2 of this document for a more complete discussion of the factors that could affect the Group's future performance and the industry in which it operates.

Any forward-looking statement contained in this document based on past or current trends and/or activities of the Group should not be taken as a representation that such trends or activities will continue in the future. No statement in this document is intended to be a profit forecast or to imply that the earnings of the Group for the current year or future years will necessarily match or exceed the historical or published earnings of the Group.

Forward-looking statements contained in this document do not in any way seek to qualify the working capital statement contained in paragraph 17 of Part 7 of this document.

Currency exchange rate information

Unless otherwise indicated, all references in this document to "**sterling**", "**pounds sterling**", "**£**", "**pence**", "**penny**" or "**p**" are to the lawful currency of the UK.

No incorporation of website information

Neither the contents of the Group's website nor the content of any website accessible from hyperlinks on the Group's website is incorporated into, or forms part of, this document.

EXPECTED TIMETABLE OF PRINCIPAL EVENTS

Date of publication of this Prospectus by NewRiver Holdco	15 August 2016
Last day of dealings in, and for registration of transfers of, NewRiver Shares	17 August 2016
Scheme Record Time	6.00 pm on 17 August 2016
Court Hearing to sanction the Scheme	17 August 2016
Scheme Effective Date	18 August 2016
Cancellation of admission to trading on AIM of NewRiver Shares	8.00 am on 18 August 2016
Admission and commencement of dealings in NewRiver Holdco Shares	8.00 am on 18 August 2016
Crediting of NewRiver Holdco Shares to CREST accounts	as soon as practicable after 8.00 a.m. on 18 August 2016
Share certificates for NewRiver Holdco Shares expected to be despatched	within 14 days of Admission

Unless stated, all references in this document to times are to London times. The dates given in this expected timetable are based on NewRiver Holdco's current expectations and may be subject to change. If the scheduled date of the Court Hearing to sanction the Scheme is changed, NewRiver will give notice of the change by issuing an announcement through a Regulatory Information Service. All NewRiver Shareholders have the right to attend the Court Hearing to approve or oppose the sanctioning of the Scheme.

DIRECTORS, REGISTERED OFFICE AND ADVISERS TO THE COMPANY

Directors	Paul Roy (*Non-executive Chairman*) David Lockhart (*Chief Executive Officer*) Allan Lockhart (*Property Director*) Mark Davies (*Finance Director*) Chris Taylor (*Senior Independent Non-executive Director*) Kay Chaldecott (*Non-executive Director*) Alastair Miller (*Non-executive Director*)
Company Secretary	Matthew Jones
Registered office and principal place of business	37 Maddox Street London W1S 2PP
Sponsor and Financial Adviser	Liberum Capital Limited Level 12 Ropemaker Place 25 Ropemaker Street London EC2Y 9LY
Financial Adviser	Kinmont 5 Clifford Street London W1S 2LG
Tax Adviser	BDO LLP 55 Baker Street London W1U 7EU
Solicitors to the Company as to English Law	Eversheds LLP One Wood Street London EC2V 7WS
Solicitors to the Company as to Guernsey Law	Mourant Ozannes PO Box 186 1 Le Marchant Street St Peter Port Guernsey Channel Islands GY1 4HP
Solicitors to the Sponsor	Berwin Leighton Paisner LLP Adelaide House London Bridge London EC4R 9HA

Auditors and Reporting Accountant	Deloitte LLP PO Box 137 Regency Court Glategny Esplanade St Peter Port Guernsey Channel Islands GY1 3HW
Registrars to the Company	Capita Asset Services The Registry 34 Beckenham Road Beckenham Kent BR3 4TU
Valuers	Colliers International Valuation UK LLP 50 George Street London W1U 7GA

PART 1

THE PROPOSALS

1. Introduction

On 19 June 2015, NewRiver Retail Limited ("**NewRiver**"), the current parent company of the Group, announced details of proposals to change the Group's corporate structure by inserting a new English-incorporated parent company at the head of the Group and to apply for the admission of the entire issued and to be issued ordinary share capital of that entity to the premium listing segment of the Official List of the UK Listing Authority and to trading on the Main Market of the London Stock Exchange. It is intended that this new corporate structure will be implemented by way of a scheme of arrangement under Part VIII of The Companies (Guernsey) Law, 2008, as amended (the "**Scheme**").

For this purpose, NewRiver REIT plc ("**NewRiver Holdco**") was incorporated under the Companies Act 2006 on 8 June 2016 as a public limited company.

If the Scheme, which is subject to various conditions as set out below, becomes effective, NewRiver Holdco will become the holding company of the Group.

2. Background to, and reasons for, the Scheme and related Proposals

2.1 ***Background***

NewRiver was established in 2009, with a tax residency in Guernsey, as a specialist real estate investor and asset manager. It was admitted to trading on AIM in September 2009. Subsequently, the management of the Group, and hence its tax residency, was transferred to the UK and, in 2010, NewRiver successfully entered the UK REIT regime, which requires it to retain its tax residency in the UK, but confers certain tax advantages on profits and gains from its UK property investments. Further details of the UK REIT regime are set out in Part 3 of this document.

The Group's operations are focused exclusively on the UK. The location of the Group's existing ultimate holding company in Guernsey no longer corresponds with the Group's tax status and the location of its operations.

The NewRiver Board believes that changing the Group's ultimate holding company to a UK-incorporated company from a Guernsey-incorporated company will better align it with its existing UK tax jurisdiction and the geographic focus of its operations as:

- the Group's operations are focused exclusively on the UK;
- the business is managed and controlled in the UK (save for certain joint ventures and certain other asset-holding corporate structures (which were in place at the time of their acquisition by the Group) which are managed and controlled from outside the UK); and
- the location of the Group's existing ultimate holding company in Guernsey no longer corresponds with the Group's tax status and the location of the majority of its operations.

On 19 June 2015, NewRiver announced that it intended to move its listing to the Main Market and, subject to meeting eligibility criteria, for its share capital to be admitted to the premium listing segment of the Official List of the UK Listing Authority and to trading on the Main Market of the London Stock Exchange. The NewRiver Board believes that the proposed move to the Main Market will:

- place NewRiver Holdco in a better position to achieve improved liquidity in the NewRiver Holdco Shares (as compared to the current liquidity in the NewRiver Shares) due to the higher number of institutional investors which regularly trade in the shares of companies admitted to the Official List (as opposed to AIM);

- afford NewRiver Holdco the opportunity for inclusion in FTSE UK index series following Admission, including the FTSE 250 Index and the FTSE EPRA/NAREIT Global Real Estate Index Series;
- provide a more appropriate platform for the continued growth of the Group;
- put the Group on a par with similarly sized peers in the real estate sector;
- afford NewRiver Holdco access to a wider institutional investor base in the UK and overseas; and
- generally be in the best interests of NewRiver Shareholders.

Accordingly, the NewRiver Board, after detailed consideration, believes the proposed new corporate structure is the most appropriate structure for the Group and, together with the move to the Main Market, would best support its long term strategy and growth prospects.

The Proposals have certain other implications, including:

- the Group incurring certain costs of approximately £1.75 million in relation to the documentation and Court process required to change the Group's ultimate holding company to a UK-incorporated company and to secure Admission; and
- following completion of the Scheme, any dealings in NewRiver Holdco Shares will be subject to UK SDRT or stamp duty as further described in paragraph 12.18 of Part 7 of this document. NewRiver Shares are currently exempt from UK stamp duty or SDRT.

2.2 ***Principal terms of the Scheme***

The principal steps involved in the Scheme are as follows:

Cancellation of Scheme Shares

Under the Scheme, all the Scheme Shares will be cancelled on the Scheme Effective Date (which is expected to be 18 August 2016) by way of a reduction of capital. In consideration for the cancellation, Scheme Shareholders will receive, in respect of any Scheme Shares held as at the Scheme Record Time:

for each Scheme Share cancelled **one NewRiver Holdco Share**

Under the terms of the Scheme, the holder(s) of any NewRiver Holdco Shares in issue immediately prior to the Scheme Effective Date, being David and Allan Lockhart as subscribers in NewRiver Holdco, will agree to receive one fewer NewRiver Holdco Share under the Scheme for every NewRiver Holdco Share held immediately prior to the Scheme Effective Date. This is to ensure that the number of NewRiver Holdco Shares in issue immediately following the Scheme becoming effective is exactly the same as the number of NewRiver Shares in issue immediately prior to the Scheme becoming effective. As at the date of this document, it is expected that two NewRiver Holdco Shares (one being held by each of David Lockhart and Allan Lockhart) will be in issue immediately prior to the Scheme Effective Date.

Following the cancellation of the Scheme Shares, the share capital of NewRiver will be increased to its former amount by the creation of the NewRiver New Ordinary Shares and the credit arising in the books of NewRiver as a result of the reduction in capital will be applied in paying up in full the NewRiver New Ordinary Shares. The NewRiver New Ordinary Shares will be issued to NewRiver Holdco which will, as a result, become the parent company of NewRiver and the Group.

With effect from the Scheme Effective Time, the rights attaching to the NewRiver Holdco Shares will be, for all practical purposes, the same as those attaching to the existing NewRiver Shares. Upon the Scheme becoming effective, a NewRiver Holdco Shareholder will have the same proportionate interest in the profits, net assets and dividends of NewRiver Holdco as they had in NewRiver immediately prior to the Scheme Effective Time.

The Group will have the same business and operations immediately after the Scheme Effective Time as it had immediately before the Scheme Effective Time. The assets and liabilities of the Group immediately after the Scheme Effective Time will not differ from the assets and liabilities NewRiver had before the Scheme Effective Time, save that NewRiver Holdco will hold all of the NewRiver New Ordinary Shares then in issue.

A summary of the rights attaching to the NewRiver Holdco Shares is set out in paragraph 3.1 of Part 7 of this document.

Establishing NewRiver Holdco as the new parent company of the Group

Following the cancellation of the Scheme Shares and the issue of the NewRiver New Ordinary Shares to NewRiver Holdco, NewRiver Holdco will, as a result, hold all of the issued shares in the capital of NewRiver. NewRiver Holdco will, in turn, issue NewRiver Holdco Shares to former NewRiver Shareholders on a one-for-one basis.

The NewRiver Holdco Shares to be issued pursuant to the Scheme will have a nominal value of one pence each but will be recorded in NewRiver Holdco's books of account at cost (being equal to the net asset value of NewRiver (on a company only basis) on the day prior to the date on which the admission of its entire issued share capital to trading on AIM is cancelled). This will give rise to the creation of a substantial merger reserve account in NewRiver Holdco. Over time, the distribution of NewRiver's retained earnings, received by NewRiver Holdco as dividend income, may result in impairments to the carrying value of its investment in NewRiver recorded in its accounts. The merger reserve recorded in NewRiver Holdco's accounts will become realised accordingly with an amount equivalent to the value of the impairments transferred to NewRiver Holdco's retained earnings, thereby creating or increasing distributable reserves from which NewRiver Holdco will be able to make distributions.

3. Conditions to implementation of the Scheme

3.1 On 3 August 2016:

- the Scheme was approved by a majority in number of the Scheme Shareholders present and voting (in person or by proxy), representing more than 75 per cent. of the voting rights of the Scheme Shareholders present and voting (in person or by proxy), at the Court Meeting; and
- the Resolutions set out in the notice of the Extraordinary General Meeting to approve various matters in connection with the Scheme including: (i) authorising the NewRiver Holdco Directors to take appropriate actions to carry the Scheme into effect; (ii) approving the reduction of capital and issue of the NewRiver New Ordinary Shares referred to above; (iii) approving changes to the NewRiver Articles; (iv) approving that a general meeting of NewRiver Holdco, other than an Annual General Meeting, may be called on not less than 14 clear days' notice; and (v) approving the adoption of the NewRiver Holdco Shares Incentive Plans, were passed.

Both of the above were conditions to the Scheme, which have therefore been fulfilled. In order to facilitate the Scheme, an amendment was proposed to the NewRiver Articles, which was set out in full in the notice of the Extraordinary General Meeting.

This amendment is intended to ensure that: (i) any NewRiver Shares that are issued to any person other than NewRiver Holdco (or its nominee(s)) before the Scheme Record Time (but after the Extraordinary General Meeting) are allotted and issued subject to the terms of the Scheme and the holders of such shares will be bound by the Scheme accordingly; and (ii) any NewRiver Shares that are allotted and issued after the Scheme Record Time will be immediately transferred to NewRiver Holdco in exchange for the issue or transfer to the relevant allottees of one NewRiver Holdco Share for each NewRiver Share transferred. These changes are necessary because, in some cases, NewRiver

Shares may need to be allotted before the Scheme Record Time (for example, because of the exercise of options and/or awards granted by NewRiver under the NewRiver Share Incentive Plans and the exercise of subscription rights relating to the NewRiver Warrants) but the timing of their allotment and issue could mean that they are not classified as Scheme Shares and are, therefore, outside the scope of the Scheme. In addition, NewRiver Shares may be issued (again, for example, under the NewRiver Share Incentive Plans or pursuant to the exercise of the subscription rights relating to the NewRiver Warrants) after the Scheme Record Time, which would also put them outside the scope of the Scheme.

3.2 The Scheme remains conditional on the sanction of the Scheme (with or without modification) by the Court at the Court Hearing.

3.3 The Court Hearing (at which it is proposed that the Court sanctions the Scheme) is expected to be held on or around 17 August 2016.

3.4 The Court Order will be conditional upon:

- the formal processes having been put in place to cancel the admission to trading on AIM of the NewRiver Shares and to approve the application to admit (subject to the allotment of the NewRiver Holdco Shares and the satisfaction of the condition referred to at paragraph 3.2 above), the NewRiver Holdco Shares to be issued in connection with the Scheme to the Official List (including a listing hearing having been held); and

- the London Stock Exchange having agreed to admit the NewRiver Holdco Shares to be issued in connection with the Scheme to trading on its main market for listed securities and its agreement not being withdrawn prior to the Scheme Effective Date.

If the Scheme is sanctioned at the Court Hearing and the other conditions to the Scheme have been satisfied, the Scheme is expected to become effective, and dealings in the NewRiver Holdco Shares are expected to commence, at 8.00 a.m. on 18 August 2016.

If the Scheme has not become effective by 30 September 2016 (or such later date as NewRiver, NewRiver Holdco and Liberum may agree and the Court may allow), it will lapse, in which event the Scheme will not proceed, NewRiver Shareholders will remain shareholders of NewRiver and the NewRiver Shares will continue to be admitted to trading on AIM.

The Scheme contains a provision for NewRiver and NewRiver Holdco jointly to consent, on behalf of all persons concerned, to any modification of, or addition to, the Scheme, or to any condition that the Court may think fit to approve or impose. NewRiver has been advised by its legal advisers that the Court would be unlikely to approve or impose any modification of, or addition or condition to, the Scheme which might be material to the interests of NewRiver Shareholders unless NewRiver Shareholders were informed of any such modification, addition or condition. It will be a matter for the Court to decide, in its discretion, whether or not further meetings of NewRiver Shareholders should be held. If the Court does approve or impose a modification of, or addition or condition to, the Scheme which, in the opinion of the Directors, is such as to require the consent of the NewRiver Shareholders, the Scheme will not be able to become effective unless and until such consent is obtained.

4. Effects of the Scheme

Under the Scheme, Scheme Shareholders will have their NewRiver Shares replaced by the same number of NewRiver Holdco Shares, which will be denominated in sterling. Scheme Shareholders' existing proportionate entitlements to participate in NewRiver's capital and income will not be affected by reason of the implementation of the Scheme and will be replicated in NewRiver Holdco. Scheme Shareholders will not receive any amount in cash pursuant to the terms of the Scheme (other than in the circumstances referred to in Clause 3(b) of the Scheme).

Under the terms of the Scheme, the holder(s) of any NewRiver Holdco Shares in issue immediately prior to the Scheme Effective Date, being David and Allan Lockhart as subscribers in NewRiver Holdco, will agree to receive one fewer NewRiver Holdco Share under the Scheme for every NewRiver Holdco Share held immediately prior to the Scheme Effective Date. This is to ensure that the number of NewRiver Holdco Shares in issue immediately following the Scheme becoming effective is exactly the same as the number of NewRiver Shares in issue immediately prior to the Scheme becoming effective. As at the date of this document, it is expected that two NewRiver Holdco Shares (one being held by each of David Lockhart and Allan Lockhart) will be in issue immediately prior to the Scheme Effective Date.

As soon as reasonably practicable following the Scheme becoming effective, the NewRiver Holdco Redeemable Shares issued on incorporation of NewRiver Holdco (in order to satisfy the minimum share capital requirements for public companies pursuant to the Companies Act, as more particularly described in paragraph 3.1 of Part 7 of this document) will be redeemed and cancelled.

NewRiver Holdco is a newly incorporated company which has not traded since its incorporation and, prior to the Scheme becoming effective, will not own any assets or have any liabilities. Immediately following the Scheme becoming effective, NewRiver Holdco will own no assets other than the NewRiver Shares. As the new parent company of the Group, its assets, liabilities and earnings on a consolidated basis will be those of the Group.

NewRiver will make announcements to NewRiver Shareholders in relation to the progress of the Scheme, including upon the Scheme becoming effective and Admission occurring.

5. NewRiver Holdco Articles

A summary of the NewRiver Holdco Articles is included in paragraph 4 of Part 7 of this document. The NewRiver Holdco Articles are also available for inspection as set out in paragraph 23 of Part 7 of this document.

6. Admission, dealings, share certificates and settlement

Applications have been made: (i) to the London Stock Exchange in respect of the cancellation of the admission to trading on AIM of the NewRiver Shares; (ii) to the Financial Conduct Authority in respect of the admission of the NewRiver Holdco Shares to the premium segment of the Official List; and (iii) to the London Stock Exchange in respect of the admission of the NewRiver Holdco Shares to trading on the London Stock Exchange's main market for listed securities, subject (in each case) to the Scheme becoming effective. The last day of dealings in the NewRiver Shares is expected to be 17 August 2016. The last time for registration of transfers of Scheme Shares is expected to be close of business on 17 August 2016. It is expected that Admission will become effective and that dealings in NewRiver Holdco Shares will commence at 8.00 a.m. on 18 August 2016, the Effective Date. The admission to trading on AIM of the NewRiver Shares will also be cancelled at the same time on that date.

These dates may be deferred if there is any delay in obtaining the Court's sanction of the Scheme. In the event of a delay, the application for the cancellation of the admission to trading on AIM of the NewRiver Shares will be deferred so that such admission to trading will not be cancelled until immediately before the Scheme becomes effective.

With effect from (and including) the Effective Date, all share certificates representing the Scheme Shares will cease to be valid and binding in respect of such holdings and should be destroyed.

All documents, certificates or other communications sent by, to, from or on behalf of Scheme Shareholders, or as such persons shall direct, will be sent at their own risk and will be sent by post.

Application will be made for the NewRiver Holdco Shares to be admitted to CREST for settlement and transfer purposes. Euroclear requires NewRiver Holdco to confirm to it that certain conditions imposed by the CREST Regulations are satisfied before Euroclear will admit any security to CREST. It is expected that these conditions will be satisfied in respect of the NewRiver Holdco Shares on admission of the NewRiver Holdco Shares to the Official List. As soon as practicable after satisfaction of the conditions, NewRiver Holdco will confirm this to Euroclear. Share certificates for NewRiver Holdco Shares in certificated form are expected to be despatched within 14 days of Admission.

Subject to the satisfaction of the Conditions referred to in paragraph 3 of this Part 1, to which the Scheme is subject, the NewRiver Holdco Shares to which Scheme Shareholders are entitled under the Scheme (as the case may be) will:

(a) to the extent the entitlement arises as a result of a holding of NewRiver Shares in certificated form at the Scheme Record Time, be delivered in certificated form in the name of the relevant Scheme Shareholder with the relevant share certificate expected to be despatched by post, at the relevant Scheme Shareholder's risk, as soon as practicable but in any event by no later than 14 days after Admission; and

(b) to the extent the entitlement arises as a result of a holding of NewRiver Shares in uncertificated form at the Scheme Record Time, be credited to the appropriate CREST accounts (under the same participant and account ID that applied to the NewRiver Shares), with corresponding entitlements to NewRiver Holdco Shares with effect from 18 August 2016.

Notwithstanding anything above or any other provision of this document or any other document relating to the NewRiver Holdco Shares, NewRiver and NewRiver Holdco reserve the right to deliver any NewRiver Holdco Shares in respect of NewRiver Shares which are currently held in CREST in certificated form. In normal circumstances, this right is only likely to be exercised in the event of any interruption, failure or breakdown of CREST (or any part of CREST), or on the part of the facilities and/or systems operated by the Registrars in connection with CREST. This right may also be exercised if the correct details in respect of bona fide market claims (such as the CREST member account ID and CREST participation ID details) are not provided as requested on any application form relating to the NewRiver Holdco Shares.

NewRiver Shareholders who are CREST-sponsored members should refer to their CREST sponsor regarding the action to be taken in connection with this document.

7. Dividend policy

Payment of the quarterly interim dividend due on 17 August 2016 for NewRiver Shareholders on the register at 22 July 2016 of 5 pence per NewRiver Share will be unaffected by the Scheme, subject always to applicable law. Similarly, the Scheme will not affect the declaration of future dividends and the NewRiver Holdco Shares will rank equally for dividends after Admission. NewRiver Shareholders' present dividend instructions will be continued in relation to NewRiver Holdco after the Scheme becomes effective unless and until they amend or revoke such instructions.

As a REIT, NewRiver Holdco will be required to distribute at least 90 per cent. of the income from its property rental business as dividends (as NewRiver is currently required to do). It is committed to a growing, progressive, fully covered dividend and will maintain NewRiver's policy of paying quarterly dividends which provides a source of regular income for Shareholders, thus improving their cashflow return profile.

The level of future dividends will be determined by the Board having regard to, *inter alia*, the financial position and performance of the Group at the relevant time, UK REIT requirements and the interests of Shareholders, as a whole.

8. Debt facilities

There are no implications on the Group's existing financing arrangements as a result of the insertion of NewRiver Holdco at the head of the Group. NewRiver has received written acknowledgements from each of its lenders that any change of control clauses in any financing agreements to which any members of the Group are a party will not be invoked as a consequence of the Scheme and the insertion of NewRiver Holdco at the head of the Group.

9. Existing share incentive plans

NewRiver operates the NewRiver Share Incentive Plans in order to attract, hire, retain and incentivise employees. Before Admission, NewRiver Holdco will adopt the NewRiver Holdco Share Incentive Plans for the same purpose. Further information about the NewRiver Holdco Share Incentive Plans is set out at paragraph 8 of Part 7 of this document.

NewRiver has granted options and/or awards to employees under the NewRiver Retail Limited Deferred Bonus Plan 2015, the NewRiver Retail Limited Performance Share Plan 2009 and the NewRiver Retail Limited Unapproved Share Option Plan 2009. These options and/or awards are either currently exercisable, or will become exercisable, when the Court sanctions the Scheme. Options granted under the NewRiver Retail Limited Unapproved Share Option Plan 2009 will lapse six months after the Court sanctions the Scheme. Awards granted under the NewRiver Retail Limited Deferred Bonus Plan 2015 will vest in full and will be exercisable during the six months after the Court sanctions the Scheme. Awards granted under the NewRiver Retail Limited Performance Share Plan 2009 will vest on a pro-rata basis and subject to the achievement of all performance targets and will be exercisable during the six months after the Court sanctions the Scheme.

All holders of outstanding options and/or awards under the NewRiver Share Incentive Plans have been invited to exchange their options and/or awards for equivalent options/awards to acquire NewRiver Holdco Shares on the same vesting terms and performance conditions as currently apply to their existing options and/or awards. Although option/award holders cannot be compelled to agree to this exchange, it is expected that all employees will agree.

If the option and/or award holders agree to the option/award exchange, the exchange will take effect immediately after the Scheme Effective Time.

10. Future policy relating to the Executive Directors' remuneration

Directors' remuneration

NewRiver Holdco will submit its remuneration policy (as it relates to the Executive Directors) to a binding vote of NewRiver Holdco Shareholders at the first Annual General Meeting of NewRiver Holdco following Admission.

The following represents the spirit and intent of NewRiver Holdco's approach to Executive Director remuneration as at the date of this document and as agreed by the Remuneration Committee.

The Remuneration Committee will take into account all relevant factors when determining the remuneration package for a new Executive Director but will normally apply the policy set out below.

The policy is designed to provide a remuneration framework that will:

(a) attract, motivate and retain Executive Directors to deliver NewRiver Holdco's strategic plans;

(b) align the interests of the Executive Directors with the interests of NewRiver Holdco Shareholders and encourage widespread equity ownership across the Group;

(c) incentivise strong financial performance that rewards the delivery of NewRiver Holdco's business plan, without encouraging excessive risk taking or unsustainable performance; and

(d) adhere to principles of good corporate governance and appropriate risk management.

Annual salary, pension and benefits

Salaries are to be set at a level which the Remuneration Committee believes is commensurate with the size and nature of NewRiver Holdco and as benchmarked against its peers. Salaries will be reviewed on an annual basis and individual performance will be taken into account.

The base salaries of David Lockhart, Allan Lockhart and Mark Davies are set out in paragraph 6.3 of Part 7 of this document.

Executive Directors may receive a pension contribution, or cash allowance in lieu, in line with best practice and as benchmarked against peers. The current contribution level is 15 per cent. of base salary per annum.

Executive Directors receive market competitive benefits including family private health cover, death in service life assurance and permanent medical insurance cover.

Annual Bonus Plan and Deferred Bonus Plan

Executive Directors are eligible for a non-pensionable annual bonus with a normal maximum bonus level of 100 per cent. of annual base salary, although this can be increased to 150 per cent. in exceptional circumstances.

Any bonus award is discretionary and dependent on the achievement of financial and strategic performance conditions set by the Remuneration Committee each year. The Remuneration Committee has discretion to change the performance conditions from year to year.

Currently, up to a maximum of 30 per cent. of any annual bonus may be deferred in the form of a DBP award over NewRiver Holdco Shares. The deferral period is two years with vesting dependent upon the participant's continued employment, subject to the terms of the DBP. The level of deferral and period for deferral is set on an annual basis.

Deferred bonuses are subject to clawback provisions, as set out in the rules of the DBP.

Full details of the DBP are set out in paragraph 8.2 of Part 7 of this document.

Performance Share Plan

The PSP is designed to reward delivery of NewRiver Holdco's strategy and growth in shareholder value over a multi-year period and aligns Executive Directors' interests with those of NewRiver Holdco Shareholders.

Executive Directors are eligible for an annual award under the PSP up to a maximum of 200 per cent. of base salary (which can be exceeded in exceptional circumstances, as determined by the Remuneration Committee). PSP awards will vest at the end of a vesting period, currently three years, subject to the Executive Director's continued employment subject to the terms of the PSP and satisfaction of the applicable performance conditions.

Under the rules of the PSP, the Remuneration Committee has the discretion to set different performance conditions, and the level of each condition, for each grant of awards. The current performance conditions are earnings per share and total shareholder return.

PSP awards are subject to the clawback provisions set out in the rules of the PSP.

Full details of the PSP are set out in paragraph 8.3 of Part 7 of this document.

Share ownership guidelines

Executive Directors have, in the past, been informally subject to a shareholding guideline of 100 per cent. of salary which aligns the interests of the Executive Directors with those of NewRiver Shareholders. This policy will be formalised as part of the NewRiver Holdco's remuneration policy to be adopted at NewRiver Holdco's first annual general meeting to be held in 2017.

Executive Directors will have five years during which to build up the required ordinary shareholding after the formal introduction of this guideline or after commencing employment (as applicable).

The share ownership guidelines will be kept under review by the Remuneration Committee.

Non-executive Directors

Non-executive Directors are appointed under letters of appointment for an initial term of three years and which can be renewed for two further three year periods. There is a three month notice period on either side. Non-executive Directors are eligible for a base fee only, with no benefits or share awards being granted. An additional fee is payable if they are chairman of a Board Committee and a further fee if they are the Senior Independent Non-executive Director. These fees are benchmarked against the Company's immediate peers and best practice in the wider real estate sector.

The Board, as a whole, will keep the fees of the Non-executive Directors under review.

11. NewRiver Warrants

NewRiver has granted the NewRiver Warrants to the NewRiver Warrantholders. The NewRiver Warrants are exercisable at any time up to 1 September 2019. In accordance with the terms of the NewRiver Warrant Instrument, NewRiver has notified NewRiver Warrantholders of the Scheme and the Proposals.

In connection with the Scheme, NewRiver Shareholders have approved an amendment to the NewRiver Articles which provides, *inter alia*, that any NewRiver Shares issued at or after the Scheme Record Time shall automatically be transferred to NewRiver Holdco in consideration of, and conditional upon, the issue or transfer to the relevant NewRiver Shareholder entitled to such NewRiver Shares of one NewRiver Holdco Share for each such NewRiver Share issued to the relevant NewRiver Shareholder in order to ensure that NewRiver remains a wholly-owned subsidiary of NewRiver Holdco following the Scheme becoming effective.

In addition, in connection with the Scheme, NewRiver Warrantholders have been offered the options of: (i) exercising some or all of their subscription rights pursuant to their NewRiver Warrants prior to the Scheme Record Time and receiving NewRiver Shares (which would then be subject to the Scheme); and/or (ii) exchanging some or all of their subscription rights pursuant to the NewRiver Warrants for equivalent subscription rights pursuant to the NewRiver Holdco Warrants. The NewRiver Holdco Warrants will be on broadly equivalent terms to the NewRiver Warrants (including being exercisable at any time up to 1 September 2019) (see paragraph 10.10 of Part 7 of this document for further information in this respect).

For those NewRiver Warrantholders who have taken no action or have exercised only some of their subscription rights, the remaining subscription rights pursuant to the NewRiver Warrants shall continue to be exercisable until 1 September 2019 but the anti-dilution provisions in the NewRiver Warrant Instrument will not apply. In addition, the Boards of NewRiver and NewRiver Holdco have reserved their discretion to permit a NewRiver Warrantholder to elect to exchange some or all of their subscription rights notwithstanding that the deadline for such NewRiver Warrantholders to make such election may have passed and the Scheme may have become effective.

12. Directors' and other interests

On the Effective Date, the boards of NewRiver and NewRiver Holdco will be the same.

The current NewRiver Directors, namely Paul Roy, David Lockhart, Mark Davies, Allan Lockhart, Chris Taylor, Kay Chaldecott and Alastair Miller were (other than in the case of David Lockhart, Allan Lockhart and Mark Davies) appointed directors of NewRiver Holdco on 29 June 2016. David Lockhart, Allan Lockhart and Mark Davies were appointed as directors of NewRiver Holdco on 8 June 2016. David Lockhart, Mark Davies and Allan Lockhart entered into new service agreements on 15 August 2016 which become effective conditional upon the Scheme becoming effective and Admission occurring. Similarly, each of the Non-executive Directors, and the Non-executive Chairman, entered into new letters of appointment with NewRiver Holdco on 15 August 2016, which, again, become effective conditional upon the Scheme becoming effective and Admission occurring. The new service agreements and letters of appointment have been entered into so that the terms on which the NewRiver Holdco Directors are employed or engaged reflect the revised structure of the Group, the admission of the entire issued and to be issued ordinary share capital of NewRiver Holdco to the Official List of the UK Listing Authority and to trading on the Main Market for listed securities of the London Stock Exchange and any revised duties once the Scheme becomes effective and Admission occurs.

Details of Executive Directors' service agreements and the terms of the Non-executive Directors' and Non-executive Chairman's letters of appointment are set out in paragraph 6 of Part 7 of this document.

The interests of the NewRiver Directors in the existing share capital of NewRiver as at the Latest Practicable Date and in NewRiver Holdco immediately after the Scheme becomes effective and Admission occurs are set out in paragraphs 5.2 to 5.4 (inclusive) of Part 7 of this document.

NewRiver Holdco will have the same management team as NewRiver.

The NewRiver Directors who hold options and/or awards under the NewRiver Share Incentive Plans have been invited to exchange their options and/or awards for equivalent options and/or awards to acquire NewRiver Holdco Shares on the same vesting terms and performance conditions as currently apply to their existing options and/or awards.

Save as described above, the effect of the Scheme on the interests of the NewRiver Directors does not differ from its effect on the same interests of other NewRiver Shareholders.

13. Overseas Shareholders

The implications of the Scheme and Admission for, and the distribution of this document to, Overseas Shareholders may be affected by the laws of relevant jurisdictions. Overseas Shareholders should therefore inform themselves about and observe all applicable legal requirements.

It is the responsibility of any person into whose possession this document comes to satisfy themselves as to their full observance of the laws of the relevant jurisdiction in connection with the Scheme and Admission, the distribution of this document, including the obtaining of any governmental, exchange control or other consents which may be required and/or compliance with other necessary formalities which are required to be observed, the allotment and issue of NewRiver Holdco Shares following the Scheme becoming effective and the payment of any issue, transfer or other taxes due in such jurisdiction.

If, in respect of any Overseas Shareholder, NewRiver Holdco is advised that the allotment and issue of NewRiver Holdco Shares would or might infringe the laws of any jurisdiction outside the United Kingdom, or would or might require NewRiver Holdco to obtain any governmental or other consent or effect any registration, filing or other formality with which, in the opinion of NewRiver Holdco, it would be unable to comply or which it regards as unduly onerous, the Scheme provides that NewRiver Holdco may determine either: (a) that the Scheme Shareholder's entitlement to NewRiver Holdco Shares pursuant to the Scheme shall be issued to such Scheme Shareholder and then sold on his behalf as soon as reasonably practicable at the best price which can be reasonably obtained at the time of sale, with the net proceeds of sale being remitted to the Scheme Shareholder; or (b) that the Scheme Shareholder's entitlement to NewRiver Holdco Shares shall be issued to a nominee for such Scheme Shareholder appointed by NewRiver Holdco and then sold, with the net proceeds being remitted to the Scheme Shareholder concerned. Any remittance of the net proceeds of sale referred to in this paragraph shall be at the risk of the relevant Scheme Shareholder.

This document has been prepared for the purposes of complying with English law and the information disclosed in it may not be the same as that which would have been disclosed if this document had been prepared in accordance with the laws of jurisdictions outside the United Kingdom.

Overseas Shareholders should consult their own legal and tax advisers with respect to the legal, financial and tax consequences of the Scheme in their particular circumstances.

This document does not constitute an invitation or offer to sell, or the solicitation of an invitation or offer to buy, any security, nor shall there be any sale, issuance, subscription, purchase, exchange or transfer of the securities referred to in this document in any jurisdiction in contravention of applicable law.

14. Taxation

A general guide to certain aspects of current UK tax law and HM Revenue & Customs ("**HMRC**") published practice as at the date of this document which applies only to certain NewRiver Holdco Shareholders resident for tax purposes in the UK (save where express reference is made to non-UK resident persons) is set out at paragraph 12 of Part 7 of this document. The summary does not purport to be a complete analysis or listing of all the potential tax consequences of holding NewRiver Holdco Shares. Prospective investors in NewRiver Holdco Shares are advised to consult their own independent tax advisers concerning the consequences under UK tax law of the acquisition, ownership and disposition of NewRiver Holdco Shares.

PART 2

INFORMATION ON THE COMPANY AND THE GROUP

The business description set out below relates to NewRiver and the Group as at the date of this document. If the Scheme becomes effective, NewRiver Holdco will become the parent company of the Group on the Effective Date and the business description will relate to NewRiver Holdco and the NewRiver Holdco Group.

1. Introduction

NewRiver is a specialist REIT, focused on the UK retail market. Through a series of property acquisitions and fundraisings, NewRiver's market capitalisation has grown from £25 million at the time of its admission to AIM in September 2009 to over £735 million as at the Latest Practicable Date. NewRiver is an active real estate investor and asset manager, producing a tailored business and asset development/management plan for each of the assets it acquires in order to be able to maximise returns and reduce reliance on yield compression.

NewRiver was launched with a view to becoming one of the leading retail and leisure sector focused value creating property investment businesses. Retail is the largest UK property sub-sector accounting for 42.3 per cent of the IPD UK Property Index (some £202 billion of assets) as at December 2015 (*Source: MSCI IPD*). The retail occupational market is evolving and changing format which provides NewRiver's experienced, focused team with attractive asset management opportunities.

At the time of NewRiver's formation in 2009, the commercial property market in the UK had undergone a significant downward capital price adjustment since the mid-2007 peak, presenting the opportunity to invest selectively at attractive yields and through capital structures with less debt finance than had been used throughout the sector in the period running up to 2007.

NewRiver was one of the first new specialist property companies to emerge from the banking crisis and resulting recession. From its origins, the Group has consistently rolled out its strategy across the UK retail sector to build a high quality portfolio, deliberately targeting the over-sold regions, that is, those where the asset values have fallen to a level below where, in the opinion of the Directors, their potential, or true, value resides.

Following NewRiver's IPO in September 2009, the management team immediately set about building a platform from which it would be possible to increase scale, including recruiting further key members to the team. By the time of the publication of its first set of annual results as a public company in June 2010, NewRiver had signed a joint venture with investment capacity of up to £250 million and recorded some £60 million of property acquisitions (for itself and its joint venture).

Then, as now, NewRiver concentrated on quality stock selection (believing that income would be a key driver in post-2007 sector returns), tenant diversity and a good geographical spread to the portfolio. By focusing on assets with a higher yield and good cash flow characteristics and by bringing together a highly experienced team, NewRiver was able to build a very strong operation in the 12 to 24 months following its IPO, providing the platform to grow to the business it is today. As at 31 March 2016, the Group's share of its investment property assets under management was approximately £973.3 million with the capital value of its total investment property assets under management being approximately £1.1 billion.

NewRiver has grown from its first single acquisition to owning 33 shopping centres across the UK, further retail assets across the UK and a portfolio of 356 public houses with retail and mixed-use development opportunities. The portfolio totals approximately 8 million square feet with almost 2,000 occupiers, an annual footfall of 150 million and a retail occupancy rate of 97 per cent. (as at 30 June 2016).

The Group develops a detailed business plan for any asset or portfolio of assets prior to making a decision on an acquisition. In particular, NewRiver assesses the strength of tenants' trading histories, the affordability of rent and other occupational costs, current and future supply constraints on retail property in the area and the likelihood of continued occupier demand for space. These criteria are also kept under constant review.

As well as considering asset specific criteria, the Group considers retail assets in the context of the development of its overall portfolio, for example, regional balances and weighted average lease length.

The investment process has also supported more entrepreneurial developments such as the public house portfolio acquisitions where strong cashflow characteristics and development upside within a focused real estate strategy for the assets has generated significant opportunity for Shareholders.

As well as focusing on initial stock selection, NewRiver seeks to enhance Shareholder returns through active asset management and risk-controlled development. In the financial year ended 31 March 2016, 235 leasing events were completed at an average of 5.1 per cent. above ERV. As at 30 June 2016, NewRiver's development pipeline stood at approximately 1.6 million square feet, giving significant capital uplift potential within the Group's total return strategy, which has played a significant role in driving its total return targets forward.

The NewRiver team also regularly assesses potential upside opportunities in trading out of assets which have been acquired and repositioned and recycling capital into new opportunities. Since the Company was first floated in 2009, NewRiver has disposed of properties with a gross value of approximately £106 million.

NewRiver actively manages its portfolio and regularly assesses the relative rates of return available from existing properties, potential development activities and potential acquisitions. Properties are sold where the Group can generate a higher rate of return from an alternative use of the capital and where the disposal price is considered by management to be attractive to NewRiver or if the risk profile changes.

The UK held a referendum on its continued membership of the European Union on 23 June 2016, the result of which was a majority vote in favour of the UK's exit from the European Union. The political, economic, legal and social consequences of this decision, and the exact timing for the triggering by the UK government of the formal process for negotiating the UK's exit from the European Union, as well as the potental ultimate outcome of such negotiations, are uncertain at the current time and may remain uncertain for some time to come. The longer term potential for there to be a further referendum on Scottish independence is also exacerbating the immediate effects of the Referendum Result.

Such potentially prolonged uncertainty and the potential negative economic trends that may follow, for example a fall in GDP and a significant and prolonged devaluation of sterling, could have a material adverse effect on the Group's business, financial position and/or results of operations, including the availability and cost of finance for investment and development activity, consumer spending in its shopping centres and other properties, tenants' ability to service rental costs, tenants' willingness to enter into long-term commitments, an increase in construction and other development costs potentially impacting on the viability of development activities, investment flows into real estate in the UK and the valuation of real estate in the UK. In relation to the latter, there is a paucity of empirical data relating to transaction pricing and commercial property valuations since the Referendum Result which makes it difficult to assess the impact it may have on property values generally and the valuation of the Group's property portfolio specifically over the medium term (for further information in respect of which, see the paragraph headed "Effect of UK Referendum on Continued Membership of the European Union (23 June 2016)" under the heading "Valuation" in the valuation report set out in Part 4 of this document). There can therefore be no certainty at this stage on the severity or complexity of any negative trends affecting the Group's business, assets and the valuation of its property portfolio following the Referendum Result.

However, against the background of the uncertainty created by the Referendum Result, the Group operates a conservative financial model and, as at 31 March 2016, had a LTV ratio of 27 per cent. and a strong interest cover ratio at over four times. In addition, the Group:

- has strong relationships with a wide range of lending banks;
- has no major debt facilities in excess of £50 million with a term of less than 2 years outstanding;
- benefits from a weighted average lease length of over seven years (excluding the public house portfolio);

- has a broad spread of tenants with the largest 12 tenants accounting for approximately 25 per cent. of rental income and (excluding the Group's public house portfolio) no single retailer representing more than three per cent. of the Group's rental income;
- has a geographically diverse investment property portfolio; and
- engages regularly with its tenant base through its active asset management programme.

Whilst the Group cannot be immune to any economic downturn related to the Referendum Result, the NewRiver Holdco Directors consider that the Group's conservative business model and spread of assets and income, as set out above, should make it relatively well-positioned over the medium to long term.

2. History and development

NewRiver was initially incorporated with limited liability in Guernsey in June 2009 as a Registered Closed Ended Investment Scheme, a structure commonly used at that time by new property companies applying for admission to trading on AIM and to listing on the Channel Islands Stock Exchange.

On 22 November 2010, the Company converted to REIT status bringing it into line with the structure of many of the more mainstream listed UK property businesses and thus potentially widening its investor appeal in the UK and overseas. REITs are required to distribute at least 90 per cent. of the income from their property rental businesses as dividends and this is a structure which sits well alongside NewRiver's focus on income-producing assets and the importance of income in total returns from real estate in the current market conditions.

In December 2012, NewRiver and BRAVO I established the first of a number of joint ventures (each in the form of a Jersey property unit trust) for the purpose of acquiring, managing and maximising the cash flow and value of appropriate retail properties satisfying the relevant joint venture's investment criteria. The first such acquisition was a portfolio consisting of five shopping centres totalling approximately one million square feet in area located in Leamington Spa, Cowley, Hull, Bridlington and Kilmarnock, which was acquired simultaneously with the inception of the initial joint venture. NewRiver held a 10 per cent. interest in this initial joint venture and BRAVO I held the remaining 90 per cent. interest.

In July 2013, the Group raised £67 million of gross proceeds by way of a firm placing and an additional placing. The proceeds were deployed on standalone acquisitions, joint ventures and co-investments and, in November that year, following its delisting from the Channel Islands Stock Exchange in October, the Group announced that it had exchanged contracts to acquire a portfolio of 202 public houses from Marston's Plc ("**Marston's**") for a total consideration of £90 million with the intention of converting a significant number of them for retail use. The acquisition was undertaken via a joint venture with BRAVO II in which NewRiver held a 50 per cent. interest. In connection with the acquisition, Marston's entered into a minimum four-year term leaseback agreement to manage and operate the portfolio as public houses.

In February 2014, the Group raised £85 million of gross proceeds by way of a firm placing and an additional placing, the proceeds of which were deployed for the purposes of the Group's continuing investment programme. In April the same year, the Group announced that The Co-operative Group Limited had signed a conditional agreement to lease from the Group a significant element of the Marston's public house portfolio comprising 54 new convenience stores (extended to 63 in September 2014 and subsequently reduced to 45 in January 2016).

In May 2014, on application by NewRiver, the Guernsey Financial Services Commission ("**GFSC**") agreed to revoke the declaration of NewRiver as a registered closed-ended collective investment scheme pursuant to The Registered Collective Investment Scheme Rules 2008 on the basis that it was a general commercial trading company no longer having the attributes of a collective investment scheme at which point NewRiver ceased to be subject to the supervision of the GFSC.

In August 2014, the Group announced the disposal of the Bramley Shopping Centre in Leeds for £18.5 million and the acquisition of a portfolio comprising the Priory Meadow Shopping Centre, Hastings;

Abbeycentre, Newtownabbey; and the Avenue Shopping Centre, Newton Mearns for £140 million. The latter was acquired through the BRAVO II joint venture, with the Group taking a 50 per cent. stake.

In January 2015, the Group raised £75 million of gross proceeds by way of a placing for the purposes of acquiring the 90 per cent. not already owned by it of its first joint venture with BRAVO I for consideration of £71 million. The acquisition was completed shortly following completion of the placing. In July the same year, the Group raised £150 million of gross proceeds by way of a placing to fund the acquisitions of the 50 per cent. stakes not already owned by it in a further two joint ventures with BRAVO II for an aggregate consideration of £52 million, with the remaining proceeds to be used for the Group's near term acquisition and development pipeline (including the acquisition of the Ramsay portfolio of 13 retail warehouses for an aggregate consideration of £69 million). Both of the above acquisitions were completed in July 2015.

In August 2015, the Group announced that it had exchanged contracts to acquire a portfolio of 158 public houses from Punch Taverns for an aggregate consideration of £53.5 million and, in January 2016, the Group raised £150 million of gross proceeds to fund its pipeline of acquisition and development opportunities.

In April 2016, the Group announced that it had completed the acquisition of Broadway Shopping Centre and Broadway Square Retail Park, Bexleyheath, for £120 million and had won the Property Week Property Company of the Year award, one of the most prestigious awards in the UK property sector, which recognises companies that demonstrate significant growth, innovation and financial success.

In June 2016, the Group announced that it had completed the acquisition of Cuckoo Bridge Retail Park, Dumfries for £20.2 million.

Dividends form an important part of total returns for NewRiver Shareholders. Since its IPO, NewRiver has paid total dividends of 88 pence per NewRiver Share in line with its policy of paying a growing, progressive, fully covered dividend. With effect from the financial year commencing 1 April 2014, the Company commenced the payment of quarterly dividends, a policy which provides a regular source of income for Shareholders and an attractive cashflow return profile.

3. The UK retail real estate market

3.1 *Introduction*

The Group is a UK real estate business. Its investment property portfolio currently focuses on shopping centres (66 per cent. of the Group's total investment property assets under management by value as at 31 March 2016), retail warehouses (12 per cent. of the Group's total investment property assets under management by value as at 31 March 2016), public houses (15 per cent. of the Group's total investment property assets under management by value as at 31 March 2016) and high street (four per cent. of the Group's total investment property assets under management by value as at 31 March 2016). As at 31 March 2016, the Group also had development assets representing three per cent. of the Group's investment property assets under management by value.

The NewRiver Holdco Directors consider that there are certain regional, lot size and asset specific criteria which are key to operating successfully in the UK real estate market, particularly with respect to the shopping centre and retail warehouse real estate elements of the market, and the Group adopts a similar business plan in both of those sub-sectors, focusing specifically on convenience and everyday shopping and leisure activities.

The information set out below provides (i) an overview of the UK property market and retail property within that; (ii) the Group's own assessment of the UK shopping centre market; (iii) a short commentary on the UK public house industry; (iv) a discussion on capital value, yields and transaction values against a historical context; and (v) the main macro factors affecting UK real estate market.

The recovery in the market and rent sustainability have played a significant role in the returns generated following the financial crisis of 2008.

At this point in the UK property cycle, and given the uncertainties created by the Referendum Result, the NewRiver Holdco Directors, in seeking to generate relative return outperformance, believe it would be inappropriate to focus on simple yield compression and capital value uplifts. Well-acquired assets producing sustainable income and well-executed asset management and risk-controlled development strategies represent the current focus of the Group's business plan, with the intention being that the implementation of such strategies should support increased rent roll and longer term uplifts in capital value.

3.2 *Overview of the UK real estate market*

UK retail real estate market

The UK retail property market is broad and diverse, owned and managed by a mixture of institutional managers, listed entities, corporations and private individuals and enterprises. The IPD Index is a recognised source of data on the UK property industry, with a market index size of approximately £202 billion. The IPD data set commenced in 1981 and categorises real estate by sub-sectors and produces performance data across these, as illustrated below:

MSCI IPD All Property Sectors	*Capital Value (£bn) (as at December 2015)*	*Income Return (% per annum)*	*Capital Growth (% per annum)*	*Total Return (Annualised 1981 to 2015)*
All Property	202.0	6.4	2.6	9.2
All Retail	85.5	5.9	3.4	9.6
All Office	56.7	6.5	2.2	8.8
All Industrial	34.0	8.0	2.3	10.5

Source: IPD Annual Property Digest 1981 to 2015

Retail is by far the largest and most influential sector, representing 42.3 per cent. of the index. For the period from 1981 to 2015, the annualised total return for All Retail was 9.55 per cent., outperforming the full index by 3.6 per cent.

The UK retail market by spend is valued at approximately £380 billion. The market may also be considered in the context of retail spending at the different categories of retail destination or point of sale. CACI splits the UK retail market into four categories for the purposes of such analysis: (i) Town Centre and Neighbourhood; (ii) Out of Town (Food); and (iii) Catalogue/TV/Internet:

Retail Destination Categories	*Estimated Percentage of Retail Sales Spend*
Town Centre and Neighbourhood	62%
Out of Town (Food)	21%
Catalogue/TV/Internet	17%
Total	100%

Source: CACI

In the context of the overall retail market, the table above illustrates the continued dominance of Town Centre and Neighbourhood as a platform for retail spend.

3.3 *The UK shopping centre and retail warehouse market*

Shopping Centre Market

Over the past 10 years, the UK shopping centre market has had an annual average real estate transaction value of approximately £3.9 billion. The NewRiver Holdco Directors do not consider the Group's target areas of operation to be a homogenous, single market, but rather a large number of inter-linked sub-markets, defined by offer, convenience, competition and size and influenced by a dynamic occupational market that adapts to constantly changing patterns of occupier demand and consumer behaviour.

The market is also affected by the availability of a wide range of capital and borrowing. The Group has developed and operates a proprietary database of shopping centres in the UK, detailing characteristics and ownership. A summary of trading volume, yields, number of transaction and size is set out below:

GLOBAL PRICE SPLITS

YEAR	*2006*	*2007*	*2008*	*2009*	*2010*	*2011*	*2012*	*2013*	*2014*	*2015*
PRICE £M	£5,331	£5,397	£1,723	£2,092	£3,501	£4,067	£2,675	£4,247	£5,553	£4,658
YIELD %	4.91%	4.96%	6.45%	7.01%	6.51%	6.46%	6.53%	6.82%	6.30%	6.30%
#	85	77	24	21	55	65	35	70	77	71
<£10M	£73	£43	£34	£13	£86	£62	£27	£60	£92	£52
£10-£25M	£394	£353	£71	£37	£168	£323	£115	£343	£380	£227
£25M-£50M	£433	£598	£114	£167	£295	£428	£159	£465	£303	£586
£50M-£100M	£1,578	£1,269	£393	£530	£908	£863	£687	£678	£612	£1,265
£100M-£150M	£770	£239	£216	£100	£748	£532	£266	£458	£1,067	£834
>£150M	£2,083	£2,897	£896	£1,245	£1,297	£1,860	£1,421	£2,243	£3,098	£1,694
TOTAL	£5,331	£5,397	£1,723	£2,092	£3,501	£4,067	£2,675	£4,247	£5,553	£4,658

Source: Company Estimates/Data

Retail Warehouse Market

The retail warehouse sector within the UK accounts for over 180 million square feet of lettable space across 1,550 schemes and individual solus units. This includes both fashion and leisure parks on the edge of most town centres and 100,000 square feet DIY stores. Over 900 different tenants trade from retail warehouse parks across the UK, with Curry's/PC World, Halford's, Argos and Carpetright the tenants most frequently found on such parks. The sector continues to prosper with limited new space being developed and 32 of the top 50 tenants increasing their retail park floor space over the past year.

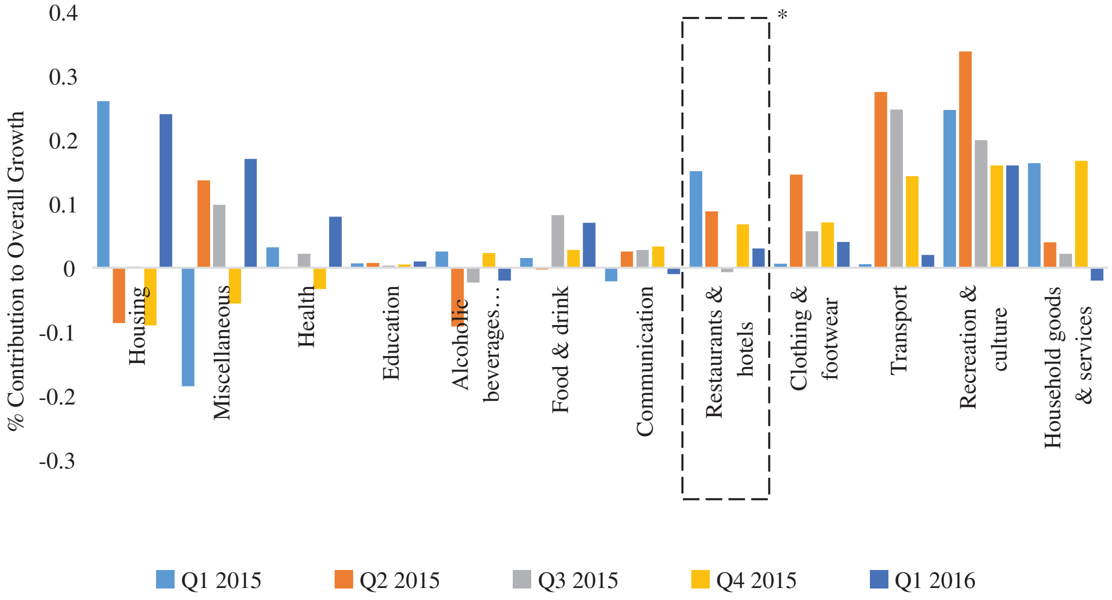
3.4 *The UK public house market*

The public house and brewing sector has undergone a number of structural changes following the break-up of the estates of the six larger, national brewers which accounted for 75 per cent. of beer production and just over 50 per cent. of public house ownership. The disposal programme which followed that break-up helped create major, new independent public house operating businesses such as Enterprise Inns, Spirit and Punch Taverns. Medium-sized and smaller brewers such as Greene King, Marston's, McMullen and Fullers have regularly bought and sold public houses in the intervening period.

Despite a regular decline in the number of public houses and consumption of beer, a series of positive factors still support the sector. The out-of-home UK leisure market is worth close to £150 billion per annum. Industry research shows that public houses remain the top weekly leisure activity for UK consumers. The industry has sought to adapt to demographics and competition by seeking to attract more female and family customers, by improving its food offering and by offering an entertainment package including live sports.

The Office of National Statistics produces quarterly data which includes a volume measure which provides an estimate of the amount of goods and services purchased by UK households. The 2015 Q4 ONS Consumer Trend report stated that household spending in volume terms increased by 2.8 per cent. in 2015 compared with 2014, which was the highest annual growth in volume terms since 2007. In each quarter since the third quarter of 2014, volume spending has exceeded the previous high recorded in the fourth quarter of 2007. The chart below shows the contribution to growth in household spending in volume terms for each quarter of 2015 and the first quarter of 2016 by category.

Contribution to Overall Quarterly Growth in Household Spending by Product



* *Includes public houses.*

Source: ONS Quarterly Consumer Trends, seasonally adjusted

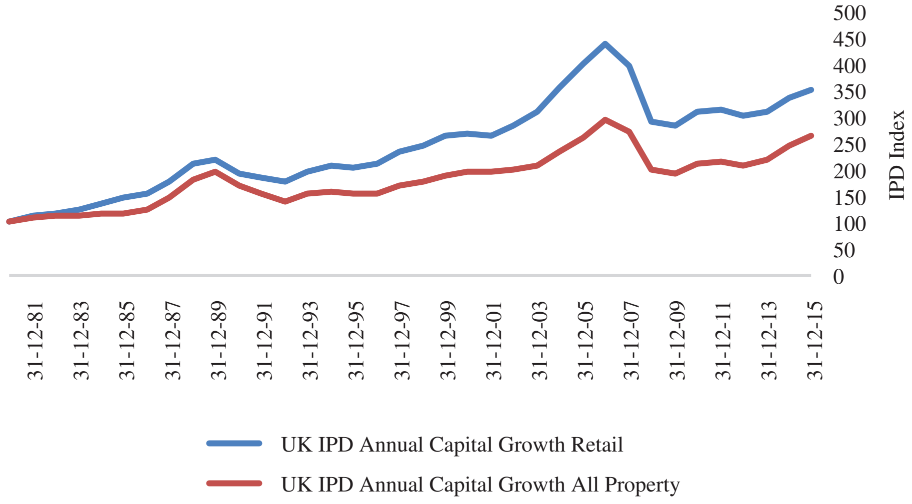
Expenditure in the restaurants and hotels category, which includes expenditure in public houses (including meals, alcohol, snacks and drinks), contributed to volume growth in four of the last five quarters and was the fourth largest contributor (after recreation and culture, transport and household goods and services) to growth in the amount of goods and services purchased by households during 2015 compared with 2014.

As with retail property, the NewRiver Holdco Directors consider it too simplistic to view the public house business as one homogenous market in the UK. Through a selective portfolio acquisition policy, the Group is seeking to generate a total return through rental income received from its leaseback arrangements with Marston's and LT Management (a specialist public house operator which operates public houses the Group acquired from Punch Taverns) and conversion of some public houses or surplus land and space to alternative uses such as retail and/or housing in areas where there is a clear local supply shortfall. The Group does not act as an operator of public houses itself. See paragraphs 10.5 to 10.7 of Part 7 of this document for further information in relation to the Group's public house management and operating arrangements with LT Management and Marston's.

3.5 ***Trends in capital value, yields and transaction volumes***

The table below shows the long term movement in the capital value of UK property as a whole and UK retail property according to IPD.

IPD UK Capital Growth All Property & Retail Property

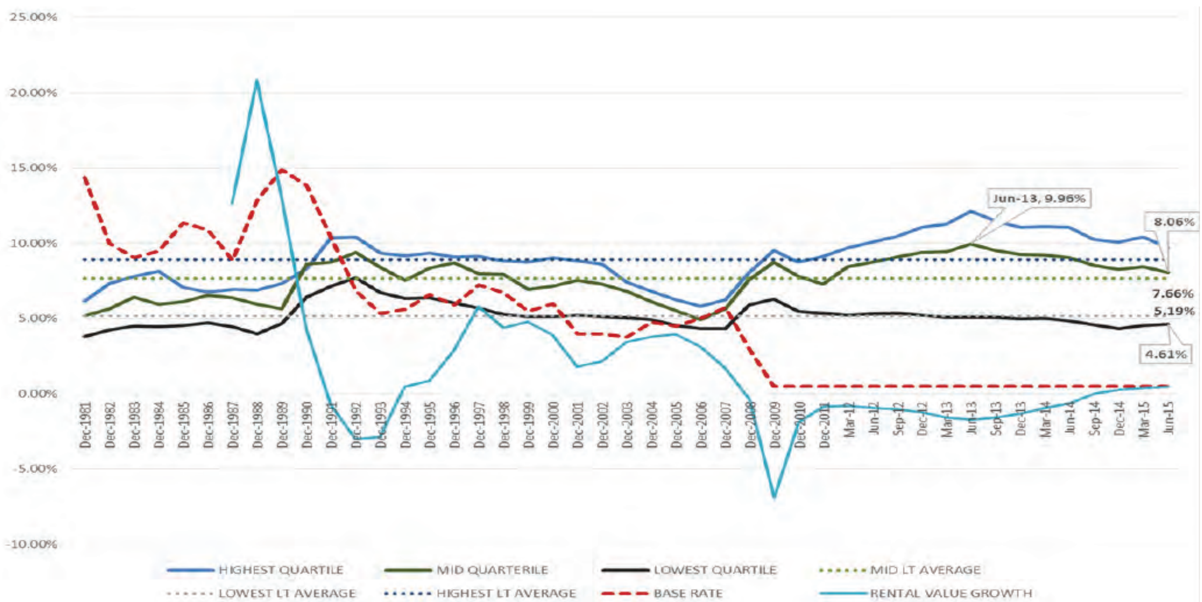


Source: MSCI IPD

From its calendar year end peak at 31 December 2006, the IPD UK Capital Growth Retail Property Index fell by some 36 per cent. to its trough at 31 December 2009. A period of recovery has followed but the NewRiver Holdco Directors believe that it is difficult to be precise about the current prospects for capital growth in the post-Referendum Result environment.

The graph below illustrates the movement in shopping centre net initial yields between 1981 and 2015.

IPD Shopping Centre Net Initial Yields



Source: MSCI IPD

The Group continues to target transaction activity in the shopping centre area in the transaction value range of £10 million to £150 million at net initial yields in the range of six to 10 per cent.

Since its IPO in September 2009, the Group acquired a number of shopping centre assets at net initial yields of between seven to nine per cent., not dissimilar to current target acquisition prices and against a background of a 311 bps compression in the IPD shopping centre yield index. The Group has a valuable niche position in a focused area of real estate investment which is aligned with the Group's acquisition profile and with the Group's management's real estate investment expertise. This has enabled the Group to build a significant portfolio. In terms of the development of the UK property cycle, as capital growth becomes more difficult to achieve, the NewRiver Holdco Directors believe that there will be an increased focus by investors on rental growth and income return facets which are a strong feature of the Group's portfolio (thus giving the potential for improved capital values over the longer term).

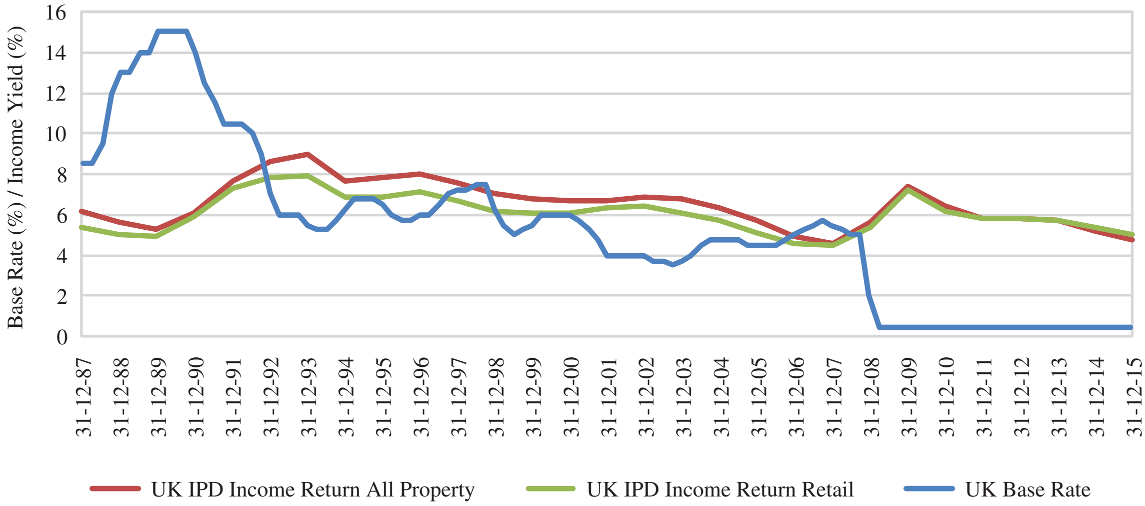
The UK retail and leisure property market is also affected by the impact of macro-economic conditions and changing consumer spending and shopping habits on retailers and operators.

3.6 ***Macro-economic factors***

Interest rates and borrowing levels

Rental income margins over borrowing costs are currently attractive in the UK in absolute terms and against the historical position:

UK Base Rate v IPD All Properties Income Return v IPD Retail Properties Income Return



Source: Bloomberg 5 April 2016. Note: All Property and Retail Returns are on an annual basis, in contrast to the Base Rate which is on a quarterly basis

The table above sets out the annual income return for the IPD All Properties and IPD Retail Properties indices in the period 31 December 1987 to 31 December 2015 (being the latest date prior to the publication of this document for which annual figures with regards to these indices have been compiled). Having remained constant at 0.5 per cent. between March 2009 and July 2016, on 4 August 2016, the Monetary Policy Committee of the Bank of England lowered the UK base rate to 0.25 per cent.

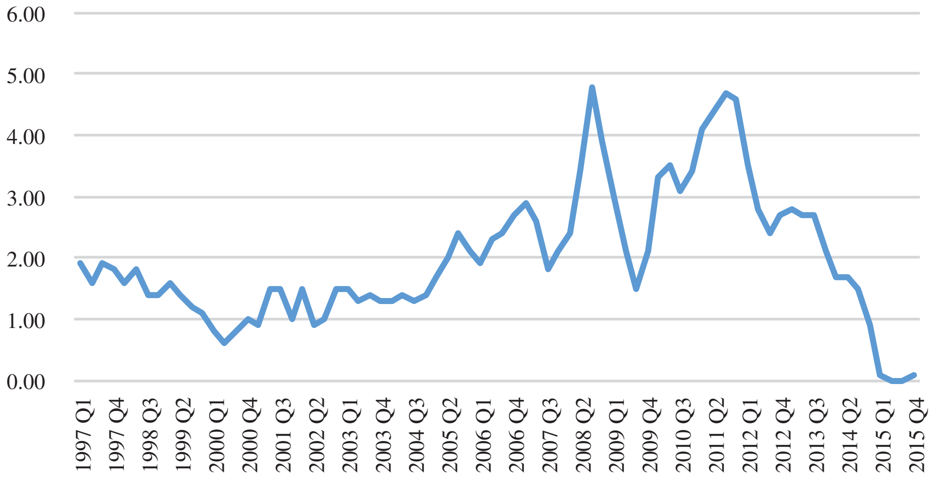
Borrowing costs have been assisted by the low levels of official interest base rates and by the volume of financial capital willing to lend against UK property assets. Many commentators now point to the reduction in borrowing costs either slowing or having bottomed out.

With borrowing levels in many instances at lower than 50 per cent. LTV, the UK property industry as a whole is better positioned to cope with a rise in borrowing costs than in previous cycles where higher gearing prevailed.

UK Consumer Outlook

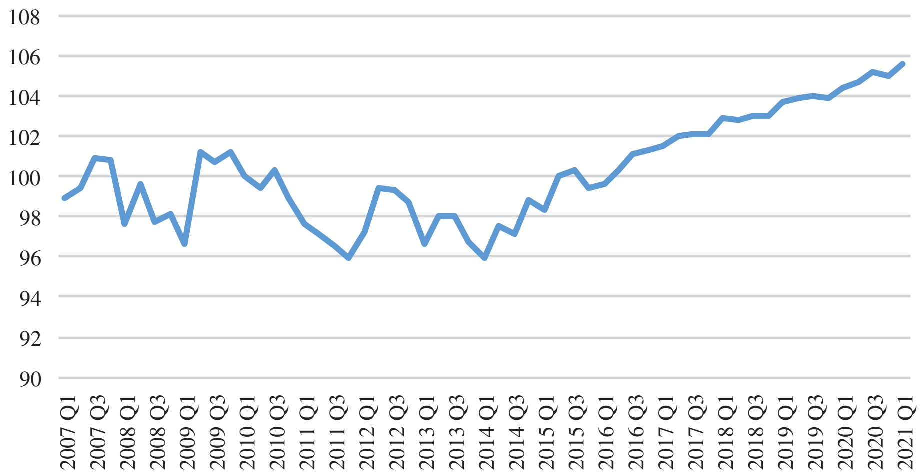
In the period since NewRiver's admission to AIM in 2009, improvements in inflation, unemployment and oil prices, in combination with consistently low interest rates, have positively influenced UK consumer confidence. Over the same period, the property market has, itself, also recovered.

Historic CPI Inflation (%)



Source: Office for Budget Responsibility CPI Inflation

Real Household Disposable Income Per Capita



Source: Office for Budget Responsibility real household disposable income per capita, March 2016 Forecast, 2010Q1 = 100

Against this positive economic backdrop, 2016 has so far seen a cautious interpretation of the prospects for the UK economy generally and for retailers, in particular due to the uncertainty in the run-up to, and following, the Referendum, amongst other economic factors. This more cautious interpretation of the UK economy is likely to influence UK consumer confidence, which according to a one-off survey conducted by GfK to reflect post-Referendum Result sentiment, showed the sharpest decline in consumer confidence in 21 years.

These factors may continue to affect the potential to achieve rental growth over the medium to long term. In March 2016, the Office for Budget Responsibility had forecast average annual UK GDP growth of 2.1 per cent. between 2016 and 2020. Following the Referendum Result, in July 2016, the results of a survey of external forecasters conducted by the Bank of England confirmed that respondents to the survey, on average, believed that four quarter GDP growth would slow in the year to the third quarter of 2017 to 0.5 per cent., before increasing to 1.9 per cent. by the end of the third quarter of 2019.

NewRiver's prospects are ultimately affected by consumer spending but, by concentrating on assets which serve everyday shopping needs, the NewRiver Holdco Directors believe that it operates in a relatively defensive part of the UK real estate market.

4. Key strengths

The Directors believe the Group's key strengths include the following:

- ***A differentiated approach:*** Since 2009, NewRiver has consistently purchased assets which the NewRiver Holdco Directors believe are attractive assets which meet its target return criteria. Whilst net initial yields on acquisition have tightened since 2009 in a number of real estate areas, the NewRiver Holdco Directors believe its regional and lot size focus, acquisition skills, reliability as a transaction counterparty and combined asset management and development skills have left the Group well-positioned to continue to carve out a distinct position in UK real estate which allows it to meet its return targets.

- ***A highly experienced management team:*** The Group has a highly experienced and entrepreneurial senior management team with extensive experience in property and capital markets. With over 100 years of combined experience in the property industry, the senior management team have managed businesses and assets through the property cycle and across several of the sub-sectors of the real estate industry. Four of the key members of the senior management team have worked together at NewRiver since 2009, the year of its formation.

- ***A scalable, efficient operating platform:*** NewRiver's operating structure provides a sound platform around which to continue to grow the business. NewRiver has achieved significant operating efficiencies since its IPO on AIM in September 2009 and has grown its operating platform in a measured way, calculated to support a significantly larger business in the future.

- ***Focused business plan, aligned with return on investment objectives and total shareholder returns:*** NewRiver has had, and continues to have, a strong focus on higher yielding retail assets, capable of producing strong cash flows which, on an efficient operating platform and within a REIT structure, it translates into quarterly dividends for Shareholders. Active asset management, selective development and measured, opportunistic acquisitions provide capital uplift opportunities.

- ***Rigorous execution on acquisitions and asset management:*** A rigorous business and asset management/development plan analysis underpins every acquisition, focusing on the quality of the real estate itself, tenant profile, affordability of rents, geographic profile and potential for growth in rental income and capital value, hence seeking to avoid reliance on market yield compression to generate target returns.

- ***A high quality, income producing portfolio with potential for capital uplift over the longer term:*** As at 31 March 2016, the Group's share of its total investment property assets under management was approximately £973.3 million and the capital value of its total investment property assets under management was approximately £1.1 billion. The Group's portfolio is geographically diversified and has a good spread of high quality tenants. Rental and related income was some £54.6 million during the year to 31 March 2016 and average lease length stood at 7.2 years. As at June 2016, some 1.6 million square feet were under development or in the development pipeline, which included the £76 million regeneration of The Martlets, Burgess Hill, and also the many convenience stores being developed across the Group's public house portfolio.

5. Overview of the Group's principal activities

The Group has built a substantial portfolio of assets in the period since its IPO in September 2009. As at 31 March 2016, it owned or managed a UK-wide portfolio of 32 shopping centres, 21 retail warehouses, a portfolio of 358 public houses with retail and mixed-use development opportunities and a small number of high street retail assets. As at 31 March 2016, the Group's share of its total investment property assets under management was approximately £973.3 million and the capital value of its total investment property assets under management was approximately £1.1 billion.

5.1 ***Shopping centres***

The Group specialises in retail and leisure real estate with an emphasis on convenience and non-discretionary spending. For its core shopping centre portfolio, the Group is particularly attracted to retail assets which serve everyday non-discretionary household spending needs. The Group's retail portfolio is focused on convenience spend, primarily so called top-up shopping of the "little and often" variety. The Directors believe that such real estate assets should continue to offer attractive investment opportunities at present given, amongst other things, attractive net initial yields at current acquisition prices, sustainable income streams and the potential for longer term capital growth through active asset management and risk-controlled development initiatives.

The Group develops a detailed business plan for any asset or portfolio of assets prior to making a decision on an acquisition. In particular, NewRiver assesses the strength of tenants' trading histories, the affordability of rent and other occupational costs, current and future supply constraints on retail property in the area and the likelihood of continued occupier demand for space. These criteria are also kept under regular review.

As well as considering asset specific criteria, the Group considers shopping centres in the context of the development of its overall portfolio, for example, regional balances and weighted average lease length.

The experience of the Group's management team in real estate across the United Kingdom and their knowledge of the national and local retailer base assists in identifying and executing opportunities with assets outside of more competitive areas such as the South East as well as opportunistic purchases within the South East which fit with the Group's target acquisition criteria. The Group also targets towns with an under-representation of food retail.

The Group has a clear investment strategy focused on driving income returns and unlocking value through active asset management and risk-controlled development and enjoys strong relationships with many of the UK's leading food, value and discount retailers. The dynamic nature of the UK retail sector will see major participants in the sub-sectors pursuing different real estate strategies at any one time. This allows an active asset manager, such as NewRiver, to operate on a national basis and bring its knowledge of larger tenants with national businesses to local property markets.

A summary of the Group's top 10 shopping centres in terms of valuation (as at 31 March 2016, save for The Broadway Shopping Centre and Broadway Square Retail Park, which are as at 30 June 2016) is set out below:

Location	*Centre*	*Size (Sq. ft.)*	*Valuation (£ million)*	*Units*	*Key Tenants*
Bexleyheath	The Broadway Shopping Centre and Broadway Square Retail Park	525,000	100 – 150	107	Marks & Spencer, H&M, Boots
Darlington	Cornmill Shopping Centre	240,000	50 – 100	73	Next, Costa, TK Maxx
Middlesbrough	Hill Street Shopping Centre	240,000	50 – 100	64	Marks & Spencer, Primark, Debenhams
Hastings	Priory Meadow Shopping Centre	290,000	50 – 100	63	Marks & Spencer, H&M
Newtownabbey	The Abbey centre	270,000	25 – 50	86	Dunnes, Next, Primark
Cowley	Templars Square Shopping Centre	290,000	25 – 50	97	Co-op, Iceland, Wilko
Hull	Prospect Shopping Centre	270,000	25 – 50	45	Wilko, Boots, Iceland
Llanelli	St Elli Shopping Centre	160,000	25 – 50	27	Asda, Poundland, Argos

Location	*Centre*	*Size (Sq. ft.)*	*Valuation (£ million)*	*Units*	*Key Tenants*
Cardiff	The Capitol Centre	170,000	25 – 50	65	EasyGym, Boots, Tesco
Skegness	Hildreds Shopping Centre	80,000	10 – 25	34	Home Bargains, Wilko, Superdrug

Note: The Newtownabbey, Middlesbrough and Hastings shopping centres are held in joint ventures.

The Group benefits from a diverse roll of tenants in its core shopping centre portfolio, as illustrated in the table below, which sets out the Group's top 15 tenants across its core shopping centre portfolio by gross income as at 30 June 2016:

No.	*Retailer*	*Number of Stores*	*Gross Income (£m per annum)**	*Percentage of Total Gross Income (%)*
1.	Poundland Limited	22	2.12	2.67
2.	Boots	22	1.98	2.50
3.	Wilkinson Hardware Stores Limited	8	1.94	2.44
4.	Primark Stores Limited	6	1.94	2.44
5.	NewLook Retailers Limited	16	1.71	2.15
6.	Superdrug Stores plc	16	1.52	1.92
7.	B&M Retail Limited	9	1.47	1.85
8.	Asda Stores Limited	6	1.34	1.69
9.	Sainsbury's Supermarkets Limited	3	1.34	1.68
10.	Poundstretcher Limited	9	1.33	1.68
11.	TK Maxx	5	1.29	1.62
12.	Argos Limited	14	1.22	1.54
13.	DSG Retail Limited	5	1.12	1.41
14.	Peacocks Stores Limited	13	1.02	1.29
15.	WH Smith Retail Holdings Limited	12	1.02	1.28

* *Gross income excludes income from public house portfolio, car parking and mall income.*

As at 31 March 2016, shopping centres represented approximately 66 per cent. of the Group's total investment property assets under management by value.

5.2 *Retail warehouses*

Following a detailed review of the potential in this retail real estate sub-sector, NewRiver began an investment programme, acquiring £45.3 million of retail warehouses in the 12 month period to 31 March 2015. The majority of these assets were acquired off-market at a blended net initial yield of 8.7 per cent., with an average rent per square foot of £10.

The Group increased its exposure to the retail warehouse segment of retail property in July 2015 with the acquisition of a portfolio of 13 assets for £69 million. This represented a net initial yield of 8.0 per cent. at acquisition. The portfolio comprised nine value-led retail parks and four development sites, with approved planning consents. The portfolio currently comprises 462,916 square feet of lettable space, let to 35 tenants including TK Maxx, Argos, Poundstretcher, B&M, Matalan and Boots.

The Group applies the same approach to acquisitions in this area as it does with shopping centres and the asset management skills of an experienced shopping centre owner can help in driving income and longer term capital value uplifts in retail warehouse properties.

NewRiver continues to target investments in this segment, typically with underlying rents of less than £15 per square foot, let to strong covenants, in a capital value range typically up to £30 million. For the most part, these will include properties with active asset management potential allowing value to be added through the re-gearing of leases, letting of vacant units and/or extensions and development. The Group has experienced good tenant demand for this type of asset from the discount and value retailers in the right locations.

A summary of the Group's top 10 retail warehouses in terms of valuation (as at 31 March 2016, save for the Cuckoo Bridge Retail Park, which is as at 30 June 2016) is set out below:

Location	*Warehouse*	*Size (Sq. Ft.)*	*Valuation*	*Units*	*Key Tenants*
Dumfries	Cuckoo Bridge Retail Park	130,000	10 – 25	7	Homebase, Dunelm
Blackburn	Blackburn Retail Park	110,000	10 – 25	9	Ice Rink, Halford's, Mothercare
Kendal	South Lakeland Retail Park	70,000	10 – 25	6	Next, Currys/PC World
Bradford	Enterprise 5 Retail Park	100,000	10 – 25	12	Wickes, Poundland, Pets at Home
Hull	Clough Road Retail Park	100,000	10 – 25	4	Currys/PC World, Go Outdoors
Coalville	Coalville Retail Park	60,000	5 – 10	5	B&M, Poundstretcher, Ponden Mill
Barry	Waterfront Retail Park	70,000	5 – 10	5	Poundstretcher, Pets at Home, Halford's
Wrexham	Mount Street Retail Park	50,000	5 – 10	3	Eurocarparts, Matalan
Liverpool	The Speke Retail Park	40,000	5 – 10	4	TK Maxx, Iceland
Leeds	Kirkstall Retail Park	20,000	5 – 10	2	Boots, Matalan

As at 31 March 2016, retail warehouses represented approximately 12 per cent. of the Group's total assets under management by value.

5.3 ***Public house portfolio***

The Group's analysis of retail property assets and opportunities led it to conclude that public house portfolio acquisitions had the potential to deliver strong cash-on-cash returns and capital growth through asset management and risk-controlled development. In pursuit of its strategy, the Group has made two significant public house portfolio acquisitions since 2013.

In November 2013, the Group acquired 202 public houses from Marston's for £90 million in an off-market transaction with a view to building new convenience stores, utilising existing car park space, developing sites for residential use and realising value from a residual public house operating estate.

Subsequently, the Group acquired 158 public houses from Punch Taverns in August 2015 for a purchase price of £53.5 million, equivalent to a 13.6 per cent. net initial yield. The estimated re-investment value of the estate is £146 million.

As part of the agreed terms of the acquisition of the public house portfolio from Marston's, Marston's entered into a minimum four year term leaseback agreement with a corresponding four year term management agreement (which agreement NewRiver may extend for a further year at its option only) during which time it will continue to manage and operate the portfolio as public houses. Marston's also agreed to pay annual rent of £12.2 million, reflecting a net initial yield of 12.8 per cent. on the purchase price. Further information relating to these arrangements is set out in paragraph 10.5 of Part 7 of this document.

In April 2014, an agreement for lease was entered into with The Co-operative Group Limited to lease over 54 new convenience stores from the Group's public house portfolio (extended to 63 in September 2014 and susequently reduced to 45 in January 2016).

The combined portfolio is spread throughout the UK with approximately one third being located in Yorkshire, Humberside and the North East, one third being located in the South West, the South East and the East of England and one third being located in Wales, the Midlands and the North West, providing significant potential to realise value on development.

As stated above, the Board intends to generate additional value from the portfolio by building convenience stores or residential units on surplus land. Some case studies illustrating how the Group has executed this conversion strategy are summarised below:

Location	*Commentary*
Old Sal, Longton, Stoke-on-Trent	Completed a new 4,173 square foot store of which The Co-Operative took possession in December 2015
Red Lion, Marford, Wrexham	A new 4,121 square foot store of which The Co-Operative took possession in May 2016
Bellringer, Stoke on Trent	Consent for two new residential dwellings has been given, while retaining the existing public house
White Lion, Telford	Consent for two new residential dwellings has been given, while retaining the existing public house

As at 31 March 2016, public houses represented approximately 15 per cent. of the Group's total assets under management by value.

As at the Latest Practicable Date, the Group had submitted 50 planning applications for convenience store developments and 35 applications for residential developments in respect of the portfolio.

5.4 ***Joint ventures***

The Group has in the past used, and may in the future use, joint venture and other co-ownership structures to effect acquisitions. Since 2009, eight joint ventures have been entered into of which five are still in existence. The assets owned through such joint ventures represented approximately 24.1 per cent. of the Group's total investment property assets under management by value as at 31 March 2016. All eight joint ventures were established for the purpose of acquiring retail assets identified by the NewRiver management team. Of the eight joint ventures, seven have been with either BRAVO I or BRAVO II.

The Group manages the investments held by these joint ventures and is not a passive investor or a passive property business. All joint ventures are entered into on the basis that the Group's target investment criteria are met and that operational management of the assets rests with NewRiver. As with its own assets, in relation to each asset to be acquired by a joint venture, NewRiver will produce a tailored business and asset development/management plan in order to be able to maximise returns and so as not to be reliant on yield compression to produce improved returns. More recently, the Group has bought out its joint venture partners' interests in a number of the joint ventures, thereby moving to a position where it is able to consolidate 100 per cent. of the respective properties' cash flows into the Group's consolidated income.

As stated above, the Group currently holds five joint venture investments. NewRiver manages the property assets held in all of the joint ventures and is paid a basic investment management fee and a performance fee, in addition to its investment returns from all five joint ventures.

The table below summarises the Group's current joint venture portfolio:

Trust Name	*% Holding*	*JV Partner*	*Current Properties*
NewRiver Retail Property Unit Trust No.2	50	Subsidiary of BRAVO II	The Hill Street Shopping Centre, Middlesbrough
NewRiver Retail Property Unit Trust No.5	50	Subsidiary of BRAVO II	Priory Meadow Shopping Centre, Hastings

Trust Name	*% Holding*	*JV Partner*	*Current Properties*
NewRiver Retail Property Unit Trust No.6	50	Subsidiary of BRAVO II	Abbeycentre, Newtownabbey
NewRiver Retail Property Unit Trust No.7	50	Subsidiary of BRAVO II	The Avenue Shopping Centre, Newton Mearns
NewRiver Retail Investments LP	50	Morgan Stanley Real Estate Investing	Albert Square Shopping Centre, Widnes; 2-10 Myrtle Road, East Ham; The Packhorse Centre, Huddersfield; 9-11 Regent Street, Wrexham

The historic three joint venture investments that the Group has purchased and now wholly owns are summarised below:

Trust Name	*Date wholly acquired*	*Details*	*Current Properties*
NewRiver Retail Property Unit Trust No.1	14 January 2015	Acquired 90 per cent. stake of joint venture from a subsidiary of BRAVO I Fund LP for £71 million	The Promenades, Bridlington; Templar's Square, Cowley; The Prospect Centre, Hull; Regent Court, Leamington Spa; Burns Mall, Kilmarnock
NewRiver Retail Property Unit Trust No.3	21 July 2015	Acquired 50 per cent. stake of joint venture from a subsidiary of BRAVO II for £23 million	St Elli Centre, Llanelli; Cloucester Green, Oxford; Le Porte Precint, Grangemouth; The Beacon Centre, North Shields; Newkirkgate, Leith
NewRiver Retail Property Unit Trust No.4	21 July 2015	Acquired 50 per cent. stake of joint venture from a subsidiary of BRAVO II for £29 million	Marston's portfolio of 202 public houses with retail and residential conversion and development potential

5.5 ***Developments***

5.5.1 *Shopping Centres, Retail Warehouses and High Street*

Risk-controlled development is one of the key methods by which the Group enhances the value of its portfolio. Its risk-controlled development programme is focused on creating value from the Group's portfolio to deliver capital value to NewRiver Shareholders through mixed-use development projects which may be retail or mixed use depending on the particular asset. The Group seeks to de-risk its developments wherever possible through long-dated pre-lets, tight cost control and working with experienced partners and consultants on projects ranging from small yet critical unit amalgamation to turnkey town-centre regeneration developments and the Group has made significant progress with this programme, submitting 62 planning applications and receiving 24 consents during the financial year ended 31 March 2016 as well as completing a number of development projects. A summary of the Group's ongoing development projects is set out below.

Asset/Location	*Asset Type*	*Development Update*
Canvey	Retail warehouse	A planning application for the development of five new retail warehouse units and a drive-through pod was submitted in May 2016 which will together create an additional 62,000 square feet of retail space.
Clough Road, Hull	Retail warehouse	Successfully secured planning consent to allow for the amalgamation of two existing units to create a single 30,000 square feet unit.
Fareham	Retail warehouse	Negotiations are ongoing with the council for the creation of a 24,000 square feet food store (potentially with residential flats above) on the site of an existing car park.
Former TJ Hughes Department Store, Boscombe	High street	Entered into a pre-application dialogue with Bournemouth City Council to bring forward a comprehensive redevelopment of the asset to include a mixed use retail and leisure development together with a car park upgrade.
Former TJ Hughes Department Store, Romford	High street	Structural re-modelling of former TJ Hughes store to create 13,098 square feet ground floor unit for B&M (opened February 2015) and a planning application submitted to redevelop the upper floors to provide an 84 bed Premier Inn hotel.
Newtownabbey, Belfast	Retail warehouse	Work is in progress on the construction of a 46,000 square feet flagship Next store and an 11,000 square feet extension to create a 34,000 square feet flagship Dunnes store.
Templars Square, Oxford	Shopping centre	Formal pre-application now complete for the £64 million mixed use development of the Group's Templar's Square Shopping Centre. The 230,000 square feet redevelopment will create 225 new residential flats, a new 71 bed Travelodge hotel, improved retail and leisure offerings as well as the modernisation of two multi-storey car parks. A formal planning application will be submitted in August 2016.
The Martlets, Burgess Hill	Shopping centre	A planning application for the proposed £68 million regeneration of Burgess Hill town centre was submitted in October 2015 after successful pre-application discussions with the council. The proposed 465,000 square feet regenerative development will provide a 10-screen multiplex cinema, 63 bed Travelodge, enhanced retail, leisure and restaurant provisions together with 142 residential flats and a new purpose-built library. Planning approval was granted in March 2016.

Asset/Location	*Asset Type*	*Development Update*
Wallsend	Retail warehouse	Following successful completion of phase 1 regeneration in January 2014 which created an additional 50,000 square feet of new retail space/library, work is underway on phase 2 which will deliver an 18,000 square feet store for Aldi and a 1,474 square feet drive-through Burger King, together with a 214 bay car park. Future plans include the creation of an additional 20,000 square feet of retail space.

5.5.2 *Public Houses*

Development activity is a key element of the Group's strategy in relation to its public house portfolio, with particular focus on convenience store conversion and building convenience stores and/or residential development on surplus land.

The Group has made significant progress in the convenience store conversion programme and development, with a total of 49 planning applications submitted for which 24 consents have been achieved.

Additionally, the Group has now successfully completed and handed over its first three convenience stores to the Co-operative Group, the first of which opened for trade in February 2016. The stores were delivered on time and within budget utilising surplus land adjacent to the existing public houses. As at 31 March 2016, the Group had secured planning approval for 26 convenience store sites.

The Group's public house portfolio also offers significant residential development opportunities.

As at the Latest Practicable Date, there are outline applications being prepared on four public house sites to provide 13 residential units.

6. Investment criteria and process

The key investment criteria applied by the Group are:

- targeted geared returns of 12 per cent. or more per annum;
- net initial yields at acquisition in excess of six per cent.;
- annual cash-on-equity returns of at least eight per cent.;
- sustainable rental levels (three per cent. to 10 per cent. of tenants' turnover);
- identifiable asset management and development opportunities;
- realisable exit strategies; and
- acquisition meets both standalone investment criteria and complements the portfolio's geographic and tenant spread.

As a matter of policy, the Group targets debt gearing levels of 40 per cent. at Group level, although, on occasion, lower or higher levels of indebtedness will be considered depending on the specific acquisition and the funding markets at the time. When appraising future acquisition opportunities, the Board will consider the appropriate financing mix on a transaction-by-transaction basis. With the benefit of increased scale, NewRiver may seek to move away from asset-by-asset debt financing and towards corporate facilities with attendant benefits in flexibility and cost.

The Board reviews the exact focus of its investment strategy regularly, with a view to determining whether it needs to be modified or varied in any way.

NewRiver focuses on assets which can generate immediate and attractive cash-on-cash returns, both in its core retail portfolio and in assessing broader opportunities such as its public house portfolio. In making investment decisions, individual assets or portfolios are appraised according to the Group's investment criteria set out above. The NewRiver management team is also mindful of the overall balance of the Group's portfolio including the opportunity to create revenue enhancements and cost efficiencies through scale. The Group's portfolio is well spread geographically throughout the United Kingdom and also benefits from a diversified income base of over 1,840 occupiers.

NewRiver drives the growth of income returns by targeting higher yielding assets with the lowest risk profile through affordable and sustainable income streams and where it has the potential to unlock additional value through its active asset management and risk-controlled development skills. Risk-controlled development continues to play an important role in generating attractive total returns for shareholders and NewRiver's development pipeline currently spans approximately 1.6 million square feet.

On each potential acquisition, the Group undertakes rigorous tenant-by-tenant turnover analysis to ensure the affordability and the sustainability of income streams. Through such due diligence, NewRiver seeks to conduct accurate competitor analysis and identify the existence of a broad and balanced demographic, the convenience and connectivity of the asset and its wider geographic location and the form and functionality of the property.

7. Operating model

The Group's asset management strategy is centred on delivering improvements in nine key operating areas:

7.1 *Rent collection*

NewRiver consistently achieves high rent collection rates. In 2015, the Company installed a new property management software system that allows the finance and asset management teams real time access to the cash position on a tenant-by-tenant basis. The Directors believe that this new system will further improve rent collection efficiency.

7.2 *Rental growth*

NewRiver completed a total of 235 leasing events in the financial year ended 31 March 2016 for which new long-term leasing events were on average 5.1 per cent. above independent valuer's estimated rental value.

7.3 *Property costs*

Maintaining low operational costs for tenant retailers is a fundamental part of the NewRiver business model. Wherever possible, the Group seeks to deliver aggregate reductions in service charges in order to reduce the cost burden on retailers and to assist in securing increased investment into the Group's assets.

7.4 *Property management*

The Group works very closely with its managing agents to scrutinise the operational costs of its assets. Management analyse all areas from compliance and energy, to procurement and community engagement. In terms of procurement, the Group recognises that operational costs remain a key concern of retailers. Through an ongoing review of processes and suppliers, in the majority of cases, overall budgets, at an asset-by-asset level, have remained at the same levels or lower than they were three years ago.

7.5 *Leasing and "legals"*

Successful, efficient leasing is at the core of the Group's business. NewRiver has invested time in maximising the service and quality of its leasing and "legals" process to ensure that consistency and economies of scale are being delivered. One such measure was the Group's introduction of a Model Commercial Lease across the portfolio in April 2015, a document devised by the British Property Federation as a standardised format to create a more efficient leasing process in order to facilitate earlier tenant occupation and income generation. The growing scale of the portfolio has allowed NewRiver to create economies of scale through the completion of portfolio deals with retailers.

7.6 ***Customers***

With a customer-first approach, NewRiver's asset management strategy is research and insight led. CACI consumer surveys demonstrated that, as a result of asset management, the average portfolio dwell time has improved from 31 minutes in 2013 to 43 minutes in 2015. Shoppers visit the Group's centres frequently with a portfolio average of 83 visits per annum, seven more occasions than the average CACI Shopper Dimensions average. Ease of access and parking are important factors for shoppers and the average drive time to the Group's centres is just 12.8 minutes. These key customer metrics demonstrate the high frequency and convenience attraction of NewRiver's strong neighbourhood community shopping centres.

The Group's shopping centres are everyday shopping destinations, places where the UK family spend their weekly budget day-in-day-out with the Group's portfolio average retail spend per visit totalling £27.56, for which the average grocery spend accounts for £17.47 and average catering spend is £6.13. A core opportunity of growth that has been identified is attracting and providing for the modern "click and collect" customer who spends an average £48.69 per visit.

7.7 ***Retail mix***

In the Directors' opinion, optimal retail mix is achieved through more than just a varied choice of shops; it is about extended trading hours, accessibility, the "look and feel" of the store/centre in order to create retail experience, pricing and merchandising. In recognition of changing consumer behaviour and informed by NewRiver's own consumer surveys, the Group has introduced a greater food and beverage offering across its assets to enhance dwell time and experience.

7.8 ***Retailer relationships***

NewRiver regards retailers as partners and seeks to engage both at the corporate and local level to help drive retail sales. The Group invests to improve and modernise the physical environment and seeks to introduce new design, technology and events to ensure footfall growth. Strong relationships result in retail partners sharing turnover and store performance data allowing the NewRiver management team to identify opportunities for growth as well as to remedy pressure points or issues that can be proactively managed.

7.9 ***Marketing, digital and commercialisation***

Shopping centres are more than just retail destinations, they are community hubs, multi-channel event spaces for all ages, gig venues, art galleries, places to meet friends and can provide ideal environments for start-up incubation. In partnership with its retailers, the Group curates a varied programme of family, seasonal and speciality events to help drive footfall, dwell time, loyalty and basket spend. An important part of the Group's marketing strategy is its active engagement with local communities and neighbouring retailers to improve customer experiences.

The integration of digital innovations within the physical environment presents an exciting opportunity for our customers and retailers. The Group has a "bricks'n'clicks" strategy which includes multi-channel communications, "click'n'collect" partnerships with key market players including Amazon (with its Collection Lockers) and free BskyB Cloud WiFi for the Group's shoppers.

Commercialisation is an important income stream for the Group and a platform to offer enhanced shopper experience, customer service and convenience. With 33 shopping centres spread across a wide geographical reach of the UK and a dedicated commercialisation in-house team, the portfolio presents an attractive proposition for brands to leverage national coverage through retail, promotions and advertising.

8. Financial overview

The table below summarises key financial highlights for the three financial years ended 31 March 2016 on a proportionally consolidated basis:

	Year ended 31 March 2016	*Year ended 31 March 2015*	*Year ended 31 March 2014*
Net Property Income	£67.2m	£41.0m	£21.0m
Profit before tax	£69.5m	£39.5m	£23.1m
Investment properties	£973m	£626m	£363m
Cash	£117.5m	£21.1m	£92.6m
Secured debt facilities	£382.6m	£272.5m	£185.5m
Dividends per share	18.5p	17p	16p
EPRA Basic EPS	20.4p	17.6p	12.0p
Basic EPS	39.2p	37.5p	36.0p
NAV	£689.9m	£339.7m	£239.6m
EPRA NAV per share	295p	265p	240p

9. Valuation

The following table summarises the Market Value of the Group's total investment property assets under management as at 31 March 2016, as set out in the valuation report contained in Part 4 of this document:

Type of Property	*No. of Properties Portfolio*	*Aggregate capital value (£)*
Shopping centres	32	733,500,000
Retail warehouses	24	137,110,000
Public houses	358	175,955,000
Other high street retail assets	15	56,535,000
Total	429	1,103,100,000

The valuations above exclude development-related capital expenditure and work-in-progress of approximately £4 million which is included in the value of investment properties in the historical financial information of the Group for the period ended 31 March 2016 set out in Section 2 of Part 5 of this document.

Of the 429 properties with an aggregate Market Value of £1,103,100,000 held as at 31 March 2016 referred to above, eight of those properties were held through five joint ventures in which the NewRiver Group had a 50 per cent. interest. The table below sets out the Market Value of the properties held in each joint venture and apportions the NewRiver Group's share of that Market Value based on its percentage interest in each such joint venture.

Joint Venture	*Market Value of Properties within Joint Venture (£)*	*NewRiver's Percentage Interest in Joint Venture (%)*	*NewRiver's Apportioned Share of Market Value (£)*
NewRiver Retail Property Unit Trust No.2	68,150,000	50	34,075,000
NewRiver Retail Property Unit Trust No.5	61,900,000	50	30,950,000
NewRiver Retail Property Unit Trust No.6	75,000,000	50	37,500,000
NewRiver Retail Property Unit Trust No.7	35,350,000	50	17,675,000
NewRiver Retail Investments LP	25,900,000	50	12,950,000
Total	266,300,000	–	133,150,000

Of the five joint ventures referred to above, the NewRiver Group's apportioned share of the aggregate Market Value above is £133,150,000.

Therefore, on a proportionally consolidated basis (that is, taking into account only the Group's aggregated apportioned share of the aggregate Market Value of the relevant investment properties held through joint ventures in which it has a 50 per cent. interest and including the development-related capital expenditure and work-in-progress referred to above), the Group's apportioned share of the aggregate Market Value of its investment property assets under management as at 31 March 2016 was approximately £973.3 million.

On 18 April 2016, the Group completed the acquisition of the Broadway Shopping Centre, Bexleyheath, with a capital value of £120,250,000 (as at 30 June 2016). In addition, it completed the disposal of two public houses on 8 April 2016 and 6 May 2016, with a capital value of £605,000 and £450,000, respectively, and the acquisition of the Cuckoo Bridge Retail Park, Dumfries, on 21 June 2016, with a capital value of £20,200,000 (as at 30 June 2016).

Valuation certainty following the Referendum Result

Following the Referendum Result, there is expected to be a prolonged period of uncertainty in relation to many factors that impact the property investment and letting markets and it has not been possible to gauge the effect of the Referendum Result by reference to transactions in the market place.

Accordingly, Colliers International Valuation UK LLP has stated in its valuation report set out in Part 4 of this document that the probability of its opinion of value coinciding with the price achieved, were there to be a sale, has reduced and that, therefore, in accordance with VPGA 9.2.6 of the Red Book, less certainty can currently be attached to its opinions of value.

For further information with respect to the valuation of the Group's property portfolio, please see the valuation report set out in Part 4 of this document.

10. Directors and Senior Management

NewRiver has a board of directors headed by a Non-executive Chairman. The NewRiver Board also comprises three independent non-executive directors and three executive directors. The NewRiver Directors are also NewRiver Holdco Directors. Following the Scheme becoming effective and Admission occurring, the NewRiver Non-executive Directors will cease to be directors of NewRiver as it will be an operating subsidiary of NewRiver Holdco.

Conditional upon the Scheme becoming effective, the service agreements of each of the NewRiver Executive Directors will be amended in order that the relevant agreement reflects the revised structure of the Group, the admission of the entire issued and to be issued ordinary share capital of NewRiver Holdco to the Official List of the UK Listing Authority and to trading on the Main Market for listed securities of the London Stock Exchange and any revised duties once the Scheme becomes effective.

Each NewRiver Holdco Non-executive Director has agreed terms of appointment with NewRiver Holdco, as set out in paragraphs 6.13 to 6.16 of Part 7 of this document.

In addition to its board of directors, NewRiver has an executive committee comprising David Lockhart, the Chief Executive Officer; Mark Davies, the Finance Director; Allan Lockhart, the Property Director; and Nick Sewell, member of the Executive Committee, who are responsible for managing and co-ordinating the Group's operations on a day-to-day basis.

A brief biography of each director and each member of the Group's senior management is set out below.

10.1 *Directors*

Paul Roy, *Non-executive Chairman*

Paul Roy has over 40 years' experience in the banking, brokerage and asset management industries. In 2003, he co-founded NewSmith Capital Partners LLP, an independent investment management company which was acquired by Man Group in 2015. Prior to founding NewSmith, he was

Co-President of the Global Markets and Investment Banking division at Merrill Lynch & Co and had responsibility for worldwide Investment Banking, Debt and Equity Markets. Paul joined Merrill Lynch in 1995 when it acquired Smith New Court Plc, a leading market making and brokerage firm on the London Stock Exchange where he was Chief Executive Officer. He joined Smith New Court in 1988, having previously been a Senior Partner in the leading stock broking firm, Citicorp Scrimgeour Vickers.

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

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

Paul chairs the Nomination Committee and is a member of the Remuneration Committee.

David Lockhart, *Chief Executive Officer*

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

Allan Lockhart, *Property Director*

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

Mark Davies, *Finance Director*

Mark Davies is a chartered accountant and has over 20 years' experience in finance, including over 10 years in the UK real estate sector. He started his property finance career with Grant Thornton before joining PKF (now BDO LLP) as a Partner and Head of Real Estate. Prior to joining the Group as Finance Director at the IPO in 2009, Mark was CFO of Exemplar Properties and Finance Director of Omega Land, a £500 million property JV with Morgan Stanley. Mark has experience in many areas of property finance including capital markets, investor relations, debt restructuring, hedging, REITs, convertible loans and originating senior debt on investment and development property.

Chris Taylor, *Senior Independent Non-executive Director*

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

Chris is the Senior Independent Non-executive Director and chairs the Audit Committee. He is also a member of the Remuneration and Nomination Committees.

Kay Chaldecott, *Non-executive Director*

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

Kay chairs the Remuneration Committee and is a member of the Audit and Nomination Committees.

Alastair Miller, *Non-executive Director*

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

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

10.2 ***Senior Management***

Nick Sewell, *Executive Committee Member*

Nick Sewell is a member of the Royal Institution of Chartered Surveyors with over 20 years of retail property experience. Specialising in high street, shopping centre and food store investments, Nick provides investment valuation and strategic advice in respect of property acquisitions and sales. Prior to joining the Group in 2009, Nick spent five years at Dalgleish and then, following its acquisition in 2005, spent four years as a Director in Retail Capital Markets at CB Richard Ellis.

11. Corporate Governance

The NewRiver Board is committed to ensuring that high standards of corporate governance are maintained. The NewRiver Directors are satisfied that NewRiver, as at the date of this document, complies with all relevant principles and provisions of the UK Corporate Governance Code.

On the Scheme becoming effective and Admission occurring, NewRiver Holdco will be required to comply with the Listing Rules and will continue to comply with the UK Corporate Governance Code and relevant institutional shareholder guidelines applying to listed companies.

11.1 ***The Board***

The Board is responsible for leading and controlling the Group and has overall authority for the management and conduct of the Group's business, strategy and development. The Board is also responsible for ensuring the maintenance of a sound system of internal controls and risk management (including financial, operational and compliance controls) and for reviewing the overall effectiveness of systems in place as well as for the approval of any changes to the capital, corporate and/or management structure of the Group.

11.2 ***Board and committee independence***

The UK Corporate Governance Code recommends that at least half the board of directors of a UK listed company, excluding the chairman, should comprise non-executive directors determined by the board to be independent in character and judgment and free from relationships or circumstances which may affect, or could appear to affect, this judgment. The Company regards all of the Non-executive Directors as "independent non-executive directors" within the meaning of the UK Corporate Governance Code and free from any business or other relationship that could materially interfere with the exercise of their independent judgment.

11.3 ***Board committees***

As envisaged by the UK Corporate Governance Code, the Board has established the following committees: an Audit Committee, a Remuneration Committee and a Nomination Committee, each of which is described in further detail below:

Audit Committee

The audit committee of NewRiver comprises, and the Audit Committee of NewRiver Holdco on the Scheme becoming effective and Admission occurring will comprise, the three independent Non-executive Directors of NewRiver or NewRiver Holdco (as applicable): Chris Taylor (chairman of the committee), Kay Chaldecott and Alastair Miller.

The NewRiver Board and the NewRiver Holdco Board are each satisfied that Alastair Miller has recent and relevant financial experience for the purpose of the membership of the Audit Committee. These boards are also satisfied that both Chris Taylor and Kay Chaldecott have appropriate experience, understanding and knowledge of financial, risk and accounting matters to contribute effectively and appropriately to the work of the Audit Committee.

The Audit Committee is responsible for:

- overseeing the Group's relationship with its external auditor;
- making recommendations to the Board in relation to the selection process for the appointment of the external auditor, its remuneration and terms of engagement;
- monitoring the integrity of the half year and annual financial statements before submission to the Board;
- discussing any issues arising from the interim and final audits of the Group;
- reviewing significant financial reporting matters and judgments, with a particular focus on matters of material financial impact on the Group;
- reviewing the effectiveness of the Group's system of internal controls;
- reviewing and monitoring the Group's risk management processes;
- conducting an annual review of the need to establish an internal audit function; and
- monitoring and annually reviewing the auditor's independence, objectivity and effectiveness.

The Audit Committee considers the nature, scope and results of the external auditor's work and reviews, develops and implements policy on the supply of any non-audit services that are to be provided by the external auditor. It receives and reviews reports from the Group's auditors relating to the Group's annual report and accounts and the external audit process. The Audit Committee focuses primarily on compliance with legal requirements, accounting standards and, following the Scheme becoming effective, the Listing Rules and the Market Abuse Regulation and ensuring that an effective system of internal financial and non-financial controls is maintained. The ultimate responsibility for reviewing and approving the annual report and accounts remains with the Board.

The Audit Committee reports its findings to the Board, identifying any matters on which it considers that action or improvement is needed and recommending the appropriate steps to be taken.

Due to its size and the close involvement of the Executive Directors and senior management on a day-to-day basis, the Group does not have an internal audit department. The requirement for a dedicated internal audit function is regularly reviewed by the Audit Committee, as noted above.

The Group has policies for internal control of various key matters and regularly employs an external expert to assess the internal controls and processes, in particular within its finance and accounting procedures. The most recent resulting report concluded that the system of internal controls was appropriate and is of the level which would be expected in an organisation of a similar size.

Remuneration Committee

The remuneration committee of NewRiver comprises, and the Remuneration Committee of NewRiver Holdco on the Scheme becoming effective and Admission occurring will comprise, the three independent Non-executive Directors of NewRiver or NewRiver Holdco (as applicable): Kay Chaldecott (chair of the committee), Chris Taylor and Alastair Miller, and the Chairman, Paul Roy.

The objective of the Remuneration Committee is to implement the remuneration policy of the Group, which is to ensure that Directors and senior managers are rewarded in a way that attracts, retains, motivates and rewards management of the highest quality, aligns Shareholders' and executives' interests and promotes a direct relationship between results and reward, reflecting best practice appropriate to the size and stature of the Group. In doing so, it considers the remuneration of Directors of other specialist property investment companies that it considers to be the Group's peers.

Remuneration and share schemes are designed to encourage Executive Directors and senior managers to align their long-term career aspirations with the long-term interests of the Group, promoting the attainment of both individual and corporate achievements measured against specific criteria. The Executive Directors are encouraged to build up and maintain a shareholding equivalent to one year's salary.

h2glenfern, an independent adviser on executive remuneration, is appointed by the Remuneration Committee to advise it on remuneration, in particular, on the performance measures in its long term incentive plans.

No Director is involved in deciding his or her own remuneration.

The Remuneration Committee's terms of reference also include:

- consideration of the objectives, annual pay and targets for annual bonuses for the Executive Directors;
- reviewing and agreeing changes to the allocation basis for the staff bonus pool;
- reviewing and determining the implementation of the Group's share incentive schemes and the grant and vesting of options and/or awards under such schemes;
- reviewing the Directors' remuneration policy; and
- reviewing any new disclosure requirements as and when they arise.

Nomination Committee

The Nomination Committee of NewRiver comprises, and the Nomination Committee of NewRiver Holdco on the Scheme becoming effective and Admission occurring will comprise, the Chairman, Paul Roy (chair of the committee) and the three independent Non-executive Directors of NewRiver or NewRiver Holdco (as applicable): Kay Chaldecott, Chris Taylor and Alastair Miller.

The principal functions of the Nomination Committee are to:

- operate a formal, rigorous and transparent procedure for the appointment of new Directors to the Board;
- keep under review the composition of the Board, the various committees and their chairmanship;
- review the succession planning requirements of the Group;
- consider the training needs of the Group's employees; and
- evaluate the Board's performance.

12. Employees

As at the Latest Practicable Date, the Group had 50 permanent employees. At the end of the financial periods ended 31 March 2014, 31 March 2015 and 31 March 2016, the Group had 28, 39 and 41 employees (including executive directors), respectively.

PART 3

THE REIT REGIME AND TAXATION

1. Introduction

The summary of the REIT Regime applicable in the UK (the "REIT Regime") below is intended to be a general guide only and constitutes a high-level summary of the Company's understanding of certain aspects of current UK law and HMRC practice relating to the UK REIT Regime, each of which is subject to change, possibly with retrospective effect. It is not an exhaustive summary of all applicable legislation in relation to the REIT Regime. The UK REIT Regime was introduced by the UK Finance Act 2006 and subsequently re-written into Part 12 of CTA 2010.

The Group converted to REIT status with effect from 22 November 2010, and NewRiver is, and the Company will, following the Scheme becoming effective, be, the principal company of a Group REIT for the purposes of the REIT Regime rules.

2. The REIT Regime

The following paragraphs are intended as a general guide only and constitute a high-level summary of the Company's understanding of current UK law and HMRC practice, each of which is subject to change.

They do not constitute advice to any Shareholder, prospective investor in the Company or other person.

2.1 *Overview*

Investing in property through a UK taxable corporate investment vehicle generally has the disadvantage that, in comparison to a direct investment in property assets, some categories of Shareholders effectively suffer tax twice on the same income: first, indirectly, when the vehicle pays UK direct tax on its profits; and secondly when the Shareholder receives a dividend. UK non-tax paying entities, such as UK pension funds, bear tax indirectly when investing through a taxable closed-ended corporate vehicle that is not a REIT in a manner which they would not suffer if they were to invest directly in the property assets.

As part of a REIT Group, UK resident REIT Group members do not pay UK direct taxes on income and capital gains from their "**Qualifying Property Rental Business**" (within the meaning of section 205 of CTA 2009 or an overseas property business within the meaning of section 206 of CTA 2009), but in each case, excluding certain specified types of business (as per section 519(3) of CTA 2010) in the UK and elsewhere; and, non-UK resident REIT Group members with a UK Qualifying Property Rental Business do not pay UK direct taxes on income from their UK Qualifying Property Rental Businesses, provided that certain conditions are satisfied. Instead, distributions in respect of the tax-exempt Qualifying Property Rental Business are treated for UK tax purposes as UK property income in the hands of Shareholders. Further details of the UK tax treatment of Shareholders as a consequence of participation in the REIT Regime are contained in paragraph 12 of Part 7 of this document.

Gains arising in UK resident companies on the disposal of shares in property owning companies may, however, be subject to UK corporation tax. In addition, REIT Group members remain subject to overseas direct taxes in respect of any property rental business carried on outside the UK and UK and overseas direct taxes are still payable in respect of income and gains from the REIT Group's businesses (generally including any property trading business) not included in its Qualifying Property Rental Business (the "**Residual Business**").

Whilst within the REIT Regime, the Qualifying Property Rental Business is "ring-fenced" and treated for UK corporation tax purposes as a separate business from the Residual Business. Accordingly, a loss incurred in the Qualifying Property Rental Business cannot be set off against profits of the Residual Business (and *vice versa*) and cannot be carried forward to set off against any profits arising after the company ceases to be a REIT.

A dividend paid by the Company relating to profits or gains of the Qualifying Property Rental Business of the members of the Group (other than gains arising to non-UK resident members of the Group) is referred to as a "**PID**" or a "**Property Income Distribution**". Other normal dividends paid by the Company (including dividends relating to the Residual Business) are referred to as "**Non-PID Dividends**". Under the REIT Regime, both PIDs and Non-PID Dividends are capable of being satisfied by stock dividends. Further details of the UK tax treatment of Shareholders as a consequence of participation in the REIT Regime are contained in paragraph 12 of Part 7 of this document.

In this Part 3 of this document, references to a company's accounting period are to its accounting period for UK corporation tax purposes. This period can differ from a company's accounting period for other purposes.

2.2 ***Qualification as a REIT***

A group becomes a REIT Group by the principal company serving a notice on HMRC on or before the date from which it wishes to enter the REIT Regime. In order to qualify as a REIT, the REIT Group must satisfy certain conditions set out in Part 12 of CTA 2010. A non-exhaustive summary of the material conditions is set out below. Broadly, the principal company must satisfy the conditions set out in paragraphs 2.2.1 to 2.2.4 and 2.2.6 below and the REIT Group, as a whole, must satisfy the conditions set out in paragraph 2.2.5.

2.2.1 *Company conditions*

The principal company must be a solely UK tax-resident company, admitted to trading on a recognised stock exchange and it must not be an open-ended investment company. The principal company's shares must either be listed on a recognised stock exchange throughout each accounting period or traded on a recognised stock exchange in each accounting period. This listing/traded requirement is relaxed in the REIT Group's first three accounting periods but the REIT Group can benefit from this relaxation only once. The principal company must also not (apart from in circumstances where it is only a close company because it has as a participator an institutional investor as defined in section 528(4A) of CTA 2010) be a "close company" (as defined in Part 10 of CTA 2010 as amended by section 528(5) of CTA 2010) (the "**close company condition**"). In summary, the close company condition amounts to a requirement that the company cannot be under the control of five or fewer participators, or of participators who are directors (and participators for these purposes is defined in section 454 of CTA 2010), subject to certain exceptions. The close company condition is relaxed for the REIT Group's first three years.

An institutional investor includes the trustee or manager of an authorised unit trust (or overseas equivalent), the trustee or manager of a pension scheme, a person acting in the course of a long-term insurance business (or overseas equivalent), a UK REIT or overseas equivalent, a person who cannot be liable for corporation tax or income tax on the grounds of sovereign immunity, a charity, a limited partnership which is a collective investment scheme, a registered social landlord or an open-ended investment company (or overseas equivalent).

Although the Board does not expect the non-close company condition to be breached in the ordinary course of events, there is a risk that the Company may fail to meet this condition for reasons beyond its control. However, under certain circumstances, a breach of the non-close company condition may be disregarded (subject to anti-avoidance) if the reason for the breach is that the Company becomes a member of another REIT Group or that the breach is the result of anything done or not done by a person other than the Company and the Company remedies the breach before the end of the accounting period after that in which the breach began. Loss of REIT status would have a material impact on the tax status of the Company.

2.2.2 *Share capital restrictions*

The principal company must have only one class of ordinary shares in issue. The only other shares it may issue are non-voting restricted preference shares, including shares which would be restricted preference shares but for the fact that they carry a right of conversion into shares or securities in the Company.

2.2.3 *Borrowing restrictions*

The principal company must not be party to any loan in respect of which the lender is entitled to interest which exceeds a reasonable commercial return on the consideration lent or where the interest depends to any extent on the results of any of its business or on the value of any of its assets (subject to exceptions). In addition, the amount repayable must either not exceed the amount lent or must be reasonably comparable with the amount generally repayable (in respect of an equal amount lent) under the terms of issue of securities listed on a recognised stock exchange.

2.2.4 *Financial Statements*

The principal company must prepare financial statements (the "**Financial Statements**") in accordance with statutory requirements set out in Sections 532 and 533 of CTA 2010 and submit these to HMRC. In particular, the Financial Statements must contain the information about the Qualifying Property Rental Business and the Residual Business separately.

2.2.5 *Qualifying Property Rental Business Conditions (including the Balance of Business conditions)*

The REIT Group must satisfy, amongst other things, the following conditions in respect of each accounting period during which the REIT Group is to be treated as a REIT:

(i) the Qualifying Property Rental Business must, throughout the accounting period, involve at least three properties;

(ii) throughout the accounting period, no one property may represent more than 40 per cent. of the total value of all the properties involved in the Qualifying Property Rental Business. Assets must be valued in accordance with IFRS and at fair value when IFRS offers a choice between a cost basis and a fair value basis;

(iii) the income profits arising from the Qualifying Property Rental Business must represent at least 75 per cent. of the REIT Group's total profits for the accounting period (the "**75 per cent. profits test**"). Profits for this purpose means profits calculated in accordance with IFRS, before deduction of tax, and excludes (among other items) realised and unrealised gains and losses on the disposal of property; and

(iv) at the beginning of the accounting period the value of the assets in the Qualifying Property Rental Business must represent at least 75 per cent. of the total value of assets held by the REIT Group (the "**75 per cent. assets test**"). Cash held on deposit and gilts or relevant UK REIT shares are included in the value of assets relating to the Qualifying Property Rental Business for the purpose of meeting the 75 per cent. assets test. Non-cash assets must be valued in accordance with IFRS and at fair value where IFRS offers a choice of valuation between cost basis and fair value.

In addition, the Qualifying Property Rental Business does not include any property which is classified as owner-occupied in accordance with generally accepted accounting practice (subject to certain exceptions).

2.2.6 *Distribution condition*

The principal company of the REIT (which, for the purposes of this Part 3, will, following the Scheme becoming effective, be the Company) will be required (to the extent permitted by law) to distribute to Shareholders (by way of cash or stock dividend), on or before the filing date for the principal company's tax return for the accounting period in question, at least 90 per cent. of the Group's property rental business profits as calculated for tax purposes (broadly, calculated using normal UK corporation tax rules) of the UK resident members of the REIT Group in respect of their Qualifying Property Rental Business and of the non-UK resident members of the REIT Group insofar as they are derived from their UK Qualifying Property Rental Business arising in each accounting period (the "**90 per cent. distribution condition**"). Failure to meet this requirement will result in a tax charge calculated by reference to the extent of the failure, although in certain circumstances where the profits of the period are increased from the amount originally shown in the Financial Statements delivered to HMRC, this charge can be mitigated if an additional dividend is paid within a specified period which brings the amount of profits distributed up to the required level. For the purpose of satisfying the 90 per cent. distribution condition, any dividend withheld in order to comply with the 10 per cent. rule (as described below) will be treated as having been paid.

2.2.7 *Investment in other REITs*

The Finance Act 2013 enacted certain amendments to the REIT Regime rules in order to facilitate investment by REITs in other REITs. The legislation exempts a distribution of profits or gains of the Qualifying Property Rental Business of one REIT to another REIT. The investing REIT is required to distribute 100 per cent. of the distributions to its Shareholders. The investment by one REIT in another REIT will effectively be treated as a Qualifying Property Rental Business asset for the purposes of the 75 per cent. assets condition.

2.3 ***Effect of becoming a REIT***

2.3.1 *Tax exemption*

As a REIT, the REIT Group does not pay UK tax on profits and gains from the Qualifying Property Rental Business. UK tax is still charged in the normal way in respect of the Residual Business.

Corporation tax could also be payable were the shares in a member of the REIT Group to be sold (as opposed to property involved in the Qualifying Property Rental Business). The REIT Group will also continue to pay all other applicable taxes including VAT, stamp duty land tax, stamp duty, PAYE, rates and national insurance contributions in the normal way.

2.3.2 *The Excessive Shareholder rule*

The principal company of a REIT may become subject to an additional tax charge if it pays a distribution to, or in respect of, a person beneficially entitled, directly or indirectly, to 10 per cent. or more of the principal company's dividends or share capital or that controls, directly or indirectly, 10 per cent. or more of the voting rights in the principal company. Shareholders should note that this tax charge only applies where a distribution is paid to persons that are companies or are treated as bodies corporate in accordance with the law of an overseas jurisdiction with which the UK has a double taxation agreement or in accordance with such a double taxation agreement. It does not apply where a nominee has such a 10 per cent. or greater holding unless the persons on whose behalf the nominee holds the shares meet the test in their own right.

This tax charge will not be incurred if the principal company has taken reasonable steps to avoid paying distributions to such a person. HMRC guidance describes certain actions that might be taken to show it has taken such "reasonable steps". One of these actions is to include restrictive provisions in the principal company's articles of association to address this requirement. The NewRiver Holdco Articles (as summarised in paragraph 4 of Part 7 of this document) are consistent with the provisions described in the HMRC guidance.

2.3.3 *Dividends*

When the principal company of a REIT pays a dividend (including a stock dividend), that dividend will be a PID to the extent necessary to satisfy the 90 per cent. distribution condition (and where it relates to profits or gains of the Qualifying Property Rental Business of the members of the Group, other than gains arising to non-UK resident members of the Group). If the dividend exceeds the amount required to satisfy that condition, the REIT may determine that all or part of the balance is a Non-PID Dividend to the extent there are any profits of the current or previous years which derive from activities of a kind in respect of which corporation tax is chargeable in relation to income (for example, profits of the Residual Business). Any remaining balance of the dividend (or other distribution) will generally be deemed to be a PID: first, in respect of the remaining income profits of the Qualifying Property Rental Business for the current year or previous years; and, secondly, in respect of chargeable gains which are exempt from tax by virtue of the REIT Regime. Any remaining balance will be attributed to other Non-PID Dividends.

Subject to certain exceptions, PIDs will be subject to withholding tax at the basic rate of income tax (currently 20 per cent). Further details of the UK tax treatment of certain categories of NewRiver Holdco Shareholder while the Group is in the REIT Regime are contained in paragraph 12 of Part 7 of this document.

If the REIT Group ceases to be a REIT, dividends paid by the principal company may nevertheless be PIDs to the extent they are paid in respect of profits and gains of the Qualifying Property Rental Business that arose whilst the REIT Group was within the REIT Regime.

2.3.4 *Profit: financing cost ratio*

A tax charge will arise if, in respect of any accounting period, the ratio of the REIT Group's income profits (before capital allowances) to financing costs (in both cases in respect of its Qualifying Property Rental Business) is less than 1.25:1. The ratio is based on the cost of debt finance taking into account interest, amortisation of discounts or premiums, periodic payments and receipts relating to certain hedging instruments (and related amortisation of discounts and premiums) and the financing expense implicit in payments made under finance leases. The amount (if any) by which the financing costs exceeds the amount of those costs which would cause that ratio to equal 1.25 (subject to a cap of 20 per cent. of the income profits) is chargeable to corporation tax.

2.3.5 *Certain tax avoidance arrangements*

If HMRC thinks that a member of a REIT has been involved in certain tax avoidance arrangements, it may cancel the tax advantage obtained and, in addition, impose a tax charge equal to the amount of the tax advantage. These rules apply to both the Residual Business and the Qualifying Property Rental Business. In addition, if HMRC considers that the circumstances are sufficiently serious or if two or more notices in relation to the obtaining of a tax advantage are issued by HMRC in a ten year period, it may require the REIT Group to exit the REIT Regime.

2.3.6 *Property development and property trading by a REIT*

A property development undertaken by a member of the REIT Group can be within the Qualifying Property Rental Business provided certain conditions are met. However, if the costs of the development exceed 30 per cent. of the fair value of the asset at the later of: (i) the date on which the relevant company becomes a member of a REIT; and (ii) the date of the acquisition of the development property, and the REIT sells the development property within the three years beginning with the completion of the development, the property will be treated as never having been part of the Qualifying Property Rental Business for the purposes of calculating any gain arising on disposal of the property (and any tax exempt market value deemed disposal of the property or entry to the UK REIT Regime will be ignored). Any gain will be chargeable to corporation tax.

If a member of the REIT Group disposes of a property (whether or not a development property) in the course of a trade, the property will be treated as never having been within the Qualifying Property Rental Business for the purposes of calculating any profit arising on disposal of the property (and any tax exempt market value deemed disposal of the property or entry to the REIT Regime will be ignored). Any profit will be chargeable to corporation tax.

2.3.7 *Movement of assets in and out of the Qualifying Property Rental Business*

In general, where an asset owned by a UK resident member of the REIT Group and used for the Qualifying Property Rental Business begins to be used for the Residual Business, there will be a tax-exempt market value disposal of the asset. Where an asset owned by a UK resident member of the REIT Group and used for the Residual Business begins to be used for the Qualifying Property Rental Business, this will generally constitute a taxable market value disposal of the asset for UK corporation tax purposes, except for capital allowances purposes.

2.3.8 *Joint ventures*

The REIT Regime also makes certain provisions for corporate joint ventures. If one or more members of the REIT Group are beneficially entitled, in aggregate, to at least 40 per cent. of the profits available for distribution to equity holders in a joint venture company and at least 40 per cent. of the assets of the joint venture company available to equity holders in the event of a winding up, that joint venture company (or its subsidiaries) is carrying on a Qualifying Property Rental Business which satisfies the 75 per cent. profits condition and the 75 per cent. assets condition (the "**JV company**") and certain other conditions are satisfied, the principal company may, by giving notice to HMRC, elect for the assets and income of the JV company to be included in the Qualifying Property Rental Business for tax purposes (on a proportionate basis). In such circumstances, the income of the JV company will count towards the 90 per cent. distribution condition and the 75 per cent. profits condition and its assets will count towards the 75 per cent. assets condition (on a proportionate basis).

The REIT Group's share of the underlying income and gains arising from any interest in a tax transparent vehicle carrying on a Qualifying Property Rental Business, including offshore unit trusts or partnerships, should fall within the REIT tax exemption and should also count towards the 75 per cent. profits and assets conditions, provided the REIT Group is entitled to more than 20 per cent. of the profits and assets of the relevant tax transparent vehicle. The REIT Group's share of the Qualifying Property Rental Business profits arising will also count towards the 90 per cent. distribution condition.

2.3.9 *Acquisitions and takeovers*

If a REIT is taken over by another REIT, the acquired REIT does not necessarily cease to be a REIT and will, provided the applicable conditions continue to be met, continue to enjoy tax exemptions in respect of the profits of its Qualifying Property Rental Business and chargeable gains on disposal of properties in the Qualifying Property Rental Business.

The position is different where a REIT is taken over by an acquirer which is not a REIT. In these circumstances, the acquired REIT is likely in most cases to fail to meet the requirements for being a REIT (unless the acquirer qualifies as an Institutional Investor and the REIT's shares continue to be admitted to trading on a recognised stock exchange and are either listed or traded) and will therefore be treated as leaving the REIT Regime at the end of its accounting period preceding the takeover and ceasing from the end of this accounting period to benefit from tax exemptions on the profits of its Qualifying Property Rental Business and chargeable gains on disposal of property forming part of its Qualifying Property Rental Business. The properties in the Qualifying Property Rental Business are treated as having been sold and re-acquired at market value for the purposes of UK corporation tax on chargeable gains immediately before the end of the preceding accounting period. These disposals should be tax exempt as they are deemed to have been made at a time when the acquired REIT was still in the REIT Regime and future chargeable gains on the relevant assets will, therefore, be calculated by reference to a base cost equivalent to this market value. If the acquired REIT ends its accounting period immediately prior to the takeover becoming unconditional in all respects, dividends paid as PIDs before that date should not be re-characterised retrospectively as normal dividends.

3. Excessive Shareholders

3.1 ***The Excessive Shareholder rule***

As noted above, under the REIT Regime, a tax charge may be levied on the principal company of a REIT Group if it makes a distribution to, or in respect of, certain bodies corporate that are beneficially entitled, directly or indirectly, to 10 per cent. or more of the principal company's dividends or share capital or that controls, directly or indirectly, 10 per cent. or more of the voting rights in the principal company (an "**Excessive Shareholder**").

This tax charge will not be incurred if the principal company of the REIT Group (in this case and following the Scheme becoming effective, the Company) has taken "reasonable steps" to avoid such a distribution being paid.

The NewRiver Holdco Articles contain relevant provisions intended to give the Board the powers it needs to demonstrate to HMRC that "reasonable steps" have been taken to avoid making distributions to Excessive Shareholders.

The NewRiver Holdco Articles contain a special article for this purpose (the "**REIT Provisions**"), in line with HMRC guidance and recommendations.

3.2 ***Summary of the REIT Provisions***

The REIT Provisions:

(a) provide the Directors with powers to identify the Company's Excessive Shareholders (including giving notice to a Shareholder requiring it to provide such information as the Directors may require to establish whether or not it is an Excessive Shareholder);

(b) provide the Directors with powers to prohibit the payment of dividends on NewRiver Holdco Shares that form part of an Excessive Shareholding, unless certain conditions are met;

(c) allow dividends to be paid on NewRiver Holdco Shares that form part of an Excessive Shareholding where the Shareholder has disposed of its rights to dividends on its NewRiver Holdco Shares;

(d) seek to ensure that if a dividend is paid on NewRiver Holdco Shares that form part of an Excessive Shareholding and arrangements of the kind referred to in the preceding paragraph are not met, the Excessive Shareholder concerned does not become beneficially entitled to that dividend; and

(e) provide the Directors with powers if certain conditions are met, to require (i) an Excessive Shareholder; or (ii) a Shareholder who has not complied with a notice served in accordance with the power referred to in paragraph (a) above; or (iii) a Shareholder who has provided materially inaccurate or misleading information in relation to the Excessive Shareholder provisions of the NewRiver Holdco Articles, to dispose of such number of their NewRiver Holdco Shares as the Directors may specify, or to take such other steps as will cause the Directors to believe that the Shareholder is no longer an Excessive Shareholder.

The effect of the REIT Provisions is explained in more detail below.

3.3 ***Identification of Excessive Shareholders***

The share register of a company records the legal owner and the number of ordinary shares they own but does not identify the persons who are beneficial owners of the ordinary shares or are entitled to control the voting rights attached to the ordinary shares or are beneficially entitled to dividends.

Accordingly, the REIT Provisions require an Excessive Shareholder and any registered Shareholder holding shares on behalf of an Excessive Shareholder to notify the Company if his interest in the Company forms part of an Excessive Shareholding. Such a notice must be given within two business days.

The REIT Provisions give the Board the right to require any person to provide information in relation to their shareholding in order to determine whether the NewRiver Holdco Shares form part of an Excessive Shareholding. If the required information is not provided within the time specified (which is seven days after a request is made or such other period as the Board may decide), the Board is entitled to withhold dividends.

3.4 ***Preventing payment of a dividend to an Excessive Shareholder***

The REIT Provisions provide that a dividend may not be paid on any NewRiver Holdco Shares that the Board believes may form part of an Excessive Shareholding unless the Board is satisfied that the Excessive Shareholder is not beneficially entitled to the dividend.

If in these circumstances payment of a dividend is withheld, the dividend will be paid subsequently if the Board is satisfied that:

(a) the Excessive Shareholder concerned is not beneficially entitled to the dividends;

(b) the shareholding is not part of an Excessive Shareholding;

(c) all or some of the NewRiver Holdco Shares and the right to the dividend have been transferred to a person who is not, and does not thereby become, an Excessive Shareholder (in which case, the dividends will be paid to the transferee); or

(d) sufficient NewRiver Holdco Shares have been transferred (together with the right to the dividends) such that the NewRiver Holdco Shares retained are no longer part of an Excessive Shareholding (in which case the dividends will be paid on the retained NewRiver Holdco Shares).

For this purpose, references to the "**transfer**" of a NewRiver Holdco Share include the disposal (by any means) of beneficial ownership of, control of voting rights in respect of and beneficial entitlement to dividends in respect of, that NewRiver Holdco Share.

If the Directors decide that payment of a distribution should be withheld pursuant to the REIT Provisions, they must notify the relevant Shareholder in writing within five business days.

3.5 ***Payment of a dividend where rights to it have been transferred***

The REIT Provisions provide that dividends may be paid on the NewRiver Holdco Shares that form part of an Excessive Shareholding if the Board is satisfied that the right to the dividend has been transferred to a person who is not, and does not thereby become, an Excessive Shareholder and the Board may be satisfied that the right to the dividend has been transferred if it receives a certificate containing appropriate confirmations and assurances from the Excessive Shareholder. The Directors may require that any such certificate is copied or provided to such persons as they may determine, including HMRC.

If the Board believes a certificate given in these circumstances is or has become inaccurate, then it will be able to withhold payment of future dividends (as described above). In addition, the Board may require an Excessive Shareholder to pay to the Company the amount of any tax payable (and other costs incurred) as a result of a dividend having been paid to an Excessive Shareholder in reliance on the inaccurate certificate. The Board may require a sale of the relevant NewRiver Holdco Shares and retain the amount claimed from the proceeds.

Certificates provided in the circumstances described above will be of considerable importance to the Company in determining whether dividends can be paid. If the Company suffers loss as a result of any misrepresentation or breach of undertaking given in such a certificate, it may seek to recover damages directly from the person who has provided it. Any such tax may also be recovered out of dividends to which the Excessive Shareholder concerned may become entitled in the future.

The effect of these provisions is that there is no restriction on a person becoming or remaining an Excessive Shareholder provided that the person who does so makes appropriate arrangements to divest itself of the entitlement to dividends.

3.6 ***Trust arrangements where rights to dividends have not been disposed of by an Excessive Shareholder***

The REIT Provisions provide that if a dividend is in fact paid on NewRiver Holdco Shares forming part of an Excessive Shareholding (which might occur, for example, if an Excessive Shareholding is split among a number of nominees and is not notified to the Company prior to a dividend payment date), the Excessive Shareholder shall pay the amount of such tax payable (and other costs incurred) in connection with the recovery of such amount. In such circumstances, the Excessive Shareholder may nominate two or more persons (who are not Excessive Shareholders) to be the beneficiaries of the trust. The persons nominated as the beneficiary could be the purchaser of the NewRiver Holdco Shares if the Excessive Shareholder is in the process of selling down their holding so as not to cause the Company to breach the Excessive Shareholder rule. If the Excessive Shareholder does not nominate anyone within twelve years, the dividend concerned will be held on trust for the Company.

If the recipient of the dividend passes it on to another without being aware that the NewRiver Holdco Shares in respect of which the dividend was paid were part of an Excessive Shareholding, the recipient will have no liability as a result. However, the Excessive Shareholder who receives the dividend should do so subject to the terms of the trust and as a result may not claim to be beneficially entitled to those dividends.

3.7 ***Mandatory sale of Excessive Shareholdings***

The REIT Provisions also allow the Board to require the disposal of NewRiver Holdco Shares forming part of an Excessive Shareholding if:

(a) an Excessive Shareholder has been identified and a dividend has been announced or declared and the Board has not been satisfied that the Excessive Shareholder has transferred the right to the dividend (or otherwise is not beneficially entitled to it);

(b) there has been a failure to provide information requested by the Board; or

(c) any information provided by any person proves materially inaccurate or misleading.

In these circumstances, if the Company incurs a charge to tax as a result of any one of these events, the Board may, instead of requiring the Shareholder to dispose of the NewRiver Holdco Shares, arrange for the sale of the relevant NewRiver Holdco Shares and for the Company to retain from the sale proceeds an amount equal to any tax so payable.

3.8 ***Takeovers***

The REIT Provisions do not prevent a person from acquiring control of the Company through a takeover or otherwise, although, as explained above, such an event may cause the Company to cease to qualify as a REIT.

3.9 ***Other***

The REIT Provisions also give the Company power to require any Shareholder who applies to be paid dividends without any tax withheld to provide such certificate as the Board may require to establish the Shareholder's entitlement to that treatment.

4. Exit from the REIT Regime

The principal company of the REIT Group may give notice to HMRC that it wants to leave the REIT Regime at any time. The Board retains the right to decide that the REIT Group should exit the REIT Regime at any time in the future without the consent of Shareholders if it considers this to be in the best interests of the Group at such time.

If the REIT Group (or a member of the REIT Group) voluntarily leaves the REIT Regime within ten years of joining and disposes of any property or other asset that was involved in its Qualifying Property Rental Business within two years of leaving, any uplift in the base cost of any property held by the Company as a result of the deemed disposal on entry into and deemed disposal and re-acquisition at market value on exit from the REIT Regime (or as a movement from the Qualifying Property Rental Business to the Residual Business) is disregarded in calculating the gain or loss on the disposal.

It is important to note that it cannot be guaranteed that the Company or the Group will comply with all of the REIT conditions and that the REIT Regime may cease to apply in certain circumstances. HMRC may require the Group to exit the REIT Regime for a number of reasons, including that:

(a) it regards a breach of the conditions relating to the REIT Regime, or an attempt to obtain a tax advantage, as sufficiently serious; or

(b) the Group or the Company have committed a certain number of breaches of the conditions in a specified period; or

(c) HMRC has given members of the Group two or more notices in relation to the obtaining of a tax advantage within a ten year period of the first notice having been given.

In addition, if the conditions for REIT status relating to the share capital of the principal company and the prohibition on entering into loans with abnormal returns are breached or the principal company ceases to be UK resident, becomes dual resident or an open-ended company, it will automatically lose REIT status. Where the Group automatically loses REIT status or is required by HMRC to leave the REIT Regime within ten years of joining, HMRC has wide powers to direct how it is to be taxed, including in relation to the date on which the Group is treated as having exited the REIT Regime.

Shareholders should note that it is possible that the Group could lose its status as a REIT as a result of actions by third parties (for example, in the event of a successful takeover by a company that is not a REIT, unless the acquirer qualifies as an Institutional Investor and the REIT's shares continue to be admitted to trading on a recognised stock exchange and are either listed or traded) or other circumstances outside the Group's control.

PART 4

PROPERTY VALUATION REPORT

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The Directors
NewRiver REIT plc
37 Maddox Street
London
W1S 2PP

Liberum Capital Limited
Level 12
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25 Ropemaker Street
London
EC2Y 9LY

15 August 2016

Dear Sirs,

NEWRIVER RETAIL LIMITED

INTRODUCTION

In accordance with our terms of engagement, Colliers International Valuation UK LLP (hereafter referred to as either the "**Valuer**" or "**we**") have considered the Properties which are currently within the ownership of NewRiver Retail Limited (hereafter referred to as "**NewRiver**") and which, following completion of the Scheme (as defined below), will be held by NewRiver REIT plc (hereafter referred to as "**NewRiver Holdco**" or the "**Company**") and its group of companies (together hereafter referred to as the "**NewRiver Group**") in order to provide our opinion of their Market Value, as at 31 March 2016 or, where indicated, 30 June 2016.

This report (hereafter the "**Report**") has been prepared for inclusion in the prospectus prepared for the purposes of EU Directive 2003/71/EC (hereafter the "**Prospectus Directive**") and comprising the prospectus given in compliance with the listing rules made under section 73A of the Financial Services and Markets Act 2000 by the UK Listing Authority (hereafter the "**Prospectus**"). The Prospectus is being published in connection with the insertion of NewRiver Holdco as the new parent company at the head of the NewRiver Group, to be implemented by way of a scheme of arrangement under Part VIII of The Companies (Guernsey) Law, 2008, as amended (hereafter the "**Scheme**") and the subsequent admission to listing of the entire issued and to be issued ordinary share capital of NewRiver Holdco to the premium segment of the Official List of the UK Listing Authority and to trading on the London Stock Exchange's Main Market for listed securities.

We are pleased to report as follows:

STATUS OF VALUER AND CONFLICTS OF INTEREST

We confirm that the valuations have been made in accordance with the appropriate sections of the RICS Professional Standards ("**PS**"), RICS Global Valuation Practice Statements ("**VPS**") and the UK Valuation Standards ("**UKVS**").

The International Valuation Standards Council ("**IVSC**") publishes and periodically reviews the International Valuation Standards ("**IVS**"), which set out internationally accepted, high level valuation principles and definitions. These have been adopted and supplemented by the Royal Institution of Chartered Surveyors ("**RICS**"), and are reflected in RICS Valuation Professional Standards January 2014 (the "**Red Book**"). Thus, the RICS considers that a valuation that is undertaken in accordance with the Red Book will also be compliant with IVS.

The properties have been valued by R D Barrett BSc MRICS, J C A Shorthouse BSc FRICS and R N Francis BSc MRICS who each fall within the requirements as to competence as set out in PS 2.3 of the RICS Valuation – Professional Standards (Incorporating the International Valuation Standards) January 2014 prepared by the Royal Institution of Chartered Surveyors and who are all valuers registered in accordance with the RICS Valuer Registration Scheme ("**VRS**"). In order to comply with these Valuation Standards our files may be subject to monitoring by the RICS.

We confirm that we have undertaken the valuations in the capacity of External Valuer.

Although a portfolio, the Properties have been valued as individual assets.

The Capital Markets department of Colliers International was involved in the sale of the Ramsay Portfolio and the Property in Morecambe to NewRiver in November 2015 and December 2014, respectively. In addition, Colliers International advised NewRiver in connection with the acquisition of 158 of the public house assets referred to in this Report in September 2015.

We confirm that the valuers comply with the requirements of independence and objectivity under PS 2.4 and that, save as set out above, we have no conflict of interest in acting on behalf of the Company in this matter.

ASSUMPTIONS AND SOURCES OF INFORMATION

An assumption as stated in the glossary to the Red Book is a 'supposition taken to be true' ("**Assumption**"). Assumptions are facts, conditions or situations affecting the subject of, or approach to, a valuation that, by agreement, need not be verified by a Valuer as part of the valuation process. In undertaking our valuations, we have made a number of Assumptions and have relied on certain sources of information. Where appropriate, the Company has confirmed that our Assumptions are correct so far as they are aware. In the event that any of these Assumptions prove to be inaccurate or incorrect then our valuation should be reviewed.

The Assumptions we have made for the purposes of our valuations are referred to later in this Report.

We have relied upon the information provided to us by the Company and its professional advisers.

We have assumed that the information provided is accurate and that we have been supplied with all the information that has a material effect upon the value of the Properties.

Furthermore, we have assumed that any information supplied can, if necessary, be verified. Should any of the information provided be found to be inaccurate or incomplete there could be a variation in value.

BASIS OF VALUE

The basis of the valuation for the purpose of the rules of the Financial Conduct Authority made under Part VI of the Financial Services and Markets Act 2000 in relation to offers of securities to the public and to trading on a regulated market (the "**Prospectus Rules**") is to be on the same basis as adopted by the Company for accounting purposes. For the purposes of an accounts valuation undertaken for the NewRiver Group effective on 31 March 2016, we have adopted Fair Value (IFRS 13) as the appropriate basis of valuation which is defined in the RICS Valuation – Professional Standards (January 2014) as:

"The price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date."

The basis of value for the FCA Listing Rules is Market Value. We have adopted Market Value ("**MV**") as the appropriate basis of valuation which is defined in the RICS Valuation – Professional Standards (January 2014) as:

"The estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's-length transaction after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion."

We would note the following from the Red Book:

"The references in the IFRS 13 to market participants and a sale make it clear that for most practical purposes the concept of Fair Value is consistent with that of Market Value and so there would be no difference between them in terms of the valuation figure reported."

We are of the opinion that the Fair Value is similar to the Market Value in each case.

THE PROPERTIES

The properties ("**Properties**") comprise a portfolio of 429 retail and public house properties, located throughout the United Kingdom.

The retail Properties are generally held as investments although there are some parts of some Properties which are currently vacant and non-income producing.

The public house Properties are generally fully equipped operational entities, let or occupied under a variety of occupational leases, tenancies and agreements, although there are some public house Properties which are currently vacant. There are seven public house Properties which are currently closed. 45 of the public house Properties are subject to conditional lease agreements to the Co-Operative Group with the intention for part or all of the demise to be converted or developed into convenience stores.

The Properties were all inspected close to the date of their acquisition and between 5 September 2014 and 30 March 2016 by suitably qualified surveyors and continue to be inspected, at least triannually, on a rolling programme.

AREAS

We have not measured the Properties and neither have we undertaken the measurement of any land sites. As instructed, we have relied upon the floor areas provided by the Company and its professional representatives. We have assumed these to be correct, and that they have been assessed and calculated in accordance with local market practice.

REPAIR

We have not carried out building surveys of the Properties, neither have we tested the drains nor service installations in the buildings as this was outside the scope of our instructions. Where we have noted defects or items of disrepair during the course of our inspections, they have been reflected in our valuation.

Our valuations have regard to any building survey reports that have been provided to us. In most instances, this is limited to reports that were prepared by various other building surveyors at the time of acquisition of the Properties.

ENVIRONMENTAL MATTERS

We have not carried out any soil, geological or other tests or surveys in order to ascertain the site conditions or other environmental conditions of the Properties. In many cases, we have been provided with copies of reports that have been prepared at the time of acquisition. With regard to the other Properties, unless we have been informed to the contrary, we have assumed that there are no unusual ground conditions, contamination, pollutants or any other substances which may be environmentally harmful.

STATUTORY REQUIREMENTS AND PLANNING

We have made informal enquiries of the relevant planning authority in whose area each Property lies as to the possibility of highway proposals, comprehensive development schemes and other ancillary planning matters that could affect property values.

We have made an Assumption that the buildings have been constructed in full compliance with valid town planning and building regulations approvals. Similarly, we have also made an Assumption that the Properties are not subject to any outstanding statutory notices as to their construction, use or occupation. Unless our enquiries have revealed the contrary, we have made a further Assumption that the existing uses of the Properties are duly authorised or established and that no adverse planning conditions or restrictions apply.

TENURE

We understand that the Properties are generally of freehold tenure or heritable in respect of the Scottish Properties. A number of the Properties are, however, of leasehold or part leasehold tenure. In these cases, we have assumed that there are no unduly onerous covenants within the leases.

We have generally been provided with copies of Reports on Title or Reports on the Head Leases, which were prepared on behalf of NewRiver by its solicitors at the time of their acquisition although for some Properties we have relied upon summary information provided by the Company's representatives. For the purposes of our valuation, we have relied upon the information as to tenure and the like which is set out within these reports.

We have not inspected the title deeds, headleases etc. and, apart from those disclosed to us, we have assumed that all the Properties are free from outgoings and that there are no unusual, onerous or restrictive covenants in the titles or leases which would affect the values.

No allowance has been made in our valuation for any charges, mortgages or amounts owing on the Properties nor for any expenses or taxation which may be incurred in effecting a sale. It is assumed that the Properties are free from major or material encumbrances, restrictions or outgoings of an onerous nature which could affect their value.

The interpretation of the legal documents/disputes is a matter for lawyers and, as such, we accept no responsibility or liability for the true interpretations of the legal position.

LETTINGS

Retail Properties

We have generally been provided with copies of the occupational leases, or reports on the leases, prepared on behalf of NewRiver by its solicitors at the time of acquisition although for some Properties we have relied upon summary information provided by the Company's representatives. We understand that the leases are generally drawn on an effective full repairing and insuring basis although some are drawn on an inclusive basis and, in these cases, we have had regard to these terms in arriving at our opinion of value.

We have assumed that all rents and other payments due by virtue of the leases have been paid to date, other than in those cases where we have been informed to the contrary and our valuations are based accordingly.

We have also been provided by the Company's representatives with brief updated details as to lettings, lease renewals and other agreements and negotiations that are ongoing and have reflected these to the extent which we consider they would be reflected by potential purchasers.

Public House Properties

The majority of the Properties are currently fully equipped and operational public houses, which are either let or intended to be let on a variety of occupational tenancies and leases to individual tenants, or operated under a retail agreement with Marston's plc ("**Marston's**").

Marston's have an over-arching four year lease on 200 of the public house Properties under which they administer and operate the portfolio and pay an agreed rent to NewRiver. The agreement allows NewRiver to sell, or otherwise remove, from the portfolio any individual public house Property or groups of public house Properties.

NewRiver intends to convert or redevelop some of the public house Properties into convenience stores and, in other cases, to develop such retail units on land within the demise whilst retaining the existing public house in its current use and let under the same or similar types of occupational agreement.

The new or converted convenience stores will be let to branded retailers and agreements have now been reached with the Co-Operative Group for a total of 45 public house Properties.

We understand that those 45 public house Properties will be leased to the Co-Operative Group and that the leases will, in each case, be for terms of 15 years and drawn on a Full Repairing and Insuring ("**FRI**") basis. The agreed initial rents are subject to five yearly rent reviews to be based upon the change in the Retail Price Index ("**RPI**") subject to a collar of one per cent. and a cap of four per cent.

LETTINGS – NON RECOVERABLE EXPENDITURE

We have been provided, by the Company's representatives, with details of non-recoverable expenditure in respect of each of the Properties. These have been deducted from our understanding of the gross rental income for the purposes of arriving at our opinions of value.

COVENANT STATUS OF TENANTS

In the case of Properties that are let, our opinion of value is based on our assessment of the investment market's perception of the covenant strength of the tenant(s). This has been arrived at in our capacity as valuation surveyors on the basis of information that is publicly available. We are not accountants or financial experts and we have not undertaken a detailed investigation into the financial status of the tenants. We have, however, reviewed where possible third party commentary on the tenants. Our valuations reflect the type of tenants actually in occupation or responsible for meeting lease commitments, or likely to be in occupation, and the market's general perception of their creditworthiness.

VALUATION RATIONALE

The portfolio comprises a series of predominantly investment properties throughout the United Kingdom. As the majority of the assets are income generating we have typically adopted an income approach to valuation using the Income Capitalisation Method as the primary valuation method.

The Income Capitalisation Method can be used in relation to income producing assets and in its simplest form involves the analysis of comparable transactions in the market to arrive at a suitable capitalisation yield (NOI/capital value). Using these transactions as a benchmark, a suitably adjusted yield is then applied to the current income generated by the subject Property to arrive at a capital value. The relationship between the initial capitalisation yield and the capital value of the Property is complex and accordingly this initial yield indicator subsumes a range of assumptions including future rental growth, future letting voids, capital appreciation, development opportunities and security of the income stream. Accordingly, to ensure a suitable level of accuracy is achieved when using this method, there should be careful analysis of any comparable market transactions.

Full purchaser's costs have been adopted in respect of the retail Properties, with the exception of the Property in Bexleyheath, although, in accordance with the relevant standard market practice, the existing use (public house) valuations have been undertaken without making any allowance for purchaser's costs.

We understand that the Bexleyheath Property is held within a corporate structure and therefore, in arriving at our opinion of value, we have made an allowance for corporate acquisition costs.

VALUATION

On the bases, assumptions and qualifications detailed below, we are of the opinion that the Market Value, as at 31 March 2016, of the 429 Properties which comprised the aggregate Property portfolio (subject to existing lettings, where applicable) as at that date, was **£1,103,100,000 (one billion one hundred and three million one hundred thousand pounds).**

The aforementioned valuation figure represents the aggregate of the individual valuations of each Property and should not be regarded as the value of the portfolio in the context of a sale as a single lot.

Eight Properties are held in joint venture structures and, in these cases, our valuation reflects 100 per cent. of the interests held by the relevant joint ventures.

The aforementioned Market Value was apportioned between the Group's shopping centre, retail warehouse, public house and other high street asset portfolios as at 31 March 2016 as follows:

Shopping centres

Tenure	*No. of Properties within Shopping Centre Portfolio*	*Aggregate Market Value (£)*
Freehold	24	542,750,000
Freehold/Long Leasehold	4	96,950,000
Long Leasehold (more than 50 years unexpired)	4	93,800,000
Short Leasehold (less than 50 years unexpired)	–	–
Total	32	733,500,000

Retail warehouses

Tenure	*No. of Properties within Retail Warehouse Portfolio*	*Aggregate Market Value (£)*
Freehold	13	71,210,000
Freehold/Long Leasehold	–	–
Long Leasehold (more than 50 years unexpired)	11	65,900,000
Short Leasehold (less than 50 years unexpired)	–	–
Total	24	137,110,000

Public houses

Tenure	*No. of Properties within Public House Portfolio*	*Aggregate Market Value (£)*
Freehold	344	175,335,500
Freehold/Long Leasehold	–	–
Long Leasehold (more than 50 years unexpired)	13	429,500
Short Leasehold (less than 50 years unexpired)	1	190,000
Total	358	175,955,000

Other high street retails assets

Tenure	*No. of High Street Assets*	*Aggregate Market Value (£)*
Freehold	6	22,485,000
Freehold/Long Leasehold	9	34,050,000
Long Leasehold (more than 50 years unexpired)	–	–
Short Leasehold (less than 50 years unexpired)	–	–
Total	15	56,535,000

There are no negative values to report.

Joint ventures

Of the 429 Properties with an aggregate Market Value of £1,103,100,000 held as at 31 March 2016 referred to above, eight of those Properties were held through five joint ventures in which the NewRiver Group had a 50 per cent. interest. The table below sets out the Market Value of the Properties held in each joint venture and apportions the NewRiver Group's share of that Market Value based on its percentage interest in each such joint venture.

Joint Venture	*Market Value of Properties within Joint Venture (£)*	*NewRiver's Percentage Interest in Joint Venture (%)*	*New River's Apportioned Share of Market Value (£)*
NewRiver Retail Property Unit Trust No.2	68,150,000	50	34,075,000
NewRiver Retail Property Unit Trust No.5	61,900,000	50	30,950,000
NewRiver Retail Property Unit Trust No.6	75,000,000	50	37,500,000
NewRiver Retail Property Unit Trust No.7	35,350,000	50	17,675,000
NewRiver Retail Investments LP	25,900,000	50	12,950,000
Total	266,300,000	–	133,150,000

Of the five joint ventures referred to above, the NewRiver Group's apportioned share of the aggregate Market Value above is £133,150,000.

General

On a like-for-like basis, the Market Values for the Properties referred to above are consistent with valuation outcomes carried out for the purposes of the audited consolidated report and accounts for NewRiver for the financial year ended 31 March 2016.

With the exception of our comments regarding the impact of the Referendum Result (as defined below), we hereby confirm that, as at the date of this Report, there has been no material change since 31 March 2016 in any matter relating to the Properties referred to above which, in our opinion, would have a material effect on the Market Value of such Properties.

On 18 April 2016, NewRiver completed the acquisition of the Broadway Shopping Centre, Bexleyheath. As at 30 June 2016, being the date of valuation of such Property (which was inspected on 8 June 2016), the Market Value attributed to this Property was £120,250,000 (one hundred and twenty million two hundred and fifty thousand pounds). With the exception of our comments regarding the impact of the Referendum Result (as defined below), we hereby confirm that, as at the date of this Report, there has been no material change since 30 June 2016 in any matter relating to the Broadway Shopping Centre, Bexleyheath which, in our opinion, would have a material effect on the Market Value of such Property.

In addition, on 21 June 2016, NewRiver completed the acquisition of the Cuckoo Bridge Retail Park, Dumfries. As at 30 June 2016, being the date of valuation of such Property (which was inspected on 1 April 2016), the Market Value attributed to this Property was £20,200,000 (twenty million two hundred thousand pounds). With the exception of our comments regarding the impact of the Referendum Result (as defined below), we hereby confirm that, as at the date of this Report, there has been no material change since 30 June 2016 in any matter relating to the Cuckoo Bridge Retail Park, Dumfries which, in our opinion, would have a material effect on the Market Value of such Property.

On 8 April and 6 May 2016, the NewRiver Group completed the disposals of two public houses which had been valued, as at 31 March 2016, at £605,000 and £450,000, respectively.

We set out below details of the Properties which we consider (due to their lot size) to be material on an individual basis:

Property	*Tenure*	*Net Annual Rent (£)*	*Market Value as at Relevant Date of Valuation (£)*
Cornmill Shopping Centre, Darlington	Freehold	3,467,974	50,000,000 as at 31 March 2016
Broadway Shopping Centre, Bexleyheath	Freehold	8,951,296	120,250,000 as at 30 June 2016

EFFECT OF UK REFERENDUM ON CONTINUED MEMBERSHIP OF THE EUROPEAN UNION (23 JUNE 2016)

Valuation Certainty following the Referendum Result

Following the referendum on the United Kingdom's continued membership of the European Union held on 23 June 2016 (the "**Referendum**"), whereby the citizens of the United Kingdom voted by a majority in favour of the United Kingdom leaving the European Union (the "**Referendum Result**"), we are now in a period of uncertainty in relation to many factors that impact the property investment and letting markets.

Since the Referendum, it has not been possible to gauge the effect of the Referendum Result by reference to transactions in the market place.

The probability of our opinion of value coinciding with the price achieved, were there to be a sale, has reduced.

Therefore, in accordance with VPGA 9.2.6 of the Red Book less certainty can currently be attached to our opinions of value, and this should be reflected in any decisions taken.

The Timing of this Report and Valuation

This Report and valuation is being issued following the Referendum but refers to valuations undertaken as at 31 March 2016 with the exception of the Properties at Bexleyheath and Dumfries which were valued as at 30 June 2016.

As such, the supporting evidence and occupier/investor/lender sentiment upon which the valuation and this Report was based reflected the political, economic, legal and market conditions prior to 23 June 2016. In the absence of empirical data, we are unable to assess the impact of the Referendum Result on the values reported.

We consider that the markets will demonstrate volatility as risk appetite, demand and pricing adjusts to the new conditions. Initial reactions in the financial markets caused weakened exchange rates and there is currently an unquantified risk of "knock on" effects on equities, commodities, trade and consumer markets. As recorded prior to the Referendum, the leading economic institutions anticipate that the Referendum Result could cause a recession in the UK and it is possible that property values could be adversely impacted. There is also political uncertainty, following the recent change in Prime Minister, a renewed call for independence in Scotland and possibly other regions. All property owners, occupiers, investors and lenders should be mindful of this and exercise caution when making financial decisions.

Accordingly, we refer you to our comments above regarding valuation certainty and recommend that the values reported herein are kept under regular review.

GENERAL ASSUMPTIONS AND DEFINITIONS

The Properties have been valued on the basis of Market Value and Market Rental Value, the definition of which is set out in the Appendix attached to this Report.

RELIANCE ON THIS LETTER

The valuation and market information are not guarantees or predictions and must be read in consideration of the following:

The Market Value is based upon factual information provided by the Company. All property data and information is assumed to be full and correct. It follows that we have made an assumption that details of all matters likely to affect value within their collective knowledge such as prospective lettings, rent reviews, outstanding requirements under legislation and planning decisions have been made available to us and that the information is up to date and correct. Whilst the valuer has endeavoured to ensure the accuracy of the information, it has not independently verified all information provided by the Property Manager. We also accept no responsibility for subsequent changes in information as to floor areas, income, expenses or market conditions.

DISCLAIMER

We have prepared this Report for inclusion in the Prospectus and, save as provided in this Report and/or as required under Prospectus Rule 5.5.3R(2)(f), specifically disclaim liability to any person in the event of any omission from, or false or misleading statement included within, the Prospectus, other than in respect of the information provided within this Report. We do not make any warranty or representation as to the accuracy of the information in any other part of the Prospectus other than as expressly made or given by Colliers International in this Report.

LIABILITY AND PUBLICATION

Colliers International has relied upon property data supplied by the Company or its professional advisers which we assume to be true and accurate. Colliers International takes no responsibility for inaccurate client supplied data and subsequent conclusions related to such data.

Save for any responsibility arising under Prospectus Rule 5.5.3R(2)(f), to the fullest extent permitted by law, we do not assume any responsibility and will not accept any liability to any other person for any loss suffered by any such person as a result of, arising out of, or in accordance with this Report and our valuation or our below statement, required by and given solely for the purposes of complying with Annex I item 23.1 of Commission Regulation (EC) 809/2004 (the "**Prospectus Regulation**"), consenting to its inclusion in the Prospectus.

For the purpose of Prospectus Rule 5.5.3R(2)(f), we accept responsibility for the information within this Report and valuation and declare that we have taken all reasonable care to ensure that the information contained in this Report and valuation is, to the best of our knowledge, in accordance with the facts and contains no omission likely to affect its import. This declaration is included in the Prospectus in compliance with Annex I item 1.2 of the Prospectus Regulation.

For the avoidance of doubt, this report is provided by Colliers International Valuation UK LLP and no partner, member or employee assumes any personal responsibility for it nor shall owe a duty of care in respect of it.

Yours faithfully,

R D Barrett BSc MRICS
RICS Registered Valuer
For Colliers International Valuation UK LLP

R N Francis BSc MRICS
RICS Registered Valuer
For Colliers International Valuation UK LLP

J C A Shorthouse BSc FRICS
RICS Registered Valuer
For Colliers International Property Advisers UK LLP

APPENDIX

GENERAL ASSUMPTIONS AND DEFINITIONS

GENERAL ASSUMPTIONS AND DEFINITIONS

The valuations have been prepared in accordance with the RICS Valuation - Professional Standards (Incorporating the International Valuation Standards) January 2014 prepared by the Royal Institution of Chartered Surveyors.

The valuations have been prepared by a suitably qualified valuer, as defined by PS 2.3 of the Professional Standards, on the basis set out below:

Market Value ("MV")

Valuations based on Market Value, have been prepared in accordance with VPS 4.1.2 of the Professional Standards issued by The Royal Institution of Chartered Surveyors, which is defined as follows:

'*The estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion*'.

The interpretative commentary on Market Value, as published by the International Valuation Standards Council ("**IVSC**"), has been applied.

Fair Value

Valuations based on Fair Value shall adopt one of the two definitions in accordance with VPS 4.1.5 of the Professional Standards.

1. The definition adopted by International Valuation Standards ("**IVS**") in IVS Framework paragraph 38.

2. '*The estimated price for the transfer of an asset or liability between identified knowledgeable and willing parties that reflects the respective interests of those parties*'.

3. The definition adopted by the International Accounting Standards Board ("**IASB**") in IFRS 13.

'*The price that would be received to sell an asset, or paid to transfer a liability, in an orderly transaction between market participants at the measurement date*'.

It is important to recognise that the two definitions of Fair Value are not the same. Valuations prepared for financial reporting purposes under IFRS require the adoption of the IASB definition and IFRS 13 will apply.

The guidance in IFRS 13 includes:

'The objective of a fair value measurement is to estimate the price at which an orderly transaction to sell the asset or to transfer the liability would take place between market participants at the measurement date under current market conditions. A fair value measurement requires an entity to determine all the following:

(a) *the particular asset or liability that is the subject of the measurement (consistently with its unit of account)*

(b) *for a non-financial asset, the valuation premise that is appropriate for the measurement (consistently with its highest and best use)*

(c) *the principal (or most advantageous) market for the asset or liability*

(d) *the valuation technique(s) appropriate for the measurement, considering the availability of data with which to develop inputs that represent the assumptions that market participants would use when pricing the asset or liability and the level of the fair value hierarchy within which the inputs are categorised.*

The references in IFRS 13 to market participants and a sale make it clear that, for most practical purposes, Fair Value is consistent with the concept of Market Value.

Fair Value in accordance with IFRS 102

For valuations prepared for the purposes of UK Generally Accepted Accounting Principles ("**UK GAAP**") we have provided an opinion of Fair Value as defined within FRS 102. This is defined as follows:

"*The amount for which an asset could be exchanged, a liability settled, or an equity instrument granted could be exchanged, between knowledgeable, willing parties in an arm's length transaction.*"

For most practical purposes, the concept of knowledgeable, willing parties and an "arm's length transaction" means that this definition of Fair Value is accepted to be reasonably consistent with the concept of Market Value and Fair Value adopted by the IASB in accordance with IFRS 13.

Existing Use Value ("EUV")

If we have provided an opinion of Existing Use Value, this has been arrived at in accordance with UKVS 1.3 of the Professional Standards, which is defined as follows:

'The estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction, after proper marketing wherein the parties had acted knowledgeably, prudently and without compulsion, assuming that the buyer is granted vacant possession of all parts of the asset required by the business and disregarding potential alternative uses and any other characteristics of the asset that would cause its Market Value to differ from that needed to replace the remaining service potential at least cost.'

This basis ignores any element of hope value for an alternative use, any value attributable to goodwill and any possible increase in value due to special investment or financial transactions (such as sale and leaseback) which would leave the owner with a different interest from the one which is valued. However, it includes any value attributable to any possibilities of extensions or further buildings on undeveloped land or redevelopment of existing buildings (all for the existing planning use) providing such construction can be undertaken without major interruption to the continuing business.

Depreciated Replacement Cost ("DRC")

If we have provided a valuation based on Depreciated Replacement Cost, as set out in UKGN 2.2.3 of the Professional Standards, this has been arrived at in accordance with the definition settled by the International Valuation Standards Committee, as follows:

'The current cost of replacing an asset with its modern equivalent asset less deductions for physical deterioration and all relevant forms of obsolescence and optimisation'.

International Accounting Standards stipulate that DRC may be used as a basis for reporting the value of Specialised Property in Financial Statements. DRC is recognised as a basis only for this purpose. For other purposes, DRC may be used as a method to support a valuation reported on another basis.

Investment Value (or Worth)

Where we have been instructed provide valuations based on Investment Value or Worth, we have done so in accordance with VPS 4.1.4 of the Professional Standards issued by the Royal Institution of Chartered Surveyors, which is the definition settled by IVSC:

'Investment value is the value of an asset to the owner or a prospective owner for individual investment or operational objectives'.

This is an entity-specific basis of value. Although the value of an asset to the owner may be the same as the amount that could be realised from its sale to another party, this basis of value reflects the benefits received by an entity from holding the asset and, therefore, does not necessarily involve a hypothetical exchange. Investment value reflects the circumstances and financial objectives of the entity for which the valuation is being produced. It is often used for measuring investment performance. Differences between the investment value of an asset and its market value provide the motivation for buyers or sellers to enter the marketplace.

Market Rent ("MR")

Valuations based on Market Rent, as set out in VPS 4.1.3 of the Professional Standards, adopt the definition as settled by the International Valuation Standards Committee, which is as follows:

'The estimated amount for which an interest in real property should be leased on the valuation date between a willing lessor and a willing lessee on appropriate lease terms in an arm's length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion.'

MR will vary significantly according to the terms of the assumed lease contract. The appropriate lease terms will normally reflect current practice in the market in which the property is situated, although for certain purposes unusual terms may need to be stipulated. Matters such as the duration of the lease, the frequency of rent reviews, and the responsibilities of the parties for maintenance and outgoings, will all impact on MR. In certain States, statutory factors may either restrict the terms that may be agreed, or influence the impact of terms in the contract. These need to be taken into account where appropriate. The principal lease terms that are assumed when providing MR will be clearly stated in the report.

Rental values are provided for the purpose described in this report and are not to be relied upon by any third party for any other purpose.

Rental Assessment

Unless stated otherwise with the Report, our valuations have been based upon the assumption that the rent is to be assessed upon the premises as existing at the date of our inspection.

Building Reinstatement Cost ("BRC")

If we have prepared a BRC, we will not have carried out a detailed cost appraisal and the figures should therefore be considered for guidance purposes only and thus should not be relied upon as the basis from which premiums are calculated for obtaining building insurance.

Purchase and Sale Costs

No allowance has been made for legal fees or any other costs or expenses which would be incurred on the sale of the property.

We have, however, where appropriate and in accordance with market practice for the asset type, made deductions to reflect purchasers' acquisition costs. Trading related properties, however, are usually valued without deducting the costs of purchase.

Where appropriate, purchasers' costs in England, Wales and Northern Ireland are calculated at 1.8 per cent. for professional fees inclusive of VAT together with Stamp Duty Land Tax calculated as follows:

Up to £150,000	0%
The next £100,000 (the portion from £150,001 to £250,000)	2%
The remaining amount (the portion above £250,000)	5%

In respect of residential property, Stamp Duty Land Tax is charged at increasing rates for each portion of the price. There will be no payment for the first £125,000 of the property value; two per cent. will be charged on the next £125,000; five per cent. on the next £675,000; 10 per cent. on the next £575,000; and 12 per cent. on the remaining value (above £1,500,000). In addition, a purchaser would expect to pay the standard 1.80 per cent. agents' and solicitors' costs (inclusive of VAT).

Stamp duty on residential properties over £500,000 which are bought via a company is payable at 15 per cent. giving purchasers' acquisition costs of 16.8 per cent.

For commercial properties in Scotland, purchaser's acquisition costs are calculated at 1.8 per cent. for professional fees inclusive of VAT together with Land and Buildings Transaction Tax (LBTT – Equivalent of Stamp Duty Land Tax in England and Wales). This is a progressive tax which is applied to commercial land and buildings and is determined by reference to a percentage of the Market Value. Up to and including £150,000, the LBTT rate is 0 per cent., between £150,001 and £350,000 the rate applicable to this proportion is three per cent., and any amount above £350,000 is charged at four and a half per cent.

In respect of residential property in Scotland, LBTT is charged at increasing rates for each portion of the price. There will be no payment for the first £145,000 of the property value; two per cent. will be charged on the next portion up to £250,000; five per cent. on the portion between £250,000 and £325,000; 10 per cent. on the next portion between £325,000 and £750,000; and 12 per cent. on the remaining value (above £750,000). In addition, a purchaser would expect to pay the standard 1.80 per cent. agents' and solicitors' costs (inclusive of VAT).

It should be noted, however, that for properties of an unusually large lot size it is common market practice that a purchaser would not expect to pay the standard 1.80 per cent. agents' and solicitors' costs (inclusive of VAT). Accordingly, we may consider in these instances that it is appropriate to adopt a reduced rate.

Measurements

Where we have measured the property, measurements and floor areas have been arrived at in accordance with the current edition of RICS Property Measurement issued by the Royal Institution of Chartered Surveyors.

Accordingly, where appropriate, measurements have been taken, and floor areas calculated in accordance with either the Code of Measuring Practice or in the case of office properties, the International Property Measurement Standards ("**IPMS**") both of which currently form part of RICS Property Measurement.

Although every reasonable care has been taken to ensure the accuracy of the surveys there may be occasions when due to tenant's fittings, or due to restricted access professional estimations may have been made.

Floor area and measurement tolerances can vary, but the subjective elements of the IPMS can be expected to lead to variations in accuracy much greater than the currently accepted "Industry Standard" tolerance of one per cent. to two per cent. which might normally be anticipated. Accordingly, this could lead to a greater uncertainty affecting the Market Rent and Market Value that would normally be expected.

Floor areas set out in our Report are provided for the purpose described herein and are not to be relied upon by any third party for any other purpose.

Condition

Unless otherwise stated within the Report, we have not carried out a building survey, nor have we inspected the woodwork or other parts of the structures which are covered, unexposed or inaccessible and we are, therefore, unable to report that such parts of the property are free from rot, beetle or other defects.

Where we have noticed items of disrepair during the course of our inspections, they have been reflected in our valuations, unless otherwise stated.

We have assumed that none of the materials commonly considered deleterious as set out in the British Property Federation and British Council of Offices' sponsored report "Good Practice in the Selection of Construction Materials", are included within the property. These include, *inter alia*, the following:

- High alumina cement concrete
- Asbestos
- Calcium chloride as a drying agent
- Wood wool slabs as permanent shuttering
- Polystyrene and polyurethane used as insulation in cladding

None of the services, drainage or service installations was tested and we are, therefore, unable to report upon their condition.

Environmental Matters

Unless otherwise stated within the Report, we have not carried out soil, geological or other tests or surveys in order to ascertain the site conditions or other environmental conditions of the property. Unless stated to the contrary within the Report, our valuation assumes that there are no unusual ground conditions, contamination, pollutants or any other substances that may be environmentally harmful.

Fixtures and Fittings

In arriving at our opinions of value, we have disregarded the value of all process-related plant, machinery, fixtures and fittings and those items which are in the nature of tenants' trade fittings and equipment. We have had regard to landlords' fixtures such as lifts, escalators, central heating and air conditioning forming an integral part of the buildings.

Where properties are valued as an operational entity and include the fixtures and fittings, it is assumed that these are not subject to any hire purchase or lease agreements or any other claim on title. No equipment or fixtures and fittings have been tested in respect of Electrical Equipment Regulations and Gas Safety Regulations and we assume that where appropriate all such equipment meets the necessary legislation. Unless otherwise specifically mentioned, the valuation excludes any value attributable to plant and machinery.

Tenure, Lettings and Reportson Title and/or Tenancies

Unless otherwise stated, we have not inspected the title deeds, leases and related legal documents and, unless otherwise disclosed to us, we have assumed that there are no onerous or restrictive covenants in the titles or leases which would affect the value.

Where we have not been supplied with leases, unless we have been advised to the contrary, we have assumed that all the leases are on a full repairing and insuring basis and that all rents are reviewed in an upwards direction only, at the intervals notified to us, to the full open market value.

We have assumed that no questions of doubt arise as to the interpretation of the provisions within the leases giving effect to the rent reviews.

We have disregarded any inter-company lettings and have arrived at our valuations of such accommodation on the basis of vacant possession.

If a solicitors' Report on Title and/or Tenancies has been provided to us, our valuation will have regard to the matters therein.

Covenant Status of the Tenant/Tenants

In the case of property that is let, our opinion of value is based on our assessment of the investment market's perception of the covenant strength of the tenant(s). This has been arrived at in our capacity as valuation surveyors on the basis of information that is publicly available. We are not accountants or financial experts and we have not undertaken a detailed investigation into the financial status of the tenants. We have, however, reviewed where possible third party commentary on the principal tenants. Our valuations reflect the type of tenants actually in occupation or responsible for meeting lease commitments, or likely to be in occupation, and the market's general perception of their creditworthiness.

Arrears

We have assumed that all rents and other payments payable by virtue of the leases have been paid to date.

Taxation

Whilst we have had regard to the general effects of taxation on market value, we have not taken into account any liability for tax which may arise on a disposal, whether actual or notional, and neither have we made any deduction for Capital Gains Tax, Valued Added Tax or any other tax.

Mortgages

We have disregarded the existence of any mortgages, debentures or other charges to which the properties may be subject.

Operational Entities

Where the properties are valued as an operational entity and reference has been made to the trading history or trading potential of the property, reliance has been placed on information supplied to us. Should this information subsequently prove to be inaccurate or unreliable, the valuations reported could be adversely affected.

Local Authorities, Statutory Undertakers and Legal Searches

We have not made any formal searches or enquiries in respect of the property and are therefore unable to accept any responsibility in this connection. We have, however, made informal enquiries of the local planning authority in whose areas the property is situated as to whether or not they are affected by planning proposals. We have not received a written reply and, accordingly, have had to rely upon information obtained verbally.

We have assumed that all consents, licences and permissions including, inter alia, fire certificates, enabling the property to be put to the uses ascertained at the date of our inspection have been obtained and that there are not outstanding works or conditions required by lessors or statutory, local or other competent authorities.

Energy Performance Certificates

The European Energy Performance Directive requires that whenever buildings are constructed, sold or let, they are to be certified in terms of their energy performance and given an energy efficiency rating. In the UK, Energy Performance Certificates ("**EPCs**") are now compulsory for the sale or letting of all commercial and residential properties.

In arriving at our opinion of value, unless we have been provided with an EPC or EPCs with regard to the property or properties, we have assumed that if an EPC or EPCs were to have been available, its rating would not have had a detrimental impact upon our opinion of the property's market rent and or capital value.

The Smoke and Carbon Monoxide Alarm (England) Regulations 2015

Part 2, Regulation 4 of The Smoke and Carbon Monoxide Alarm (England) Regulations 2015 came into effect on 1 October 2015.

Any premises occupied under an Assured Shorthold Tenancy (within the meaning of Chapter 2 of Part 1 of the Housing Act 1988) must have working smoke and carbon dioxide alarms. It is the landlord's responsibility to ensure these are fitted and checked before every new tenancy.

Where we have inspected residential accommodation as part of our valuation, we have not tested any alarms or installations as this is beyond the scope of our instructions. Accordingly, unless advised to the contrary, we have assumed that the property complies with, and will continue to comply with, the legislation.

Defective Premises Act, Health & Safety At Work Act and Disability At Work Act

Our valuations do not take account of any rights, obligations or liabilities, whether prospective or accrued, under the Defective Premises Act, 1972. Unless advised to the contrary, we have assumed that the properties comply with, and will continue to comply with, the current Health & Safety and Disability legislation.

Insurance

In arriving at our valuation we have assumed that the premises are capable of being insured by reputable insurers at reasonable market rates. If, for any reason, insurance would be difficult to obtain or would be subject to an abnormally high premium, it may have an effect on value.

PART 5

HISTORICAL FINANCIAL INFORMATION ON THE GROUP

This Part 5 contains: in Section 1, the accountant's report on the historical financial information of the Group for the three financial years ended 31 March 2016; and, in Section 2, the historical financial information of the Group for the three financial years ended 31 March 2016.

The consolidated financial information of the Group for the three financial years ended 31 March 2016 was prepared in accordance with IFRS issued by the IASB, interpretations issued by the International Financial Reporting Interpretations Committee of the IASB as adopted by the European Union and in accordance with EPRA's best practice recommendations and the audit report for each such financial year was unqualified.

NewRiver Holdco has not traded since incorporation and has therefore not produced any financial information.

1. Accountant's report on the historical financial information of the Group

Deloitte.

The Directors
NewRiver REIT plc
37 Maddox Street
London
W1S 2PP

Liberum Capital Limited
Level 12
Ropemaker Place
25 Ropemaker Street
London
EC2Y 9LY

15 August 2016

Dear Sirs

NewRiver REIT plc

We report on the financial information for the years ended 31 March 2014, 31 March 2015 and 31 March 2016 of NewRiver Retail Limited (the "**Company**" and, together with its subsidiaries, the "**Group**") set out in Section 2 of Part 5 of the prospectus dated 15 August 2016 of NewRiver REIT plc (the "**Prospectus**"). The financial information has been prepared for inclusion in the Prospectus in accordance with International Financial Reporting Standards, as adopted by the European Union ("**IFRS**"). This report is required by Annex I item 20.1 of Commission Regulation (EC) No 809/2004 (the "**Prospectus Directive Regulation**") and is given for the purpose of complying with that requirement and for no other purpose.

Responsibilities

The Directors of the Company are responsible for preparing the financial information in accordance with IFRS.

It is our responsibility to form an opinion on the financial information and to report our opinion to you.

Save for any responsibility arising under Prospectus Rule 5.5.3R(2)(f) to any person as and to the extent there provided, to the fullest extent permitted by law we do not assume any responsibility and will not accept any liability to any other person for any loss suffered by any such other person as a result of, arising out of, or in connection with this report or our statement, required by and given solely for the purposes of complying with Annex I item 23.1 of the Prospectus Directive Regulation, consenting to its inclusion in the Prospectus.

Basis of opinion

We conducted our work in accordance with Standards for Investment Reporting issued by the Auditing Practices Board in the United Kingdom. Our work included an assessment of evidence relevant to the amounts and disclosures in the financial information. It also included an assessment of significant estimates and judgments made by those responsible for the preparation of the financial information and whether the accounting policies are appropriate to the entity's circumstances, consistently applied and adequately disclosed.

We planned and performed our work so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial information is free from material misstatement whether caused by fraud or other irregularity or error.

Our work has not been carried out in accordance with auditing or other standards and practices generally accepted in jurisdictions outside the United Kingdom, including the United States of America, and accordingly should not be relied upon as if it had been carried out in accordance with those standards and practices.

Opinion on financial information

In our opinion, the financial information gives, for the purposes of the Prospectus, a true and fair view of the state of affairs of the Group as at 31 March 2014, 31 March 2015 and 31 March 2016 and of its income, cash flows and changes in equity for the three years ended 31 March 2016 in accordance with IFRS.

Declaration

For the purposes of Prospectus Rule 5.5.3R(2)(f), we are responsible for this report as part of the Prospectus and declare that we have taken all reasonable care to ensure that the information contained in this report is, to the best of our knowledge, in accordance with the facts and contains no omission likely to affect its import. This declaration is included in the Prospectus in compliance with Annex I item 1.2 of the Prospectus Directive Regulation.

Yours faithfully

Deloitte LLP
Chartered Accountants

Deloitte LLP is a limited liability partnership registered in England and Wales with registered number OC303675 and its registered office at 2 New Street Square, London EC4A 3BZ, United Kingdom. Deloitte LLP is the United Kingdom member firm of Deloitte Touche Tohmatsu Limited ("DTTL"), a UK private company limited by guarantee, whose member firms are legally separate and independent entities. Please see www.deloitte.co.uk/about for a detailed description of the legal structure of DTTL and its member firms.

2. Historical financial information relating to the Group

Consolidated Income Statement

		Year ended 31 March 2016			*Year ended 31 March 2015*			*Year ended 31 March 2014*		
	Notes	*Operating and Financing £'000*	*Fair value adjustments £'000*	*Total £'000*	*Operating and Financing £'000*	*Fair value adjustments £'000*	*Total £'000*	*Operating and Financing £'000*	*Fair value adjustments £'000*	*Total £'000*
Gross income	3	60,840	–	60,840	28,195	–	28,195	18,197	–	18,197
Property operating expenses	4	(6,253)	–	(6,253)	(3,863)	–	(3,863)	(3,383)	–	(3,383)
Net property income		54,587	–	54,587	24,332	–	24,332	14,814	–	14,814
Administrative expenses	5	(13,747)	–	(13,747)	(10,089)	–	(10,089)	(6,420)	–	(6,420)
Share of income from joint ventures	14	8,559	4,489	13,048	11,411	12,405	23,816	4,296	14,503	18,799
Net valuation movement	12	–	19,513	19,513	–	6,861	6,861	–	(763)	(763)
Profit on disposal of investment properties	6	8,299	–	8,299	1,740	–	1,740	2,032	–	2,032
Operating profit		57,698	24,002	81,700	27,394	19,266	46,660	14,722	13,740	28,462
Net finance expense										
Finance income	7	82	–	82	191	–	191	105	–	105
Finance costs	7	(12,237)	–	(12,237)	(7,323)	–	(7,323)	(5,508)	–	(5,508)
Profit for the year before taxation		45,543	24,002	69,545	20,262	19,266	39,528	9,319	13,740	23,059
Current taxation charge	8	(136)	–	(136)	–	–	–	(11)	–	(11)
Profit for the year after taxation		45,407	24,002	69,409	20,262	19,266	39,528	9,308	13,740	23,048
Earnings per share										
EPRA Adjusted (pence)	9			26.6			19.8			15.7
EPRA basic (pence)	9			20.4			17.6			12.0
Basic EPS (pence)	9			39.2			37.5			38.0
EPS diluted (pence)	9			38.9			36.2			33.2

Consolidated Statement of Comprehensive Income

	Notes	*Year ended 31 March 2016 £'000*	*Year ended 31 March 2015 £'000*	*Year ended 31 March 2014 £'000*
Profit for the year after taxation		69,409	39,528	23,048
Other comprehensive income				
Items that will be reclassified subsequently to profit or loss				
Fair value (loss)/gain as interest rate derivatives designated in cash flow hedges	20	(1,152)	(671)	2,254
Total comprehensive income for the year		68,257	38,857	25,302

Consolidated Balance Sheet

	Notes	*31 March 2016 £'000*	*31 March 2015 £'000*	*31 March 2014 £'000*
Non-current assets				
Investment properties	12	839,107	404,098	214,124
Investments in joint ventures	14	70,125	113,027	74,851
Property, plant and equipment	15	551	513	384
Total non-current assets		909,783	517,638	289,359
Current assets				
Trade and other receivables	17	8,462	5,853	3,595
Derivative financial instruments	20	384	313	–
Cash and cash equivalents	18	114,071	15,412	89,555
Total current assets		122,917	21,578	93,150
Total assets		1,032,700	539,216	382,509
Equity and liabilities				
Current liabilities				
Trade and other payables	19	25,632	16,197	10,202
Current taxation liabilities	19	136	–	219
Total current liabilities		25,768	16,197	10,421
Non-current liabilities				
Derivative financial instruments	20	2,960	1,983	899
Borrowings	20	314,105	157,921	108,256
Debt instruments	20	–	23,420	23,306
Total non-current liabilities		317,065	183,324	132,461
Net assets		689,867	339,695	239,627
Equity				
Share capital		–	–	–
Retained earnings		118,248	58,254	26,107
Other reserves		554,599	273,582	212,981
Hedging reserve		(1,842)	(690)	(19)
Share option reserve		1,961	1,063	453
Revaluation reserve		16,901	7,486	105
Total equity		689,867	339,695	239,627
Net Asset Value (NAV) per share				
EPRA NAV (pence)	10	295	265	240
Basic (pence)	10	295	267	241
Basic diluted (pence)	10	294	264	240

Consolidated Cash Flow Statement

	Note	*31 March 2016 £'000*	*31 March 2015 £'000*	*31 March 2014 £'000*
Cash flows from operating activities				
Profit before tax on ordinary activities for the year attributable to Shareholders		69,409	39,528	23,059
Adjustments for:				
Profit on disposal of investment property	6	(8,299)	(1,740)	(2,032)
Net movement from fair value adjustments on Investment Properties		(19,513)	(6,861)	763
Net movement from fair value adjustments in joint ventures		(4,489)	(12,405)	(14,503)
Profits in joint ventures		(8,559)	(11,411)	(4,296)
Net finance costs		12,155	7,132	5,403
Rent free lease incentive adjustment		(103)	(352)	(645)
Provision for bad debts		75	114	26
Amortisation of legal and letting fees		259	151	199
Depreciation on property plant and equipment		125	76	60
Share options	25	898	610	193
Operating profit before changes in working capital		41,958	14,842	8,227
Changes in working capital:				
(Increase)/decrease in receivables and other financial assets		(2,050)	(1,242)	218
Increase/(decrease) in payables and other financial liabilities		18,726	2,387	(2,725)
Cash generated from operations before interest		58,634	15,987	5,720
Net finance costs		(12,155)	(7,603)	(5,438)
Corporation tax paid		(136)	(219)	(424)
Net cash generated from operating activities		46,343	8,165	(142)
Cash flows from investing activities				
Investment in joint ventures	14	–	(28,752)	(42,400)
Purchase of investment properties		(192,583)	(84,786)	(5,096)
Properties acquired on business combinations	13	(105,447)	(68,460)	–
Disposal of investment properties	6	51,109	30,575	7,990
Development and other capital expenditure		(12,955)	(5,586)	(9,351)
Purchase of plant and equipment	15	(163)	(205)	(40)
Dividends received	14	4,325	6,450	1,668
Net cash used in investing activities		(255,714)	(150,764)	(47,229)

	Note	31 March 2016 £'000	31 March 2015 £'000	31 March 2014 £'000
Cash flows from financing activities				
Proceeds from issuance of new shares		292,300	73,320	148,481
Repayment of bank loans and other costs		(21,873)	(125,680)	(6,105)
New borrowings		65,311	133,032	–
Dividends paid	11	(27,708)	(12,216)	(12,995)
Net cash generated from financing activities		308,030	68,456	129,381
Cash and cash equivalents at the beginning of the year		15,412	89,555	7,545
Net (decrease)/increase in cash and cash equivalents		98,659	(74,143)	82,010
Cash and cash equivalents at the end of the year		114,071	15,412	89,555

Consolidated Statement of Changes in Equity

	Notes	*Retained earnings £'000*	*Share capital and Share premium £'000*	*Other reserves £'000*	*Hedging reserves £'000*	*Share Option reserves £'000*	*Revaluation reserves £'000*	*Total £'000*
As at 1 April 2013		854	–	78,637	(2,273)	260	2,310	79,788
Net proceeds of issue from new shares		–	148,481	–	–	–	–	148,481
Transfer of share premium		–	(148,481)	148,481	–	–	–	–
Total comprehensive income for the year		23,048	–	–	2,254	–	–	25,302
Realisation of fair value movements		1,442	–	–	–	–	(1,442)	–
Share-based payments		–	–	–	–	193	–	193
Dividend payments[1]	11	–	–	(14,137)	–	–	–	(14,137)
Revaluation movement		763	–	–	–	–	(763)	–
As at 31 March 2014		26,107	–	212,981	(19)	453	105	239,627
Net proceeds of issue from new shares	23	–	73,320	–	–	–	–	73,320
Transfer of share premium		–	(73,320)	73,320		–	–	–
Total comprehensive income for the year		39,528	–	–	(671)	–	–	38,857
Realisation of fair value movements		(520)	–	–	–	–	520	–
Share-based payments		–	–	–	–	610	–	610
Dividend payments[1]	11	–	–	(12,719)	–	–	–	(12,719)
Revaluation movement		(6,861)	–	–	–	–	6,861	–
As at 31 March 2015		58,254	–	273,582	(690)	1,063	7,486	339,695
Net proceeds of issue from new shares	23	–	313,204	–	–	–	–	313,204
Transfer of share premium		–	(313,204)	313,204	–	–	–	–
Total comprehensive income for the year		69,409	–	–	(1,152)	–	–	68,257
Realisation of fair value movements		10,098	–	(3,967)	–	–	(10,098)	(3,967)
Share-based payments		–	–	–	–	898	–	898
Dividend payments[1]	11	–	–	(28,220)	–	–	–	(28,220)
Revaluation movement		(19,513)	–	–	–	–	19,513	–
As at 31 March 2016		118,248	–	554,599	(1,842)	1,961	16,901	689,867

(1) Dividends paid in 2014 included a 10p special dividend. Dividends paid in 2015 include three quarterly dividends of 4.25p per share as the final quarterly dividend of 4.25p was paid in 2016, along with two quarterly dividends of 4.50p and a quarterly dividend of 4.75p.

Notes to the financial information

1. Accounting policies

General information

NewRiver Retail Limited (the "**Company**") and its subsidiaries (together the "**Group**") are a property investment group specialising in commercial real estate in the UK. NewRiver Retail Limited was incorporated on 4 June 2009 in Guernsey under the provisions of The Companies (Guernsey) Law, 2008. On 22 November 2010, the Company converted to a UK REIT (Real Estate Investment Trust) and is managed and controlled in the UK. The Company's registered office is Old Bank Chambers, La Grande Rue, St Martin's, Guernsey GY4 6RT and the business address is 37 Maddox Street, London W1S 2PP. The Company is publicly traded on AIM under the symbol NRR as at the date of this document but is expected to become a wholly-owned subsidiary of a new public limited company incorporated in England and Wales, NewRiver REIT plc, pursuant to a scheme of arrangement under Part VIII of The Companies (Guernsey) Law, 2008 which is expected to become effective on 18 August 2016.

Going concern

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

- value of investment property;
- timing of property transactions;
- capital expenditure and tenant incentive commitments;
- forecast rental income;
- loan covenants; and
- capital and debt funding.

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

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

Summary of significant accounting policies

The principal accounting policies applied in the preparation of this consolidated financial information are set out below. These policies have been consistently applied to all years presented, unless otherwise stated.

Basis of preparation

Statement of compliance

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

Income and cash flow statement

The Company has elected to present a single statement of comprehensive income and presents its expenses by nature.

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

Preparation of the consolidated financial information

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

Changes in accounting policy and disclosure

The Group has adopted all the Standards and Interpretations issued by the International Accounting Standards Board (the "**IASB**") (as adopted in the EU) and the International Financial Reporting Interpretations Committee ("**IFRIC**") of the IASB that are relevant to its operations and effective for accounting periods beginning from 1 April 2016.

At the date of this financial information, the following Standards and Interpretations were in issue but not yet effective:

IFRS 9 – Financial Instruments (effective 1 January 2018)

IFRS 15 – Revenue Recognition (effective 1 January 2018)

IFRS 16 – Leases (effective 1 January 2019)

The adoption of IFRS 9, which the Group plans to adopt for the year beginning 1 April 2018, may impact both the measurements and disclosures of financial instruments. The Group is considering the impact of IFRS 15 and 16, which could affect both measurement and disclosures of certain balances.

Consolidation

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

i. Business combinations

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

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

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

ii. Joint ventures

The Group's investment properties are typically held in property-specific special purpose vehicles ("**SPVs**"), which may be legally structured as a joint venture.

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

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

Investment property

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

Investment property is recognised as an asset when:

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

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

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

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

In completing these valuations, the valuer considers the following:

1. current prices in an active market for properties of a different nature, condition or location (or subject to different lease or other contracts), adjusted to reflect those differences;
2. recent prices of similar properties in less active markets, with adjustments to reflect any changes in economic conditions since the date of the transactions that occurred at those prices; and
3. discounted cash flow projections based on reliable estimates of future cash flows, derived from the terms of any existing lease and other contracts and (where possible) from external evidence such as

current market rents for similar properties in the same location and condition, and using discount rates that reflect current market assessments of the uncertainty in the amount and timing of the cash flows.

Development property

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

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

Property, plant and equipment

Fixtures and equipment are stated at cost less accumulated depreciation and any recognised impairment loss.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives, using the straight-line method, on the following bases:

Fixtures and equipment 10% – 25%

The gain or loss arising on the disposal of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in income.

Leasing (as lessors)

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

Leasing (as lessees)

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

Goodwill

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

Financial instruments

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

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

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

A number of the Group's borrowing arrangements place certain restrictions on the rent received each quarter. These do not prevent access to, or use of, this funding within the borrowing entities, however, they do place certain restrictions on moving those funds around the wider Group, for example, typically debt servicing costs are required to be paid before the restrictions are lifted. The cash deposited under such arrangements totalled £7.1 million (FY2015: £7.0 million; FY2014: £5.2 million).

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

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

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

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

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

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

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

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

Financial liabilities

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

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

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

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

Hedge accounting

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

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

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

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

Prepayments

Prepayments are carried at cost less any accumulated impairment losses.

Share capital

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

Convertible Unsecured Loan Stock

Convertible Unsecured Loan Stock consists of both a liability and equity element. On issue of convertible loan stock, management assess the fair value of the liability by reference to the cash flow to redemption associated with the instrument, discounted at a market rate of interest. The difference between the issue proceeds and the fair value of the liability is allocated to the equity element of the instrument. All remaining issued Convertible Unsecured Loan Stock was converted into equity during the financial year ended 31 March 2016.

Trade and other receivables

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

Trade and other payables

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

Borrowings

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

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

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

Tax

Income tax

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

Value added tax

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

- where the value added tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the value added tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables that are stated with the amount of value added tax included. The net amount of value added tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.

REIT Status

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

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

Employee benefits

Share-based payments

i. Share options

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

Figures stated as at 31 March 2016

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

* Based on quoted property sector average (not the Company's expected dividend).

ii. Performance share awards

Performance share awards have been granted to senior executives and Directors as set out in Note 25. These may only vest and be capable of exercise in accordance with the rules of the NewRiver Retail Limited Performance Share Plan 2009 to the extent that the two performance conditions are met.

(1) the compound annual total shareholder return ("**Compound TSR**") for the Company must equal or exceed 10 per cent. over the period of three years commencing on the grant date; and

(2) the compound annual percentage growth in the adjusted EPRA earnings per share ("**EPS**") of the Company must equal or exceed 4 per cent. over the period of three years commencing on the first day of the relevant financial year in which the grant date falls.

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

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

Figures stated as at 31 March 2016:

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

The awards granted in July 2016 may only vest and be capable of exercise to the extent that the following performance conditions have been met:

(1) the total shareholder return for the Company must equal or exceed the compound annual total share return (calculated on a dividends reinvested basis) of the FTSE All Share index during the three year period commencing on the grant date; and

(2) the compound annual total accounting return for the Company must equal or exceed the compound annual total accounting return of a comparator group (calculated on a weighted average basis), comprising those UK REITs that report their net asset value on an EPRA-

compliant basis, such return calculated during the period of three financial years, commencing on the first day of the relevant financial year in which the grant date falls.

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

The Group has issued a number of shares to the trustee of the Old EBT as detailed in Note 24. The New EBT and the Old EBT are controlled by the Group; they are consolidated in this financial information and unallocated shares held by the trustee of the Old EBT and the New EBT are shown as treasury shares.

Provisions

Provisions for legal claims are recognised when:

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

Revenue recognition

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

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

Where a lease incentive payment or surrender premium is paid to enhance the value of a property, it is amortised on a straight-line basis over the period from the date of lease commencement to the expiry date of the lease. Upon receipt of a surrender premium for the early determination of a lease, the profit, net of dilapidations and non-recoverable outgoings relating to the lease concerned, is immediately reflected in income.

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

iii. Promote payments
The Group is contractually entitled to receive a promote payment should the returns from a joint venture to the joint venture partner exceed a certain internal rate of return. This payment is only receivable by the Group on disposal of underlying properties held by the joint venture or other

termination event. Any entitlements under these arrangements are only accrued for in the financial information once the Group believes that crystallisation of the fee is virtually certain.

Dividends

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

Finance income and costs

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

Service charge income and expense

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

Other expenses

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

Critical accounting estimates and judgments

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

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

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

i. Investment properties

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

The valuation of the Group's development property portfolio and its joint ventures is inherently subjective due to, amongst other factors, the individual nature of each property, forecast trading EBITDA, the status of planning consent, obtaining vacant possession, development cost projections and the expected future rental income, incorporating tenant credit risk. As a result, the valuations the Group places on its development property portfolio are subject to a degree of uncertainty and are made on the basis of current relevant information available at the date of valuation.

Following the referendum on the United Kingdom's continued membership of the European Union held on 23 June 2016 (the "**Referendum**"), whereby the citizens of the United Kingdom voted by a majority in favour of the United Kingdom leaving the European Union (the "**Referendum Result**"), the United Kingdom is currently undergoing a period of uncertainty in relation to many factors that impact the property investment and letting markets and, since the Referendum, it has not been possible to gauge the effect of the Referendum Result by reference to transactions in the market place. Accordingly, the Group's property valuation agent has indicated to it that less certainty can currently be attached to its opinions on the value of the Group's property portfolio.

ii. Valuation of share-based payments

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

iii. Property disposals

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

iv. Accounting for acquisitions

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

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

2. Segmental reporting

During the period covered by this financial information, the Group operated in one business segment, being property investment in the UK, and, as such, no further information is provided. The Board receives internal performance reporting on the investment property portfolio as a whole and does not manage nor assess this on a segmental basis.

3. Gross income

	2016 £'000	2015 £'000	2014 £'000
Rental and related income	54,109	20,697	16,046
Asset management fees	870	1,881	1,699
Realised gain received from Joint Venture partnership during the year	3,373	4,779	–
Surrender premiums and commissions	1,242	838	452
Other sundry income	1,246		
Gross income	60,840	28,195	18,197

4. Property operating expenses

	2016 £'000	2015 £'000	2014 £'000
Amortisation of tenant incentives and letting costs	844	627	465
Ground rent payments	1,029	761	717
Rates on vacant units	1,235	627	402
Other property operating expenses	1,753	727	703
Property operating expenses	4,861	2,742	2,287
Service charge income	13,494	4,133	2,830
Service charge expense	(14,886)	(5,254)	(3,926)
Net service charge expense	1,392	1,121	1,096
Total property operating expenses	6,253	3,863	3,383

5. Administrative expenses

	2016 £'000	2015 £'000	2014 £'000
Group staff costs	8,796	6,871	4,270
Depreciation	125	76	60
Share option/award expenses	898	610	193
Administration and other operating expenditure	3,928	2,532	1,897
Administrative expenses	13,747	10,089	6,420
Asset management fees	(870)	–	–
Exceptional cost[1]	(900)	(1,881)	(1,699)
Net administrative expenses	11,977	8,208	4,721
Net administrative expenses as a % of gross rental income (including share of joint ventures)	18.5%	23.0%	22.0%

(1) Exceptional one off item in respect of move to the Main Market of £0.9m. (2015: Administrative costs include £1.5m of costs in 2015 that are linked directly to the gain on acquisition of interest from joint venture partnerships. Excluding these amounts the ratio would have been 18%).

	2016 £'000	2015 £'000	2014 £'000
Auditor's remuneration			
Fees payable to the Company's auditor for the year-end audit	200	172	147
Total audit fees	200	172	147
Fees payable to the Company's auditor for reporting accountant services	30	–	–
Fees payable to the Company's auditor for the interim review	28	28	25
Total non-audit fees	58	28	25
Total	258	200	172

	2016 Number	2015 Number	2014 Number
Average staff numbers including Directors	41	32	23

6. Profit on disposal of investment properties

	2016 £'000	2015 £'000	2014 £'000
Gross disposal proceeds	51,109	30,575	7,990
Costs of disposal	(461)	(633)	(120)
Net disposal proceeds	50,648	29,942	7,870
Carrying value	(42,349)	(28,202)	(5,838)
Profit on disposal of investment properties	8,299	1,740	2,032

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

7. Finance income and expense

	2016 £'000	2015 £'000	2014 £'000
(a) Finance income			
Income from cash and short-term deposits	82	191	105
Total finance income	82	191	105
(b) Finance costs			
Interest on bank loans	11,500	5,923	4,057
Interest on debt instruments	737	1,400	1,451
Total finance costs	12,237	7,323	5,508
Net finance cost	12,155	7,132	5,403

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

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

8. Taxation

The tax expense for the relevant year comprises:

	2016 *£'000*	*2015* *£'000*	*2014* *£'000*
Current taxation			
UK Corporation Tax at 2016 20% (2015: 21%; 2014: 23%)	136	–	11
Tax charge for the year	136	–	11

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

	2016 *£'000*	*2015* *£'000*	*2014* *£'000*
Profit before tax	70,909	39,528	23,059
Tax at the current rate of 20% (2015: 21%; 2014: 23%)	14,182	8,300	5,073
Tax effect of profit under REIT regime	(14,046)	(8,300)	(5,062)
Tax charge	136	–	11

As at 31 March 2016, the Group had no surplus UK revenue tax losses carried forward (2015: £1.0 million; 2014: £0.9 million) and surplus UK capital losses of £nil million (2015: £nil million; 2014: £0.1 million).

9. Earnings per share

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

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

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

	2016	*2015*	*2014*
	£'000	*£'000*	*£'000*
Earnings			
Earnings for the purposes of basic and diluted EPS being profit after taxation	69,409	39,528	23,048
Adjustments to arrive at EPRA profit			
Unrealised (gains)/deficit on revaluation of investment properties	(19,513)	(6,861)	763
Unrealised (surplus) on revaluation of joint venture investment properties	(4,489)	(12,405)	(14,503)
Profit on disposal of investment properties	(8,299)	(1,740)	(2,032)
Gain on bargain purchase in respect of joint venture entities	(968)	–	–
EPRA profit	36,140	18,522	7,276
Profit on disposal of investment properties	8,299	1,740	2,032
Share option/award expense	808	610	193
Gain on bargain purchase in respect of acquisition of joint venture entities	968	–	–
Exceptional cost in respect of move to the main market	900	–	–
EPRA adjusted profit	47,115	20,872	9,501
Adjustments to EPRA profit to arrive at NAREIT FFO			
EPRA profit	36,140	18,522	7,276
Amortisation of tenant incentives and letting costs	203	153	465
Amortisation of rent-free periods	(103)	(352)	(645)
Amortisation of capitalised leasing costs	641	474	–
NAREIT FFO	36,881	18,797	7,096

	2016	*2015*	*2014*
Number of shares	*No. 000s*	*No. 000s*	*No. 000s*
Weighted average number of Ordinary Shares for the purposes of basic EPS and basic EPRA EPS	176,903	105,496	60,632
Effect of dilutive potential Ordinary Shares:			
Options	1,327	984	228
Warrants	229	255	267
MSREI joint venture conversion	–	2,870	3,093
Weighted average number of Ordinary Shares for the purposes of basic diluted EPS and basic diluted EPRA EPS	178,459	109,605	64,220
1. EPRA Adjusted EPS (pence)	26.6	19.8	15.7
2. EPRA EPS basic (pence)	20.4	17.6	12.0
3. FFO EPS basic (pence)	20.8	17.4	11.4
4. EPS basic (pence)	39.2	37.5	38.0
EPRA diluted EPS (pence)	20.3	17.4	11.4
Diluted EPS basic (pence)	38.9	36.2	33.2

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

10. Net asset value per share

	2016			2015			2014		
	Total equity £'000s	*Shares No'000s*	*Pence per share*	*Total equity £'000s*	*Shares No'000s*	*Pence per share*	*Total equity £'000s*	*Shares No'000s*	*Pence per share*
Basic	689,867	233,494	295	339,695	127,078	267	239,627	99,379	241
Warrants in issue	629	420	150	933	569	164	1,488	865	172
Unexercised employee awards	4,674	2,740	171	4,850	2,617	185	3,372	1,730	195
Convertible loan stock (A CULS)	–	–	–	17,000	6,855	248	–	–	–
Convertible loan stock (B CULS)	–	–	–	6,500	2,642	246	–	–	–
Diluted	695,170	236,654	294	368,978	139,761	264	244,487	101,974	240
Fair value derivatives	2,577	–	–	690	–	–	19	–	–
EPRA	697,747	236,654*	295	369,668	139,761*	265	244,506	101,974	240

1 All A CULS and B CULS were converted in the year in 2016.

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

11. Dividends

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

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

1 Post-balance sheet event.

The £33.9 million of dividends paid in the year is 136 per cent. covered by EPRA cash profits of £47.1 million as set out in Note 9.

Payment date	*Dividend*	*PID*	*Non-PID*	*Pence per share*	*2015/2014 £'000*
2015 dividends					
31 October 2014	First interim dividend	1.00	3.25	4.25	4,235
30 January 2015	Second interim dividend	1.00	3.25	4.25	4,242
30 January 2015	Third quarterly dividend	4.25	–	4.25	4,242
18 May 2015	Fourth quarterly dividend	4.25	–	4.25	5,401
		10.50	6.50	17.00	18,120
2014 dividends					
31 January 2014	2014 Interim dividend	6.0	–	6.0	4,003
28 March 2014	2014 Special interim dividend	10.0	–	10.0	6,730
		16.0	–	16.0	10,733

	2016	*2015*	*2014*
	£'000	*£'000*	*£'000*
Dividends in consolidated statement of changes in equity	28,220	12,719	14,137
Dividends settled in cash during the year	28,220	12,719	14,137
Timing difference related to payment of withholding tax on dividends	(512)	(503)	(1,142)
Dividends in cash flow statement	27,708	12,216	12,995

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

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

During the year ended 31 March 2015, the Company declared total dividends of 17 pence per share of which 4.25 pence was paid after the year end. This was a 6.25 per cent. increase on the prior year dividend of 16 pence per share. The total dividend was fully covered by profits in the year.

Of the total dividend in respect of the year ended 31 March 2015, 10.5 pence was paid as a PID and 6.5 pence paid as a Non-PID.

During the year ended 31 March 2014, the Company paid an interim dividend on 31 January 2014 of 6 pence per share and brought forward the payment of the final dividend by making a special interim dividend of 10 pence per share. The total divided payable for the year ended 31 March 2014 was 16 pence and was 98 per cent. covered by the EPRA adjusted profit per share of 15.7 pence. The Company also announced that it was moving to a quarterly dividend policy in the year year ended 31 March 2015.

12. Investment properties

	2016	*2015*	*2014*
	£'000	*£'000*	*£'000*
Fair value brought forward	404,098	214,124	206,278
Acquisitions and improvements in the year	205,445	89,815	14,447
Properties acquired on business combinations	252,400	121,500	–
Disposals in the year	(42,349)	(28,202)	(5,838)
	819,594	397,237	214,887
Valuation movement gains/(losses) in profit and loss	19,513	6,861	(763)
Fair value at 31 March	839,107	404,098	214,124

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

The fair value at each year end represents the highest and best use.

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

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

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

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

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

Valuation processes

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

Following the Referendum Result, the United Kingdom is currently undergoing a period of uncertainty in relation to many factors that impact the property investment and letting markets and, since the Referendum, it has not been possible to gauge the effect of the Referendum Result by reference to transactions in the market place. Accordingly, Colliers International Valuation UK LLP, the Group's property valutaion agent, has indicated to the Group that less certainty can currently be attached to its opinions on the value of the Group's property portfolio.

Information about fair value measurements for the investment property using significant unobservable inputs (Level 3) 2016

Segment	*Fair value (£'000)*	*Property ERV per sq ft (£) Min*	*Max*	*Average*	*Property Rent per sq ft (£) Min*	*Max*	*Average*	*Property Equivalent Yield (%) Average*	*Topped up Net Initial Yield (%) Average*
Shopping centres	594,462	8.13	38.18	14.10	5.05	30.93	13.54	7.9	6.96
High street	49,546	5.07	21.66	9.94	2.76	22.47	9.62	6.4	6.29
Retail Warehouse	132,416	7.00	20.00	12.07	6.29	21.39	10.87	7.4	7.16
Development Site	20,890	10.66	10.66	10.66	8.04	8.04	8.04	6.6	4.26
	797,314								

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

Information about fair value measurements for the investment property using significant unobservable inputs (Level 3) 2015

Segment	*Fair value (£'000)*	*Property ERV per sq ft (£) Min*	*Max*	*Average*	*Property Rent per sq ft (£) Min*	*Max*	*Average*	*Property Equivalent Yield (%) Average*	*Topped up Net Initial Yield (%) Average*
Shopping centres	469,945	6.22	34.55	11.82	4.64	25.26	10.92	7.6	7.1
High street	47,660	2.41	58.67	9.63	2.41	80.83	9.55	7.1	7.0
Retail Warehouse	50,655	8.64	22.35	11.29	7.47	21.36	10.70	7.7	7.9
	568,260								

Segment	Fair value (£'000)	Property Rent per sq ft (£) Min	Max	Average	Net Initial Yield (%) Min	Max	Average
Pub portfolio	33,373	5.22	70.95	19.19	6.3	16.5	11.5
Convenience store development portfolio	24,670	15.75	31.16	24.71	6.0	7.5	6.0
	58,043						
Group Total							
By Ownership	626,303						
Wholly owned	404,098						
Joint ventures	222,205						
Group Total	626,303						

Information about fair value measurements for the investment property using significant unobservable inputs (Level 3) 2014

Segment	Fair value (£'000)	Property ERV per sq ft (£) Min	Max	Average	Property Rent per sq ft (£) Min	Max	Average	Property Equivalent Yield (%) Average
Shopping centres	253,241	7.89	34.29	12.25	5.11	29.16	11.08	8.0
High street	51,487	4.74	24.44	9.46	0.00	22.47	8.24	7.1
Supermarkets/Convenience stores	6,700	10.94	15.82	12.91	10.31	13.33	11.53	6.7
	311,428							

Segment	Fair value (£'000)	Property Rent per sq ft (£) Min	Max	Average	Net Initial Yield (%) Min	Max	Average
Pub portfolio	47,885	5.22	70.95	19.56	8.6	18.9	12.1
Convenience store development portfolio	4,033	10.79	20.00	15.14	6.3	7.5	7.1
	51,918						
Group Total							
By Ownership	363,346						
Wholly owned	214,124						
Joint ventures	149,222						
Group Total	363,346						

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

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

Valuation techniques underlying the Group's estimation of fair value including joint ventures

The investments are several retail assets in the UK. 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 is: the higher the rental values and the lower the yield, the higher the fair value. In respect of the public house portfolio, the valuer makes judgments 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.

These inputs include:

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

There were no changes in valuation techniques during the period covered by this financial information.

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

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

13. Acquisition of a subsidiary (Business combination)

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

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

On 14 January 2015, the Group acquired 90 per cent. of the units of NewRiver Retail Property Unit Trust, a unit trust registered in Jersey which is engaged in property investment, resulting in ownership of 100 per cent. and control of the underlying entity from its joint venture partner, BRAVO I. Management determined that the acquisition of control should be accounted for as a business combination in accordance with IFRS 3 'Business Combinations'. The fair value of the Group's 10 per cent. equity interest in the NewRiver Retail Property Unit Trust held before the business combination amounted to £7.9 million. The acquired subsidiary has contributed net revenues of £2.6 million and profit of £1.6 million to the Group for the period from the date of acquisition to 31 March 2015. If the acquisition had occurred on 1 April 2014, with all other variables held constant, Group net revenue for the year would have increased by £9.0 million and underlying profit would have increased by £6.0 million.

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

	2016 Attributed fair value £'000	*2015 Attributed fair value £'000*
Investment property	252,400	121,500
Current assets	1,839	1,475
Other net current liabilities	(5,899)	(3,877)
Cash and cash equivalents	6,903	2,642
Debenture and loans	(94,811)	(42,313)
Fair value of acquired interest in net assets of subsidiary	160,432	79,427
Bargain purchase (negative goodwill)	(968)	(385)
Total purchase consideration	159,464	79,042
Less: fair value previously held interest	(54,017)	(7,942)
Total acquisition of NewRiver Retail Property Unit Trust	105,447	71,100

The purchase consideration disclosed in the year ended 31 March 2016 above comprises cash and cash equivalents paid to the acquiree's 50 per cent. owner of £51.95 million. The bargain purchase is a result of the fair value exceeding the purchase price and includes a capital payment by BRAVO II of £3.3 million as part of the transaction which accrued to the Company as a result of strong performance of the property unit trust. The gain on bargain purchase is recognised in the income statement. The fair value of cash and cash equivalents was considered equal to the carrying value representing the entity's bank deposits; fair value of borrowings and trade and other payables was calculated based on discounted cash flow models. The acquired bank loans and overdrafts have no recourse to other companies or assets in the Group.

The purchase consideration disclosed in the year ended 31 March 2015 comprises cash and cash equivalents paid to the acquiree's 90 per cent. owner of £71.1 million. The bargain purchase is a result of the fair value exceeding the purchase price. The gain on bargain purchase is recognised in the income statement as part of the realised gain received from joint venture partners during the year. The fair value of cash and cash equivalents was considered equal to the carrying value representing the entity's bank deposits; fair value of borrowings and trade and other payables was calculated based on discounted cash flow models. The acquired bank loans and overdrafts have no recourse to other companies or assets in the Group.

14. Investments in joint ventures

	2016 £'000	*2015 £'000*	*2014 £'000*
Opening balance	113,027	74,851	14,688
Additional joint venture interests acquired during the year[(1)]	–	72,470	42,400
Effective disposal of 50%/10% investment	(54,017)	(7,942)	–
Income from joint ventures	8,559	11,411	4,296
Net valuation movement	4,489	11,843	14,503
Distributions and dividends[(1)]	(4,325)	(6,450)	(1,668)
Loan repayment	–	(45,567)	(282)
Capital call	2,266	2,275	–
Hedging movements	126	136	914
Closing balance	70,125	113,027	74,851

Name	*Country of incorporation*	*% Holding 2016*	*% Holding 2015*	*% Holding 2014*
NewRiver Retail Investments LP and NewRiver Retail Investments (GP) Ltd*	Guernsey	50	50	50
NewRiver Retail Property Unit Trust	Jersey	100	100	10
NewRiver Retail Property Unit Trust No.2	Jersey	50	50	50
NewRiver Retail Property Unit Trust No.3	Jersey	100	50	50
NewRiver Retail Property Unit Trust No.4	Jersey	100	50	50
NewRiver Retail Property Unit Trust No.5, No.6, No.7	Jersey	50	50	–

(1) The net cash outflow during the year was £4.3 million (2015: £66.02 million; 2014: £40.73 million).

* NewRiver Retail Investments (GP) Limited and its limited partner (NewRiver Retail Investments LP) have a number of 100 per cent. owned subsidiaries which are NewRiver Retail (Finco No 1) Limited and NewRiver Retail (GP1) Limited, acting in its capacity as general partner for NewRiver Retail (Holding No 1) LP and NewRiver Retail (Portfolio No 1) LP. These entities have been set up to facilitate the investment in retail properties in the UK by the MSREI Joint Venture.

As at 31 March 2016, there were four joint ventures which are equity accounted for as set out below:

NewRiver Retail Property Unit Trust, NewRiver Retail Property Unit Trusts Nos 2, 5, 6 and 7

NewRiver Retail Property Unit Trusts Nos 2, 5, 6 and 7 (the "Middlesbrough" and "Swallowtail" JVs) are established jointly controlled Jersey property unit trusts set up by the Company and PIMCO BRAVO II Fund LP ("**BRAVO II**") to invest in UK retail property.

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

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

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

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

	2016 NewRiver Retail Property Unit Trust, 2, 3, 4, 5, 6,7 Total £'000	*2016 Group's share £'000*	*2015 NewRiver Retail Property Unit Trust, 2, 3, 4, 5, 6,7 Total £'000*	*2015 Group's share £'000*	*2014 NewRiver Retail Property Unit Trust, 2, 3, 4 £'000*	*2014 Group's Share £'000*
Balance sheet						
Non-current assets	240,641	120,321	417,560	208,780	346,560	131,060
Current assets	6,664	3,332	14,799	7,400	12,475	4,429
Current liabilities	(3,888)	(1,944)	(8,372)	(4,186)	(9,152)	(3,207)
Senior debt	(117,365)	(58,675)	(211,252)	(105,619)	(164,666)	(65,333)
Non-current (liabilities)/ assets	(979)	(497)	(1,865)	(939)	1,711	484
Net assets	125,073	62,537	210,870	105,436	186,928	67,433
Income statement*						
Net income	19,706	11,957	34,702	15,705	17,046	5,078
Administration expenses	(964)	(556)	(1,800)	(804)	(936)	(271)
Finance costs	(5,056)	(3,243)	(8,867)	(4,021)	(4,071)	(1,230)
Recurring income	13,686	8,158	24,035	10,880	12,039	3,577
Fair value surplus on property revaluations	11,604	5,802	25,616	12,807	45,443	16,963
Profit on disposal	33	17	–	–	–	–
Income from joint ventures	25,323	13,977	49,651	23,687	57,482	20,540

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

* Includes the Company's share of NewRiver Retail Property Unit Trust from the period 1 April 2014 to 31 December 2014 prior to acquisition of the remaining 90 per cent.

The Group's share of any contingent liabilities to the Jersey property unit trusts is £nil (2015: £nil; 2014: £nil).

NewRiver Retail Investments LP

NewRiver Retail Investments LP (the "**MSREI Joint Venture**") is an established jointly controlled limited partnership set up by the Company and Morgan Stanley Real Estate Investing ("**MSREI**") to invest in UK retail property.

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

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

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

	2016 NewRiver Retail Investments (GP) Ltd Total £'000	*2016 Group's Share 50% £'000*	*2015 NewRiver Retail Investments (GP) Ltd Total £'000*	*2015 Group's Share 50% £'000*	*2014 NewRiver Retail Investments (GP) Ltd Total £'000*	*2014 Group's Share 50% £'000*
Balance sheet						
Non-current assets	27,683	13,842	26,850	13,425	36,325	18,162
Current assets	1,060	530	1,990	995	2,294	1,147
Current liabilities	(783)	(391)	(815)	(408)	(1,221)	(610)
Senior debt	(12,784)	(6,393)	(12,771)	(6,387)	(22,466)	(11,233)
Non-current liabilities	–	–	(70)	(34)	(97)	(48)
Net assets	15,176	7,588	15,184	7,591	14,835	7,418
Income statement						
Net income	1,219	609	1,916	957	2,314	1,157
Administration expenses	(209)	(104)	(262)	(131)	(269)	(134)
Finance costs	(242)	(121)	(591)	(295)	(606)	(303)
Recurring income	768	384	1,063	531	1,439	720
Fair value (deficit) on property revaluations	(2,626)	(1,313)	(804)	(402)	(4,921)	(2,460)
Income/(Deficit) from joint ventures	(1,858)	(929)	259	129	(3,482)	(1,740)

The Group's share of any contingent liabilities to the MSREI Joint Venture is £nil (2015: £nil; 2014: £nil).

15. Property, plant and equipment

	Fixtures and equipment £'000
Cost	
At 1 April 2013	468
Additions	40
At 31 March 2014	408
Additions	205
At 31 March 2015	713
Additions	163
At 31 March 2016	876
Depreciation	
At 1 April 2013	(64)
Depreciation charge for the year	(60)
At 31 March 2014	(124)
Depreciation charge for the year	(76)
At 31 March 2015	(200)
Depreciation charge for the year	(125)
At 31 March 2016	(325)
Book value at 31 March 2016	551
Book value at 31 March 2015	513
Book value at 31 March 2014	384

16. Investment in subsidiary undertakings

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

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

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

In addition, the Old EBT and the New EBT are consolidated as disclosed in Note 24.

17. Trade and other receivables

	2016 £'000	2015 £'000	2014 £'000
Trade receivables	4,908	2,920	2,495
Prepayments and accrued income	3,554	2,933	1,100
	8,462	5,853	3,595

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

A provision of £0.6 million (2015: £0.7 million; 2014: £0.4 million) was made against trade receivables as at each year end.

18. Cash and cash equivalents

	2016 £'000	2015 £'000	2014 £'000
Cash at bank	114,071	15,412	89,555

19. Trade and other payables

	2016 £'000	2015 £'000	2014 £'000
Trade payables	2,182	3,770	1,468
Other payables	3,841	1,409	617
Accruals	10,026	5,569	4,993
Rent received in advance	9,583	5,449	3,124
	25,632	16,197	10,202
Taxation – current	136	–	219
Current trade and other payables	25,768	16,197	10,421

20. Borrowings

	2016 £'000	2015 £'000	2014 £'000
Secured bank loans	314,105	157,921	108,256
Convertible Unsecured Loan Stock	–	23,420	23,306
	314,105	181,341	131,562
Maturity of borrowings:			
Balance sheet borrowings			
Less than one year – Convertible Unsecured Loan Stock	–	23,420	–
Between one and two years	–	–	23,306
Between two and three years	94,029	–	40,373
Between three and four years	186,269	85,556	–
Over five years	33,807	72,365	67,883
	314,105	181,341	131,562

	2016 £'000	2015 £'000	2014 £'000
Maturity of borrowings:			
Group's share of Joint Venture borrowings			
Less than one year	6,396	–	11,212
Between one and two years	–	6,386	–
Between two and three years	13,505	–	64,605
Between three and four years	45,178	60,538	–
Between four and five years	–	45,088	–
Over five years	–	–	–
	65,079	112,012	75,817
Maturity of borrowings:			
Total Group share of borrowings (Proportionally consolidated)			
Less than one year	6,396	23,420	–
Between one and two years	–	6,386	11,212
Between two and three years	107,534	–	23,306
Between three and four years	231,447	60,538	104,978
Between four and five years	33,807	130,645	67,883
Over five years	–	72,364	–
Total	379,184	293,353	207,379

Secured bank loans

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

	2016	*2015*	*2014*
Weighted average debt maturity including extension options			
Balance sheet secured borrowings	3.6 yrs	5.0 yrs	4.5 yrs
Joint Venture secured borrowings	3.1 yrs	3.9 yrs	4.3 yrs
Total Group share of borrowings	3.5 yrs	4.6 yrs	4.4 yrs

	2016	*2015*	*2014*
Effective interest rate during the year			
Balance sheet secured borrowings	4.2%	3.8%	3.9%
Joint Venture secured borrowings	2.9%	3.9%	4.7%
Total Group share of borrowings	3.7%	3.8%	4.2%
LTV (proportionally consolidated)	27%	39%	25%
Interest cover x (proportionally consolidated)	4.3x	3.9x	3.9x

Facility and arrangement fees

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

	Maturity date	*Facility drawn £'000*	*Unamortised facility fees £'000*	*Balance £'000*
2015				
Secured balance sheet borrowings				
Santander	Feb 2021	33,990	269	33,721
HSBC	May 2019	24,736	406	24,330
Barclays	Mar 2020	39,174	530	38,644
Lloyds	Sep 2019	19,165	149	19,016
Santander/HSBC	Mar 2020	42,500	290	42,210
Subtotal		159,565	1,644	157,921
Group's share of secured Joint Venture borrowings				
Santander	Feb 2017	6,400	14	6,386
Barclays	Dec 2018	15,998	138	15,860
Barclays	Aug 2018	13,585	115	13,470
HSBC	Nov 2019	45,500	412	45,088
Venn Capital	Dec 2018	31,500	293	31,207
Subtotal		112,983	972	112,012
Convertible Unsecured Loan Stock	Dec 2015	23,500	80	23,420
Total Group's share of borrowings		296,048	2,696	293,353

The Company expects the Holders of the Convertible Unsecured Loan Stock to convert their interest to equity prior to the maturity date.

	Maturity date	Facility drawn £'000	Unamortised facility fees £'000	Balance £'000
2014				
Secured balance sheet borrowings				
HSBC	Nov 2015	36,475	115	36,360
Clydesdale	Aug 2016	40,645	272	40,373
Santander	Feb 2021	31,891	368	31,523
		109,011	755	108,256
Group's share of secured Joint Venture borrowings				
Santander	Feb 2015	11,253	20	11,233
Barclays	Aug 2018	13,734	149	13,585
Santander/HSBC	Dec 2017	4,290	40	4,250
Barclays	Dec 2018	16,172	174	15,998
Venn Capital	Dec 2018	31,866	366	31,500
Subtotal		77,315	749	76,566
Convertible Unsecured Loan Stock		23,500	194	23,306
		209,826	1,698	208,128

Group's Share of Borrowings: Hedging Profile

Fair value on interest rate swaps

The Group recognised a mark to market fair value loss of £1.2 million (2015: loss of £0.7 million; 2014: profit £2.3 million) on its interest rate swaps. The fair value of interest rate swap liabilities in the balance sheet as at 31 March 2016 was £3.0 million (2015: £1.9 million; 2014: £0.9 million). The fair value of interest rate swap assets in the balance sheet as at 31 March 2016 was £0.4 million (2015: £0.3 million; 2014: nil) All borrowings are due after more than one year and the derivative financial instruments are held as non-current liabilities.

Convertible Unsecured Loan Stock ("CULS")

On 22 November 2010, the Group issued £25 million of CULS, £17 million of A CULS and £8 million of B CULS. On issue, the stockholder was able to convert all or any of the stock into ordinary shares at the rate of one ordinary share for every £2.80. The conversion rate was subsequently adjusted on the A CULS and on the B CULS as a result of new shares being issued and dividends paid in accordance with the terms of the agreement. Under the terms of the CULS, interest accrued at 5.85 per cent. on the outstanding loan stock until 31 December 2015 when it would be either converted or repaid. The interest payable on the CULS was due biannually on the 30 June and 31 December.

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

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

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

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

21. Operating lease arrangements

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

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

	2016	*2015*	*2014*
	£'000	*£'000*	*£'000*
Within one year	74,261	30,030	28,586
Between one and two years	64,836	27,823	26,617
In the second to fifth year inclusive	114,451	66,803	33,482
After five years	157,127	95,311	109,443
	410,675	219,967	198,128

The Group's weighted average lease length of operating leases at 31 March 2016 was 7.2 years (2015: 7.4 years; 2014: 8.3 years).

22. Financial commitments and operating lease arrangements

	2016	*2015*	*2014*
	£'000	*£'000*	*£'000*
Rents payable on operating leases:			
Within one year	127	387	195
One to two years	191	203	387
Two to five years	574	617	487
After five years	114	304	496
	1,006	1,511	1,565

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

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

23. Share capital and reserves

The authorised share capital is unlimited and, as at 31 March 2016, there were 233,393,712 shares in issue (2015: 127,077,895; 2014: 99,378,507), excluding treasury shares. The table below outlines the movement of shares in the period covered by this financial information:

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

		Number of shares issued 000s	Price per share pence	Total number of shares 000s
Brought forward at 1 April 2014				99,379
April – September 2014	Warrant conversions	293	172	99,672
October 2014	Option exercise	89	235	99,761
October 2014	Warrant conversion	6	170	99,767
November 2014	Option exercise	38	235	99,805
January 2015	Equity issuance	27,273	275	127,078
Carried forward at 31 March 2015				127,078

		Number of shares issued 000s	Price per share pence	Total number of shares 000s
Brought forward at 1 April 2013				34,030
July 2013	Additional Placing	32,683	205	66,713
September 2013	Warrant Conversion	11	187	66,724
February 2014	CULS Conversion	579	259	67,303
February 2014	Fundraise	32,076	265	99,379
Carried forward at 31 March 2014				99,379

During the year ended 31 March 2016, the Group approved a transfer from the share premium account of £313.2 million (2015: £73.3 million; 2014: £148.5 million) to other reserves which may be distributed in the future. The share premium arose from previous successful equity raises.

2016:

The gross proceeds of £300 million were received from the issue of 50,000,000 shares at 300 pence each and 46,153,846 shares at 325 pence each. Costs of £7.7 million associated with the issue were netted off against these proceeds.

Shareholders who subscribed for placing shares in the Company's initial public offering received warrants, in aggregate, to subscribe for 3 per cent. of the fully diluted share capital exercisable at the subscription price per ordinary share of £2.50 and all such warrants were fully vested and exercisable upon issuance. The subscription price was subsequently adjusted to £1.50 following subsequent dividend payments and share issues.

2015:

The gross proceeds of £75 million were received from the issue of 27,272,727 shares at 275 pence each. Costs of £1.7 million associated with the issue were netted off against these proceeds. The subscription price of the warrants was subsequently adjusted to £1.64 following subsequent dividend payments and share issues.

2014:

The subscription price of the warrants was subsequently adjusted to £1.72 following subsequent dividend payments and share issues.

24. Treasury shares

NewRiver settled the Old EBT on 27 August 2009. The trustee of the Old EBT, Computershare Trustees (Jersey) Limited, is a professional trustee company based in Jersey.

The trustee of the Old EBT, at its discretion, may transfer NewRiver Shares held by it to Executive Directors, employees and former employees of NewRiver and its subsidiaries.

The trustee of the New EBT, at its discretion, may transfer NewRiver Holdco Shares held by it to Executive Directors, employees and former employees of NewRiver Holdco and its subsidiaries. The maximum number of NewRiver Holdco Shares that may be held by the trustee of the New EBT may not exceed 5 per cent. of the issued share capital of NewRiver Holdco at that time. It is intended that the trustee of the New EBT will not hold more NewRiver Holdco Shares than are required in order to satisfy awards and/or options granted in exchange for options and/or awards granted under the NewRiver Share Incentive Plans or granted under the NewRiver Holdco Share Incentive Plans.

As at 31 March 2016, there were 5,152,000 NewRiver Shares held in the Old EBT. As the Old EBT is consolidated, these NewRiver Shares are treated as treasury shares. The NewRiver Shares held by the trustee of the Old EBT will be exchanged for NewRiver Holdco Shares pursuant to the Scheme and will be appointed to the trustee of the New EBT on or around the date of Admission.

During the year ended 31 March 2016, 344,445 (2015:127,500) NewRiver Shares were transferred from the Old EBT in order to satisfy the exercise of options/awards by employees (2014: Nil).

	2016	*2015*	*2014*
	000s	*000s*	*000s*
Brought forward	497	624	624
Exercised during the year	(345)	(127)	–
Gifted to EBT during the year	5,000	–	–
Carried forward	5,152	497	624

25. Share-based payments

The Group provides share-based payments to employees in the form of options and/or awards over NewRiver Shares. All share-based payment arrangements granted since the admission on 1 September 2009 have been recognised in the financial information. Further details can be found in accounting policies Note 1.

(a) ***Terms***

Share options

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

	Exercise price pence	*2016 Number of options*	*2015 Number of options*	*2014 Number of options*
Awards brought forward		2,182,410	2,317,410	2,317,410
Awards made during the current year:	–	–	–	–
Awards exercised during the current year:	2.35	–	(127,500)	–
Awards lapsed during the prior year:	2.50	(224,000)	(7,500)	–
Awards exercised during the current year:	2.72	(22,098)		
Exercisable options at the end of the year		1,936,312	2,182,410	2,317,410

The awards granted during the year are based on a percentage of the total number of shares in issue. The weighted average exercise price during the year ended 31 March 2016 was £2.61.

Performance shares

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

	Exercise price £	2016 Number of shares	2015 Number of shares	2014 Number of shares
Awards brought forward		1,196,310	650,000	500,000
Awards made during the current year	nil	1,093,072	607,000	150,000
New awards made during the current year in respect of accrued dividends		206,354	–	–
Awards exercised during the current year		(81,192)	–	–
Awards lapsed during the current year		(315,569)	(60,690)	–
Issued shares at the end of the year		2,098,975	1,196,310	650,000

(b) ***Share-based payment charge***

	2016 £'000	2015 £'000	2014 £'000
Share-based payment expense brought forward	1,063	453	260
Share-based payment expense in the year	898	610	193
Cumulative share-based payment	1,961	1,063	453

26. Financial instruments – risk management

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

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

(a) ***Market risk***

Currency risk

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

Cash flow and fair value interest rate risk

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

The Group's cash flow and fair value risk is reviewed quarterly by the Board. The Group analyses its interest rate exposure on a dynamic basis. It takes on exposure to mitigate the effects of fluctuations in the prevailing levels of market interest rates on its financial position and cash flows. Interest costs may increase as a result of such changes. They may reduce or create losses in the event that unexpected movements arise. Various scenarios are simulated taking into consideration refinancing, renewal of existing positions, alternative financing and hedging. Based on these scenarios the Group calculates the impact on profit and loss of a defined interest rate shift. The simulation is run on an on-going basis to verify that the maximum potential impact is within the parameters expected by management. To date, the Group has sought to fix its exposure to interest rate risk on borrowings through the use of a variety of interest rate derivatives. At 31 March 2016, the Group (including joint ventures) had £413 million (2015: £342.3 million; 2014: £220.1 million) of interest rate swaps and caps in place). This gives certainty over future cash flow but exposure to fair value movements, which amounted to an unrealised loss of £1.2 million (2015: loss of £0.7 million; 2014: gain of £2.3 million). Sensitivity analysis is carried out to assess the impact of an increase in interest rates on finance costs to the Group. The impact of a 200bps increase in interest rates for the year would increase the net interest payable in the Income Statement and reduce net assets by £0.6 million (2015: £1.3 million; 2014: £1.4 million).

(b) ***Credit risk***

The Group's principal financial assets are cash and short-term deposits, trade and other receivables.

The credit risk on the Group's trade and other receivables is considered low due to the Group having policies in place to ensure that rental contracts are made with tenants meeting appropriate balance sheet covenants, supplemented by rental deposits or bank guarantees from international banks. The amounts presented in the balance sheet are net of allowances for doubtful receivables. An allowance for impairment is made where there is objective evidence that the Group will not be able to collect all amounts due according to the terms of the receivables concerned.

The credit risk on the Group's cash and short-term deposits and derivative financial instruments is limited to the Group's policy of monitoring own and counterparty exposures.

(c) ***Liquidity risk***

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

Management monitor the Group's liquidity position on a weekly basis. Formal liquidity reports are issued on a weekly basis and are reviewed quarterly by the Board, along with cash flow forecasts. A summary table with maturity of financial liabilities is presented below:

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

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

	Current £'000	Year 2 £'000	2014 Years 3 to 5 £'000
Interest bearing loans and borrowings	–	–	109,011
CULS	–	23,500	–
Trade and other payables	10,420	–	–
Derivative financial instruments	–	–	19
	10,420	23,500	109,030

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

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

(d) ***Capital risk management***

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

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

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

27. Contingencies and commitments

The Group has no material contingent liabilities (2015: none; 2014: none). The Group is contractually committed to £6.4 million of capital expenditure as at 31 March 2016 (2015: nil; 2014: nil).

28. Related party transactions

Group

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

Directors' shareholdings can be found in Part 7 of this document.

Total emoluments of Executive Directors during the year ended 31 March 2016 (excluding share-based payments) were £3.1 million (2015: £3.8 million; 2014: £2.6 million).

Share-based payments of £0.9 million (2015: £0.6 million; 2014: £0.1 million) accrued during the year ended 31 March 2016.

During the year ended 31 March 2016, 30,000 shares (2015: nil; 2014: 137,580) were acquired on the open market by Directors.

29. Post-balance sheet events

On 25 May 2016, the Company announced the first quarter dividend for the new financial year of 5p per share payable on 17 August 2016 to Shareholders. The ex-dividend date was 21 July 2016.

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

On 18 April 2016, the Company acquired 100 per cent. of the shares (through the acquisition of a legal entity) of Broadway Shopping Centre and Broadway Square Retail Park in Bexleyheath, accounted for as a Business Combination per IFRS 3, for a total purchase consideration of £120.25 million (equivalent to the fair value investment property acquired of £120.25 million). No fair value was attributed to any other assets or liabilities. It is not expected that goodwill will be recognised following this business combination. As part of the business combination, the Group acquired a £49 million secured loan from Deka bank.

On 21 June 2016, the Company acquired the Cuckoo Bridge Retail Park, Dumfries for a total purchase consideration of £20.2 million.

Following the Referendum Result, the United Kingdom is currently undergoing a period of uncertainty in relation to many factors that impact the property investment and letting markets and, since the Referendum, it has not been possible to gauge the effect of the Referendum Result by reference to transactions in the market place. Accordingly, Colliers International Valuation UK LLP, the Group's property valutaion agent, has indicated to it that less certainty can currently be attached to its opinions on the value of the Group's property portfolio.

PART 6

OPERATING AND FINANCIAL REVIEW

This Part 6 should be read in conjunction with the historical financial information contained in Part 5 of this document and information on the Company and the Group contained in Part 2 of this document. Prospective investors should read the entire document and not rely solely on the summary information set out below. The financial information considered in this Part 6 is extracted without material adjustment from the historical financial information contained in Part 5 of this document.

The following discussion of the Group's results of operations and financial condition contains forward-looking statements that involve risks and uncertainties. The Company's actual results could differ materially from those that it discusses in these forward-looking statements. Factors that could cause or contribute to such differences include those discussed below and elsewhere in this document, particularly in risk factors set out in the section of this document headed "Risk Factors".

In addition, the following discussion of the Group's results of operations and financial condition contains the Directors' estimates with respect to certain revenue and cost break-downs. These estimates are derived from management reporting systems and not from financial accounting systems or financial accounting records and, therefore, are not subject to the same degree of internal controls as information derived from financial accounting systems. The Directors' estimates are unaudited and are not reviewed by the Company's auditors. The Directors nonetheless believe that investors will find this information helpful in assessing the Group's business.

*Information in this section covers the three financial years ended 31 March 2014 ("**FY 2014**"), 31 March 2015 ("**FY 2015**") and 31 March 2016 ("**FY 2016**").*

The following discussion relates to NewRiver and the Group as at the date of this document. If the Scheme becomes effective, NewRiver Holdco will become the parent company of the Group on the Scheme Effective Date and the operating and financial review will relate to NewRiver Holdco and the Group.

1. Overview

The Group is a UK REIT specialising in value-creating retail property investment and active asset management and risk-controlled development.

Since its IPO, the Group has been an active acquirer of retail and leisure property assets and has demonstrated its ability to deploy capital quickly and efficiently into assets which meet its investment criteria. The Group has grown from IPO to become one of the largest owner/managers of shopping centres, owning (as at the Latest Practicable Date) 33 shopping centres across the UK, further retail assets across the UK and a portfolio of 356 public houses with retail and mixed-use development opportunities. The portfolio totals approximately 8 million square feet with almost 2,000 occupiers, an annual footfall of 150 million and a retail occupancy rate of 97 per cent. (as at 30 June 2016).

The Group has a proven track record of creating value and delivering high, sustainable income returns to its investors. Its diversified portfolio provides investors with exposure to high income-generating retail assets. The Group's focus on the UK retail property market gives it a competitive advantage in sourcing opportunities within this sector, many of which are sourced off-market. The Directors continue to see a wide range of opportunities which meet the Group's investment criteria and therefore has a strong pipeline of acquisition and risk-controlled development opportunities.

2. Key performance indicators

The table below summarises the key performance indicators applied by the Group for the three financial years ended 31 March 2016 on a proportionally consolidated basis:

	Year ended 31 March 2016	*Year ended 31 March 2015*	*Year ended 31 March 2014*
Total Shareholder Return	+16%	+16%	+55%
EPRA adjusted profit	£47.1m	£20.9m	£9.5m
Profit before tax	£69.5m	£39.5m	£23.1m
EPRA adjusted (Pence per share)	26.6	19.8	15.7
EPRA Basic (Pence per share)	20.4	17.6	12.0
Basic EPS (Pence per share)	39.2	37.5	38.0
Dividends (Pence per share)	18.5	17.0	16.0
Dividend cover	144%	116%	98%
Like-for-like net income growth	2.4%	1.6%	0%
Like-for-like Capital return	4.1%	5.6%	5.4%
Property valuation movement and disposals	£32.3m	£21.0m	£15.7m
Interest Cover	4.3x	3.9x	3.9x

3. Principal factors affecting the Group's results of operations

The following discussion highlights those factors currently known or expected by the Directors to have a material effect on the Group's results of operations.

3.1 *Rental income*

Rental income is the primary source of revenue for the Group and is expected to remain the primary source of recurring revenue for the Group for the foreseeable future.

Rental income is affected by a number of factors and may fluctuate from year to year. One of the key drivers of rental income is the level of underlying occupancy of the Group's portfolio of income-producing assets, with higher levels of occupancy generally having a positive impact on rental income. Occupancy levels are, in part, influenced by general economic conditions as low or no growth in the economy often results in tenant failures and higher vacancy rates whereas economic growth is likely to lead to an increase in consumer spending, demand for retail goods and services and, as a consequence, higher occupancy rates as demand for retail space increases. Other factors which influence occupancy rates include employment levels, levels of consumer spending and changing consumer shopping habits, such as the growth in online retailing, which impact, among others, the financial condition of tenants. As economic conditions in the UK over the period covered by the historical financial information discussed in this Part 6 have improved, the Group's occupancy level has remained consistently high, standing at 97 per cent. as at 30 June 2016.

Prior to the Referendum Result, the improvement in the macro-economic environment in the UK, and in the UK property market in particular, was feeding through to an increase in retailer demand for new space and units. This was being reflected in the Group's leasing transactions, with reduced tenant incentives and a strong tenant retention rate at lease expiry/break. However, if economic conditions were to worsen or become more unfavourable, for example, as a consequence of any prolonged political and/or economic uncertainty following the Referendum Result, the Group may be required to change its strategy to managing occupancy levels by offering more favourable terms to tenants, such as agreeing monthly payments or temporary reductions in rent over longer periods than may generally be offered at present.

Net rental income may also fluctuate as a result of the signing of a new lease contract by a tenant, a tenant not renewing its lease at the end of its term or as new properties are acquired, developed or sold. For additional discussions on the impact of acquisitions and the development process, see paragraph 3.3 below.

Rental income is also affected by the rent review process. Growth in net rental income can be correlated to the rent review process, which is typically on a five year cycle, and reviews are generally structured to ensure that if adjustments are made to existing rents such adjustments are upwards only at the time of the rent review. Therefore, if market rents should fall, there is no downward adjustment to the rent payable under the lease.

3.2 ***Movements in commercial property prices***

The market value of the Group's property portfolio is assessed by external independent valuers on an open-market basis. The valuation of investment and development properties is published and reflected in the Group's consolidated balance sheet. The change in commercial property yields, which have a considerable impact on property valuations, is driven by both market factors and factors relating to each individual property asset such as its location and assessed quality. Revaluation gains and losses arising from movements in property valuations are reflected in the Group's consolidated income statement and thus have an impact on the Group's profit or loss for the period.

Such values assigned to the Group's properties may change as they are affected by a number of macro-economic and sector-specific factors that are outside the Group's control, including, amongst others, GDP growth rates, business and consumer confidence levels, demand for business products and services, levels of corporate profitability, government building and infrastructure initiatives, the general availability and cost of credit and interest rates.

The Group's investment properties and development properties are revalued biannually. As a result, its profit may experience significant volatility as valuation changes between reporting dates may be significant, particularly in periods of uncertainty regarding property values. As a result of the revaluation of the Group's properties in accordance with IAS 40, net revaluation gains/losses recognised on the income statement were £(0.8) million for the year ended 31 March 2014, £6.9 million for the year ended 31 March 2015 and £19.5 million for the year ended 31 March 2016. Valuation changes recognised in the Group's consolidated income statement do not have an impact on the Group's cash position until the sale or other disposal of such property.

Following the Referendum Result, the United Kingdom is currently undergoing a period of uncertainty in relation to many factors that impact the property investment and letting markets and, since the Referendum Result, it has not been possible to gauge the effect of the Referendum Result by reference to transactions in the market place. Accordingly, Colliers International, the Group's property valuation agent, has indicated to the Group that less certainty can currently be attached to its opinions on the value of the Group's property portfolio.

3.3 ***Property acquisition and development***

As part of the Group's activities, the Group undertakes the purchase and development of property. This may include the acquisition of investment properties, the redevelopment and refurbishment of existing assets or the risk-controlled development of new assets. Development expenditure may include construction costs, financing costs and professional fees. Acquisitions and development utilise a significant proportion of the Group's capital resources and are, therefore, a key factor affecting the Group's results.

Acquisitions, development and redevelopment of property may also have a significant impact on the Group's results due to the extent that they impact rental income. The addition of new significant tenants when a property is acquired or a property under development is completed, as well as delays in the development process, could result in material fluctuations in the Group's net rental income or operating profit between given periods.

3.4 ***Cost and availability of funding***

Funding costs, recognised in the financial information as interest expense, are the result of the decision to finance certain activities of the Group with external financing, primarily bank loans. While the majority of the Group's debt is currently fixed rate, either through fixed rate term facilities or the

Group entering into interest rate swaps, movements in the cost of debt may potentially have a significant impact on the long term profitability of the Group. Funding is required to support the Group's development expenditure and to refinance maturing debt. The availability of debt funding will have a significant impact on the Group's profitability and capital structure. Should debt funding be restricted then the Group may become reliant on equity or equity-related capital. This could increase the Group's overall cost of capital and make certain types of property investment economically unattractive or not feasible. A severe rationing of debt funding over the longer term may require the Group to dispose of property assets, potentially at unattractive prices, to avoid expensive refinancing costs.

4. Significant events

The following are the significant events which have occurred in connection with the principal activities of the Group over the three financial years ended 31 March 2014, 31 March 2015 and 31 March 2016 up to the date of publication of this document:

- In July 2013, the Group raised £67 million of gross proceeds by way of a firm placing and an additional placing. The proceeds were deployed on standalone acquisitions, joint ventures and co-investments.
- In July 2013, the Group announced that it had completed the acquisition of the Hillstreet Shopping Centre in Middlesbrough through its joint venture with a subsidiary of BRAVO II. The total consideration paid by the joint venture was £49.4 million and, at the time, this represented the Group's largest acquisition. A portion of the purchase consideration for the Group's 50 per cent. share in the asset was funded from the proceeds raised through the placing referred to above.
- In October 2013, NewRiver delisted from the Channel Islands Stock Exchange.
- In November 2013, the Group announced that it had exchanged contracts to acquire retail centres in Llanelli and Oxford for aggregate consideration of £34.3 million through its joint venture with BRAVO II with each joint venture partner taking a 50 per cent. stake. A portion of the purchase consideration for the Group's 50 per cent. share in the assets was, again, funded from the proceeds raised through the placing referred to above.
- Also in November 2013, the Group announced that it had exchanged contracts to acquire a portfolio of 202 public houses from Marston's Plc ("**Marston's**") for a total consideration of £90 million with the intention of converting a significant number of them for retail use. The acquisition was undertaken via a joint venture with BRAVO II in which NewRiver held a 50 per cent. interest. Again, a portion of the purchase consideration was funded from the proceeds raised through the placing referred to above. In connection with the acquisition, Marston's entered into a minimum four-year term leaseback agreement to manage and operate the portfolio as public houses pending conversion.
- In December 2013, the Group announced that it had acquired a 50 per cent. stake in a portfolio of three shopping centres for a total consideration of £24 million again through its joint venture with BRAVO II.
- In February 2014, the Group raised £85 million of gross proceeds by way of a firm placing and an additional placing. The proceeds were deployed for the purposes of the Group's continuing investment programme.
- In April 2014, the Group announced that The Co-operative Group Limited had signed a conditional agreement to lease a significant element of the Marston's public house portfolio comprising 54 new convenenience stores (extended to 63 in September 2014 and subsequently reduced to 45 in January 2016).
- In May 2014, on application by NewRiver, the Guernsey Financial Services Commission ("**GFSC**") agreed to revoke the declaration of NewRiver as a registered closed-ended collective investment scheme pursuant to The Registered Collective Investment Scheme Rules 2008 on the basis that it was

a general commercial trading company no longer having the attributes of a collective investment scheme at which point NewRiver ceased to be subject to the supervision of the GFSC.

- In August 2014, the Group announced the disposal of the Bramley Shopping Centre in Leeds for £18.5 million and the acquisition of a shopping centre portfolio comprising the Priory Meadow Shopping Centre, Hastings; the Abbeycentre, Newtownabbey; and the Avenue Shopping Centre, Newton Mearns for £140 million. The latter was acquired through a joint venture with a subsidiary of BRAVO II with the Group taking a 50 per cent. stake.
- In January 2015, the Group raised £75 million of gross proceeds by way of a placing for the purposes of acquiring the 90 per cent. not already owned by it of its first joint venture with BRAVO I for consideration of £71 million. The acquisition was completed shortly following completion of the placing.
- In July 2015, the Group raised £150 million of gross proceeds by way of a placing to fund the acquisitions of the 50 per cent. stakes not already owned by it in a further two joint ventures with BRAVO II for an aggregate consideration of £52 million, with the remaining proceeds to be used for the Group's near term acquisition and development pipeline (including the acquisition of the Ramsay portfolio of 13 retail warehouses for an aggregate consideration of £69 million). All of the above acquisitions were also completed in July 2015.
- In August 2015, the Group announced that it had exchanged contracts to acquire a portfolio of 158 public houses from Punch Taverns for an aggregate consideration of £53.5 million.
- In November 2015, the Group announced that all remaining outstanding convertibles unsecured loan stock had been converted into ordinary shares in the capital of NewRiver.
- In January 2016, the Group raised £150 million of gross proceeds to fund its pipeline of acquisition and development opportunities.
- In April 2016, the Group announced that it had completed the acquisition of Broadway Shopping Centre and Broadway Square Retail Park, Bexleyheath for £120 million.
- In June 2016, the Group announced that it had completed the acquisition of Cuckoo Bridge Retail Park, Dumfries for £20.2 million.

5. Results of operations

The selected financial information for the Group as at and for the financial years ended 31 March 2016, 31 March 2015 and 31 March 2014 set out below has been extracted without material adjustment from the audited consolidated financial information of the Group for the financial years ended 31 March 2016, 31 March 2015 and 31 March 2014 included in Part 5 of this document. Shareholders should read the audited consolidated financial information and should not rely solely on the selected financial information contained herein.

5.1 ***Consolidated income statement data***

The following table sets out selected components of the Group's condensed consolidated income statement and certain key performance indicators for the financial years ended 31 March 2016, 31 March 2015 and 31 March 2014:

	Year ended 31 March 2016			*Year ended 31 March 2015*			*Year ended 31 March 2014*		
	Operating and Financing £'000	*Fair value adjustments £'000*	*Total £'000*	*Operating and Financing £'000*	*Fair value adjustments £'000*	*Total £'000*	*Operating and Financing £'000*	*Fair value adjustments £'000*	*Total £'000*
Net property income	54,587	–	54,587	24,332	–	24,332	14,814	–	14,814
Net valuation movement	–	24,002	24,002	–	19,266	19,266	–	13,740	13,740
Operating profit	57,698	24,002	81,700	27,394	19,266	46,660	14,722	13,740	28,462
Net finance expense									
Finance income	82	–	82	191	–	191	105	–	105
Finance costs	(12,237)	–	(12,237)	(7,323)	–	(7,323)	(5,508)	–	(5,508)
Profit for the year before taxation	45,543	24,002	69,545	20,262	19,266	39,528	9,319	13,740	23,059
Current taxation charge	(136)	–	(136)	–	–	–	(11)	–	(11)
Profit for the year after taxation	45,407	24,002	69,409	20,262	19,266	39,528	9,308	13,740	23,048
Earnings per share									
EPRA Adjusted (pence)			26.6			19.8			15.7
EPRA basic (pence)			20.4			17.6			12.0
Basic EPS (pence)			39.2			37.5			38.0
EPS diluted (pence)			38.9			36.2			33.2

5.2 ***Consolidated balance sheet data***

The following table sets out selected components of the Group's condensed consolidated balance sheet and certain key financial ratios as at 31 March 2016, 31 March 2015 and 31 March 2014:

	31 March 2016	*31 March 2015*	*31 March 2014*
	£'000	*£'000*	*£'000*
Total non-current assets	909,783	517,638	289,359
Total current assets	122,917	21,578	93,150
Total assets	1,032,700	539,216	382,509
Equity and liabilities			
Total current liabilities	25,768	16,197	10,421
Total non-current liabilities	317,065	183,324	132,461
Net assets	689,867	339,695	239,627
Total equity	689,867	339,695	239,627
Net Asset Value (NAV) per share			
EPRA NAV (pence)	295	265	240
Basic (pence)	295	267	241
Basic diluted (pence)	294	264	240

6. Description of key income statement items

6.1 ***Net property income***

Net property income consists of gross rental income generated by the Group's property assets less property operating expenses directly associated with the generation of that income.

6.2 ***Rental income***

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

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

Where a lease incentive payment, or surrender premium, is paid to enhance the value of a property, it is amortised on a straight-line basis over the period from the date of lease commencement to the expiry date of the lease. Upon receipt of a surrender premium for the early determination of a lease, the profit, net of dilapidations and non-recoverable outgoings relating to the lease concerned, is immediately reflected in income.

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

6.3 ***Property operating expenses***

Property operating expenses relate only to the costs directly associated with the generation of rental income and do not include general and administrative expenses associated with the Group's operations. Property operating expenses include expenses on the provision of property management services typically recovered from tenants through the service charge.

Initial direct costs incurred in negotiating and arranging a new lease are amortised on a straight-line basis over the period from the date of lease commencement to the expiry date of the lease.

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

6.4 ***Administrative expenses***

Administrative expenses primarily comprise staff costs and other administrative costs, such as IT, travel, office-related expenditure and legal, accounting and other professional fees. They are recognised in the accounting period in which they are incurred on an accruals basis. Staff costs consist mainly of salaries and bonuses paid to employees of the Group and associated costs, including pension arrangements and employer's national insurance.

6.5 ***Share of income from joint ventures***

The Group participates in a number of joint ventures. Management has taken the decision to account for the interests in the joint ventures using the equity method of accounting per IFRS 11 in which the Group participates as it has significant influence over the decisions made by each joint venture without being able to exert complete control over those joint ventures. The Group's share of any income generated by those joint ventures is accounted for in the consolidated income statement. The Group is contractually entitled to receive a promote payment should the returns from a joint venture to the joint venture partner exceed a certain internal rate of return. This payment is only receivable by the Group on disposal of underlying properties held by the joint venture or other termination event. Any entitlements under these arrangements are only accrued for in the financial information once the Group believes that crystallisation of the fee is virtually certain.

6.6 ***Net valuation movement***

The gain or deficit on revaluation of investment and development property reflects the periodic movement in the market value of the Group's investment and development properties, determined by independent valuers. A property's valuation is generally a function of a property's projected rental income and the nominal equivalent yield used to discount the property's projected rental income. Nominal equivalent yield is the effective annual yield to a purchaser from an asset at that asset's market value after taking account of notional acquisition costs and assuming rent is receivable annually in arrear rather than reflecting the actual rental cash flows. gains or losses arising from changes in the fair value of investment properties and any gains or losses arising from the remeasurement of a property to fair value once the Group begins to redevelop it with a view to selling it and therefore transfers it to trading properties to be held as a current asset are included in the income statement in the period in which they arise.

6.7 ***Profit on the disposal of investment properties***

Profits on the disposal of investment properties are realised profits in the year of disposal of assets at a consideration (less the costs of disposal of the relevant asset) above the carrying value of the relevant asset on the consolidated balance sheet.

6.8 ***Net finance expense***

Net finance expense is the Group's finance income (comprising interest received on the Group's cash and short-term deposits and cash equivalents) less the Group's finance costs (comprising interest payable on bank loans and debt instruments). Finance income and costs are recognised using the effective interest method. The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts throughout the expected life of the financial instrument or a shorter period where appropriate to the net carrying amount of the financial asset or financial liability.

6.9 ***Current taxation charge***

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

6.10 ***EPRA adjusted profit***

EPRA adjusted profit is a key performance indicator for the Group and the benchmark profit ratio for the property sector. It includes realised recurring cash profits plus realised cash profits on the sale of properties above their valuation but excludes revaluation gains and losses.

6.11 ***Profit for the year after taxation***

Profit for the year after taxation is the post-tax results of the Group's operations after all income and expense.

7. Description of key balance sheet items

7.1 ***Investment properties***

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

Investment property is recognised as an asset when: (i) it is probable that the future economic benefits that are associated with the investment property will flow to the Company; (ii) there are no material conditions precedent which could prevent completion of its acquisition; and (iii) the cost of the investment property can be measured reliably.

Investment property is measured initially at its cost, including related transaction costs. After initial recognition, investment property is carried at fair value. Valuations are prepared on a bi-annual basis by independent valuers and are undertaken in accordance with the appropriate sections of the current Practice Statements contained in the Royal Institution of Chartered Surveyors Valuation – Professional Standards (the "**Red Book**"), which is an internationally accepted basis of valuation.

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

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

In completing these valuations, the valuer considers the following:

- current prices in an active market for properties of a different nature, condition or location (or subject to different lease or other contracts), adjusted to reflect those differences;

- recent prices of similar properties in less active markets, with adjustments to reflect any changes in economic conditions since the date of the transactions that occurred at those prices; and

- discounted cash flow projections based on reliable estimates of future cash flows, derived from the terms of any existing lease and other contracts and (where possible) from external evidence such as current market rents for similar properties in the same location and condition, and using discount rates that reflect current market assessments of the uncertainty in the amount and timing of the cash flows.

7.2 ***Investments in joint ventures***

The Group participates in a number of joint ventures. Management has taken the decision to account for the interests in the joint ventures using the equity method of accounting per IFRS 11 in which the Group participates as it has significant influence over the decisions made by each joint venture without being able to exert complete control over those joint ventures.

7.3 ***Cash and cash equivalents***

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

7.4 ***Borrowings***

Borrowings comprises secured bank loans taken by members of the Group on the Group's own balance sheet and its share of secured bank loans of the joint ventures in which it participates.

8. Comparison of the financial years ended 31 March 2016 and 31 March 2015

8.1 ***Financial results***

8.1.1 *Net property income*

Net property income for the financial year ended 31 March 2016 increased by 124.3 per cent. on the previous year from £24.3 million for the financial year ended 31 March 2015 to £54.6 million for the financial year ended 31 March 2016. This increase derived largely from the Group's growing property and development portfolio.

8.1.2 *Administrative expenses*

Administrative expenses totalled £13.7 million for the financial year ended 31 March 2016 compared to £10.1 million for the financial year ended 31 March 2015, an increase of 36.3 per cent. Again, this increase derived largely from the Group's growing property and development portfolio.

Administrative expenses net of asset management fees as a proportion of gross rental income for the financial year ended 31 March 2016 was 18.5 per cent. (FY 2015: 23.0 per cent.). The decrease in percentage change derived largely from greater economies of scale and a growing property and development portfolio.

8.1.3 *Profits on the disposal of investment properties*

Profit on the disposal of investment properties increased from £1.7 million for the financial year ended 31 March 2015 to £8.3 million for the financial year ended 31 March 2016.

8.1.4 *Net finance expense*

Net finance expense for the financial year ended 31 March 2016 totalled £12.2 million compared to £7.1 million for the financial year ended 31 March 2015, an increase of 70.4 per cent. This increase derived largely from taking joint venture debt facilities onto the Group's balance sheet following the Group's acquisition of the 50 per cent. interests not already owned by it in NewRiver Retail Property Unit Trust No. 3 and NewRiver Retail Property Unit Trust No. 4, two of its joint ventures with subsidiaries of BRAVO II.

During FY 2016, the Group continued to apply a hedging strategy aligned to its property strategy. As at 31 March 2016, 93 per cent. (FY2015: 83 per cent.) of Group debt was hedged either on a fixed or capped basis. Interest cover (aggregate cash interest payable as a proportion of aggregate property income received) also continued to be positive, improving to 4.3 times (FY2015: 3.9 times) at property level compared to banking covenants which ranged from 1.5 to 2.25 times.

8.1.5 *EPRA adjusted profit*

EPRA adjusted profit more than doubled in FY2016 to £47.1 million (FY2015: £20.9 million). This increase derived largely from the Group's growing property and development portfolio.

8.16 *Profit for the year after taxation*

The total profit for the year after taxation for the financial year ended 31 March 2016 (which also included a revaluation surplus of £24.0 million (FY2015: £19.3 million)) was £69.4 million (FY2015: £39.5 million), representing an increase of 75.6 per cent. year-on-year. This increase came as a consequence of rental profit growth as a result of the increase in the size of the Group's property portfolio, an increase in actual realised profits on the sale of assets plus an increase in the Group's property revaluation surplus year-on-year.

8.2 ***Selected balance sheet data***

8.2.1 *Investment properties*

Investment properties amounted to £839.1 million as at 31 March 2016 compared to £404.1 million as at 31 March 2015, a 107.6 per cent. increase year-on-year representing the significant investment made by the Group in acquiring additional investment properties following the Group's successful equity placings in July 2015 and January 2016, which raised £300 million of gross proceeds, in aggregate. This included the acquisition of the Ramsay portfolio for £69.1 million in July 2015 and a portfolio of 158 public houses from Punch Taverns in August 2015 for an aggregate consideration of £53.5 million. £342 million (FY2015: £330 million) of assets, both on balance sheet and through joint ventures, were acquired during the financial year ended 31 March 2016 at an average net initial yield of 9.2 per cent. (FY2015: 8.1 per cent.). Disposals during the year totalled £48.2 million (FY2015: £40.2 million).

The revaluation gain for the financial year ended 31 March 2016 was £24.0 million after purchase costs (FY2015: £19.3 million), an increase of 24.6 per cent.

8.2.2 *Cash and cash equivalents*

The Group held cash reserves of £114.1 million as at 31 March 2016 (FY2015: £15.4 million). The increase in the cash reserves held as at 31 March 2016 and those held as at 31 March 2015 was largely as a consequence of the Group holding as cash a significant proportion of the proceeds of the equity placings effected during the financial year ended 31 March 2016, which, as at that date had yet to be deployed.

8.2.3 *Borrowings*

During the financial year ended 31 March 2016, the Group originated £145 million of new senior debt facilities (FY2015: £278 million). This included taking on the existing loan facilities with Barclays, AIG and Venn from the 50 per cent. interests the Group acquired during the year from subsidiaries of BRAVO II. The total interest cost (including fees) on the new senior debt facilities was 3.25 per cent., which remained the same year-on-year.

8.3 ***Key financial metrics***

8.3.1 *Earnings per share ("EPS")*

EPRA EPS is an important performance indicator for the Group as it relates to recurring profits only, excluding investment property revaluations and gains on disposals, intangible asset movements and their related taxation.

In addition, the Group also uses EPRA adjusted EPS as an additional key performance indicator. This includes realised gains on disposals of investment properties above their valuation made during the relevant financial year and certain other adjustments.

For the financial year ended 31 March 2016, EPRA adjusted EPS was 26.6 pence (FY2015: 19.8 pence), the increase resulting from the increase in EPRA adjusted profits year-on-year and the good performance of the portfolio.

Basic EPS was 39.2 pence for the financial year ended 31 March 2016 (FY2015: 37.5 pence), which included the upward fair value property valuations during the year.

8.3.2 *Net asset value*

Net asset per share or net asset value ("**NAV**") is an important performance indicator for the Group and represents equity shareholders' funds (equivalent to the Group's net assets) divided by the number of ordinary shares in issue as at the relevant balance sheet date. NAV as at 31 March 2016 increased by 103.1 per cent. to £690 million (FY2015: £340 million). This increase was largely due to the growth of, and revaluation gains on, the Group's investment and development property portfolio during the year and the equity raised of £300 million during the financial year ended 2016.

In addition, the Group uses EPRA NAV per share as an additional key performance indicator. This is the EPRA net assets of the Group (the Group's diluted net assets excluding the mark-to-market on effective cash flow hedges and related debt adjustments) divided by the diluted number of ordinary shares in issue. As at 31 March 2016, EPRA NAV per share was 295 pence (FY2015: 265 pence), an increase of 11.3 per cent. during the year. The increase largely derived from the increased EPRA earnings, revaluation gains in the year, the accretive impact of the equity raises, dividends paid and purchase costs.

9. Comparison of the financial years ended 31 March 2015 and 31 March 2014

9.1 *Financial results*

9.1.1 *Net property income*

Net property income for the financial year ended 31 March 2015 increased by 64.3 per cent. on the previous year from £14.8 million for the financial year ended 31 March 2014 to £24.3 million for the financial year ended 31 March 2015. This increase derived largely from the growth in the Group's asset portfolio year-on-year. On a like-for-like basis, net property income was stable with a 1.6 per cent. increase for the year ended 31 March 2015 compared with the financial year ended 31 March 2014.

9.1.2 *Administrative expenses*

Administrative expenses totalled £10.1 million for the financial year ended 31 March 2015 compared to £6.4 million for the financial year ended 31 March 2014, an increase of 57.1 per cent. This included £1.5 million of costs in respect of the acquisition by the Group of the remaining 90 per cent. of the units in its Camel II joint venture with BRAVO I not already owned by it. The increase also reflected a 25 per cent. increase in headcount for the Group incurred as a consequence of the growth of the Group's business.

Management assesses operating efficiency by calculating administrative expenses net of asset management fees as a proportion of gross rental income. For the financial year ended 31 March 2015, this fell to 18 per cent. from 22 per cent. for the financial year ended 31 March 2014 (when excluding the £1.5 million of costs in respect of the acquisition of the remaining 90 per cent. of the units in the Group's Camel II joint venture with BRAVO I).

9.1.3 *Profits on the disposal of investment properties*

Profit on the disposal of investment properties decreased from £2.0 million for the financial year ended 31 March 2014 to £1.7 million for the financial year ended 31 March 2015.

9.1.4 *Net finance expense*

Net finance expense for the financial year ended 31 March 2015 totalled £7.1 million compared to £5.4 million for the financial year ended 31 March 2014, an increase of 32.0 per cent. £1.4 million (FY2014: £1.5 million) of this represented interest payable on the Group's outstanding convertible unsecured loan stock with the remaining £5.9 million (FY2014: £4.1 million) representing interest payments on debt secured over investment property, the increase resulting from the growth in the Group's property portfolio and the consequential increase in secured borrowings.

The Group's hedging strategy during the financial year ended 31 March 2015 remained prudent with 83 per cent. (FY2014: 74 per cent.) of Group debt hedged either on a fixed or capped basis. Interest cover (aggregate cash interest payable as a proportion of aggregate property income received) also remained positive at 3.9 times (FY2014: 3.9 times) at property level compared to banking covenants which ranged from 1.5 to two times.

9.1.5 *EPRA adjusted profit*

In January 2015, the Group received a capital payment of £4.5 million from the Group's partner in its Camel II joint venture, BRAVO I (£3.0 million net of costs). This, together with profit on disposal of investment properties of £1.7 million, added £4.7 million to the Group's EPRA adjusted profit for the financial year ended 31 March 2015 to give an EPRA adjusted profit for the financial year ended 31 March 2015 of £20.9 million (FY2014: £9.5 million). The increase in EPRA adjusted profit of 120.0 per cent. year-on-year came as a result of both rental profit growth as a consequence of the increase in the size of the Group's property portfolio as well as an increase in actual realised profits on the sale of assets.

9.1.6 *Profit for the year after taxation*

The total profit for the year after taxation for the financial year ended 31 March 2015 (which also included a revaluation surplus of £19.3 million (FY2014: £13.7 million)) was £39.5 million (FY2014: £23.0 million), representing an increase of 71.5 per cent. year-on-year. Again, this increase came as a consequence of rental profit growth as a consequence of the increase in the size of the Group's property portfolio, an increase in actual realised profits on the sale of assets plus an increase in the Group's property revaluation surplus year-on-year.

9.2 **Selected balance sheet data**

9.2.1 ***Investment properties***

Investment properties amounted to £404.1 million as at 31 March 2015 compared to £214.1 million as at 31 March 2014, an 88.7 per cent. increase, representing the significant investment made by the Group in acquiring additional investment properties following the Group's successful equity placing in January 2015, which raised £75 million of gross proceeds. This included the acquisition of the Swallowtail portfolio for £141 million in August 2014 through the Group's joint venture with BRAVO II. £330 million (FY2014: £200 million) of assets, both on balance sheet and through joint ventures, were acquired during the financial year ended 31 March 2015 at an average net initial yield of 8.1 per cent. (FY2014: 11.0 per cent.). Disposals during the year totalled £28.2 million (FY2014: £5.8 million).

The revaluation gain for the financial year ended 31 March 2015 was £19.3 million after purchase costs (FY2014: £13.7 million), an increase of 40.2 per cent.

9.2.2 *Cash and cash equivalents*

The Group held cash reserves of £15.4 million as at 31 March 2015 (FY2014: £89.6 million). The difference between the cash reserves held as at 31 March 2015 and those held as at 31 March 2014 was largely as a consequence of the Group holding as cash a significant proportion of the proceeds of the equity placings effected during the financial year ended 31 March 2014, which, as at that date had yet to be deployed.

9.2.3 *Borrowings*

During the financial year ended 31 March 2015, the Group originated £278.0 million of new senior debt facilities (FY2014: £154.0 million). The total interest cost (including fees) on the new senior debt facilities was 3.25 per cent. The increase compared to the financial year ended 31 March 2014 was principally due to debt taken on in connection with acquisitions.

9.3 *Key financial metrics*

9.3.1 *Earnings per share ("EPS")*

For the financial year ended 31 March 2015, EPRA adjusted EPS was 19.8 pence (FY2014: 15.7 pence), the increase resulting from the increase in EPRA adjusted profits year-on-year and the good performance of the portfolio.

Basic EPS was 37.5 pence for the financial year ended 31 March 2015 (FY2014: 38 pence), which included the upward fair value property valuations during the year.

9.3.2 *Net asset value*

NAV as at 31 March 2015 increased by 41.8 per cent. to £340 million (FY2014: £240 million). This increase was largely due to the growth of, and revaluation gains on, the Group's investment and development property portfolio during the year and the gross proceeds of £75 million raised from the Group's equity insurance in January 2015.

As at 31 March 2015, EPRA NAV per share was 265 pence (FY2014: 240 pence), an increase of 10.4 per cent. during the year despite the absorption of £1.7 million of fundraising costs and £9.0 million of purchase costs.

10. Liquidity and capital resources

10.1 *Capital and liquidity requirements*

The Group's liquidity requirements arise primarily from the need to fund the purchase and development of property, the repayment of borrowings and the payment of dividends, finance and administration costs. To date, these requirements have been funded largely through cash flow from operations, bank and other borrowings, equity financing and the issue of some debt instruments, such as convertible unsecured loan stock. The Group receives relatively stable and predictable cash flows from its tenants and expects to continue to meet short term liquidity requirements through cash generated from operations and existing Group banking facilities. Capital acquisitions are typically funded through a combination of one or more of existing Group banking facilities, asset-specific debt funding provided by a range of lending banks and equity raisings.

Set out below is a description of the Group's current debt structure.

As at 31 March 2016, the Group had £314.1 million (FY2015: £181.3 million) of on-balance sheet secured debt facilities representing an increase of £132.8 million since 31 March 2015. In addition, the Group's share of joint venture secured borrowings as at 31 March 2016 was £58.6 million, representing a decrease of £46.9 million since 31 March 2015. The increase in on-balance sheet secured debt facilities and decrease in share of joint venture borrowings was largely due to the acquisition by the Group of the 50 per cent. interests in two joint ventures from its joint venture partner, BRAVO II (and bringing its joint venture partner's associated share of borrowings in respect of those two joint ventures on to its own balance sheet as a consequence).

The majority of the Group's debt is asset-specific (or secured) and is limited or non-recourse from the borrowing and guarantor entities to other Group companies. This structure permits the Group a higher degree of financial flexibility in dealing with individual property issues than a financing structure based on a single Group-wide borrowing facility. Please note, however, the risk factor headed

"*Borrowings by the Group are secured on the Group's assets and any failure to meet the requirements of the debts incurred may have an adverse effect on the Group's business, financial condition and results of operations*" set out in paragraph 3 of the section of this document headed "Risk Factors".

In addition, to its limited and non-recourse debt, the Group has, in the past, issued convertible unsecured loan stock. As at 31 March 2016, however, all convertible unsecured loan stock had been converted into equity (compared to £23.4 million outstanding as at 31 March 2015).

The Group's borrowing requirements are not subject to seasonality.

As at 31 March 2016, the Group had cash, short term investments and unutilised bank facilities available in the aggregate amount of £216.0 million, which provides resources for the Group's committed development programme.

The net indebtedness of the Group as at 30 June 2016 is set out at paragraph 16 of this Part 6.

10.2 ***Maturity profile***

As at 31 March 2016, 31 March 2015 and 31 March 2014, the Group had outstanding debt with the following maturities:

	31 March 2016 £'000	*31 March 2015 £'000*	*31 March 2014 £'000*
Balance sheet borrowings:			
Less than one year – Convertible Unsecured Loan Stock	–	23,420	–
Between one and two years	–	–	23,306
Between two and three years	94,029	–	–
Between three and four years	186,269	–	–
Between two and five years	33,807	85,556	40,373
Over five years	–	72,365	67,883
	314,105	181,341	131,562
Group's share of joint venture borrowings:			
Less than one year	6,396	–	11,233
Between one and two years	–	6,386	–
Between two and three years	13,505	–	–
Between three and four years	45,178	60,538	–
Between four and five years	–	45,088	65,333
Over five years	–	–	–
	65,079	112,012	76,566

	31 March 2016 £'000	*31 March 2015 £'000*	*31 March 2014 £'000*
Total Group share of borrowings (proportionally consolidated):			
Less than one year	6,396	23,420	11,233
Between one and two years	–	6,386	23,306
Between two and three years	107,534	–	–
Between three and four years	231,447	–	–
Between four and five years	33,807	191,183	105,706
Over five years	–	72,364	67,883
Total	379,184	293,353	208,128

10.3 ***Financial covenants***

The Group has financial covenants that apply to its secured limited or non-recourse debt. The two main covenants are Loan-to-Value ("**LTV**") and Interest Cover ("**IC**"). The actual requirements, as set out in the tables below, vary and are specific to each debt facility. As at 31 March 2016, for all covenant test dates to 15 January 2016, the Group was fully compliant in all financial covenant tests certified to lenders.

In addition, there are LTV and IC tests, as set out in the table below, that apply to the Group's share of secured joint venture borrowings. As at 31 March 2016, for all covenant test dates to 15 January 2016, the relevant joint ventures were fully compliant in all financial covenant tests certified to lenders.

Compliance with financial covenants is an important matter in all of the Group's secured loans. Cure rights are incorporated into all loan agreements as any breach of a financial covenant would be a material issue. Compliance with financial covenants is continuously monitored. In the case of secured limited or non-recourse bank loans, a potential breach would be discussed with the relevant lender(s). This could result in a renegotiation or possible waiving of the relevant covenant. Actual covenant breaches can be rectified by a number of remedies such as additional security, temporary cash deposit or partial repayment before an event of default occurs.

Further details of the financial covenants contained in the Group's debt (and share of joint venture debt) are set out below:

Secured balance sheet borrowings	*Loan outstanding as at 31 March 2016*	*Maturity date*	*LTV covenant*	*LTV actual*	*Interest cover covenant*	*Interest cover actual*
	£'000		*%*	*%*	*%*	*%*
Santander	34,029	Feb-2021	70	54	175	349
HSBC	24,736	May-2019	60	58	175	312
Barclays	46,802	Mar-2020	70	55	200	401
Lloyds	65,311	Sep-2019	70	52	175	477
Santander/ HSBC	51,584	Mar-2020	70	54	200	520
Barclays	31,996	Dec-2018	65	55	200	471
AIG	62,662	Dec-2018	70	64	175	328

Financial convenants are prepared on a quarterly basis per the facility agreement. Once these are submitted and reviewed by the bank, locked up rent accounts are then released to the Group's own bank accounts less any interest payments. In the event of a breach, the Group may (within 20 business days according to the specific facility agreement in place) deposit funds to 'cure' the breach.

Group's share of secured joint venture borrowings	*Loan outstanding as at 31 March 2016*	*Maturity date*	*LTV covenant*	*LTV actual*	*Interest cover covenant*	*Interest cover actual*
	£'000		*%*	*%*	*%*	*%*
Santander	6,400	Feb-2017	55	49	200	507
Barclays	13,585	Aug-2018	65	54	200	508
HSBC	45,500	Nov-2019	75	63	175	462

Again, financial convenants are prepared on a quarterly basis per the facility agreement. Once these are submitted and reviewed by the bank, locked up rent accounts are then released to the Group's own bank accounts less any interest payments. In the event of a breach, the Group may (within 20 business days according to the specific facility agreement in place) deposit funds to 'cure' the breach.

11. Cash flow analysis

The following presents, for the financial years ended 31 March 2016, 31 March 2015 and 31 March 2014, the Group's cash flow from operating activities, cash flow from investing activities, cash flow from financing activities and the decrease or increase (as the case may be) in cash and cash equivalents at the end of each period:

	Year ended 31 March		
	2016	*2015*	*2014*
	£'000	*£'000*	*£'000*
Cash flows from operating activities	46,343	8,165	(142)
Cash flows from investing activities	(255,714)	(150,764)	(47,229)
Cash flows from financing activities	308,030	68,456	129,381
Cash and cash equivalents at the beginning of the financial year	15,412	89,555	7,545
Net (decrease)/increase in cash and cash equivalents	98,659	(74,143)	82,010
Cash and cash equivalents at the end of the financial year	114,071	15,412	89,555

11.1 *Cash flows from operating activities*

The movement between the year ended 31 March 2015 and the year ended 31 March 2016 was due to the Group's growing property and development portfolio, including bringing an existing 50 per cent. owned joint venture on to the balance sheet by acquiring the remaining 50 per cent. not already held by the Group.

The movement between the year ended 31 March 2014 and the year ended 31 March 2015 was generated by the growing portfolio of assets across the Group, including bringing an existing 10 per cent. owned joint venture on to the balance sheet by acquiring the remaining 90 per cent. not already held by the Group.

11.2 *Cash flows from investing activities*

The movement between the year ended 31 March 2015 and the year ended 31 March 2016 was due to the Group's growing property and development portfolio.

Investment acquisitions and business combination acquisitions across the Group, including joint venture acquisitons, were prevalent between the year ended 31 March 2014 and the year ended 31 March 2015. These included the purchase by one of the joint ventures in which the Group participates of a portfolio of assets for £72 million between the year ended 31 March 2014 and the year ended 31 March 2015, together with the purchase by the Group of the remaining 90 per cent. interest in a joint venture not already held by the Group.

11.3 *Cash flows from financing activities*

The movement between the year ended 31 March 2015 and the year ended 31 March 2016 was due to the Group's growing property and development portfolio together with a successful equity issuance raising gross proceeds of £300 million.

The repayment and refinancing of exisiting debt facilities and the entry into a new debt facility with Lloyds Bank plc, together with a successful equity issuance raising gross proceeds of £75 million contributed to the movement in cash flows from financing activities between the year ended 31 March 2014 and the year ended 31 March 2015.

12. Capital expenditure

Capital expenditure is spending associated with the development, redevelopment and refurbishment of the Group's property assets and purchases of new property assets.

As set out in the table below, as at 31 March 2016, the Group had a committed development programme of £12.7 million which will be principally funded by the debt facilities currently available to the Group, existing cash resources and cash generated from operating activities.

	2017	*2018*	*Total*
	£'000	*£'000*	*£'000*
Amount of development commitment	12,700	–	12,700

13. Capital structure and debt strategy

The Group seeks to enhance Shareholder value both by investing in the business so as to improve the return on investment and by managing the capital structure. The capital of the Group consists of equity and debt. The Group aims to access equity (and, where necessary, debt) capital markets with maximum efficiency and flexibility. The Group's debt strategy is straight forward and focused on conservative gearing at a low cost. The Directors aim to generate strong sustainable returns for Shareholders and in order to achieve that believe that the Group's loan-to-value ("**LTV**") ratio should be at or below 50 per cent. The Group may take on specific projects, acquisitions or joint ventures that justify a slightly higher LTV but on a proportionally consolidated basis (including joint ventures) the LTV target is below 55 per cent.

In addition to the LTV ratio, the other key ratios used by the Group to monitor the capital structure of the Group are the balance sheet gearing ratio and the interest cover ratio. The Directors' medium to long-term preference is for the balance sheet gearing ratio to be less than 100 per cent. and interest cover to be greater than 2.0x.

The table below compares the Group's actual LTV, balance sheet gearing and interest cover ratio performance against its applicable financing policies over the financial years ended 31 March 2016, 31 March 2015 and 31 March 2014:

		31 March	*31 March*	*31 March*
	Financing policy	*2016*	*2015*	*2014*
Loan-to-Value	<50%	27%	39%	25%
Balance sheet gearing	<100%	29%	49%	18%
Interest cover	>2.0x	4.3x	3.9x	3.9x
Dividend cover	>100%	144%	116%	98%

14. Qualitative and quantitative disclosures about market risk

The Group's activities expose it to a variety of financial risks in relation to the financial instruments that it uses: market risk (including cash flow and interest rate risk), credit risk and liquidity risk. A full review of the market risks faced by the Group is detailed in the notes to the historical financial information of the Group incorporated in Part 5 of this document.

14.1 *Market risk*

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

The Group's cash flow and fair value risk is reviewed quarterly by the Board. The Group analyses its interest rate exposure on a dynamic basis. It takes on exposure to mitigate the effects of fluctuations in the prevailing levels of market interest rates on its financial position and cash flows. Interest costs may increase as a result of such changes. They may reduce or create losses in the event that unexpected movements arise. Various scenarios are simulated taking into consideration refinancing, renewal of existing positions, alternative financing and hedging. Based on these scenarios, the Group calculates the impact on profit and loss of a defined interest rate shift. The simulation is run on an ongoing basis to verify that the maximum potential impact is within the parameters expected by management. To date, the Group has sought to fix its exposure to interest rate risk on borrowings through the use of a variety of interest rate derivatives. As at 31 March 2016, the Group (including its share of joint ventures) had £413 million (FY2015: £342.3 million; FY2014: £220.1 million) of interest rate swaps and caps in place. This gives certainty over future cash flow but exposure to fair value movements, which amounted to an unrealised loss of £1.2 million as at 31 March 2016 (FY2015: loss of £0.7 million; FY2014: gain of £2.3 million). Sensitivity analysis is carried out to assess the impact of an increase in interest rates on finance costs to the Group. The impact of a 200bps increase in interest rates for the year would increase the net interest payable in the income statement and reduce net assets by £0.6 million (FY2015: £1.3 million; FY2014: £1.4 million).

14.2 ***Credit risk***

The Group's principal financial assets are cash and short-term deposits, trade and other receivables.

The credit risk on the Group's trade and other receivables is considered low due to the Group having policies in place to ensure that rental contracts are made with tenants meeting appropriate balance sheet covenants, supplemented by rental deposits or bank guarantees from international banks and also as a consqeuence of the Group having limited tenant concentration. The amounts presented in the balance sheet are net of allowances for doubtful receivables. An allowance for impairment is made where there is objective evidence that the Group will not be able to collect all amounts due according to the terms of the receivables concerned.

The credit risk on the Group's cash and short-term deposits and derivative financial instruments is limited to the Group's policy of monitoring own and counterparty exposures (the Group has an internal policy of depositing a maximum of £50 million with a single bank).

14.3 ***Liquidity risk***

Prudent liquidity risk management implies maintaining sufficient cash, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. The Board and its advisers seek to have appropriate credit facilities in place on a project-by-project basis, either from available cash resources or from bank facilities. The Group seeks to borrow for as long as possible at the lowest acceptable cost. As at 31 March 2016, the Group's weighted average debt maturity was 3.5 years (FY2015: 4.6 years; FY2014: 4.5 years).

Management monitor the Group's liquidity position on a weekly basis. Formal liquidity reports are issued on a weekly basis and are reviewed quarterly by the Board, along with cash flow forecasts. The Group monitors its exposure to a shortage of funds by forecasting cash flow requirements for future years, including consideration of existing facilities, maturity dates and covenant requirements. The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank overdrafts and other short-term borrowing facilities, bank loans and equity fundraisings.

The Group regularly reviews the maturity profile of its financial liabilities and seeks to avoid concentrations of maturities through regular replacement of facilities and by arranging a selection of maturity dates. Re-financing risk may be reduced by re-borrowing prior to the contracted maturity date, effectively switching liquidity risk for market risk. This is subject to credit facilities being available at the time of the desired refinancing.

14.4 ***Capital risk***

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

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

Further information on the Group's capital structure and debt strategy is provided at paragraph 13 above.

15. Critical accounting estimates and judgments

In the application of the Group's accounting policies, which are described in the sections headed "Significant accounting policies" in Section 2 of Part 5 of this document, the Directors are required to make judgments, estimates and assumptions about the reported amounts of assets and liabilities, of revenues and expenses, and of gains and losses. The estimates and assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised, if the revision affects only that period, or in the period of the revision and future periods, if the revision affects both current and future periods. The key assumptions concerning the future and other key sources of estimation uncertainty are described in the sections headed "Critical accounting estimates and judgments" in Section 2 of Part 5 of this document.

16. Capitalisation and indebtedness statement

Set out below is a statement of capitalisation and indebtedness of the Group as at 30 June 2016. The information has been extracted without material adjustment from the Group's accounting records and is unaudited.

The shareholders' equity table has been prepared as at 30 June 2016 and has been prepared under IFRS using policies which are consistent with those used in the preparation of the Group's historical financial information set out in Part 5 of this document.

There has been no material change in the capitalisation and indebtedness of the Group since 30 June 2016.

16.1 *Capitalisation*

	As at 30 June 2016 (unaudited) £'000
Share capital – allotted, called up and fully paid	–
Own shares held	–
Share premium	–
Reserves	688,378
Unguaranteed/unsecured	–
Capital and reserves	688,378

16.2 ***Indebtedness***

	As at 30 June 2016 (unaudited) £'000
Current debt	
Guaranteed	–
Secured	–
Unguaranteed/unsecured	–
Total current debt	–
Non-current debt	
Guaranteed	–
Secured	(371,562)
Unguaranteed/unsecured	(5,000)
Total non-current debt	(376,562)
Total indebtedness	(376,562)

16.3 ***Net financial indebtedness***

	As at 30 June 2016 (unaudited) £'000
Cash	
Cash and cash equivalents	26,783
Current portion of non-current debt	–
Current financial debt	(5,000)
Net current financial indebtedness	21,783
Non-current bank loans	(371,562)
Non-current financial indebtedness	(371,562)
Net financial indebtedness	(349,779)

PART 7

ADDITIONAL INFORMATION

1. Responsibility

The Company and the Directors, whose names and functions are set out page 46 of this document, accept responsibility for the information contained in this document. To the best of the knowledge and belief of the Company and the Directors (each of whom has taken all reasonable care to ensure that such is the case), the information contained in this document is in accordance with the facts and does not omit anything likely to affect the import of such information.

2. NewRiver Holdco - Incorporation and registered office

2.1 ***Incorporation***

NewRiver Holdco was incorporated under the name "NewRiver REIT plc" on 8 June 2016 under the Companies Act as a public limited company with registered number 10221027.

The Companies Act comprises the principal legislation under which the Company operates and under which the NewRiver Holdco Shares were created.

The Group, with NewRiver Holdco as the parent company, will elect to be a UK REIT Group from the Effective Date.

2.2 ***Registered office***

The registered office of NewRiver Holdco is at 37 Maddox Street, London W1S 2PP and the telephone number is +44 (0)20 3328 5800.

2.3 ***Group structure***

On the Effective Date, NewRiver Holdco will own 100 per cent. of the issued share capital of NewRiver and NewRiver Holdco will be the ultimate holding company of the Group.

NewRiver has confirmed to NewRiver Holdco that it has the following significant subsidiary undertakings, being those considered by NewRiver to be likely to have a significant effect on the assessment of the assets and liabilities, financial position and/or profits and losses of the Group:

Name of subsidiary	*Country of incorporation*	*Percentage of issued share capital held directly or indirectly by the Company (%)*	*Principal Activity*
NewRiver Retail (Bexleyheath) Limited	England and Wales	100	Investment property holding company
NewRiver Retail (Boscombe No. 1) Limited	England and Wales	100	Investment property holding company
NewRiver Retail (Broadway Square) Limited	England and Wales	100	Investment property holding company
NewRiver Retail (Camarthen) Limited	England and Wales	100	Investment property holding company
NewRiver Retail (Cardiff) Limited	England and Wales	100	Investment property holding company
NewRiver Retail (Colchester) Limited	England and Wales	100	Investment property holding company

Name of subsidiary	*Country of incorporation*	*Percentage of issued share capital held directly or indirectly by the Company (%)*	*Principal Activity*
NewRiver Retail CUL No. 1 Limited	England and Wales	100	Finance company
NewRiver Retail (Darlington) Limited	England and Wales	100	Investment property holding company
NewRiver Retail Holdings Limited	Guernsey	100	Investment property holding company
NewRiver Retail Holdings No. 1 Limited	Guernsey	100	Investment property holding company
NewRiver Retail Holdings No. 2 Limited	Guernsey	100	Investment property holding company
NewRiver Retail Holdings No. 3 Limited	Guernsey	100	Investment property holding company
NewRiver Retail Holdings No. 4 Limited	Guernsey	100	Investment property holding company
NewRiver Retail Holdings No. 5 Limited	Guernsey	100	Investment property holding company
NewRiver Retail Holdings No. 6 Limited	Guernsey	100	Investment property holding company
NewRiver Retail Holdings No. 7 Limited	Guernsey	100	Investment property holding company
NewRiver Leisure Limited	England and Wales	100	Investment property holding company
NewRiver Retail (Leylands Road) Limited	England and Wales	100	Investment property holding company
NewRiver Retail (Mantle) Limited	England and Wales	100	Investment property holding company
NewRiver Retail (Market Deeping No. 1) Limited	Guernsey	100	Investment property holding company
NewRiver Retail (Morecambe) Limited	England and Wales	100	Investment property holding company
NewRiver Retail (Newcastle No. 1) Limited	Guernsey	100	Investment property holding company
NewRiver Retail (Paisley) Limited	England and Wales	100	Investment property holding company
NewRiver Retail (Penge) Limited	England and Wales	100	Investment property holding company
NewRiver Retail (Portfolio No. 1) Limited	Guernsey	100	Investment property holding company
NewRiver Retail (Portfolio No. 2) Limited	Guernsey	100	Investment property holding company

Name of subsidiary	*Country of incorporation*	*Percentage of issued share capital held directly or indirectly by the Company (%)*	*Principal Activity*
NewRiver Retail (Portfolio No. 3) Limited	England and Wales	100	Investment property holding company
NewRiver Retail (Portfolio No. 4) Limited	England and Wales	100	Investment property holding company
NewRiver Retail (Portfolio No. 5) Limited	England and Wales	100	Investment property holding company
NewRiver Retail (Portfolio No. 6) Limited	England and Wales	100	Investment property holding company
NewRiver Retail (Portfolio No. 8) Limited	England and Wales	100	Investment property holding company
NewRiver Retail (Ramsay Development) Limited	England and Wales	100	Property development company
NewRiver Retail (Ramsay Investment) Limited	England and Wales	100	Investment property holding company
NewRiver Retail (Skegness) Limited	England and Wales	100	Investment property holding company
NewRiver Retail (Skegness Developments) Limited	England and Wales	100	Investment property holding company
NewRiver Retail (UK) Limited	England and Wales	100	Investment property holding company
NewRiver Retail (Wakefield) Limited	England and Wales	100	Investment property holding company
NewRiver Retail (Warminster) Limited	England and Wales	100	Investment property holding company
NewRiver Retail (Wisbech) Limited	England and Wales	100	Investment property holding company
NewRiver Retail (Witham) Limited	England and Wales	100	Investment property holding company
NewRiver Retail (Wrexham No. 1) Limited	Guernsey	100	Investment property holding company
NewRiver Trustee 1 Limited	Jersey	100	Trustee company of Jersey property unit trust
NewRiver Trustee 2 Limited	Jersey	100	Trustee company of Jersey property unit trust

Name of subsidiary	*Country of incorporation*	*Percentage of issued share capital held directly or indirectly by the Company (%)*	*Principal Activity*
NewRiver Trustee 5 Limited	Jersey	100	Trustee company of Jersey property unit trust
NewRiver Trustee 6 Limited	Jersey	100	Trustee company of Jersey property unit trust
NewRiver Trustee 7 Limited	Jersey	100	Trustee company of Jersey property unit trust
NewRiver Trustee 8 Limited	Jersey	100	Trustee company of Jersey property unit trust
NewRiver Retail (Bexleyheath) SARL	Luxembourg	100	Investment property holding company
NewRiver Retail (Broadway Square) SARL	Luxembourg	100	Investment property holding company

NewRiver owns, directly or indirectly, 100 per cent. of the issued shares of the above companies and can exercise 100 per cent. of the voting rights of each such company.

Upon the Scheme becoming effective, NewRiver will be a significant subsidiary undertaking of NewRiver Holdco.

The Company is not, directly or indirectly, owned or controlled by another company and there are no arrangements in place that may at a subsequent date result in a change of control of the Company.

3. Share capital of NewRiver Holdco

3.1 NewRiver Holdco was incorporated with an issued share capital of £50,000.02, comprising two NewRiver Holdco Subscriber Shares (one issued to David Lockhart and the other to Allan Lockhart) and 50,000 NewRiver Holdco Redeemable Preference Shares (25,000 issued to David Lockhart and 25,000 issued to Allan Lockhart). All such shares are paid up in full.

The NewRiver Holdco Shares to be issued pursuant to the Scheme will be issued credited as fully paid and will rank *pari passu* in all respects with each other, including for voting purposes, and in full for all dividends or other distributions on the NewRiver Holdco Shares declared, made or paid after their issue and for any distributions made on a winding up of NewRiver Holdco.

The NewRiver Holdco Redeemable Shares were issued for the purpose of satisfying the Companies Act minimum share capital requirements for public companies. They carry no right to receive notice of or to attend, speak or vote at any general meeting of NewRiver Holdco or (subject to the Companies Act) at any meeting of the holders of any class of shares in the capital of NewRiver Holdco or for the purposes of a written resolution of NewRiver Holdco. They do not entitle their holders to receive any dividend or distribution and they only carry the right to receive, after all share capital (including premium) on the ordinary shares in issue has been repaid, £1 for every £100,000,000,000 of capital returned to the ordinary shareholders. Subject to the Companies Act, the NewRiver Holdco Redeemable Shares are redeemable at their nominal value at the option of NewRiver Holdco or the holder. The NewRiver Holdco Directors intend that, following the Scheme becoming effective, any NewRiver Holdco Redeemable Shares in issue will be redeemed by NewRiver Holdco at their nominal value and automatically cancelled.

The proposed issued and fully paid share capital of NewRiver Holdco immediately prior to the Effective Date will be:

Issued Share Capital	*Number*
NewRiver Holdco Shares of one pence each	2
NewRiver Holdco Redeemable Shares of 100 pence each	50,000

3.2 On 3 August 2016, the NewRiver Holdco Shareholders passed certain resolutions in order to, among other matters, authorise NewRiver Holdco to carry out the actions required of it in relation to the Proposals, including:

(a) adopting the NewRiver Holdco Articles, conditional upon and immediately prior to Admission;

(b) granting authority to the NewRiver Holdco Directors (in accordance with section 551 of the Companies Act) to exercise all powers of NewRiver Holdco to allot NewRiver Holdco Shares up to an aggregate nominal amount of £2,389,653.85 in connection with the Scheme, including (but not limited to) the allotment of NewRiver Holdco Shares to the trustee of the New EBT in consideration of the transfer of shares by such trustee to NewRiver Holdco immediately prior to the Scheme becoming effective, provided that such authority shall expire on the earlier of NewRiver Holdco's Annual General Meeting in 2017 or the date following 15 months after Admission, save that NewRiver Holdco may before such expiry make an offer or agreement which would or might require such shares to be allotted after such expiry, and the NewRiver Holdco Board may allot such shares in pursuance of such offer or agreement as if such authority had not expired;

(c) subject to and conditional upon the Scheme becoming effective and Admission occurring, granting authority to the NewRiver Holdco Directors (in accordance with section 551 of the Companies Act) to exercise all the powers of NewRiver Holdco to grant rights to subscribe for NewRiver Holdco Shares, Shares up to a maximum aggregate nominal amount of £4,141.24 pursuant to the NewRiver Holdco Warrants, such authority to expire immediately following the Scheme becoming effective and Admission occurring or at 11.59 p.m. on 30 September 2016, whichever is the later, save that NewRiver Holdco may, at any time prior to the expiry of such authority, make an offer or enter into an agreement which would or might require equity securities to be allotted or rights to subscribe for or convert securities into shares to be granted after such expiry, and the NewRiver Holdco Board may allot shares and grant rights to subscribe for or convert securities into shares in pursuance of such offer or agreement as if such authority had not expired;

(d) subject to and conditional upon the Scheme becoming effective and Admission occurring, authorising the NewRiver Holdco Directors generally and unconditionally for the purposes of section 551 of the Companies Act to allot shares in the capital of the Company or to grant rights to subscribe for or to convert any security into shares in the Company ("**Rights**"):

(i) up to a maximum aggregate nominal amount of £795,170.87 or, if less, the nominal value of one third of the issued share capital of NewRiver Holdco immediately following Admission; and

(ii) equity securities (within the meaning of section 560 of the Companies Act) of NewRiver Holdco up to an aggregate nominal amount of £1,590,341.74 or, if less, the nominal value of two thirds of the issued share capital of NewRiver Holdco immediately following Admission (such amount to be reduced by the nominal amount of any shares allotted or rights to subscribe granted pursuant to paragraph 3.2(d)(i) above) in connection with an offer by way of a rights issue or other pre-emptive offer to:

(i) the holders of NewRiver Holdco Shares in proportion (as nearly as practicable) to the respective numbers of NewRiver Holdco Shares held by them; and

(ii) holders of other equity securities, as required by the rights of those securities or, subject to such rights, as the NewRiver Holdco Directors otherwise consider necessary,

and so that, in each case, the NewRiver Holdco Directors may impose any limits or restrictions and make any arrangements which they consider necessary or appropriate to deal with treasury shares, fractional entitlements, record dates, legal, regulatory or practical problems in, or under the laws of any territory or the requirements of any regulatory body or stock exchange or any other matter, such authorities to expire on the earlier of NewRiver Holdco's Annual General Meeting in 2017 or the date falling 15 months after Admission, save that NewRiver Holdco may, at any time prior to the expiry of such authorities, make an offer or enter into an agreement which would or might require the allotment and/or transfer of NewRiver Holdco Shares in pursuance of such an offer or agreement as if such authority had not expired;

(e) subject to and conditional upon the Scheme becoming effective and Admission occurring and subject to the passing of the resolution referred to at paragraph 3.2(c) above, empowering the NewRiver Holdco Directors generally pursuant to section 570 of the Companies Act to allot equity securities (within the meaning of section 560 of the Companies Act) of NewRiver Holdco for cash pursuant to the general authority granted by the resolution referred to at paragraph 3.2(c) above as if section 561(1) of the Companies Act did not apply to such allotment, such authority to expire immediately following the Scheme becoming effective and Admission occurring or at 11.59 p.m. on 30 September 2016, whichever is the later, save that NewRiver Holdco may, at any time prior to the expiry of such authority, make an offer or enter into an agreement which would or might require equity securities to be allotted or rights to subscribe for or convert securities into shares to be granted after such expiry, and the NewRiver Holdco Board may allot shares and grant rights to subscribe for or convert securities into shares in pursuance of such offer or agreement as if such authority had not expired;

(f) subject to and conditional upon the Scheme becoming effective and Admission occurring and subject to the passing of the resolution referred to at paragraph 3.2(d) above, empowering the NewRiver Holdco Directors generally pursuant to section 570 of the Companies Act to allot equity securities (within the meaning of section 560 of the Companies Act) of NewRiver Holdco for cash pursuant to the general authority granted by the resolution referred to at paragraph 3.2(d) above and empowering the NewRiver Holdco Directors generally pursuant to section 573 of the Companies Act to sell equity securities (within the meaning of section 560 of the Companies Act) of NewRiver Holdco held by NewRiver Holdco as treasury shares (as defined in section 724 of the Companies Act) for cash, as if section 561(1) of the Companies Act did not apply to that allotment or sale. This power is limited to allotments of equity securities and the sale of treasury shares:

(i) in connection with, or pursuant to, an offer by way of rights, open offer or other pre-emptive offer to NewRiver Holdco Shareholders and other persons entitled to participate therein in proportion (as nearly as practicable) to their respective holdings;

(ii) up to an aggregate nominal amount of £119,275.63; and

(iii) otherwise than pursuant to sub-paragraphs (i) and (ii) above, up to an aggregate nominal amount of £238,551.26 (including within such limit any equity securities allotted under sub-paragraph (ii) above) in connection with an acquisition or specified capital investment,

and so that, in each case, the NewRiver Holdco Directors may impose any limits or restrictions and make any arrangements which they consider necessary or appropriate to deal with fractional entitlements, record dates, legal, regulatory or practical problems in, or under the laws of, any territory or the requirements of any regulatory body or stock exchange in any territory or any other matter, such authorities to expire on the earlier of NewRiver Holdco's Annual General Meeting in 2017 or the date falling 15 months after Admission, save that NewRiver Holdco may, at any time prior to the expiry of such authorities, make an offer or enter into an agreement which would or might require equity securities to be allotted or treasury shares to be sold in pursuance of such an offer or agreement as if such authority had not expired. It is NewRiver Holdco's intention only to allot equity securities and and/or to sell treasury shares in accordance with the authority granted pursuant to the resolution referred to at paragraph 3.2(f)(iii) above in connection with an acquisition or specified capital investment which is announced contemporaneously with any such issuance post-Admission;

(g) subject to and conditional upon the Scheme becoming effective and Admission occurring, authorising NewRiver Holdco generally and unconditionally for the purposes of section 701 of the Companies Act, with effect from Admission, to make one or more market purchases (within the meaning of section 693(4) of the Companies Act) of ordinary shares in its capital on such terms and in such manner as the NewRiver Holdco Directors may from time to time determine, provided that:

 (i) the maximum aggregate number of ordinary shares authorised to be purchased is 23,855,126 (being approximately 10 per cent. of the issued ordinary share capital of NewRiver Holdco immediately following the Scheme becoming effective and Admission occurring);

 (ii) the minimum price which may be paid for an ordinary share is not less than the nominal value of an ordinary share at the time of the purchase;

 (iii) the maximum price which may be paid for an ordinary share is in respect of an ordinary share contracted to be purchased on any day, is not more than the higher of:

  (i) an amount (excluding expenses) equal to 105 per cent. of the average of the middle market quotations for an ordinary share as derived from the London Stock Exchange's Daily Official List for the five business days immediately preceding the day on which the ordinary share is contracted to be purchased; and

  (ii) an amount (excluding expenses) equal to the higher of the price of the last independent trade of an ordinary share and the highest current independent bid for an ordinary share on the London Stock Exchange's Daily Official List at the time the purchase was carried out,

such authorities to expire on the earlier of NewRiver Holdco's Annual General Meeting in 2017 or the date falling 15 months after Admission, save that NewRiver Holdco may, at any time prior to the expiry of such authorities, make a contract of purchase of any ordinary shares which would, or might, be concluded wholly or partly after that expiry and make a purchase of ordinary shares pursuant to such a contract as if such authority had not expired;

(h) the approval of the appointment of Deloitte LLP as the auditors of NewRiver Holdco until the conclusion of NewRiver Holdco's annual general meeting in 2017;

(i) the authority for the NewRiver Holdco Directors to determine the auditors' remuneration;

(j) the authority for the directors of NewRiver Holdco, for the purposes of section 307A of the Companies Act, to convene a general meeting (other than an Annual General Meeting) on not less than 14 clear days' notice, provided that this authority shall expire at the conclusion of NewRiver Holdco's annual general meeting in 2017; and

(k) subject to and conditional upon the Scheme becoming effective and Admission occurring, the approval of the rules of (i) the DBP; (ii) the PSP; (iii) the CSOP; and (iv) the Unapproved Plan, the principal terms of which are described at paragraph 8 below.

3.3 The issued and fully paid up share capital of NewRiver as at the Latest Practicable Date was 238,588,536 NewRiver Shares of no par value.

3.4 The issued and fully paid up share capital of NewRiver Holdco immediately following Admission will be £2,435,885.36 divided into 238,588,536 NewRiver Holdco Shares and 50,000 NewRiver Holdco Redeemable Preference Shares (which it is intended will be redeemed and cancelled shortly following Admission).

3.5 The issued ordinary share capital of NewRiver at the beginning and end of the financial periods ended 31 March 2014, 31 March 2015 and 31 March 2016, was as follows:

	At 1 April	*At 31 March*
2015/16	127,574,395	238,545,767
2014/15	100,002,507	127,574,395
2013/14	34,653,508	100,002,507

3.6 The following alterations in the issued share capital of NewRiver have taken place during the period for which the historical financial information set out in Part 5 of this document has been prepared:

(a) NewRiver's issued share capital increased in April 2014 from 100,002,507 NewRiver Shares to 100,028,992 NewRiver Shares as a result of the issue of 26,485 NewRiver Shares pursuant to the exercise of subscription rights attaching to NewRiver Warrants;

(b) NewRiver's issued share capital increased in May 2014 from 100,028,992 NewRiver Shares to 100,054,447 NewRiver Shares as a result of the issue of 25,455 NewRiver Shares pursuant to the exercise of subscription rights attaching to NewRiver Warrants;

(c) NewRiver's issued share capital increased in June 2014 from 100,054,447 NewRiver Shares to 100,186,548 NewRiver Shares as a result of the issue of 132,101 NewRiver Shares pursuant to the exercise of subscription rights attaching to NewRiver Warrants;

(d) NewRiver's issued share capital increased in July 2014 from 100,186,548 NewRiver Shares to 100,271,888 NewRiver Shares as a result of the issue of 85,340 NewRiver Shares pursuant to the exercise of subscription rights attaching to NewRiver Warrants;

(e) NewRiver's issued share capital increased in August 2014 from 100,271,888 NewRiver Shares to 100,289,544 NewRiver Shares as a result of the issue of 17,656 NewRiver Shares pursuant to the exercise of subscription rights attaching to NewRiver Warrants;

(f) NewRiver's issued share capital increased in September 2014 from 100,289,544 NewRiver Shares to 100,293,222 NewRiver Shares as a result of the issue of 3,678 NewRiver Shares pursuant to the exercise of subscription rights attaching to NewRiver Warrants;

(g) NewRiver's issued share capital increased in October 2014 from 100,293,222 NewRiver Shares to 100,295,429 NewRiver Shares as a result of the issue of 2,207 NewRiver Shares pursuant to the exercise of subscription rights attaching to NewRiver Warrants;

(h) NewRiver's issued share capital increased in November 2014 from 100,295,429 NewRiver Shares to 100,301,668 NewRiver Shares as a result of the issue of 6,239 NewRiver Shares pursuant to the exercise of subscription rights attaching to NewRiver Warrants;

(i) NewRiver's share capital increased in January 2015 from 100,301,668 NewRiver Shares to 127,574,395 NewRiver Shares as a result of a non pre-emptive placing of 27,272,727 NewRiver Shares;

(j) NewRiver's issued share capital increased in July 2015 from 127,574,395 NewRiver Shares to 180,227,456 NewRiver Shares as a result of the issue of 2,653,061 NewRiver Shares pursuant to the conversion of convertible unsecured loan stock and as a result of a non pre-emptive placing of 50,000,000 NewRiver Shares;

(k) NewRiver's issued share capital increased in September 2015 from 180,227,456 NewRiver Shares to 180,317,925 NewRiver Shares as a result of the issue of 90,469 NewRiver Shares pursuant to the exercise of subscription rights attaching to NewRiver Warrants;

(l) NewRiver's issued share capital increased in November 2015 from 180,317,925 NewRiver Shares to 187,313,809 NewRiver Shares as a result of the issue of 6,995,884 NewRiver Shares pursuant to the conversion of convertible unsecured loan stock;

(m) NewRiver's share capital increased in January 2016 from 187,313,809 NewRiver Shares to 233,467,655 NewRiver Shares as a result of a non pre-emptive placing of 46,153,846 NewRiver Shares;

(n) NewRiver's issued share capital increased in February 2016 from 233,467,655 NewRiver Shares to 233,545,767 NewRiver Shares as a result of the issue of 78,112 NewRiver Shares pursuant to the exercise of subscription rights attaching to NewRiver Warrants;

(o) NewRiver's issued share capital increased in March 2016 from 233,545,767 NewRiver Shares to 238,545,767 NewRiver Shares as a result of the issue of 5,000,000 NewRiver Shares pursuant to a gift of NewRiver Shares to the Old EBT to be used to satisfy future exercises of share options and awards pursuant to the NewRiver Share Incentive Plans or NewRiver Holdco Share Incentive Plans;

(p) NewRiver's issued share capital increased in June 2016 from 238,545,767 NewRiver Shares to 238,550,894 NewRiver Shares as a result of the issue of 5,127 NewRiver Shares pursuant to the exercise of subscription rights attaching to NewRiver Warrants; and

(q) NewRiver's issued share capital increased in August 2016 from 238,550,894 NewRiver Shares to 238,588,536 NewRiver Shares as a result of the issue of 37,642 NewRiver Shares pursuant to the exercise of subscription rights attaching to NewRiver Warrants.

3.7 Applications have been made to the London Stock Exchange for the cancellation of the admission to trading on AIM of the NewRiver Shares and to the UK Listing Authority and to the London Stock Exchange for the NewRiver Holdco Shares to be admitted to listing on the premium segment of the Official List and to trading on the London Stock Exchange's Main Market for listed securities. It is expected that Admission will become effective and that dealings in the NewRiver Holdco Shares will commence at 8.00 a.m. on 18 August 2016. The admission to trading on AIM of the NewRiver Shares will also be cancelled at the same time on that date.

3.8 The NewRiver Shares currently in issue are, and the NewRiver Holdco Shares will be, in registered form and, subject to the NewRiver Holdco Shares being admitted to and accordingly enabled for settlement in CREST, the NewRiver Shares will be capable of being held in uncertificated form. Where NewRiver Holdco Shares are held in certificated form, share certificates will be sent to the relevant registered member holding such shares by first class post.

3.9 When admitted to trading, the NewRiver Holdco Shares will be registered with International Security Identification Number ("**ISIN**") GB00BD7XPJ64.

3.10 The NewRiver Holdco Shares will be credited as fully paid and will rank equally in all respects with all other NewRiver Holdco Shares, including the right to receive any dividends or distributions made, paid or declared after Admission.

3.11 The NewRiver Holdco Shares will be traded on the London Stock Exchange and will not be traded on any other regulated or equivalent market.

3.12 The NewRiver Holdco Shares will be subject to the City Code and, in particular, will continue to be subject to the rules concerning mandatory takeover bids and sell-out rules under the City Code. See paragraphs 13 to 16 (inclusive) below for further information. There were no public takeover bids by third parties in respect of the issued share capital of either NewRiver or NewRiver Holdco during the financial year ended 31 March 2016 and, as at the Latest Practicable Date, there had been no public takeover bids by third parties in respect of the issued share capital of either NewRiver or NewRiver Holdco.

3.13 Other than in connection with the NewRiver Share Incentive Plans, the NewRiver Holdco Share Incentive Plans, the NewRiver Warrants or the NewRiver Holdco Warrants (as the case may be), no share capital of NewRiver Holdco, NewRiver or any of their subsidiaries is, or, after the Effective Date will be, under option or award or agreed conditionally or unconditionally to be put under option or award.

3.14 Other than in connection with the NewRiver Share Incentive Plans or the NewRiver Holdco Share Incentive Plans (as the case may be) and other than in connection with the NewRiver Warrants or the NewRiver Holdco Warrants (as the case may be), neither NewRiver nor NewRiver Holdco has issued any securities with warrants, convertible securities or exchangeable securities, and, save in connection with options and/or awards granted pursuant to the NewRiver Share Incentive Plans or the NewRiver Holdco Share Incentive Plans (as the case may be) and save in connection with the subscription rights pursuant to the NewRiver Warrants or the NewRiver Holdco Warrants (as the case may be), there are no acquisition rights and/or obligations over unissued share capital of NewRiver or NewRiver Holdco (as the case may be) or any undertaking to increase the share capital of NewRiver or NewRiver Holdco (as the case may be).

3.15 NewRiver has issued securities with warrants and the effect of the Scheme on such warrants is described at paragraph 11 of Part 1 of this document.

4. Articles

The NewRiver Holdco Articles include provisions to the following effect:

4.1 *Objects*

The NewRiver Holdco Articles do not provide for: (i) any objects of NewRiver Holdco and accordingly NewRiver Holdco's objects are unrestricted; or (ii) any purposes for which NewRiver Holdco was established.

4.2 *Share rights*

Subject to applicable laws, the NewRiver Holdco Articles and to any rights for the time being attached to any existing share, any shares may be issued with such rights or restrictions as NewRiver Holdco may from time to time by ordinary resolution determine.

Subject to applicable laws, any share may be issued which is to be redeemed, or is to be liable to be redeemed at the option of NewRiver Holdco or the holder, on such terms, conditions and in such manner as the NewRiver Holdco Board may determine.

4.3 *Share class rights*

If NewRiver Holdco's share capital is divided into shares of different classes, any rights attached to any class of shares may (subject to the rights attached to the shares of the class) be varied or abrogated in the manner provided by such rights or (in the absence of such provision) with the written consent of the holders of not less than three-quarters in nominal value of the shares of that class or with the sanction of a special resolution passed at a separate meeting of the holders of such class of shares.

4.4 *Share transfers*

(a) A member may transfer certificated shares to another person by a written instrument of transfer in any usual form (or any other form approved by the NewRiver Holdco Board) executed by or on behalf of the member and, in the case of a share which is not fully paid, by or on behalf of the transferee. The NewRiver Holdco Board may refuse to register the transfer of a certificated share which is in respect of a partly paid share on which the Company has a lien unless to do so would prevent dealings in partly paid shares taking place on an open and proper basis or is in favour of more than four joint transferees or not delivered for registration with appropriate evidence of the transferor's right to make the transfer to NewRiver Holdco's registered office or its share registrars or in the circumstances referred to in paragraph 4.7 below.

(b) A member may transfer uncertificated shares without a written instrument if such shares are a participating security held in uncertified form in accordance with the CREST Regulations. The NewRiver Holdco Board is required to register a transfer of any uncertificated share in accordance with those regulations. The NewRiver Holdco Board may refuse to register any such transfer which is in favour of more than four persons jointly or in any other circumstance permitted by those regulations.

4.5 ***Dividends***

All dividends on shares are to be paid according to the amounts paid up on the shares on which the dividend is paid, or otherwise in accordance with the terms concerning entitlement to dividends on which shares were issued. All unclaimed dividends may be made use of by the NewRiver Holdco Board for NewRiver Holdco's benefit until claimed. Any dividend unclaimed for 12 years shall revert to NewRiver Holdco.

4.6 ***General meetings***

(a) Every member who is present at a general meeting in person or by proxy is entitled to one vote on a resolution put to the meeting on a show of hands and to one vote for every share of which he is the holder on a resolution put to the meeting on a poll. The vote of the senior of joint holders who tenders a vote will be accepted to the exclusion of the votes of the other joint holders. Seniority is determined by the order in which the names of the holders appear in NewRiver Holdco's register of members in respect of the joint holding.

(b) The NewRiver Holdco Board is required to convene annual general meetings in accordance with the Act. The NewRiver Holdco Board may convene a general meeting which is not an annual general meeting whenever it thinks fit and if otherwise required by the Act. NewRiver Holdco is required to give notice of a general meeting to each member (other than a person who, under the NewRiver Holdco Articles or pursuant to any restrictions imposed on any shares, is not entitled to receive such a notice or to whom NewRiver Holdco, in accordance with applicable law, has not sent and is not required to send its latest annual accounts and reports), to the NewRiver Holdco Directors and to the auditors. For these purposes, "members" are the persons registered in NewRiver Holdco's register of members as being holders of shares at any particular time on any particular record date fixed by the NewRiver Holdco Board that (in accordance with the CREST Regulations) is not more than 21 days before the sending out of the notices. The notice of a general meeting may specify a time by which a person must be entered on NewRiver Holdco's register of members in order to have the right to attend or vote at the meeting.

(c) A member who is entitled to attend and vote at a general meeting is entitled to appoint another person, or two or more persons in respect of different shares held by him, as his proxy to exercise all or any of his rights to attend and to speak and to vote at the meeting.

(d) A corporation which is a member may, by resolution of its directors or other governing body, authorise one or more persons as it thinks fit to act as a representative for it at any general meeting of NewRiver Holdco. NewRiver Holdco may require such a representative to produce a certified copy of the authorising resolution or such other reasonable evidence of his authority before permitting him to exercise any powers on the corporation's behalf at the meeting.

4.7 ***Interests in shares not disclosed to NewRiver Holdco***

If NewRiver Holdco gives notice under section 793 of the Act in relation to any shares to a member or another person appearing to be interested in such shares and the recipient fails to give NewRiver Holdco the information required within 14 days afterwards, the holder of such shares is not entitled to attend or vote at a general meeting or exercise any other rights in respect of them in relation to a general meeting or a poll. Where such shares repres4ent at least 0.25 per cent. of the issued shares of their class (i) NewRiver Holdco may withhold payment of any dividend or other distribution or amount payable in respect of them; and (ii) the NewRiver Holdco Board may refuse to register the transfer of any such shares unless (1) the member is not himself in default in supplying the information required and proves to the satisfaction of the NewRiver Holdco Board that no person in default of supplying the information required is interested in any shares which are the subject of the transfer or (2) the transfer is made pursuant to acceptance of a takeover offer or in consequence of a sale made through the London Stock Exchange or any other recognised investment exchange or is shown to the NewRiver Holdco Board's satisfaction to be made in consequence of a sale in good faith of the whole of the beneficial interest in the shares to a person who is not connected with the member or with any other person appearing to be interested in the shares.

4.8 ***Alteration of share capital***

NewRiver Holdco may alter its share capital in any way permitted by the Act and applicable law and confer any preference or other advantage on one or more of the shares resulting from any division or sub-division of its share capital as compared with the others and make any such share subject to any restriction as compared with the others.

4.9 ***Return of capital***

On a winding up of NewRiver Holdco, NewRiver Holdco's assets available for distribution will be divided among the members in proportion to the nominal amount paid up in respect of the shares held by them, subject to any rights attached to any shares. The liquidator may divide among the members in kind the whole or any part of NewRiver Holdco's assets. The liquidator may set the value he deems fair on any property of NewRiver Holdco and determine how the division is to be carried out between members or classes of members. The liquidator may not distribute to a member without his consent an asset to which there is attached a liability or potential liability for the owner.

4.10 ***Lien and forfeiture***

(a) NewRiver Holdco has a first and paramount lien on every share which is not fully paid for all amounts payable to NewRiver Holdco (whether actually or contingently and whether presently or not) in respect of that share. The NewRiver Holdco Board may sell any share on which NewRiver Holdco has a lien if a sum in respect of which the lien exists is presently payable and is not paid within 14 days after notice has been sent to the holder of the share demanding payment and stating that if the notice is not complied with the share may be sold.

(b) Subject to the terms on which shares are allotted, the NewRiver Holdco Board may make calls on members in respect of any money unpaid on their shares. Each member shall (subject to receiving at least 14 days' notice) pay to NewRiver Holdco the amount called on his shares. If a call, or any instalment of a call, remains unpaid, in whole or in part, after it has become due and payable, the NewRiver Holdco Board may give the person from whom it is due not less than 14 days' notice requiring payment of the amount unpaid together with any interest which may have accrued and any costs, charges and expenses incurred by NewRiver Holdco by reason of such non-payment. The notice shall name the place where payment is to be made and shall state that if the notice is not complied with the shares in respect of which the call was made will be liable to be forfeited.

4.11 ***NewRiver Holdco Board powers***

(a) NewRiver Holdco's business is to be managed by the NewRiver Holdco Board. The NewRiver Holdco Board may exercise all NewRiver Holdco's powers and may do on its behalf anything that can be done by NewRiver Holdco or on its behalf which is not required by law or the NewRiver Holdco Articles to be exercised or done by NewRiver Holdco in general meeting, subject to applicable laws, the NewRiver Holdco Articles and such directions as may be prescribed by NewRiver Holdco by special resolution.

(b) The NewRiver Holdco Board may delegate to a NewRiver Holdco Director holding executive office any of its powers, authorities and discretions on such terms as it thinks fit. The NewRiver

Holdco Board may grant to a NewRiver Holdco Director the power to sub-delegate and may retain or exclude the right of the NewRiver Holdco Board to exercise the delegated powers, authorities or discretions collaterally with the NewRiver Holdco Director.

(c) The NewRiver Holdco Board may delegate any of its powers, authorities and discretions on such terms as it thinks fit to a committee. The NewRiver Holdco Board may grant to the committee the power to sub-delegate, and may retain or exclude the right of the NewRiver Holdco Board to exercise the delegated powers, authorities or discretions collaterally with the committee.

4.12 ***NewRiver Holdco Directors - appointment, retirement and removal***

(a) At any one time the total number of NewRiver Holdco Directors may not be less than two. This limit may be changed by ordinary resolution of NewRiver Holdco. NewRiver Holdco may by ordinary resolution appoint as a NewRiver Holdco Director a person who is willing to act as such, either to fill a vacancy or as an addition to the existing NewRiver Holdco Directors. The NewRiver Holdco Board may appoint as a NewRiver Holdco Director any person who is willing to act as such, either to fill a vacancy or as an addition to the existing NewRiver Holdco Board. Any NewRiver Holdco Director so appointed by the NewRiver Holdco Board is required to retire at the next annual general meeting. He will be eligible to stand for election as a NewRiver Holdco Director at that meeting.

(b) At each annual general meeting all the NewRiver Holdco Directors will retire from office and be eligible for re-election. At the meeting at which a NewRiver Holdco Director retires the members may pass an ordinary resolution to fill the office being vacated by electing the retiring NewRiver Holdco Director or some other person eligible for appointment to that office.

(c) NewRiver Holdco may remove any NewRiver Holdco Director from office and appoint as a NewRiver Holdco Director another person who is willing to act as such in his place, in each case by special resolution, or in accordance with and subject to the provisions of the Companies Act, by ordinary resolution. In addition, a NewRiver Holdco Director may be removed from office by notice in writing served upon him and authenticated by all the other NewRiver Holdco Directors.

4.13 ***NewRiver Holdco Directors - fees and remuneration***

(a) The maximum aggregate amount of fees that NewRiver Holdco may pay to all the NewRiver Holdco Non-executive Directors for their services as such is £1,000,000 per annum (exclusive of value added tax, if applicable), or such larger amount as NewRiver Holdco may by ordinary resolution decide. The NewRiver Holdco Executive Directors, instead of any such fees, may and do receive from NewRiver Holdco salary and other remuneration.

(b) The NewRiver Holdco Directors (including alternate Directors) are entitled to be repaid all reasonable travelling, hotel and other expenses properly incurred by them in connection with the discharge of their duties as NewRiver Holdco Directors.

(c) The NewRiver Holdco Board may provide pensions, other retirement or superannuation benefits, death or disability benefits or other allowances or gratuities for persons who are or were directors of NewRiver Holdco and their relatives and dependants.

4.14 ***NewRiver Holdco Directors' interests***

(a) A NewRiver Holdco Director is not required (provided he has disclosed his interest in the matter) to account to NewRiver Holdco for any profit, remuneration or other benefit which he derives from or in connection with (i) being interested in any contract, arrangement, transaction or proposal with NewRiver Holdco or in which NewRiver Holdco is otherwise interested; (ii) holding any other office or place of profit under NewRiver Holdco, except that of auditor, in conjunction with the office of NewRiver Holdco Director and acting by himself or through his firm in a professional capacity for NewRiver Holdco (and being entitled to remuneration as the NewRiver Holdco Board may arrange, either in addition to or in lieu of any remuneration provided for by any other NewRiver Holdco Article); or (iii) being a director or other officer of, or employed by, or a party to any contract, arrangement, transaction or proposal with or otherwise interested in, any body corporate promoted by NewRiver Holdco or in which NewRiver Holdco is otherwise interested or as regards which NewRiver Holdco has any powers of appointment.

(b) A NewRiver Holdco Director may not vote on, or be counted in the quorum in relation to, any resolution of the NewRiver Holdco Board concerning any contract or arrangement or any other proposal to which NewRiver Holdco is or is to be a party and in which he has an interest which is to his knowledge a material interest (otherwise than by virtue of his interests in shares or debentures or other securities of, or otherwise in or through, NewRiver Holdco), nor can he be counted in the quorum in relation to it, other than a resolution *inter alia*:

(i) relating to the giving of any security, guarantee or indemnity to him in respect of money lent or obligations incurred by him or by any other person at the request of or for the benefit of any member of the Group (a "**Group Undertaking**");

(ii) relating to the giving of any security, guarantee or indemnity in respect of a debt or obligation of a Group Undertaking for which he himself has assumed responsibility in whole or in part under a guarantee or indemnity or by the giving of security;

(iii) relating to, or in the context of, an offer of securities by a Group Undertaking in which he is or may be entitled to participate as a holder of securities or in the underwriting or sub-underwriting of which he is to participate;

(iv) relating to another company in which he does not have to his knowledge an interest (as that term is used in Part 22 of the Companies Act) in shares representing one per cent. or more of either any class of the equity share capital, or the voting rights in, such company;

(v) relating to an arrangement for the benefit of employees of any Group Undertaking which does not award him any privilege or benefit not generally awarded to the employees to whom such arrangement relates; or

(vi) concerning insurance which NewRiver Holdco proposes to maintain or purchase for the benefit of NewRiver Holdco Directors or for the benefit of persons including any NewRiver Holdco Director.

(c) The NewRiver Holdco Board may, subject to certain restrictions, authorise any situation or matter relating to a particular NewRiver Holdco Director to which section 175 of the Companies Act (on the "duty to avoid conflicts of interest") applies (each a "**Conflict Matter**"). The NewRiver Holdco Directors may in their absolute discretion impose such terms or onditions on the grant of the authorisation as they think fit, provided that in doing so, the NewRiver Holdco Direcors act in good faith and in such a way that will promote the success of the Company.

4.15 ***NewRiver Holdco Directors' indemnity and insurance***

Subject to the Act and applicable law, NewRiver Holdco may:

(a) indemnify any NewRiver Holdco Director or any director of any associated company against any liability pursuant to any qualifying third party indemnity provision or any qualifying pension scheme indemnity provision, or on any other basis as is then lawful, in each case on such terms as the NewRiver Holdco Board may decide; and

(b) purchase and maintain for any NewRiver Holdco Director or any director of any associated company insurance against any liability.

4.16 ***Borrowing powers***

(a) Subject to the limitations referred to in paragraph 4.16(b) below, the NewRiver Holdco Board may exercise all the company's powers to borrow money and to mortgage or charge all or part of NewRiver Holdco's undertaking, property and assets (present or future) and uncalled capital of NewRiver Holdco and subject to applicable laws) to create and issue debentures and other securities, whether outright or as collateral security for a debt, liability or obligation of NewRiver Holdco or of a third Party.

(b) The NewRiver Holdco Board must restrict NewRiver Holdco's borrowings and exercise all voting and other rights or powers of control exercisable by NewRiver Holdco in relation to its subsidiary undertakings so as to ensure that the aggregate principal amount outstanding in respect of all monies borrowed by the Group and for the time being owed to persons outside the Group shall not (without the prior sanction of an ordinary resolution) exceed a sum equal to five times the Group's nominal amount of issued and paid up capital and consolidated reserves and £2.5 billion, whichever is the greater.

4.17 ***Untraced shareholders***

Subject to the NewRiver Holdco Articles, NewRiver Holdco may sell any shares registered in the name of a member remaining untraced for 12 years who fails to communicate with NewRiver Holdco following advertisement of an intention to make such a disposal. Until NewRiver Holdco can account to the member, the net proceeds of sale will be available for use in the business of NewRiver Holdco or for investment, in either case at the discretion of the NewRiver Holdco Board. The proceeds will not carry interest.

4.18 ***Real Estate Investment Trust***

The NewRiver Holdco Articles:

(a) provide directors with powers to identify NewRiver Holdco's Excessive Shareholders (including giving notice to a NewRiver Holdco Shareholder requiring him to provide such information as the NewRiver Holdco Directors may require to establish whether or not he is an Excessive Shareholder);

(b) provide directors with powers to prohibit the payment of dividends on NewRiver Holdco Shares that form part of an Excessive Shareholding, unless certain conditions are met;

(c) allow dividends to be paid on NewRiver Holdco that form part of an Excessive Shareholding where the NewRiver Holdco Shareholder has disposed of its rights to dividends on its NewRiver Holdco Shares;

(d) seek to ensure that if a dividend is paid on NewRiver Holdco Shares that form part of an Excessive Shareholding and arrangements of the kind referred to in the preceding paragraph are not met, the Excessive Shareholder concerned does not become beneficially entitled to that dividend; and

(e) provide the directors with powers if certain conditions are met, to require (i) an Excessive Shareholder; or (ii) a NewRiver Holdco Shareholder who has not complied with a notice served in accordance with the power referred to in paragraph 4.18(a) above; or (iii) a NewRiver Holdco Shareholder who has provided materially inaccurate or misleading information in relation to the Excessive Shareholder provisions of the NewRiver Holdco Articles, to dispose of such number of their shares as the directors may specify, or to take such other steps as will cause the directors to believe the NewRiver Holdco Shareholder is no longer an Excessive Shareholder.

The above is a summary only of certain provisions of the NewRiver Holdco Articles, the full provisions of which are available for inspection as described in paragraph 23 of this Part 7 of this document.

5. Directors and Senior Management

5.1 The Directors and Senior Managers of NewRiver Holdco and their functions are as follows:

Name	*Position*
Directors	
Paul Roy	Non-executive Chairman
David Lockhart	Chief Executive Officer
Allan Lockhart	Property Director
Mark Davies	Finance Director
Chris Taylor	Senior Independent Non-executive Director
Kay Chaldecott	Non-executive Director
Alastair Miller	Non-executive Director
Senior Managers	
Nick Sewell	Executive Committee Member

The business address of each of the Directors and Senior Managers of NewRiver Holdco is 37 Maddox Street, London W1S 2PP.

5.2 The interests of the Directors, the Senior Management and persons connected with them (within the meaning of section 252 of the Companies Act) in the issued share capital of NewRiver (all of which are beneficial) and the existence of which is known to, or could with reasonable diligence be ascertained by the Directors as at the Latest Practicable Date and the amount of such person's holding in respect of NewRiver Holdco Shares following the Scheme becoming effective is expected to be as follows:

Director/Senior Manager	*Number of NewRiver Shares before the Scheme becomes effective*	*Percentage of NewRiver Shares before the Scheme becomes effective (%)*	*Number of NewRiver Holdco Shares on the Effective Date*	*Percentage of NewRiver Holdco Shares on the Effective Date (%)*
Directors				
Paul Roy	240,000	0.10	240,000	0.10
David Lockhart	1,550,000	0.65	1,550,000	0.65
Allan Lockhart	277,944	0.12	277,944	0.12
Mark Davies	69,545	0.03	69,545	0.03
Chris Taylor	10,000	0.00	10,000	0.00
Kay Chaldecott	3,774	0.00	3,774	0.00
Alastair Miller	30,000	0.01	30,000	0.01
Senior Management				
Nick Sewell	120,244	0.05	120,244	0.05

5.3 Details of options and awards over NewRiver Shares granted pursuant to the NewRiver Share Incentive Plans which are held by the Directors and Senior Management as at the date of this document (and which may be exchanged for equivalent options and/or awards to acquire NewRiver Holdco Shares following the Scheme Effective Time) are as follows:

NewRiver Retail Limited Deferred Bonus Plan 2015

	Date of grant of option	*Number of NewRiver Shares under option*	*Normal vesting date for option*
David Lockhart	31 July 2015	40,000	12 May 2017
	30 March 2016	152,515	30 March 2018
	14 June 2016	56,998	14 June 2018
Allan Lockhart	31 July 2015	49,000	12 May 2017
	30 March 2016	129,815	30 March 2018
	14 June 2016	49,873	14 June 2018
Mark Davies	31 July 2015	40,000	12 May 2017
	30 March 2016	81,871	30 March 2018
	14 June 2016	42,748	14 June 2018

NewRiver Retail Limited Performance Share Plan 2009

	Date of grant of option	*Number of NewRiver Shares under option*	*Normal vesting date for option*
David Lockhart	14 January 2013	71,937	14 January 2016
	1 July 2014	131,000	1 July 2017
	28 September 2015	117,578	28 September 2018
	28 September 2015	117,577	28 September 2019
	6 July 2016	142,665	6 July 2019
Allan Lockhart	14 January 2013	71,937	14 January 2016
	1 July 2014	115,000	1 July 2017
	28 September 2015	102,881	28 September 2018
	28 September 2015	102,880	28 September 2019
	6 July 2016	134,273	6 July 2019
Mark Davies	1 July 2014	98,000	1 July 2017
	28 September 2015	88,183	28 September 2018
	28 September 2015	88,183	28 September 2019
	6 July 2016	117,489	6 July 2019

NewRiver Retail Limited Unapproved Share Option Plan 2009

	Exercise period begins	*Number of NewRiver Shares under option*	*Exercise period ends*
David Lockhart	1 September 2012	272,286	30 August 2022
	26 September 2014	348,000	25 September 2024
Allan Lockhart	1 September 2012	192,686	30 August 2022
	26 September 2014	338,000	25 September 2024
Mark Davies	15 December 2012	38,693	14 December 2022
	15 December 2012	15,000	14 December 2022
	26 September 2014	286,000	25 September 2024

5.4 During the 12 months prior to the date of this document, the following interests in NewRiver Shares have been acquired or disposed of by the Directors or Senior Management:

Name	*Date*	*Number of NewRiver Shares acquired/ disposed of*	*Purchase/ disposal price per NewRiver Share (pence)*	*Nature of Transaction*
Directors				
Paul Roy	16 December 2015	(130,000)	345.48	Disposal
David Lockhart	11 January 2016	18,000	325.00	Acquisition via placing
	30 March 2016	(255,000)	0.00	Transfer of shares to spouse
	30 March 2016	12,000	250.00	Exercise of CSOP options
	5 July 2016	25,000	287.50	Acquisition
	6 July 2016	23,000	273.00	Acquisition
	7 July 2016	5,000	279.63	Acquisition
Allan Lockhart	11 January 2016	15,384	325.00	Acquisition via placing
Mark Davies	11 January 2016	7,522	325.00	Acquisition via placing
	30 March 2016	29,688	0.00	Exercise of PSP awards
Chris Taylor	–	–	–	–
Kay Chaldecott	–	–	–	–
Alastair Miller	30 March 2016	30,000	330.00	Acquisition
Senior Management				
Nick Sewell	11 January 2016	3,076	325.00	Acquisition via placing

5.5 Other than current or former directorships of members of the Group, during the five years immediately prior to the date of this document the Directors and Senior Management are, or have been, directors or partners or members of the administrative, management or supervisory bodies of the companies or partnerships listed below:

Director/Senior Manager	*Current directorships/ partnerships*	*Former directorships/ partnerships*
Directors		
Paul Roy	NS Asset Management LLP NSCP LLP NSCGP Limited NS GP Limited NS Holdings LLP NS Nominees Limited NS Trustee Limited Retraining of Racehorses Tillmouth & Tweed Salmon Fishings LLP	British Horseracing Authority Limited British Horseracing Database Limited NSS Serv Limited
David Lockhart	–	Tillmouth & Tweed Salmon Fishings LLP
Allan Lockhart	–	–
Mark Davies	–	Farriers Place Residents Limited

Director/Senior Manager	*Current directorships/ partnerships*	*Former directorships/ partnerships*
Chris Taylor	Aldgate House General Partner Limited Argent Brindleyplace Investment Limited Argent Estates Limited Argent Group Developments plc Argent Group Limited Argent (King's Cross) Limited Argent King's Cross GP Limited Argent King's Cross Nominee Limited Argent (Paradise) Limited Argent (Piccadilly Gardens) Limited Argent Piccadilly Place (No. 1) Limited Argent Piccadilly Place (No. 2) Limited Argent Projects No 4 GP Limited Argent Projects No 4 Nominee Limited Argent (Stevenson Square) Limited Brindleyplace plc British Property Federation Eleven Brindleyplace Estate Management Limited Five Piccadilly Place Estate Management Limited Hermes Central London GP Limited Hermes Central London Nominee Limited Hermes CMK General Partner Limited Hermes Real Estate Investment Management Limited Hermes Wellington Place GP Limited KC (B2&B4) GP Limited King's Cross Central General Partner Limited King's Cross Central (Trustee No. One) Limited King's Cross Central (Trustee No. Two) Limited MEPC Limited Noma (GP) Limited Postel Properties Limited Stevenson Square Estate Management Limited	Argent Nominee 1 Limited Argent Nominee 2 Limited Arthouse Manco Limited Carraway Guildford General Partner Limited Fitzroy Street Properties Limited KCC Nominee 1 Limited KCC Nominee 1 (B2) Limited KCC Nominee 1 (B3) Limited KCC Nominee 1 (B4) Limited KCC Nominee 1 (B5) Limited KCC Nominee 1 (Coal Drops) Limited KCC Nominee 1 (J) Limited KCC Nominee 1 (MGS) Limited KCC Nominee 1 (P1) Limited KCC Nominee 1 (P1 RESI) Limited KCC Nominee 1 (P2) Limited KCC Nominee 1 (Q1) Limited KCC Nominee 1 (R1) Limited KCC Nominee 1 (R2) Limited KCC Nominee 1 (R3/R6) Limited KCC Nominee 1 (R5N) Limited KCC Nominee 1 (R6) Limited KCC Nominee 1 (T1) Limited KCC Nominee 1 (T1 RESI) Limited KCC Nominee 1 (T5) Limited KCC Nominee 1 (WTS) Limited KCC Nominee 2 Limited KCC Nominee 2 (B2) Limited KCC Nominee 2 (B3) Limited KCC Nominee 2 (B4) Limited KCC Nominee 2 (B5) Limited KCC Nominee 2 (Coal Drops) Limited KCC Nominee 2 (J) Limited KCC Nominee 2 (MGS) Limited KCC Nominee 2 (P1) Limited KCC Nominee 2 (P2) Limited KCC Nominee 2 (P1 RESI) Limited KCC Nominee 2 (Q1) Limited KCC Nominee 2 (R1) Limited KCC Nominee 2 (R2) Limited KCC Nominee 2 (R3/R6) Limited KCC Nominee 2 (R5N) Limited KCC Nominee 2 (R6) Limited KCC Nominee 2 (T1 RESI) Limited KCC Nominee 2 (T5) Limited KCC Nominee 2 (WTS) Limited

Director/Senior Manager	*Current directorships/ partnerships*	*Former directorships/ partnerships*
Kay Chaldecott	St. Modwen Properties plc	–
Alastair Miller	Westview Capital Limited	Customer Direct Limited Fashion Focus Limited Geometry Properties Limited Geometry Properties (Tonypandy) Limited Hamperwood Limited M. & S. Singh Limited New Look Accessories Limited New Look Bondco I Limited New Look Bondco II plc New Look Card Services Limited New Look Finance Limited New Look Finance II Limited New Look Group Limited New Look Limited New Look Logistics Limited New Look Overseas Limited New Look Retailers Limited New Look Retail Group Limited New Look Treasury Limited NL Bowline Limited Pedalgreen Limited Retail People Limited Runway London Limited Trinitybrook Limited Vallsar (Trustees) Limited Viva Accessories Limited West Gate Bournemouth Ltd Weymouth Gateway Property Management Limited
Senior Management		
Nick Sewell	–	–

5.6 There are no loans made or guarantees granted or provided by NewRiver Holdco or any member of the Group to or for the benefit of any Director or member of Senior Management.

5.7 No Director or member of Senior Management is or has been interested in any transaction which is or was unusual in its nature or conditions or significant to the business of the Group and which was effected by NewRiver Holdco of any member of the Group during the current or immediately preceding financial year or which was effected by NewRiver Holdco or any member of the Group during any earlier financial year and remains in any respect outstanding or unperformed.

5.8 As at the date of this document, there are no potential conflicts of interest between the duties of any Director and/or Senior Manager and his private interests or other duties.

5.9 As at the date of this document, no Director or member of Senior Management has at any time in the five years preceding the date of this document:

(a) been convicted in relation to a fraudulent offence; or

(b) been associated with any bankruptcies, receiverships or liquidations while acting in the capacity of a member of the administrative, management or supervisory bodies or as a partner, founder or senior manager of any partnership or company; or

(c) been subject to any official public incrimination and/or sanctions by any statutory or regulatory authorities (including any designated professional bodies); or

(d) been disqualified by a court from acting as a director of a company or from acting as a member of the administrative, management or supervisory bodies of any company or from acting in the management or conduct of the affairs of any company.

6. Directors' and Senior Managers' Service Agreements and Letters of Appointment

6.1 The Executive Directors, being David Lockhart, Allan Lockhart and Mark Davies, entered into new service agreements with NewRiver Holdco on 15 August 2016 (the "**Service Agreements**") in order that their arrangements reflect the revised structure of the NewRiver Holdco Group as it will be following the Effective Date and the fact that NewRiver Holdco will have its entire issued and to be issued ordinary share capital admitted to the premium segment of the Official List of the UK Listing Authority and to trading on the main market for listed securities of the London Stock Exchange (as opposed to AIM).

6.2 The Service Agreements are conditional upon the Scheme becoming effective and Admission occurring and, subject to this, the terms of each Service Agreement shall take effect from Admission.

6.3 Particulars of each of the Service Agreements are set out below:

Director	*Date of Service Agreement*	*Base salary (£) and bonus*	*Benefits in kind*
David Lockhart	15 August 2016	£425,000 gross p/a. Discretionary bonus – on such terms as the Remuneration Committee determines at its discretion; conditional on satisfactory performance and conduct at date of payment. Non-pensionable.	Pension contribution of 15% of base salary or cash supplement, Contribution towards personal premium for private medical insurance (family) of up to £15,000 per annum.
Allan Lockhart	15 August 2016	£400,000 gross p/a. Discretionary bonus – on such terms as the Remuneration Committee determines at its discretion; conditional on satisfactory performance and conduct at date of payment. Non-pensionable.	Pension contribution of 15% of base salary or cash supplement, death in service benefit (5 x base salary), private medical insurance (family).
Mark Davies	15 August 2016	£350,000 gross p/a. Discretionary bonus – on such terms as the Remuneration Committee determines at its discretion; conditional on satisfactory performance and conduct at date of payment. Non-pensionable.	Pension contribution of 15% of base salary, death in service benefit (5 x base salary), private medical insurance (family).

The Service Agreements provide that 12 months' notice shall be given by NewRiver Holdco or by the Executive Director to terminate the employment. Each Executive Director may be placed on garden leave for up to six months during the unexpired notice period.

6.4 NewRiver Holdco, may, at its discretion, terminate an Executive Director's employment immediately by making a payment of 125 per cent. of basic salary in lieu of notice ("**PILON**"). The PILON may be made in equal monthly instalments over the six month period following the termination date. Any outstanding PILON instalments may be forfeited if NewRiver Holdco discovers that circumstances exist that would have entitled it to terminate the Executive Director's employment immediately. The Executive Director shall remain eligible for an annual discretionary bonus in respect of his service up to the termination date.

6.5 If an Executive Director resigns in response to a repudiatory breach by NewRiver Holdco of his service agreement (including where he has been removed as a director or fails to be re-elected as a director of NewRiver Holdco), NewRiver Holdco shall pay him a liquidated damages payment equal to the PILON and he shall remain eligible for his discretionary annual bonus up to the termination date.

6.6 Certain historic provisions of the Executive Directors' previous service agreements have been grandfathered under the new Service Agreements so as to apply only in the limited circumstances described below.

6.7 If NewRiver Holdco terminates an Executive Director's employment (or he resigns in response to a repudiatory breach by NewRiver Holdco of his Service Agreement) within 12 months of a change of control (other than due to summary termination) he shall be entitled to an immediate PILON together with a payment to compensate him for loss of bonus during the notice period equal to his average bonus for the last three completed bonus years. If an Executive Director resigns within 12 months following a change of control, NewRiver Holdco may require him to work up to six months of his 12 month notice period or be placed on garden leave. He shall receive a PILON in respect of the remaining period of notice. A change of control includes where there is a change in control of NewRiver Holdco or a transfer of the business in which he is principally employed other than as a result of an internal reorganisation or a Class 1 transaction, reverse takeover or merger.

6.8 If the employment of an Executive Director terminates other than on account of resignation or for cause:

6.8.1 he will be entitled to retain any awards granted under the NewRiver Retail Limited Performance Share Plan 2009, which will vest subject to the extent to which applicable performance conditions are satisfied and subject to a pro-rata adjustment to reflect the time worked during the applicable vesting period (subject to the discretion of the Remuneration Committee). For the purposes of determining the pro-rata adjustment, the notice period will be included in such determination; and

6.8.2 he shall retain any unvested awards under the NewRiver Retail Deferred Bonus Plan 2015 and the DBP (and any replacement plan thereto) which shall be exercisable within a period determined by the Remuneration Committee which shall expire no later than the earlier of 12 months from the termination date and the first anniversary of the vesting date of the award.

6.9 In the case of David Lockhart only, if he ceases to be an Executive Director but serves as a non-executive director of any member of the Group, he will be permitted to retain his awards granted under the NewRiver Retail Limited Performance Share Plan 2009 and the PSP and such awards will not be pro-rated for time. In the case of David Lockhart only, if he ceases employment on account of the ill health of his partner, he will be permitted to retain his awards granted under the NewRiver Retail Performance Share Plan 2009 and the PSP and such awards shall vest subject to the extent to which applicable performance conditions are satisfied and subject to a pro-rata adjustment to reflect the time worked during the applicable vesting period (subject to the discretion of the Remuneration Committee).

6.10 Except as set out above, there are no other provisions in the Service Agreements for compensation to be payable to the Executive Directors in the event of early termination of their respective Service Agreements.

6.11 NewRiver Holdco is entitled to dismiss an Executive Director without notice in certain specified circumstances, such as gross misconduct or following any serious or persistent breach of duties.

6.12 The Service Agreements contain restrictions on the Executive Directors following termination of their employment including non-competition and non-solicitation of certain employees for a defined period.

6.13 The Non-executive Directors also entered into new letters of appointment with NewRiver Holdco on 15 August 2016 (the "**Letters of Appointment**") for the same reasons as the Executive Directors entered into the Service Agreements (as described at paragraph 6.1 above).

6.14 As with the Service Agreements, the Letters of Appointment are conditional upon the Scheme becoming effective and Admission occurring and, subject to this, the terms of each Letter of Appointment shall take effect from Admission.

6.15 Particulars of the Letters of Appointment are set out below:

Director	*Date of Letter of Appointment*	*Notice period from either party*	*Annual fee (£)*
Paul Roy	15 August 2016	Three months	£100,000
Chris Taylor	15 August 2016	Three months	£50,000 plus £5,000 for being the Senior Independent Director and £5,000 for being the chairman of the Audit Committee
Kay Chaldecott	15 August 2016	Three months	£50,000 plus £5,000 for being the Chairman of the Remuneration Committee
Alastair Miller	15 August 2016	Three months	£50,000 plus an additional fee of £5,000 in the event that he chairs any board committees

6.16 Each Non-executive Director is entitled to have the costs of independent legal advice required in connection with the performance of their duties met by NewRiver Holdco. The Non-executive Directors are also entitled to be reimbursed for all reasonable expenses incurred in the proper performance of their duties. There are no provisions in the Letters of Appointment for compensation to be payable in the event of early termination of the Letters of Appointment.

6.17 During the financial year ended 31 March 2016, the amounts of remuneration paid (including any contingent or deferred compensation) and benefits in kind granted by the Group to each NewRiver Director and Senior Manager for services to the Group were as follows:

Director/Senior Manager	*Salary/fee total (£)*	*Cash bonus (£)*	*Value of bonus in deferred shares*	*Benefits in kind (£)*	*Pension contribution (£)*
Directors					
Paul Roy	75,000	–	–	–	–
David Lockhart	400,000	420,000	180,000	–	50,000
Allan Lockhart	350,000	367,500	157,500	2,000	44,000
Mark Davies	300,000	315,000	135,000	2,000	38,000
Chris Taylor	50,000	–	–	–	–
Kay Chaldecott	40,000	–	–	–	–
Alastair Miller[1]	11,000	–	–	–	–
Senior Managers					
Nick Sewell	200,000	–	–	1,000	26,000

(1) Joined the NewRiver Group on 12 January 2016.

6.18 During the financial year ended 31 March 2016, the total amount set aside by the Group to provide pension, retirement or similar benefits to the Directors and the Senior Managers was £158,000.

7. Major shareholders

7.1 As at the Latest Practicable Date, NewRiver has been notified that the following persons, in addition to the interests of the Directors referred to herein, are, directly or indirectly, interested in three per cent. or more of NewRiver's issued ordinary share capital or voting rights, and the amount of such person's holding in respect of NewRiver Holdco Shares following the Scheme becoming effective is expected to be as follows:

	As at the Latest Practicable Date			*As at the Effective Date*		
Shareholder	*Number of issued NewRiver Shares*	*Percentage of issued NewRiver Shares (%)*	*Percentage of issued total voting rights (%)*	*Number of issued NewRiver Holdco Shares*	*Percentage of issued NewRiver Holdco Shares (%)*	*Percentage of issued total voting rights (%)*
Woodford Investment Management LLP	58,840,369	24.66	25.21	58,840,369	24.66	25.21
Invesco Limited	35,865,708	15.03	15.36	35,865,708	15.03	15.36
JO Hambro Capital Management Limited	11,205,026	4.70	4.80	11,205,026	4.70	4.80
Standard Life Investments	7,643,831	3.20	3.28	7,643,831	3.20	3.28
Bank of Montreal	7,137,424	2.99	3.06	7,137,424	2.99	3.06
AXA Framlington	7,131,840	2.99	3.05	7,131,840	2.99	3.05

7.2 None of the Shareholders referred to above has different voting rights from any other holder of NewRiver Shares in respect of any NewRiver Shares held by them.

7.3 So far as the Directors are aware, no person, directly or indirectly, jointly or severally, exercises, or could exercise, control of NewRiver or, after the Scheme becomes effective and Admission occurs, NewRiver Holdco.

7.4 So far as the Directors are aware, there are no arrangements the operation of which may at a later date result in a change of control of NewRiver or, after the Scheme becomes effective and Admission occurs, NewRiver Holdco.

7.5 None of the persons referred to in paragraph 7.1 above (or their nominees) has or will have different voting rights in relation to their shareholdings in NewRiver or, after the Scheme becomes effective and Admission occurs, NewRiver Holdco.

8. NewRiver Holdco Share Incentive Plans

NewRiver Holdco is proposing to adopt the NewRiver Holdco Share Incentive Plans prior to Admission. The NewRiver Holdco Share Incentive Plans are broadly equivalent to the NewRiver Share Incentive Plans operated by NewRiver prior to Admission but have been modified in order to reflect the fact that the NewRiver Holdco Shares are to be admitted to the premium segment of the Official List of the UK Listing Authority and to trading on the main market for listed securities of the London Stock Exchange.

The subsisting options and/or awards granted under the NewRiver Share Incentive Plans will be dealt with as set out in paragraph 9 of Part 1 of this document.

The principal provisions of the NewRiver Holdco Share Incentive Plans, which will apply to all options/awards made by NewRiver Holdco on or following Admission, are as follows:

8.1 *Provisions applicable to all the NewRiver Holdco Share Incentive Plans*

The following provisions apply to each of the NewRiver Holdco Share Incentive Plans:

Grant

- The NewRiver Holdco Share Incentive Plans will be administered by the Remuneration Committee.
- Options/awards may be granted under the NewRiver Holdco Share Incentive Plans during the period of 42 days commencing on: (a) the Dealing Day immediately following the date of the

preliminary announcement of the Company's annual results or the announcement of its half-yearly results in any year; or (b) any other time fixed by the Remuneration Committee where, in its discretion, circumstances are considered to be exceptional so as to justify the grant of an option/award. If the grant of an option/award during the period described above would be prohibited by virtue of the Share Dealing Code, then such option/award may be granted during the period of 42 days commencing on the Dealing Day immediately following the date on which such prohibition shall cease to have effect.

Plan Limit

- No option/award may be granted under any NewRiver Holdco Share Incentive Plan if, as a result, the number of NewRiver Holdco Shares issued or issuable pursuant to options/awards granted during the previous 10 years under that plan or any other employees' share scheme, profit sharing scheme or employee share ownership plan adopted by the Company or any other member of the Group (including NewRiver prior to the Scheme Effective Time) would exceed 10 per cent. of the ordinary share capital of the Company in issue on that date.
- For the purposes of the limit set out above:
  - any NewRiver Holdco Shares issued or then capable of being issued (including any received in exchange for NewRiver Shares), pursuant to any options or awards granted on or prior to the date of admission of NewRiver to AIM under any employees' share scheme adopted by NewRiver, shall not count towards the limit set out above;
  - any NewRiver Holdco Shares issued or then capable of being issued (including any received in exchange for NewRiver Shares), pursuant to the options/awards in respect of 193,438 NewRiver Shares granted during the period of 18 months following the date of admission of NewRiver to AIM shall not count towards the limit set out above;
  - NewRiver Shares or NewRiver Holdco Shares will only be counted as "**issued or issuable**" to the extent to which they have been issued (or there is an intention for them to be issued) by NewRiver or the Company for the purposes of the plan or any other employees' share scheme operated by NewRiver or the Company;
  - treasury shares that have been transferred or are to be transferred in order to satisfy the exercise of an option/award shall count towards the limit set out above; and
  - NewRiver Holdco Shares subject to options/awards that have lapsed or been surrendered shall not count to the limit set out above.

Exercise of Awards

- Options/awards may not be granted or exercised during any period prohibited under the Share Dealing Code.
- Where an option or award has been granted by the Company as a right to subscribe for NewRiver Holdco Shares, exercise of the relevant option or award may be satisfied by either the issue of NewRiver Holdco Shares, the transfer of NewRiver Holdco Shares held by an existing NewRiver Holdco Shareholder who has agreed to satisfy the exercise of the option or award or by the transfer of NewRiver Holdco Shares held in treasury.
- No option or award granted under the NewRiver Holdco Share Incentive Plans is capable of exercise more than 10 years after its date of grant and each such option/award will lapse on the 10th anniversary of its date of grant.
- Until an option or award is exercised, the option/award holder will have no voting or other rights in relation to the NewRiver Holdco Shares subject to such option/award.
- NewRiver Holdco Shares allotted pursuant to the exercise of an award or option will rank *pari passu* in all respects with the NewRiver Holdco Shares already in issue. NewRiver Holdco

Shares transferred on the exercise of an award or option shall be transferred without the benefit of any rights attaching to the NewRiver Holdco Shares by reference to a record date preceding the date of that exercise.

- For so long as the NewRiver Holdco Shares are listed on the Official List, the Company will use its best endeavours to procure that the NewRiver Holdco Shares issued following exercise of an award or option granted under each of the NewRiver Holdco Share Incentive Plans are admitted to the Official List as soon as practicable after allotment.

Additional Terms

- Options or awards granted under the NewRiver Holdco Share Incentive Plans are not capable of transfer or assignment, except to the extent necessary to enable a personal representative to exercise following the death of an option/award holder.
- Benefits obtained under the NewRiver Holdco Share Incentive Plans are not pensionable.
- Each NewRiver Holdco Share Incentive Plan may be terminated at any time by resolution of the Board and shall in any event terminate on the 10th anniversary of adoption so that no further awards can be granted pursuant to the relevant plan. Termination shall not affect the outstanding rights of existing option/award holders.

Adjustment

- The number of NewRiver Holdco Shares under an option or award (except for those granted under the CSOP) may be adjusted by the Remuneration Committee in the event of any capitalisation issue or rights issue including (without limitation) any consolidation, subdivision or reduction of capital.

Amendment

- The rules of each NewRiver Holdco Share Incentive Plan which relate to:
  – the persons to whom NewRiver Holdco Shares are provided under the plan;
  – the limits on the number of NewRiver Holdco Shares which may be issued under the plan;
  – the maximum entitlement of any option/award holder;
  – the basis for determining an option/award holder's entitlement to NewRiver Holdco Shares or options/awards;
  – the basis for determining the adjustment of any option/award if there is a capitalisation issue, rights issue or open offer, sub-division or consolidation of shares or reduction of capital or any other variation of capital of the Company; and
  – these amendment provisions,

  cannot be amended to the advantage of any option/award holder or potential option/award holder without the prior approval of the Company in general meeting except for minor amendments to benefit the administration of the plan, to take account of any change in legislation or to obtain or maintain favourable tax, exchange control or regulatory treatment for option/award holders or any Group company.

8.2 ***The NewRiver REIT plc Deferred Bonus Plan 2016 (the "DBP")***

Status of the DBP

Awards granted under the DBP ("**DBP Awards**") facilitate the deferral of a proportion of participating employees' annual bonuses into NewRiver Holdco Shares. DBP Awards take the form of options to acquire NewRiver Holdco Shares for nil consideration, either by way of subscription from the Company or by way of transfer from the New EBT.

It is intended that the DBP will be operated in conjunction with the New EBT.

Eligibility

All employees (including Executive Directors) of the Company and any of its subsidiaries may be granted DBP Awards under the DBP.

Grant

The Remuneration Committee will have absolute discretion to select the employees to whom DBP Awards may be granted. The number of NewRiver Holdco Shares which will be subject to a DBP Award will be calculated by reference to the gross value of the deferred element of the annual bonus to which the DBP Award relates and the market value of a NewRiver Holdco Share at such time.

Performance Target

DBP Awards will not be subject to any performance targets.

Dividends

If, at any time, a dividend or other cash distribution is paid by the Company in respect of its NewRiver Holdco Shares, the number of NewRiver Holdco Shares under each DBP Award then subsisting (and in respect of which the Vesting Date (as defined below) has not passed) shall be increased to reflect the value of the dividend, unless the Remuneration Committee determines to increase the number of NewRiver Holdco Shares under such DBP Award on another basis. The number of NewRiver Holdco Shares to be added to a DBP Award ("**Dividend Equivalent Shares**") shall equate to such number of NewRiver Holdco Shares as could have been purchased, at the share price prevailing on the date the dividend is paid, from an amount equal to the dividend paid on each NewRiver Holdco Share multiplied by the number of NewRiver Holdco Shares under the DBP Award.

To the extent that a DBP Award does not vest and become exercisable in relation to any NewRiver Holdco Shares, the DBP Award shall also cease to be exercisable in respect of a proportionate number of Dividend Equivalent Shares.

Dividend Equivalent Shares that have been issued and any Dividend Equivalent Shares that have been added to a DBP Award shall be taken into account for the purposes of applying the plan limit as set out in paragraph 8.1 of this Part 7. Any potential right to receive Dividend Equivalent Shares in the future shall not, however, be taken into account.

Exercise of DBP Awards

A DBP Award may be exercised in the period immediately following a date (the "**Vesting Date**") specified at the time of grant and ending ten years after the date of grant (unless another period is determined by the Remuneration Committee at grant), provided that the DBP Award holder is still an employee within the Group.

If a DBP Award holder ceases to be an employee of the Group before the Vesting Date by reason of injury, incapacity, ill-health or disability of the DBP Award holder or his or her spouse or registered civil partner (all evidenced to the reasonable satisfaction of the Remuneration Committee), redundancy, upon the sale or transfer out of the Group of the company or undertaking employing him (a "**Good Leaver**"), his DBP Awards shall be exercisable during the six month period following the date of cessation of employment; if not so exercised, such DBP Award will lapse at the end of the period. In such circumstances, the Remuneration Committee may, in its discretion, determine that such DBP Award may only be exercised for a period of six months after the Vesting Date of such DBP Award; if not so exercised, such DBP Award will lapse at the end of the period.

In the event of cessation of employment of the DBP Award holder by reason of his death, his legal personal representatives may exercise the DBP Award within 12 months following the date of his death.

If a DBP Award holder ceases to be an employee of the Group for any reason other than those described above, his DBP Awards shall lapse, however, the Remuneration Committee may permit them to be exercisable for a limited period; if not so exercised, during such period such DBP Awards will lapse at the end of the period.

Where a DBP Award is exercised before the occurrence of the Vesting Date as a consequence of the DBP Award holder ceasing to remain an employee of the Group, the maximum number of NewRiver Holdco Shares over which any DBP Award is capable of exercise shall be pro-rated down on a time apportioned basis by reference to the time that has elapsed from the relevant date of grant to the relevant event giving rise to the early exercise of the DBP Award, as a proportion of the period from the date of grant to the Vesting Date of such DBP Award. The Remuneration Committee may, however, exercise discretion not to pro-rate a DBP Award or to pro-rate on a different basis.

Exercise of DBP Awards is also possible earlier than the Vesting Date in the event of a takeover (whether by way of a general offer, a scheme of arrangement or any other merger or acquisition resulting in a change of control of the Company or otherwise) or the voluntary winding up of the Company. In the case of a takeover of the Company by way of a general offer or the transfer out of the Group of the undertaking employing the DBP Award holder concerned, the Remuneration Committee may allow the DBP Award to be exercised immediately before, but with effect from, the takeover or the transfer of the undertaking concerned.

Clawback

If at any time before the Vesting Date of a DBP Award, the Remuneration Committee becomes aware that: (a) a DBP Award holder has engaged in conduct which would justify summary dismissal; (b) a material misstatement has been made in the financial results of the Company; or (c) an error was made which has resulted, either directly or indirectly, in the number of NewRiver Holdco Shares in respect of which the DBP Award was, or is, capable of exercise, being greater than it would have been but for such error, it may operate clawback in respect of such DBP Awards.

If the Remuneration Committee operates clawback it will have discretion to: (i) reduce the number of NewRiver Holdco Shares which are subject to subsisting DBP Awards held by the DBP Award holder; and/or (ii) reduce the number of NewRiver Holdco Shares or any cash amount which may be subject to any other subsisting options/awards held by such DBP Award holder (whether pursuant to the DBP or any other incentive arrangement); and/or (iii) require a repayment or other reimbursement in respect of a DBP Award that has already been exercised and in respect of which NewRiver Holdco Shares have been transferred to the DBP Award holder.

8.3 ***The NewRiver REIT plc Performance Share Plan 2016 (the "PSP")***

Status of the PSP

Awards granted under the PSP ("**PSP Awards**") take the form of options to acquire NewRiver Holdco Shares for nil consideration, either by way of subscription from the Company or by way of transfer from the New EBT.

It is intended that the PSP will be operated in conjunction with the New EBT.

Eligibility

All employees (including Executive Directors) of the Company and any of its subsidiaries may be granted PSP Awards under the PSP.

Grant

The Remuneration Committee has absolute discretion to select the employees to whom PSP Awards may be granted and, subject to the limit as set in paragraph 8.1 of this Part 7 and the individual limit described below, to determine the number of NewRiver Holdco Shares to be subject to each PSP Award.

No consideration is payable for the grant of a PSP Award.

Individual Limit

In general, each individual's participation is limited so that, in any one financial year of the Company, the aggregate market value of NewRiver Holdco Shares subject to all PSP Awards (calculated as at the date of grant of each PSP Award) granted to the individual under the PSP in that financial year, will not exceed 200 per cent. of the individual's basic annual salary (measured at the date of grant).

The individual limits referred to above can be exceeded in relation to PSP Awards in circumstances which the Remuneration Committee considers to be sufficiently exceptional.

Performance Target

The exercise of PSP Awards will normally be conditional upon the achievement of a performance target set at the time of grant. Such performance target shall be measured over a performance period (determined by the Remuneration Committee at the time of grant but which shall not, save in exceptional circumstances, be less than three years) (the "**Performance Period**").

PSP Awards will become capable of exercise following a date (the "**Vesting Date**") specified at the time of grant which occurs after the expiry of the relevant Performance Period, subject to the satisfaction of the performance target. The Vesting Date for a PSP Award may not, save in exceptional circumstances, occur before the third anniversary of the date of grant.

If events occur which cause the Remuneration Committee reasonably to consider that a different or amended target would be a fairer measure of performance, the Remuneration Committee may waive or amend the original performance target in such manner as it deems fit provided that any such amended target is not materially more difficult to perform or harder to achieve than the original performance target.

It should also be noted that a performance target, applying to a PSP Award, may be measured over a period that is shorter than the Performance Period in circumstances where an employee ceases to be an employee of the Group before the end of the relevant Performance Period or certain corporate events occur (such as a change of control of the Company) before the end of the relevant Performance Period. In these circumstances, such performance target may be assessed on such modified basis as the Remuneration Committee thinks fair and reasonable so as to be applied over such shortened period.

Dividends

If, at any time, a dividend or other cash distribution is paid by the Company in respect of the NewRiver Holdco Shares, the number of NewRiver Holdco Shares under each PSP Award then subsisting (and in respect of which the Vesting Date has not passed) shall be increased to reflect the value of the dividend, unless the Remuneration Committee determines to increase the number of NewRiver Holdco Shares under such PSP Award, on another basis. The number of NewRiver Holdco Shares to be added to a PSP Award (the "**Dividend Equivalent Shares**") shall equate to such number of NewRiver Holdco Shares as could have been purchased, at the share price prevailing on the date the dividend is paid, from an amount equal to the dividend paid on each NewRiver Holdco Share multiplied by the number of NewRiver Holdco Shares under the PSP Award.

To the extent that a PSP Award does not vest and become exercisable in relation to any NewRiver Holdco Shares, the PSP Award shall also cease to be exercisable in respect of a proportionate number of Dividend Equivalent Shares.

Dividend Equivalent Shares that have been issued and any Dividend Equivalent Shares that have been notionally added to a PSP Award shall be taken into account for the purposes of applying the plan limit as set in paragraph 8.1 of this Part 7. Any potential right to receive Dividend Equivalent Shares in the future shall not, however, be taken into account.

Exercise of PSP Awards

A PSP Award may be exercised in the period immediately following the occurrence of the Vesting Date and ending ten years after the date of grant to the extent that the performance target has been satisfied and the PSP Award holder is still an employee within the Group.

If a PSP Award holder ceases to be an employee of the Group before the Vesting Date by reason of injury, incapacity, ill-health or disability of the PSP Award holder or his or her spouse or registered civil partner (evidenced to the reasonable satisfaction of the Remuneration Committee), redundancy, upon the sale or transfer out of the Group of the company or undertaking employing him or any other circumstance stipulated by the Remuneration Committee as at the date of grant of a PSP Award (a "**Good Leaver**"), his PSP Award shall be exercisable during the twelve month period following the Vesting Date of such PSP Award; if not so exercised, such PSP Award will lapse at the end of the period. In such circumstances, the Remuneration Committee may, in its discretion, determine that such PSP Award may be exercised for a period of 12 months after the PSP Award holder ceases to be employed within the Group; if not so exercised, such PSP Award will lapse at the end of the period.

In the event of cessation of employment of the PSP Award holder by reason of his death, his legal personal representatives will be entitled to exercise the PSP Award within 12 months following the date of his death.

If a PSP Award holder ceases to be an employee of the Group for any reason other than those described above, PSP Awards may become exercisable for a limited period at the discretion of the Remuneration Committee; if not so exercised, such PSP Awards will lapse at the end of the period.

Exercise of PSP Awards is also possible earlier than the Vesting Date in the event of a takeover (whether by way of a general offer, a scheme of arrangement or any other merger or acquisition resulting in a change of control of the Company or otherwise) or the voluntary winding up of the Company. In the case of a takeover of the Company by way of a general offer or the transfer out of the Group of the undertaking employing the PSP Award holder concerned, the Remuneration Committee may allow the PSP Award to be exercised immediately before, but with effect from, the takeover or the transfer of the undertaking concerned.

In all of these circumstances allowing for the exercise of a PSP Award prior to the Vesting Date, the PSP Award may not be exercised unless (subject to any modification of the performance target in accordance with the rules of the PSP) the performance condition, if any, to which it is subject has been satisfied.

Where a PSP Award is exercised before the occurrence of the Vesting Date as a consequence of the PSP Award holder ceasing to remain an employee of the Group or as a result of a corporate event (as described above), the maximum number of NewRiver Holdco Shares over which any PSP Award is capable of exercise shall be pro-rated down on a time apportioned basis by reference to the time that has elapsed from the relevant date of grant to the relevant event giving rise to the early exercise of the PSP Award, as a proportion of the period from the date of grant to the Vesting Date of such PSP Award. The Remuneration Committee may, however, exercise discretion not to pro-rate a PSP Award or to pro-rate on a different basis.

Clawback

At any time before the date 24 months from the Vesting Date of a PSP Award, the Remuneration Committee may operate clawback if: (a) an Award holder engages in conduct which would justify summary dismissal; (b) a material misstatement is made in the financial results of the Company announced to the public and/or its audited accounts in respect of any financial year occurring during the vesting period and such misstatement resulted, either directly or indirectly, in the number of NewRiver Holdco Shares in respect of the PSP Award was or is capable of exercise, being greater than it would have been for such misstatement; or (c) an error was made in assessing or calculating the extent to which a performance target was achieved which has resulted, either directly or indirectly, in the number of NewRiver Holdco Shares in respect of which the PSP Award was or is capable of exercise, being greater than it would have been but for such error.

If the Remuneration Committee operates clawback it will have discretion to: (i) reduce the number of NewRiver Holdco Shares which are subject to subsisting PSP Awards held by the PSP Award holder; and/or (ii) reduce the number of NewRiver Holdco Shares or cash amount which may be subject to any other subsisting awards held by such PSP Award holder (whether pursuant to the PSP or any other incentive arrangement); and/or (iii) require a repayment or other reimbursement in respect of a PSP Award that has already been exercised and in respect of which NewRiver Holdco Shares have been transferred to the PSP Award holder.

8.4 ***The NewRiver REIT plc Company Share Option Plan 2016 (the "CSOP")***

Status of the CSOP

It is intended that the CSOP will meet the requirements of Schedule 4 of ITEPA as amended and re-enacted from time to time ("**Schedule 4**").

Eligibility

All employees and full time Executive Directors of the Company and any of its subsidiaries may be granted options over NewRiver Holdco Shares under the CSOP provided that they are not prohibited, pursuant to Schedule 4, from being granted an option by virtue of having, or having had, a material interest in the Company.

Grant

The Remuneration Committee has absolute discretion to select the persons to whom options are to be granted and, subject to the limit as set in paragraph 8.1 of this Part 7 and the individual limit described below, in determining the number of NewRiver Holdco Shares subject to each option.

No consideration is payable for the grant of an option.

Individual Limit

Each individual's participation is limited so that the aggregate market value of NewRiver Holdco Shares subject to all options (calculated as at the date of grant of each option) held by that individual and granted under the CSOP or any other Schedule 4 compliant share option plan operated by the Company or any associated company, shall not exceed £30,000 (or such other amount as may be permitted in accordance with Schedule 4 from time to time).

Exercise Price

The exercise price per NewRiver Holdco Share under an option is determined by the Remuneration Committee at the time of grant but may not be less than the market value of a NewRiver Holdco Share as at the date of grant.

The exercise price (as well as the number of NewRiver Holdco Shares under option) may be adjusted by the Remuneration Committee in the event of any capitalisation issue or rights issue (other than pursuant to a scrip dividend issued by the Company) or rights offer or any other variation in the share capital of the Company including (without limitation) any consolidation, subdivision or reduction of capital.

Any adjustment of the exercise price of an option must not result in the requirements of Schedule 4 no longer being met.

Performance Targets

Options granted under the CSOP will not be subject to any performance targets.

Exercise of options

Normally, an option may only be exercised following a date (the "**Vesting Date**") specified at the time of grant, which may not occur before the third anniversary of the date of grant, provided that the option holder is still an employee within the Group.

If an option holder ceases to be an employee of the Group before the Vesting Date by reason of injury, ill-health, incapacity or disability of the option holder or his or her spouse or registered civil partner (evidenced to the reasonable satisfaction of the Remuneration Committee), redundancy or upon the sale or transfer out of the Group of the company or undertaking employing him, his option shall be exercisable during the six month period following the Vesting Date of such option; if not so exercised, such option will lapse. In such circumstances, the Remuneration Committee may, in its discretion, determine that such option may be exercised for a period of six months after the option holder ceases to be employed within the Group; if not so exercised, such option will lapse.

In the event of cessation of employment of the option holder by reason of his death, his personal representatives will be entitled to exercise the option within 12 months following the date of his death.

If an option holder ceases to be employed within the Group for any reason other than those described above, options may also become exercisable for a limited period at the discretion of the Remuneration Committee.

Exercise of options is also possible earlier than the Vesting Date in the event of a takeover (whether by way of a general offer, a scheme of arrangement or otherwise) or the voluntary winding up of the Company. In the case of a takeover of the Company by way of a general offer or the transfer out of the Group of the undertaking employing the option holder concerned, the Remuneration Committee may allow the option to be exercised immediately before, but with effect from, the takeover or the transfer of the undertaking concerned.

Where an option is exercised before the occurrence of the Vesting Date as a consequence of the option holder ceasing to remain an employee of the Group, the maximum number of NewRiver Holdco Shares over which any option is capable of exercise may, at the discretion of the Remuneration Committee, be pro-rated down on a time apportioned basis by reference to the time that has elapsed from the relevant date of grant to the relevant event giving rise to the early exercise of the option as a proportion of the period from the date of grant to the Vesting Date of such option. The Remuneration Committee may, however, exercise discretion not to pro-rate an option or to pro-rate on a different basis.

In the event of a takeover of the Company, an option holder may be allowed to exchange his option for a new option over shares in the acquiring company, provided that the acquiring company agrees to such exchange and the rights under the new option are equivalent to those under the old option.

8.5 ***The NewRiver REIT plc Unapproved Share Option Plan 2016 (the "Unapproved Plan")***

Eligibility

All employees (including Executive Directors) of the Company and any of its subsidiaries may be granted options over NewRiver Holdco Shares under the Unapproved Plan.

Grant

The Remuneration Committee has absolute discretion to select the persons to whom options are to be granted and, subject to the limit as set in paragraph 8.1 of this Part 7, in determining the number of NewRiver Holdco Shares subject to each option.

No consideration is payable for the grant of an option.

Exercise Price

The exercise price per a NewRiver Holdco Share under an option is determined by the Remuneration Committee at the time of grant but may not be less than the market value of a NewRiver Holdco Share as at the date of grant.

Performance Targets

Options granted under the Unapproved Plan will not be subject to any performance targets.

Exercise of options

Normally, an option may only be exercised following a date (the "**Vesting Date**") specified at the time of grant, which may not occur before the first anniversary of the date of grant, provided that the option holder is still an employee of the Group.

If an option holder ceases to be an employee of the Group before the Vesting Date by reason of injury, ill-health, incapacity or disability of the option holder or his or her spouse or registered civil partner (evidenced to the reasonable satisfaction of the Remuneration Committee), redundancy or upon the sale or transfer out of the Group of the company or undertaking employing him, his option shall be exercisable during the six month period following the Vesting Date of such option; if not so exercised, such option will lapse. In such circumstances, the Remuneration Committee may, in its discretion, determine that such option may be exercised for a period of six months after the option holder ceases to be employed within the Group; if not so exercised, such option will lapse.

In the event of cessation of employment of the option holder by reason of his death, his personal representatives will be entitled to exercise the option within twelve months following the date of his death.

If an option holder ceases to be employed within the Group for any reason other than those described above, options may also become exercisable for a limited period at the discretion of the Remuneration Committee.

Exercise of options is also possible earlier than the Vesting Date in the event of a takeover (whether by way of a general offer, a scheme of arrangement or otherwise) or the voluntary winding up of the Company. In the case of a takeover of the Company by way of a general offer or the transfer out of the Group of the undertaking employing the option holder concerned, the Remuneration Committee may allow the option to be exercised immediately before, but with effect from, the takeover or the transfer of the undertaking concerned.

Where an option is exercised before the occurrence of the Vesting Date as a consequence of the option holder ceasing to remain an employee of the Group, the maximum number of NewRiver Holdco Shares over which any option is capable of exercise may, at the discretion of the Remuneration Committee, be pro-rated down on a time apportioned basis by reference to the time that has elapsed from the relevant date of grant to the relevant event giving rise to the early exercise of the option as a proportion of the period from the date of grant to the Vesting Date of such option. The Remuneration Committee may, however, exercise discretion not to pro-rate an option or to pro-rate on a different basis.

Clawback

At any time before the date 24 months from the Vesting Date of an option, the Remuneration Committee may operate clawback if: (a) an option holder engages in conduct which would justify summary dismissal; (b) a material misstatement is made in the financial results of the Company announced to the public and/or its audited accounts in respect of any financial year occurring during the vesting period and such misstatement resulted, either directly or indirectly, in the number of NewRiver Holdco Shares in respect of the option was or is capable of exercise, being greater than it would have been for such misstatement; or (c) an error was which has resulted, either directly or indirectly, in the number of NewRiver Holdco Shares in respect of which the option was or is capable of exercise, being greater than it would have been but for such error.

If the Remuneration Committee operates clawback it will have discretion to: (i) reduce the number of NewRiver Holdco Shares which are subject to subsisting options held by the option holder; and/or (ii) reduce the number of NewRiver Holdco Shares or cash amount which may be subject to any other subsisting options/awards held by such option holder (whether pursuant to the Unapproved Plan or any other incentive arrangement); and/or (iii) require a repayment or other reimbursement in respect of an option that has already been exercised and in respect of which NewRiver Holdco Shares have been transferred to the option holder.

8.6 ***The NewRiver Retail Limited Employee Benefit Trust (the "Old EBT")***

The Old EBT was settled by NewRiver on 27 August 2009 pursuant to a trust deed entered into between NewRiver and Computershare Trustees (Jersey) Limited (the "**Trustee**"). NewRiver has the power to remove the Trustee and appoint a new trustee.

The Old EBT is a discretionary settlement set up for the benefit of directors, employees and former employees (and their immediate dependants) of NewRiver and its subsidiaries. The Old EBT will be terminated following appointment of any assets held by it to the trustee of the New EBT.

8.7 ***The NewRiver REIT plc Employee Benefit Trust (the "New EBT")***

The New EBT was settled by NewRiver Holdco pursuant to a trust deed entered into between NewRiver Holdco and Computershare Trustees (Jersey) Limited (the "**New Trustee**"). NewRiver Holdco has the power to remove the New Trustee and appoint a new trustee.

The New EBT is a discretionary settlement set up for the benefit of directors, employees and former employees (and their immediate dependants) of NewRiver Holdco and its subsidiaries.

The New Trustee may either purchase existing NewRiver Holdco Shares in the market or subscribe for new NewRiver Holdco Shares.

The maximum number of NewRiver Holdco Shares which may be held by the New Trustee at any time may not exceed five per cent. of NewRiver Holdco's issued share capital at that time. It is intended that the New Trustee will not, at any time, hold more NewRiver Holdco Shares than are required in order to satisfy awards and/or options granted in exchange for options and/or awards granted under the NewRiver Share Incentive Plans or granted under the NewRiver Holdco Share Incentive Plans, from time to time.

9. Property

The material tangible fixed assets of the Group as at 31 March 2016 are as set out in the historical financial information of NewRiver for the financial year ended 31 March 2016, as set out in Section 2 of Part 5 of this document.

As far as the Directors are aware there are no environmental issues affecting the Group's utilisation of its fixed assets.

10. Material contracts

The following material contracts (not being contracts entered into in the ordinary course of business) have been entered into by members of the Group (a) within the 24 months immediately prior to publication of this document; or (b) at any time, and contain provisions under which any member of the Group has an obligation or entitlement which is, or may be, material to the Group as at the date of this document:

10.1 ***Sponsor agreement***

Pursuant to the sponsor agreement dated 15 August 2016 between the Company, NewRiver and Liberum (the "**Sponsor Agreement**"), Liberum has agreed to act as sponsor to NewRiver Holdco under the Listing Rules in connection with the application for admission of the entire issued and to be issued ordinary share capital of NewRiver Holdco (i) to the premium segment of the Official List and (ii) to trading on the Main Market of the London Stock Exchange. The Sponsor Agreement contains, amongst other things, customary warranties and undertakings from the Company and NewRiver in favour of Liberum in relation to, amongst other things, the accuracy of information in this document and other matters relating to the Group and its subsidiaries and customary indemnities from the Company and NewRiver in favour of Liberum. The Sponsor Agreement is governed by English law.

10.2 *MSREI Joint Venture arrangements*

MSREI Joint Venture Agreement

On 28 February 2010, NewRiver entered into a limited partnership agreement (the "**MSREI Joint Venture Agreement**") relating to NewRiver Retail Investments LP ("**NewRiver Retail Investments**"), a Guernsey limited partnership, with (i) NewRiver Retail (Portfolio No.1) Limited ("**NRSPV**"), a wholly owned subsidiary of NewRiver and a limited partner in NewRiver Retail Investments, (ii) UK Retail Investing LP Ltd ("**UKRI**"), a company owned and controlled by funds advised by Morgan Stanley Real Estate Investing Fund VII ("**MSREI**") and a limited partner in NewRiver Retail Investments and (iii) NewRiver Retail Investments (GP) Limited ("**GP**"), the general partner of NewRiver Retail Investments, which is owned 50:50 by NRSPV and UKRI. NRSPV, UKRI, GP and NewRiver have also entered into a General Partner Shareholders' Agreement (see below) to regulate their relationship in respect of the GP.

NewRiver Retail Investments was formed to acquire:

- nine retail assets situated across the UK from the UBS Triton Property Fund (the "**NewRiver Retail Investments Initial Portfolio**"); and
- further retail assets which NRC identifies and proposes for acquisition by NewRiver Retail Investments. Any such acquisitions are to be approved by UKRI. As at the Latest Practicable Date, no further acquisitions have been made.

Both NRSPV and UKRI made an initial capital contribution to NewRiver Retail Investments of approximately £11.5 million as part of the funding of the acquisition of the NewRiver Retail Investments Initial Portfolio, with subsequent commitments by NewRiver of a further £2.0 million since 28 February 2010. UKRI committed to invest an initial £60 million in NewRiver Retail Investments (such figure includes its investment in respect of the NewRiver Retail Investments Initial Portfolio) for a period of two years following the date of completion of the acquisition of the NewRiver Retail Investments Initial Portfolio.

Any further acquisitions may be funded by NRSPV and UKRI in such proportions as they may agree and NRSPV has the flexibility to fund a minimum of 10 per cent. and a maximum of 50 per cent. of the equity funding.

The MSREI Joint Venture Agreement provides that profits which arise in respect of each individual investment in a property or portfolio of properties (each, a "**Project**") by NewRiver Retail Investments shall be paid to the limited partners by NewRiver Retail Investments in the proportions in which NRSPV and UKRI contributed funding to NewRiver Retail Investments to acquire the relevant Project, save that NRSPV will be entitled to a promote payment in cash, depending on the level of the returns across the entire asset base of NewRiver Retail Investments.

All such payments shall be subject to ongoing clawback/true up so that the aggregate amount of the promote payments paid reflects the internal rate of return of UKRI across all Completed Projects.

If a limited partner wishes to transfer its interest in NewRiver Retail Investments, it must first give the other limited partner the right to make an offer for such interest. If the right of first offer provisions are not exercised, the limited partners have agreed certain restrictions on transfers of their respective interests in NewRiver Retail Investments.

On the occurrence of an event of default (which are of a type customarily seen in an agreement of this type, and include, amongst others, an insolvency-type event in respect of a limited partner, a material uncured default and, in respect of NRSPV only, termination of the NewRiver Retail Investments AMA), the non-defaulting party may within six months of the occurrence of the event of default require that the defaulting party sell its entire interest in NewRiver Retail Investments to the non-defaulting party at 90 per cent. of fair value (such value to be determined by an independent valuer).

General Partner Shareholders' Agreement

On 28 February 2010, NewRiver entered into a shareholders' agreement relating to GP, a Guernsey limited company, with (i) UKRI (ii) NRSPV and (iii) GP to regulate their relationship in respect of GP (the "**General Partner Shareholders' Agreement**").

The General Partner Shareholders' Agreement sets out the way in which NewRiver Retail Investments and its subsidiary entities ("**Group Entities**") which are interested in individual Projects will be governed. The governance provisions apply at two levels:

- decisions to be taken by the GP at LP level; and
- decisions to be taken in respect of individual Projects at Group Entity level.

All decisions to be taken by the GP in respect of the operation of NewRiver Retail Investments are deadlocked at 50:50, regardless of the amount of money invested by each of UKRI and NRSPV in NewRiver Retail Investments.

At Group Entity level, the decision-making power is determined by the proportions of equity funding made by NRSPV and UKRI to the relevant Group Entity. The parties have agreed varying levels of minority protections ("**Reserved Matters**"), depending on the levels of funding provided by NRSPV and UKRI in respect of each Group Entity.

The General Partner Shareholders' Agreement contains similar default provisions to those contained in the MSREI Joint Venture Agreement referred to above.

NewRiver Retail Investments AMA

On 28 February 2010, NewRiver Capital Limited ("**NewRiver Capital**"), GP, acting in its capacity as general partner of NewRiver Retail Investments and NewRiver Retail (GP1) Limited, acting in its capacity as general partner of NewRiver Retail (Portfolio No. 1) LP, the owner of the NewRiver Retail Investments Initial Portfolio, amongst others, entered into an asset management agreement (the "**NewRiver Retail Investments AMA**") in relation to NewRiver Retail Investments. Under the terms of the NewRiver Retail Investments AMA, NewRiver Capital agreed to provide certain asset management and advisory services to NewRiver Retail Investments and any direct or indirect owner of an interest in any property acquired by NewRiver Retail Investments (each an "**Owner**"). The services provided by NewRiver Capital under the NewRiver Retail Investments AMA include, without limitation, property management and advisory services, letting services, corporate and administrative services, acquisition and sales services and reporting services in respect of the NewRiver Retail Investments Initial Portfolio and any other properties that may be acquired from time to time by any Owner. Each time an Owner acquires a property it is required to accede to the NewRiver Retail Investments AMA.

Pursuant to the NewRiver Retail Investments AMA, NewRiver Capital is entitled to receive: (i) a management fee related to the gross rental income paid in each quarter in respect of the NewRiver Retail Investments Initial Portfolio; and (ii) in respect of any properties which are acquired by any Owner subsequently, between three and five per cent. of gross rental income as agreed between the relevant Owner and NewRiver Capital at the time of the acquisition having regard to prevailing market conditions at the time. The management fee is payable quarterly in arrear.

In addition, NewRiver Capital is entitled to certain accounting and reporting fees which are, again, payable quarterly in arrear.

The NewRiver Retail Investments AMA commenced on the date of completion of the acquisition of the NewRiver Retail Investments Initial Portfolio, being 5 March 2010, and terminates on the earlier of: (i) the date which is 20 business days after the date when the last of the properties or Owners holding the properties is sold; and (ii) the date on which the NewRiver Retail Investments AMA is otherwise terminated in accordance with its terms.

The NewRiver Retail Investments AMA may be terminated by the GP or any Owner with immediate effect on notice in the event that (i) there is a change of control with respect to NewRiver Capital or any of its affiliates which is a party to any of the documentation entered into in connection with NewRiver Retail Investments; and (ii) there is an event of default in relation to NewRiver Capital unless such event of default arises solely as a direct consequence of the Owner's or the GP's breach of its obligations under the NewRiver Retail Investments AMA.

NewRiver Capital may terminate the NewRiver Retail Investments AMA in respect of any Owner or any properties owned by that Owner with immediate effect on notice in the event that an event of default occurs in respect of any such Owner, i.e. non-payment by that Owner of any sums due to NewRiver Capital under the NewRiver Retail Investments AMA for 20 business days after the due date for payment, an insolvency event in relation to that Owner or any act of fraud, bribery or corruption on the part of that Owner.

The NewRiver Retail Investments AMA will also terminate in relation to a particular property in the event that it is sold by any Owner.

MSREI Joint Venture – 2010 Term Facility – £12.8m

NewRiver Retail (Portfolio No. 1) LP acting by its general partner NewRiver Retail (GP1) Limited (the "**Borrower**") has a sterling term loan facility (the "**Santander 2010 Facility**") with Abbey National Treasury Services plc (the "**Bank**") in relation to the MSREI Joint Venture. The Santander 2010 Facility was amended pursuant to an amendment and restatement agreement on 10 November 2014 and has a termination date of 28 February 2017. The Santander 2010 Facility is secured by a debenture, a partnership interest charge, a third party share charge and legal mortgages in respect of the relevant properties. The margin payable on the Santander 2010 Facility is 1.75 per cent. per annum.

The total commitment of the Bank under the Santander 2010 Facility is £12,800,000 and as at the Latest Practicable Date, £12,800,000 had been drawn under the Santander 2010 Facility.

The Santander 2010 Facility contains certain financial covenants, restrictions and other customary affirmative and negative covenants. The financial covenants in the Santander 2010 Facility require, on each interest payment date, the actual net rental income for the previous financial quarter to be not less than 200 per cent. of the actual finance costs for that quarter, on each interest payment date, for the projected net rental income for the next four financial quarters to be not less than 200 per cent. of the projected finance costs for those financial quarters and that the LTV not exceed 55 per cent. at any time. The Santander 2010 Facility contains an ability for the Borrower to cure any breach of the covenant requiring the actual net rental income for the previous financial quarter to be not less than 200 per cent. of the actual finance costs for that quarter and of the covenant requiring the projected net rental income for the next four financial quarters to be not less than 200 per cent. of the projected finance costs for those financial quarters, by prepaying the loans or by depositing such amounts into a designated blocked account within 21 days of the relevant interest payment date to cure any such breach. The Santander 2010 Facility contains an ability for the Borrower to cure any breach of the LTV covenant by prepaying the loans or by depositing such amounts into a designated blocked account within 21 days such breach in order to cure any such breach.

Restrictions include limitations on the ability of the Borrower to assign or transfer its obligations, rights or benefits under the Santander 2010 Facility and to consolidate, merge or otherwise change business type and/or make additional borrowings. If NewRiver Retail (Portfolio No. 1) Limited and MSREF VII Global Investments Limited C.V. cease to control the Borrower or NewRiver Retail (GP1) Limited, this may, at the election of the Bank, result in a mandatory prepayment event.

The Bank may assign any of its rights or transfer by novation any of its rights and obligations in relation to the Santander 2010 Facility to another bank or financial institution or to a trust, fund or other entity which is regularly engaged in or established for the purpose of making, purchasing or investing in loans, securities or other financial assets which would constitute a qualifying bank and hold authorisation to perform banking business.

As at the most recent date of a delivery of a compliance certificate under the Santander 2010 Facility, being 10 July 2016, the Borrower was in compliance with the above covenants and restrictions.

The Santander 2010 Facility is governed by English law.

10.3 ***BRAVO Joint Venture arrangements***

A separate suite of documentation governs each of the joint ventures between NewRiver and BRAVO I or BRAVO II (as the case may be) (the "**BRAVO Joint Ventures**"). In respect of each BRAVO Joint Venture, the key documentation includes (i) a Unitholders' Agreement; (ii) a Trust Instrument; (iii) an Asset Management Agreement; (iv) a Property Management Agreement; and (v) in respect of certain BRAVO Joint Ventures, Loan Agreements. Each suite of documents across each BRAVO Joint Venture is on substantially similar terms, which are summarised below:

Trust Instruments

The following trust instruments (together, the "**Trust Instruments**") have been entered into in relation to the BRAVO Joint Ventures:

- a Trust Instrument between NewRiver Trustee 3 Limited and NewRiver Trustee 4 Limited dated 12 June 2013 (as amended on 28 June 2013, 14 August 2013 and 20 March 2014) relating to NewRiver Retail Property Unit Trust No. 2, as amended from time to time;
- a Trust Instrument between NewRiver Trustee 9 Limited and NewRiver Trustee 10 Limited dated 21 July 2014 relating to NewRiver Retail Property Unit Trust No. 5, as amended from time to time;
- a Trust Instrument between NewRiver Trustee 11 Limited and NewRiver Trustee 12 Limited dated 22 July 2014 relating to NewRiver Retail Property Unit Trust No. 6, as amended from time to time; and
- a Trust Instrument between NewRiver Trustee 13 Limited and NewRiver Trustee 14 Limited dated 22 July 2014 relating to NewRiver Retail Property Unit Trust No. 7, as amended from time to time.

Each Trust Instrument governs the operation of the relevant Jersey property unit trust ("**JPUT**") which is the vehicle for each particular BRAVO Joint Venture and sets out certain powers and obligations of the trustees of the relevant JPUT. The provisions summarised below apply to each Trust Instrument.

Each Trust Instrument contains provisions relating to the issue of further units in the relevant JPUT. In the event that the trustees determine that the JPUT has a requirement for additional cash (which is addressed in the Business Plan applicable to that particular JPUT or otherwise sanctioned by unanimous resolution) which cannot be met from other sources (including third party borrowing), the unitholders are required to subscribe for further units in the proportions in which they hold their respective existing units. Where any unitholder fails to contribute its proportion of the capital requirement, any amount contributed by the other unitholder (up to the total maximum additional capital requirement) is deemed to be contributed by way of loan at an interest rate of 20 per cent. per annum (provided that where the non-contributing unitholder is NewRiver (being a publicly quoted entity), it shall have a three month cure period during which any amounts contributed by BRAVO II shall be deemed to constitute a loan with an interest rate of 8 per cent. per annum), such interest to be settled from the income of the relevant JPUT until such time as the non-contributing unitholder cures its default (which it shall not be entitled to do earlier than 12 months after the original required date for contributing capital).

Each Trust Instrument also contains provisions governing the transfer of units. Subject to certain permitted transfers (being intra-group transfers and transfers to banks or financial institutions with a security interest), transfers of units are subject to a pre-emption procedure. The Trust Instruments also contain tag-along and drag-along rights which apply upon a sale to a third party. In addition, subject to the permitted transfers referred to above, and any transfer as a result of a default by a unitholder, each unitholder is restricted from transferring its units for a period of 24 months from the date of the relevant Trust Instrument. Any transfer of units is subject to receiving consent from third party lenders (where required).

Each Trust Instrument provides for certain events of default which apply to each unitholder, including insolvency-type events, fraud, wilful misconduct, gross negligence, criminal acts or material breaches of law in connection with the performance of such unitholder's duties under any BRAVO Joint Venture transaction documents, and the termination of the Unitholders' Agreement relating to that BRAVO Joint Venture as a result of a material breach by that unitholder. In addition, there is a cross-default mechanism whereby certain events of default by NewRiver occurring under any Asset Management Agreement (relating to any of the BRAVO Joint Ventures) would also constitute an event of default for the purpose of each Trust Instrument. Upon the occurrence of an event of default which is either not remedied within a specified period or is not capable of remedy, the defaulting unitholder is deemed to have offered its units to the other unitholder at a discount to the net asset value of the units of 7.5 per cent. If the offer is not accepted, the defaulting unitholder forfeits its voting rights.

In addition, if there is a termination event under any Asset Management Agreement relating to a BRAVO Joint Venture which does not arise as a result of any default of the asset manager, under each Trust Instrument, the NewRiver unitholder is deemed to have offered its units to the other unitholder at a price equal to the net asset value of the units.

Each Trust Instrument contains provisions governing the acquisition and disposal of properties by the relevant JPUT, including an obligation to obtain a valuation prior to acquisitions and to obtain unanimous unitholder consent prior to disposals.

Each Trust Instrument contains provisions regarding the payment of certain permitted expenses from the relevant trust fund and provides that the unitholders shall bear, and shall indemnify the trustees against, all revenue expenses, which shall be deducted from the income distributed to them in respect of each quarterly distribution period (up to a maximum amount equal to the amount of such income to which they are entitled).

Each Trust Instrument contains a deadlock procedure whereby, if matters are not resolved by the parties within a specified period of time, either unitholder may require the trustees to carry out the procedures necessary for the sale or winding-up of the JPUT.

Each Trust Instrument contains customary provisions regarding payment of the trustees' fees and expenses and an indemnity in favour of the trustees in respect of liabilities and expenses incurred by them in the execution of the trusts or any powers, authorities or discretions vested in them under such Trust Instrument.

Each Trust Instrument is governed by Jersey law.

Unitholders' Agreements

The following unitholders' agreements (together, the "**Unitholders' Agreements**") have been entered into in relation to the BRAVO Joint Ventures:

- a Unitholders' Agreement between NewRiver Retail Holdings Limited and LVS II Lux IV S.a.r.l. dated 28 June 2013;
- a Unitholders' Agreement between NewRiver Retail Holdings No. 5 Limited and LVS II Lux XIV S.a.r.l. dated 22 August 2014;
- a Unitholders' Agreement between NewRiver Retail Holdings No.6 Limited and LVS II Lux XIV S.a.r.l. dated 22 August 2014; and

- a Unitholders' Agreement between NewRiver Retail Holdings No. 7 Limited and LVS II Lux XIV S.a.r.l. dated 22 August 2014.

Each Unitholders' Agreement governs the relationship between the relevant NewRiver investor and the BRAVO II investor in relation to the shopping centre portfolio owned by the particular JPUT to which the relevant Unitholders' Agreement relates, and provides that the business of the relevant JPUT is to acquire, manage and maximise the cash flow and value of that portfolio and other properties acquired by that JPUT.

Each Unitholders' Agreement continues in full force until the earlier of (i) the termination of the Trust Instrument relating to the relevant JPUT; (ii) the unitholders agreeing in writing to terminate the Unitholders' Agreement; or (iii) the date on which all of the units are owned by one unitholder or one of the parties disposes of all of its units. There is also a right to terminate for: (i) breach of the restrictive covenants given by NewRiver (see below); and (ii) breach of certain anti-corruption obligations contained in the Unitholders' Agreement (subject to a preliminary period to resolve any dispute or cure any breach).

Under each Unitholders' Agreement, the NewRiver investor has given certain restrictive covenants which apply to each member of the NewRiver group, their directors or officers and anyone carrying on any business in succession to New River or any member of its group. The restrictive covenants apply during the term of the Unitholders' Agreement and, in the event of a termination of the Unitholders' Agreement by the BRAVO II investor as a result of a breach by NewRiver of the restrictive covenants or certain anti-corruption provisions contained in the Unitholders' Agreement, an additional period terminating on the earlier of (i) six months from termination of the Unitholders' Agreement; (ii) the date on which BRAVO II ceases to own units; and (iii) the date on which the JPUT is wound up (or such shorter period of time as shall apply in accordance with applicable law) (the "**Restricted Period**"). The restrictive covenants restrict the parties referred to above from:

- acquiring, or being economically interested in, any retail property which is or is likely to be in competition with any of the properties within the portfolio of the JPUT or other properties acquired by the JPUT; or

- providing asset management services similar to the services provided by NewRiver to the properties within the relevant portfolio, to any retail property which is likely to be in competition with any of the properties within the portfolio or other properties acquired by the JPUT.

There is a carve-out from these restrictions permitting NewRiver to continue to be economically interested in such properties and/or to provide such asset management services to the extent the acquisition was undertaken, or the provision was commenced, prior to the date of the relevant Unitholders' Agreement.

Where the BRAVO II investor is subject to an event of default as specified in the relevant Trust Instrument, NewRiver is relieved of its obligations under the restrictive covenants. If there is a material breach of the restrictive covenants then the BRAVO II investor has the right to terminate the Unitholders' Agreement.

The BRAVO II investor is obliged to pay a promote to NewRiver which will only become payable following (i) a transfer of all units held by BRAVO II (save where the transfer is to a secured lender); or (ii) termination of the JPUT (including where all of the properties held by it have been disposed of), and in each case following receipt by BRAVO II of its share of the distribution by the relevant trustees of the of the net asset value of the relevant JPUT, by the trustees or the proceeds of the sale of all of its units (as the case may be) (a "**Termination Event**"). The amount of the promote is calculated based on the IRR received by the BRAVO II investor. NewRiver is not entitled to the promote where it has become a defaulting unitholder under the relevant Trust Instrument.

Each Unitholders' Agreement is governed by Jersey law.

Asset Management Agreements

The following asset management agreements (together, the "**Asset Management Agreements**") have been entered into in relation to the BRAVO Joint Ventures:

- an Asset Management Agreement between NewRiver Retail (UK) Limited, NewRiver Trustee 3 Limited and NewRiver Trustee 4 Limited dated 16 July 2013 (as amended on 20 March 2014) in relation to NewRiver Retail Property Unit Trust No. 2;
- an Asset Management Agreement between NewRiver Retail (UK) Limited, NewRiver Trustee 9 Limited and NewRiver Trustee 10 Limited dated 22 August 2014 in relation to NewRiver Retail Property Unit Trust No. 5;
- an Asset Management Agreement between NewRiver Retail (UK) Limited, NewRiver Trustee 11 Limited and NewRiver Trustee 12 Limited dated 22 August 2014 in relation to NewRiver Retail Property Unit Trust No. 6; and
- an Asset Management Agreement between NewRiver Retail (UK) Limited, NewRiver Trustee 13 Limited and NewRiver Trustee 14 Limited dated 22 August 2014 in relation to NewRiver Retail Property Unit Trust No. 7.

Pursuant to each Asset Management Agreement, NewRiver Retail (UK) Limited (the "**Asset Manager**") is appointed to undertake certain asset management services in relation to the properties owned by the relevant JPUT (including property management services (which it is entitled to sub-contract), letting services, advisory services, corporate and administrative services, acquisition and sales services and reporting and loan compliance services).

Under each Asset Management Agreement, the Asset Manager is required to maintain at its own cost professional indemnity insurance of at least £5 million.

Under each Asset Management Agreement, the Asset Manager is entitled to a management fee of 3.5 per cent. of the rental income per quarter of the initial properties held by the relevant JPUT plus VAT, payable quarterly, and a percentage of rental income of any future properties to be agreed between the Asset Manager and the trustees at the time of acquisition. In addition, certain accounting administration and development fees are also payable under certain Asset Management Agreements.

Each Asset Management Agreement may be terminated:

- by the trustees in the event of a change of control of the Asset Manager ("control" for this purpose being the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of the Asset Manager through the ownership of voting securities or partnership interests or by way of economic interest, whether through the right to profits or to assets on a winding up or by contract or otherwise);
- upon the sale of any property which is subject to the Asset Management Agreement (in relation to that property) and upon the sale of the last property which is subject to that Asset Management Agreement (when it terminates in full);
- by the trustees upon an Asset Manager Event of Default (including material breaches of the Asset Management Agreement or any other Asset Management Agreement relating to a BRAVO Joint Venture, insolvency, fraud, gross negligence, bribery or corruption);
- by the trustees if both Allan Lockhart and David Lockhart leave employment and replacements are not proposed, or approved by the trustees, within two months of their leaving;
- by the trustees if the NewRiver investor disposes of its units in the JPUT to which the Asset Management Agreement applies;
- by the Asset Manager if there is an irreconcilable dispute under the Asset Management Agreement or if there is an amendment approved by the unitholders in respect of the relevant

Business Plan applicable to the particular JPUT and it has not been approved by the NewRiver investor;

- by the Asset Manager if the insurance policy is either not available or available but not at commercially reasonable rates and such circumstances apply to both the Asset Manager and to other similar development managers (unless the trustees agree to be liable for the excess of the premium above the premium paid by the Asset Manager in the previous year);
- by the trustees if insurance is either not available or is not available at commercially reasonable rates and such circumstances do not apply to other similar development managers; and
- by the Asset Manager if there is an Owner Event of Default (including insolvency, fraud, bribery, corruption and non-payment of sums due to the Asset Manager within a specified period of time).

Under each Asset Management Agreement, the Asset Manager indemnifies the relevant trustees against losses arising as a result of any breach of its obligations and conditions contained in the relevant Asset Management Agreement; and the trustees indemnify the Asset Manager against any losses arising as a result of any breach of their obligations and conditions contained in the Asset Management Agreement.

Under each Asset Management Agreement both parties give customary limited warranties to each other party.

Each Asset Management Agreement is governed by English law.

Property Management Agreements

As stated above, pursuant to the Asset Management Agreements, the trustees of each JPUT have appointed the Asset Manager to provide certain asset management services, including property management services (the "**Property Management Services**"), which the Asset Manager is entitled to delegate and which, pursuant to the following property management agreements (the "**Property Management Agreements**"), the Asset Manager has appointed Workman LLP or Colliers International Belfast Limited(each a "**Property Manager**"), as the case may be, to provide in relation to the properties owned by the relevant the BRAVO Joint Venture:

- a Property Management Agreement between the Asset Manager, Workman LLP and NewRiver Trustee 3 Limited dated 16 July 2013 for a term of five years (expiring on 16 July 2018) in relation to NewRiver Retail Property Unit Trust No. 2;
- a Property Management Agreement between the Asset Manager, Workman LLP, NewRiver Trustee 9 Limited and NewRiver Trustee 10 Limited dated 6 November 2014 for a term of five years (expiring on 6 November 2015) in relation to the Abbeycentre, Longwood Road, Newtownabbey, County Antrim in NewRiver Retail Property Unit Trust No. 5;
- a Property Management Agreement between the Asset Manager, Colliers International Belfast Limited, NewRiver Trustee 11 Limited and NewRiver Trustee 12 Limited dated 6 November 2014 for a term of five years (expiring on 6 November 2019) in relation to NewRiver Retail Property Unit Trust No. 6; and
- a Property Management Agreement between the Asset Manager, Workman LLP, NewRiver Trustee 13 Limited and NewRiver Trustee 14 Limited dated 6 November 2014 for a term of five years (expiring on 6 November 2019) in relation to NewRiver Retail Property Unit Trust No. 7.

Under the Property Management Agreements in relation to NewRiver Retail Property Unit Trust No. 2, the relevant Property Manager is required to maintain at its own cost professional indemnity insurance of up to £5 million (for any one claim) and the relevant Property Manager's liability for any one claim is limited to this amount.

Under the Property Management Agreements in relation to NewRiver Retail Property Unit Trusts No. 5, No. 6 and No. 7 the relevant Property Manager is required to maintain at its own cost professional indemnity insurance of up to £10 million (for any one claim) and the relevant Property Manager's liability for any one claim is limited to this amount.

Under each Property Management Agreement, the relevant Property Manager is entitled to 10 per cent. of the Employment Costs (which includes all salaries, wages, employer's national insurance contributions, PAYE taxation, pension scheme contributions, expenses, redundancy costs and other employment costs and taxes incurred in connection with or in relation to the employment of on-site staff, where applicable). In addition, the following management fees are payable under the individual Property Management Agreements:

- in respect of the NewRiver Retail Unit Trust No. 2: a management fee of £65,000 plus VAT per annum payable quarterly in advance;
- in respect of the NewRiver Retail Unit Trust No. 5: a management fee of £102,500 plus VAT per annum payable quarterly in advance;
- in respect of the NewRiver Retail Unit Trust No. 6: a management fee of £100,750 plus VAT per annum payable quarterly in advance; and
- in respect of the NewRiver Retail Unit Trust No. 7: a management fee of £80,000 plus VAT per annum payable quarterly in advance.

Each Property Management Agreement may be terminated:

- by either party giving written notice to the other party if the other party breaches the relevant Property Management Agreement and fails to remedy the breach within 21 days of receipt a notice to do;
- by either giving written notice to the other party if the other party enters into a composition arrangement with its creditors, is the subject of an administration order, is the subject of a winding-up order or passes a resolution for its winding-up, has a provisional liquidator appointed, has a receiver or administrative receiver appointed, or otherwise ceases to exist;
- by either party giving three months' written notice to the other party at any time from and including the date of the second anniversary of the commencement date of the relevant Property Management Agreement; and
- by the Asset Manager with immediate effect if the relevant Asset Management Agreement (to which the relevant Property Management Agreement relates) is terminated.

Under each Property Management Agreement, the Asset Manager indemnifies and keeps fully indemnified the relevant Property Manager for all expenditure paid under the Management Services and Employment Costs and against any and all reasonable and properly incurred costs, expenses, damage or losses suffered or incurred by the relevant Property Manager in connection with the proper performance by the relevant Property Manager of its obligations under the relevant Property Management Agreement.

Under each Property Management Agreement, both parties give customary limited warranties to each other party.

Each Property Management Agreement is governed by English law.

Loan Agreements

Pursuant to a loan agreement dated 16 July 2013, NewRiver Retail Holdings No.2 Limited lent NewRiver Trustee 3 Limited and NewRiver Trustee 4 Limited £13,585,000. Interest accrued on such amount 90 calendar days following the date of agreement until repaid in full.

Pursuant to a loan agreement dated 3 December 2013, NewRiver Retail Holdings No.3 Limited lent NewRiver Trustee 5 Limited and NewRiver Trustee 6 Limited £6,600,000. Interest accrued on such amount 90 calendar days following the date of agreement until repaid in full.

Pursuant to three separate loan agreements, each dated 22 August 2014 NewRiver Retail Holdings No. 5 Limited lent:

- NewRiver Trustee 9 Limited and NewRiver Trustee 10 Limited £15,762,500;
- NewRiver Trustee 11 Limited and NewRiver Trustee 12 Limited £20,355,450; and
- NewRiver Trustee 13 Limited and NewRiver Trustee 14 Limited £9,425,000.

In each case the relevant BRAVO II investor also made a loan to the relevant trustees of an equivalent amount and on the same terms.

In the case of each loan, interest accrued on the relevant amount (plus accrued interest in respect of the loans dated 22 August 2014) 90 calendar days following the date of the relevant loan agreement until all amounts are repaid in full. Interest is paid on a quarterly basis in arrears and the annual interest rate is 4.85 per cent. above the base rate at the relevant time of Barclays Bank PLC. Each loan is to be repaid in demand upon written notice from NewRiver provided that in each case any repayment shall be pari passu and at the same time as repayment by the trustees of the equivalent loan which was made by the relevant BRAVO II investor to the relevant trustees on the same date as the relevant NewRiver investor. Any repayment requires the prior written consent of both the relevant NewRiver investor and BRAVO II investor.

BRAVO Joint Venture term loan facility agreements

The following term loan facilities have been entered into in relation to the BRAVO Joint Ventures.

<u>Barclays Term Facility – £27m</u>

NewRiver Trustee 3 Limited and NewRiver Trustee 4 Limited acting in their capacity as joint trustees of NewRiver Retail Property Unit Trust No.2 (the "**Borrower**") have an investment term loan facility (the "**Barclays £27m Facility**") with Barclays Bank PLC (the "**Bank**"). The Barclays £27m Facility was entered into on 15 August 2013 and has a termination date of 15 August 2018. The Barclays £27m Facility is secured by a security agreement, unit security agreements, subordinated loan security agreements, a rent assignment and a trustee security agreement. The margin on the Barclays £27m Facility up to the fourth anniversary of the date of the Barclays £27m Facility, is 2.85 per cent. per annum and 3.25 per cent. per annum thereafter. In the event that the Barclays £27m Facility is refinanced by a third party on or before the third anniversary of the date of the first interest payment date of the Barclays £27m Facility, the Borrower must pay a prepayment or cancellation (as applicable) fee to the Bank in relation to such prepayment or cancellation (as applicable). If such prepayment or cancellation occurs after the second anniversary of the first interest payment date but on or before the third anniversary of the first interest payment date, the Borrower shall pay a fee amounting to 0.5 per cent. of the amounts prepaid or cancelled.

The total commitment of the Bank under the Barclays £27m Facility is £27,170,000 and as at the Latest Practicable Date, £27,170,000 had been drawn under the Barclays £27m Facility. The Borrower shall repay the Barclays £27m Facility in full on its termination date.

The Barclays £27m Facility contains certain financial covenants, restrictions and other customary affirmative and negative covenants. The financial covenants in the Barclays £27m Facility require the actual interest cover and projected interest cover to be not less than 200 per cent. on each interest payment date and the LTV to not exceed 65 per cent. at any time. The Barclays £27m Facility contains an ability for the Borrower to cure any breach of the projected interest cover and LTV covenants by prepaying the loans or (in respect of the projected interest cover only) by depositing such amounts into a designated account within 20 business days of the earlier of the Borrower delivering its compliance certificate detailing such breach or the breach being notified by the Borrower to the Bank in such amounts necessary to cure any such breach(es) ("**Cure**"). The Cure cannot be used more than once in any 12 month period and not more than three times in aggregate over the life of the Barclays £27m Facility.

The Barclays £27m Facility contains an obligation on the Borrower to enter into hedging agreements to ensure that not less than 75 per cent. of the outstanding loans are subject to interest rate hedging arrangements.

Restrictions include limitations on the ability of the Borrower to assign or transfer its obligations, rights or benefits under the Barclays £27m Facility and to consolidate, merge or other otherwise change business type and/or make additional borrowings. If, unless approved by the Bank, (i) LVS II LUX IV S.A.R.L and NewRiver Retail Holdings No. 2 Limited cease to hold legally and beneficially more than 50 per cent. of the units of NewRiver Retail Property Unit Trust No. 2 provided that any in-coming unit holder provides equivalent security in favour of the Bank; (ii) NewRiver Retail (UK) Limited ceases to be the asset manager; (iii) the trustees cease to be the joint legal owners of each relevant property; or (iv) the trustees cease to be the joint trustees of NewRiver Retail Property Unit Trust No.2, this may, at the election of the Bank, result in a mandatory prepayment event.

The Bank may assign any of its rights or transfer by novation any of its rights and obligations in relation to the Barclays £27m Facility to another bank or financial institution or to a trust, fund or other entity which is regularly engaged in, or established for the purpose of, making, purchasing or investing in loans, securities or other financial assets in the United Kingdom.

As at the most recent date of a delivery of a compliance certificate under the Barclays £27m Facility, being 15 July 2016, the Borrower was in compliance with the above covenants and restrictions.

The Barclays £27m Facility is governed by English law.

<u>HSBC 2014 Term Facility – £94m</u>

NewRiver Trustee 9 Limited and NewRiver Trustee 10 Limited in their capacity as joint trustees of NewRiver Retail Property Unit Trust No.5, NewRiver Trustee 11 Limited and NewRiver Trustee 12 Limited in their capacity as joint trustees of NewRiver Retail Property Unit Trust No.6 and NewRiver Trustee 13 Limited and NewRiver Trustee 14 Limited in their capacity as joint trustees of NewRiver Retail Property Unit Trust No.7 (together, the "**Borrowers**") have a sterling term loan facility (the "**HSBC 2014 Facility**") with HSBC Bank plc (the "**Bank**"). The HSBC 2014 Facility was entered into on 13 November 2014 and has a termination date of 10 October 2019. The HSBC 2014 Facility is secured by a debenture, standard securities, an assignation of rent, a legal mortgage and security interest agreements. The margin payable on the HSBC 2014 Facility is 1.9 per cent. per annum. In the event the HSBC 2014 Facility is refinanced by any person other than the Bank on or before the third anniversary of the date of first utilisation of the HSBC 2014 Facility, the Borrowers must pay a prepayment or cancellation (as applicable) fee to the Bank. If such prepayment or cancellation occurs after the first anniversary of the first utilisation date but on or before the second anniversary of the first utilisation date, the Borrowers shall pay a fee amounting to 1.5 per cent. of the amounts prepaid or cancelled. If such prepayment or cancellation occurs after the second anniversary of the first utilisation date but on or before the third anniversary of the first utilisation date, the Borrowers shall pay a fee amounting to one per cent. of the amounts prepaid or cancelled.

The total commitment of the Bank under the HSBC 2014 Facility is £94,000,000 and as at the Latest Practicable Date, £91,000,000 had been drawn under the HSBC 2014 Facility. A further drawdown of £3,000,000 is available to the Borrowers on completion of the new Next store at the Abbeycentre, Newtownabbey, and is subject to a further valuation and satisfying conditions precedent. Once these conditions have been satisfied, the margin on the HSBC 2014 Facility will reduce to 1.75 per cent. per annum.

If the Borrowers can demonstrate in a compliance certificate delivered pursuant to HSBC 2014 Facility that the LTV does not exceed 55 per cent. and that the actual interest cover and the projected interest cover is not less than 225 per cent. and no default under the HSBC 2014 Facility has occurred or is continuing, the Borrowers will not be required to make repayment instalments prior to the termination date of the HSBC 2014 Facility. If the Borrowers cannot demonstrate this, repayment instalments shall be made on each interest payment date following 15 April 2018.

The HSBC 2014 Facility contains certain financial covenants, restrictions and other customary affirmative and negative covenants. The financial covenants in the HSBC 2014 Facility require the actual interest cover and the projected interest cover to be not less than 175 per cent. at all times and the LTV to not exceed 75 per cent. at any time. The HSBC 2014 Facility contains an ability for the Borrowers to cure any breach of the actual interest cover and projected interest cover covenants by prepaying the loans or by depositing such amounts into a designated account within 20 business days of the relevant covenant failure date to cure any such breach ("**ICR Cure**"). The HSBC 2014 Facility contains an ability for the Borrowers to cure any breach of the LTV covenant by prepaying the loans or by depositing such amounts into a designated account within 20 business days of the covenant failure date to cure any such breach ("**LTV Cure**"). The ICR Cure cannot be used in respect of or during two consecutive interest periods or more than twice over the life of the HSBC 2014 Facility. The LTV Cure cannot be used in respect of or during two consecutive interest periods, more than twice (in aggregate) over the life of the HSBC 2014 Facility and, if cured by depositing such amounts necessary to cure any such breach into a designated account, more than once over the life of the HSBC 2014 Facility.

The HSBC 2014 Facility contains an obligation on the Borrowers to enter into interest rate hedging agreements. If the Bank considers the nominal amount of any such hedging arrangement exceeds 110 per cent. of the aggregate amount of the relevant Borrower's loans outstanding under the HSBC 2014 Facility, it may request that a portion of any hedging agreement be cancelled so that it no longer exceeds 110 per cent..

Restrictions include limitations on the ability of the Borrowers to assign or transfer their obligations, rights or benefits under the HSBC 2014 Facility and to consolidate, merge or otherwise change business type and/or make additional borrowings. If, without the consent of the Bank, (i) LVS II LUX XIV S.A.R.L and NewRiver Retail Holdings No. 5 Limited in aggregate cease to control legally and beneficially more than 50 per cent. of the units in each of NewRiver Retail Property Unit Trust No.5, NewRiver Retail Property Unit Trust No.6 or NewRiver Retail Property Unit Trust No.7; (ii) NewRiver Retail (UK) Limited ceases to be the asset manager; (iii) the relevant trustees cease to be the joint legal owners (in their capacity as joint trustees of the relevant trust) of each relevant property; or (iv) the relevant trustees cease to be the joint trustees of the relevant trust, this may, at the election of the Bank, result in a mandatory prepayment event.

The Bank may assign any of its rights or transfer by novation any of its rights and obligations in relation to the HSBC 2014 Facility to any of its affiliates, to any permitted party (as detailed in a schedule to the HSBC 2014 Facility) and, if an event of default is continuing, to any person. If an assignment or transfer occurs whilst an event of default is continuing, following such assignment or transfer, if the event of default is not a "major default" (as defined in the HSBC 2014 Facility), the finance parties shall not accelerate the facility for 90 days following such assignment or transfer.

As at the most recent date of a delivery of a compliance certificate under the HSBC 2014 Facility, being 15 July 2016, the Borrowers were in compliance with the above covenants and restrictions.

The HSBC 2014 Facility is governed by English law.

10.4 ***Group term loans and revolving credit facilities***

The following term loans and revolving credit facilities have been entered into by the Group.

Barclays 2013 Term Facility – £32m

NewRiver Trustee 5 Limited and NewRiver Trustee 6 Limited acting in their capacity as joint trustees of NewRiver Retail Property Unit Trust No.3 (the "**Borrower**") have an investment term loan facility (the "**Barclays £32m Facility**") with Barclays Bank PLC (the "**Bank**"). The Barclays £32m Facility was entered into on 19 December 2013 and has a termination date of 19 December 2018. The Barclays

£32m Facility is secured by a security agreement, standard security, assignation of rents, unit security agreements, subordinated loan security agreements, a rent assignment and a trustee security agreement. The margin on the Barclays £32m Facility up to fourth anniversary of the first utilisation date is 2.65 per cent. per annum and 3.05 per cent. per annum thereafter. However, if a sale or other disposal of the property at Llanelli occurs (i) during the period from the date of the Barclays £32m Facility until and including the fourth anniversary of the date of the Barclays £32m Facility, then the margin for the period from the fourth anniversary of the Barclays £32m Facility shall be 2.65 per cent. per annum or (ii) during the period following the fourth anniversary of the Barclays £32m Facility, then the margin following such sale or other disposal shall be 2.65 per cent. per annum. In the event the Barclays £32m Facility is refinanced by a third party on or before the third anniversary of the date of the first interest payment date of the Barclays £32m Facility, the Borrower must pay a prepayment or cancellation (as applicable) fee to the Bank in relation to such prepayment or cancellation (as applicable). If such prepayment or cancellation occurs after the second anniversary of the first interest payment date but on or before the third anniversary of the first interest payment date, the Borrower shall pay a fee amounting to 0.5 per cent. of the amounts prepaid or cancelled.

The total commitment of the Bank under the Barclays £32m Facility is £31,996,250 and as at the Latest Practicable Date, £31,996,250 had been drawn under the Barclays £32m Facility. The Borrower shall repay the Barclays £32m Facility in full on its termination date.

The Barclays £32m Facility contains certain financial covenants, restrictions and other customary affirmative and negative covenants. The financial covenants in the Barclays £32m Facility require the actual interest cover and projected interest cover to be not less than 200 per cent. on each interest payment date and the LTV to not exceed 65 per cent. at any time. In the event of a sale or other disposal of the property at Llanelli, the LTV is to not exceed 60 per cent. at any time. The Barclays £32m Facility contains an ability for the Borrower to cure any breach of the projected interest cover and LTV covenants by prepaying the loans or (in respect of the projected interest cover only) by depositing such amounts into a designated account within 20 business days of the earlier of the Borrower delivering its compliance certificate detailing such breach or the breach being notified by the Borrower to the Bank in such amounts necessary to cure any such breach(es) ("**Cure**"). The Cure cannot be used more than once in any 12 month period and not more than three times in aggregate over the life of the Barclays £32m Facility.

The Barclays £32m Facility contains an obligation on the Borrower to enter into hedging agreements to ensure that not less than 75 per cent. of the outstanding loans are subject to interest rate hedging arrangements.

Restrictions include limitations on the ability of the Borrower to assign or transfer its obligations, rights or benefits under the Barclays £32m Facility and to consolidate, merge or other otherwise change business type and/or make additional borrowings.

The Bank may assign any of its rights or transfer by novation any of its rights and obligations in relation to the Barclays £32m Facility to another bank or financial institution or to a trust, fund or other entity which is regularly engaged in or established for the purpose of making, purchasing or investing in loans, securities or other financial assets in the United Kingdom.

As at the most recent date of a delivery of a compliance certificate under the Barclays £32m Facility, being 15 July 2016, the Borrower was in compliance with the above covenants and restrictions.

The Barclays £32m Facility is governed by English law.

Barclays 2015 Revolving Credit Facility – £53m

NewRiver Retail (Skegness) Limited, NewRiver Retail (Paisley) Limited, NewRiver Retail (Wisbech) Limited, NewRiver Retail (Carmarthen) Limited, NewRiver Retail (Portfolio No. 6) Limited and NewRiver Retail (Morecambe) Limited (together, the "**Borrowers**") have a sterling revolving credit facility (the "**Barclays £53m Facility**") with Barclays Bank PLC (the "**Bank**"). The Barclays £53m Facility was entered into on 30 March 2015 and has a termination date of 30 March 2020. The

Barclays £53m Facility is secured by a debenture, a charge over shares, an assignment of subordinated debt and two standard securities. A cross-guarantee is provided by each Borrower, NewRiver Retail Limited and NewRiver (Portfolio No. 4) Limited within the Barclays £53m Facility. The margin on the Barclays £53m Facility is 1.95 per cent. per annum.

The total commitment of the Bank under the Barclays £53m Facility is £52,965,000 and as at the Latest Practicable Date, £52,965,000 had been drawn under the Barclays £53m Facility.

The Barclays £53m Facility contains certain financial covenants, restrictions and other customary affirmative and negative covenants. The financial covenants in the Barclays £53m Facility require the historical interest cover to be not less than 200 per cent. on each interest payment date, the projected interest cover to be not less than 200 per cent. on each interest payment date and that the LTV not exceed 70 per cent. at any time. The Barclays £53m Facility contains an ability for the Borrowers to cure any breach of the projected interest cover and LTV covenants by prepaying the loans or by granting security in favour of the Bank over an additional property in accordance with the Barclays £53m Facility within 20 business days of the earlier of the Borrowers delivering a compliance certificate detailing such breach or the breach being notified by the Borrowers to the Bank in such amounts necessary to cure any such breach(es) ("**Cure**"). The Cure cannot be used more than once in any 12 month period and not more than three times in aggregate over the life of the Barclays £53m Facility.

The Barclays £53m Facility contains an obligation on the Borrowers to enter into hedging agreements to ensure that not less than 72 per cent. of the outstanding loans are subject to interest rate hedging arrangements.

Restrictions include limitations on the ability of the Borrower to assign or transfer its obligations, rights or benefits under the Barclays £53m Facility and to consolidate, merge or other otherwise fundamentally change business type and/or make additional borrowings. If there is any change in ownership of any Borrower or any additional guarantor, this may, at the election of the Bank, result in a mandatory prepayment event.

The Bank may assign any of its rights or transfer by novation any of its rights and obligations in relation to the Barclays £53m Facility to any person other than an individual. The consent of the Borrowers (such consent not to be unreasonably withheld) is required unless the assignment or transfer is to a financial institution or other entity named on a "white list" as agreed between the Borrowers and the Bank, to an affiliate of the Bank or made whilst an event of default is continuing.

As at the most recent date of a delivery of a compliance certificate under the Barclays £52m Facility, being 15 July 2016, the Borrowers were in compliance with the above covenants and restrictions.

The Barclays £53m Facility is governed by English law.

Barclays 2015 Revolving Credit Facility – £20m

NewRiver Retail Limited (the "**Borrower**") has a sterling revolving credit facility (the "**Barclays £20m Facility**") with Barclays Bank PLC (the "**Bank**"). The Barclays £20m Facility was entered into on 4 November 2015 and has a termination date of 4 November 2016. The Barclays £20m Facility is secured by an all monies debenture granted by the Borrower on 31 October 2014. A cross-guarantee in relation to the Borrower's obligations under and in connection with the Barclays £20m Facility has also been provided by NewRiver Retail Limited, NewRiver Retail (Skegness) Limited, NewRiver Retail (Paisley) Limited, NewRiver Retail (Wisbech) Limited, NewRiver Retail (Carmarthen) Limited, NewRiver Retail (Morecambe) Limited and NewRiver Trustee 5 Limited and NewRiver Trustee 6 Limited as trustees of the NewRiver Retail Property Unit Trust No. 3. The margin on the Barclays £20m Facility is 1.95 per cent. per annum.

The total commitment of the Bank under the Barclays £20m Facility is £20,000,000 and as at the Latest Practicable Date, £5,000,000 had been drawn under the Barclays £20m Facility.

The Barclays £20m Facility contains certain financial covenants, restrictions and other customary affirmative and negative covenants. The financial covenants in the Barclays £20m Facility require the interest cover ratio to be not less than 1.50:1, the net tangible assets of the Borrower's group to exceed £300,000,000 and the gross borrowings of the Borrower's group to not exceed 190 per cent. of the net tangible assets of the Borrower's group. The Barclays £20m Facility also contains a financial covenant requiring the LTV to not, once the Barclays £20m Facility has been utilised in excess of £10,000,000, exceed 55 per cent.. The Barclays £20m Facility contains an ability for the Borrower to cure any breach of the net tangible assets covenant by procuring the contribution of the net proceeds of a new shareholder injection in an amount required to ensure compliance with the net tangible assets covenant within 20 business days of the earlier of the Borrower delivering its compliance certificate detailing such breach or the breach being notified by the Borrower to the Bank ("**NTA Cure**"). The Barclays £20m Facility contains an ability for the Borrower to cure any breach of the gross borrowings covenant by prepaying the Barclays £20m Facility in an amount required to ensure compliance with the gross borrowings covenant within 20 business days of the earlier of the Borrower delivering its compliance certificate detailing such breach or the breach being notified by the Borrower to the Bank ("**Gross Borrowings Cure**"). The Barclays £20m Facility contains an ability for the Borrower to cure any breach of the LTV covenant by prepaying the Barclays £20m Facility in an amount required to ensure compliance with the LTV covenant within 20 business days of the earlier of the Borrower delivering its compliance certificate detailing such breach or the breach being notified by the Borrower to the Bank. The NTA Cure and the Gross Borrowings Cure cannot be used more than twice in aggregate over the life of the Barclays £20m Facility.

Restrictions include limitations on the ability of the Borrower to assign or transfer its obligations, rights or benefits under the Barclays £20m Facility and to consolidate, merge or otherwise fundamentally change business type and/or make additional borrowings. Any change in ownership in the Borrower, unless approved by the Bank, will result in a mandatory prepayment event.

The Bank may assign any of its rights or transfer by novation any of its rights and obligations in relation to the Barclays £20m Facility to another bank or financial institution or to a trust, fund or other entity which is regularly engaged in, or established for the purpose of, making, purchasing or investing in loans, securities or other financial assets.

As at the Latest Practicable Date, the Borrowers were in compliance with the above covenants and restrictions.

The Barclays £20m Facility is governed by English law.

Santander February 2015 Term Facility – £34m

NewRiver Retail (Wrexham No. 1) Limited, NewRiver Retail (Market Deeping No. 1) Limited, NewRiver Retail (Newcastle No. 1) Limited, NewRiver Retail (Boscombe No. 1) Limited, NewRiver Retail (Witham) Limited and NewRiver Retail (Portfolio No. 2) Limited (together, the "**Borrowers**") have a sterling term loan facility (the "**Santander 2015 Facility**") with Abbey National Treasury Services plc (the "**Bank**"). The Santander 2015 Facility was amended and restated pursuant to an amendment and restatement deed on 26 February 2015 and has a termination date of 14 February 2021. The Santander 2015 Facility is secured by debentures, third party share charges, share charges, subordinated debt assignments and legal mortgages in respect of the relevant properties. The margin payable on the Santander 2015 Facility is 2.6 per cent. per annum. Prior to the third anniversary of the first utilisation date and subject to certain exceptions, the Borrowers must pay a prepayment fee to the Bank in the event that they prepay the Santander 2015 Facility. If such prepayment occurs after the first anniversary of the first utilisation date but on or before the second anniversary of the first utilisation date, the Borrowers shall pay a fee amounting to one per cent. of the amounts prepaid. If such prepayment occurs after the second anniversary of the first utilisation date but on or before the third anniversary of the first utilisation date, the Borrowers shall pay a fee amounting to 0.75 per cent. of the amounts prepaid.

The total commitment of the Bank under the Santander 2015 Facility is £34,029,238 and as at the Latest Practicable Date, £34,029,238 had been drawn under the Santander 2015 Facility. The Santander 2015 Facility is repayable in full on its termination date but, following the fourth anniversary of the Santander 2015 Facility, if the LTV exceeds 47.5 per cent., the Borrowers shall pay an amortisation instalment on each interest payment date to ensure the LTV does not exceed 47.5 per cent..

The Santander 2015 Facility contains certain financial covenants, restrictions and other customary affirmative and negative covenants. The financial covenants in the Santander 2015 Facility require, on each interest payment date, the actual net rental income for the previous financial quarter to be not less than 200 per cent. of the actual finance costs for that quarter and that the LTV not exceed 70 per cent. at any time up to and including 14 February 2019 and 65 per cent. thereafter. The Santander 2015 Facility contains an ability for the Borrowers to cure any breach of the covenant requiring the actual net rental income for the previous financial quarter to be not less than 200 per cent. of the actual finance costs for that quarter by prepaying the loans or by depositing such amounts into a designated blocked account within 21 days of the relevant interest payment date to cure any such breach. The Santander 2015 Facility contains an ability for the Borrowers to cure any breach of the LTV covenant by prepaying the loans or by depositing such amounts into a designated blocked account within 21 days such breach in order to cure any such breach.

The Santander 2015 Facility contains an obligation on the Borrowers to enter into hedging agreements to ensure that not less than 80 per cent. of the amounts outstanding under the Santander 2015 Facility are subject to interest rate hedging arrangements.

Restrictions include limitations on the ability of the Borrowers to assign or transfer its obligations, rights or benefits under the Santander 2015 Facility and to consolidate, merge or otherwise change business type and/or make additional borrowings. If NewRiver Retail Limited ceases to control any Borrower, this may, at the election of the Bank, result in a mandatory prepayment event.

The Bank may assign any of its rights or transfer by novation any of its rights and obligations in relation to the Santander 2015 Facility to another bank or financial institution or to a trust, fund or other entity which is regularly engaged in or established for the purpose of making, purchasing or investing in loans, securities or other financial assets which would constitute a qualifying bank and hold authorisation to perform banking business.

As at the most recent date of a delivery of a compliance certificate under the Santander 2015 Facility, being 14 July 2016, the Borrowers were in compliance with the above covenants and restrictions.

The Santander 2015 Facility is governed by English law.

Santander March 2015 Term Facility – £52m

NewRiver Trustee 1 Limited and NewRiver Trustee 2 Limited each acting in their capacity as a trustee of the NewRiver Retail Property Unit Trust (together, the “**Borrowers**”) have a sterling term loan facility (the “**Santander March 2015 Facility**”) with Abbey National Treasury Services plc and HSBC Bank plc (the “**Banks**”). The Santander March 2015 Facility was amended and restated pursuant to an amendment and restatement deed on 27 March 2015 and has a termination date of 27 March 2018 (subject to the Borrowers exercising an option to extend the Santander March 2015 Facility by up to two years). The Santander March 2015 Facility is secured by debentures, standard securities, assignation of rents, supplemental security agreements, unit security agreements, charges over accounts, security assignments in relation to hedging agreements and legal mortgages in respect of the relevant properties. The margin payable on the Santander March 2015 Facility is 1.75 per cent. per annum.

The total commitment of the Banks under the Santander March 2015 Facility is £51,584,400 and as at the Latest Practicable Date, £51,584,400 had been drawn under the Santander March 2015 Facility. The Santander March 2015 Facility is repayable in full on its termination date.

The Santander March 2015 Facility contains certain financial covenants, restrictions and other customary affirmative and negative covenants. The financial covenants in the Santander March 2015 Facility require, on each payment date, the ratio of adjusted future rental income to interest costs for any given period to not fall below 2:1, the ratio of actual net rental income to interest costs for any given period to not fall below 2:1 and the LTV to not exceed 70 per cent. at any time. Subject to certain restrictions, the Santander March 2015 Facility contains an ability for the Borrowers to cure any breach of the financial covenants by depositing such amounts into a designated account within 20 business days of the relevant covenant failure date to cure any such breach.

The Santander March 2015 Facility contains an obligation on the Borrowers to enter into hedging agreements in accordance with a hedging letter.

Restrictions include limitations on the ability of the Borrowers to assign or transfer their obligations, rights or benefits under the Santander March 2015 Facility and to consolidate, merge or otherwise change business type and/or make additional borrowings. If, without the consent of the Banks, (i) NewRiver Retail Holdings Limited and/or NewRiver Retail Holdings No. 1 Limited cease to own legally and beneficially 51 per cent. of the units of the NewRiver Retail Property Unit Trust; (ii) NewRiver Retail (UK) Limited ceases to be the asset manager; (iii) the trustees cease to be the joint legal owners (in their capacity as joint trustees of the NewRiver Retail Property Unit Trust) of each relevant property; or (iv) the trustees cease to be the joint trustees of the NewRiver Retail Property Unit Trust, this may, at the election of the Banks, result in a mandatory prepayment event.

The Banks may assign any of their rights or transfer by novation any of their rights and obligations in relation to the Santander March 2015 Facility to another bank or financial institution or to a trust, fund or other entity which is regularly engaged in, or established for the purpose of, making, purchasing or investing in loans, securities or other financial assets or any other person in connection with a securitisation.

As at the most recent date of a delivery of a compliance certificate under the Santander March 2015 Facility, being 10 July 2016, the Borrowers were in compliance with the above covenants and restrictions.

The Santander March 2015 Facility is governed by English law.

Santander March 2016 Revolving Credit Facility – £60m

NewRiver Retail (Portfolio No.8) Limited, NewRiver Retail (Cardiff) Limited, NewRiver Retail (Wakefield) Limited and NewRiver Retail (Darlington) Limited (together, the "**Borrowers**") have a sterling revolving credit facility (the "**Santander £60m Facility**") with Abbey National Treasury Services Plc (the "**Bank**"). The Santander £60m Facility was entered into on 30 March 2016 and has a termination date of 30 March 2019. The Santander £60m Facility is secured by a debenture, standard securities, assignation of rents, and supplemental security agreements. A cross-guarantee is provided by each Borrower within the Santander £60m Facility. The margin on the Santander £60m Facility is 1.65 per cent. per annum.

The total commitment of the Bank under the Santander £60m Facility is £60,000,000 and, as at the Latest Practicable Date, no amount has been drawn under the Santander £60m Facility.

The Santander £60m Facility contains certain financial covenants, restrictions and other customary affirmative and negative covenants. The financial covenants in the Santander £60m Facility require the historical interest cover to be not less than 225 per cent. on each interest payment date and that the LTV not exceed 65 per cent. at any time. The Santander £60m Facility contains an ability for the Borrowers to cure any breach of the historical interest cover and LTV covenants by depositing a sum in a deposit account or prepaying the loans within 20 business days of the earlier of the Borrowers delivering a compliance certificate detailing such breach or the breach being notified by the Borrowers to the Bank in such amounts necessary to cure any such breach(es) ("**Cure**"). The Cure cannot be used in respect of successive interest payment dates more than twice in any calender year and not more than three times in aggregate over the life of the Santander £60m Facility.

The Santander £60m Facility contains an obligation on the Borrowers to enter into hedging agreements to ensure that not less than 65 per cent. of the outstanding loans are subject to interest rate hedging arrangements.

Restrictions include limitations on the ability of the Borrowers to assign or transfer their obligations, rights or benefits under the Santander £60m Facility and to consolidate, merge or other otherwise fundamentally change business type and/or make additional borrowings. If there is any change in ownership of any Borrower or any additional guarantor, this may, at the election of the Bank, result in a mandatory prepayment event.

The Bank may assign any of its rights or transfer by novation any of its rights and obligations in relation to the Santander £60m Facility to another bank or financial institution or to a trust, fund or other entity which is regularly engaged in, or established for the purpose of, making, purchasing or investing in loans, securities or other financial assets or any other person in connection with a securitisation.

The Santander £60m Facility is governed by English law.

HSBC 2010 Term Facility – £25m

NewRiver Retail (Portfolio No. 3) Limited Partnership acting by its general partner NewRiver Retail (GP3) Limited (the "**Borrower**") has a sterling term loan facility (the "**HSBC 2010 Facility**") with HSBC Bank plc (the "**Bank**"). The HSBC 2010 Facility was amended and restated pursuant to an amendment and restatement agreement on 13 May 2014 and has a termination date of the earlier of 31 May 2019 and the date of expiry or termination of NewRiver Retail (Portfolio No. 3) Limited Partnership. The HSBC 2010 Facility is secured by debentures, legal charges and share mortgages. NewRiver Retail (Portfolio No. 3) Limited, the Borrower, NewRiver Retail (GP3) Limited and NewRiver Retail (Nominee No. 3) Limited have also entered into a guarantee and indemnity in favour of the Bank in connection with the liabilities under the HSBC 2010 Facility. The margin payable on the HSBC 2010 Facility is 2.875 per cent. per annum.

The total commitment of the Bank under the HSBC 2010 Facility is £24,736,399 and as at the Latest Practicable Date, £24,736,399 had been drawn under the HSBC 2010 Facility. In the event the loan to value (expressed as a percentage) is greater than the value required by the HSBC 2010 Facility (as detailed below), the Borrower must apply all of the net rental income received by any member of the group in repayment of the HSBC 2010 Facility to ensure the loan to value is not more than the percentage figure required by the HSBC 2010 Facility.

The HSBC 2010 Facility contains certain financial covenants, restrictions and other customary affirmative and negative covenants. The financial covenants in the HSBC 2010 Facility require the historic interest cover and the projected interest cover to be not less than 175 per cent. on each payment date and the LTV to not exceed 60 per cent. at any time up to and including 30 November 2017 and 55 per cent. thereafter. The HSBC 2010 Facility contains an ability for the Borrower to cure any breach of the historic interest cover and projected interest cover covenants by depositing such amounts necessary to cure any such breach into a designated account within 15 business days of the relevant payment date ("**ICR Cure**"). The HSBC 2010 Facility contains an ability for the Borrower to cure any breach of the LTV covenant by depositing such amounts necessary to cure any such breach into a designated account within 10 business days of the breach ("**LTV Cure**"). Each of the ICR Cure and LTV Cure cannot be utilised more than twice per annum and cannot be used more than four times over the life of the HSBC 2010 Facility.

The HSBC 2010 Facility contains an obligation on the Borrower to enter into hedging agreements to ensure that not less than 50 per cent. of the amounts outstanding under the HSBC 2010 Facility are subject to interest rate hedging arrangements. If the Bank considers the nominal amount of any such hedging arrangement exceeds the amounts outstanding under the HSBC 2010 Facility, it may request that a portion of any hedging agreement be cancelled.

Restrictions include limitations on the ability of the Borrower to assign or transfer its obligations, rights or benefits under the HSBC 2010 Facility and to consolidate, merge or otherwise change business type and/or make additional borrowings. If (i) NewRiver Retail Limited ceases to control any obligor under the HSBC 2010 Facility; (ii) NewRiver Retail (GP3) Limited or NewRiver Retail

(Nominee No.3) Limited cease to be wholly owned by NewRiver Retail (Portfolio No. 3) Limited; or (iii) any person or group of persons acting in concert gain direct or indirect control of NewRiver Retail Limited, this may, at the election of the Bank, result in a mandatory prepayment event.

The Bank may freely assign and/or transfer its rights and obligations under the HSBC 2010 Facility.

As at the most recent date of a delivery of a compliance certificate under the HSBC 2010 Facility, being 14 July 2016, the Borrower was in compliance with the above covenants and restrictions.

The HSBC 2010 Facility is governed by English law.

Lloyds 2015 Term Facility – £94m

NewRiver Retail (Portfolio No, 5) Limited, NewRiver Retail (Ramsay Development) Limited, NewRiver Retail (Ramsay Investment) Limited and NewRiver Retail (Warminster) Limited (together, the "**Borrowers**") have a sterling term loan facility (the "**Lloyds Facility**") with Lloyds Bank plc (the "**Bank**"). The Lloyds Facility was amended pursuant to an amendment and restatement agreement on 20 October 2015 and, in relation to facility A, has a termination date of 20 October 2019 (which at the absolute discretion of the Bank may be extended to 20 October 2020) and, in relation to facility B and facility C, has a termination date of 20 October 2018. The Lloyds Facility is secured by a security agreement, a shareholder's security agreement, a standard security and an assignation of rent. The margin in relation to a facility A loan (other than a converted investment loan) is 1.9 per cent. per annum, in relation to a facility A loan which is a converted investment loan is 2.2 per cent. per annum and in relation to a facility B loan and a facility C loan is 2.8 per cent. per annum. Subject to certain exceptions, the Borrowers must pay a prepayment or cancellation (as applicable) fee to the Bank in the event of a prepayment or cancellation of the Lloyds Facility prior to the second anniversary of the second amendment date. If such prepayment or cancellation occurs (i) on or before the first anniversary of the second amendment date, the Borrowers shall pay a fee amounting to one per cent. of the amount prepaid or cancelled or (ii) if after the first anniversary of the second amendment date but on or before the second anniversary of the second amendment date, the Borrowers shall pay a fee amounting to 0.5 per cent. of the amounts prepaid or cancelled.

The total commitment of the Bank under the Lloyds Facility is £93,973,127 and as at the Latest Practicable Date, £65,323,127 had been drawn under the Lloyds Facility. The £28,650,000 of undrawn facilities (facility B and facilty C) may be drawn in relation to completed and budgeted development projects as agreed with the Bank under the terms of the Lloyds Facility. Facility A loans made pursuant to the Lloyds Facility are repayable in full on the termination date of the Lloyds Facility but, following the third anniversary of the second amendment date, if the LTV exceeds 50 per cent., the Borrowers shall pay an amortisation instalment on each interest payment date to ensure the LTV does not exceed 50 per cent.. Facility A loans and facility B loans made pursuant to the Lloyds Facility shall be repaid in full on the termination date of the Lloyds Facility.

The Lloyds Facility contains certain financial covenants, restrictions and other customary affirmative and negative covenants. The financial covenants in the Lloyds Facility require the actual interest cover and projected interest cover to be not less than 175 per cent. on each test date, that the LTV to not exceed 70 per cent. at any time and that the loan to cost to not exceed 100 per cent. at any time. The Lloyds Facility contains an ability for the Borrowers to cure any breach of the actual interest cover and projected interest cover covenants by prepaying the loans or by depositing such amounts into a designated account within 15 business days of the Borrowers' notice to the Bank that it intends to cure any such breach ("**ICR Cure**"). The Lloyds Facility contains an ability for the Borrowers to cure any breach of the LTV covenant by prepaying the loans or by depositing such amounts into a designated account within 15 business days of the Borrowers' notice to the Bank that it intends to cure any such breach ("**LTV Cure**"). The ICR Cure or the LTV Cure cannot be used in respect of two consecutive interest periods or more than four times over the life of the Lloyds Facility.

The Lloyds Facility contains an obligation on the Borrowers to enter into hedging agreements to ensure that not less than 75 per cent. of the facility A commitment and all amounts outstanding under facility B and facility C under the Lloyds Facility are subject to interest rate hedging arrangements.

If the Bank considers the nominal amount of any such hedging arrangement exceeds 100 per cent. of loans under the Lloyds Facility, it may request that a portion of any hedging agreement be cancelled so that it no longer exceeds 100 per cent..

Restrictions include limitations on the ability of the Borrowers to assign or transfer its obligations, rights or benefits under the Lloyds Facility and to consolidate, merge or otherwise change business type and/or make additional borrowings. If NewRiver Retail Limited ceases to be the beneficial owner of any Borrower, this may, at the election of the Bank, result in a mandatory prepayment event.

The Bank may assign any of its rights or transfer by novation any of its rights and obligations in relation to the Lloyds Facility to any person other than (i) an individual or (ii) (whilst an event of default has occurred or is continuing) an entity that is a non-qualifying transferee (as detailed in a schedule to the Lloyds Facility).

As at the most recent date of a delivery of a compliance certificate under the Lloyds Facility, being 15 July 2016, the Borrowers were in compliance with the above covenants and restrictions.

The Lloyds Facility is governed by English law.

AIG 2016 Term Facility – £85m

NewRiver Trustee 7 Limited and NewRiver Trustee 8 Limited, as joint trustees of the NewRiver Retail Property Unit Trust No. 4, and NewRiver (Mantle) Limited (the "**Borrowers**") entered into a sterling investment facility with AIG Europe Limited, American General Life Insurance Company, National Union of Fire Insurance Company of Pittsburgh PA, VeCREF I S.a.r.l (the "**Original Lenders**"), Hatfield Philips Agency Services Limited (the "**Agent**" and the "**Security Agent**") and Venn Partners LLP and AIG Asset Management (Europe) Limited (the "**Arrangers**") on 27 November 2013 (the "**AIG Facility**"). The parties to the AIG Facility subsequently entered into a restatement and amendment agreement with the United States Life Insurance Company in the City of New York and Lexington Insurance Company (the "**New Lenders**"), which amends the AIG Facility (the "**Amendment and Restatement AIG Facility**"), on 11 July 2016. The Amendment and Restatement AIG Facility has a termination date of 11 July 2021.

The Amendment and Restatement AIG Facility is secured by a security interest agreement (accounts), a security interest agreement (units) and a subordinated creditor's security agreement. The margin payable on the Amendment and Restatement AIG Facility is 3.5 per cent. per annum.

The total commitment of the Original Lenders and the New Lenders (the "**Lenders**") under the Amendment and Restatement AIG Facility is £85,300,000 and as at the Latest Practicable Date, £70,000,000 had been drawn under the Amendment and Restatement AIG Facility. The Amendment and Restatement AIG Facility is provided in two tranches. Tranche one is the lower of £70,000,000 and 49.9 per cent. of the valuation of the properties secured under the facility by reference to the valuation provided on the commencement of the facility. Tranche two is an increase of £15,300,000 to £85,300,000, or 49.9 per cent. of the valuation of the properties secured under the facility (if lower) by reference to a valuation that will be provided no sooner than six months and no later than 20 months after the commencement of the facility. Tranche two must be drawn in one amount between the period starting six months and expiring 20 months after the commencement of the facility.

For any failure to pay any amount payable by or on its due date, the Borrowers will incur a rate that is 3 per cent. higher than the rate which would have been payable if the overdue amount had constituted a loan during the period the Borrowers made no payment. The Amendment and Restatement AIG Facility shall be repaid in full on the termination date referred to above.

The Amendment and Restatement AIG Facility contains certain obligatory conditions, financial covenants, restrictions and other customary affirmative and negative covenants. The financial covenants in the Amendment and Restatement AIG Facility require that the adjusted historical interest cover is not less than 200 per cent. on each interest payment date and that the LTV does not exceed 70 per cent. at any time. The Amendment and Restatement AIG Facility contains an ability for the

Borrower to cure any breach of the adjusted historical interest cover or LTV covenant by, within 5 business days of the earlier of the date of the compliance certificate being due or of the breach being notified to the Borrower, either prepaying the loans or depositing such amounts into a designated account within 15 business days (or 25 business days if the cash that is being used to effect the cure is being raised through an equity raise) of such notification ("**Cure**"). The Cure cannot be used more than four times in aggregate during the term of the facility or in respect of more than two consecutive quarters relating to the breach of the same covenant.

The Borrowers are required to enter into hedging agreements on or before six months from the commencement date, and to ensure that the aggregate notional amount of the transactions in the hedging agreements are not less than 100 per cent. of the aggregate amount of the investment loans. These hedging arrangements must constitute interest rates which are capped at a strike rate of 1.5 per cent.

The Amendment and Restatement AIG Facility includes restrictions on the ability of the Borrowers to dispose of property, assign or transfer its obligations, rights or benefits under the facility and to consolidate, merge or other otherwise fundamentally change business type and/or make additional borrowings. The Amendment and Restatement AIG Facility contains the option for the Borrowers to increase the total commitments by giving written notice to the Agents before the commencement date whereby after this date it is at the discretion of the Agents whether a loan may still be made available.

The Lenders may assign their rights or transfer by novation any of their rights or obligation to another bank or financial institution or to a trust, fund or other entity which is regularly engaged in or established in making, purchasing or investing in loans, securities or other financial assets; or entitles advised by the Lender, AIG Management (Europe) Limited, AIG Asset Management (U.S.) LLC or Venn Partners LLP which is not a Prohibited Person.

The amounts borrowed by the Borrowers under the Amendment and Restatement AIG Facility must be used only for refinancing the acquisition of properties, payment of fees, cost and expenses incurred in connection with the acquisition of properties and payment of the hedging payments.

The Amendment and Restatement AIG Facility provides that if there is any change of control or ownership of any Borrower, this may at the election of the Agent, result in a mandatory and immediate prepayment of the outstanding loans together with accrued interest due, and the cancellation of the total commitments of the Amendment and Restatement AIG Facility. If any single party to the Amendment and Restatement AIG Facility gives any notice of cancellation or repayment before the termination date, the notice is irrevocable.

As at the latest Practicable Date, the Borrowers were in compliance with the above covenants and restrictions.

The Amendment and Restatement AIG Facility is governed by English law.

DekaBank 2016 Term Facility – £49m

NewRiver Retail (Bexleyheath) SARL and NewRiver Retail (Broadway Square) SARL (together, the "**Borrowers**") have a sterling term loan facility (the "**DekaBank Facility**") with Dekabank Deutsche Girozentrale (the "**Bank**"). The DekaBank Facility was amended and restated pursuant to an amendment and restatement deed on 15 April 2016 and has a termination date of 5 March 2018. The DekaBank Facility is secured by debentures, third party share charges, share charges, subordinated debt assignments and legal mortgages in respect of the relevant properties. The margin payable on the DekaBank Facility is 1.5 per cent. per annum.

The total commitment of the Bank under the DekaBank Facility is £49,000,000 and, as at the Latest Practicable Date, £49,000,000 had been drawn under the DekaBank Facility. The DekaBank Facility is repayable in full on its termination date.

The DekaBank Facility contains certain financial covenants, restrictions and other customary affirmative and negative covenants. The financial covenants in the DekaBank Facility require, on each interest payment date, the projected net rental income to be not less than 160 per cent. of the projected finance costs and that the LTV not exceed 65 per cent.. If the projected net rental income is less than 180 per cent. of projected finance costs or the LTV is between 60 per cent. and 65 per cent. then the Borrowers must utilise the amounts in the rental account to prepay the loan or place the amounts in the rental account into a designated blocked account. The DekaBank Facility contains an ability for the Borrowers to cure any breach of the covenants by prepaying the loan or by depositing such amounts into a designated blocked account within 15 days of the relevant interest payment date. Curing a breach of the LTV covenant may not be used more than twice during the term of the facility. Curing a breach of the net rental income covenant can be used up to six times during the term of the facility on no more than three consecutive periods.

The DekaBank Facility contains an obligation on the Borrowers to enter into hedging agreements to ensure that 100 per cent. of the amounts outstanding under the DekaBank Facility are subject to interest rate hedging arrangements in the form of an interest rate cap with a strike rate not exceeding 3.4 per cent..

Restrictions include limitations on the ability of the Borrowers to assign or transfer its obligations, rights or benefits under the DekaBank Facility and to consolidate, merge or otherwise change business type and/or make additional borrowings. Full repayment of the loan is required if the Group ceases to control the Borrowers or their parent company. No one property may be sold unless the sale proceeds received from the sale is equal to or exceeds an amount equal to 110 per cent. of the loan secured on that property, and that amount is used in prepayment of the DekaBank Facility.

The Bank may assign any of its rights or transfer by novation any of its rights and obligations in relation to the DekaBank Facility to another party.

As at the most recent date of a delivery of a compliance certificate under the DekaBank Facility, being 19 July 2016, the Borrowers were in compliance with the above covenants and restrictions.

The DekaBank Facility is governed by English law.

10.5 ***Management Agreement with Marston's plc***

NewRiver Trustee 7 Limited and NewRiver Trustee 8 Limited (joint trustees of NewRiver Retail Property Unit Trust No. 4) (the "**NRR PUT4**") entered into a management agreement relating to the provision of operational management services for a portfolio of 202 public houses (the "**Marston's Portfolio**") on 18 December 2013 with Marston's plc ("**Marston's**") (the "**Marston's Management Agreement**").

The Marston's Management Agreement commenced on 18 December 2013 (the "**Commencement Date**") and will continue, unless terminated in accordance with the terms of the Management Agreement, until and including 17 December 2017 (the "**Term**"). NRR PUT4 may, during the Term between 18 March 2017 and 18 September 2017, and on the provision of three months' written notice, require Marston's to enter into a further management agreement with the Company to commence on 18 December 2017.

Under the Marston's Management Agreement, Marston's is engaged by the Company to provide management services to manage a portfolio of public houses owned by NRR PUT4 and leased to third party tenants under occupational arrangements and operated and run as public houses ("**Houses**") in respect of which Martson's is party to a headlease with NRR PUT4. On 28 November 2013, the Company purchased the Marston's Portfolio from Marston's and leased the Marston's Portfolio back to Marston's under identical head leases in respect of each House each of a four year duration from 18 December 2013 (expiring on 17 December 2017).

If at any time during the Term the shares in the capital of Martson's cease to be admitted to trading on a recognised investment exchange (within the meaning of Part XVIII of the Financial Services and

Markets Act 2000), Marston's shall deliver to NRR PUT4 as soon as they become available and in any event not later than five months after the end of each relevant financial year, copies of its:

- audited profit and loss accounts and audited balance sheets;
- audited consolidated profit and loss account and audited consolidated balance sheet; and
- a commentary provided by an auditor that accompanies such financial statements.

Marston's total aggregate liability to NRR PUT4, arising under or in connection with the Marston's Management Agreement shall be limited in respect of all claims in any consecutive 12 month period to £1,000,000.

NRR PUT4's total aggregate liability to Marston's arising under or in connection with the Marston's Management Agreement shall be limited in respect of all claims in any consecutive 12 month period to £500,000.

In consideration for the provision of the management services, NRR PUT4 has an obligation to pay the following fees to Marston's:

(i) a management fee in respect of any three consecutive calendar months (a "**Quarter**") of £530 plus VAT in respect of each House in the Portfolio at the commencement of that quarter; and

(ii) in respect of any immediately forthcoming Quarter, a management fee which is reduced by the amount of £530 plus VAT in respect of each House which has been removed from the Portfolio prior to the commencement of the forthcoming Quarter.

(iii) The Marston's Management Agreement is governed by English law.

10.6 ***Management Agreement with LT Management Services Limited***

NewRiver Trustee 7 Limited and NewRiver Trustee 8 Limited (joint trustees of NewRiver Retail Property Unit Trust No. 4) (the "**NRR PUT4**") entered into a management agreement relating to the provision of operational management services for the Marstons Portfolio where the management agreement with Marstons is terminated on specific public houses (the "**Marston's Portfolio**") on 15th July 2016 with LT Management Services Limited ("**LTMSL**") (the "**LT Trent Management Agreement**").

The LT Trent Management Agreement commenced on 25 July 2015 (the "**Commencement Date**") and may be terminated by any party giving at least six months' notice in writing to the other parties at any time.

Under the LT Trent Management Agreement, LTMSL is engaged by NRR PUT4 to provide management services to manage the Marston's Portfolio, as above, including vacant houses, which are leased to third party tenants under a leased arrangement and which are operated and run as public houses ("**Houses**") owned by NRR PUT4.

LTMSL is required to maintain professional indemnity insurance in an amount not less than £5 million for any one claim.

The obligations of LTMSL under the LT Trent Management Agreement are secured by a guarantee by LT Pub Management plc in favour of NRR PUT4 and its successors, transferees and assigns.

In consideration for the provision of the management services, NRR PUT4 is obliged to pay the following fees to LTMSL:

- a management fee in respect of each calendar month (a "**Period**") at the rate of £3,000 plus VAT per annum payable in arrear at the end of the relevant Period in respect of each House which is subject to a leased arrangement and which House is included in the Marstons Portfolio in that Period and at the rate of £1,500 plus VAT for each Vacant House; and in respect of each

House subject to a Managed Arrangement for any period prior to 29th February 2016, £5,000 plus VAT per annum and from the 1st March 2016, £13,000 plus VAT per annum

- any additional costs associated with the provision of maintenance and other ancillary services required under the leased arrangements incurred in accordance with the provisions of the LT Trent Management Agreement.

The LT Trent Management Agreement is governed by English law.

10.7 ***Management Agreement with LT Management Services Limited***

NewRiver Retail (Mantle) Limited ("**NRML**") entered into a management agreement relating to the provisions of operational management and revenue collection services for a portfolio of 158 public houses (the "**Punch Portfolio**") on 21 August 2015 with LT Management Services Limited ("**LTMSL**") and LT Pub Management plc (the "**LT Management Agreement**").

The LT Management Agreement commenced on 21 August 2015 (the "**Commencement Date**") and may be terminated by any party giving at least six months' notice in writing to the other parties at any time.

Under the LT Management Agreement, LTMSL is engaged by NRML to provide management services to manage the Punch Portfolio, including vacant houses, which are leased to third party tenants under a leased arrangement and which are operated and run as public houses ("**Houses**") owned by NRML.

LTMSL is required to maintain professional indemnity insurance in an amount not less than £5 million for any one claim.

The obligations of LTMSL under the LT Management Agreement are secured by a guarantee by LT Pub Management plc in favour of NRML and its successors, transferees and assigns.

In consideration for the provision of the management services, NRML is obliged to pay the following fees to LTMSL:

- a management fee in respect of each calendar month (a "**Period**") at the rate of £3,000 plus VAT per annum payable in arrear at the end of the relevant Period in respect of each House which is subject to a leased arrangement and which House is included in the Punch Portfolio in that Period and each Vacant House;
- an incentive fee may be payable to LTMSL based upon any increases in EBITDA in respect of the Punch Portfolio on the basis set out in the LT Management Agreement; and
- any additional costs associated with the provision of maintenance and other ancillary services required under the leased arrangements incurred in accordance with the provisions of the LT Management Agreement.

The LT Management Agreement is governed by English law.

10.8 ***Property Management Agreement with Collier Belfast Limited relating to The Arndale Centre***

NewRiver Retail (Morecambe) Limited ("**NRMC**") entered into a property management agreement relating to the provision of property management and rent collection services in relation to The Arndale Centre, Central Drive, Morecambe (the "**Arndale Centre**") on 27 March 2015 with Collier Belfast Limited ("**CBL**") (the "**CBL PMA**").

The CBL PMA commenced on 17 December 2014 (the "**Operative Date**") and is valid for a period of five years. The agreement may be terminated by:

(i) either party giving three months' notice in writing to the other party following the first anniversary of the Operative Date;

(ii) either party in the event of the other party's failure to remedy a breach following 21 days' notice of the breach by the other party;

(iii) either party in the event that the other party is the subject of a winding up order, or has an administrator, receiver or liquidator appointed over its assets or undertaking or has committed fraud; or

(iv) NRMC, in the event of a sale of the Arndale Centre.

Under the CBL PMA, CBL is engaged by NRMC to provide property management services to manage the Arndale Centre which includes the collection of rents and service charges, the preparation of reports and tenancy schedules, liaison with tenants and entering into agreements on behalf of NRMC in respect of the provision of repairs and maintenance services.

CBL is required to maintain professional indemnity insurance in an amount not less than £5 million for any one claim for the period of the CBL PMA plus 12 months.

In consideration for the provision of the management services, NRMC is obliged to pay the following fees to CBL:

- a management fee of £36,000 plus VAT per annum payable quarterly in advance; and
- any additional costs associated with the provision of additional services in accordance with the provisions of the CBL PMA.

The CBL PMA is governed by the English law.

10.9 ***Property Management Service Agreements with Workman LLP***

NewRiver Retail (UK) Limited ("**NRRUK**") (as owner) has entered into a number of property management services agreements with Workman LLP ("**Workman**") for the provision of asset and property management services with Workman LLP ("**Workman**") relating to NRRUK's properties and those of its affiliates (the "**PMSAs**"). Workman are the principal managing agent for NRRUK and manage 95% of the assets owned by NRRUK and its affiliates.

The PMSAs cover the provision of services by Workman for each of the assets that they manage on behalf of NRRUK, a summary of which are stated below:

(i) To manage the property in a proper and efficient manner in accordance with the principles of good estate management;

(ii) To ascertain, verify, account for, and collect rents and service charges and other sums due under the tenants leases for the properties;

(iii) To administer the service charge in relation to the properties in accordance with the obligations in the tenants leases for the properties;

(iv) To employ staff to be on site to manage and operate the properties;

(v) To procure the services necessary to operate the centres; and

(vi) To assist with, and notify, any potential insurance claims.

Management fees are agreed with Workman on a property by property basis and range from £850 to £140,000 per annum depending on the size and complexity of the property.

The PSMAs are governed by English law.

10.10 ***NewRiver Holdco Warrant Instrument***

(A) *Introduction*

NewRiver Warrantholders who elect to exchange their NewRiver Warrants for NewRiver Holdco Warrants in connection with the Proposals will, conditional upon the Scheme becoming effective and Admission, receive equivalent NewRiver Holdco Warrants to subscribe for the same number of NewRiver Holdco Shares (the "**NewRiver Holdco Warrant Shares**") as currently represented by their NewRiver Warrants to subscribe for NewRiver Shares (on substantially the same terms pursuant to the NewRiver Holdco Warrant Instrument). The subscription rights pursuant to the NewRiver Holdco Warrants will be exercisable at the prevailing subscription price per NewRiver Holdco Warrant Share (being £1.48 as at the Latest Practicable Date), as adjusted in the circumstances summarised at paragraph (C) below, and all such NewRiver Holdco Warrants shall be fully vested and exercisable upon issuance.

The NewRiver Holdco Warrants will expire on 1 September 2019, unless previously exercised or lapsed, and shall be of a single class for all purposes. The NewRiver Holdco Warrants contain customary anti-dilution provisions (including in respect of dividends). The NewRiver Holdco Warrants will be exercisable in whole or in part. The subscription price and number of shares for each NewRiver Holdco Warrant will be subject to adjustment in respect of dilution events, including the payment by NewRiver Holdco of dividends, any amalgamation, reorganisation, reclassification, consolidation, merger or sale of all or substantially all of NewRiver Holdco's assets (other than in the ordinary course of the Group's business) and other dilutive events for which a failure to make any adjustments would not fully protect the purchase rights represented by the NewRiver Holdco Warrants. The NewRiver Holdco Warrants are freely transferable, subject to the transfer restrictions set out in the NewRiver Holdco Warrant Instrument and on each NewRiver Holdco Warrantholder's certificate in respect of NewRiver Holdco Warrants.

(B) *Definitions*

In relation to the summary of the terms of the NewRiver Holdco Warrants below, references to persons include individuals, bodies corporate (wherever incorporated), unincorporated associations, funds and partnerships and the following terms and expressions have the following meanings:

"Affiliate" means any company, partnership, limited liability company or other entity which, directly or indirectly, through one or more intermediaries, Controls, is Controlled by, or is under common Control with, another company, partnership, limited liability company or other person. Without limiting the generality of the foregoing, the term **"Affiliate"** shall include an investment fund managed by any such person or by a person that directly or in directly Controls, is Controlled by or is under common Control with such person.

"Anti-Dilution Provisions" means the provisions set out at paragraph (C)(vii) below.

"Assets" means any shares, securities, cash (or cash equivalents) or other property whatsoever (save for property or other assets purchased and disposed of pursuant to arm's length transactions in the ordinary course of the Group's business).

"Business Combination" means a merger, scheme of arrangement, amalgamation, consolidation, statutory share exchange or similar transaction that requires the approval of NewRiver Holdco Shareholders.

"Business Day" means any day (other than a Saturday or Sunday) on which securities or investment exchanges are open in the United Kingdom for normal trading activity.

"Certificate" means a certificate evidencing a NewRiver Holdco Warrantholder's entitlement to NewRiver Holdco Warrants.

"Consent" means the consent in writing of NewRiver Holdco Warrantholders entitled to subscribe for not less than 51 per cent of the NewRiver Holdco Warrant Shares.

"Control" means any person, or persons together acting in concert (as such term is defined and construed by the City Code), obtaining 50 per cent. or more of the voting rights normally attributable to the share capital (whether obtained by way of acquisition, merger, share offering or other agreement or document or otherwise howsoever, including as a result of a share buy-back programme) or otherwise obtaining the power (howsoever achieved) to direct or cause the direction of the management and policies of another person; and "Controlling" and "Controlled" shall be construed accordingly.

"Exchange Rate" means the mean of the spot rate for the purchase of sterling in the relevant currency at the close of business on the five Business Days immediately prior to the date of any calculation.

"Exercise Date" means the date of delivery to the registered office of NewRiver Holdco of the items specified in the NewRiver Holdco Warrant Instrument (and the date of such delivery shall be the date on which such items are received at NewRiver Holdco's registered office) or if not a Business Day then the immediately following Business Day.

"Exit Event" means a Sale or Business Combination.

"Exit Notification" means a notice from NewRiver Holdco to the NewRiver Holdco Warrantholder, informing the NewRiver Holdco Warrantholder of the occurrence of an Exit Event, or an anticipated Exit Event, and containing:

(a) details of the nature of the Exit Event, or anticipated Exit Event;

(b) the anticipated earliest date on which such Exit Event could occur;

(c) the anticipated number of NewRiver Holdco Warrant Shares to be issued in relation to the relevant NewRiver Holdco Warrant if the Subscription Rights were to be exercised in full, and the anticipated aggregate Subscription Price payable by the NewRiver Holdco Warrantholder to exercise such rights; and

(d) all other information available to NewRiver Holdco which is or might reasonably be considered to be material to the NewRiver Holdco Warrantholder for the purposes of deciding whether or not (and if so when) to exercise its Subscription Rights, subject always to the NewRiver Holdco Warrantholder complying with its legal obligations and any applicable regulatory requirements including the Listing Rules.

"Final Date" means 1 September 2019 or the first Business Day immediately thereafter.

"Group" means NewRiver Holdco and any holding company it may have and any subsidiary companies or undertakings of NewRiver Holdco or any such holding company from time to time.

"Investment Bank" means an independent internationally-recognised investment banking firm selected by the NewRiver Holdco Directors with the Consent of NewRiver Holdco Warrantholders, the fees and expenses of which shall be shared equally by NewRiver Holdco on the one hand and such holders on the other.

"NewRiver Holdco Warrantholder" means in relation to a NewRiver Holdco Warrant, the person(s) whose name(s) appear(s) in the Register as the holder(s) of the NewRiver Holdco Warrant(s).

"Regulatory Approvals" means, with respect to a NewRiver Holdco Warrantholder, to the extent applicable and required to permit a NewRiver Holdco Warrantholder to exercise the NewRiver Holdco Warrants for NewRiver Holdco Warrant Shares and to own such NewRiver Holdco Warrant Shares without the NewRiver Holdco Warrantholder or NewRiver Holdco being in violation of applicable law, rules or regulation, the receipt of any necessary approvals and authorisations of, filings and registrations with, notifications to, or expiration or termination of any applicable waiting period under any applicable law or regulation.

"Sale" means any transaction or series of transactions (whether or not related) entered into at any time after the date of the NewRiver Holdco Warrant Instrument, resulting in a sale, assignment, transfer or other disposal at arm's length to a person or persons acting in concert by any NewRiver Holdco Shareholders of a majority in number of the NewRiver Holdco Shares, excluding any transaction that requires the approval of the NewRiver Holdco Shareholders.

"Subscription Price" means one hundred and forty eight (148) pence per NewRiver Holdco Warrant Share, as such price may be adjusted from time to time in the circumstances summarised at paragraph (C)(vii) below.

"Time Value" means such an amount as will preserve the rights of the NewRiver Holdco Warrantholder by providing just and equitable compensation in respect of the time value in the NewRiver Holdco Warrant from the date of any transaction to which paragraph (C)(vii)(d)(i) below applies to the Final Date as the same shall be determined by an independent Investment Bank.

"Voting Equity Securities" means in relation to any issuer:

(a) voting equity securities of such issuer having no preference as to dividends or in a liquidation over any other securities of such issuers; or

(b) securities convertible into or exchangeable for the voting securities described in (a).

(C) *Terms of the NewRiver Holdco Warrants*

(i) The NewRiver Holdco Warrants give the NewRiver Holdco Warrantholders the right to subscribe in cash at the Subscription Price for the relevant number of NewRiver Holdco Warrant Shares.

(ii) Each NewRiver Holdco Warrantholder shall have the right, upon the terms and conditions summarised below, to subscribe for or acquire from NewRiver Holdco in cash at the Subscription Price such number of NewRiver Holdco Warrant Shares as specified in its Certificate (the "**Subscription Rights**"), as may be adjusted as set out under the heading "Anti-dilution Provisions" below, being the same number of NewRiver Warrant Shares that their NewRiver Warrant entitled them to subscribe for prior to the exchange occurring.

(iii) Conditional upon the Scheme becoming effective and Admission occurring, the Subscription Rights may be exercised, in whole or in part, at any time or times prior to 17:59 on the Final Date.

(iv) NewRiver Holdco undertakes to send to the NewRiver Holdco Warrantholders an Exit Notification not less than 30 days prior to the expected completion date of an Exit Event, or, if NewRiver Holdco does not become aware of the Exit Event until a time which is less than 30 days prior to the expected date of the Exit Event, as soon as reasonably practicable after becoming aware of it.

(v) Subject to NewRiver Holdco complying with its obligations pursuant to issue an Exit Notification and paragraph (C)(vi) below, the NewRiver Holdco Warrantholders shall have a period of six months from the date of an Exit Event in which to exercise their Subscription Rights (at the then prevailing Subscription Price). On the expiry of such period, all continuing rights of the NewRiver Holdco Warrantholders under the NewRiver Holdco Warrant Instrument (including the Subscription Rights, if not exercised) shall lapse (save in relation to any outstanding notices of exercise of Subscription Rights, in which case, the NewRiver Holdco Warrantholders' rights shall lapse upon completion by NewRiver Holdco of its obligations in respect of any notices of exercise).

(vi) Except as provided in this paragraph (C)(vi), all continuing rights of the NewRiver Holdco Warrantholders under the NewRiver Holdco Warrant Instrument (including the Subscription Rights) shall lapse on the Final Date (save in relation to any outstanding notices of exercise of Subscription Rights, in which case, the NewRiver Holdco Warrantholders' rights shall lapse upon completion by NewRiver Holdco of its obligations in respect of any notices of exercise).

(vii) Anti-dilution Provisions
In order to prevent dilution of the Subscription Rights granted under the NewRiver Holdco Warrants, the Subscription Price shall be subject to adjustment from time to time summarised as follows:

(a) *Subdivision or Consolidation/Combination of NewRiver Holdco Shares.* If NewRiver Holdco, at any time while the NewRiver Holdco Warrants are outstanding:

(i) shall pay a share or bonus share dividend on the NewRiver Holdco Shares or pay any other distribution in NewRiver Holdco Shares;

(ii) subdivide the class of NewRiver Holdco Shares into a larger number of shares; or

(iii) consolidate/combine the class of NewRiver Holdco Shares into a smaller number of shares,

then the Subscription Price thereafter shall be determined by multiplying the Subscription Price by a fraction, the numerator of which shall be the number of NewRiver Holdco Shares (excluding any NewRiver Holdco Shares held in treasury, if any) in issue before such event and the denominator of which shall be the number of NewRiver Holdco Shares (excluding any NewRiver Holdco Shares held in treasury, if any) in issue after such event. Any adjustment made pursuant to this paragraph (vii)(a) shall become effective immediately after the record date for the determination of shareholders entitled to receive such dividend or distribution and shall become effective immediately after the effective date in the case of a subdivision or combination.

(b) *Issuance of additional Ordinary Shares.* If NewRiver Holdco shall issue or sell additional NewRiver Holdco Shares, other than any issuance of the type summarised in paragraph (vii)(a) above, without consideration or for a consideration per share less than the Fair Market Value (as defined in paragraph (vii)(e) below) of the NewRiver Holdco Shares on the day immediately prior to such issue or sale, then, and in each such case, subject to paragraph (vii)(e) below, the Subscription Price shall be reduced concurrently with such issue or sale, to a price determined by multiplying such Subscription Price by a fraction:

(i) the numerator of which shall be (1) the number of NewRiver Holdco Shares in issue immediately prior to such issue or sale plus (2) the number of NewRiver Holdco Shares which the aggregate consideration received by NewRiver Holdco would purchase at such Fair Market Value of the NewRiver Holdco Shares; and

(ii) the denominator of which shall be the number of NewRiver Holdco Shares in issue immediately after such issue or sale,

provided that for the purposes of this procedure, any NewRiver Holdco Shares held in treasury shall not be deemed to be in issue.

(c) *Dividends and Distributions.* If NewRiver Holdco shall pay or make a Dividend or Distribution (as defined below) to NewRiver Holdco's shareholders, the Subscription Price shall be adjusted by multiplying the Subscription Price in force immediately prior to such Dividend or Distribution by the following fraction:

$$\frac{A - B}{A}$$

where:

A is the Current Market Price (as defined below) of one NewRiver Holdco Share on the Business Day immediately preceding the date of the announcement of the Dividend or Distribution; and

B is the portion of the Fair Market Value (as determined at the date of announcement of the relevant Dividend) of the Dividend or Distribution attributable to one NweRiver Holdco Share.

Such adjustment shall become effective on the date on which such Dividend or Distribution is made.

As used in this paragraph (vii)(c):

"Dividend or Distribution" means (1) any Dividend; or (2) any Dividend which is expressed by NewRiver Holdco or declared by the Board of Directors of NewRiver Holdco to be a capital distribution, extraordinary dividend, extraordinary distribution, special dividend, special distribution or return of value to NewRiver Holdco's shareholders or any analogous or similar term, in which case, the Dividend or Distribution shall be the Fair Market Value of such Dividend or Distribution.

Provided that:

(i) where a cash Dividend is announced which is to be, or may at the election of a holder or holders of NewRiver Holdco Shares be, satisfied by the issue or delivery of NewRiver Holdco Shares or other property or assets, then the Dividend in question shall be treated as a Dividend of (1) the cash Dividend so announced or (2) the Fair Market Value, on the date of announcement of such Dividend, of the NewRiver Holdco Shares or other property or assets to be issued or delivered in satisfaction of such Dividend (or which would be issued if all holders of NewRiver Holdco Shares elected therefore, regardless of whether any such election is made) if the Fair Market Value of such NewRiver Holdco Shares or other property or assets is greater than the cash Dividend so announced;

(ii) for the purposes of the definition of Dividend or Distribution, any issue of NewRiver Holdco Shares falling within paragraphs (vii)(a) or (vii)(b) shall be excluded; and

(iii) a purchase or redemption of share capital by NewRiver Holdco shall not constitute a Dividend unless in the case of purchase of NewRiver Holdco Shares, the weighted average price (before expenses) on any one day in respect of such purchases exceeds by more than 5 per cent. the closing price of the NewRiver Holdco Shares on the London Stock Exchange at the opening of business either (1) on that date, or (2) where an announcement has been made of the intention to purchase NewRiver Holdco Shares at some future date at a specified price, on the Business

Day immediately preceding the date of such announcement and, if in the case of either (1) or (2), the relevant day is not a Business Day, the immediately preceding Business Day, in which case such purchase shall be deemed to constitute a Dividend in the amount of the aggregate price paid (before expenses) in respect of such NewRiver Holdco Shares purchased by NewRiver Holdco;

"Current Market Price" means, in respect of a NewRiver Holdco Share at a particular date, the average of closing sale price of a NewRiver Holdco Share on the London Stock Exchange for the five consecutive Business Days ending on the Business Day immediately preceding such date; and

"Dividend" means any dividend or distribution, whether of cash, assets or other property and whenever paid or made and however described (and for these purposes a distribution of assets includes, without limitation, an issue of shares or other securities credited as fully or partly paid up (other than an issue of NewRiver Holdco Shares falling within paragraphs (vii)(a) or (vii)(b)).

(d) *Consolidation, Merger etc.*

(i) *Adjustments for Consolidation, Merger, Sale of Assets, Reorganisation etc*. If NewRiver Holdco after the date of the relevant Certificate (1) shall consolidate or amalgamate with or merge into any other Person (as hereinafter defined) and shall not be the continuing or surviving corporation of such consolidation, amalgamation or merger; (2) shall permit any other Person to consolidate or amalgamate with or merge into NewRiver Holdco and NewRiver Holdco shall be the continuing or surviving Person but, in connection with such consolidation, amalgamation or merger, the NewRiver Holdco Shares shall be changed into or exchanged for Assets of any other Person; (3) shall transfer all or substantially all of its Assets to any other Person; (4) shall effect a capital reorganisation or reclassification of the NewRiver Holdco Shares (other than a capital reorganisation or reclassification resulting in an adjustment to the Subscription Price as provided in another paragraph of this paragraph (vii)); or (5) shall effect any other transaction in which the NewRiver Holdco Shares are changed into or exchanged for Assets of any other Person, then, in the case of each such transaction, proper provision shall be made so that, upon the basis and the terms and in the manner provided in this summary of the NewRiver Holdco Warrants, the NewRiver Holdco Warrantholder, upon the exercise hereof at any time after the completion of such transaction, shall be entitled to receive (at the aggregate Subscription Price in effect at the time of completion of such transaction for all NewRiver Holdco Shares issuable upon such exercise immediately prior to completion of such transaction), in lieu of the NewRiver Holdco Shares issuable upon such exercise prior to completion of such transaction, the amount of Assets to which such Warrantholder would actually have been entitled as a shareholder upon such consummation if such NewRiver Holdco Warrantholder had exercised its Subscription Rights immediately prior thereto together with an amount equal to the Time Value in respect of any such Assets which are not Voting Equity Securities. "**Person**" means an individual, company, corporation, limited liability company, firm, partnership, trust, estate, unincorporated association or other entity.

(ii) *Assumption of Obligations*. Notwithstanding anything contained in this summary of the NewRiver Holdco Warrants to the contrary, NewRiver

Holdco will not effect any of the transactions described in (1) to (5) of the preceding paragraph (vii)(d)(i) above unless, prior to the completion thereof, each Person which may be required to deliver any Assets upon the exercise of the Subscription Rights, as provided in this summary of the NewRiver Holdco Warrants shall assume, by written instrument delivered to, and reasonably satisfactory to, the NewRiver Holdco Warrantholder the obligations of NewRiver Holdco under the Certificate (and if NewRiver Holdco shall survive the completion of such transaction, such assumption shall be in addition to, and shall not release the Company from, any continuing obligations of NewRiver Holdco under the Certificate). The provisions summarised in this paragraph (vii)(d)(ii) shall not be deemed to authorise NewRiver Holdco to enter into any transaction not otherwise permitted by the Articles.

Other provisions applicable to adjustments

The following provisions are applicable to the making of adjustments to the number of NewRiver Holdco Warrant Shares for which the relevant Certificate is exercisable.

(e) *Computation of the value of Assets and Fair Market Value for the purposes of the Anti-Dilution Provisions*. To the extent that it shall be necessary to value any Assets pursuant to the NewRiver Holdco Warrant Instrument, unless expressly provided otherwise, the value of such Assets shall be determined by the Directors with the Consent of NewRiver Holdco Warrantholders, or, in the event that no Consent is obtained, by an Investment Bank. To the extent that the Assets comprise cash, then the value of such cash, if expressed in a currency other than sterling, shall be calculated in accordance with paragraph (ix) below. The "Fair Market Value" of the NewRiver Holdco Shares at any given time shall mean: (a) if the NewRiver Holdco Shares are listed on a securities exchange (or quoted in a securities quotation system), the mean closing sale price of the NewRiver Holdco Shares on such exchange (or in such quotation system), or, if the NewRiver Holdco Shares are listed on (or quoted in) more than one exchange (or quotation system), the mean closing sale price of the NewRiver Holdco Shares on the principal securities exchange (or quotation system) on which the NewRiver Holdco Shares are then traded, or, if the NewRiver Holdco Shares are not then listed on a securities exchange (or quotation system) but are traded in the over-the-counter market, the mean of the latest bid and asked quotations for the NewRiver Holdco Shares in such market, in each case for the last five Business Days immediately preceding the day on which such Fair Market Value is determined in accordance with the applicable provisions summarised in this paragraph (vii); or (b) if no such closing sales prices or quotations are available because such shares are not publicly traded or otherwise, the fair value of such shares as determined by the Directors with the Consent of NewRiver Holdco Warrantholders, or, if they shall fail to agree within 14 days (or a further period on written agreement of all such parties), by an Investment Bank. The "Fair Market Value" of any Dividend or Distribution at any given time shall mean, with respect to any property on any date, the fair market value of that property as determined by an Investment Bank; provided that the fair market value of a cash Dividend paid or to be paid shall be the amount of such cash Dividend.

(f) *When adjustment to be made*. The adjustments required by this paragraph (vii) shall be made whenever and as often as any specified event requiring an adjustment shall occur.

(g) *Fractional interest; rounding*. In computing adjustments as summarised in this paragraph (vii), fractional interests in NewRiver Holdco Shares shall be taken into account to the nearest 1/10th of a share, and adjustments in the Subscription Price shall be made to the nearest £0.01.

(h) *Certain exclusions*. No adjustment in the number of NewRiver Holdco Shares purchasable under the NewRiver Holdco Warrant Instrument or the Subscription Price therefor shall be made as a result of:

(i) the issuance of any employee share options or any NewRiver Holdco Shares issuable under employee share options, employee share purchase plans, or any other form of equity based compensation granted to employees of the Group; or

(ii) the acquisition or disposal of any property or other assets pursuant to an arm's length transaction in the ordinary course of the Group's business.

(i) *Computation of consideration*. For the purposes of this paragraph (vii):

(i) the consideration for the issue or sale of any additional NewRiver Holdco Shares shall, irrespective of the accounting treatment of such consideration: (1) insofar as it consists of cash, be computed at the net amount of cash received by NewRiver Holdco; (2) insofar as it consists of property (including securities) other than cash, be computed at the fair value thereof at the time of such issue or sale, as determined by the Directors with the Consent of NewRiver Holdco Warrantholders, or, if they shall fail to agree within 14 days (or a further period on written agreement of all such parties), by an Investment Bank; and (3) in case additional NewRiver Holdco Shares are issued or sold together with other stock or securities or other assets of NewRiver Holdco for a consideration which covers both, be the portion of such consideration so received, computed as described in (1) and (2) above, attributable to such additional NewRiver Holdco Shares, all as determined in good faith by the Directors with the Consent of NewRiver Holdco Warrantholders, or, if they shall fail to agree within 14 days (or a further period on written agreement of all parties), by an Investment Bank;

(ii) additional NewRiver Holdco Shares deemed, pursuant to the provisions summarised in paragraph headed "Treatment of Options and Convertible Securities" below, to have been issued, relating to Options and Convertible Securities, shall be deemed to have been issued for a consideration per share determined by dividing: (1) the total amount, if any, received and receivable by NewRiver Holdco as consideration for the issue, sale, grant or assumption of the Options or Convertible Securities in question, plus the minimum aggregate amount of additional consideration (as set out in the instruments relating thereto, without regard to any provision contained therein for a subsequent adjustment of such consideration to protect against dilution) payable to NewRiver Holdco upon the exercise in full of such Options or the conversion or exchange of such Convertible Securities or, in the case of Options for Convertible Securities, the exercise of such Options for Convertible Securities and the conversion or exchange of such Convertible Securities, in each case computing such consideration as described in paragraph (i)(i) above by (2) the maximum number of NewRiver Holdco Shares (as set out in the instrument relating thereto, without regard to any provision contained therein for a subsequent adjustment of such number) issuable upon the exercise of such Options or the conversion or exchange of such Convertible Securities; and (3) additional NewRiver Holdco Shares deemed to have been issued in the circumstances described in paragraph (vii)(a) above, relating to stock dividends, stock splits, etc., shall be deemed to have been issued for no consideration.

Treatment of Convertible Securities

In case NewRiver Holdco at any time or from time to time after the date of the NewRiver Holdco Warrant Instrument shall issue, sell, grant or assume, or shall fix a record date for the determination of holders of any class of securities of NewRiver Holdco other than the NewRiver Holdco Shares entitled to receive, any (i) Options or (ii) Convertible Securities, then, and in each such case, the maximum number of additional NewRiver Holdco Shares (as set out in the instrument relating thereto, without regard to any provisions contained therein for a subsequent adjustment of such number) issuable upon the exercise of such Options or, in the case of Convertible Securities and Options therefor, the conversion or exchange of such Convertible Securities, shall be deemed for purposes of the provisions of summarised in paragraph (vii)(b) above to be additional NewRiver Holdco Shares issued as of the time of such issue, sale, grant or assumption or, in case such a record date shall have been fixed, as of the close of business on such record date (or, if the NewRiver Holdco Shares trade on an ex-dividend basis, on the date prior to the commencement of ex-dividend trading); provided that such additional NewRiver Holdco Shares shall not be deemed to have been issued unless the consideration per share (determined pursuant to the procedure described in paragraph (vii)(i) above) would be less than the Fair Market Value, on the date immediately prior to such issue, sale, grant or assumption or immediately prior to the close of business on such record date (or, if the NewRiver Holdco Shares trade on an ex-dividend basis, on the date prior to the commencement of ex-dividend trading), as the case may be, and provided further, that in any such case in which additional NewRiver Holdco Shares are deemed to be issued:

(j) no further adjustment of the Subscription Price shall be made upon the subsequent issue or sale of Convertible Securities or NewRiver Holdco Shares upon the exercise of such Options or the conversion or exchange of such Convertible Securities;

(k) if such Options or Convertible Securities by their terms provide, with the passage of time or otherwise, for any increase or decrease in the consideration payable to NewRiver Holdco, or decrease or increase in the number of additional NewRiver Holdco Shares issuable, upon the exercise, conversion or exchange thereof (by change of rate or otherwise), the Subscription Price computed upon the original issue, sale, grant or assumption thereof (or upon the occurrence of the record date, or date prior to the commencement of ex-dividend trading, as the case may be, with respect thereto), and any subsequent adjustments based thereon, shall, upon any such increase or decrease becoming effective, be recomputed to reflect such increase or decrease. insofar as it affects such Options, or the rights of conversion or exchange under such Convertible Securities, which are outstanding at such time;

(l) upon the expiry (or purchase by NewRiver Holdco and cancellation or retirement) of any such Options which shall not have been exercised or the expiry of any rights of conversion or exchange under any such Convertible Securities which (or purchase by NewRiver Holdco and cancellation or retirement of any such Convertible Securities the rights of conversion or exchange under which) shall not have been exercised, the Subscription Price computed upon the original issue, sale, grant or assumption thereof (or upon the occurrence of the record date, or date prior to the commencement of exdividend trading, as the case may be, with respect thereto), and any subsequent adjustments based thereon, shall, upon such expiry (or such cancellation or retirement, as the case may be), be recomputed as if:

(i) in the case of Options for NewRiver Holdco Shares or Convertible Securities, the only additional NewRiver Holdco Shares issued or sold were the additional NewRiver Holdco Shares, if any, actually issued or sold upon the exercise of such Options or the conversion or exchange of such Convertible Securities and the consideration received therefor was (1) an amount equal to (x) the consideration actually received by NewRiver Holdco for the issue, sale, grant or assumption of all such Options, whether or not exercised, plus (y) the consideration actually received by NewRiver Holdco upon such exercise, minus (z) the consideration paid by NewRiver Holdco for any purchase of such Options which were not exercised; or (2) an amount equal to (x) the consideration actually received by NewRiver Holdco for the issue or sale of all such Convertible Securities which were actually converted or exchanged, plus (y) the additional consideration, if any, actually received by NewRiver Holdco upon such conversion or exchange, minus (z) the consideration paid by NewRiver Holdco for any purchase of such Convertible Securities the rights of conversion or exchange under which were not exercised; and

(ii) in the case of Options for Convertible Securities, only the Convertible Securities, if any, actually issued or sold upon the exercise of such Options that were issued at the time of the issue, sale, grant or assumption of such Options, and the consideration received by NewRiver Holdco for the additional NewRiver Holdco Shares deemed to have then been issued was an amount equal to (1) the consideration actually received by NewRiver Holdco for the issue, sale, grant or assumption of all such Options, whether or not exercised, plus (2) the consideration deemed to have been received by NewRiver Holdco (pursuant to the procedure summarised in paragraph (vii)(i) above) upon the issue or sale of such Convertible Securities with respect to which such Options were actually exercised, minus (3) the consideration paid by NewRiver Holdco for any purchase of such Options which were not exercised;

(m) no readjustment pursuant to the provisions summarised in paragraphs (k) and above shall have the effect of increasing the Subscription Price by an amount in excess of the amount of the adjustment thereof originally made in respect of the issue, sale, grant or assumption of such Options or Convertible Securities; and

(n) in the case of any such Options which expire by their terms not more than 30 days after the date of issue, sale, grant or assumption thereof, no adjustment of the Subscription Price shall be made until the expiry or exercise of all such Options, whereupon such adjustment shall be made in the manner provided in paragraph (l) above.

Adjustment of number of NewRiver Holdco Warrant Shares

Upon each adjustment of the Subscription Price pursuant to the provisions of paragraphs (vii)(a) or (vii)(b) above, the number of NewRiver Holdco Shares for which the Subscription Rights are exercisable shall be adjusted by multiplying the number of NewRiver Holdco Shares for which the Subscription Rights were exercisable prior to such adjustment by a fraction (1) whose numerator is the Subscription Price in effect immediately prior to such adjustment; and (2) whose denominator is the Subscription Price in effect immediately after such adjustment.

Other dilutive events

If any event occurs where the provisions of summarised in this paragraph (vii) are not strictly applicable but the failure to make any adjustment would not fairly protect the Subscription Rights represented by the Certificate in accordance with the essential intent and principles of such paragraphs, then, in each such case, the Directors shall appoint an Investment Bank, which shall give its opinion upon the adjustment, if any, on a basis consistent with the essential intent and principles summarised in this paragraph (vii), necessary to preserve, without dilution, the Subscription Rights represented by the Certificate. Upon receipt of such opinion, NewRiver Holdco will notify the NewRiver Holdco Warrantholders of its content and shall make the adjustments described therein.

Notices

Immediately upon any adjustment of the Subscription Price, NewRiver Holdco shall give, or cause to be given, written notice thereof, executed by a director of NewRiver Holdco, to the NewRiver Holdco Warrantholder, setting out in reasonable detail the event requiring the adjustment, the method by which the adjustment was calculated, the number of NewRiver Holdco Warrant Shares for which the Subscription Rights are exercisable and the Subscription Price after giving effect to such adjustment. NewRiver Holdco shall keep at its registered office copies of all such written notices and cause the same to be available for inspection during normal business hours by the NewRiver Holdco Warrantholder. NewRiver Holdco shall give, or cause to be given, written notice to the NewRiver Holdco Warrantholder at least 20 days prior to the date on which NewRiver Holdco closes its books or takes a record (i) with respect to any dividend or distribution upon NewRiver Holdco Shares, (ii) with respect to any pro rata subscription offer to holders of NewRiver Holdco Shares or (iii) for determining rights to vote with respect to any transaction described in paragraph (vii)(d), dissolution or liquidation. NewRiver Holdco shall also give, or cause to be given, written notice to the NewRiver Holdco Warrantholder at least 20 days prior to the date on which any transaction described in paragraph (vii)(d) shall take place. Where the number of NewRiver Holdco Warrant Shares for which the Subscription Rights are exercisable is adjusted pursuant to the provisions summarised in this paragraph (vii), NewRiver Holdco shall issue to each NewRiver Holdco Warrantholder a new Certificate in respect of the remaining NewRiver Holdco Warrants held by such NewRiver Holdco Warrantholder.

(viii) NewRiver Holdco Warrant Transfer Restrictions

Subject to the transfer conditions referred to in the legend endorsed on the Certificates, the relevant NewRiver Holdco Warrants and all rights pertaining to them are transferable in whole or in part, without charge to the NewRiver Holdco Warrantholder, once vested and upon surrender of the relevant Certificate with a properly executed instrument of transfer at the registered office of NewRiver Holdco. No transfer may be made in violation of any provision of the NewRiver Holdco Articles or without any Regulatory Approvals.

(ix) Currency Conversion

Where pursuant to the provisions of the NewRiver Holdco Warrant Instrument the context requires a currency to be converted into sterling, such conversion shall be carried out at the Exchange Rate.

Where pursuant to the provisions of the NewRiver Holdco Warrant Instrument the context requires a currency to be converted into sterling, such conversion shall be carried out at the Exchange Rate.

11. Related party transactions

The following related party transactions (which for these purposes are those set out in the standards adopted according to the Regulation (EC) 1606/2002) have either been entered into by the Group during the three financial years ended 31 March 2016 (being the last period for which audited financial information of the Company has been published) or in the period to the Latest Practicable Date, or, where entered into prior to such financial years, there exist outstanding commitments in respect of such transactions:

11.1 during the financial year ended 31 March 2014, total emoluments of the Executive NewRiver Directors (excluding share-based payments) were £2.6 million and share-based payments of £0.1 million accrued during the year. In addition, 137,580 NewRiver Shares were acquired on the open market by the NewRiver Directors;

11.2 during the financial year ended 31 March 2015, total emoluments of the Executive NewRiver Directors (excluding share-based payments) were £3.8 million and share-based payments of £0.6 million accrued during the year. In addition, Invesco Asset Management Limited (a related party of NewRiver under the AIM Rules as a consequence of being a "substantial shareholder" holding in excess of 10 per cent. of the issued share capital of NewRiver), as agent for and on behalf of its discretionary managed clients subscribed for 7,738,181 NewRiver Shares pursuant to the non pre-emptive placing conducted by NewRiver in January 2015;

11.3 during the financial year ended 31 March 2016, total emoluments of the Executive NewRiver Directors (excluding share-based payments) were £3.1 million and share-based payments of £898,000 accrued during the year. In addition, Woodford Investment Management LLP (a related party of NewRiver under the AIM Rules as a consequence of being a "substantial shareholder" holding in excess of 10 per cent. of the issued share capital of NewRiver), as agent for and on behalf of its discretionary managed clients subscribed for 10,938,461 NewRiver Shares pursuant to the non pre-emptive placing conducted by NewRiver in January 2016; and

11.4 between 31 March 2016 and the Latest Practicable Date, 53,000 NewRiver Shares were acquired in the market by David Lockhart (as referred to at paragraph 5.4 of this Part 7).

12. United Kingdom tax treatment of Shareholders

Introduction

12.1 *The statements set out below are intended only as a general guide to certain aspects of current UK tax law and HM Revenue & Customs ("**HMRC**") published practice as at the date of this document and apply only to certain NewRiver Holdco Shareholders resident for tax purposes in the UK (save where express reference is made to non-UK resident persons). The summary does not purport to be a complete analysis or listing of all the potential tax consequences of holding NewRiver Holdco Shares. Prospective purchasers of NewRiver Holdco Shares are advised to consult their own independent tax advisers concerning the consequences under UK tax law of the acquisition, ownership and disposition of NewRiver Holdco Shares.*

12.2 *The following paragraphs relate only to certain limited aspects of the United Kingdom taxation treatment of PIDs and Non-PID Dividends paid by NewRiver Holdco, and to disposals of shares in NewRiver Holdco, in each case after NewRiver Holdco becomes a REIT. The statements are not applicable to all categories of NewRiver Holdco Shareholders and, in particular, are not addressed to (i) NewRiver Holdco Shareholders who do not hold their NewRiver Holdco Shares as capital assets or investments or who are not the absolute beneficial owners of those shares or dividends in respect of those shares; (ii) some NewRiver Holdco Shareholders who own (or are deemed to own) 10 per cent. or more of the share capital or of the voting power of NewRiver Holdco or are entitled to 10 per cent. or more of NewRiver Holdco's distributions; (iii) special classes of NewRiver Holdco Shareholders such as dealers in securities, broker-dealers, insurance companies, trustees of certain trusts and investment companies; (iv) NewRiver Holdco Shareholders who hold NewRiver Holdco Shares as part of hedging or commercial transactions; (v) NewRiver Holdco Shareholders who hold NewRiver Holdco Shares in connection with a trade, profession or vocation carried on in the UK* *(whether through a branch or agency or otherwise); (vi) NewRiver Holdco Shareholders who hold NewRiver Holdco Shares acquired by reason of their employment; (vii) NewRiver Holdco Shareholders who hold NewRiver Holdco Shares in a personal equity plan or an individual savings account; or (viii) NewRiver Holdco Shareholders who are subject to UK taxation on a remittance basis; or (ix) NewRiver Holdco Shareholders who are not resident in the UK for tax purposes (save where express reference is made to non-UK resident NewRiver Holdco Shareholders).*

UK Taxation of PIDs

12.3 ***UK taxation of NewRiver Holdco Shareholders who are individuals***

Subject to certain exceptions, a PID will generally be treated in the hands of NewRiver Holdco Shareholders who are individuals as the profit of a single UK property business (as defined in Part 3 of the Income Tax (Trading and Other Income) Act 2005). A PID is, together with any property income distribution from any other company to which Part 12 of CTA 2010 applies, treated as a separate UK property business. Income from any other UK property business (a "**different UK property business**") carried on by the relevant NewRiver Holdco Shareholder must be accounted for separately. This means that any surplus expenses from a NewRiver Holdco Shareholder's different UK property business cannot be offset against a PID as part of a single calculation of the profits of the NewRiver Holdco Shareholder's UK property business. A NewRiver Holdco Shareholder who is subject to income tax at the basic rate will be liable to pay income tax at 20 per cent. on the PID.

Higher rate taxpayers will be subject to tax at 40 per cent. and additional rate taxpayers at 45 per cent. No dividend tax credit will be available in respect of PIDs. However, credit will be available in respect of the basic rate tax withheld by NewRiver Holdco (where required) on the PID.

Please see also the section below relating to withholding tax and PIDs at paragraphs 12.6 to 12.9 (inclusive).

12.4 ***UK taxation of UK tax resident corporate NewRiver Holdco Shareholders***

Subject to certain exceptions, a PID will generally be treated in the hands of NewRiver Holdco Shareholders who are within the charge to corporation tax as profit of a property business (as defined in Part 4 of CTA 2009) ("**Part 4 property business**"). A PID is, together with any property income distribution from any other company to which Part 12 of CTA 2010 applies, treated as a separate Part 4 property business. Income from any other Part 4 property business (a "**different Part 4 property business**") carried on by the relevant NewRiver Holdco Shareholder must be accounted for separately. This means that any surplus expenses from a NewRiver Holdco Shareholder's different Part 4 property business cannot be offset against a PID as part of a single calculation of the relevant NewRiver Holdco Shareholder's property business profits.

The main rate of UK corporation tax on such profit is currently 20 per cent.

Please see also the section below relating to withholding tax and PIDs at paragraphs 12.6 to 12.9 (inclusive).

12.5 ***UK taxation of NewRiver Holdco Shareholders who are not resident for tax purposes in the UK***

Where a NewRiver Holdco Shareholder who is not resident for tax purposes in the UK receives a PID, the PID will generally be chargeable to UK income tax as profit of a UK property business and this tax will generally be collected by way of a withholding tax. Under Section 548(7) of CTA 2010, this income is expressly not non-resident landlord income for the purposes of regulations under section 971 of the Income Tax Act 2007.

Prospective non-UK tax resident NewRiver Holdco Shareholders should consult their own professional advisers on the implications in the relevant jurisdictions of any non-UK implications of receiving PIDs.

Please see also the section below relating to withholding tax and PIDs at paragraphs 12.6 to 12.9 (inclusive).

Withholding tax and PIDs

12.6 ***General***

Subject to certain exceptions summarised below, NewRiver Holdco is required to withhold income tax at source at the basic rate (currently 20 per cent.) from its PIDs (whether paid in cash or in the form of a stock dividend). NewRiver Holdco will provide NewRiver Holdco Shareholders with a certificate setting out the gross amount of the PID, the amount of tax withheld, and the net amount of the PID.

12.7 ***NewRiver Holdco Shareholders solely resident in the UK***

Where tax has been withheld at source, NewRiver Holdco Shareholders who are individuals may, depending on their particular circumstances, be liable to further tax on their PID at their applicable marginal rate, incur no further liability on their PID, or be entitled to claim repayment of some or all of the tax withheld on their PID. NewRiver Holdco Shareholders who are corporate entities will generally be liable to pay corporation tax on their PID and if (exceptionally) income tax is withheld at source, the tax withheld can be set against their liability to corporation tax, or income tax which they are required to withhold, in the accounting period in which the PID is received.

12.8 ***NewRiver Holdco Shareholders who are not resident for tax purposes in the UK***

It is not possible for a NewRiver Holdco Shareholder to make a claim under a double taxation convention for a PID to be paid by NewRiver Holdco gross or at a reduced rate. The right of a NewRiver Holdco Shareholder to claim repayment of any part of the tax withheld from a PID will depend on the existence and terms of any double taxation convention between the UK and the country in which the NewRiver Holdco Shareholder is resident. NewRiver Holdco Shareholders who are not resident for tax purposes in the UK should obtain their own tax advice concerning tax liabilities on PIDs received from NewRiver Holdco.

12.9 ***Exceptions to requirement to withhold income tax***

NewRiver Holdco Shareholders should note that in certain circumstances NewRiver Holdco is not required to withhold income tax at source from a PID. These include where NewRiver Holdco reasonably believes that the person beneficially entitled to the PID is a company resident for tax purposes in the UK, or a company resident for tax purposes outside the UK with a permanent establishment in the UK which is required to bring the PID into account in computing its chargeable profits or certain charities. They also include where NewRiver Holdco reasonably believes that the PID is paid to the scheme administrator of a registered pension scheme, the sub-scheme administrator of certain pension sub-schemes, the account manager of an individual savings account, the plan manager of a personal equity plan, or the account provider for a child trust fund, in each case, provided NewRiver Holdco reasonably believes that the PID will be applied for the purposes of the relevant scheme, account, plan or fund. In order to pay a PID without withholding tax, NewRiver Holdco will need to be satisfied that the NewRiver Holdco Shareholder concerned is entitled to that treatment. For that purpose, NewRiver Holdco will require such NewRiver Holdco Shareholders to submit a valid claim form (copies of which may be obtained on request from the Registrar). NewRiver Holdco Shareholders should note that NewRiver Holdco may seek recovery from NewRiver Holdco Shareholders if the statements made in their claim form are incorrect and NewRiver Holdco suffers tax as a result. NewRiver Holdco will, in some circumstances, suffer tax if its reasonable belief as to the status of a NewRiver Holdco Shareholder turns out to have been mistaken.

UK taxation of Non-PID Dividends

Non-PID Dividends are treated in exactly the same way as dividends received from UK companies that are not REITs. NewRiver Holdco is not required to withhold tax when paying a Non-PID Dividend (whether in cash or in the form of a stock dividend).

12.10 ***UK taxation of NewRiver Holdco Shareholders who are individuals***

An individual NewRiver Holdco Shareholder who is resident in the UK (for tax purposes) and who receives Non-PID Dividends will be taxed as follows. The first £5,000 of total Non-PID Dividends in each year from all sources falls within a nil rate band and will be tax exempt with any amounts in excess of this sum taxed at effective rates of 7.5 per cent. for a basic rate tax payer, 32.5 per cent. for a higher rate tax payer and 38.1 per cent. for an additional rate tax payer.

12.11 ***UK taxation of UK resident corporate NewRiver Holdco Shareholders***

NewRiver Holdco Shareholders who are within the charge to UK corporation tax will be subject to corporation tax on Non-PID Dividends paid by NewRiver Holdco, unless the Non-PID Dividends fall within an exempt class and certain other conditions are met. Whether an exempt class applies and whether the other conditions are met will depend on the circumstances of the particular NewRiver Holdco Shareholder, although it is expected that the Non-PID Dividends paid by NewRiver Holdco would normally be exempt.

12.12 ***UK taxation of other UK tax resident NewRiver Holdco Shareholders***

Certain other UK resident NewRiver Holdco Shareholders, including pension funds and charities, are not liable to UK tax on Non-PID Dividends.

12.13 ***Taxation of NewRiver Holdco Shareholders who are not resident in the UK for tax purposes***

A NewRiver Holdco Shareholder resident outside the UK may be subject to foreign taxation on dividend income under local law. NewRiver Holdco Shareholders who are not resident for tax purposes in the UK should obtain their own tax advice concerning their tax position on Non-PID Dividends received from NewRiver Holdco.

12.14 ***UK taxation of chargeable gains in respect of NewRiver Holdco Shares***

For the purpose of UK tax on chargeable gains, the amount paid by a NewRiver Holdco Shareholder for NewRiver Holdco Shares will constitute the base cost of his holding. If a NewRiver Holdco Shareholder disposes of all or some of his NewRiver Holdco Shares, a liability to tax on chargeable gains may arise. This will depend on the base cost and incidental costs of acquisition and disposal, which can be allocated against the proceeds and also the NewRiver Holdco Shareholder's circumstances and any reliefs to which he is entitled. In the case of corporate NewRiver Holdco Shareholders, indexation allowance will apply to the amount paid for the NewRiver Holdco Shares.

12.15 ***UK taxation of NewRiver Holdco Shareholders who are UK tax resident individuals***

Subject to the availability of any exemptions, reliefs and/or allowable losses, a gain on disposal of NewRiver Holdco Shares by individuals, trustees and personal representatives will generally be subject to capital gains tax at the rate of up to 20 per cent.

12.16 ***UK taxation of UK tax resident corporate NewRiver Holdco Shareholders***

Subject to the availability of any exemptions, reliefs and/or allowable losses, a gain on disposal of NewRiver Holdco Shares by a NewRiver Holdco Shareholder within the charge to UK corporation tax will generally be subject to corporation tax at the current rate of 20 per cent.

12.17 ***UK taxation of NewRiver Holdco Shareholders who are not resident in the UK for tax purposes***

NewRiver Holdco Shareholders who are not resident in the UK for tax purposes may not, depending on their personal circumstances, be liable to UK taxation on chargeable gains arising from the sale or other disposal of their NewRiver Holdco Shares (unless they carry on a trade, profession or vocation in the UK through a branch or agency with which their NewRiver Holdco Shares are connected or, in the case of a corporate NewRiver Holdco Shareholder, through a permanent establishment in connection with which the NewRiver Holdco Shares are held).

Individual NewRiver Holdco Shareholders who are temporarily not UK resident and who dispose of all or part of their NewRiver Holdco Shares during that period may be liable to UK capital gains tax on chargeable gains realised on their return to the UK, subject to any available exemptions or reliefs.

NewRiver Holdco Shareholders who are resident for tax purposes outside the UK may be subject to foreign taxation on capital gains depending on their circumstances.

12.18 ***Stamp Duty and Stamp Duty Reserve Tax on transfers of NewRiver Holdco Shares***

UK stamp duty and UK stamp duty reserve tax ("SDRT")

No UK stamp duty or stamp duty reserve tax will generally be payable on the issue, allotment and registration of the NewRiver Holdco Shares. UK legislation provides for a 1.5 per cent. stamp duty or SDRT charge where shares are transferred (in the case of stamp duty) or issued or transferred (in the case of SDRT) (i) to, or to a nominee or agent for, a person whose business is or includes the provision of clearance services or (ii) to, or to a nominee or agent for, a person whose business is or includes issuing depositary receipts. However, following litigation, HMRC has confirmed that it will no longer seek to apply the 1.5 per cent. SDRT charge on an issue of shares or securities into a clearance service or depositary receipt arrangement on the basis that the charge is not compatible with EU law. The 1.5 per cent. SDRT or stamp duty charge will continue to apply to transfers of shares or securities into a clearance service or depositary receipt arrangement unless they are an integral part of an issue of share capital. In addition, the Finance Bill 2016 includes legislation providing that shares transferred into a clearance service or depositary receipt arrangement as a result of the exercise of an option granted on or after 25 November 2015 and exercised on or after 23 March 2016 will be subject to stamp duty or SDRT at a rate of 1.5 per cent. on the higher of the market value of the shares and the option strike price. Accordingly, it may be appropriate to seek specific professional advice before incurring a 1.5 per cent. stamp duty or SDRT charge.

Clearance services may opt, under certain conditions, for the normal rates of stamp duty or SDRT (being 0.5 per cent. of the amount or value of the consideration for the transfer rounded up in the case of stamp duty to the nearest £5.00) to apply to a transfer of shares into, and to transactions within, the service instead of the higher rate of 1.5 per cent. referred to above.

Transfers on sale of NewRiver Holdco Shares will generally be subject to UK stamp duty at the rate of 0.5 per cent. of the amount or value of the consideration given for the transfer rounded up to the next £5.00. The purchaser is liable for the stamp duty. An exemption from stamp duty will be available on an instrument transferring the NewRiver Holdco Shares where the amount or value of the consideration is £1,000 or less and it is certified on the instrument that the transaction effected by the instrument does not form part of a larger transaction or series of transactions for which the aggregate consideration exceeds £1,000. An agreement to transfer NewRiver Holdco Shares will normally give rise to a charge to SDRT at the rate of 0.5 per cent. of the amount or value of the consideration payable for the transfer. If a duly stamped transfer in respect of the agreement is produced within six years of the date on which the agreement is made (or, if the agreement is conditional, the date on which the agreement becomes unconditional), any SDRT paid is repayable, generally with interest, and otherwise the SDRT charge is cancelled. SDRT is, in general, payable by the purchaser.

Agreements to transfer NewRiver Holdco Shares within the CREST system will generally be liable to SDRT (rather than stamp duty) at the rate of 0.5 per cent. of the amount or value of the consideration payable. CREST is obliged to collect SDRT on relevant transactions settled within the CREST system. Deposits of NewRiver Holdco Shares into CREST will not generally be subject to SDRT unless the transfer into CREST is itself for consideration in money or money's worth.

Prospective purchasers of NewRiver Holdco Shares should consult their own tax advisers with respect to the tax consequences to them of acquiring, holding and disposing of NewRiver Holdco Shares.

13. Takeover bids

The City Code is issued and administered by the Takeover Panel. NewRiver Holdco is subject to the City Code and therefore NewRiver Holdco Shareholders are entitled to the protections afforded by the City Code.

14. Mandatory bids

Rule 9 of the City Code provides that, except with the consent of the Takeover Panel, when: (i) any person acquires, whether by a series of transactions over a period of time or not, an interest in shares which (taken together with shares in which persons acting in concert with it are interested) carry 30 per cent. or more of the voting rights of a company; or (ii) any person, together with persons acting in concert with it, is interested which, in the aggregate, carry not less than 30 per cent. of the voting rights of a company but does not hold shares carrying more than 50 per cent. of such voting rights and such person, or any person acting in concert with it, acquires an interest in any other shares which increases the percentage of shares carrying voting rights in which it is interested, then, in either case, that person, together with the persons acting in concert with it, is normally required to extend offers in cash, at the highest price paid by it (or any persons acting in concert with it) for shares in the company within the preceding 12 months, to the holders of any class of equity share capital whether voting or non-voting and also to the holders of any other class of transferable securities carrying voting rights.

15. Squeeze-out

Under the Companies Act, if a "takeover offer" (as defined in section 974 of the Companies Act) is made for the NewRiver Holdco Shares and the offeror were to acquire, or unconditionally contract to acquire, not less than 90 per cent. in value of the NewRiver Holdco Shares to which the takeover offer relates (the "**Takeover Offer Shares**") and not less than 90 per cent. of the voting rights attached to the Takeover Offer Shares within three months of the last day on which its offer can be accepted, it is able to acquire compulsorily the remaining 10 per cent. In order to do so, it would send a notice to NewRiver Holdco Shareholders who had not, at such time, accepted the offer telling them that it will acquire compulsorily their Takeover Offer Shares in its favour and pay the consideration to NewRiver Holdco, which would hold the consideration on trust for those NewRiver Holdco Shareholders in the event that they had not accepted the offer at such time. The consideration offered to the NewRiver Holdco Shareholders whose Takeover Offer Shares are acquired compulsorily under the Companies Act must, in general, be the same as the consideration that was available under the takeover offer.

16. Sell-out

The Companies Act also gives minority NewRiver Holdco Shareholders a right to be bought out in certain circumstances by an offeror who has made a takeover offer. If a takeover offer related to all the NewRiver Holdco Shares has been made and at any time before the end of the period within which the offer could be accepted the offeror held, or had agreed to acquire, not less than 90 per cent. of the NewRiver Holdco Shares to which the offer related, any holder of NewRiver Holdco Shares to which the offer related who had not accepted the offer could, by a written communication to the offeror, require it acquire those NewRiver Holdco Shares. The offeror is required to give any NewRiver Holdco Shareholder notice of his right to be bought out within one month of that right arising. The offeror may impose a time limit on the rights of the minority NewRiver Holdco Shareholders to be bought out, but that period cannot end less than three months after the end of the acceptance period. If a NewRiver Holdco Shareholder exercises his or her rights, the offeror is bound to acquire those NewRiver Holdco Shares on the terms of the offer or on such other terms as may be agreed.

17. Working capital

NewRiver Holdco is of the opinion that, taking into account the existing bank and other facilities available to the NewRiver Holdco Group, the working capital available to the NewRiver Holdco Group is sufficient for its present requirements, that is, for a period of at least 12 months from the date of this document.

18. Expenses

The total costs, charges and expenses payable by NewRiver Holdco in connection with the Scheme and Admission, including the fees of the London Stock Exchange and the FCA, commissions and fees payable to advisers, legal and accounting fees and expenses, and the costs of printing and distribution of documents are estimated to amount to approximately £1.75 million (excluding VAT). No expenses will be charged to the NewRiver Holdco Shareholders.

19. Legal and arbitration proceedings

There are not, and have not been, any governmental legal or arbitration proceedings (including any proceedings which are pending or threatened as far as the Company is aware), during the 12 months immediately preceding the date of this document which may have, or have had in the recent past, significant effects on the Company's or the Group's financial position or profitability.

20. Significant change

Save as set out below, there has been no significant change in the Group's financial or trading position since 31 March 2016, being the date to which the last published audited consolidated financial statements for the Group were drawn up:

20.1 The Group acquired the Bexleyheath shopping centre on 18 April 2016 for a total consideration of £120.25 million and, as part of the acquisition, a £49.0 million term loan facility was made available to the Group. The Group also acquired the Cuckoo Bridge Retail Park in Dumfries on 22 June 2016 for a total consideration of £20.2 million. The impact of these two acquisitions on the net indebtedness of the Group is set out at paragraph 16 of Part 6 of this document.

20.2 In addition, the Referendum was held on 23 June 2016. There is potential for the Referendum Result to impact the performance of the Group as described in the "Risk Factors" section of this document and, in particular, the risk factor headed "*Risks relating to the outcome of the UK's referendum on continued membership of the European Union*" and in paragraph 3.6 of Part 2 of this document.

In addition, following the Referendum Result, there is expected to be a prolonged period of uncertainty in relation to many factors that impact the property investment and letting markets and it has not been possible to gauge the effect of the Referendum Result by reference to transactions in the market place. Accordingly, Colliers International has stated in its property valuation report set out in Part 4 of this document that the probability of its opinion of value coinciding with the price achieved, were there to be a sale, has reduced and that, therefore, in accordance with VPGA 9.2.6 of the Red Book, less certainty can currently be attached to its opinions of value. For further information with respect to the valuation of the Group's property portfolio, please see the property valuation report set out in Part 4 of this document.

21. General

21.1 The Group's statutory accounts for the years ended 31 March 2014, 31 March 2015 and 31 March 2016 were audited by Deloitte LLP of PO Box 137, Regency Court, Glategny Esplanade, St Peter Port, Guernsey, Channel Islands GY1 3HW, a member of the Institute of Chartered Accountants in England and Wales. Deloitte LLP has given and has not withdrawn its written consent to the inclusion of its accountants' report set out in Section 1 of Part 5 of this document in the form and context in which it is included and has authorised the contents of that report for the purposes of Rule 5.5.3R(2)(f) of the Prospectus Rules.

21.2 Liberum Capital Limited, of Ropemaker Place, Level 12, 25 Ropemaker Street London EC2Y 9LY, has given and has not withdrawn its written consent to the issue of this document with the inclusion of its name and the references to it in the form and context in which they are included.

21.3 Kinmont Limited, of 5 Clifford Street, London W1S 2LG, has given and has not withdrawn its written consent to the issue of this document with the inclusion of its name and the references to it in the form and context in which they are included.

21.4 Colliers International Valuation UK LLP, of 50 George Street, London W1U 7GA, London W1K 3HQ, has given and has not withdrawn its written consent to the inclusion of its name and of its property valuation report included in Part 4 of this document and references to them in the form and context in which they are included and has authorised, and accordingly takes responsibility for the contents of that report for the purposes of Rule 5.5.3R(2)(f) of the Prospectus Rules. To the best of the knowledge of Colliers International Valuation UK LLP (who has taken all reasonable care to ensure that such is the case) the information contained in this document is in accordance with the facts and does not omit anything likely to affect the import of such information.

21.5 With the exception of Colliers International's comments regarding the impact of the Referendum Result set out in the paragraph in the property valuation report referred to at paragraph 21.4 above headed "*Effect of UK Referendum on Continued Membership of the European Union (23 June 2016)*", there has been no material change in the valuation(s) of the properties which are the subject to the property valuation report referred to in paragraph 21.4 above since the date(s) of the relevant valuation(s) contained in such report.

22. Third party information

Where information contained in this document originates from a third party source, it is identified where it appears in this document together with the name of its source. Such third party information has been accurately reproduced and, so far as the Company is aware and is able to ascertain from information published by the relevant third party, no facts have been omitted which would render the reproduced information inaccurate or misleading.

23. Documents available for inspection

Copies of the following documents will be available for inspection at the offices of Eversheds LLP, One Wood Street, London EC2V 7WS during normal business hours on any weekday (public holidays excepted) up to and including the date of Admission:

23.1 the NewRiver Articles and the NewRiver Holdco Articles;

23.2 the NewRiver Holdco Warrant Instrument;

23.3 all reports, letters, and other documents, historical financial information, valuations and statements prepared by any expert at the Company's request, any part of which is included or referred to in any part of this document;

23.4 the consent letters referred to in paragraphs 21.1 to 21.4 (inclusive) above; and

23.5 this document.

For the purposes of PR 3.2.4 of the Prospectus Rules, copies of this document will be published in printed form and available free of charge during normal business hours on any weekday (Saturdays, Sundays and English public holidays excepted) until the close of business on the date of Admission at the registered office of NewRiver Holdco (37 Maddox Street, London W1S 2PP) and the offices of Liberum (Ropemaker Place, Level 12, 25 Ropemaker Street London EC2Y 9LY). In addition, this document will be published in electronic form and available on NewRiver Holdco's website (www.nrr.co.uk), subject to access restrictions.

Dated: 15 August 2016

DEFINITIONS

The following definitions apply throughout this document, unless the context otherwise requires.

Admission	admission of the entire issued and to be issued ordinary share capital of NewRiver Holdco (i) to the premium listing segment of the Official List; and (ii) to trading on the Main Market of the London Stock Exchange, and "**Admission becoming effective**" means it becoming effective in accordance with paragraph 3.2.7 of the Listing Rules and the Admission and Disclosure Standards published by the London Stock Exchange
Admission and Disclosure Standards	the "Admission and Disclosure Standards" of the London Stock Exchange containing, among other things, the admission requirements to be observed by companies seeking admission to trading on the London Stock Exchange's Main Market for listed securities
AIM	AIM, the market of that name operated by the London Stock Exchange
Audit Committee	the audit committee of the Board
Board or **NewRiver Holdco Board**	the Directors of NewRiver Holdco, whose names appear on page 46 of this document
BRAVO I	PIMCO BRAVO Fund, L.P.
BRAVO II	PIMCO BRAVO Fund II, L.P.
BRAVO Joint Ventures	the joint venture arrangements described at paragraph 10.3 of Part 7 of this document
Business Day	a day (excluding Saturdays and Sundays and public holidays in England and Wales or Guernsey) on which banks are generally open for the transaction of normal banking business in the City of London and Guernsey for the transaction of normal banking business
Capita Asset Services	a trading name of Capita Registrars Limited
certificated or **certificated form**	a share which is not in uncertificated form (that is, not in CREST)
City Code or **Code**	the City Code on Takeovers and Mergers
Colliers International	Colliers International Valuation UK LLP
Companies Act or **the Act**	the Companies Act 2006, as amended
Company	see "**NewRiver Holdco**"
Conditions	the conditions to the implementation of the Scheme which are set out in paragraph 3 of Part 1 of this document
Court	the Royal Court of Guernsey
Court Hearing	the hearing by the Court of the application to sanction the Scheme under Part VIII of the Guernsey Companies Law (and to confirm the reduction of capital to be undertaken in connection with the Scheme)

Court Meeting	the meeting of NewRiver Shareholders convened by Order of the Court pursuant to Part VIII of the Guernsey Companies Law at which the Scheme was approved on 3 August 2016
Court Order	the Order of the Court sanctioning the Scheme under Part VIII of the Guernsey Companies Law (and confirming the reduction of capital to be undertaken in connection with the Scheme)
CREST	the relevant system (as defined in the Regulations) for the paperless settlement of trades and the holding of securities in uncertificated form operated by Euroclear in accordance with the CREST Regulations
CREST Regulations	the Uncertificated Securities Regulations 2001 (SI 2001 No. 01/378), as amended
CSOP	the NewRiver REIT plc Company Share Option Plan 2016
CTA 2009	Corporation Tax Act 2009
CTA 2010	Corporation Tax Act 2010
DBP	the NewRiver REIT plc Deferred Bonus Plan 2016
Dealing Day	a day on which the London Stock Exchange is open for the transaction of business
Directors	the directors of the Company, whose names are set out on page 46 of this document, or the directors from time to time of the Company, as the context requires, and "**Director**" shall be construed accordingly
Disclosure Rules and Transparency Rules	(i) the disclosure guidance made by the UKLA in accordance with section 73A(3) of Part VI of FSMA relating to the disclosure of information in respect of financial instruments (and, where the context requires, the disclosure rules made by the UKLA in accordance with section 73A(3) of Part VI of FSMA relating to the disclosure of information in respect of financial instruments which have been admitted to trading on a regulated market or for which a request for admission to trading on such a market has been made); and (ii) the transparency rules made by the UKLA under section 73A(6) of Part VI of FSMA in relation to major shareholdings and the notification and dissemination of information by issues of transferable securities (and, in each case, as these rules may be amended from time to time)
Distribution	any dividend or other distribution by the Company ("distribution" being construed in accordance with Part 23 of CTA 2010)
Effective Date or **Scheme Effective Date**	the date on which the Scheme becomes effective, expected to be 18 August 2016
Euroclear	Euroclear UK & Ireland Limited, the operator of CREST
European Union or **EU**	the economic and political union of European nations created on 1 November 1993 by the Treaty of the European Union
Excessive Shareholder	any person whose interest in NewRiver Holdco, whether legal or beneficial, direct or indirect, may cause any member of the Group to be liable to pay tax under section 551 of CTA 2010 (as such

	section may be modified, supplemented or replaced from time to time) on or in connection with the making of a distribution to or in respect of such person including, at the date of adoption of the NewRiver Holdco Articles, any holder of excessive rights as defined in section 553 of CTA 2010
Excessive Shareholding	an Excessive Shareholder's shareholding
Excluded Territories	the USA, Canada, Japan, New Zealand, Australia, the Republic of South Africa or territories for which the distribution of this document pursuant to the Scheme may constitute a violation of relevant securities laws
Executive Director	an Executive Director of NewRiver Holdco
Extraordinary General Meeting	the Extraordinary General Meeting of NewRiver Shareholders at which the Resolutions were approved on 3 August 2016
FCA or **Financial Conduct Authority**	the Financial Conduct Authority of the United Kingdom
FSMA	the Financial Services and Markets Act 2000, as amended
Group	before the Effective Date, NewRiver and its subsidiaries and subsidiary undertakings and, where the context requires, its associated undertakings and, after the Effective Date, NewRiver Holdco and its subsidiaries and subsidiary undertakings and, where the context requires, its associated undertakings
Guernsey Companies Law	The Companies (Guernsey) Law, 2008 (as amended, modified, consolidated, re-enacted or replaced from time to time)
HMRC	Her Majesty's Revenue & Customs
IASB	the International Accounting Standards Board
IFRS	International Financial Reporting Standards as adopted for use in the European Union and which comply with Article 4 of the EU IAS regulation
Institutional Investor	a person who qualifies as an institutional investor under Section 528(4A) of CTA 2010
ITEPA	the Income Tax (Earnings and Pensions) Act 2003, as amended
Latest Practicable Date	12 August 2016 (being the latest practicable date prior to the publication of this document)
Liberum	Liberum Capital Limited
Listing Rules	the listing rules made by the FCA under section 73A of FSMA
London Stock Exchange	London Stock Exchange Plc
LTV	loan-to-value
MAR or **Market Abuse Regulation**	the EU Market Abuse Regulation (2014/596/EU)
MSREI Joint Venture	the joint venture arrangements described at paragraph 10.2 of Part 7 of this document
New EBT	the NewRiver REIT plc Employee Benefit Trust

NewRiver	NewRiver Retail Limited, a limited company incorporated in Guernsey and registered with number 50463
NewRiver Articles	the articles of association of NewRiver (as amended at the Extraordinary General Meeting)
NewRiver Board	the Board of Directors of NewRiver
NewRiver Executive Directors	the Executive Directors of NewRiver
NewRiver Group	see "**Group**"
NewRiver Holdco or **the Company**	NewRiver REIT plc, a public limited company incorporated in England and Wales under the Companies Act with registered number 10221027
NewRiver Holdco Articles	the articles of association of NewRiver Holdco
NewRiver Holdco Directors	the Board of Directors of NewRiver Holdco
NewRiver Holdco Group	before the Effective Date, NewRiver Holdco and, after the Effective Date, NewRiver Holdco and its subsidiaries and subsidiary undertakings (including NewRiver) and where the context requires, its associated undertakings
NewRiver Holdco Redeemable Preference Shares	50,000 redeemable preference shares of 100 pence each
NewRiver Holdco Shareholder	a holder of NewRiver Holdco Shares
NewRiver Holdco Share Incentive Plans	the DBP, PSP, CSOP and the Unapproved Plan
NewRiver Holdco Shares	ordinary shares of one pence each in the capital of NewRiver Holdco to be issued credited as fully paid in accordance with the terms of the Scheme (or otherwise in connection with or pursuant to the Scheme) and the NewRiver Holdco Subscriber Shares
NewRiver Holdco Subscriber Shares	the two ordinary shares of one pence each in the capital of NewRiver Holdco issued on incorporation of NewRiver Holdco
NewRiver New Ordinary Shares	ordinary shares of no par value in the capital of NewRiver created following the cancellation of the Scheme Shares, which shall be issued to NewRiver Holdco pursuant to the Scheme
NewRiver Non-Executive Directors	the Non-Executive Directors of NewRiver
NewRiver Shareholder	holders of NewRiver Shares from time to time
NewRiver Share Incentive Plans	the NewRiver Retail Limited Deferred Bonus Plan 2015, the NewRiver Retail Limited Performance Share Plan 2009, the NewRiver Retail Limited Company Share Option Plan 2009 and the NewRiver Retail Limited Unapproved Share Option Plan 2009
NewRiver Shares	ordinary shares of no par value in the capital of NewRiver
NewRiver Warrantholders	holders of NewRiver Warrants from time to time
NewRiver Warrant Instrument	the warrant instrument dated 26 August 2009 entered into by NewRiver constituting the NewRiver Warrants
NewRiver Warrants	the warrants to subscribe for NewRiver Shares granted by NewRiver to NewRiver Shareholders at the time of its IPO in 2009

Nomination Committee	the nomination committee of the Board
Non-executive Director	a Non-executive Director of NewRiver Holdco
Official List	the official list maintained by the UK Listing Authority pursuant to Part VI of FSMA
Old EBT	the NewRiver Retail Limited Employee Benefit Trust
Overseas Shareholders	NewRiver Shareholders who are resident in, ordinarily resident in, located in or citizens of, jurisdictions outside the UK
PCA	a "person closely associated" with a PDMR, as defined in the Market Abuse Regulation
PDMR	a "person discharging managerial responsibilities", as defined in the Market Abuse Regulation
Proposals	the insertion of NewRiver Holdco as the ultimate parent company of the Group by way of the Scheme and Admission
Prospectus	this document
Prospectus Directive	Regulation 809/2004 of the European Commission Regulation
Prospectus Rules	the Prospectus Rules of the FCA made under Part VI of FSMA
PSP	the NewRiver REIT plc Performance Share Plan 2016
Qualifying Property Rental Business	a business within the meaning of section 205 of CTA 2009 or an overseas property business within the meaning of section 206 CTA 2009, but, in each case, excluding certain specified types of business (as per section 519(3) of CTA 2010)
Referendum	the referendum on the United Kingdom's continued membership of the European Union held on 23 June 2016
Referendum Result	the result of the Referendum, whereby the citizens of the United Kingdom voted by a majority in favour of the United Kingdom leaving the European Union
Registrar	see "**Capita Asset Services**"
Regulations	the Uncertified Securities Regulations 2001 (as amended)
Regulatory Information Service	a service provided by the London Stock Exchange for the distribution to the public of announcements and included within the list maintained at the London Stock Exchange's website
REIT	a company or group to which Part 12 of the CTA 2010 applies
REIT Group	a group UK REIT within the meaning of Part 12 of the CTA 2010
REIT Regime	the regime as set out in Part 12 of the CTA 2010
Remuneration Committee	the remuneration committee of the Board
Residual Business	the business of the Group which is not Qualifying Property Rental Business
Resolutions	the special resolutions which were passed at the Extraordinary General Meeting in connection with, *inter alia*, the implementation of the Scheme, described in paragraph 3 of Part 1 of this document

Scheme or **Scheme of Arrangement**	means the scheme of arrangement proposed to be made under Part VIII of the Guernsey Companies Law between NewRiver and the holders of Scheme Shares as set out in Part III of the Scheme Circular, with or subject to any modification, addition or condition approved or imposed by the Court and agreed to by NewRiver and NewRiver Holdco
Scheme Circular	the circular sent to NewRiver Shareholders by NewRiver dated 13 July 2016
Scheme Effective Time	the time at which the Scheme becomes effective on the Effective Date
Scheme Record Time	6:00 p.m. (London time) on the Business Day immediately preceding the Scheme Effective Date
Scheme Shareholders	holders of Scheme Shares
Scheme Shares	all NewRiver Shares which are: (a) in issue at the date of the Scheme; (b) (if any) issued after the date of the Scheme but prior to the Voting Record Time; and (c) (if any) issued on or after the Voting Record Time and before the Scheme Record Time, either on terms that the original and any subsequent holders of such NewRiver Shares are to be bound by the Scheme and/or in respect of which their holders are, or have agreed in writing to be, bound by the Scheme, save for any NewRiver Shares held, legally or beneficially, by NewRiver Holdco or any NewRiver Shares held as treasury shares or any NewRiver Shares held by the trustee of the Old EBT
Scheme Voting Record Time	6.00 p.m. (London time) on 1 August 2016, or, if the Court Meeting is adjourned, 6.00 p.m. (London time) on the day which is two days before the date of such adjourned meeting
SDRT	UK stamp duty reserve tax
Senior Management or **Senior Manager**	that person referred to in paragraph 10.2 of Part 2 of this document
Share Dealing Code	the share dealing code adopted by the Company (and as amended from time to time) regarding the Group's PDMRs' (and their PCAs') and certain other applicable employees of the Group's dealings
Shareholders	holders of NewRiver Shares and/or NewRiver Holdco Shares, as applicable
Shares	NewRiver Shares and/or NewRiver Holdco Shares, as applicable
SPV	special purpose vehicle, an entity formed usually to acquire assets
UK Listing Authority or **UKLA**	the Financial Conduct Authority acting in its capacity as the competent authority for the purposes of Part VI of FSMA
Unapproved Plan	the NewRiver REIT plc Unapproved Share Option Plan 2016

uncertificated or **uncertificated form**	recorded on the relevant register or other record of the share or other security concerned as being held in uncertificated form in CREST, and title to which, by virtue of the Regulations, may be transferred by means of CREST
United Kingdom or **UK**	the United Kingdom of Great Britain and Northern Ireland
Unites States or **USA**	the United States of America, its territories and possessions, any state of the United States of America and the district of Columbia and any other area subject to its jurisdiction
US Person	has the meaning given to it in Regulation S of the US Securities Act
US Securities Act	the US Securities Act of 1933, as amended from time to time, and the rules and regulations thereunder
VAT	(i) within the European Union, any tax imposed by any member state in conforming with the directive of the council of the European Union on the common system of value added tax (2006/112/EC) and (ii) outside the European Union, any tax corresponding to, or substantially similar to, the common system of value added tax referred to in paragraph (i) of this definition

All references to legislation in this document are to the legislation of England and Wales unless the contrary is indicated. Any reference to any provision of any legislation shall include any amendment, modification, re-enactment or extension thereof.

Words importing the singular shall include the plural and vice versa, and words importing the masculine gender shall include the feminine or neutral gender.

GLOSSARY OF INDUSTRY SPECIFIC TERMS

assets under management ("AUM")	measures the total market value of all properties managed by the Group
book value	the amount by which assets and liabilities are reported in the Group's financial statements
EPRA	the European Public Real Estate Association, the industry body for European REITs
EPRA adjusted profit	recurring profits and realised profits on sale of properties during a financial year
EPRA earnings	the profit after taxation excluding investment property revaluations and gains/losses on disposals
EPRA net assets ("EPRA NAV")	the balance sheet net assets excluding the mark-to-market 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
equivalent yield	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 arrear and on values before deducting prospective purchaser's costs
Estimated Rental Value ("ERV")	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
fair value	in relation to property assets, the estimated amount for which a property should exchange on the date of valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing, wherein the parties had each acted knowledgeably, prudently and without compulsion (as determined by the Group's external valuers). In accordance with usual practice, the Group's external valuers report valuations net, after the deduction of the prospective purchaser's costs, including stamp duty land tax, agent and legal fees
interest cover	the number of times net interest payable is covered by underlying profit before net interest payable and taxation
IRR	internal rate of return, a measurement of the profitability of a particular investment
joint venture	an entity in which the Group holds an interest on a long-term basis and is jointly controlled by the Group and one or more venturers under a contractual arrangement whereby decisions on financial and operating policies essential to the operation, performance and financial position of the venture require each joint venture partner's consent
leasing events	long-term and temporary new lettings, lease renewals and lease variations within investment and joint venture projects

loan-to-value (“LTV”)	The ratio of gross debt less cash, short-term deposits and liquid investments to the aggregate value of properties and investments
Market Value	has the meaning given thereto in Part 4 of this document
mark-to-market	the difference between the book value of an assets or liability and its market value
Non-PID Dividends	a dividend paid by the Company that is not a PID
PID or **Property Income Distribution**	a distribution referred to in section 548(1) or 548(3) of CTA 2010, being a dividend or distribution paid by NewRiver Holdco in respect of profits or gains of the Qualifying Property Rental Business of the Group (other than gains arising to non-UK resident Group companies) arising at a time when the Group is a REIT insofar as they derive from the Group’s Qualifying Property Rental Business
Property Rental Business or **property rental business**	a business within the meaning of section 205 of the CTA 2009 or an overseas property business within the meaning of section 206 CTA 2009, but, in each case, excluding certain specified types of business (as per section 519(3) of the CTA 2010)
Qualifying Property Rental Business	a Property Rental Business fulfilling the conditions in section 529 of the CTA 2010
Residual Business	that part of the business of the Group that is not part of the Qualifying Property Rental Business