

**THIS DOCUMENT AND ANY ACCOMPANYING DOCUMENTS ARE IMPORTANT AND REQUIRE 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, which comprises (i) a circular prepared in accordance with Chapter 13 of the Listing Rules for the purposes of the General Meeting convened pursuant to the Notice of General Meeting set out at the end of this document and (ii) a prospectus relating to NewRiver REIT plc (“**NewRiver REIT**” or the “**Company**”) and the Capital Raising for the purposes of section 85(1) of FSMA, has been 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 offices of Eversheds Sutherland (International) LLP, details of which are set out on page 54 of this document.

LR 2.2.10 (2)(a)

If you sell or have sold or otherwise transferred all of your Existing Ordinary Shares prior to the date the shares were marked ex-entitlement to the Open Offer you should send this document (but not any personalised Form of Proxy or Application Form) at once to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for delivery to the purchaser or the transferee. However, the distribution of this document and the accompanying documents and/or the Open Offer Entitlements through CREST into jurisdictions other than the United Kingdom may be restricted by law. Therefore, persons outside the United Kingdom into whose possession this document and any accompanying documents come should inform themselves about, and observe, any such restrictions. Any failure to comply with these restrictions may constitute a violation of the securities laws of the relevant jurisdiction.

The Directors, whose names appear on page 54 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.

Annex III para 1.2

# NEW RIVER

## NewRiver REIT plc

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

**Proposed Firm Placing of 45,474,313 New Ordinary Shares at 335 pence per  
New Ordinary Share**

LR 13.6.1 (1)(a)

Annex III para 4.4

**Proposed Placing and Open Offer of 21,689,866 New Ordinary Shares at 335 pence per  
New Ordinary Share**

LR 2.2.9 (1)

and

### Notice of General Meeting

*Sponsor and Joint Bookrunner*

**LIBERUM CAPITAL LIMITED**

**LIBERUM**

*Joint Bookrunner*

**PEEL HUNT LLP**

**PEEL HUNT**

*Joint Financial Adviser*

**KINMONT**

**KINMONT**

*Joint Financial Adviser*

**BARCLAYS**

 **BARCLAYS**

The Existing Ordinary Shares are admitted to the premium listing segment of the Official List and to trading on the London Stock Exchange’s Main Market for listed securities. Applications will be made to the UK Listing Authority for the New Ordinary Shares to be admitted to the premium listing segment of the Official List and to the London Stock Exchange for the New Ordinary Shares to be admitted to trading on the London Stock Exchange’s Main Market for listed securities (together “**Admission**”). It is expected that Admission will become effective and that dealings in the New Ordinary Shares will commence at 8.00 a.m. on 6 July 2017.

LR 2.2.3

This document should be read in its entirety by NewRiver REIT Shareholders and any other person contemplating a purchase of New Ordinary Shares. Your attention is drawn to the letter from the Chairman of NewRiver REIT which is set out in Part 1 of this document. You should read the whole of this document and any documents incorporated herein by reference. NewRiver REIT Shareholders and any other persons contemplating the acquisition of New Ordinary Shares should refer to the Part headed “**Risk Factors**” for a description of certain important factors, risks and uncertainties that may affect the NewRiver Group’s business and the New Ordinary Shares and which should be taken into account when considering whether or not to

Annex III paras 6.1  
and 6.2

subscribe for, or acquire, New Ordinary Shares. 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.

A notice convening the General Meeting to be held at 10.00 a.m. on 4 July 2017 at the offices of Eversheds Sutherland (International) LLP, One Wood Street, London EC2V 7WS is set out at the end of this document. A Form of Proxy for use in connection with the General Meeting is enclosed with this document. Whether or not you intend to attend the General Meeting in person, to be valid, the Form of Proxy should be completed, signed and returned in accordance with the instructions printed on it so as to be received by Capita Asset Services, at PXS 1, 34 Beckenham Road, Beckenham, Kent BR3 4ZF, as soon as possible, and in any event, by no later than 10.00 a.m. on 2 July 2017. If you hold Existing Ordinary Shares in CREST, you may appoint a proxy by completing and transmitting a CREST Proxy Instruction to Capita Asset Services (CREST participant ID RA10), so that it is received by no later than 10.00 a.m. on 2 July 2017. The completion and return of a Form of Proxy (or the electronic appointment of a proxy) will not preclude you from attending and voting in person at the General Meeting or any adjournment thereof, if you wish to do so and are so entitled.

The latest time and date for acceptance and payment in full under the Open Offer is 11.00 a.m. on 3 July 2017. The procedures for acceptance and payment are set out in Part 3 of this document and, where relevant, in the Application Form. Qualifying Non-CREST Shareholders will be sent an Application Form. Qualifying CREST Shareholders (who will not receive an Application Form) will receive a credit to their appropriate stock accounts in CREST in respect of their Open Offer Entitlements and Excess Open Offer Entitlements which is expected to be enabled for settlement on 19 June 2017.

Applications under the Open Offer may only be made by the Qualifying Shareholder originally entitled or by a person entitled by virtue of a bona fide market claim arising out of a sale or transfer of Existing Ordinary Shares prior to the date on which the Existing Ordinary Shares were marked “ex” the entitlement by the London Stock Exchange. Qualifying CREST Shareholders who are CREST sponsored members should refer to their CREST sponsors regarding the action to be taken in connection with this document and the Open Offer. The Application Form is personal to Qualifying Shareholders and cannot be transferred, sold, or assigned except to satisfy bona fide market claims. Holdings of Existing Ordinary Shares in certificated and uncertificated form will be treated as separate holdings for the purpose of calculating entitlements under the Open Offer.

The release, publication or distribution of this document and any accompanying documents in jurisdictions other than the United Kingdom may be restricted by law and, therefore, any persons who are subject to the laws of any jurisdiction other than the United Kingdom should inform themselves about, and observe, any applicable requirements. Failure to comply with any such restrictions may constitute a violation of the securities laws of any jurisdiction. This document has been prepared to comply with requirements of English law, the Listing Rules, the Prospectus Rules and the Rules of the London Stock Exchange and information disclosed 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 England.

Liberum Capital Limited (“**Liberum**”) is authorised and regulated by the FCA in the United Kingdom. Liberum is acting exclusively for NewRiver REIT and no-one else in connection with the Capital Raising, and will not regard any other person (whether or not a recipient of this document) as its client in relation to the Capital Raising, and will not be responsible for providing the protections afforded to Liberum clients, nor for giving advice in relation to the Capital Raising, or any arrangement referred to in, or information contained in, this document.

Apart from the responsibilities and liabilities, if any, which may be imposed on Liberum under FSMA or the regulatory regime established thereunder, Liberum does not accept any responsibility whatsoever or make any representation or warranty, express or implied, concerning the contents of this document including its accuracy, completeness or verification or concerning any other statement made or purported to be made by any of them, or on behalf of them, in connection with NewRiver REIT, the Group, the New Ordinary Shares, the Capital Raising and/or Admission. 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. Subject to applicable law, Liberum disclaims all and any duty, liability or responsibility whatsoever (whether direct or indirect, whether in contract, in tort, under statute or otherwise (save as referred to above)) which it might otherwise have in respect of this document or any statement purported to be made by it, or on its behalf, in connection with NewRiver REIT, the Group, or the arrangements described in this document.

Liberum may, in accordance with applicable legal and regulatory provisions, engage in transactions in relation to the Capital Raising and/or related instruments for its own account. Liberum does not intend to disclose the extent of any such investment or transactions otherwise than in accordance with any legal or regulatory obligation to do so.

Peel Hunt LLP (“**Peel Hunt**”) is authorised and regulated by the FCA in the United Kingdom. Peel Hunt is acting exclusively for NewRiver REIT and no-one else in connection with the Capital Raising, and will not regard any other person (whether or not a recipient of this document) as its client in relation to the Capital Raising, and will not be responsible for providing the protections afforded to Peel Hunt clients, nor for giving advice in relation to the Capital Raising, or any arrangement referred to in, or information contained in, this document.

Apart from the responsibilities and liabilities, if any, which may be imposed on Peel Hunt under FSMA or the regulatory regime established thereunder, Peel Hunt does not accept any responsibility whatsoever or make any representation or warranty, express or implied, concerning the contents of this document including its accuracy, completeness or verification or concerning any other statement made or purported to be made by any of them, or on behalf of them, in connection with NewRiver REIT, the Group, the New Ordinary Shares, the Capital Raising and/or Admission. 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. Subject to applicable law, Peel Hunt disclaims all and any duty, liability or responsibility whatsoever (whether direct or indirect, whether in contract, in tort, under statute or otherwise (save as referred to above)) which it might otherwise have in respect of this document or any

statement purported to be made by it, or on its behalf, in connection with NewRiver REIT, the Group, or the arrangements described in this document.

Peel Hunt may, in accordance with applicable legal and regulatory provisions, engage in transactions in relation to the Capital Raising and/or related instruments for its own account. Peel Hunt does not intend to disclose the extent of any such investment or transactions otherwise than in accordance with any legal or regulatory obligation to do so.

Kinmont Limited (“**Kinmont**”), which is authorised and regulated by the FCA in the United Kingdom, is acting exclusively for NewRiver REIT as joint financial adviser in connection with the Capital Raising and will not be responsible to anyone other than NewRiver REIT 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 NewRiver REIT or the Capital Raising, 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 NewRiver REIT are solely responsible.

Barclays Bank PLC, acting through its Investment Bank (“**Barclays**”), which is authorised by the Prudential Regulation Authority and regulated in the United Kingdom by the FCA and the PRA, is acting exclusively as joint financial adviser for NewRiver REIT and no one else in connection with the matters referred to in this document and will not be responsible to anyone other than NewRiver REIT for providing the protections afforded to the clients of Barclays, or for providing advice in connection with the contents of this document or any other matters referred to in this document.

#### **NOTICE TO US INVESTORS**

This document, including the Application Form, the Form of Proxy, the Open Offer Entitlements and Excess Open Offer Entitlements, does not constitute an offer of New Ordinary Shares to any person with a registered address in, or who is resident in, the United States or any other Restricted Jurisdiction. New Ordinary Shares, Open Offer Entitlements and Excess Open Offer Entitlements have not been and will not be registered under the US Securities Act, or with any regulatory authority or under the applicable securities laws of any state or other jurisdiction of the United States, or the relevant laws of any state, province or territory of any other Restricted Jurisdiction, or any other Restricted Jurisdiction, and may not be offered, sold, taken up, exercised, resold, renounced, transferred or delivered, directly or indirectly, within any Restricted Jurisdiction or within the United States. The New Ordinary Shares are being offered or sold outside the United States in reliance under the US Securities Act (“**Regulation S**”). This document, including the Application Form, the Open Offer Entitlements and Excess Open Offer Entitlements, does not constitute an offer to sell or a solicitation of an offer to buy New Ordinary Shares in any jurisdiction in which such offer or solicitation is unlawful. Neither this document nor the Application Forms or any other document connected with the Capital Raising will be distributed in or into the United States or any of the other Restricted Jurisdictions.

Neither the New Ordinary Shares, the Application Form, the Form of Proxy, the Open Offer Entitlements, the Excess Open Offer Entitlements, this document nor any other document connected with the Capital Raising have been or will be approved or disapproved by the SEC, any state securities commission in the United States or any other US regulatory authority, nor have any of the foregoing authorities passed upon or endorsed the merits of the offering of the New Ordinary Shares or the accuracy or adequacy of this document connected with the Capital Raising. Any representation to the contrary is a criminal offence in the United States. There will be no public offer of the New Ordinary Shares in the United States.

#### **NOTICE TO SWISS INVESTORS**

The New Ordinary Shares may not be publicly offered in Switzerland and will not be listed on the SIX Swiss Exchange (“**SIX**”) or on any other stock exchange or regulated trading facility in Switzerland. This document has been prepared without regard to the disclosure standards for issuance prospectuses under art. 652a or art. 1156 of the Swiss Code of Obligations or the disclosure standards for listing prospectuses under art. 27 ff. of the SIX Listing Rules or the listing rules of any other stock exchange or regulated trading facility in Switzerland. Neither this document nor any other offering or marketing material relating to the New Ordinary Shares or the Capital Raising may be publicly distributed or otherwise made publicly available in Switzerland.

Neither this document, the Application Form nor the Form of Proxy nor any other offering or marketing material relating to the Capital Raising, the Company or the New Ordinary Shares have been, or will be, filed with, or approved by, any Swiss regulatory authority. In particular, this document, the Application Form and the Form of Proxy will not be filed with, and the offer of New Ordinary Shares will not be supervised by, the Swiss Financial Market Supervisory Authority FINMA, and the offer of New Ordinary Shares has not been and will not be authorised under the Swiss Federal Act on Collective Investment Schemes (“**CISA**”). The investor protection afforded to acquirers of interests in collective investment schemes under the CISA does not extend to acquirers of New Ordinary Shares.

**NOTICE TO OVERSEAS SHAREHOLDERS**

**EXCEPT AS OTHERWISE SET OUT HEREIN, THE CAPITAL RAISING DESCRIBED IN THIS DOCUMENT IS NOT BEING MADE TO NEWRIVER REIT SHAREHOLDERS OR INVESTORS IN ANY RESTRICTED JURISDICTIONS. NONE OF THE SECURITIES REFERRED TO IN THIS DOCUMENT SHALL BE SOLD, ISSUED OR TRANSFERRED IN ANY JURISDICTION IN CONTRAVENTION OF APPLICABLE LAW.**

For a description of the restrictions on offers, sales and transfers of the New Ordinary Shares and the distribution of this document, see Part 3 of this document.

All Overseas Shareholders and any person (including, without limitation, a nominee, custodian or trustee who has a contractual or other legal obligation to forward this document or any Application Form, if and when received, or other document to a jurisdiction outside the United Kingdom), should read paragraph 7 of Section A of Part 3 of this document.

Capitalised terms have the meanings ascribed to them in the section entitled "Definitions" of this document.

Any reproduction or distribution of this document, in whole or in part, and any disclosure of its contents or use of any information for any purposes other than in considering an acquisition of New Ordinary Shares is prohibited, except to the extent such information is otherwise publicly available. By accepting delivery of this document, each offeree of the New Ordinary Shares agrees to the foregoing.

**No person has been authorised to give any information or make any representations other than those contained in this document and, if given or made, such information or representations must not be relied upon as having been authorised by NewRiver REIT, Liberum, Peel Hunt, Kinmont or Barclays. None of NewRiver REIT, Liberum, Peel Hunt, Kinmont or Barclays takes any responsibility for, or can provide assurance as to the reliability of, other information that you might be given. NewRiver REIT 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 further information. Subject to FSMA, the Listing Rules, the Disclosure Guidance and Transparency Rules, the Prospectus Rules and the Market Abuse Regulation, neither the delivery of this document nor any subscription or sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of NewRiver REIT since the date of this document or that the information in this document is correct as at any time after this date. Without limitation, the contents of the Group's website do not form part of this document. Investors should only rely on the information contained in this document and contained in any documents incorporated into this document by reference.**

**THE CONTENTS OF THIS DOCUMENT OR ANY SUBSEQUENT COMMUNICATION FROM NEWRIVER REIT, LIBERUM, PEEL HUNT, KINMONT OR BARCLAYS OR ANY OF THEIR RESPECTIVE AFFILIATES, OFFICERS, DIRECTORS, EMPLOYEES OR AGENTS ARE NOT TO BE CONSTRUED AS LEGAL, FINANCIAL OR TAX ADVICE. EACH PROSPECTIVE INVESTOR SHOULD CONSULT HIS, HER OR ITS OWN SOLICITOR, INDEPENDENT FINANCIAL ADVISER OR TAX ADVISER FOR LEGAL, FINANCIAL OR TAX ADVICE.**

The date of this document is 16 June 2017.

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## 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.

PR2.1.4R  
PR2.1.6R  
PR2.1.7R

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			
<b>A.1</b>	<b>Introduction</b>	<p><b>This summary should be read as an introduction to this document.</b></p> <p><b>Any decision to invest in the securities should be based on consideration of this document as a whole by the investor.</b></p> <p><b>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.</b></p> <p>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.</p>	Annex XXII (Annex I, II and III)
<b>A.2</b>	<b>Subsequent resale of securities or final placement of securities through financial intermediaries</b>	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.	Annex XXII (Annex I, II and III)
Section B – Issuer			
<b>B.1</b>	<b>Legal and commercial name</b>	The issuer’s legal and commercial name is NewRiver REIT plc (“ <b>NewRiver REIT</b> ” or the “ <b>Company</b> ”).	Annex XXII (Annex I)
<b>B.2</b>	<b>Domicile/Legal Form/Legislation/Country of Incorporation</b>	NewRiver REIT 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 REIT operates under the Companies Act 2006.	Annex XXII (Annex I)
<b>B.3</b>	<b>Key factors of the issuer’s current operations, principal activities and markets</b>	<p>NewRiver REIT is the ultimate holding company for the NewRiver group of companies (the “<b>Group</b>”).</p> <p>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 15 June 2017 (being the latest</p>	Annex XXII (Annex I)  LR 6.1.4

practicable date prior to the publication of this document) (the “**Latest Practicable Date**”), it owned a UK-wide portfolio of 33 shopping centres, 21 retail warehouses, 14 high street and other retail assets and a portfolio of 349 public houses with retail and mixed-use development opportunities and convenience stores. The portfolio totals over 8 million sq. ft. with in excess of 2,000 occupiers, an annual footfall of 149 million and a retail occupancy rate of 97 per cent. (as at 31 March 2017). As at 31 March 2017, the Group’s share of its investment property assets under management was £1.1 billion and the aggregate combined capital value of its total investment property assets under management was approximately £1.3 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 well-connected convenience and non-discretionary spending. Shopping centres are the Group’s core asset base accounting for 68.0 per cent. of the Group’s total investment property assets under management by value as at 31 March 2017. 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, the Group 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

		<p>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.</p> <p>During the financial year ended 31 March 2015, the Group commenced a programme of acquiring retail warehouses, having recognised the potential in this part of the retail real estate market. As at 31 March 2017, retail warehouses accounted for 12.9 per cent. of the Group's total investment property assets under management by value.</p> <p>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.</p> <p><b>Public house and convenience store portfolio</b></p> <p>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).</p> <p>As at 31 March 2017, the Group had 10 convenience stores within its portfolio, all of which were constructed under the public house risk controlled development programme. An overarching agreement for lease with the Cooperative Group currently allows for the delivery of a total of up to 40 convenience stores from the public house portfolio.</p> <p>As at 31 March 2017, the public house and convenience store portfolio accounted for 14.0 per cent. of the Group's total investment property assets under management by value.</p> <p><b>Other</b></p> <p>As at 31 March 2017, high street and development investment property assets accounted for 4.7 and 0.4 per cent., respectively, of the Group's total investment property assets under management by value.</p>
B.4a	Significant trends	<p><b>Background</b></p> <p>The Group operates in the retail and leisure sector of the UK real estate market. The 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.</p> <p><b>UK retail real estate market</b></p> <p>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.</p>

Annex XXII  
(Annex I)



		<p><b>Trends in capital value, yields and transaction volumes</b></p> <p>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 Directors believe that it is difficult to be precise about the current prospects for capital growth in the current economic environment given the uncertainty surrounding the UK's planned exit from the European Union. Notwithstanding this, the Directors continue to see attractive acquisition and development opportunities in the market.</p> <p>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.</p> <p>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. 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 those of other investors. This has enabled the Group to build a significant and highly cash generative portfolio. In terms of the development of the UK property cycle, as capital growth becomes more difficult to achieve through improvement in market sentiment, the Group will have a continued focus on income return facets (including buying assets at attractive net initial yields and actively managing the portfolio to generate income uplift opportunities), which are a strong feature of the Group's portfolio (thus giving the potential for improved capital values over the longer term).</p> <p>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.</p> <p><b>Macro-economic factors</b></p> <p><i>Interest rates and borrowing levels</i></p> <p>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.</p> <p><i>UK consumer outlook</i></p> <p>In the period since NewRiver Retail Limited's ("<b>NewRiver Retail</b>") admission to AIM in 2009, the level of 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.</p> <p>Whilst the rate of CPI has steadily increased since the Referendum Result on 23 June 2016, at 2.9 per cent. in May 2017, it remains</p>
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		<p>well below the peak of 4.8 per cent. seen at the time of the last UK recession. The UK's economic backdrop has remained resilient since the Referendum Result, with quarterly growth in real GDP of 0.6 per cent. and 0.7 per cent. respectively in the last two quarters of 2016 and 0.3 per cent. for the first quarter of 2017. The Office for Budget Responsibility forecasts annual UK real GDP growth of 2.0 per cent., 1.6 per cent. and 1.7 per cent. for 2017, 2018 and 2019, respectively. Notwithstanding these forecasts, there remains uncertainty around the exact terms of the UK's exit from the European Union and the economic consequences thereof. These factors may impact the extent to which rental growth is achieved in the medium to long term.</p> <p><b>Current trading and prospects of the Group</b></p> <p>In the financial year ended 31 March 2017, the Group reported a 24 per cent. increase in Funds From Operations to £58 million reflecting the acquisitions made during the financial year as well as the Company's active asset management programme. Funds From Operations per Ordinary Share stood at 24.9 pence and dividends for the period totalled 23 pence per Ordinary Share. As at 31 March 2017, the Group's Net Asset Value stood at £685 million, with an EPRA NAV per Ordinary Share of 292 pence and a conservative loan to value ratio of 37 per cent.</p> <p>Operational performance was also strong, with 355 leasing events (excluding lease variations) completed and rental income on long term leasing deals up 3.9 per cent. compared to ERV. Like-for-like net income and footfall increased by 1.2 per cent. and 0.5 per cent., respectively, and, from 1 April 2017, rateable values across 90 per cent. of the Group's retail portfolio reduced by over 19 per cent.</p> <p>Whilst the Board is aware of general economic caution in light of uncertainty over negotiations in respect of the UK's decision to exit the European Union and the potential for rises in inflation and interest rates, it believes that the Group is well placed to meet the challenges that could arise in this environment. The Group owns a sizeable portfolio with critical mass. It is cash generative with an occupier base representing some of the strongest covenants in the UK retail and leisure sectors. Assets are geographically diversified with a focus on day-to-day shopping needs which the Directors consider to be significantly less volatile than other segments of the retail market. The Board therefore remains optimistic in its outlook for the Company.</p>
<b>B.5</b>	<b>Group structure</b>	<p>NewRiver REIT is the ultimate holding company of the Group and has the following significant subsidiaries (all incorporated in the UK unless otherwise stated): NewRiver Retail Limited (Guernsey), NewRiver Retail (Bexleyheath) Holdings Limited, NewRiver Retail (Boscombe No. 1) 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</p>

Annex XXII  
(Annex I)

		<p>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 REIT (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) Limited (Jersey), NewRiver Retail (Broadway Square) Limited (Jersey) and NewRiver (Darnall) Limited.</p>																																
<p><b>B.6</b></p>	<p><b>Notifiable interests in the Company and voting rights</b></p>	<p>As at the Latest Practicable Date, NewRiver REIT had been notified in accordance with DTR 5 of the Disclosure Guidance and Transparency Rules that the following persons, in addition to the interests of the Directors referred to herein, were, directly or indirectly, interested in three per cent. or more of NewRiver's issued ordinary share capital or voting rights:</p> <table data-bbox="639 1330 1401 1675"> <thead> <tr> <th></th> <th colspan="3"><i>As at the Latest Practicable Date</i></th> </tr> <tr> <th></th> <th><i>Number of issued Ordinary Shares</i></th> <th><i>Percentage of issued Ordinary Shares (%)</i></th> <th><i>Percentage of issued total voting rights (%)</i></th> </tr> </thead> <tbody> <tr> <td><i>Shareholder</i></td> <td></td> <td></td> <td></td> </tr> <tr> <td>Woodford Investment Management Limited</td> <td>63,797,787</td> <td>26.73%</td> <td>27.27%</td> </tr> <tr> <td>Invesco Limited</td> <td>35,050,682</td> <td>14.69%</td> <td>14.98%</td> </tr> <tr> <td>BlackRock Inc.</td> <td>16,289,048</td> <td>6.83%</td> <td>6.96%</td> </tr> <tr> <td>Standard Life Investments</td> <td>7,643,831</td> <td>3.20%</td> <td>3.27%</td> </tr> <tr> <td>AXA Framlington</td> <td>7,131,840</td> <td>2.99%</td> <td>3.05%</td> </tr> </tbody> </table> <p>There are no differences between the voting rights enjoyed by the persons referred to above (or their nominees) and those enjoyed by other NewRiver REIT Shareholders.</p> <p>The Directors are not aware of any person who, directly or indirectly, jointly or severally, exercises control over NewRiver REIT.</p>		<i>As at the Latest Practicable Date</i>				<i>Number of issued Ordinary Shares</i>	<i>Percentage of issued Ordinary Shares (%)</i>	<i>Percentage of issued total voting rights (%)</i>	<i>Shareholder</i>				Woodford Investment Management Limited	63,797,787	26.73%	27.27%	Invesco Limited	35,050,682	14.69%	14.98%	BlackRock Inc.	16,289,048	6.83%	6.96%	Standard Life Investments	7,643,831	3.20%	3.27%	AXA Framlington	7,131,840	2.99%	3.05%
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<b>B.7</b>	<b>Selected historical key financial information</b>	<p>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 financial years ended 31 March 2015, 31 March 2016 and 31 March 2017.</p> <p><b>Summarised consolidated income statement</b></p> <table border="1"> <thead> <tr> <th rowspan="2"></th> <th colspan="2">Year ended 31 March 2017 (Audited)</th> <th colspan="2">Year ended 31 March 2016 (Audited)</th> <th colspan="2">Year ended 31 March 2015 (Audited)</th> <th rowspan="2">Total</th> <th rowspan="2">Total</th> </tr> <tr> <th>Operating Financing £'000</th> <th>Fair value and adjust- ments £'000</th> <th>Operating Financing £'000</th> <th>Fair value and adjust- ments £'000</th> <th>Operating Financing £'000</th> <th>Fair value and adjust- ments £'000</th> </tr> </thead> <tbody> <tr> <td><b>Net property income</b></td> <td>80,395</td> <td>–</td> <td>80,395</td> <td>54,587</td> <td>–</td> <td>54,587</td> <td>24,332</td> <td>–</td> <td>24,332</td> </tr> <tr> <td><b>Net valuation movement</b></td> <td>–</td> <td>(15,799)</td> <td>(15,799)</td> <td>–</td> <td>24,002</td> <td>24,002</td> <td>–</td> <td>19,266</td> <td>19,266</td> </tr> <tr> <td><b>Operating profit</b></td> <td>71,947</td> <td>(15,799)</td> <td>56,148</td> <td>57,698</td> <td>24,002</td> <td>81,700</td> <td>27,394</td> <td>19,266</td> <td>46,660</td> </tr> <tr> <td>Finance income</td> <td>61</td> <td>–</td> <td>61</td> <td>82</td> <td>–</td> <td>82</td> <td>191</td> <td>–</td> <td>191</td> </tr> <tr> <td>Finance costs</td> <td>(15,200)</td> <td>–</td> <td>(15,200)</td> <td>(12,237)</td> <td>–</td> <td>(12,237)</td> <td>(7,323)</td> <td>–</td> <td>(7,323)</td> </tr> <tr> <td>Revaluation of Derivatives</td> <td>–</td> <td>(3,607)</td> <td>(3,607)</td> <td>–</td> <td>–</td> <td>–</td> <td>–</td> <td>–</td> <td>–</td> </tr> <tr> <td><b>Profit for the year before taxation</b></td> <td>56,808</td> <td>(19,406)</td> <td>37,402</td> <td>45,543</td> <td>24,002</td> <td>69,545</td> <td>20,262</td> <td>19,266</td> <td>39,528</td> </tr> <tr> <td>Taxation charge</td> <td>(1,201)</td> <td>–</td> <td>(1,201)</td> <td>(136)</td> <td>–</td> <td>(136)</td> <td>–</td> <td>–</td> <td>–</td> </tr> <tr> <td><b>Profit for the year after taxation</b></td> <td>55,607</td> <td>(19,406)</td> <td>36,201</td> <td>45,407</td> <td>24,002</td> <td>69,409</td> <td>20,262</td> <td>19,266</td> <td>39,528</td> </tr> <tr> <td><b>Per share data</b></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>Funds from Operations (pence)</td> <td></td> <td></td> <td>25</td> <td></td> <td></td> <td>27</td> <td></td> <td></td> <td>20</td> </tr> <tr> <td>EPRA basic (pence)</td> <td></td> <td></td> <td>24</td> <td></td> <td></td> <td>20</td> <td></td> <td></td> <td>18</td> </tr> <tr> <td>Basic EPS (pence)</td> <td></td> <td></td> <td>16</td> <td></td> <td></td> <td>39</td> <td></td> <td></td> <td>38</td> </tr> <tr> <td>EPS diluted (pence)</td> <td></td> <td></td> <td>15</td> <td></td> <td></td> <td>39</td> <td></td> <td></td> <td>36</td> </tr> </tbody> </table>		Year ended 31 March 2017 (Audited)		Year ended 31 March 2016 (Audited)		Year ended 31 March 2015 (Audited)		Total	Total	Operating Financing £'000	Fair value and adjust- ments £'000	Operating Financing £'000	Fair value and adjust- ments £'000	Operating Financing £'000	Fair value and adjust- ments £'000	<b>Net property income</b>	80,395	–	80,395	54,587	–	54,587	24,332	–	24,332	<b>Net valuation movement</b>	–	(15,799)	(15,799)	–	24,002	24,002	–	19,266	19,266	<b>Operating profit</b>	71,947	(15,799)	56,148	57,698	24,002	81,700	27,394	19,266	46,660	Finance income	61	–	61	82	–	82	191	–	191	Finance costs	(15,200)	–	(15,200)	(12,237)	–	(12,237)	(7,323)	–	(7,323)	Revaluation of Derivatives	–	(3,607)	(3,607)	–	–	–	–	–	–	<b>Profit for the year before taxation</b>	56,808	(19,406)	37,402	45,543	24,002	69,545	20,262	19,266	39,528	Taxation charge	(1,201)	–	(1,201)	(136)	–	(136)	–	–	–	<b>Profit for the year after taxation</b>	55,607	(19,406)	36,201	45,407	24,002	69,409	20,262	19,266	39,528	<b>Per share data</b>										Funds from Operations (pence)			25			27			20	EPRA basic (pence)			24			20			18	Basic EPS (pence)			16			39			38	EPS diluted (pence)			15			39			36
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Annex XXII  
(Annex I)

**Summarised consolidated balance sheet**

	<i>31 March 2017 £'000</i>	<i>31 March 2016 £'000</i>	<i>31 March 2015 £'000</i>
Total non-current assets	1,068,668	909,783	517,638
Total current assets	51,329	122,917	21,578
<b>Total assets</b>	<b>1,119,997</b>	<b>1,032,700</b>	<b>539,216</b>

**Equity and liabilities**

Total current liabilities	130,173	25,768	16,197
Total non-current liabilities	305,286	317,065	183,324
Net assets	684,538	689,867	339,695
<b>Total equity</b>	<b>684,538</b>	<b>689,867</b>	<b>339,695</b>

**Net Asset Value (NAV)  
per share**

EPRA NAV (pence)	292	295	265
Basic (pence)	292	295	267
Basic diluted (pence)	290	294	264

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 financial years ended 31 March 2015, 31 March 2016 and 31 March 2017. These are described below.

**Review of significant changes in financial performance and significant operating events for the three financial years ended 31 March 2015, 31 March 2016, 31 March 2017 and the period from 1 April 2017 to the date of publication of this document.**

Over the period from 1 April 2014 to the date of this document, the Group has raised £375 million of equity capital, which has led to a significant increase in the scale of its operations. The capital has been raised in three tranches; £75 million in January 2015, £150 million in July 2015 and £150 million in January 2016.

The Group has rapidly deployed this capital (together with debt capital where appropriate) across a number of acquisitions which meet its target investment criteria. These acquisitions include:

- August 2014: The Swallowtail shopping centre portfolio, which was acquired for £140 million through the BRAVO II joint venture with the Group taking a 50 per cent. stake.
- January 2015: The 90 per cent. stake not already owned by the Group in one of its joint ventures with BRAVO II for consideration of £71 million.
- July 2015: (i) the 50 per cent. stakes not already owned by the Group in a further two joint ventures with BRAVO II for an aggregate consideration of £52 million; and (ii) the Ramsay portfolio of 13 retail warehouses for an aggregate consideration of £69 million.

LR 13.6.1 (1)(d)

		<ul style="list-style-type: none"> <li>• August 2015: 158 public houses from Punch Taverns for £53.5 million.</li> <li>• April 2016: The Broadway Shopping Centre and Broadway Square Retail Park, Bexleyheath, which was acquired for £120 million.</li> <li>• June 2016: The Cuckoo Bridge Retail Park, Dumfries, which was acquired for £20.2 million.</li> <li>• September 2016: A retail warehouse in Sheffield, which was acquired for £17.9 million and for which, in March 2017, the Group received a surrender premium of £10.8 million, having already received £0.7 million of rental income since acquisition.</li> </ul> <p>The equity capital raises and acquisitions noted above, together with any related debt have significantly impacted the Company's financial results and financial position:</p> <ul style="list-style-type: none"> <li>• Net property income has increased from £24.3 million for the financial year ended 31 March 2015 to £54.6 million for the year financial ended 31 March 2016 and to £80.4 million for the financial year ended 31 March 2017. The reason for the uplift in net property income across these periods is largely the substantial increase in the Company's portfolio as the Company has deployed the capital it has raised.</li> <li>• Funds from Operations increased from £20.9 million for the financial year ended 31 March 2015 to £47.1 million for the financial year ended 31 March 2016 and to £58.2 million for the financial year ended 31 March 2017. The year-on-year increases were largely a result of the full year impact of acquisitions made in the relevant prior financial year together with the impact of acquisitions made during the relevant financial year.</li> <li>• Profit after taxation increased from £39.5 million for the financial year ended 31 March 2015 to £69.4 million for the financial year ended 31 March 2016 before decreasing to £36.2 million for the financial year ended 31 March 2017. The increase in profit after tax between the financial years ended 31 March 2015 and 31 March 2016 was largely a result of rental profit growth due to 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 valuation surplus year-on-year. The decrease in profit after tax between the financial year ended 31 March 2016 and the financial year ended 31 March 2017 was predominantly due to a downward revaluation of investment properties in the financial year ended 31 March 2017 compared to an upward valuation in the prior year, offset to some extent by an increase of £10.2 million in operating and financing profit compared to the financial year ended 31 March 2016.</li> </ul>
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		<ul style="list-style-type: none"> <li>Net asset value increased from £340 million at 31 March 2015 to £690 million at 31 March 2016 before decreasing to £685 million at 31 March 2017. The increase from 31 March 2015 to 31 March 2016 was largely a result of the equity raised in the period and the revaluation gains on the Group's investment and development property portfolio. The reduction in net asset value between 31 March 2016 and 31 March 2017 is largely due to the Group paying a large proportion of its operating and financing profits to shareholders by way of dividends, combined with absorbing purchase costs on £158.4 million of acquisitions, one off Main Market move costs and a reduction in capital values.</li> <li>EPRA net asset value per share increased from 265 pence at 31 March 2015 to 295 pence at 31 March 2016 before decreasing to 292 pence at 31 March 2017. The movements are primarily derived from revaluation gains or losses as well as, between 31 March 2015 and 31 March 2016, the accretive impact of equity raises.</li> </ul> <p>Save as set out above, there has been no significant change from 1 April 2014 to the date of this document.</p>	
<b>B.8</b>	<b>Selected key proforma financial information</b>	Not applicable – there is no proforma financial information contained in this document.	Annex XXII (Annex I, Annex II)
<b>B.9</b>	<b>Profit forecast/estimate</b>	Not applicable – there is no profit forecast or estimate contained in this document.	
<b>B.10</b>	<b>Audit report qualifications</b>	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>B.11</b>	<b>Working capital</b>	NewRiver REIT is of the opinion that, taking into account the Existing Bank Facilities available to the Group, the working capital available to the Group is sufficient for its present requirements, that is, for a period of at least 12 months from the date of this document.	Annex XXII (Annex III)

### Section C – Securities

<b>C.1</b>	<b>Type and class of the securities being admitted to trading, including the security identification number</b>	NewRiver REIT will issue 67,164,179 new ordinary shares of one pence each (the “ <b>New Ordinary Shares</b> ”) pursuant to the Capital Raising. The New Ordinary Shares will be subject to an application to be admitted to trading on the London Stock Exchange's Main Market for listed securities. The ISIN the New Ordinary Shares will trade under is ISIN GB00BD7XPJ64. The ISIN for the Open Offer Entitlements is GB00BF1KDD78 and the ISIN for the Excess Open Offer Entitlements is GB00BF1KDG00.	Annex III para 4.1  Annex XXII (Annex III)
<b>C.2</b>	<b>Currency of the securities issue</b>	The existing ordinary shares of one pence each in the capital of NewRiver REIT (the “ <b>Existing Ordinary Shares</b> ”) are denominated in pounds sterling and the New Ordinary Shares will also be denominated in pounds sterling and will be quoted and traded in pounds sterling.	Annex XXII (Annex III)

<b>C.3</b>	<b>Number of shares in issue and par value</b>	The nominal value of the issued ordinary share capital of NewRiver REIT as at the Latest Practicable Date was £2,385,885.36 divided into 238,588,536 Existing Ordinary Shares, each of which was issued fully paid. As at the Latest Practicable Date, NewRiver REIT held 4,613,737 Existing Ordinary Shares in treasury.	Annex XXII (Annex I)
<b>C.4</b>	<b>Rights attaching to the securities</b>	<p>The New Ordinary Shares will be issued credited as fully paid and will rank <i>pari passu</i> in all respects with the Existing Ordinary Shares, including for voting purposes, and in full for all dividends or other distributions declared in respect of the ordinary share capital of NewRiver REIT declared, made or paid after their issue (other than the Special Dividend and the First Quarterly Dividend which the New Ordinary Shares will not be eligible to receive). The New Ordinary Shares will rank <i>pari passu</i> for any distributions made on a winding up of NewRiver REIT.</p> <p>Subject to any special rights, restrictions or prohibitions as regards voting for the time being attached to any Ordinary Shares (for example, in the case of joint holders of a share, the only vote which will count is the vote of the person whose name is listed before the other voters on the register for the share), NewRiver REIT Shareholders shall have the right to receive notice of and to attend and vote at general meetings of NewRiver REIT.</p> <p>Subject to the provisions of the Companies Act, NewRiver REIT may from time to time declare dividends and make other distributions on the Ordinary Shares. NewRiver REIT Shareholders are entitled to participate in the assets of NewRiver REIT attributable to their shares in a winding-up of NewRiver REIT or other return of capital, but they have no rights of redemption.</p> <p>Subject to applicable laws, the NewRiver REIT 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 REIT may from time to time by ordinary resolution determine, or, if NewRiver REIT has not so determined, as the NewRiver REIT Board may determine.</p> <p>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 REIT or the holder, on such terms, conditions and in such manner as the NewRiver REIT Board may determine.</p> <p>If NewRiver REIT'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.</p>	Annex XXII (Annex III)  LR 2.2.4 (1) and 2.2.4 (2)
<b>C.5</b>	<b>Restrictions on free transferability of the securities</b>	Not applicable – there are no restrictions on the free transferability of the Ordinary Shares (including the New Ordinary Shares).	Annex XXII (Annex III)



		<p>However, the making of the proposed offer of New Ordinary Shares to persons who are located or resident in or who have a registered address in countries other than the United Kingdom, may be affected by the law or regulatory requirements of the relevant jurisdiction, which may include restrictions on the free transferability of the Ordinary Shares.</p>	
<b>C.6</b>	<b>Admission to trading on a regulated market</b>	<p>Applications will be made to the UK Listing Authority and to the London Stock Exchange for the New Ordinary 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. It is expected that Admission of the New Ordinary Shares will become effective, and that dealings in the New Ordinary Shares will commence, at 8.00 a.m. on 6 July 2017.</p>	Annex XXII (Annex III)
<b>C.7</b>	<b>Dividend policy</b>	<p>On 16 May 2017, NewRiver REIT announced a Special Dividend for the financial year ended 31 March 2017 of 3 pence per Existing Ordinary Share and the First Quarterly Dividend for the financial year ending 31 March 2018 of 5.25 pence per Existing Ordinary Share.</p> <p>The Special Dividend and the First Quarterly Dividend will be paid as a PID on 4 August 2017 to NewRiver REIT Shareholders on the register on 16 June 2017. Existing Ordinary Shares were marked ex-dividend in respect of the Special Dividend and First Quarterly Dividend on 15 June 2017.</p> <p>The New Ordinary Shares issued in connection with the Firm Placing and the Placing and the Open Offer will not carry any entitlement to receive the Special Dividend or the First Quarterly Dividend but the Firm Placing Shares and the Open Offer Shares will rank, from Admission, <i>pari passu</i> in all other respects with the Existing Ordinary Shares and will have the right to receive all dividends and distributions declared in respect of issued Ordinary Share capital of the Company after Admission. The next quarterly dividend to be announced will be for the quarter ending 30 September 2017.</p> <p>As a REIT, NewRiver REIT is 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 provides a source of regular income for NewRiver REIT Shareholders, thus improving their cashflow return profile.</p> <p><b>The level of future dividends will be determined by the Board having regard to, <i>inter alia</i>, the financial position and performance of the Group at the relevant time, UK REIT requirements and the interests of NewRiver REIT Shareholders, as a whole.</b></p>	Annex XXII (Annex I)
<b>Section D – Risks</b>			
<b>D.1</b>	<b>Key information on the key risks that are specific to the issuer or its industry</b>	<p>The key risk factors relating to the Group and its industry are set out below:</p> <ul style="list-style-type: none"> <li>The Group's financial performance will be affected by variations in the general economic environment, such as</li> </ul>	Annex XXII (Annex I)

		<p>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.</p> <ul style="list-style-type: none"> <li>• The UK held a referendum on its 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. Following this vote, on 29 March 2017, the UK Government triggered Article 50 of the Lisbon Treaty to commence the process of the UK leaving the European Union. The political, economic, legal and social consequences, the exact timing of the UK's exit from the European Union, as well as the potential ultimate outcome of any agreement between the UK and the European Union, remain uncertain as at the date of this document. Such potentially prolonged uncertainty and the potential negative economic trends that may follow 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 and the valuation of real estate in the United Kingdom.</li> </ul> <p>The UK Government held a General Election on 8 June 2017, the result of which was a minority Conservative Government following a hung parliament. Following the election, the Government may introduce or pursue different legal, tax, economic and/or social policies to those pursued previously, which may result in a change of attitude of consumers and consequently investors to retail and leisure property and otherwise have a material adverse effect on the Group's business, financial condition and/or results of operations.</p> <ul style="list-style-type: none"> <li>• 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</li> </ul>
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		<p>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.</p> <ul style="list-style-type: none"> <li>• 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.</li> <li>• 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, <i>inter alia</i>, 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.</li> <li>• 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.</li> <li>• 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.</li> </ul>
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		<ul style="list-style-type: none"> <li>• 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.</li> <li>• Property investment and development can be high risk and the Group may be exposed to a number of industry-specific risks such as, <i>inter alia</i>:       <ul style="list-style-type: none"> <li>(a) the default, non-performance or increase in costs of third party service providers such as rent collection agents;</li> <li>(b) increases in other costs, such as construction and development costs, business rates, payroll expenses and energy costs;</li> <li>(c) a competitive rental market;</li> <li>(d) the periodic need to renovate, repair and re-lease space;</li> <li>(e) the inability to recover operating costs on vacant space;</li> <li>(f) material declines in rental values;</li> <li>(g) defaults by tenants with material rental obligations, tenant insolvency or bankruptcy;</li> <li>(h) changes in laws and regulations requiring increased cost expenditure to ensure compliance;</li> <li>(i) cost overruns, completion delays and planning difficulties;</li> <li>(j) material downward movement in the valuation of the Group's property assets; and</li> <li>(k) financing shortfalls.</li> </ul> <p>Any of the foregoing could negatively impact the Group's profitability/cashflows and/or the Group's investment properties.</p> </li> <li>• 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</li> </ul>
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		<p>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.</p> <ul style="list-style-type: none"> <li>• 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.</li> <li>• The Group's operations are highly capital intensive and, in general, are part-funded by third party debt facilities. The Group's facilities are due for repayment over a range of maturities, including £49.0 million which is due for repayment within the next twelve months. 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 REIT at B.11 above relating to the Group having sufficient working capital for its present requirements, that is, for at least the 12 months from the date of this document.</li> </ul>
D.3	<p><b>Key risks that are specific to the securities</b></p>	<ul style="list-style-type: none"> <li>• 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 REIT Shareholder returns. In addition, incurring a tax liability might require the REIT Group to borrow funds, liquidate some of its assets or take</li> </ul>

Annex XXII  
(Annex III)

		<p>other steps that could negatively affect its operating results. A NewRiver REIT Shareholder's returns may differ or change fundamentally if the Group fails or ceases to maintain its REIT status.</p> <ul style="list-style-type: none"> <li>• The Group's capital expenditure and development activities require substantial capital outlay, which the Group finances primarily through a combination of cash flow from operations and external borrowings. Such capital expenditure and development activity is at the discretion of the Company up to the point it is contractually committed. Without prejudice to the working capital statement at B.11 above, if the Group has insufficient cash from operations or if debt funding were unobtainable, restricted or accessible solely on unfavourable terms, then the Group may either restrict such capital expenditure and development activities or seek additional equity funding. Raising new equity could adversely impact NewRiver REIT's earnings per share and dividends per share and, if the Group were to raise equity capital, there is no guarantee it would be able to do so at the most opportune time and share price. The market price of the Ordinary Shares (including the New Ordinary Shares) may fluctuate significantly due to a change in sentiment in the market regarding the Group'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 Group'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, 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 Ordinary Shares (or the perception that such transactions may occur), the general supply and demand of Ordinary Shares and general market and economic conditions. Additionally, there is no guarantee that the market price of the Ordinary Shares will reflect fully the underlying value of the assets held by the Group.</li> <li>• The Capital Raising will, and any future issue of shares will further, dilute the holdings of NewRiver REIT Shareholders and could adversely affect the market price of the Ordinary Shares. For example, an additional offering, or significant sales of Ordinary Shares by significant NewRiver REIT Shareholders, could have a material adverse effect on the market price of the Ordinary Shares as a whole.</li> </ul>
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### Section E – Offer

<b>E.1</b>	<b>Net proceeds and expenses</b>	NewRiver REIT expects to raise net proceeds of approximately £219.9 million through the Capital Raising after deduction of expenses. The total expenses payable by NewRiver REIT in connection with the Capital Raising are estimated to be approximately £5.1 million (exclusive of VAT).
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(Annex III)

Annex III para 8.1

		<p>No commissions, fees or expenses will be charged by NewRiver REIT to NewRiver REIT Shareholders who acquire New Ordinary Shares through the Capital Raising.</p>
<p><b>E.2a</b></p>	<p><b>Reasons for the offer and use of proceeds</b></p>	<p>The Group continues to see opportunities to purchase assets at attractive yields and with the potential to secure good quality income streams which can be distributed to NewRiver REIT Shareholders through the Company's quarterly dividend programme. Further, the Group's portfolio offers continued potential for capital growth, which has the potential to supplement the income returns generated from the Group's assets.</p> <p>The Directors continue to see a wide range of acquisition and development opportunities which meet the Group's investment criteria, giving rise to a strong pipeline of capital deployment opportunities. These opportunities include the acquisition of the 50 per cent. it does not already own in the BRAVO Joint Ventures for a consideration of approximately £60 million.</p> <p>Accordingly, the Group is seeking to raise additional finance through the Capital Raising which it will seek to deploy, together with debt finance where relevant and appropriate, in line with its investment strategy.</p> <p>The Directors intend to use:</p> <ul style="list-style-type: none"> <li>• approximately £60 million of the expected net proceeds of the Capital Raising to finance the acquisition of the 50 per cent. it does not already own in the BRAVO Joint Ventures;</li> <li>• approximately £30 million of the expected net proceeds of the Capital Raising to finance identified (but not yet contractually committed) capital expenditure and risk-controlled development opportunities in the Group's existing portfolio, comprising: <ul style="list-style-type: none"> <li>• developing a further 20 to 30 convenience stores for the Co-operative (approximately £12 million);</li> <li>• the development of the Group's Canvey Island retail park where pre-lets have been signed with M&amp;S Simply Food, Sports Direct and B&amp;M (approximately £8 million); and</li> <li>• approximately £10 million of expenditure on other risk-controlled development opportunities; and</li> </ul> </li> <li>• the remaining net proceeds of the Capital Raising, together with debt finance where relevant and appropriate, to pursue the Group's acquisition pipeline in accordance with its acquisition criteria.</li> </ul> <p>The Group's development pipeline is strong, creating additional space in the shopping centre and retail warehouse portfolios and in the development of the public house estate. The Group currently has approximately 1.9 million sq. ft. of property in the development pipeline with potential capital expenditure in excess of £42 million planned to be incurred across the financial year ending 31 March</p>

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(Annex III)

		<p>2018 (of which approximately £5.6 million was committed as at the Latest Practicable Date).</p> <p>The Directors believe that the Capital Raising also provides the Group with the opportunity to capitalise on further economies of scale that an enhanced capital base may bring, such as an unsecured debt structure. Moreover, an increase in the asset base of the business without a commensurate increase in the cost base would improve operational efficiency.</p>
E.3	<p><b>Terms and conditions of the Capital Raising</b></p>	<p><b><i>Firm Placing and Placing</i></b></p> <p>Liberum and Peel Hunt, as agents of NewRiver REIT, have made arrangements conditionally to place the Firm Placing Shares at the Offer Price pursuant to the Placing and Open Offer Agreement. Liberum and Peel Hunt, as agents of NewRiver REIT, have also made arrangements conditionally to place all of the Placing Shares with institutional investors on behalf of NewRiver REIT at the Offer Price, subject to claw back by Qualifying Shareholders in order to satisfy valid applications under the Open Offer.</p> <p>The Firm Placing and the Placing and Open Offer are not underwritten.</p> <p><b><i>Open Offer</i></b></p> <p>Qualifying Shareholders are being given the opportunity to subscribe for New Ordinary Shares pro rata to their existing shareholdings at the Offer Price on the basis of:</p> <p><b>1 New Ordinary Share for every 11 Existing Ordinary Shares</b></p> <p>held and registered in their name at the Record Time. Qualifying Shareholders may apply for any whole number of New Ordinary Shares. Excess applications will be satisfied only to the extent that corresponding applications by other Qualifying Shareholders are not made or are made for less than their pro rata entitlements. If there is an over-subscription resulting from excess applications, allocations in respect of such excess applications will be scaled-back at the absolute discretion of Liberum and Peel Hunt, in consultation with the Board. The last time and date for acceptance and payment in full under the Open Offer is 11.00 a.m. on 3 July 2017.</p> <p>NewRiver REIT Shareholders should be aware that the Open Offer is not a rights issue. As such, Qualifying Non-CREST Shareholders should note that their Application Forms are not negotiable documents and cannot be traded. Qualifying CREST Shareholders should note that, although the Open Offer Entitlements and Excess Open Offer Entitlements will be admitted to CREST, and be enabled for settlement, the Open Offer Entitlements and Excess Open Offer Entitlements will not be tradeable or listed and applications in respect of the Open Offer may only be made by the Qualifying Shareholder originally entitled or by a person entitled by virtue of a bona fide market claim.</p>

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(Annex III)



		<p>New Ordinary Shares for which application has not been made under the Open Offer will not be sold in the market for the benefit of those who do not apply under the Open Offer and Qualifying Shareholders who do not apply to take up their entitlements will have no rights nor receive any benefit under the Open Offer. Any New Ordinary Shares which are not applied for under the Open Offer Entitlements and Excess Open Offer Entitlements may be allocated to Placing Places.</p> <p>Any fractional entitlements to New Ordinary Shares will be rounded down in calculating entitlements to New Ordinary Shares. Fractional entitlements to New Ordinary Shares will be aggregated and will ultimately accrue for the benefit of the Company.</p> <p>The Offer Price of 335 pence per New Ordinary Share pursuant to the Capital Raising represents an effective 2.9 per cent. discount to the Adjusted Closing Price of 345 pence. The Offer Price has been set by the Directors following their assessment of market conditions and following discussions with a number of institutional investors. The Directors are in agreement that the level of discount and method of issue are appropriate to secure the investment being sought.</p> <p>The Capital Raising is conditional upon, <i>inter alia</i>, the following:</p> <ul style="list-style-type: none"> <li>• the Resolutions being passed by NewRiver REIT Shareholders at the General Meeting (without material amendment);</li> <li>• the Placing and Open Offer Agreement becoming unconditional in all respects (save for the condition relating to Admission) and not having been terminated in accordance with its terms before Admission; and</li> <li>• Admission becoming effective by not later than 8.00 a.m. on 6 July 2017 or such later time and/or date as NewRiver REIT, Liberum and Peel Hunt may agree (being not later than 8.00 a.m. on 31 July 2017).</li> </ul> <p>Accordingly, if any of such conditions are not satisfied, or, if applicable, waived, the Capital Raising will not proceed and any Open Offer Entitlements and Excess Open Offer Entitlements admitted to CREST will thereafter be disabled and application monies will be returned (at the applicant's risk) without interest as soon as possible.</p>	Annex XXII (Annex III)
<b>E.4</b>	<b>Interests material to the issue including conflicting interests</b>	Not applicable – There are no interests (including conflicts of interest) which are material to the issue of the New Ordinary Shares pursuant to the Capital Raising.	
<b>E.5</b>	<b>Lock-up arrangements</b>	Pursuant to the terms of the Placing and Open Offer Agreement, NewRiver REIT has agreed, subject to certain exceptions, not to allot, issue or grant any rights over any securities of the Company or any member of the Group until the date which is 12 months after the Capital Raising becomes effective.	Annex XXII (Annex III)
<b>E.6</b>	<b>Dilution</b>	Following the issue of New Ordinary Shares to be allotted pursuant to the Capital Raising, Qualifying Shareholders who take	

		<p>up their full Open Offer Entitlements will suffer a dilution of 14.9 per cent. to their interests in the Company.</p> <p>Qualifying Shareholders who do not take up any of their Open Offer Entitlements will suffer a dilution of 22.0 per cent. to their interests in the Company.</p> <p>For the purposes of the foregoing, any dilution which may result from exercise of any options and/or awards under the NewRiver Share Incentive Plans or the exercise of subscription rights pursuant to the NewRiver REIT Warrants has been disregarded.</p>
<b>E.7</b>	<b>Estimated expenses charged to the investor</b>	Not applicable – No expenses will be directly charged to any investors in the Capital Raising by NewRiver REIT.

Annex XXII  
(Annex I,  
Annex II,  
Annex III)

## RISK FACTORS

*Any investment in NewRiver REIT or the New Ordinary Shares is subject to a number of risks. Accordingly, prospective investors should review this document carefully and in its entirety and consult with their professional advisers, if necessary, before acquiring any New Ordinary Shares. Prospective investors should carefully review and 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, and its industry, together with all other information set out in, or incorporated by reference into, this document prior to making any decisions relating to the Ordinary Shares and not rely solely on the information set out in this section. The risks are not set out in any particular order.*

Annex I para 4  
Annex III para 2

*Prospective investors should note that the risks relating to the Group, its industry and the New Ordinary 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 New Ordinary 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 Ordinary Shares (including the New Ordinary Shares) could decline, resulting in the loss of all or part of any investment therein. Investors should consider carefully whether an investment in the New Ordinary 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 REIT, the Group and the New Ordinary Shares as at the date of this document. Except as required by the FCA, the London Stock Exchange, the Listing Rules, the Prospectus Rules or any other applicable law or regulation, the information set out below will not be updated. Any forward-looking statements are made subject to the reservations specified under the section headed “Forward-looking Statements” on page 50 of this document.*

### 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***

Annex I para 9.2.3

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 triggering of Article 50 of the Lisbon Treaty and the negotiation of the UK’s exit from the European Union (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, business rates, government policies on 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 planned exit from 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. Following this vote, on 29 March 2017, the UK Government triggered Article 50 of the Lisbon Treaty, commencing the process for the UK to leave the European Union. The political, economic, legal and social consequences, the exact timing of the UK's exit from the European Union and the ultimate agreement to be reached between the UK and the European Union regarding the UK's exit remain uncertain as at the date of this document. The longer-term potential for there to be another referendum on Scottish independence has also grown in the wake of the UK's triggering of Article 50, with the Scottish Parliament voting on 28 March 2017 in favour of holding a second independence referendum. This increases the uncertainty arising from the UK's planned exit from the European Union.

Annex I para 9.2.1

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 and the valuation of real estate in the United Kingdom.

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

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 NewRiver REIT 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 maintain its earnings and dividends 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 may adversely affect earnings and/or dividends per share.

***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 creating 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 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), the Walgreens Boots Alliance group, accounted for only 2.5 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 31 March 2017) (see the table on page 125 of Part 4 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 operating risk in its public house portfolio***

On 28 November 2013, the Group purchased 202 public houses from Marston's. As part of the agreed terms of the acquisition, Marston's entered into a minimum four-year term leaseback agreement with the Group. The leaseback agreement resulted in the Group receiving rental income from Marston's until the end of the leaseback agreement, which is due to expire on 17 December 2017. Once the leaseback agreement expires, the Group will no longer receive solely rental income in relation to those public houses, but a combination of rental income and operational income. Furthermore, in August 2015, the Company acquired a portfolio of 158 public houses from Punch Taverns which are managed on a day-to-day basis by LT Management Services Limited and produce a combination of rental income and operational income.

The operational income arising from the Group's public house portfolio carries a greater exposure to the operating performance of the underlying pub business and therefore carries increased risk in relation to poor performance. Additionally, the operating income may not qualify as property rental business income under the REIT Regime and therefore may attract an element of corporation tax thereon.

***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 10.6 to 10.8 and 10.10 in Part 9 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. 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, or 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.

***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 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 adverse 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 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 the Royal Institution of Chartered Surveyors (the “Red Book”). The Group's share of its investment property assets under management as at 31 March 2017 was £1.1 billion. The aggregate Market Value of the Group's total investment property assets under management in accordance with the Red Book as at 31 March 2017 was approximately £1.3 billion, as set out in the valuation report contained in Part 6 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. 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, tax liabilities, liabilities to state entities and liabilities 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 the Latest Practicable Date, the Group was committed to £5.6 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 earlier stage and remain subject, *inter alia*, to planning permission being granted.

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, 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 UK's planned exit from the European Union, 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 or have an adverse effect on overall group liquidity. 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 capital expenditure and development activities could be adversely affected by cash flow and/or external borrowings***

The Group's capital expenditure and development activities may require substantial capital outlay, which the Group finances primarily through a combination of cash flow from operations and external borrowings. Such capital expenditure and development activity is at the discretion of the Company up to the point it is contractually committed. Without prejudice to the working capital statement in paragraph 17 of Part 9 of this document, if the Group has insufficient cash from operations or if debt funding were unobtainable, restricted or accessible solely on unfavourable terms, then the Group may either restrict such capital expenditure and development activities or seek additional equity funding. Raising equity could adversely impact NewRiver REIT's earnings per share and dividends per share and, if the Group were to raise equity capital, there is no guarantee it would be able to do so at the most opportune time and share price.

***Joint ventures and other co-ownership structures in which the Group participates subject it 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. 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. 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***

Annex I para 9.1

As at 31 March 2017, the Group had £417.9 million of net external debt outstanding including its share of debt in joint ventures. 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 indebtedness has not restricted its property development or acquisition activities to date and the Directors do not expect it to do so in the next 18 months.

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 Directors expect to be able to maintain the relevant financial ratios for at least the next 18 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 REIT 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 which are due for repayment over a range of maturities. In particular, the Group has a facility with Deka Bank which is due for repayment within the next 12 months. As at 31 March 2017, it had an outstanding balance of £49.0 million which is due for repayment on 5 March 2018. The Company has engaged in a process with its advisers to refinance the entirety of the Group's existing debt, including the facility referred to above. In addition, Deka Bank has confirmed in writing its willingness to extend the loan facility by at least 12 months. As at the date of this document, this option has not been taken up.

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 continuing political uncertainty as a consequence of the UK Government's triggering of Article 50 of the Lisbon Treaty). 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, including the required repayment of the facility due within the next 12 months referred to above, does not impact on the statement made by NewRiver REIT at paragraph 17 of Part 9 relating to the 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 emphasise the increase in net asset value of the Ordinary Shares where the value of the Group's underlying assets is rising, it could also emphasise the fall in net asset value of the Ordinary Shares 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 NewRiver REIT's ability to pay dividends to NewRiver REIT 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 be adversely affected by any change in the UK Government (or its policies) following the General Election held on 8 June 2017***

The UK Government held a General Election on 8 June 2017, the result of which was a minority Conservative Government following a hung parliament. Following the election, the Government may introduce or pursue different legal, tax, economic and/or social policies to those pursued previously, which may result in a change of attitude of consumers and consequently investors to retail and leisure property and otherwise have a material adverse effect on the Group's business, financial condition and/or results of operations.

***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.

Annex I para 9.2.3

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 and must comply with certain ongoing regulations and conditions. The basis of taxation of any NewRiver REIT Shareholder's shareholding 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 5 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 NewRiver REIT 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 NewRiver REIT 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 Ordinary 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, the 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 5 of this document. The 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 Ordinary 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 Ordinary Shares that form part of an Excessive Shareholding where the Excessive Shareholder has disposed of its rights to dividends on its Ordinary Shares; (iv) seek to ensure that if a dividend is paid on Ordinary 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 Articles, to dispose of such number of their Ordinary Shares as the Directors may specify, or to take such other steps as will cause the Directors to believe the relevant NewRiver REIT 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 REIT 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 CAPITAL RAISING AND THE ORDINARY SHARES**

### ***The Capital Raising may not be approved by NewRiver REIT Shareholders***

Annex III para 2

The issue of the New Ordinary Shares pursuant to the Capital Raising is conditional, *inter alia*, upon the approval of all of the Resolutions proposed for consideration at the General Meeting. In the event that NewRiver REIT Shareholders do not approve all of the Resolutions, the Capital Raising will not complete. In such circumstances, the conditionally committed funds under the Firm Placing and the Placing (pursuant to the Placing and Open Offer Agreement) will not then be available to the Company and the Group may not be able to take advantage of some or all of the acquisition and development opportunities in its pipeline. As a result, NewRiver REIT may not be able to deliver returns to NewRiver REIT Shareholders which it might have been able to had the Capital Raising proceeded and/or the Group may become more reliant on debt facilities which may have a material adverse effect on the Group's financial condition, business, prospects and results of operations and may delay or limit distributions to NewRiver REIT Shareholders and the Group's ability to take advantage of investment and/or development opportunities.

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

The New Ordinary Shares may not be a suitable investment for all the recipients of this document. Before making a final decision, investors are advised to consult an appropriate independent financial adviser authorised under FSMA (or another appropriately authorised financial adviser) who specialises in advising on the acquisition of shares and other securities.

The market price of the Ordinary 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 Ordinary Shares (or the perception that such transactions may occur) and general market and economic conditions.

Stock markets have from time to time 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 Ordinary Shares.

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

***There can be no assurance that NewRiver REIT will be able to pay dividends in the future***

As NewRiver REIT is a holding company, its ability to pay dividends is affected by the underlying investment performance of the Group, as a whole, and the receipt of dividends from its subsidiaries. Under English law, a company may only pay dividends to the extent that it has distributable reserves and cash available for that purpose. Furthermore, notwithstanding the Company's quarterly dividend programme, NewRiver REIT may not pay dividends if the Directors believe that this would cause the Company to be less than adequately capitalised or if for any other reason the Directors determine, in the exercise of their statutory duties as directors, that it would not promote the success of the Company or be in its best interests to do so. Future dividends will depend on, amongst other things, the Group's future profits, financial position, working capital requirements, general economic conditions and other factors that the Directors deem significant from time to time.

***NewRiver REIT Shareholders may be exposed to fluctuations in currency exchange rates***

NewRiver REIT Shareholders based outside the United Kingdom may be exposed to fluctuations in currency exchange rates. The Ordinary Shares are priced in sterling and are quoted and traded in sterling. In addition, any dividends that the Company may declare will be paid in sterling. Accordingly, NewRiver REIT 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 Ordinary Shares as well as that of any dividends paid.

***Future sales of Ordinary Shares in the public market could depress the market price***

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

***Any future issue of shares will further dilute the holdings of NewRiver REIT Shareholders and could adversely affect the market price of the Ordinary Shares***

Other than pursuant to the Capital Raising, NewRiver REIT has no current plans for an offering of shares apart from possible offerings in relation to employee share plans. However, it is possible that NewRiver REIT may decide to offer additional shares in the future either to raise capital or for other purposes. If NewRiver REIT Shareholders did not take up such offer of shares or were not eligible to participate in such offering, their proportionate ownership and voting interests in NewRiver REIT would be reduced and the percentage that their Ordinary Shares would represent of the total share capital of the Company would be reduced accordingly. An additional offering could therefore have a material adverse effect on the market price of Ordinary Shares as a whole.

***The market price of the Ordinary Shares may decline below the Offer Price***

There can be no assurance that the public trading market price of the Ordinary Shares will not decline below the Offer Price. Should that occur, relevant NewRiver REIT Shareholders will suffer an immediate loss as a result. Moreover, there can be no assurance that, following NewRiver REIT Shareholders' acquisition of New Ordinary Shares, NewRiver REIT Shareholders will be able to sell their New Ordinary Shares at a price equal to or greater than the acquisition price for those shares.

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

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

***NewRiver REIT Shareholders who do not (or who are not permitted to) acquire New Ordinary Shares in the Firm Placing, the Placing and/or the Open Offer will experience dilution in their ownership of NewRiver REIT***

Qualifying Shareholders will experience dilution in their ownership and voting interests pursuant to the Firm Placing whether or not they take up their Open Offer Entitlements.

Following the issue of New Ordinary Shares to be allotted pursuant to the Capital Raising, Qualifying Shareholders who take up their full Open Offer Entitlements only will suffer a dilution of 14.9 per cent. to their interests in the Company.

Qualifying Shareholders who do not take up any of their Open Offer Entitlements will suffer a dilution of 22.0 per cent. to their interests in the Company.

The percentage of NewRiver REIT's issued share capital that the Existing Ordinary Shares represent will be reduced by 22.0 per cent. to 78.0 per cent. as a result of the Capital Raising.

For the purposes of the foregoing, any dilution which may result from exercise of any options and/or awards under the NewRiver Share Incentive Plans or the exercise of subscription rights pursuant to the NewRiver REIT Warrants has been disregarded.

***NewRiver REIT Shareholders outside the United Kingdom may not be able to participate in the Capital Raising or future issues of Ordinary Shares***

Securities laws of certain jurisdictions, including the Restricted Jurisdictions, may restrict the Company's ability to allow participation by certain NewRiver REIT Shareholders in the Capital Raising. In particular, holders of existing Ordinary Shares who are located in the United States may not be able to participate in the Capital Raising unless a registration statement under the US Securities Act is effective with respect to the New Ordinary Shares or an exemption from the registration requirements is available thereunder. The Capital Raising will not be registered under the US Securities Act. Securities laws in certain other jurisdictions may restrict NewRiver REIT's ability to allow participation by NewRiver REIT Shareholders in such jurisdictions in the Capital Raising or any future issues of shares carried out by NewRiver REIT. Qualifying Shareholders who have a registered address in or who are resident in, or who are citizens of, countries other than the United Kingdom, should consult their professional advisers as to whether they require any governmental or other consents or need to observe any other formalities to enable them to receive New Ordinary Shares.

***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 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 Ordinary Shares in the United States or elsewhere outside of the United Kingdom***

The Existing Ordinary Shares are not, and the New Ordinary 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 Existing Ordinary Shares (or the New Ordinary 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 Ordinary 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 Ordinary 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 NewRiver REIT Shareholders' meeting. US and certain other non-EU holders of Ordinary 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.



## 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 REIT, the Directors, Liberum, Peel Hunt, Kinmont, Barclays 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 New Ordinary Shares made pursuant to the Capital Raising 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. NewRiver REIT Shareholders should inform themselves as to: (a) the legal requirements within their own countries for the purchase, holding, transfer or other disposal of Ordinary Shares; (b) any foreign exchange restrictions applicable to the purchase, holding, transfer or other disposal of Ordinary 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 Ordinary Shares. NewRiver REIT 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. NewRiver REIT Shareholders are entitled to the benefit of, and are bound by and are deemed to have notice of, the provisions of the Articles.

### 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:

Annex I para 23.2

Annex III para 10.4

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

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 the 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 Directors' 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 Guidance 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 27 to 48 (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 4 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 9 of this document.

Annex I paras 13.1

- 13.4

**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.

**Dates and times**

Any reference to a time in this document is to the time in London, United Kingdom, unless otherwise stated.

**Rounding**

Certain data in this document, including financial, statistical, and operating information, has been rounded. As a result of the rounding, the totals of data presented in this document may vary slightly from the actual arithmetic totals of such data. Percentages in tables have been rounded and accordingly may not add up to 100 per cent.

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.

**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

Each of the times and dates in the table below is indicative only and may be subject to change. Please read the notes for this timetable set out below.

	<i>Date</i>
Record Time for entitlements under the Open Offer	6.00 p.m. on 14 June 2017
Announcement of the Capital Raising	15 June 2017
Ex-Entitlements Date for the Open Offer	8.00 a.m. on 15 June 2017
Completion of the bookbuild in respect of the Firm Placing and the Placing and announcement of the final details of the Capital Raising	15 June 2017
Publication and posting of the Prospectus, Form of Proxy and Application Form	16 June 2017
Open Offer Entitlements and Excess Open Offer Entitlements credited to stock accounts of Qualifying CREST Shareholders in CREST	As soon as possible on 19 June 2017
Recommended latest time for requesting withdrawal of Open Offer Entitlements and Excess Open Offer Entitlements from CREST (i.e. if your Open Offer Entitlements and Excess Open Offer Entitlements are in CREST and you wish to convert them to certificated form)	4.30 p.m. on 27 June 2017
Latest time and date for depositing Open Offer Entitlements into CREST	3.00 p.m. on 28 June 2017
Latest time and date for splitting of Application Forms (to satisfy bona fide market claims only)	3.00 p.m. on 29 June 2017
Latest time and date for receipt of Forms of Proxy or electronic proxy appointments	10.00 a.m. on 2 July 2017
<b>Latest time and date for receipt of completed Application Forms and payment in full under the Open Offer or settlement of relevant CREST instruction (as appropriate)</b>	<b>11.00 a.m. on 3 July 2017</b>
<b>General Meeting</b>	<b>10.00 a.m. on 4 July 2017</b>
<b>Announcement of results of General Meeting</b>	<b>4 July 2017</b>
<b>Results of the Capital Raising announced through a Regulatory Information Service</b>	<b>4 July 2017</b>
<b>Admission and commencement of dealings in New Ordinary Shares</b>	<b>By 8.00 a.m. on 6 July 2017</b>
New Ordinary Shares credited to CREST accounts (uncertificated holders only)	On 6 July 2017
Expected despatch of definitive share certificates (where applicable)	Within five Business Days of Admission

**Notes:**

1. Each of the times and dates set out in the above timetable and mentioned in this document, the Application Form and in any other document issued in connection with the Capital Raising is subject to change by the Company (with the agreement of Liberum and Peel Hunt, in certain instances), in which event details of the new times and dates will be notified to the UK Listing Authority and, where appropriate, to NewRiver REIT Shareholders.
2. Any reference to a time in this document is to the time in London, United Kingdom, unless otherwise stated.
3. The ability to participate in the Open Offer is subject to certain restrictions relating to NewRiver REIT Shareholders with registered addresses or located or resident in countries outside the United Kingdom, details of which are set out in Part 3 of this document.

## CAPITAL RAISING STATISTICS

Offer Price	335 pence per New Ordinary Share
Premium to the Company's last reported EPRA NAV per Ordinary Share of 292 pence as at 31 March 2017	14.7 per cent.
Discount of New Ordinary Shares to the Adjusted Closing Price of 345 pence	2.9 per cent.
Number of Ordinary Shares in issue as at the Latest Practicable Date	238,588,536
Number of New Ordinary Shares to be issued pursuant to the Capital Raising	67,164,179
Number of New Ordinary Shares to be issued by the Company pursuant to the Firm Placing	45,474,313
Number of New Ordinary Shares to be issued by the Company pursuant to the Placing and Open Offer	21,689,866
Number of Ordinary Shares in issue immediately following Admission <sup>(1)</sup>	305,752,715
New Ordinary Shares as a percentage of the Enlarged Share Capital immediately following Admission <sup>(1)</sup>	22.0 per cent.
Gross proceeds of the Capital Raising	£225.0 million
Estimated expenses of the Capital Raising	£5.1 million
Estimated net proceeds of the Capital Raising	£219.9 million
ISIN of the Existing Ordinary Shares (and the New Ordinary Shares to be admitted to trading following the Capital Raising)	GB00BD7XPJ64
ISIN of the Open Offer Entitlement	GB00BF1KDD78
ISIN of the Excess Open Offer Entitlement	GB00BF1KDG00
SEDOL	BD7XPJ6

Annex III para 8.1

**Note:**

1. Assuming that no further Ordinary Shares are issued as a result of the exercise of any options and/or awards under the NewRiver Share Incentive Plans or as a result of the exercise of subscription rights pursuant to the NewRiver REIT Warrants between the Latest Practicable Date and Admission.
2. NewRiver REIT plc Legal Entity Identifier ("LEI"): 2138004GX1VAUMH66L31

## DIRECTORS, REGISTERED OFFICE AND ADVISERS TO THE COMPANY

<b>Directors</b>	Paul Roy ( <i>Non-executive Chairman</i> ) David Lockhart ( <i>Chief Executive Officer</i> ) Allan Lockhart ( <i>Property Director</i> ) Mark Davies ( <i>Chief Financial Officer</i> ) Kay Chaldecott ( <i>Non-executive Director</i> ) Alastair Miller ( <i>Non-executive Director</i> )	Annex I para 1.1 Annex III paras 1.1 and 10.1
<b>Company Secretary</b>	Matthew Jones	
<b>Registered office and principal place of business</b>	37 Maddox Street London W1S 2PP	LR 13.6.1 (1)(b)
<b>Sponsor and Joint Bookrunner</b>	Liberum Capital Limited Level 12 Ropemaker Place 25 Ropemaker Street London EC2Y 9LY	Annex I para 5.1.4
<b>Joint Bookrunner</b>	Peel Hunt LLP Moor House 120 London Wall London EC2Y 5ET	
<b>Joint Financial Adviser</b>	Kinmont 5 Clifford Street London W1S 2LG	
<b>Joint Financial Adviser</b>	Barclays Bank PLC One Churchill Place Canary Wharf London E14 5HP	
<b>Tax Adviser</b>	BDO LLP 55 Baker Street London W1U 7EU	
<b>Solicitors to the Company</b>	Eversheds Sutherland (International) LLP One Wood Street London EC2V 7WS	
<b>Solicitors to the Sponsor and Joint Bookrunners</b>	Berwin Leighton Paisner LLP Adelaide House London Bridge London EC4R 9HA	

**Auditor and Reporting  
Accountant**

Deloitte LLP  
PO Box 137  
Regency Court  
Glategny Esplanade  
St Peter Port Guernsey  
Channel Islands  
GY1 3HW

**Registrar to the Company**

Capita Asset Services  
The Registry  
34 Beckenham Road  
Beckenham  
Kent  
BR3 4TU

**Valuer**

Colliers International Valuation UK LLP  
50 George Street  
London W1U 7GA

**Receiving Agent**

Capita Asset Services  
Corporate Actions  
The Registry  
34 Beckenham Road  
Beckenham  
Kent  
BR3 4TU

## PART 1

### LETTER FROM THE CHAIRMAN OF NEWRIVER REIT PLC

Paul Roy (*Non-executive Chairman*)  
David Lockhart (*Chief Executive Officer*)  
Allan Lockhart (*Property Director*)  
Mark Davies (*Chief Financial Officer*)  
Kay Chaldecott (*Non-executive Director*)  
Alastair Miller (*Non-executive Director*)

*Registered office:*  
37 Maddox Street  
London  
W1S 2PP

16 June 2017

*To the holders of Ordinary Shares and, for information only, participants in the NewRiver REIT Share Incentive Plans*

Dear NewRiver REIT Shareholder,

#### PROPOSED CAPITAL RAISING

##### 1. Introduction to the Capital Raising

The Board of NewRiver REIT announced on 15 June 2017 that it intends to raise approximately £225 million (before expenses) by way of the Capital Raising.

I am writing to give you further details of the Capital Raising, to explain why the Board considers the Capital Raising to be in the best interests of NewRiver REIT and NewRiver REIT Shareholders as a whole, to explain the related party elements of the transaction and to seek your approval of the Resolutions to be proposed at the General Meeting.

##### 2. Background to, and reasons for, the Capital Raising

###### *Background*

NewRiver REIT is an established UK real estate investor, asset manager and developer which is listed on the premium listing segment of the Official List of the UK Listing Authority and is admitted to trading on the Main Market of the London Stock Exchange. NewRiver REIT's investment focus is solely on the UK retail and leisure real estate sub-sectors and the Group specialises in assets which provide convenience and a community focus to consumers. NewRiver REIT is one of the largest owners and managers of shopping centre real estate assets in the United Kingdom with net assets of £685 million at 31 March 2017 and a market capitalisation of approximately £821 million as at the Latest Practicable Date. The Group's growth has been assisted by raising capital and successfully deploying that capital quickly and in line with its targeted investment criteria, which has enabled the Group to build a well-balanced income-producing portfolio of investment property with assets under management of some £1.3 billion as at 31 March 2017. The Group's investment portfolio is split across shopping centres (68.0 per cent.), retail warehouses (12.9 per cent.), public houses and convenience stores (14.0 per cent.) and high street and development assets (5.1 per cent.).

The Group's entrepreneurial approach to asset management and its focus on risk-controlled development have enabled it to deliver a strong financial performance and, on 16 May 2017, it announced its results for the year ended 31 March 2017. Those results showed Funds From Operations of £58.2 million, which represented an increase of 24 per cent. on the financial year ended 31 March 2016. As at 31 March 2017, EPRA NAV stood at 292 pence per Ordinary Share.

The Group's focus on income generation has enabled it to pay a high level of dividends to shareholders, with dividends per share totaling 23 pence per share (including a Special Dividend of 3 pence per Ordinary Share)



paid or announced in relation to the year ended 31 March 2017, constituting an increase of 24.3 per cent. over the aggregate dividends of 18.5 pence per Ordinary Share paid in respect of the year ended 31 March 2016.

The Group last raised capital in January 2016 when it raised gross proceeds of £150 million. Since that date, it has spent in excess of £158 million on acquisitions and £18.5 million on its risk-controlled development programme. Notable acquisitions since January 2016 include the £120 million acquisition of The Broadway Shopping Centre and Broadway Square Retail Park in Bexleyheath; the £20 million acquisition of Cuckoo Bridge Retail Park, Dumfries; and the £18 million acquisition of a retail warehouse in Sheffield which, in aggregate, added a further 765,000 sq. ft. of retail space to the Group's portfolio. Additionally, in August 2016, following completion of construction, the Group handed over a 44,000 sq. ft. flagship store at the Abbey Centre, Newtownabbey, to Next, which was delivered on schedule and within budget.

### ***Reasons for the Capital Raising***

The Group continues to see opportunities to purchase assets at attractive yields and with the potential to secure good quality income streams which can be distributed to NewRiver REIT Shareholders through the Company's quarterly dividend programme. Further, the Group's portfolio offers continued potential for capital growth, which has the potential to supplement the income returns generated from the Group's assets.

The Group's development pipeline is strong, creating additional space in the shopping centre and retail warehouse portfolios and in the development of the public house estate. The Group has made substantial progress in its approximately 1.9 million sq. ft. risk-controlled development pipeline with potential capital expenditure in excess of £42 million planned to be incurred across the financial year ending 31 March 2018 (of which approximately £5.6 million was committed at the Latest Practicable Date). The pipeline is focused on: (i) creating additional value from within the Group's existing portfolio; (ii) capitalising on opportunities above or adjacent to existing assets; and (iii) redevelopment of existing assets and development of sites acquired in portfolio acquisitions.

The Directors continue to see a wide range of acquisition and development opportunities which meet the Group's acquisition and investment criteria, giving rise to a strong pipeline of capital deployment opportunities. These opportunities include the Acquisition, which is set out in greater detail in paragraph 4 below and in respect of which the Company (through certain of its wholly owned indirect subsidiaries) entered into non-binding heads of terms on 6 June 2017 (the "**Heads of Terms**"). The aggregate cash consideration in respect of the Acquisition, if it completes, will be approximately £60 million.

Accordingly, the Group is seeking to raise additional finance through the Capital Raising which it will seek to deploy, together with debt finance where relevant and appropriate, in line with its investment strategy. The proceeds of the Capital Raising will therefore allow the Group to complete the Acquisition and put the Group in a position of strength when seeking to capitalise on this pipeline of investment and risk-controlled development opportunities.

The Directors believe that the Capital Raising also provides the Group with the opportunity to capitalise on further economies of scale that an enhanced capital base may bring, such as an unsecured debt structure. Moreover, an increase in the asset base of the business without a commensurate increase in the cost base would improve operational efficiency.

Annex III para 3.4

### **3. Summary information on the Group**

The Group has established itself as a leading specialist retail and leisure property investor, asset manager and developer and, as at the Latest Practicable Date, it owned a UK-wide portfolio of 33 shopping centres, 21 retail warehouses, 14 high street and other retail assets and a portfolio of 349 public houses with retail and mixed-use development opportunities and convenience stores. The portfolio totals over 8 million sq. ft. with in excess of 2,000 occupiers, an annual footfall of 149 million and a retail occupancy rate of 97 per cent. (as at 31 March 2017). As at 31 March 2017, the Group's share of its investment property assets under management was £1.1 billion and the aggregate combined capital value of its total investment property assets under management was approximately £1.3 billion.

Annex I paras

5.1.5, 5.2.1 –

5.2.3, 6.1.1 –

6.3 and 7.1

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 well-connected assets which target convenience and non-discretionary spending. Shopping centres are the Group's core asset base accounting for 67.5 per cent. of the Group's total investment property assets under management by value as at 31 March 2017. The Group is particularly focused on convenience-led retail assets that cater for everyday core household spending needs and which are well-connected for consumers. 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, the Group 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, the likelihood of continued occupier demand for space and the level of community focus of the assets to its core shoppers. 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 commenced a programme of acquiring retail warehouses, having recognised the potential in this part of the retail real estate market. As at 31 March 2017, retail warehouses accounted for 12.9 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 and convenience store 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 2017, the Group had 10 convenience stores in its portfolio, all of which were constructed under the public house risk-controlled development programme. An overarching agreement for lease with the Co-operative Group currently allows for the delivery of a total of up to 40 convenience stores from the public house portfolio.

As at 31 March 2017, the public house and convenience store portfolio accounted for 14.0 per cent. of the Group's total investment property assets under management by value.

**Other**

As at 31 March 2017, high street and development investment property assets accounted for 4.7 and 0.4 per cent., respectively, of the Group's total investment property assets under management by value.

**4. Use of proceeds**

The Capital Raising is expected to raise approximately £225 million in gross proceeds.

Annex I para 10.5

As stated above, the Directors intend to use:

- approximately £60 million of the expected net proceeds of the Capital Raising to finance the Acquisition (as further detailed below);
- approximately £30 million of the expected net proceeds of the Capital Raising to finance identified (but not yet contractually committed) capital expenditure and risk-controlled development opportunities in the Group's existing portfolio, comprising:
  - developing a further 20 to 30 convenience stores for the Co-operative (approximately £12 million);
  - the development of the Group's Canvey Island retail park where pre-lets have been signed with M&S Simply Food, Sports Direct and B&M (approximately £8 million); and
  - approximately £10 million of expenditure on other risk-controlled development opportunities; and
- the remaining net proceeds of the Capital Raising, together with debt finance where relevant and appropriate, to pursue the Group's acquisition pipeline in accordance with its acquisition criteria.

The Group has a strong pipeline of potential acquisition opportunities, all of which are off-market or selectively marketed, and is making good progress with its capital expenditure and risk-controlled development programme of approximately £42 million for the financial year ending 31 March 2018 (of which approximately £5.6 million was committed as at the Latest Practicable Date).

The Company (through certain wholly-owned, indirect subsidiaries of the Company) currently owns 50 per cent. of the units in the BRAVO Joint Ventures, being the NewRiver Retail Property Unit Trust No.2, the NewRiver Retail Property Unit Trust No.5, the NewRiver Retail Property Unit Trust No.6 and the NewRiver Retail Property Unit Trust No.7 (which hold properties in Middlesbrough, Hastings, Newtownabbey and Newton Mearns acquired off-market in 2013 and 2014 and as further described in paragraph 5.4 of Part 4 and paragraph 10.4 of Part 9 of this document).

The Acquisition will consist of the acquisition by wholly-owned, indirect subsidiaries of the Company of the remaining 50 per cent. of the units in the BRAVO Joint Ventures from certain subsidiaries of BRAVO II on the terms of the Heads of Terms. If the Acquisition is completed, the Company (through certain wholly-owned, indirect subsidiaries of the Company) will own 100 per cent. of the units in the BRAVO Joint Ventures.

The Acquisition will be made off-market at a yield of 7.3 per cent., generating a Stamp Duty Land Tax saving of approximately £6 million through being structured as an acquisition of the units in the joint venture vehicles, and relates to assets already well known to the Company by virtue of its existing 50 per cent. stake in each BRAVO Joint Ventures.

The non-binding Heads of Terms were entered into on 6 June 2017 and the aggregate net cash consideration payable in respect of the Acquisition, if it completes, would be approximately £60 million. The BRAVO Joint Ventures, collectively, generated net rental income of approximately £16.5 million for the financial year ended 31 December 2016 and had net assets of approximately £120.8 million (of which the Group's share was approximately £60.4 million) as at 31 December 2016. They have indebtedness of approximately £120 million outstanding which the Company intends to remain in place following completion of the

Acquisition. The Company intends to bring this indebtedness onto its own balance sheet from completion of the Acquisition.

In addition, the Heads of Terms provide as follows:

- the Company will receive limited warranties in any binding sale and purchase agreement entered into to effect the Acquisition (the “SPA”) as it is an existing unitholder in the BRAVO Joint Ventures and NewRiver REIT (UK) Limited is the asset manager operating the properties owned by the BRAVO Joint Ventures; and
- the Acquisition will be conditional on:
  - the obtaining of funding, which the Company intends to be satisfied by means of £60 million of the net proceeds of the Capital Raising referred to above; and
  - the other conditions to the SPA, being the obtaining of consent of the BRAVO Joint Ventures’ secured lenders to the Acquisition, to the extent required and the agreement in principle of the amount of a final distribution from the BRAVO Joint Ventures to the unitholders to be paid upon completion of the Acquisition (subject to adjustment following completion),

in each case, being satisfied by no later than 31 July 2017.

Whilst it is the Board’s current intention to proceed with the Acquisition, there can be no assurance that it will be completed on the terms set out in the Heads of Terms, or at all.

Consistent with previous BRAVO I and BRAVO II joint venture acquisitions, were the Acquisition to complete, the Group would receive a promote payment in recognition of the good historical performance of the BRAVO Joint Ventures.

Looking forward, the assets present a range of further opportunities to enhance value through active asset management and risk-controlled development activities.

## **5. Effects of the Capital Raising**

### ***Financial effects***

Upon Admission, the Enlarged Share Capital of the Company will be 305,752,715 Ordinary Shares. This includes 238,588,536 Existing Ordinary Shares, 45,474,313 New Ordinary Shares to be issued pursuant to the Firm Placing and 21,689,866 New Ordinary Shares to be issued pursuant to the Placing and Open Offer. On this basis, the Firm Placing Shares will represent approximately 14.9 per cent. of the Enlarged Share Capital and the Open Offer Shares will represent approximately 7.1 per cent. of the Enlarged Share Capital.

Assuming completion of the Acquisition, the Company estimates the Acquisition will be enhancing to earnings in the current financial year.

Following the issue of New Ordinary Shares to be allotted pursuant to the Capital Raising, Qualifying Shareholders who take up their full Open Offer Entitlements will suffer a dilution of 14.9 per cent. to their interests in the Company.

Annex III para 9.1

Qualifying Shareholders who do not take up any of their Open Offer Entitlements will suffer a dilution of 22.0 per cent. to their interests in the Company.

The percentage of NewRiver REIT’s issued share capital that the Existing Ordinary Shares represent will be reduced by 22.0 per cent. to 78.0 per cent. as a result of the Capital Raising.

For the purposes of the foregoing, any dilution which may result from exercise of any options and/or awards under the NewRiver Share Incentive Plans or the exercise of subscription rights pursuant to the NewRiver REIT Warrants has been disregarded.

### ***NewRiver REIT Warrant adjustments***

There are currently NewRiver REIT Warrants outstanding to subscribe for 376,849 Ordinary Shares.

The subscription price and/or the number of Ordinary Shares relating to the NewRiver REIT Warrants is subject to adjustment in respect of dilution events, including the payment by the Company of cash or scrip dividends, any amalgamation, reorganisation, reclassification, consolidation, merger or sale of all or substantially all the Company's assets (other than in the ordinary course of the Group's business) and other dilutive events.

In particular, pursuant to the terms of the NewRiver REIT Warrant Instrument, where the Company issues any Ordinary Shares for a consideration per Ordinary Share less than the fair market value of the Ordinary Shares, then the subscription price for the NewRiver REIT Warrants is reduced concurrently with such issue or sale. In addition, the number of Ordinary Shares for which the subscription rights are exercisable under the NewRiver REIT Warrants is subject to a consequential adjustment.

There is expected to be a consequential downward adjustment to the subscription price payable by NewRiver REIT Warrantholders on exercise of their subscription rights pursuant to their NewRiver REIT Warrants and a consequential adjustment to the number of Ordinary Shares which may be issued on exercise of the NewRiver REIT Warrants as a result of the Capital Raising.

#### ***NewRiver Share Incentive Plan adjustments***

There are currently options or awards outstanding under the NewRiver Share Incentive Plans to subscribe for 5,205,841 Ordinary Shares.

The exercise price and/or the number of Ordinary Shares subject to options or awards outstanding under the NewRiver Share Incentive Plans may be adjusted by the Remuneration Committee, *inter alia*, in respect of any capitalisation issue or rights issue. Therefore, the Remuneration Committee is entitled to consider such adjustments as a result of the Capital Raising.

## **6. Key terms of the Capital Raising**

The Company is proposing to raise approximately £219.9 million (net of estimated expenses of approximately £5.1 million) by way of a Firm Placing of 45,474,313 New Ordinary Shares to certain new and existing investors and a Placing and Open Offer of 21,689,866 New Ordinary Shares, representing, in aggregate, 22.0 per cent. of the Enlarged Share Capital, at an Offer Price, in each case, of 335 pence per New Ordinary Share.

The Offer Price of 335 pence per New Ordinary Share represents a discount of 2.9 per cent. to the Adjusted Closing Price of 345 pence. The Offer Price has been set by the Directors following their assessment of market conditions and following discussions with a number of institutional investors. The Directors are in agreement that the level of discount and method of issue are appropriate to secure the investment sought.

The Firm Placing and the Placing and Open Offer are not underwritten. Liberum and Peel Hunt have conditionally placed all of the Firm Placing Shares and the Placing Shares with institutional investors at the Offer Price (subject to clawback, in respect of the Placing Shares, to satisfy valid applications by Qualifying Shareholders under the Open Offer).

Annex III paras  
5.4.3 and 5.4.4

The principal terms of the Placing and Open Offer Agreement are summarised in paragraph 10.2 of Part 9 of this document.

The Capital Raising is conditional upon the following:

- the Resolutions being passed by NewRiver REIT Shareholders at the General Meeting (without material amendment);
- the Placing and Open Offer Agreement becoming unconditional in all respects (save for the condition relating to Admission) and not having been terminated in accordance with its terms before Admission; and

- Admission becoming effective by not later than 8.00 a.m. on 6 July 2017 (or such later time and/or date as the parties to the Placing and Open Offer Agreement may agree, being not later than 31 July 2017).

Accordingly, if any of such conditions are not satisfied, or, if applicable, waived, the Capital Raising will not proceed and any Open Offer Entitlements and Excess Open Offer Entitlements admitted to CREST will thereafter be disabled and application monies will be returned (at the applicants' risk) without interest as soon as possible.

Application will be made for the New Ordinary Shares to be admitted to listing on the premium listing 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 dealings in the New Ordinary Shares will commence by 8.00 a.m. on 6 July 2017 (whereupon an announcement will be made by the Company to a Regulatory Information Service).

The New Ordinary Shares will, in aggregate, represent approximately 22.0 per cent. of the Company's issued Ordinary Shares following Admission. New Ordinary Shares issued through the Firm Placing will represent approximately 14.9 per cent. of the Enlarged Share Capital. New Ordinary Shares issued through the Placing and Open Offer will represent approximately 7.1 per cent. of the Enlarged Share Capital. The above calculations assume that no Ordinary Shares are issued as a result of the exercise of any NewRiver REIT Warrants or any options or awards under the NewRiver Share Incentive Plans between the Latest Practicable Date and the Record Time.

### ***The Firm Placing***

Liberum and Peel Hunt, as agents of the Company, have conditionally placed the Firm Placing Shares at the Offer Price pursuant to the Placing and Open Offer Agreement. The Firm Placing Shares, which represent approximately 67.7 per cent. of the New Ordinary Shares and approximately 14.9 per cent. of the Enlarged Share Capital, have been placed with certain institutional investors (the "**Firm Placees**"). The Firm Placing Shares are not subject to clawback and are not part of the Placing and Open Offer. The Firm Placing is subject to the same conditions as the Placing and Open Offer.

The Firm Placing will raise gross proceeds of approximately £152.3 million for NewRiver REIT.

For further details of the Placing and Open Offer Agreement, please see paragraph 10.2 of Part 9 of this document.

The Firm Placing Shares will be issued credited as fully paid and will rank *pari passu* in all respects with the Existing Ordinary Shares, including for voting purposes, and in full for all dividends or other distributions declared in respect of the ordinary share capital of NewRiver REIT declared, made or paid after their issue (other than the Special Dividend and the First Quarterly Dividend which the Firm Placing Shares will not be eligible to receive). The Firm Placing Shares will rank *pari passu* for any distributions made on a winding up of NewRiver REIT.

### ***The Placing and Open Offer***

Liberum and Peel Hunt, as agents of the Company, have also conditionally made arrangements to place the Placing Shares with institutional investors at the Offer Price. The Placing Shares represent approximately 32.3 per cent. of the New Ordinary Shares and 7.1 per cent. of the Enlarged Share Capital. The Placing Shares will be subject to clawback to satisfy valid applications by Qualifying Shareholders under the Open Offer. Subject to the satisfaction or, where applicable, waiver of the conditions and the Placing and Open Offer Agreement not having been terminated in accordance with its terms, any Open Offer Shares not subscribed for under the Open Offer will be issued to Placing Placees, with the net proceeds of the Placing being retained by NewRiver REIT.

*Open Offer Entitlements*

Qualifying Shareholders have the opportunity under the Open Offer to subscribe for New Ordinary Shares at the Offer Price, payable in full on application and free of expenses, pro rata to their existing shareholdings, on the following basis:

**1 New Ordinary Share for every 11 Existing Ordinary Shares**

held by them and registered in their names at the Record Time. Fractions of Ordinary Shares will not be allotted and each Qualifying Shareholder's entitlement under the Open Offer will be rounded down to the nearest whole number. Fractional entitlements to New Ordinary Shares will be aggregated and will ultimately accrue for the benefit of the Company.

Qualifying Shareholders are also being offered the opportunity to subscribe for Excess Shares in excess of their Open Offer Entitlements pursuant to the Excess Application Facility as described below.

*Excess Application Facility*

Qualifying Shareholders may apply to subscribe for Excess Shares using the Excess Application Facility, should they wish. Qualifying Non-CREST Shareholders wishing to apply to subscribe for Excess Shares may do so by completing the relevant sections on the Application Form. Qualifying CREST Shareholders who wish to apply to subscribe for more than their Open Offer Entitlements will have Excess Open Offer Entitlements credited to their stock account in CREST and should refer to paragraph 4.3 of Section A of Part 3 of this document for information on how to apply for Excess Shares pursuant to the Excess Application Facility.

The Excess Application Facility will comprise Open Offer Shares that are not taken up by Qualifying Shareholders under the Open Offer pursuant to their Open Offer Entitlements, which have been clawed back from Placing Places. Qualifying Shareholders' applications for Excess Shares will, therefore, be satisfied only to the extent that corresponding applications by other Qualifying Shareholders are made for less than their pro rata Open Offer Entitlements. If there is an over-subscription resulting from excess applications, allocations in respect of such excess applications will be scaled-back at the absolute discretion of Liberum and Peel Hunt in consultation with the Board, who will have regard to the pro rata number of Excess Shares applied for by Qualifying Shareholders under the Excess Application Facility. No assurances can therefore be given that applications by Qualifying Shareholders under the Excess Application Facility will be met in full, in part or at all.

Further information on the Open Offer and the terms and conditions on which it is made, including the procedure for application and payment, are set out in Part 3 of this document and, where relevant, in the Application Form.

**NewRiver REIT Shareholders should be aware that the Open Offer is not a rights issue. As such, Qualifying Non-CREST Shareholders should note that their Application Forms are not negotiable documents and cannot be traded. Qualifying CREST Shareholders should note that, although the Open Offer Entitlements and Excess Open Offer Entitlements will be admitted to CREST and be enabled for settlement, the Open Offer Entitlements and Excess Open Offer Entitlements will not be tradeable or listed and applications in respect of the Open Offer may only be made by the Qualifying Shareholder originally entitled or by a person entitled by virtue of a bona fide market claim. New Ordinary Shares for which application has not been made under the Open Offer will not be sold in the market for the benefit of those who do not apply under the Open Offer and Qualifying Shareholders who do not apply to take up their entitlements will have no rights nor receive any benefit under the Open Offer. Any New Ordinary Shares which are not applied for under the Open Offer Entitlements and Excess Open Offer Entitlements will be allocated to Placing Places and/or other subscribers procured by Liberum and/or Peel Hunt.**

Annex III para  
5.1.10

The Placing and Open Offer will raise gross proceeds of approximately £72.7 million for NewRiver REIT.

Annex I paras  
12.1 and 12.2

## 7. Current trading and prospects

On 16 May 2017, NewRiver REIT released its results for the financial year ended 31 March 2017. A summary of the key financial and operational highlights from those results is set out below:

### *Financial Highlights*

- Funds From Operations grew by 24 per cent. to £58.2 million due to acquisitions made during the financial year as well as the Company's active asset management programme;
- Funds From Operations per Ordinary Share were 24.9 pence (FY 2016: 26.6 pence which included promote receipts from the Bravo Joint Ventures of 2.8 pence per Ordinary Share);
- The dividend in respect of the period increased by 8 per cent. to 20.0 pence per Ordinary Share (FY 2016: 18.5 pence);
- Special dividend of 3.0 pence per Ordinary Share to take the total, fully covered, dividends in respect of the period to 23 pence per Ordinary Share;
- At the period end, the Company's IFRS net assets stood at £685 million with an EPRA NAV per Ordinary Share of 292 pence;
- Loan-to-value stood at 37 per cent., well within the Company's stated policy of less than 50 per cent.
- The Group completed acquisitions totalling £158 million during the period at an equivalent yield of 7.2 per cent.

### *Operational Highlights*

- 355 leasing events (excluding lease variations) completed across 1.1 million sq. ft. of space with long term retail deals on average 3.9 per cent. ahead of ERV;
- Retail occupancy increased to 97 per cent. (FY 2016: 96 per cent.) and has been maintained above 94 per cent. since NewRiver Retail's IPO in 2009;
- Like-for-like net income increased 1.2 per cent. with an affordable average retail rent of £12.45 per sq. ft. (FY 2016: £12.14 per sq. ft.);
- Like-for-like footfall across the shopping centre portfolio increased 0.5 per cent., outperforming the UK benchmark by 210bps;
- From 1 April 2017, rateable values across 90 per cent. of the Company's retail portfolio reduced by over 19 per cent. benefitting retailers through improved cost ratios. Public house operators across the Group's portfolio will save on average 40 per cent. on business rates.

### *Future Prospects*

Whilst the Board is aware of general economic caution in light of uncertainty over the recent UK general election result and negotiations in respect of the UK's decision to exit the European Union and the potential for rises in inflation and interest rates, it believes that the Group is well placed to meet the challenges that could arise in this environment. The Group owns a sizeable portfolio with critical mass. It is cash generative with an occupier base representing some of the strongest covenants in the UK retail and leisure sectors. Assets are geographically diversified with a focus on day-to-day shopping needs which the Directors consider to be significantly less volatile than other segments of the retail market. The Board therefore remains optimistic in its outlook for the Company.

## 8. Dividend policy

Annex I para 20.7

As a REIT, NewRiver REIT is required to distribute at least 90 per cent. of the profits from its property rental business as dividends. On 16 May 2017, NewRiver REIT announced a Special Dividend for the financial year ended 31 March 2017 of 3 pence per Existing Ordinary Share and the First Quarterly Dividend for the financial year ending 31 March 2018 of 5.25 pence per Existing Ordinary Share.



The Special Dividend and the First Quarterly Dividend will be paid as a PID on 4 August 2017 to NewRiver REIT Shareholders on the register on 16 June 2017. Ordinary Shares were marked ex-dividend in respect of the Special Dividend and First Quarterly Dividend on 15 June 2017.

The New Ordinary Shares issued in connection with the Firm Placing and the Placing and Open Offer will not carry any entitlement to receive the Special Dividend or First Quarterly Dividend but the Firm Placing Shares and the Open Offer Shares will rank, from Admission, *pari passu* in all other respects with the Existing Ordinary Shares and will have the right to receive all dividends and distributions declared in respect of issued Ordinary Share capital of the Company after Admission. The next quarterly dividend to be announced will be for the quarter ending 30 September 2017.

NewRiver REIT is committed to a growing, progressive, fully covered dividend and its policy of paying quarterly dividends provides a source of regular income for NewRiver REIT 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 REIT Shareholders, as a whole.**

## 9. Overseas Shareholders

### *United States*

The New Ordinary Shares have not been, and will not be, registered under the US Securities Act or under the securities laws of any state, district or other jurisdiction of the United States. Accordingly, the New Ordinary Shares may not be offered, sold, resold, delivered, distributed or otherwise transferred, directly or indirectly, within the United States. The New Ordinary Shares are being offered or sold outside the United States, in reliance on Regulation S.

None of the securities referred to in this document have been approved or disapproved by the SEC, any state securities commission in the United States or any other US regulatory authority, nor have such authorities passed upon or determined the adequacy or accuracy of this document. Any representation to the contrary is a criminal offence in the United States.

### *Switzerland*

The New Ordinary Shares may not be publicly offered in Switzerland and will not be listed on the SIX Swiss Exchange (“SIX”) or on any other stock exchange or regulated trading facility in Switzerland. This document has been prepared without regard to the disclosure standards for issuance prospectuses under art. 652a or art. 1156 of the Swiss Code of Obligations or the disclosure standards for listing prospectuses under art. 27 ff. of the SIX Listing Rules or the listing rules of any other stock exchange or regulated trading facility in Switzerland. Neither this document nor any other offering or marketing material relating to the New Ordinary Shares or the Capital Raising may be publicly distributed or otherwise made publicly available in Switzerland.

Neither this document, the Application Form nor the Form of Proxy nor any other offering or marketing material relating to the Capital Raising, the Company or the New Ordinary Shares have been, or will be, filed with, or approved by, any Swiss regulatory authority. In particular, this document, the Application Form and the Form of Proxy will not be filed with, and the offer of New Ordinary Shares will not be supervised by, the Swiss Financial Market Supervisory Authority FINMA, and the offer of New Ordinary Shares has not been and will not be authorised under the Swiss Federal Act on Collective Investment Schemes (“CISA”). The investor protection afforded to acquirers of interests in collective investment schemes under the CISA does not extend to acquirers of New Ordinary Shares.

### *Other jurisdictions*

This document and any accompanying documents are not being made available to Overseas Shareholders with registered addresses in any Restricted Jurisdiction and may not be treated as an invitation to subscribe

for any New Ordinary Shares by any person resident or located in such jurisdictions or any other Restricted Jurisdiction.

The New Ordinary Shares have not been, and will not be, registered under the applicable securities laws of any Restricted Jurisdiction. Accordingly, the New Ordinary Shares may not be offered, sold, delivered or transferred, directly or indirectly, in or into any Restricted Jurisdiction to or for the account or benefit of any national, resident or citizen of any Restricted Jurisdiction.

This document has been prepared to comply with English law, the Prospectus Rules and the Listing Rules, and the information disclosed may not be the same as that which could have been disclosed if this document had been prepared in accordance with the laws of jurisdictions outside the United Kingdom.

**NONE OF THE SECURITIES REFERRED TO IN THIS DOCUMENT SHALL BE SOLD, ISSUED OR TRANSFERRED IN ANY JURISDICTION IN CONTRAVENTION OF APPLICABLE LAW.**

## **10. Settlement and listing of, and dealings in, the New Ordinary Shares**

The result of the Open Offer is expected to be announced on 4 July 2017. The New Ordinary Shares will be issued credited as fully paid and will rank *pari passu* in all respects with the Existing Ordinary Shares. The New Ordinary Shares will be created under the Companies Act and the legislation made thereunder, will be issued in registered form and will be capable of being held in both certificated and uncertificated form.

Applications will be made to the UK Listing Authority for the New Ordinary Shares to be admitted to the premium listing segment of the Official List and to the London Stock Exchange for the New Ordinary Shares to be admitted to trading on the London Stock Exchange's Main Market for listed securities. It is expected that Admission will become effective and that dealings for normal settlement in the New Ordinary Shares will commence on the London Stock Exchange by 8.00 a.m. on 6 July 2017.

**The Existing Ordinary Shares are already admitted to the premium listing segment of the Official List and to trading on the London Stock Exchange's Main Market for listed securities and to CREST. It is expected that all of the New Ordinary Shares, when issued and fully paid, will be capable of being held and transferred by means of CREST. The New Ordinary Shares will trade under ISIN GB00BD7XPJ64. The ISIN for the Open Offer Entitlements is GB00BF1KDD78 and the ISIN for the Excess Open Offer Entitlements is GB00BF1KDG00.**

Annex III para 4.1

## **11. General Meeting**

The Capital Raising is subject to a number of conditions, including NewRiver REIT Shareholders' approval to grant the Directors authority to allot the New Ordinary Shares as if applicable statutory pre-emption rights did not apply.

The Second, Third and Fourth Resolutions are conditional on the passing of the First Resolution. If the Resolutions are not approved at the General Meeting, the Company will be unable to complete the Capital Raising. A notice convening the General Meeting to be held at 10.00 a.m. on 4 July 2017 is set out at the end of this document.

### ***First Resolution***

NewRiver REIT Shareholders are being asked to vote on, amongst other things, the First Resolution in order to provide the Directors with the necessary authority and power under the Companies Act to proceed with the Capital Raising. The Capital Raising is conditional on the passing of the First Resolution. If the First Resolution is not approved at the General Meeting, the Company will be unable to complete the Capital Raising.

The First Resolution authorises the Directors to allot up to 67,164,179 New Ordinary Shares, representing approximately 28.2 per cent. of the Company's current issued share capital as at the Latest Practicable Date. This will enable the Company to allot sufficient New Ordinary Shares to satisfy its obligations in connection with the Capital Raising. This authority will expire at the conclusion of the next annual general meeting of the Company (unless previously revoked or varied by the Company). The authority granted under the First

Resolution, which will be proposed as an ordinary resolution requiring a simple majority of votes in favour, is in addition to the authority to allot Ordinary Shares which was granted to the directors at NewRiver Retail's annual general meeting in 2016 (and which was replicated in respect of NewRiver REIT through shareholder resolutions of NewRiver REIT passed on 3 August 2016 in connection with the Scheme and Original Admission), which the Directors have no present intention of exercising and which will expire on the date of the annual general meeting of the Company to be held in July 2017 or on 31 July 2017, whichever is the later, unless previously revoked or varied by the Company.

### ***Second Resolution***

The Second Resolution, which is subject to and conditional on the passing of the First Resolution, will be proposed as an ordinary resolution requiring a simple majority of votes in favour and proposes that the Invesco Participation (details of which are set out in paragraph 11.4 of Part 9 of this document) be approved as a related party transaction for the purposes of the Listing Rules.

Invesco will not vote on the Second Resolution and has undertaken to take all reasonable steps to procure that its associates (as defined in the Listing Rules) will also not vote on such resolution.

### ***Third Resolution***

The Third Resolution, which is subject to and conditional on the passing of the First Resolution, grants the Directors authority to allot equity securities for cash pursuant to the authority conferred on them by the First Resolution as if section 561 of the Companies Act did not apply to such allotment.

It should be noted that whilst the provisions of section 570 of the Companies Act confer on NewRiver REIT Shareholders rights of pre-emption on the allotment of equity securities for cash, the Fourth Resolution seeks to disapply this right for the purpose of the Capital Raising. The authority and power to disapply pre-emption rights in relation to the Open Offer is being sought to allow the Directors to issue the New Ordinary Shares on a non-pre-emptive basis as may be required to deal with, amongst other things, Excess Open Offer Entitlements and practical issues in the context of the Open Offer, in particular, in relation to fractional entitlements or as a result of legal or practical restrictions under the laws in any territory or the requirements of any relevant regulatory body or stock exchange.

The Third Resolution will be proposed as a special resolution requiring the approval of at least 75 per cent. of the votes cast. The authority granted under the Third Resolution is in addition to the authority which was granted to the directors at NewRiver Retail's annual general meeting in 2016 (and which was replicated in respect of NewRiver REIT through shareholder resolutions of NewRiver REIT passed on 3 August 2016 in connection with the Scheme and Original Admission) and will (unless previously revoked or varied by the Company in general meeting) expire at the conclusion of the next annual general meeting of the Company to be held in July 2017 or on 31 July 2017, whichever is the later.

Your attention is again drawn to the fact that the Capital Raising is conditional and dependent upon the Resolutions being passed (there are also additional conditions which must be satisfied before the Capital Raising can be completed).

For further information in relation to the Resolutions to be proposed at the General Meeting, see the Notice of General Meeting at the end of this document.

**As at the date of this document, the Company holds 4,613,737 Ordinary Shares in treasury.**

## **12. Directors' participations**

The Directors are interested in an aggregate of 2,231,156 Existing Ordinary Shares (representing approximately 0.9 per cent. of the Existing Ordinary Shares). David Lockhart, Mark Davies and Alastair Miller intend to participate in the Capital Raising and have, in aggregate, subscribed for 30,845 New Ordinary Shares pursuant to the Capital Raising.

Further information in relation to the Directors' and the Group's senior management's participation in the Capital Raising, their holdings of Existing Ordinary Shares as at the date of this document and their anticipated shareholdings at Admission are set out in paragraph 5.2 of Part 9 of this document.

### **13. Related Party Participations**

Woodford and Invesco are each related parties of the Company for the purposes of Chapter 11 of the Listing Rules as a result of either: (i) being entitled to exercise, or to control the exercise of, over 10 per cent. of the votes able to be cast at general meetings of the Company; or (ii) being so entitled during the 12 month period prior to the date of this document. Woodford and Invesco have each agreed to subscribe for 11,171,522 and 20,552,355 New Ordinary Shares, respectively, under, and on the terms and conditions of the Firm Placing (in the case of Woodford) and the Firm Placing and the Placing (in the case of Invesco), each such subscription being classified as a related party transaction for the purposes of Chapter 11 of the Listing Rules and, in the case of the Invesco Participation, requiring the approval of NewRiver REIT Shareholders in a general meeting. Accordingly, the Second Resolution to be proposed at the General Meeting seeks NewRiver REIT Shareholders' approval for the Invesco Participation. The participation by Woodford, whilst a related party transaction, is classified as a "smaller related party transaction" for the purposes of the Listing Rules, and does not require shareholder approval.

LR13.6.1 (3)

### **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 REIT Shareholders and prospective investors in the New Ordinary Shares pursuant to the Capital Raising resident for tax purposes in the UK is set out at paragraph 12 of Part 9 of this document. The summary does not purport to be a complete analysis or listing of all the potential tax consequences of holding Ordinary Shares or acquiring New Ordinary Shares pursuant to the Capital Raising. NewRiver REIT Shareholders and prospective investors in New Ordinary Shares pursuant to the Capital Raising are advised to consult their own independent tax advisers concerning the consequences under UK tax law of the acquisition, ownership and disposition of Ordinary Shares.

### **15. Actions to be taken**

#### ***In respect of the General Meeting***

Existing NewRiver REIT Shareholders (other than Restricted Shareholders) will find enclosed with this document a Form of Proxy for use at the General Meeting. You are requested to complete and sign the Form of Proxy, whether or not you propose to attend the General Meeting in person, in accordance with the instructions printed on it so as to be received by NewRiver REIT's registrar, Capita Asset Services, at the return address on the enclosed envelope as soon as possible and, in any event, no later than 10.00 a.m. on 2 July 2017. NewRiver REIT Shareholders who hold their Ordinary Shares in CREST may appoint a proxy by completing and transmitting a CREST Proxy Instruction to Capita Asset Services (CREST participant ID RA10). Electronic proxy appointments must also be received by no later than 10.00 a.m. on 2 July 2017. The completion and return of the Form of Proxy (or the electronic appointment of a proxy) will not preclude you from attending the General Meeting and voting in person if you wish to do so.

The results of the votes cast at the General Meeting will be announced as soon as possible once known through a Regulatory Information Service and on the NewRiver REIT website ([www.nrr.co.uk](http://www.nrr.co.uk)). It is expected that this will be on 4 July 2017.

#### ***In respect of the Open Offer***

If you are a Qualifying Non-CREST Shareholder and not also a Restricted Shareholder and you wish to take up your Open Offer Entitlements in whole or in part and any Excess Shares, you should complete and return the enclosed Application Form, together with your remittance for the full amount of the subscription monies for the New Ordinary Shares being taken up in accordance with the instructions printed thereon and in Part 3 of this document, by post or by hand, (during normal business hours only) to Capita Asset Services, Corporate Actions, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU, so as to arrive as early

as possible but in any event by no later than 11.00 a.m. on 3 July 2017 being the latest time for acceptance and payment in full. If you do not wish to apply for any Open Offer Shares nor any Excess Shares under the Open Offer you should not complete or return the Application Form.

If you are a Qualifying CREST Shareholder and not also a Restricted Shareholder, no Application Form is enclosed and you will receive a credit to your appropriate stock account in CREST in respect of the Open Offer Entitlements representing your basic entitlement under the Open Offer and a credit in respect of the Excess Open Offer Entitlements for use in connection with the Excess Application Facility.

The procedure for application and payment depends on whether, at the time at which application and payment is made, you have an Application Form in respect of your entitlement under the Open Offer or have Open Offer Entitlements and Excess Open Offer Entitlements credited to your stock account in CREST in respect of such entitlement. The latest time for applications under the Open Offer to be received is 11.00 a.m. on 3 July 2017.

If you sell or have sold or otherwise transferred all of your Existing Ordinary Shares prior to the date the shares were marked ex-entitlement to the Open Offer you should send this document (but not any personalised Form of Proxy or Application Form) at once to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for delivery to the purchaser or the transferee.

Full details of the terms and conditions of the Open Offer and the procedure for application and payment are contained in Part 3 of this document.

If you are in any doubt as to the action you should take, you are recommended to seek your own personal financial advice immediately from your stockbroker, bank manager, solicitor, accountant, fund manager or other independent financial adviser authorised under FSMA if you are in the United Kingdom or, if you are not, from another appropriately authorised independent financial adviser.

**Your attention is drawn to the section of this document headed “Risk Factors”. You should read all of the information contained in, or incorporated by reference into, this document before deciding the action to take in respect of the General Meeting or the Capital Raising (or both). If you are a Qualifying Shareholder and, subject to certain exceptions, unless you have a registered address in, or are resident in, any of the Restricted Jurisdictions, your attention is drawn in connection with the Capital Raising to the further information contained in Parts 2 and 3, respectively, of this document.**

## **16. Recommendation and voting intentions**

The Board believes that the Capital Raising and the Resolutions, including the Resolution relating to the Invesco Participation, are in the best interests of the Company and NewRiver REIT Shareholders as a whole. Accordingly, the Board unanimously recommends that you vote in favour of the Resolutions, as the Directors intend to do in respect of their own beneficial holdings.

The Board, which has been so advised by Liberum, considers the terms of the Invesco Participation to be fair and reasonable as far as NewRiver REIT Shareholders as a whole are concerned. In providing this advice to the Board, Liberum has taken into account the Board’s commercial assessment of the Invesco Participation. LRI3.6.1 (5)

Yours faithfully

**Paul Roy**  
*Chairman*

## PART 2

### QUESTIONS AND ANSWERS ABOUT THE CAPITAL RAISING

*The questions and answers set out in this Part 2 are intended to be generic guidance only and, as such, you should read the whole of this document and, in particular, Part 3 of this document for full details of what action you should take. The contents of this document should not be construed as legal, business, accounting, tax, investment or any other professional advice. If you are in any doubt about the action to be taken, you are recommended to seek your own personal financial advice immediately from your stockbroker, bank, fund manager, solicitor, accountant or other appropriate independent financial adviser duly authorised under FSMA or, if you are in a territory outside the United Kingdom, from another appropriately authorised financial adviser. This document is for your information only and nothing in this document is intended to endorse or recommend a particular course of action. The attention of Overseas Shareholders is drawn to paragraph 7 of Section A of Part 3 of this document.*

*This Part 2 deals with general questions relating to the Capital Raising, as well as more specific questions relating to Qualifying Non-CREST Shareholders. If you hold your Ordinary Shares in uncertificated form (that is, through CREST) your attention is drawn to Part 3 of this document which contains full details of what action you should take. If you are a CREST sponsored member, you should consult your CREST sponsor.*

*If you do not know whether your Ordinary Shares are held in certificated or uncertificated form, please contact Capita Asset Services on 0371 664 0321. Calls are charged at the standard geographic rate and will vary by provider. Calls outside the United Kingdom will be charged at the applicable international rate. The helpline is open between 9.00 a.m. and 5.30 p.m. (London time) Monday to Friday excluding public holidays in England and Wales. Please note that Capita Asset services cannot provide any financial, legal or tax advice and calls may be recorded and monitored for security and training purposes.*

#### **1. What is the Firm Placing and the Placing and Open Offer?**

A firm placing and placing and open offer are ways for companies to raise money. They usually do this by giving their existing shareholders a right to subscribe for further shares at a fixed price in proportion to their existing shareholdings (an open offer) and providing for existing and new investors to subscribe for new shares in the Company (a firm placing and/or a placing). The fixed price is normally at a discount to the mid-market price of the existing ordinary shares at the time of the announcement of the open offer.

Annex III  
para 5.1.10

#### **2. What is the Company's Open Offer?**

The Open Offer is an invitation by the Company to Qualifying Shareholders to apply to subscribe for an aggregate of 21,689,866 New Ordinary Shares at a price of 335 pence per New Ordinary Share. If you hold Ordinary Shares at the Record Time or have a bona fide market claim and are not a NewRiver REIT Shareholder located in the United States or any other Restricted Jurisdiction (for further information on Overseas Shareholders, see paragraph 7 of Part 3 of this document), you will be entitled to subscribe for New Ordinary Shares under the Open Offer.

Annex III  
para 5.3.1 – 5.3.4

The Open Offer is being made on the basis of 1 New Ordinary Share for every 11 Existing Ordinary Shares held by Qualifying Shareholders (other than Restricted Shareholders) at the Record Time. Applications by Qualifying Shareholders will be satisfied in full up to their Open Offer Entitlements. In addition, and subject to availability, the Excess Application Facility will enable Qualifying Shareholders to apply for any whole number of Excess Shares in excess of their Open Offer Entitlements. If there is an over-subscription resulting from excess applications, allocations in respect of such Excess Shares will be scaled-back at the absolute discretion of Liberum and Peel Hunt in consultation with the Board, who will have regard to the pro rata number of Excess Shares applied for by Qualifying Shareholders under the Excess Application Facility. No assurances can therefore be given that applications by Qualifying Shareholders under the Excess Application Facility will be met in full, in part or at all.

If your entitlement to New Ordinary Shares is not a whole number, your fractional entitlement will be rounded down to the nearest whole number in calculating your actual Open Offer Entitlement. If you hold fewer than 11 Existing Ordinary Shares, you will not receive an Open Offer Entitlement. Fractional entitlements to New Ordinary Shares will be aggregated and will ultimately accrue for the benefit of the Company. New Ordinary Shares are being offered to Qualifying Shareholders at a discount of 2.9 per cent. to the Adjusted Closing Price of 345 pence.

**NewRiver REIT Shareholders should be aware that the Open Offer is not a rights issue. As such, Qualifying Non-CREST Shareholders should note that their Application Forms are not negotiable documents and cannot be traded. Qualifying CREST Shareholders should note that, although the Open Offer Entitlements and Excess Open Offer Entitlements will be admitted to CREST, and be enabled for settlement, the Open Offer Entitlements and Excess Open Offer Entitlements will not be tradeable or listed and applications in respect of the Open Offer may only be made by the Qualifying Shareholder originally entitled or by a person entitled by virtue of a bona fide market claim raised by Euroclear's Claims Processing Unit.**

Following the issue of New Ordinary Shares to be allotted pursuant to the Capital Raising, Qualifying Shareholders who take up their full Open Offer Entitlements will suffer a dilution of 14.9 per cent. to their interests in the Company.

Qualifying Shareholders who do not take up any of their Open Offer Entitlements will suffer a dilution of 22.0 per cent. to their interests in the Company.

For the purposes of the foregoing, any dilution which may result from the exercise of any options and/or awards under the NewRiver Share Incentive Plans or the exercise of subscription rights pursuant to the NewRiver REIT Warrants has been disregarded.

New Ordinary Shares for which application has not been made under the Open Offer will not be sold in the market for the benefit of those who do not apply under the Open Offer and Qualifying Shareholders who do not apply to take up their entitlements will have no rights nor receive any benefit under the Open Offer. Any New Ordinary Shares which are not applied for under the Open Offer Entitlements and Excess Open Offer Entitlements will be issued to the Placing Placees with the proceeds ultimately accruing for the benefit of the Company.

However, NewRiver REIT Shareholders should note that the Capital Raising is conditional upon: (i) the Resolutions being passed by NewRiver REIT Shareholders at the General Meeting (without material amendment); (ii) the Placing and Open Offer Agreement becoming unconditional in all respects (save for the condition relating to Admission) and not having been terminated in accordance with its terms before Admission; and (iii) Admission becoming effective by not later than 8.00 a.m. on 6 July 2017 (or such later time and/or date as Liberum, Peel Hunt and NewRiver REIT may agree, being not later than 8.00 a.m. on 31 July 2017).

### **3. When will the Capital Raising take place?**

The Capital Raising is subject to Admission becoming effective by not later than 8.00 a.m. on 6 July 2017 (or such later time and/or date as Liberum, Peel Hunt and NewRiver REIT may agree, being not later than 8.00 a.m. on 31 July 2017).

### **4. What is an Application Form?**

It is a form sent to those Qualifying Shareholders who hold their Ordinary Shares in certificated form. It sets out your Open Offer Entitlement to subscribe for the Open Offer Shares and Excess Open Offer Entitlement to subscribe for any Excess Shares and is a form which you should complete if you want to participate in the Open Offer.

## **5. What if I have not received an Application Form or I have lost my Application Form?**

If you have not received an Application Form and you do not hold your Existing Ordinary Shares in CREST, this probably means that you are not eligible to participate in the Open Offer. Some Qualifying Shareholders, however, will not receive an Application Form but may still be able to participate in the Open Offer, including:

- Qualifying CREST Shareholders;
- Qualifying Non-CREST Shareholders who bought Ordinary Shares before the Ex-Entitlements Date but were not registered as the holders of those Ordinary Shares at the Record Time (see question 6 below); and
- certain Overseas Shareholders.

If you have not received an Application Form but think that you should have received one or would like to receive one, or you have lost your Application Form, please contact Capita Asset Services on 0371 664 0321. Calls are charged at the standard geographic rate and will vary by provider. Calls outside the United Kingdom will be charged at the applicable international rate. The helpline is open between 9.00 a.m. and 5.30 p.m. (London time) Monday to Friday excluding public holidays in England and Wales. Please note that Capita Asset services cannot provide any financial, legal or tax advice and calls may be recorded and monitored for security and training purposes.

## **6. If I bought Existing Ordinary Shares before 15 June 2017 (the Ex-Entitlements Date) will I be eligible to participate in the Open Offer?**

If you bought Ordinary Shares before the Ex-Entitlements Date but you were not registered as the holder of those Ordinary Shares at the Record Time you may still be eligible to participate in the Open Offer. If you are in any doubt, please consult your stockbroker, bank or other appropriate financial adviser, or whoever arranged your share purchase, to ensure you claim your entitlement. You will not be entitled to the New Ordinary Shares in respect of any Ordinary Shares acquired on or after the Ex-Entitlements Date.

## **7. I hold my Existing Ordinary Shares in uncertificated form in CREST. What do I need to do in relation to the Open Offer?**

CREST members should follow the instructions set out in Part 3 of this document. Persons who hold Existing Ordinary Shares through a CREST member should be informed by the CREST member through which they hold their Existing Ordinary Shares of the New Ordinary Shares which they are entitled to take up under the Open Offer and should contact them if they do not receive this information.

Annex III  
para 4.3

## **8. I hold my Existing Ordinary Shares in certificated form. How do I know I am eligible to participate in the Open Offer?**

If you receive an Application Form, are not a NewRiver REIT Shareholder with a registered address in a Restricted Jurisdiction (subject to certain exemptions) and are not physically located in the United States or any other Restricted Jurisdiction, then you should be eligible to participate in the Open Offer as long as you have not sold all of your Existing Ordinary Shares on or after the Ex-Entitlements Date.

Annex III  
para 4.3

NewRiver REIT Shareholders located in, or who are citizens of, or who have an address in, a jurisdiction other than the United Kingdom will be subject to the laws of that jurisdiction and their ability to participate in the Open Offer may be affected accordingly. NewRiver REIT Shareholders who are located in, or who are citizens of, or who have an address in a jurisdiction outside of, the United Kingdom should read paragraph 7 of Part 3 of this document and should take professional advice as to whether they are eligible and/or need to observe any formalities to enable them to take up their Open Offer Entitlement.



**9. I hold my Existing Ordinary Shares in certificated form. How do I know how many New Ordinary Shares I am entitled to take up?**

If you hold your Existing Ordinary Shares in certificated form and, subject to certain limited exceptions, do not have a registered address in the United States or any other Restricted Jurisdiction, you will be sent an Application Form that shows:

- In Box 1, how many Existing Ordinary Shares you held at the Record Time;
- In Box 2, how many New Ordinary Shares are comprised in your Open Offer Entitlement; and
- In Box 3, how much you need to pay in Pounds Sterling if you want to take up your right to subscribe for all of your Open Offer Entitlement.

If you would like to apply for any or all of the New Ordinary Shares comprised in your Open Offer Entitlement, you should complete the Application Form in accordance with the instructions printed on it and the information provided in this document. Completed Application Forms should be posted, along with a cheque or banker's draft drawn in the appropriate form, in the accompanying prepaid envelope to Capita Asset Services, Corporate Actions, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU so as to be received by no later than 11.00 a.m. on 3 July 2017, after which time Application Forms will not be valid.

If you would like to apply for any Excess Shares (i.e. New Ordinary Shares in excess of your Open Offer Entitlement which have not been applied for by other Qualifying Shareholders) pursuant to the Excess Application Facility, you should complete the Application Form in accordance with the instructions printed on it and the information provided in this document.

**10. What if I hold options and/or awards under the NewRiver Share Incentive Plans?**

The Company may adjust options and/or awards under the NewRiver Share Incentive Plans in accordance with the rules of those plans to take account of the New Ordinary Shares issued pursuant to the Capital Raising. Participants will be contacted separately with further information if adjustments are made.

**11. I hold my Existing Ordinary Shares in certificated form and am eligible to receive an Application Form. What are my choices in relation to the Open Offer?**

**11.1 *If you do not want to take up your Open Offer Entitlement***

If you do not want to take up your Open Offer Entitlement you do not need to do anything. In these circumstances, you will not receive any New Ordinary Shares. You will also not receive any money when the New Ordinary Shares you could have taken up are sold, as would happen under a rights issue provided the price at which they are sold exceeds the costs and expenses of effecting the sale. You cannot sell your Open Offer Entitlement or Excess Open Offer Entitlement to anyone else. If you do not return your Application Form subscribing for the New Ordinary Shares to which you are entitled by 11.00 a.m. on 3 July 2017, such New Ordinary Shares will be made available for subscription under the Excess Application Facility. Failing that, we have made arrangements under which we have agreed to issue the New Ordinary Shares comprising your Open Offer Entitlement and the balance of Excess Shares which are not taken up by Qualifying Shareholders to the Placing Places. NewRiver REIT Shareholders are, however, encouraged to vote at the General Meeting by attending in person or completing and returning the Form of Proxy enclosed with this document.

If you do not take up your Open Offer Entitlement, then, following the issue of the New Ordinary Shares pursuant to the Capital Raising, your interest in the Company will be diluted by approximately 22.0 per cent.

**11.2 *If you want to take up some but not all of the New Ordinary Shares under your Open Offer Entitlement***

If you want to take up some but not all of the New Ordinary Shares under your Open Offer Entitlement, you should write the number of New Ordinary Shares you want to take up in Box 4 and Box 6 of your Application Form; for example, if you have an Open Offer Entitlement for 50 New

Ordinary Shares but you only want to apply for 25 New Ordinary Shares, then you should write “25” in Box 4 and Box 6. To work out how much you need to pay for the New Ordinary Shares, you need to multiply the number of New Ordinary Shares you want (in this example, “25”) by 335 pence (the Offer Price) giving you an amount of £83.75 in this example.

You should write this total sum in Box 7, rounding up to the nearest whole pence, and this should be the amount your cheque or banker’s draft is made out for. You should then return the completed Application Form, together with a cheque or banker’s draft for that amount, in the accompanying pre-paid envelope by post to Capita Asset Services, Corporate Actions, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU so as to be received by no later than 11.00 a.m. on 3 July 2017, after which time Application Forms will not be valid. If you post your Application Form by first class post, it is recommended that you allow at least four Business Days for delivery.

All payments should be in pounds sterling and made by cheque or banker’s draft made payable to “Capita Registrars Limited re: NewRiver REIT plc Open Offer A/C” and crossed “A/C payee only”. Cheques or banker’s drafts must be drawn on an account at a bank or building society or a branch of a bank or building society which is in the UK, the Channel Islands or the Isle of Man and which is either a settlement member of the Cheque and Credit Clearing Company Limited or the CHAPS Clearing Company Limited or which has arranged for its cheques or banker’s drafts to be cleared through the facilities provided by either of those companies. Cheques and banker’s drafts must bear the appropriate sorting code number in the top right-hand corner and must be for the full amount payable on application. Post-dated cheques will not be accepted.

Cheques drawn on a non-UK bank will be rejected. Third party cheques may not be accepted with the exception of building society cheques or banker’s drafts where the building society or bank has inserted details of the name of the account holder and the number of an account held in the applicant’s name and the building society cheque or banker’s draft has been stamped on the back of the cheque or banker’s draft with the building society or bank branch’s stamp. The account name should be the same as that shown on the application. Cheques or banker’s drafts will be presented for payment upon receipt. Payments via CHAPS, BACS or electronic transfer will not be accepted. The Company reserves the right to instruct Capita Asset Services to seek special clearance of cheques and banker’s drafts to allow the Company to obtain value for remittances at the earliest opportunity. No interest will be paid on payments. It is a term of the Open Offer that cheques shall be honoured on first presentation and the Company may elect to treat as invalid acceptances in respect of which cheques are not so honoured. All documents, cheques and banker’s drafts sent through the post will be sent at the risk of the sender.

A definitive share certificate will then be sent to you for the New Ordinary Shares that you take up. Your definitive share certificate for New Ordinary Shares is expected to be despatched to you within five Business Days of Admission.

### 11.3 *If you want to take up all of your Open Offer Entitlement*

If you want to take up all of the New Ordinary Shares available to you through your Open Offer Entitlement, all you need to do is sign page 1 of the Application Form (ensuring that all joint holders sign (if applicable)) and send the Application Form, together with your cheque or banker’s draft for the amount (as indicated in Box 3 of your Application Form), payable to “Capita Registrars Limited re: NewRiver REIT plc Open Offer A/C” and crossed “A/C payee only”, in the accompanying pre-paid envelope by post to Capita Asset Services, Corporate Actions, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU so as to be received by no later than 11.00 a.m. on 3 July 2017, after which time Application Forms will not be valid. If you post your Application Form by first class post, it is recommended that you allow at least four Business Days for delivery.

### 11.4 *If you want to take up Excess Shares pursuant to the Excess Application Facility*

If you want to apply for Excess Shares you may do so by completing Boxes 5, 6 and 7 of the Application Form. However, the total number of Open Offer Shares is fixed and will not be increased

in response to any applications under the Excess Applications Facility. Applications under the Excess Application Facility will therefore only be satisfied to the extent that other Qualifying Shareholders do not apply for their Open Offer Entitlements in full or where fractional entitlements have been aggregated and made available for sale for the benefit of the Company.

If there is an over-subscription resulting from excess applications, allocations in respect of such excess applications will be scaled-back at the absolute discretion of Liberum and Peel Hunt in consultation with the Board, who will have regard to the pro rata number of Excess Shares applied for by Qualifying Shareholders under the Excess Application Facility. No assurances can therefore be given that applications by Qualifying Shareholders under the Excess Application Facility will be met in full, in part or at all. Excess monies in respect of applications which are not met in full will be returned to the applicant (at the applicant's risk) without interest as soon as practicable thereafter by way of cheque or CREST payment, as appropriate.

**11.5 *If I buy Existing Ordinary Shares after the Record Date, will I be eligible to participate in the Open Offer?***

If you bought your Existing Ordinary Shares after the Record Date but before the Ex-Entitlements Date, you are likely to be able to participate in the Open Offer in respect of such Existing Ordinary Shares. If you are in any doubt, please consult your stockbroker, bank manager or other appropriate financial adviser, or whoever arranged your share purchase. If you buy Existing Ordinary Shares on or after the Ex-Entitlements Date on 15 June 2017, you will not be able to participate in the Open Offer in respect of such Existing Ordinary Shares.

**12. *I am a Qualifying Shareholder, do I have to apply for all the New Ordinary Shares I am entitled to apply for under my Open Offer Entitlement?***

You can take up any number of the New Ordinary Shares allocated to you under your Open Offer Entitlement, however, if you take up your maximum Open Offer Entitlement in full you can also, if you wish, apply for Excess Shares pursuant to the Excess Application Facility. Your maximum Open Offer Entitlement is shown on your Application Form in Box 2.

Any applications by a Qualifying Shareholder for a number of New Ordinary Shares which is equal to or less than that person's Open Offer Entitlement will be satisfied, subject to the Open Offer becoming unconditional. Excess applications will be satisfied only to the extent that corresponding applications by other Qualifying Shareholders are not made or are made for less than their pro rata entitlements. If there is an over-subscription resulting from excess applications, allocations in respect of such excess applications will be scaled-back at the absolute discretion of Liberum and Peel Hunt in consultation with the Board, who will have regard to the pro rata number of Excess Shares applied for by Qualifying Shareholders under the Excess Application Facility. No assurances can therefore be given that applications by Qualifying Shareholders under the Excess Application Facility will be met in full, in part or at all. If you decide not to take up all of the New Ordinary Shares comprised in your Open Offer Entitlement, then your proportion of the ownership and voting interest in the Company will be reduced to a greater extent than if you had decided to take up your full entitlement. Please refer to the answers to questions 11.1, 11.2, 11.3, 11.4 and 11.5 for further information.

**13. *Will I have to pay any fees for taking up my Open Offer Entitlement?***

There will be no fee payable by you for taking up your Open Offer Entitlement (the only payment required is payment of an amount equal to the number of New Ordinary Shares taken up by you, multiplied by the Offer Price).

**14. *Will I be taxed if I take up my entitlements?***

If you are resident in the UK for UK tax purposes, you will not have to pay UK tax when you take up your right to receive New Ordinary Shares, although the Capital Raising may affect the amount of UK tax you pay when you sell your Ordinary Shares.

Further information for Qualifying Shareholders who are resident in the UK for UK tax purposes is contained in paragraph 12 of Part 9 of this document. NewRiver REIT Shareholders who are in any doubt as to their tax position or who are subject to tax in any jurisdiction other than the United Kingdom should consult their professional advisers immediately.

#### **15. What should I do if I live outside the United Kingdom?**

Your ability to apply to subscribe for New Ordinary Shares may be affected by the laws of the country in which you live and you should take professional advice as to whether you require any governmental or other consents or need to observe any other formalities to enable you to take up your Open Offer Entitlement and/or an Excess Open Offer Entitlement. Your attention is drawn to the information in paragraph 6 of Section A of Part 3 of this document.

#### **16. Will the Capital Raising affect my dividends on the Existing Ordinary Shares?**

On 16 May 2017, NewRiver REIT announced a Special Dividend for the financial year ended 31 March 2017 of 3 pence per Existing Ordinary Share and the First Quarterly Dividend for the financial year ending 31 March 2018 of 5.25 pence per Ordinary Share.

The Special Dividend and the First Quarterly Dividend will be paid as a PID on 4 August 2017 to NewRiver REIT Shareholders on the register on 16 June 2017. Ordinary Shares were marked ex-dividend in respect of the Special Dividend and the First Quarterly Dividend on 15 June 2017.

The New Ordinary Shares issued in connection with the Firm Placing and the Placing and Open Offer will not carry any entitlement to receive the Special Dividend or First Quarterly Dividend but the Firm Placing Shares and the Open Offer Shares will rank, from Admission, *pari passu* in all other respects with the Existing Ordinary Shares and will have the right to receive all dividends and distributions declared in respect of issued Ordinary Share capital of the Company after Admission. The next quarterly dividend to be announced will be for the quarter ending 30 September 2017.

As a REIT, NewRiver REIT is 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 provides a source of regular income for NewRiver REIT 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 REIT Shareholders, as a whole.**

#### **17. What if I change my mind?**

If you are a Qualifying Non-CREST Shareholder, in relation to the Open Offer, once you have sent your Application Form and payment to the Receiving Agent, you cannot withdraw your application or change the number of New Ordinary Shares for which you have applied, except in very limited circumstances which are set out in paragraph 6 of Section A of Part 3 of this document.

#### **18. What should I do if I need further assistance?**

If you have any other questions, please contact Capita Asset Services on 0371 664 0321. Calls are charged at the standard geographic rate and will vary by provider. Calls outside the United Kingdom will be charged at the applicable international rate. The helpline is open between 9.00 a.m. and 5.30 p.m. (London time) Monday to Friday excluding public holidays in England and Wales. Calls may be recorded and monitored for security and training purposes. Please note that, for legal reasons, Capita Asset Services is only able to provide information contained in this document (other than information relating to the Company's register of members) and, as such, will be unable to give advice on the merits of the Capital Raising or to provide financial, legal or tax advice. Capita Asset Services staff can explain the options available to you, which forms you need to fill in and how to fill them in correctly.

Your attention is drawn to the further terms and conditions of the Capital Raising set out in Part 3 of this document.

**The contents of this document or any subsequent communication from NewRiver REIT, Liberum and/or Peel Hunt or any of their respective affiliates, officers, directors, employees or agents are not to be construed as legal, financial or tax advice. Each prospective investor should consult his, her or its own solicitor, independent financial adviser or tax adviser for legal, financial or tax advice.**

## PART 3

### TERMS AND CONDITIONS OF THE CAPITAL RAISING

#### INTRODUCTION

As explained in Part 1 of this document, the Board is proposing to raise approximately £219.9 million (net of estimated expenses of approximately £5.1 million) by way of a Firm Placing of 45,474,313 New Ordinary Shares and a Placing and Open Offer of 21,689,866 New Ordinary Shares, representing, in aggregate, 22.0 per cent. of the Enlarged Share Capital, at an Offer Price, in each case, of 335 pence per New Ordinary Share.

The Offer Price of 335 pence per New Ordinary Share represents an effective 2.9 per cent. discount to the Adjusted Closing Price of 345 pence. The Offer Price has been set by the Directors following their assessment of market conditions and following discussions with a number of institutional investors. The Directors are in agreement that the level of discount and method of issue are appropriate to secure the investment sought.

The Firm Placing and the Placing and Open Offer are not underwritten. Liberum and Peel Hunt have conditionally placed all of the Firm Placing Shares and the Placing Shares with institutional investors at the Offer Price (subject to clawback, in respect of the Placing Shares, to satisfy valid applications by Qualifying Shareholders under the Open Offer).

Annex III  
paras 5.4.3 and  
5.4.4

The Capital Raising is conditional upon: (i) the Resolutions being passed by NewRiver REIT Shareholders at the General Meeting (without material amendment); (ii) the Placing and Open Offer Agreement becoming unconditional in all respects (save for the condition relating to Admission) and not having been terminated in accordance with its terms before Admission; and (iii) Admission becoming effective by not later than 8.00 a.m. on 6 July 2017 (or such later time and/or date as Liberum, Peel Hunt and NewRiver REIT may agree (being not later than 8.00 a.m. on 31 July 2017)).

The New Ordinary Shares will be in registered form and capable of being held in certificated form or uncertificated form in CREST. Upon Admission, the Enlarged Share Capital of the Company will be 305,752,715 Ordinary Shares. This includes 238,588,536 Existing Ordinary Shares, 45,474,313 New Ordinary Shares to be issued pursuant to the Firm Placing and 21,689,866 New Ordinary Shares to be issued pursuant to the Placing and Open Offer. On this basis, the Firm Placing Shares will represent approximately 14.9 per cent. of the Enlarged Share Capital and the Open Offer Shares will represent approximately 7.1 per cent. of the Enlarged Share Capital.

The New Ordinary Shares issued in connection with the Firm Placing and the Placing and Open Offer will not carry any entitlement to receive the Special Dividend or First Quarterly Dividend but the Firm Placing Shares and the Open Offer Shares will rank, from Admission, *pari passu* in all other respects with the Existing Ordinary Shares and will have the right to receive all dividends and distributions declared in respect of the issued Ordinary Share capital of the Company after Admission. The next quarterly dividend to be announced will be for the quarter ending 30 September 2017.

Application will be made to the UK Listing Authority for the New Ordinary Shares to be admitted to the premium listing segment of the Official List and to the London Stock Exchange for the New Ordinary Shares to be admitted for 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 New Ordinary Shares will commence at 8.00 a.m. on 6 July 2017 (whereupon an announcement will be made by the Company to a Regulatory Information Service).

The Existing Ordinary Shares are already admitted to the premium listing segment of the Official List, to trading on the London Stock Exchange's Main Market for listed securities and to CREST.

Any Qualifying Shareholder who has sold or transferred all or part of their registered holding of Existing Ordinary Shares prior to the close of business on 14 June 2017 is advised to consult with his, her or its stockbroker, bank or other agent through, or to whom, the sale or transfer was effected as soon as possible since the invitation to apply for New Ordinary Shares under the Open Offer may be a benefit which may be claimed from him/her by the purchaser under the Rules of the London Stock Exchange.

## SECTION A: OPEN OFFER

### 1. TERMS AND CONDITIONS OF THE OPEN OFFER

Subject to the terms and conditions set out below (and, in the case of Qualifying Non-CREST Shareholders, the Application Form), and pursuant to the Placing and Open Offer Agreement, each Qualifying Shareholder who is not a Restricted Shareholder is being given an opportunity to apply for New Ordinary Shares at the Offer Price (payable in full on application and free of all expenses) on the following pro rata basis:

#### **1 Open Offer Share for every 11 Existing Ordinary Shares**

held and registered in their name at the Record Time and so on in proportion to any other number of Existing Ordinary Shares then held.

Annex III  
paras 5.1.2 and  
5.1.6

Qualifying Shareholders may apply for any whole number of New Ordinary Shares. Applications by Qualifying Shareholders will be satisfied in full up to their Open Offer Entitlements. Excess applications will be satisfied only to the extent that corresponding applications by other Qualifying Shareholders are not made or are made for less than their pro rata entitlements. If there is an over-subscription resulting from excess applications, allocations in respect of such excess applications will be scaled-back at the absolute discretion of Liberum and Peel Hunt, in consultation with the Board, who will have regard to the pro rata number of Excess Shares applied for by Qualifying Shareholders under the Excess Application Facility. Fractional entitlements will be disregarded. No assurances can therefore be given that applications by Qualifying Shareholders under the Excess Application Facility will be met in full, in part or at all.

Any fractional entitlements to New Ordinary Shares will be rounded down in calculating entitlements to New Ordinary Shares. Fractional entitlements to New Ordinary Shares will be aggregated and will ultimately accrue for the benefit of the Company. Accordingly, Qualifying Shareholders holding fewer than 11 Existing Ordinary Shares will have no entitlement to subscribe under the Open Offer. Holders of Existing Ordinary Shares in certificated and uncertificated form will be treated as separate accounts for the purposes of calculating Qualifying Shareholders' entitlements under the Open Offer, as will holdings under different designations and in different accounts.

The Offer Price represents a discount of approximately 2.9 per cent. to the Adjusted Closing Price of 345 pence. Holdings of Ordinary Shares in certificated and uncertificated form will be treated as separate holdings for the purpose of calculating the Open Offer.

**If you have sold or otherwise transferred all your Existing Ordinary Shares on or after the Ex-Entitlements Date, you are not entitled to participate in the Open Offer. Qualifying Shareholders should be aware that the Open Offer is not a rights issue. As such, Qualifying Non-CREST Shareholders should note that their Application Forms are not negotiable documents and cannot be traded. Qualifying CREST Shareholders should note that, although the Open Offer Entitlements and Excess Open Offer Entitlements will be admitted to CREST and be enabled for settlement, the Open Offer Entitlements and Excess Open Offer Entitlements will not be tradeable or listed and applications in respect of the Open Offer may only be made by the Qualifying Shareholder originally entitled or by a person entitled by virtue of a bona fide market claim.**

**New Ordinary Shares for which application has not been made under the Open Offer will not be sold in the market for the benefit of those who do not apply under the Open Offer and Qualifying Shareholders who do not apply to take up their entitlements will have no rights nor receive any benefit under the Open Offer. Any New Ordinary Shares which are not applied for under the Open Offer Entitlements and Excess Open Offer Entitlements may be allocated to Placing Places with the proceeds ultimately accruing for the benefit of the Company.**

**The attention of NewRiver REIT Shareholders and any persons (including, without limitation, custodians, nominees and trustees) who have a contractual or other legal obligation to forward this document or an Application Form into a jurisdiction other than the UK is drawn to paragraph 7 of Section A of this Part 3 relating to Overseas Shareholders, which forms part of the terms and conditions of the Capital Raising. In particular, Restricted Shareholders will not be sent this document**



**or the Application Form. Unless instructed otherwise by the Company, Liberum or Peel Hunt, if you are resident or located in, or have a registered address in the United States and receive an Application Form, please destroy it.**

The New Ordinary Shares issued pursuant to the Capital Raising will rank *pari passu* in all respects with the Existing Ordinary Shares. The New Ordinary Shares are not being made available in whole or in part to the public except under the terms of the Open Offer.

The Firm Placing and the Placing and Open Offer are not underwritten. Liberum and Peel Hunt have conditionally placed all of the Firm Placing Shares and the Placing Shares with institutional investors at the Offer Price (subject to clawback, in respect of the Placing Shares, to satisfy valid applications by Qualifying Shareholders under the Open Offer).

The Capital Raising is conditional upon: (i) the Resolutions being passed by NewRiver REIT Shareholders at the General Meeting (without material amendment); (ii) the Placing and Open Offer Agreement becoming unconditional in all respects (save for the condition relating to Admission) and not having been terminated in accordance with its terms before Admission; and (iii) Admission becoming effective by not later than 8.00 a.m. on 6 July 2017 (or such later time and/or date as the Company, Liberum and Peel Hunt may agree, being not later than 8.00 a.m. on 31 July 2017).

Annex III  
para 5.1.1

In the event that these conditions are not satisfied, the Capital Raising will not proceed. In such circumstances, application monies will be returned (at the applicant's sole risk) without payment of interest, as soon as practicable thereafter. No temporary documents of title will be issued in respect of the New Ordinary Shares held in uncertificated form. Definitive certificates in respect of New Ordinary Shares taken up are expected to be posted to the Qualifying Shareholders who have validly elected to hold their New Ordinary Shares in certificated form within five Business Days of Admission. Following Admission, the Placing and Open Offer Agreement will not be subject to any condition and will not be revoked. A summary of the principal terms of the Placing and Open Offer Agreement is set out in paragraph 10.2 of Part 9 of this document.

Annex III  
para 5.1.4

The Existing Ordinary Shares are already CREST-enabled. No further application for admission to CREST is required for the New Ordinary Shares and all of the New Ordinary Shares when issued and fully paid may be held and transferred by means of CREST. In respect of those Qualifying Shareholders who have validly elected to hold their New Ordinary Shares in uncertificated form, the New Ordinary Shares are expected to be credited to their CREST stock accounts as soon as possible on 19 June 2017.

Subject to the conditions above being satisfied and save as provided in this Part 3, it is expected that:

- (A) Capita Asset Services will instruct Euroclear to credit the appropriate stock accounts of Qualifying CREST Shareholders with such Qualifying CREST Shareholders' Open Offer Entitlements and Excess Open Offer Entitlements on 19 June 2017;
- (B) New Ordinary Shares in uncertificated form will be credited to the appropriate stock accounts of relevant Qualifying CREST Shareholders who validly take up their Open Offer Entitlements and, if applicable, any Excess Open Offer Entitlements on 6 July 2017; and
- (C) share certificates for the New Ordinary Shares will be despatched within five Business Days of Admission to relevant Qualifying Non-CREST Shareholders who validly take up their Open Offer Entitlements and Excess Open Offer Entitlements. Such certificates will be despatched at the risk of such Qualifying Non-CREST Shareholders.

All monies received by the Receiving Agent in respect of the Open Offer Shares will be placed on deposit in a non-interest bearing account by the Receiving Agent.

A Qualifying Shareholder who does not take up their Open Offer Entitlement (and does not receive any other New Ordinary Shares pursuant to the Capital Raising) will have their shareholding in the Company diluted by 22.0 per cent. as a result of the Capital Raising.

Annex III  
para 9.2

All Qualifying Shareholders taking up their Open Offer Entitlements and, if applicable, any Excess Open Offer Entitlements, will be deemed to have given the representations and warranties set out in paragraphs 3.8 and 8.1 below (in the case of Qualifying Non-CREST Shareholders) and paragraphs 4.12 and 8.2 below (in the case of Qualifying CREST Shareholders) unless, in each case, such requirement is waived in writing by the Company.

All documents and cheques posted to or by Qualifying Shareholders and/or their transferees or renouces (or their agents, as appropriate) will be posted at their own risk.

**The attention of Overseas Shareholders is drawn to paragraph 7 of Section A of this Part 3 which forms part of the terms and conditions of the Open Offer.**

References to dates and times in this document should be read as subject to adjustment. The Company will make an appropriate announcement to a Regulatory Information Service giving details of any revised dates or times.

## 2. ACTION TO BE TAKEN IN CONNECTION WITH THE OPEN OFFER

The action to be taken in respect of the Open Offer depends on whether, at the relevant time, a Qualifying Shareholder has received an Application Form in respect of his entitlement under the Open Offer, including the Excess Application Facility, or has had his Open Offer Entitlements and Excess Open Offer Entitlements credited to his CREST stock account.

Annex III  
para 5.1.3

If you are a Qualifying Non-CREST Shareholder and you are not a Restricted Shareholder, please refer to paragraph 3 and paragraphs 5 to 14 (inclusive) of Section A of this Part 3.

If you are a Qualifying CREST Shareholder and you are not a Restricted Shareholder, please refer to paragraph 4 and paragraphs 5 to 14 (inclusive) of Section A of this Part 3 and to the CREST Manual for further information on the CREST procedures referred to above.

Qualifying CREST Shareholders who are CREST sponsored members should refer to their CREST sponsors as only their CREST sponsors will be able to take the necessary actions specified below to apply under the Open Offer in respect of the Open Offer Entitlements and Excess Open Offer Entitlements of such members held in CREST. CREST members who wish to apply under the Open Offer in respect of their Open Offer Entitlements in CREST should refer to the CREST Manual for further information on the CREST procedures referred to above.

Qualifying Shareholders who do not want to take up or apply for the New Ordinary Shares under the Open Offer should take no action and should not complete or return the Application Form or follow the procedures set out in paragraph 4 below to apply for New Ordinary Shares through CREST, as the case may be. NewRiver REIT Shareholders are, however, encouraged to vote at the General Meeting by attending in person or by completing and returning the enclosed Form of Proxy (either in hard copy or electronically) or by completing and transmitting a CREST Proxy Instruction.

## 3. ACTION TO BE TAKEN IN RELATION TO OPEN OFFER ENTITLEMENTS REPRESENTED BY APPLICATION FORMS

### 3.1 *General*

Save as provided in paragraph 7 of Section A of this Part 3 below, Qualifying Non-CREST Shareholders will have received an Application Form with this document.

The Application Forms set out:

- (A) in Box 1 on the Application Form, the number of Existing Ordinary Shares registered in such person's name at the Record Time (on which a Qualifying Non-CREST Shareholder's Open Offer Entitlement to New Ordinary Shares is based);
- (B) in Box 2, the Open Offer Entitlement to New Ordinary Shares for which such persons are basically entitled to apply under the Open Offer, taking into account that any fractional

entitlements to New Ordinary Shares will be rounded down to the nearest whole number in calculating entitlements, such fractional entitlements being aggregated and ultimately accruing for the benefit of the Company;

- (C) in Box 3, how much they would need to pay in pounds sterling if they wish only to take up their Open Offer Entitlement in full;
- (D) the procedures to be followed if a Qualifying Non-CREST Shareholder wishes to dispose of all or part of his entitlement or to convert all or part of his entitlement into uncertificated form; and
- (E) instructions regarding acceptance and payment, consolidation and splitting.

Multiple applications will not be accepted. In the event of receipt of multiple applications, the Company may in its sole discretion (with the consent of Liberum and Peel Hunt) determine which application is valid and binding on the person by whom or on whose behalf it is lodged. All documents and remittances sent by post by or to an applicant (or as the applicant may direct) will be sent at the applicant's own risk.

Qualifying Non-CREST Shareholders may apply for less than their maximum Open Offer Entitlement should they wish to do so.

Subject to applying to take up their Open Offer Entitlement in full, Qualifying Non-CREST Shareholders may also apply for any Excess Shares (i.e. New Ordinary Shares in excess of their Open Offer Entitlement which have not been applied for by other Qualifying Shareholders) pursuant to the Excess Application Facility.

Qualifying Non-CREST Shareholders may also hold such an Application Form by virtue of a bona fide market claim.

The instructions and other terms set out in the Application Form constitute part of the terms and conditions of the Open Offer to Qualifying Non-CREST Shareholders.

**The latest time and date for acceptance of the Application Forms and payment in full will be 11.00 a.m. on 3 July 2017.** The New Ordinary Shares are expected to be issued on 6 July 2017. After such date the New Ordinary Shares will be in registered form, freely transferable by written instrument of transfer in the usual, common form, or if they have been issued in, or converted into, uncertificated form, in electronic form under the CREST system.

### 3.2 *Bona fide market claims*

Applications to acquire New Ordinary Shares may only be made on the Application Form and may only be made by the Qualifying Non-CREST Shareholder named in it or by a person entitled by virtue of a bona fide market claim in relation to a purchase of Ordinary Shares through the market prior to 8.00 a.m. on 15 June 2017 (the date upon which the Ordinary Shares were marked 'ex' the entitlement to participate in the Open Offer (the "**Ex-Entitlements Date**")). Application Forms may not be assigned, transferred or split, except to satisfy bona fide market claims prior to 3.00 p.m. on 29 June 2017.

The Application Form is not a negotiable document and cannot be separately traded. A Qualifying Non-CREST Shareholder who has sold or otherwise transferred all or part of his holding of Ordinary Shares prior to the date upon which the Ordinary Shares were marked 'ex' the entitlement to participate in the Open Offer, being 8.00 a.m. on 15 June 2017, should consult his broker or other professional adviser as soon as possible as the invitation to acquire New Ordinary Shares under the Open Offer may be a benefit which may be claimed by the transferee.

Qualifying Non-CREST Shareholders who have sold or otherwise transferred all of their registered holdings prior to 6.00 p.m. on 14 June 2017 should, if the market claim is to be settled outside CREST, complete Box 8 on the Application Form and immediately send it, together with this document, to the

broker, bank or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee, or directly to the purchaser or transferee, if known. The Application Form and this document should not, however, be forwarded to, or transmitted in or into, any Restricted Jurisdiction, including the United States. If the market claim is to be settled outside CREST, the beneficiary of the claim should follow the procedures set out in the accompanying Application Form. If the market claim is to be settled in CREST, the beneficiary of the claim should follow the procedures set out in paragraph 4 below.

Qualifying Non-CREST Shareholders who have sold or otherwise transferred part only of their Existing Ordinary Shares shown in Box 1 of their Application Form prior to 15 June 2017 should, if the market claim is to be settled outside CREST, complete Box 8 of the Application Form and immediately deliver the Application Form, together with a letter stating the number of Application Forms required (being one for the Qualifying Non-CREST Shareholder in question and one for each of the purchasers or transferees), the total number of Existing Ordinary Shares to be included in each Application Form (the aggregate of which must equal the number shown in Box 1 of the Application Form) and the total number of Open Offer Entitlements to be included in each Application Form (the aggregate of which must equal the number shown in Box 2), to the broker, bank or other agent through whom the sale or transfer was effected or return it by post to Capita Asset Services, Corporate Actions, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU so as to be received by no later than 3.00 p.m. on 29 June 2017. The Receiving Agent will then create new Application Forms, mark the Application Forms "Declaration of sale or transfer duly made" and send them, together with a copy of this document, by post to the person submitting the original Application Form. The Application Form and this document should not, however, be forwarded to or transmitted in or into any Restricted Jurisdiction, including the United States.

### 3.3 *Application procedures*

Qualifying Non-CREST Shareholders who wish to apply to subscribe for all or any of the New Ordinary Shares in respect of their Open Offer Entitlement or any Excess Shares pursuant to the Excess Application Facility must return the Application Form in accordance with the instructions printed thereon. Completed Application Forms should be posted in the accompanying pre-paid envelope (in the UK only) or returned by post or by hand (during normal office hours only) to Capita Asset Services, Corporate Actions, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU, so as to be received by no later than 11.00 a.m. on 3 July 2017, after which time, subject to the limited exceptions set out below, Application Forms will not be valid. Applications delivered by hand will not be checked upon delivery and no receipt will be provided. Qualifying Non-CREST Shareholders should note that applications, once made, will, subject to the very limited withdrawal rights set out in this document, be irrevocable and receipt thereof will not be acknowledged. If an Application Form is being sent by first-class post in the United Kingdom, Qualifying Shareholders are recommended to allow at least four Business Days for delivery.

Annex III  
para 5.1.8

Completed Application Forms should be returned together with payment in accordance with paragraph 3.4 below. All documents and remittances sent by post by or to an applicant (or as the applicant may direct) will be sent at the applicant's own risk. If Ordinary Shares have already been allocated to a Qualifying Non-CREST Shareholder and such Qualifying Non-CREST Shareholder's cheque or banker's draft is not honoured upon first presentation or such Qualifying Non-CREST Shareholder's application is subsequently deemed invalid, the Company will be authorised (in its absolute discretion as to manner, timing and terms) to make arrangements for the sale of such Qualifying Non-CREST Shareholder's New Ordinary Shares and for the proceeds of sale (which for this purpose, shall be deemed to be payments in respect of successful applications) to be paid to and retained by NewRiver REIT. None of Capita Asset Services, Liberum, Peel Hunt or any member of the Group, nor any other person, shall be responsible for or have any liability for any loss, expense or damage suffered by such Qualifying Non-CREST Shareholder as a member.

### 3.4 *Payment*

All payments must be made by cheque or banker's draft in pounds sterling payable to "Capita Registrars Limited re: NewRiver REIT plc Open Offer A/C" and crossed "A/C payee only". Cheques must be for the full amount payable on acceptance, and sent by post to Capita Asset Services, Corporate Actions, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU so as to be received as soon as possible and, in any event, not later than 11.00 a.m. on 3 July 2017. A pre-paid envelope for use within the United Kingdom only will be sent with the Application Form.

Cheques must be drawn on the personal account of the individual investor where they have sole or joint title to the funds. Third party cheques may not be accepted with the exception of building society cheques or banker's drafts where the building society or bank has inserted details of the name of the account holder and the building society cheque or banker's draft has been stamped with the building society or bank branch stamp on the back of the cheque or banker's draft. The name of the building society or bank account holder must be the same as the name of the relevant Qualifying Non-CREST Shareholder. Cheques or banker's drafts must be drawn in pounds sterling and on an account at a bank or building society or a branch of a bank or building society which must be in the United Kingdom, the Channel Islands or the Isle of Man and which is either a settlement member of the Cheque and Credit Clearing Company Limited or the CHAPS Clearing Company Limited or which has arranged for its cheques or banker's drafts to be cleared through the facilities provided by either of those companies. Cheques and banker's drafts must bear the appropriate sorting code number in the top right-hand corner. Post-dated cheques will not be accepted. Payments via CHAPS, BACS or electronic transfer will not be accepted. Please do not send cash.

The Company reserves the right to have cheques and banker's drafts presented for payment on receipt. No interest will be allowed on payments made before they are due and any interest on such payments will be paid to the Company. It is a term of the Open Offer that cheques must be honoured on first presentation and the Company may, in consultation with Liberum and Peel Hunt, elect to treat as invalid any acceptances in respect of which cheques are not honoured. Return of the Application Form with a cheque will constitute a warranty that the cheque will be honoured on first presentation.

If cheques or banker's drafts are presented for payment before the conditions of the Open Offer are fulfilled, the application monies will be kept in a non-interest-bearing account retained for the Company until all conditions are met. If the Open Offer does not become unconditional, no New Ordinary Shares will be issued and all monies will be returned (at the applicant's sole risk), without payment of interest, to applicants as soon as practicable, following the lapse of the Open Offer.

If New Ordinary Shares are allotted to a Qualifying Non-CREST Shareholder and a cheque for that allotment is subsequently not honoured or such Qualifying Shareholder's application is subsequently otherwise deemed to be invalid, the Receiving Agent shall be authorised to (in its absolute discretion as to manner, timing and terms, but after consultation with Liberum, Peel Hunt and the Company) make arrangements for the sale of such shares on behalf of the Company and for the proceeds of sale (which, for these purposes, shall be deemed to be payments in respect of successful applications) to be paid and retained by the Company. None of the Company, Capita Assets Services, Liberum, Peel Hunt, nor any other person, shall be responsible for, or have any liability for, any loss, expenses or damage suffered by any Qualifying Shareholder as a result.

If you have any questions relating to the completion and return of your Application Forms, please contact Capita Asset Services on 0371 664 0321. Calls are charged at the standard geographic rate and will vary by provider. Calls outside the United Kingdom will be charged at the applicable international rate. The helpline is open between 9.00 a.m. and 5.30 p.m. (London time) Monday to Friday (excluding public holidays in England and Wales). Please note that Capita Asset services cannot provide any financial, legal or tax advice and calls may be recorded and monitored for security and training purposes.

### 3.5 *Excess Application Facility*

Provided Qualifying Non-CREST Shareholders choose to take up their Open Offer Entitlements in full, the Excess Application Facility enables a Qualifying Non-CREST Shareholder to apply for Excess Shares.

Annex III  
para 5.2.5

The total number of Open Offer Shares is fixed and will not be increased in response to excess applications under the Excess Application Facility. Applications for Excess Shares will therefore be satisfied only to the extent that other Qualifying Shareholders do not apply for their Open Offer Entitlements in full. If applications under the Excess Application Facility are received for more than the maximum number of Open Offer Shares available, then such applications will be scaled-back in the absolute discretion of Liberum and Peel Hunt, in consultation with the Board, who will have regard to the pro rata number of Excess Shares applied for by Qualifying Shareholders under the Excess Application Facility. No assurances can therefore be given that applications by Qualifying Non-CREST Shareholders under the Excess Application Facility will be met in full, in part or at all.

Qualifying Non-CREST Shareholders who wish to apply for Open Offer Shares in excess of their Open Offer Entitlement must complete the Application Form in accordance with instructions set out on the Application Form.

Qualifying Non-CREST Shareholders who make applications for Excess Shares under the Excess Application Facility which are not met in full and from whom payment in full has been made will receive a pounds sterling amount equal to the number of Open Offer Shares applied and paid for, but not allocated to, the relevant Qualifying Non-CREST Shareholder, multiplied by the Offer Price. Monies will be returned as soon as reasonably practicable thereafter, without payment of interest and at the applicant's sole risk.

Fractions of Excess Shares will not be issued under the Excess Application Facility and fractions of Excess Shares will be rounded down to the nearest whole number. Fractional entitlements to New Ordinary Shares will be aggregated and will ultimately accrue for the benefit of the Company.

### 3.6 *Firm Placee and Placing Placee Participation*

To the extent that a Firm Placee and/or Placing Placee is a holder of Existing Ordinary Shares, such Firm Placee and/or Placing Placee may additionally apply for, or take up, its Open Offer Entitlement and apply under the Excess Application Facility.

### 3.7 *Discretion as to validity of acceptances*

If payment is not received in full by 11.00 a.m. on 3 July 2017, the offer to subscribe for New Ordinary Shares will be deemed to have been declined and will lapse. However, after consultation with Liberum and Peel Hunt, the Company may, but shall not be obliged to, treat as valid (a) Application Forms and accompanying remittances that are received through the post not later than 11.00 a.m. on 4 July 2017 (the cover bearing a legible postmark not later than 11.00 a.m. on 3 July 2017); and (b) acceptances in respect of which a remittance is received prior to 11.00 a.m. on 3 July 2017 from an authorised person (as defined in section 31(2) of FSMA) specifying the number of New Ordinary Shares to be acquired and undertaking to lodge the relevant Application Form, duly completed, by 11.00 a.m. on 3 July 2017 and such Application Form is lodged by that time.

The Company may also (in its absolute discretion, but after consultation with Liberum and Peel Hunt) treat an Application Form as valid and binding on the person(s) by whom or on whose behalf it is lodged even if it is not completed in accordance with the relevant instructions or is not accompanied by a valid power of attorney where required.

The Company reserves the right to treat as invalid any application or purported application for the New Ordinary Shares pursuant to the Open Offer that appears to the Company to have been executed in, despatched from, or that provides an address for delivery of definitive share certificates for New Ordinary Shares in, a Restricted Jurisdiction, including the United States.

The Company may, but shall not be obliged to, treat an Application Form as valid if the number of New Ordinary Shares for which the application is made is inconsistent with the remittance that accompanies the Application Form. In such case, the Company will be entitled to, in its absolute discretion, deem application to have been made for: (i) where an insufficient sum is paid, the greatest whole number of Open Offer Shares as would be able to be applied for with that payment at the Offer Price; and (ii) where an excess sum is paid, the greatest number of New Ordinary Shares inserted in Boxes 2 and 4 of the Application Form.

### 3.8 *Effect of application*

All documents and remittances sent by post by or to an applicant (or as the applicant may direct) will be sent at the applicant's own risk. By completing and delivering an Application Form the applicant:

- (A) represents and warrants to each of the Company, Liberum and Peel Hunt that he has the right, power and authority, and has taken all action necessary, to make the application under the Open Offer and to execute, deliver and exercise his rights, and perform his obligations, under any contracts resulting therefrom and that he is not a person otherwise prevented by legal or regulatory restrictions from applying for New Ordinary Shares or acting on behalf of any such person on a non-discretionary basis;
- (B) agrees with each of the Company, Liberum and Peel Hunt that all applications under the Open Offer and any contracts resulting therefrom, and any non-contractual obligations related thereto, shall be governed by, and construed in accordance with, the laws of England and Wales;
- (C) agrees with each of the Company, Liberum and Peel Hunt that the Open Offer Shares and/or Excess Shares are issued subject to, and in accordance with, the Articles;
- (D) agrees with each of the Company, Liberum and Peel Hunt that applications, once made, will be valid and binding and, subject to the very limited withdrawal rights set out in this document, be irrevocable;
- (E) confirms to each of the Company, Liberum and Peel Hunt that, in making the application, he is not relying on any information or representation other than that contained in (or incorporated by reference in) this document and the applicant accordingly agrees that no person responsible solely or jointly for this document or any part thereof, or involved in the preparation thereof, shall have any liability for any information or representation not so contained and further agrees that, having had the opportunity to read this document (including any documentation incorporated into it by reference), he will be deemed to have had notice of all information contained in this document (including information incorporated into it by reference);
- (F) confirms to each of the Company, Liberum and Peel Hunt that, in making the application, he is not relying on, and has not relied on, Liberum, Peel Hunt or any other person affiliated with Liberum and/or Peel Hunt in connection with any investigation of the accuracy of any information contained in (or incorporated by reference in) this document or his investment decision;
- (G) confirms to each of the Company, Liberum and Peel Hunt that no person has been authorised to give any information or to make any representation concerning the Group and/or the New Ordinary Shares (other than as contained in this document) and, if given or made, any such other information or representation should not be, and has not been, relied upon as having been authorised by the Company, Liberum or Peel Hunt;
- (H) represents and warrants to the Company, Liberum and Peel Hunt that, if he has received some or all of his Open Offer Entitlements from a person other than the Company, he is entitled to apply under the Open Offer in relation to such Open Offer Entitlements by virtue of a bona fide market claim;

- (I) represents and warrants to each of the Company, Liberum and Peel Hunt that the New Ordinary Shares are acquired in an “offshore transaction” as defined in, and pursuant to regulations under, the US Securities Act or otherwise in a transaction exempt from, or not subject to, the registration requirements under the US Securities Act;
- (J) represents and warrants to each of the Company, Liberum and Peel Hunt that he is the Qualifying Shareholder originally entitled to the Open Offer Entitlements or that he received such Open Offer Entitlements by virtue of a bona fide market claim;
- (K) represents and warrants to the Company, Liberum and Peel Hunt that he is not, nor is he applying on behalf of any person who is: (a) located, a citizen or resident, or a corporation, partnership or other entity created or organised in or under any laws, in or of any Restricted Jurisdiction or any jurisdiction in which the application for New Ordinary Shares is prevented by law; and (b) he is not applying with a view to re-offering, reselling, transferring or delivering any of the New Ordinary Shares which are the subject of his application to, or for the benefit of, a person who is located, a citizen or resident, or which is a corporation, partnership or other entity created or organised in or under any laws, in or of any Restricted Jurisdiction or any jurisdiction in which the application for New Ordinary Shares is prevented by law, nor acting on behalf of any such person on a non-discretionary basis nor a person(s) otherwise prevented by legal or regulatory restrictions from applying for New Ordinary Shares under the Open Offer;
- (L) represents and warrants to each of the Company, Liberum and Peel Hunt that: (a) he is not in the United States, nor is he applying for the account of any person who is located in the United States; and (b) he is not applying for the New Ordinary Shares with a view to the offer, sale, resale, transfer, delivery or distribution, directly or indirectly, of any New Ordinary Shares into the United States;
- (M) represents and warrants to each of the Company, Liberum and Peel Hunt that he is not, and nor is he applying as nominee or agent for, a person who is or may be liable to notify and account for tax under the Stamp Duty Reserve Tax Regulations 1986 at any of the increased rates referred to in section 93 (depository receipts) or section 96 (clearance services) of the Finance Act 1986;
- (N) represents and warrants to each of the Company, Liberum and Peel Hunt that he is not, and nor is he applying as a nominee or agent for, a person who is a Placing Placee and/or Firm Placee; and
- (O) requests that the New Ordinary Shares to which he will become entitled be issued to him on the terms set out in this document and the Application Form and subject to the Articles.

### 3.9 *Money Laundering Regulations*

To ensure compliance with the Money Laundering Regulations, Capita Asset Services may require, at its absolute discretion, verification of the identity of the beneficial owner by whom or on whose behalf the Application Form is lodged with payment (which requirements are referred to below as the “**verification of identity requirements**”). If an application is made by a UK-regulated broker or intermediary acting as agent and which is itself subject to the Money Laundering Regulations, any verification of identity requirements are the responsibility of such broker or intermediary and not of Capita Asset Services. In such case, the lodging agent’s stamp should be inserted on the Application Form.

The person lodging the Application Form with payment (the “**applicant**”), including any person who appears to Capita Asset Services to be acting on behalf of some other person, shall thereby be deemed to agree to provide Capita Asset Services with such information and other evidence as Capita Asset Services may require to satisfy the verification of identity requirements. Submission of an Application Form shall constitute a warranty that the Money Laundering Regulations will not be breached by the acceptance of remittance and an undertaking by the applicant to provide promptly to Capita Asset



Services such information as may be specified by Capita Asset Services as being required for the purpose of the Money Laundering Regulations.

If Capita Asset Services determines that the verification of identity requirements apply to any applicant or application, the relevant New Ordinary Shares (notwithstanding any other term of the Open Offer) will not be issued to the relevant applicant unless and until the verification of identity requirements have been satisfied in respect of that applicant or application. Capita Asset Services is entitled, in its absolute discretion, to determine whether the verification of identity requirements apply to any applicant or application and whether such requirements have been satisfied, and neither Capita Asset Services nor the Company will be liable to any person for any loss or damage suffered or incurred (or alleged), directly or indirectly, as a result of the exercise of such discretion.

If the verification of identity requirements apply, failure to provide the necessary evidence of identity within a reasonable time may result in delays and potential rejection of an application. If, within a reasonable period of time following a request for verification of identity, Capita Asset Services has not received evidence satisfactory to it as aforesaid, the Company may, in its absolute discretion, after consultation with Liberum and Peel Hunt, treat the relevant application as invalid, in which event the application monies will be returned (at the applicant's risk) without interest to the account of the bank or building society on which the relevant cheque or banker's draft was drawn.

The verification of identity requirements will not usually apply if:

- (A) the applicant is a regulated UK broker or intermediary acting as agent and is itself subject to the Money Laundering Regulations;
- (B) the applicant is an organisation required to comply with the EU Money Laundering Directive (No.91/308/EEC) as amended by Directives 2001/97/EC and 2005/60/EC;
- (C) the applicant is a company whose securities are listed on a regulated market subject to specified disclosure obligations;
- (D) the applicant (not being an applicant who delivers his/her application in person) makes payment through an account in the name of such applicant with a credit institution which is subject to the Money Laundering Regulations or with a credit institution situated in a non-EEA State which imposes requirements equivalent to those laid down in that directive; or
- (E) the aggregate subscription price for the relevant New Ordinary Shares is less than €15,000 (or its pounds sterling equivalent).

Submission of the Application Form with the appropriate remittance will constitute a representation and warranty to each of the Company, Liberum and Peel Hunt from the applicant that the Money Laundering Regulations will not be breached by application of such remittance.

Where the verification of identity requirements apply, please note the following as this will assist in satisfying the requirements (but does not limit the right of Capita Asset Services to require verification of an identity stated above). Satisfaction of these requirements may be facilitated in the following ways:

- (i) if payment is made by cheque or banker's draft drawn on a branch of a bank or building society in the United Kingdom and bears a UK bank sort code number in the top right hand corner, the following applies. Cheques, which are recommended to be drawn on the personal account of the individual investor where they have sole or joint title to the funds, should be made payable to "Capita Registrars Limited re: NewRiver REIT plc Open Offer A/C" and crossed "A/C payee only". Third party cheques may not be accepted except for building society cheques or banker's drafts where the building society or bank has inserted details on the back of the cheque or banker's draft of the name of the account holder and the building society cheque or banker's draft has been stamped with the building society or bank branch stamp. The account name should be the same as that shown on the application;

- (ii) if the Application Form is lodged with payment by an agent which is an organisation of the kind referred to in sub-paragraph (B) above or which is subject to anti-money laundering regulations in a country which is a member of the Financial Action Task Force (the current non-EU members of which are Argentina, Australia, Brazil, Canada, members of the Gulf Co-operation Council (being Bahrain, Kuwait, Oman, Qatar, Saudi Arabia and the United Arab Emirates), Hong Kong, Iceland, India, Japan, Malaysia, Mexico, New Zealand, Norway, the People's Republic of China, the Republic of Korea, the Russian Federation, Singapore, South Africa, Switzerland, Turkey and the US), the agent should provide written confirmation that it has that status with the Application Form(s) and written assurances that it has obtained and recorded evidence of the identity of the person for whom it acts and that it will on demand make such evidence available to Capita Asset Services and/or any relevant regulatory or investigatory authority; or
- (iii) if an Application Form is lodged by hand by the applicant in person, he should ensure that he has with him evidence of identity bearing his photograph (for example, his passport) and evidence of his address.

**To confirm the acceptability of any written assurance referred to in paragraph (ii) above, or in any other case, the applicant should contact Capita Asset Services on 0371 664 0321. Calls are charged at the standard geographic rate and will vary by provider. Calls outside the United Kingdom will be charged at the applicable international rate. The helpline is open between 9.00 a.m. and 5.30 p.m. (London time) Monday to Friday excluding public holidays in England and Wales. Please note that Capita Asset services cannot provide any financial, legal or tax advice and calls may be recorded and monitored for security and training purposes.**

### 3.10 *Issue of New Ordinary Shares in certificated form*

Definitive share certificates in respect of the New Ordinary Shares to be held in certificated form are expected to be despatched by post within five Business Days of Admission, at the risk of the person(s) entitled to them, to accepting Qualifying Non-CREST Shareholders or their agents or, in the case of joint holdings, to the first-named Qualifying Non-CREST Shareholder, in each case, at their registered address (unless lodging agent details have been completed on the Application Form).

## 4. **ACTION TO BE TAKEN IN RELATION TO OPEN OFFER ENTITLEMENTS CREDITED IN CREST**

### 4.1 *General*

Save as provided in paragraph 7 of Section A of this Part 3 in relation to certain Overseas Shareholders, each Qualifying CREST Shareholder is expected to receive a credit to his CREST stock account of his Open Offer Entitlement equal to the basic number of New Ordinary Shares for which he is entitled to apply to acquire under the Open Offer and also his Excess Open Offer Entitlement (see paragraph 4.3 below). Any fractional entitlements to New Ordinary Shares will be rounded down in calculating entitlements to New Ordinary Shares. Fractional entitlements to New Ordinary Shares will be aggregated and will ultimately accrue for the benefit of the Company.

The CREST stock account to be credited will be an account under the participant ID and member account ID that apply to the Ordinary Shares held at the Record Time by the Qualifying CREST Shareholder in respect of which the Open Offer Entitlement and Excess Open Offer Entitlement have been allocated.

If for any reason it is not possible to admit the Open Offer Entitlements and/or Excess Open Offer Entitlements to CREST, or it is impracticable to credit the stock accounts of Qualifying CREST Shareholders by 3.00 p.m. on 19 June 2017 (or such later time and/or date as the Company (after consultation with Liberum and Peel Hunt) shall decide), Application Forms shall be sent out in substitution for the Open Offer Entitlements and Excess Offer Entitlements which should have been so credited and the expected timetable as set out in this document may be adjusted, as appropriate. References to dates and times in this document should be read as subject to any such adjustment. The

Company will make an appropriate announcement to a Regulatory Information Service giving details of the revised dates but Qualifying CREST Shareholders may not receive any further written communication.

**Qualifying CREST Shareholders who wish to take up all or part of their Open Offer Entitlements and any Excess Shares should refer to the CREST Manual for further information on the CREST procedures referred to below. If you are a CREST sponsored member, you should consult your CREST sponsor if you wish to take up your entitlement, as only your CREST sponsor will be able to take the necessary action to take up your Open Offer Entitlements and any Excess Shares. If you have any questions relating to the completion and return of your Forms of Proxy, please contact Capita Asset Services on 0371 664 0321. Calls are charged at the standard geographic rate and will vary by provider. Calls outside the United Kingdom will be charged at the applicable international rate. The helpline is open between 9.00 a.m. and 5.30 p.m. (London time) Monday to Friday excluding public holidays in England and Wales. Please note that Capita Asset services cannot provide any financial, legal or tax advice and calls may be recorded and monitored for security and training purposes.**

**In accordance with the instructions in this Part 3, the CREST instruction must have been settled by 11.00 a.m. on 3 July 2017.**

#### 4.2 *Bona fide market claims*

The Open Offer Entitlements and Excess Open Offer Entitlements will constitute a separate security for the purposes of CREST and will have a separate ISIN. Although Open Offer Entitlements and Excess Open Offer Entitlements will be admitted to CREST and be enabled for settlement, applications in respect of Open Offer Entitlements and Excess Open Offer Entitlements may only be made by the Qualifying Shareholder originally entitled or by a person entitled by virtue of a bona fide market claim transaction. Transactions identified by the CREST Claims Processing Unit as “cum” the Open Offer Entitlement and the Excess Open Offer Entitlement will generate an appropriate market claim transaction and the relevant Open Offer Entitlement(s) and Excess Open Offer Entitlement(s) will thereafter be transferred accordingly.

#### 4.3 *Excess Application Facility*

Provided Qualifying CREST Shareholders choose to take up their Open Offer Entitlement in full, the Excess Application Facility enables Qualifying CREST Shareholders to apply for New Ordinary Shares in excess of their Open Offer Entitlement.

The total number of Open Offer Shares is fixed and will not be increased in response to excess applications under the Excess Application Facility. Applications for Excess Shares will therefore be satisfied only to the extent that other Qualifying Shareholders do not apply for their Open Offer Entitlements in full. If applications under the Excess Application Facility are received for more than the maximum number of Open Offer Shares available, then such applications will be scaled-back in the absolute discretion of Liberum and Peel Hunt, in consultation with the Board, who will have regard to the pro rata number of Excess Shares applied for by Qualifying Shareholders under the Excess Application Facility. No assurances can therefore be given that applications by Qualifying CREST Shareholders under the Excess Application Facility will be met in full, in part or at all.

All enquiries in connection with the procedure for application for Excess Open Offer Entitlements should be made to contact **Capita Asset Services on 0371 664 0321. Calls are charged at the standard geographic rate and will vary by provider. Calls outside the United Kingdom will be charged at the applicable international rate. The helpline is open between 9.00 a.m. and 5.30 p.m. (London time) Monday to Friday (excluding public holidays in England and Wales).** Calls may be recorded and monitored for security and training purposes. Please note that, for legal reasons, Capita Asset Services is only able to provide information contained in this document (other than information relating to the Company’s register of members) and, as such, will be unable to give advice on the merits of the Capital Raising or to provide financial, legal or tax advice.

An Excess Open Offer Entitlement in CREST may not be sold or otherwise transferred. Save as provided in paragraph 7 of Section A this Part 3 in relation to certain Overseas Shareholders, the CREST accounts of Qualifying CREST Shareholders will be credited with an Excess Open Offer Entitlement in order for any applications for Excess Shares to be settled through CREST. The credit of such Excess Open Offer Entitlement does not in any way give Qualifying CREST Shareholders a right to the New Ordinary Shares attributable to the Excess Open Offer Entitlement as an Excess Open Offer Entitlement is subject to scaling-back in accordance with the terms of this document.

To apply for Excess Shares pursuant to the Open Offer, Qualifying CREST Shareholders should follow the instructions above and must not return a paper form and cheque.

Should a transaction be identified by the CREST Claims Processing Unit as “cum” the Open Offer Entitlement and the relevant Open Offer Entitlement(s) be transferred, the Excess Open Offer Entitlement(s) will not transfer with the Open Offer Entitlement(s) claim, but will be transferred as a separate claim. Should a Qualifying CREST Shareholder cease to hold all of his Existing Ordinary Shares as a result of one or more bona fide market claims, the Excess Open Offer Entitlement credited to CREST, and allocated to the relevant Qualifying CREST Shareholder, will be transferred to the purchaser. Please note that an additional Unmatched Stock Event instruction (“**USE Instruction**”) must be sent in respect of any application under the Excess Open Offer Entitlement.

A Qualifying CREST Shareholder who has made a valid application for Excess Shares under the Excess Application Facility which is not met in full, and from whom payment in full for Excess Shares has been received, will receive a pounds sterling amount equal to the number of Excess Shares applied and paid for, but not allocated to, the relevant Qualifying CREST Shareholder, multiplied by the Offer Price. Monies will be returned as soon as reasonably practicable thereafter, without payment of interest and at the applicant’s sole risk.

Fractions of Excess Shares will not be issued under the Excess Application Facility and fractions of Excess Shares will be rounded down to the nearest whole number.

#### 4.4 *USE Instructions for all or some of the Open Offer Entitlements*

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Qualifying CREST Shareholders who are CREST members and who wish to apply for New Ordinary Shares in respect of all or some of their Open Offer Entitlements in CREST must send (or, if they are CREST sponsored members, procure that their CREST sponsor sends) an USE Instruction to Euroclear which, on its settlement, will have the following effect:

- (A) the crediting of a stock account of the Receiving Agent under the participant ID and member account ID specified below, with a number of Open Offer Entitlements corresponding to the number of New Ordinary Shares applied for; and
- (B) the creation of a CREST payment, in accordance with the CREST payment arrangements in favour of the payment bank of the Receiving Agent in respect of the amount specified in the USE Instruction which must be the full amount payable on application for the number of New Ordinary Shares referred to in (A) above.

#### 4.5 *Content of USE Instructions in respect of Open Offer Entitlements*

The USE Instruction must be properly authenticated in accordance with Euroclear’s specifications and must contain, in addition to the other information that is required for settlement in CREST, the following details:

- (A) the number of Open Offer Shares for which application is being made (and hence the number of the Open Offer Entitlement(s) being delivered to the Receiving Agent);
- (B) the ISIN of the Open Offer Entitlement. This is GB00BF1KDD78;
- (C) the CREST participant ID of the CREST member;

- (D) the CREST member account ID of the CREST member from which the Open Offer Entitlements are to be debited;
- (E) the participant ID of the Receiving Agent in its capacity as a CREST receiving agent. This is 7RA33;
- (F) the member account ID of the Receiving Agent in its capacity as a CREST receiving agent. This is 29187NEW;
- (G) the amount payable by means of a CREST payment on settlement of the USE Instruction. This must be the full amount payable on application for the number of Open Offer Shares referred to in (A) above;
- (H) the intended settlement date. This must be on or before 11.00 a.m. on 3 July 2017;
- (I) the Corporate Action Number for the Open Offer. This will be available by viewing the relevant corporate action details in CREST;
- (J) a contact name and telephone number (in the free format shared note field); and
- (K) a priority of at least 80.

In order for an application under the Open Offer to be valid, the USE Instruction must comply with the requirements as to authentication and contents set out above and must settle on or before 11.00 a.m. on 3 July 2017. CREST members and, in the case of CREST sponsored members, their CREST sponsors, should note that the last time at which a USE Instruction may settle on 3 July 2017 in order to be valid is 11.00 a.m. on that day.

If the conditions to the Open Offer are not fulfilled on or before 8.00 a.m. on 6 July 2017, or such other time and/or date as may be agreed between the Company, Liberum and Peel Hunt, the Open Offer will lapse, the Open Offer Entitlements admitted to CREST will be disabled and the Receiving Agent will refund the amount paid by a Qualifying CREST Shareholder by way of a CREST payment, without interest, as soon as practicable thereafter.

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para 5.1.5

#### 4.6 *USE Instructions for the Excess Open Offer Entitlements*

Qualifying CREST Shareholders who are CREST members and who wish to apply for New Ordinary Shares in respect of the Excess Open Offer Entitlements in CREST must send (or, if they are CREST sponsored members, procure that their CREST sponsor sends) a USE Instruction to Euroclear which, on its settlement, will have the following effect:

- (A) the crediting of a stock account of the Receiving Agent under the participant ID and member account ID specified below, with a number of Excess Open Offer Entitlements corresponding to the number of Excess Shares applied for; and
- (B) the creation of a CREST payment, in accordance with the CREST payment arrangements in favour of the payment bank of the Receiving Agent in respect of the amount specified in the USE Instruction which must be the full amount payable on application for the number of Excess Shares referred to in (A) above.

#### 4.7 *Content of USE Instructions in respect of Excess Open Offer Entitlements*

The USE Instruction must be properly authenticated in accordance with Euroclear's specifications and must contain, in addition to the other information that is required for settlement in CREST, the following details:

- (A) the number of Excess Shares for which application is being made (and hence the number of the Excess Open Offer Entitlement(s) being delivered to the Receiving Agent);
- (B) the ISIN of the Excess Open Offer Entitlement. This is GB00BF1KDG00;

- (C) the CREST participant ID of the CREST member;
- (D) the CREST member account ID of the CREST member from which the Excess Open Offer Entitlements are to be debited;
- (E) the participant ID of the Receiving Agent in its capacity as a CREST receiving agent. This is 7RA33;
- (F) the member account ID of the Receiving Agent in its capacity as a CREST receiving agent. This is 29187NEW;
- (G) the amount payable by means of a CREST payment on settlement of the USE Instruction. This must be the full amount payable on application for the number of Excess Shares referred to in (A) above;
- (H) the intended settlement date. This must be on or before 11.00 a.m. on 3 July 2017;
- (I) the Corporate Action Number for the Open Offer. This will be available by viewing the relevant corporate action details in CREST;
- (J) a contact name and telephone number (in the free format shared note field); and
- (K) a priority of at least 80.

In order for an application under the Open Offer to be valid, the USE Instruction must comply with the requirements as to authentication and contents set out above, and must settle on or before 11.00 a.m. on 3 July 2017. CREST members and, in the case of CREST sponsored members, their CREST sponsors, should note that the last time at which a USE Instruction may settle on 3 July 2017 in order to be valid is 11.00 a.m. that day.

If the conditions to the Open Offer are not fulfilled on or before 8.00 a.m. on 6 July 2017 or such other time and/or date as may be agreed between the Company, Liberum and Peel Hunt, the Open Offer will lapse, the Excess Open Offer Entitlements admitted to CREST will be disabled and the Receiving Agent will refund the amount paid by a Qualifying CREST Shareholder by way of a CREST payment, without interest, as soon as practicable thereafter.

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The interest earned on such monies, if any, will be retained for the benefit of the Company.

#### 4.8 ***CREST procedures and timings***

Qualifying CREST Shareholders who are CREST members and CREST sponsors (on behalf of CREST sponsored members) should note that Euroclear does not make available special procedures in CREST for any particular corporate action. Normal system timings and limitations will therefore apply in relation to the input of a USE Instruction and its settlement in connection with the Open Offer. It is the responsibility of the Qualifying CREST Shareholder concerned to take (or, if the Qualifying CREST Shareholder is a CREST sponsored member, to procure that his CREST sponsor takes) the action necessary to ensure that a valid acceptance is received as stated above by 11.00 a.m. on 3 July 2017. Qualifying CREST Shareholders and (where applicable) CREST sponsors are referred in particular to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.

#### 4.9 ***Validity of application***

A USE Instruction complying with the requirements as to authentication and contents set out above which settles by not later than 11.00 a.m. on 3 July 2017 will constitute a valid application under the Open Offer.

#### 4.10 *Incorrect or incomplete applications*

If a USE Instruction includes a CREST payment for an incorrect sum, the Company, through the Receiving Agent, reserves the right:

- (A) to reject the application in full and refund the payment to the CREST member in question (without interest);
- (B) in the case that an insufficient sum is paid, to treat the application as a valid application for such lesser whole number of New Ordinary Shares as would be able to be applied for with that payment at the Offer Price, refunding any unutilised sum to the CREST member in question (without interest); or
- (C) in the case that an excess sum is paid, to treat the application as a valid application for all the New Ordinary Shares referred to in the USE Instruction, refunding any unutilised sum to the CREST member in question (without interest).

#### 4.11 *Firm Placee and Placing Placee Participation*

To the extent that a Firm Placee and/or Placing Placee is a holder of Existing Ordinary Shares, such Firm Placee and/or Placing Placee may additionally apply for, or take up, its Open Offer Entitlement and apply under the Excess Application Facility.

#### 4.12 *Effect of application*

A CREST member or CREST sponsored member who makes, or is treated as making, a valid application in accordance with the above procedures thereby:

- (A) represents and warrants to each of the Company, Liberum and Peel Hunt that he has the right, power and authority, and has taken all action necessary, to make the application under the Open Offer and to execute, deliver and exercise his rights, and perform his obligations, under any contracts resulting therefrom and that he is not a person otherwise prevented by legal or regulatory restrictions from applying for New Ordinary Shares or acting on behalf of any such person on a non-discretionary basis;
- (B) agrees with each of the Company, Liberum and Peel Hunt to pay the amount payable on application in accordance with the above procedures by means of a CREST payment in accordance with the CREST payment arrangements (it being acknowledged that the payment to the Receiving Agent's payment bank in accordance with the CREST payment arrangements shall, to the extent of the payment, discharge in full the obligation of the CREST member to pay the amount payable on application);
- (C) agrees with each of the Company, Liberum and Peel Hunt that all applications under the Open Offer and any contracts resulting therefrom, and any non-contractual obligations relating thereto, shall be governed by, and construed in accordance with, the laws of England and Wales;
- (D) agrees with each of the Company, Liberum and Peel Hunt that the Open Offer Shares and/or Excess Shares are issued subject to, and in accordance with, the Articles;
- (E) agrees with each of the Company, Liberum and Peel Hunt that applications, once made, will, be valid and binding, and subject to the very limited withdrawal rights set out in this document, be irrevocable;
- (F) confirms to each of the Company, Liberum and Peel Hunt that, in making the application, he is not relying on any information or representation other than that contained in (or incorporated by reference in) this document and the applicant accordingly agrees that no person responsible solely or jointly for this document or any part thereof, or involved in the preparation thereof, shall have any liability for any such information or representation not so contained and further agrees that, having had the opportunity to read this document, including any documentation

incorporated by reference, he will be deemed to have had notice of all the information contained in this document (including information incorporated by reference);

- (G) confirms to each of the Company, Liberum and Peel Hunt that, in making the application, he is not relying, and has not relied, on Liberum, Peel Hunt or any other person affiliated with Liberum and/or Peel Hunt in connection with any investigation of the accuracy of any information contained in (or incorporated by reference in) this document or his investment decision;
- (H) confirms to each of the Company, Liberum and Peel Hunt that no person has been authorised to give any information or to make any representation concerning the Group and/or the New Ordinary Shares (other than as contained in this document) and, if given or made, any such other information or representation should not be, and has not been, relied upon as having been authorised by the Company, Liberum or Peel Hunt;
- (I) represents and warrants to the Company, Liberum and Peel Hunt that if he has received some or all of his Open Offer Entitlements and Excess Open Offer Entitlements from a person other than the Company, he is entitled to apply under the Open Offer in relation to such Open Offer Entitlements and Excess Open Offer Entitlements by virtue of a bona fide market claim;
- (J) represents and warrants to each of the Company, Liberum and Peel Hunt that he is the Qualifying CREST Shareholder originally entitled to the Open Offer Entitlements and Excess Open Offer Entitlements or that he has received such Open Offer Entitlements and Excess Open Offer Entitlements by virtue of a bona fide market claim;
- (K) represents and warrants to the Company, Liberum and Peel Hunt that he is not, nor is he applying on behalf of any person who is: (a) located, a citizen or resident, or a corporation, partnership or other entity created or organised in or under any laws, in or of any Restricted Jurisdiction or any jurisdiction in which the application for New Ordinary Shares is prevented by law; and (b) applying with a view to re-offering, reselling, transferring or delivering any of the New Ordinary Shares which are the subject of his application to, or for the benefit of, a person who is located, a citizen or resident or which is a corporation, partnership or other entity created or organised in or under any laws, in or of any Restricted Jurisdiction or any jurisdiction in which the application for New Ordinary Shares is prevented by law, nor acting on behalf of any such person on a non-discretionary basis nor a person(s) otherwise prevented by legal or regulatory restrictions from applying for New Ordinary Shares under the Open Offer;
- (L) represents and warrants to each of the Company, Liberum and Peel Hunt that: (a) he is not in the United States, nor is he applying for the account of a person who is located in the United States; and (b) he is not applying for the New Ordinary Shares with a view to the offer, sale, resale, transfer, delivery or distribution, directly or indirectly, of any New Ordinary Shares into the United States;
- (M) represents and warrants to each of the Company, Liberum and Peel Hunt that he is not, and nor is he applying as nominee or agent for, a person who is or may be liable to notify and account for tax under the Stamp Duty Reserve Tax Regulations 1986 at any of the increased rates referred to in section 93 (depository receipts) or section 96 (clearance services) of the Finance Act 1986;
- (N) requests that the New Ordinary Shares to which he will become entitled be issued to him on the terms set out in this document, subject to the Articles; and
- (O) represents and warrants to each of the Company, Liberum and Peel Hunt that he is not, and nor is he applying as a nominee or agent for, a person who is a Placing Placee and/or Firm Placee.



#### 4.13 *Discretion as to rejection and validity of acceptances*

The Company may (with the consent of Liberum and Peel Hunt):

- (A) reject any acceptance constituted by a USE Instruction, which is otherwise valid, in the event of a breach of any of the representations, warranties and undertakings set out or referred to in paragraph 4.12 of Section A this Part 3. Where an acceptance is made as described in this paragraph 4 which is otherwise valid, and the USE Instruction concerned fails to settle by 11:00 a.m. on 3 July 2017 (or by such later time and date as the Company, Liberum and Peel Hunt may determine), the Company shall be entitled to assume, for the purposes of its right to reject an acceptance as described in this paragraph 4.13(A), that there has been a breach of the representations, warranties and undertakings set out or referred to in paragraph 4.12 above unless the Company is aware of any reason outside the control of the Qualifying CREST Shareholder or CREST sponsor (as appropriate) concerned for the failure of the USE Instruction to settle;
- (B) treat as valid (and binding on the Qualifying CREST Shareholder concerned) an acceptance which does not comply in all respects with the requirements as to validity set out or referred to in this paragraph 4;
- (C) accept an alternative properly authenticated dematerialised instruction from a Qualifying CREST Shareholder or (where applicable) a CREST sponsor as constituting a valid acceptance in substitution for, or in addition to, a USE Instruction and subject to such further terms and conditions as the Company may determine;
- (D) treat a properly authenticated dematerialised instruction (in this sub-paragraph, the “**first instruction**”) as not constituting a valid acceptance if, at the time at which Capita Asset Services receives a properly authenticated dematerialised instruction giving details of the first instruction, either the Company or Capita Asset Services has received actual notice from Euroclear of any of the matters specified in CREST Regulation 35(5)(a) in relation to the first instruction. These matters include notice that any information contained in the first instruction was incorrect or notice of lack of authority to send the first instruction; and
- (E) accept an alternative instruction or notification from a Qualifying CREST Shareholder or (where applicable) a CREST sponsor, or extend the time for acceptance and/or settlement of a USE Instruction or any alternative instruction or notification if, for reasons or due to circumstances outside the control of any Qualifying CREST Shareholder or (where applicable) CREST sponsor, a Qualifying CREST Shareholder is unable validly to take up all or part of his Open Offer Entitlement by means of the above procedures. In normal circumstances, this discretion is only likely to be exercised in the event of any interruption, failure or breakdown of CREST (or of any part of CREST) or on the part of facilities and/or systems operated by Capita Asset Services in connection with CREST.

#### 4.14 *Money Laundering Regulations*

If you hold your New Ordinary Shares in CREST and apply to take up all or part of your entitlement as agent for one or more persons and you are not a UK or EU regulated person or institution (e.g. a bank, a broker or another UK financial institution), then, irrespective of the value of the application, Capita Asset Services is required to take reasonable measures to establish the identity of the person or persons on whose behalf you are making the application. Such Qualifying CREST Shareholders must therefore contact Capita Asset Services before sending any USE Instruction or other instruction so that appropriate measures may be taken.

Submission of a USE Instruction which constitutes, or which may on its settlement constitute, a valid acceptance as described above constitutes a warranty and undertaking by the applicant to the Company, Liberum and Peel Hunt to provide promptly to Capita Asset Services any information Capita Asset Services may specify as being required for the purposes of the Money Laundering Regulations. Pending the provision of evidence satisfactory to Capita Asset Services as to identity,

Capita Asset Services, having consulted with the Company, may take, or omit to take, such action as it may determine to prevent or delay settlement of the USE Instruction. If satisfactory evidence of identity has not been provided within a reasonable time, Capita Asset Services will not permit the USE Instruction concerned to proceed to settlement (without prejudice to the right of the Company to take proceedings to recover any loss suffered by it as a result of failure by the applicant to provide satisfactory evidence).

#### 4.15 *Deposit of Open Offer Entitlements into, and withdrawal from, CREST*

A Qualifying Non-CREST Shareholder's entitlement under the Open Offer as shown by the number of Open Offer Entitlements set out in his Application Form including the entitlement to apply under the Excess Application Facility, may be deposited into CREST (either into the account of the Qualifying Shareholder named in the Application Form or into the name of a person entitled by virtue of a bona fide market claim). Similarly, Open Offer Entitlements and Excess Open Offer Entitlements held in CREST may be withdrawn from CREST so that the entitlement under the Open Offer and entitlements under the Excess Application Facility are reflected in an Application Form. Normal CREST procedures (including timings) apply in relation to any such deposit or withdrawal (and, in the case of a deposit into CREST, as set out in the Application Form).

A Qualifying Non-CREST Shareholder who wishes to make such a deposit should sign Box 8 and complete Box 11 of their Application Form, entitled "CREST Deposit Form" and then deposit their Application Form with the CREST Courier and Sorting Service ("CCSS"). In addition, the normal CREST stock deposit procedures will need to be carried out, except that (a) it will not be necessary to complete and lodge a separate CREST transfer form (as prescribed under the Stock Transfer Act 1963) with the CCSS; and (b) only the Open Offer Entitlement shown in Box 2 of the Application Form may be deposited into CREST. After depositing their Open Offer Entitlements into their CREST account, CREST holders will shortly thereafter receive a credit for their Excess Open Offer Entitlements, which will be managed by Capita Asset Services.

If you have received your Application Form by virtue of a bona fide market claim, the declaration below Box 8 must have been made or (in the case of an Application Form which has been split) marked "Declaration of sale or transfer duly made". If you wish to take up your Open Offer Entitlement, the CREST Deposit Form in Box 11 of your Application Form must be completed and deposited with the CCSS in accordance with the instructions above. A holder of more than one Application Form who wishes to deposit Open Offer Entitlements shown on those Application Forms into CREST must complete Box 9 of each Application Form.

In particular, having regard to normal processing times in CREST and on the part of Capita Asset Services, the recommended latest time for depositing an Application Form with the CCSS, where the person entitled wishes to hold the Open Offer Entitlement set out in such Application Form as an Open Offer Entitlement in CREST and the entitlement to apply under the Excess Application Facility in CREST, is 3.00 p.m. on 28 June 2017. CREST holders inputting the withdrawal of their Open Offer Entitlement and any Excess Open Offer Entitlement from their CREST account are recommended that they withdraw their Open Offer Entitlement by 4.30 p.m. on 27 June 2017.

Delivery of an Application Form with the CREST deposit form duly completed, whether in respect of a deposit into the account of the Qualifying Shareholder named in the Application Form or into the name of another person, shall constitute a representation and warranty to the Company, Liberum, Peel Hunt and Capita Asset Services by the relevant CREST member(s) that it is/they are not in breach of the provisions of the notes under the paragraph headed "Application Letter" on page 3 of the Application Form, and a declaration to the Company and the Receiving Agent from the relevant CREST member(s) that it is/they are, not located in, or citizen(s) or resident(s) of, any Restricted Jurisdiction or any jurisdiction in which the application for New Ordinary Shares is prevented by law, and that it is/they are, not located in the United States and, where such deposit is made by a beneficiary or a market claim, a representation and warranty that the relevant CREST member(s) is/are entitled to apply under the Open Offer by virtue of a bona fide market claim.

#### 4.16 *Right to allot and issue New Ordinary Shares in certificated form*

Notwithstanding any other provision of this document, the Company reserves the right to allot and to issue any New Ordinary Shares in certificated form. In normal circumstances, this right is only likely to be exercised in the event of an interruption, failure or breakdown of CREST (or of any part of CREST) or of a part of the facilities and/or systems operated by Capita Asset Services in connection with CREST.

### 5. TAXATION

Information on taxation with regard to the Capital Raising for Qualifying Shareholders who are resident in the United Kingdom for UK tax purposes is set out in paragraph 12 of Part 9 of this document. The information contained in paragraph 12 of Part 9 of this document is intended only as a general guide to the current tax position in the United Kingdom and Qualifying Shareholders resident in the United Kingdom for UK tax purposes should consult their own tax advisers regarding the tax treatment of the Capital Raising in light of their own circumstances. NewRiver REIT Shareholders who are in any doubt as to their tax position or who are subject to tax in any other jurisdiction should consult their professional advisers immediately.

### 6. WITHDRAWAL RIGHTS

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Qualifying Shareholders wishing to exercise the withdrawal rights under section 87Q(4) of FSMA after the issue by the Company of a prospectus supplementing this document (if any) must do so by lodging a written notice of withdrawal or by email to [withdraw@capita.co.uk](mailto:withdraw@capita.co.uk), which shall not include a notice sent by facsimile, that must include the full name and address of the person wishing to exercise such statutory withdrawal rights and, if such person is a Qualifying CREST Shareholder, the participant ID and the member account ID of such Qualifying CREST Shareholder at Capita Asset Services, Corporate Actions, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU, so as to be received no later than two Business Days after the date on which the supplementary prospectus is published. Notice of withdrawal given by any other means or which is deposited with or received by Capita Asset Services after expiry of such period will not constitute a valid withdrawal. Furthermore, it is the Company's view that Qualifying Shareholders will not be capable of exercising their withdrawal rights after payment by the relevant person for the New Ordinary Shares applied for in full and the allotment of such New Ordinary Shares to such person becoming unconditional save to the extent required by statute. In such circumstances, any such accepting Qualifying Shareholder or renouncee, wishing to withdraw is advised to seek independent legal advice. If you have any questions relating to the completion and return of your Forms of Proxy, please contact Capita Asset Services on 0371 664 0321. Calls are charged at the standard geographic rate and will vary by provider. Calls outside the United Kingdom will be charged at the applicable international rate. The helpline is open between 9.00 a.m. and 5.30 p.m. (London time) Monday to Friday excluding public holidays in England and Wales. Calls may be recorded and monitored for security and training purposes. Please note that, for legal reasons, Capita Asset Services is only able to provide information contained in this document (other than information relating to the Company's register of members) and, as such, will be unable to give advice on the merits of the Capital Raising or to provide financial, legal or tax advice.

### 7. OVERSEAS SHAREHOLDERS

This document has been approved by the FCA, being the competent authority in the United Kingdom. It is expected that NewRiver REIT Shareholders in each EEA State (other than any Restricted Jurisdiction) will be able to participate in the Open Offer.

It is the responsibility of any person (including, without limitation, custodians, nominees and trustees) outside the United Kingdom wishing to participate in the Open Offer to satisfy himself as to the full observance of the laws of any relevant territory in connection therewith, including the obtaining of any governmental or other consents which may be required, the compliance with other necessary formalities and the payment of any issue, transfer or other taxes due in such territories. The comments set out in this paragraph 7 are intended as a general guide only and any Overseas Shareholder who is in doubt as to his, her or its position should consult his, her or its professional adviser without delay.

## 7.1 *General*

**The distribution of this document and the Application Form and the making of the Open Offer to persons resident in, or who are citizens of, or who have a registered address in countries other than the United Kingdom may be affected by the law of the relevant jurisdiction. Those persons should consult their professional advisers as to whether they require any governmental or other consents or need to observe any other formalities to enable them to participate in the Open Offer.**

No action has been, or will be, taken by the Company or any other person to permit a public offer or distribution of this document or the Application Form in any jurisdiction where action for that purpose may be required, other than in the United Kingdom. This section sets out the restrictions applicable to NewRiver REIT Shareholders who have registered addresses outside the United Kingdom, who are physically located outside the United Kingdom, or who are citizens or residents of countries other than the United Kingdom, or who are persons (including, without limitation, custodians, nominees and trustees) who have a contractual or legal obligation to forward this document to a jurisdiction outside the United Kingdom, or who hold Ordinary Shares for the account or benefit of any such person.

Open Offer Entitlements and Excess Open Offer Entitlements will be issued to all Qualifying Shareholders holding Ordinary Shares at the Record Time. However, Application Forms have not been, and will not be, sent to, and neither Open Offer Entitlements nor New Ordinary Shares will be credited to CREST accounts of, Restricted Shareholders, or to their agents or intermediaries.

Having considered the circumstances, the Directors have formed the view that it is necessary or expedient to restrict the ability of any NewRiver REIT Shareholders in the United States and other Restricted Jurisdictions to participate in the Open Offer due to the time and costs involved in the registration of the document and/or compliance with the relevant local legal or regulatory requirements in those jurisdictions.

Receipt of this document and/or an Application Form or the crediting of Open Offer Entitlements and/or Excess Open Offer Entitlements to a stock account in CREST will not constitute an offer in or into any Restricted Jurisdiction, including the United States, and, in those circumstances, this document and/or an Application Form must be treated as sent for information only and should not be copied or redistributed. No person receiving a copy of this document and/or an Application Form and/or receiving a credit of Open Offer Entitlements and/or Excess Open Offer Entitlements to a stock account in CREST in any territory other than the United Kingdom may treat the same as constituting an invitation or offer to him, nor should he in any event use the Application Form or deal with Open Offer Entitlements and/or Excess Open Offer Entitlements in CREST unless, in the relevant jurisdiction (other than any Restricted Jurisdictions), such an invitation or offer could lawfully be made to him and the Application Form or Open Offer Entitlements and/or Excess Open Offer Entitlements in CREST could lawfully be used or dealt with without contravention of any unfulfilled registration or other legal or regulatory requirements.

Accordingly, persons (including, without limitation, custodians, agents, nominees and trustees) receiving a copy of this document and/or an Application Form or whose stock account in CREST is credited with Open Offer Entitlements and/or Excess Open Offer Entitlements should not, in connection with the Capital Raising, distribute or send the same in or into, or transfer Open Offer Entitlements or Excess Open Offer Entitlements to any person in, any Restricted Jurisdiction, including the United States. If an Application Form or credit of Open Offer Entitlements and/or Excess Open Offer Entitlements in CREST is received by any person in any Restricted Jurisdiction, including the United States, or by their agent or nominee in any such territory, he must not seek to take up the entitlements referred to in the Application Form or in this document or renounce the Application Form or transfer the Open Offer Entitlements and/or Excess Open Offer Entitlements in CREST. Any person who does forward this document or an Application Form into any Restricted Jurisdiction (whether under contractual or legal obligation or otherwise) should draw the recipient's attention to the contents of this section.

None of the Company, Liberum, Peel Hunt nor any of their respective representatives is making any representation to any offeree or purchaser of the New Ordinary Shares regarding the legality of an investment in the New Ordinary Shares by such offeree or purchaser under the laws applicable to such offeree or purchaser.

The Company may, with the consent of Liberum and Peel Hunt, treat as invalid any acceptance, or purported acceptance, of the offer of the Open Offer Entitlements and/or Excess Open Offer Entitlements which appears to the Company or its agents to have been executed, effected or despatched in a manner which may involve a breach of the laws or regulations of any jurisdiction or if it believes or they believe that the same may violate applicable legal or regulatory requirements or if, in the case of an Application Form, it provides an address for delivery of the definitive share certificates for New Ordinary Shares in, or, in the case of a credit of New Ordinary Shares in CREST, the NewRiver REIT Shareholder's registered address is in, a Restricted Jurisdiction, including the United States, or if the Company believes, or its agents believe, that the same may violate applicable legal or regulatory requirements.

Notwithstanding any other provisions of this document or the Application Form, the Company reserves the right to permit any Overseas Shareholder (other than Restricted Shareholders) to take up his entitlements if the Company in its sole and absolute discretion, after consultation with Liberum and Peel Hunt, is satisfied that the transaction in question is exempt from, or not subject to, the legislation or regulations giving rise to the restriction in question. If the Company is so satisfied, the Company will arrange for the relevant Overseas Shareholder to be sent an Application Form if he is reasonably believed to be a Qualifying Non-CREST Shareholder or, if he is reasonably believed to be a Qualifying CREST Shareholder, arrange for the CREST Open Offer Entitlements and Excess Open Offer Entitlements to be credited to the relevant CREST stock account.

Those Overseas Shareholders who wish, and are permitted, to take up their entitlements should note that payments must be made as described in paragraphs 3 and 4 of Section A of this Part 3.

The provisions of this paragraph 7 will apply generally to Restricted Shareholders and other Overseas Shareholders who do not or are unable to take up New Ordinary Shares.

Specific restrictions relating to certain jurisdictions are set out below.

## **7.2 *Offering restrictions relating to the United States***

The New Ordinary Shares have not been and will not be registered under the US Securities Act or any relevant securities laws of any state or other jurisdiction of the United States and may not be offered, sold, taken up, exercised, resold, renounced, transferred or delivered, directly or indirectly, within the United States. The New Ordinary Shares are being offered or sold outside the United States, in reliance on Regulation S.

No offering is being made in the United States and neither this document nor the Application Form constitutes or will constitute an offer or an invitation to apply for, or an offer or an invitation to acquire or subscribe for, any New Ordinary Shares in the United States. The Application Forms will not be sent to, and the Open Offer Entitlements and Excess Open Offer Entitlements will not be credited to a stock account in CREST of, any NewRiver REIT Shareholder with a registered address in the United States.

Application Forms should not be postmarked in the United States, or otherwise despatched from the United States, and all persons acquiring New Ordinary Shares and wishing to hold such shares in registered form must provide an address for registration of the New Ordinary Shares issued upon exercise thereof outside of the United States.

Neither the New Ordinary Shares, the Form of Proxy, the Application Form, this document nor any other document connected with the Capital Raising have been, or will be, approved or disapproved by the SEC or by the securities commissions of any state or other jurisdiction of the United States or any other regulatory authority, nor have any of the foregoing authorities or any securities commission

passed upon or endorsed the merits of the offering of the New Ordinary Shares, the Form of Proxy, the Application Form, or the accuracy or adequacy of this document or any other document connected with this Capital Raising. Any representation to the contrary is a criminal offence in the United States.

Any person who subscribes for New Ordinary Shares will be deemed to have declared, represented, warranted and agreed to, by accepting delivery of this document or the Application Form or by applying for New Ordinary Shares in respect of Open Offer Entitlements and/or Excess Open Offer Entitlements credited to a stock account in CREST, and delivery of the New Ordinary Shares, the representations and warranties set out in paragraph 8 of Section A of this Part 3.

The Company reserves the right, with the consent of Liberum and Peel Hunt, to treat as invalid any Application Form: (i) that appears to the Company or its agents to have been executed in or despatched from the United States; or (ii) where the Company believes acceptance of such Application Form may infringe applicable legal or regulatory requirements, and the Company shall not be bound to issue any New Ordinary Shares in respect of any such Application Form. In addition, the Company reserves the right, in its absolute discretion, with the consent of Liberum, to reject any USE Instruction sent by or on behalf of any CREST member with a registered address in the United States in respect of the New Ordinary Shares.

### 7.3 *Other overseas territories*

Application Forms will be posted to Qualifying Non-CREST Shareholders (other than those Qualifying Non-CREST Shareholders who have registered addresses in the Restricted Jurisdictions) and Open Offer Entitlements and Excess Open Offer Entitlements will be credited to the CREST stock accounts of Qualifying CREST Shareholders (other than those Qualifying CREST Shareholders who have registered addresses in the Restricted Jurisdictions). No offer of or invitation to subscribe for New Ordinary Shares is being made by virtue of this document or the Application Form into the Restricted Jurisdictions. Overseas Shareholders in jurisdictions other than the Restricted Jurisdictions may, subject to the laws of their relevant jurisdiction, accept their entitlements under the Capital Raising in accordance with the instructions set out in this document and, in the case of Qualifying Non-CREST Shareholders only, the Application Form.

NewRiver REIT Shareholders who have registered addresses in or who are resident in, or who are citizens of, countries other than the United Kingdom should consult their appropriate professional advisers as to whether they require any governmental or other consents or need to observe any other formalities to enable them to take up their Open Offer Entitlements and any Excess Open Offer Entitlements. If you are in any doubt as to your eligibility to accept the offer of New Ordinary Shares, you should contact your appropriate professional adviser immediately.

## 8. REPRESENTATIONS AND WARRANTIES RELATING TO OVERSEAS TERRITORIES

### 8.1 *Qualifying Non-CREST Shareholders*

Any person completing and returning an Application Form or requesting registration of the New Ordinary Shares comprised therein represents and warrants to the Company that: (i) such person is not completing and returning such Application Form from within the United States or any other Restricted Jurisdiction; (ii) such person is not in any territory in which it is unlawful to make or accept an offer to subscribe for New Ordinary Shares or to use the Application Form in any manner in which such person has used or will use it; (iii) such person is not acting on a non-discretionary basis for a person located within the United States or any other Restricted Jurisdiction or any territory referred to in (ii) above at the time the instruction to accept or renounce was given; and (iv) such person is not acquiring New Ordinary Shares with a view to the offer, sale, resale, transfer, delivery or distribution, directly or indirectly, of any such New Ordinary Shares into the United States or any other Restricted Jurisdiction or any territory referred to in (ii) above.

The Company may, with the consent of Liberum and Peel Hunt, treat as invalid any acceptance or purported acceptance of the allotment of New Ordinary Shares comprised in, or renunciation or purported renunciation of, an Application Form if it: (a) appears to the Company to have been

executed in or despatched from the United States or any other Restricted Jurisdiction or otherwise in a manner which may involve a breach of the laws of any jurisdiction or if the Company believes the same may violate any applicable legal or regulatory requirement; (b) provides an address in any Restricted Jurisdiction, including the United States, for delivery of definitive share certificates for New Ordinary Shares (or any jurisdiction outside the UK in which it would be unlawful to deliver such certificates); or (c) purports to exclude the representation and warranty required by this section.

## 8.2 *Qualifying CREST Shareholders*

A Qualifying CREST Shareholder who makes a valid acceptance in accordance with the procedure set out in paragraph 4 of Section A of this Part 3 represents and warrants to the Company, Liberum and Peel Hunt that: (i) he is not within any of the Restricted Jurisdictions, including the United States; (ii) he is not in any territory in which it is unlawful to make or accept an offer to acquire or subscribe for New Ordinary Shares; (iii) he is not acting on a non-discretionary basis for a person located within the United States or any other Restricted Jurisdiction or any territory referred to in (ii) above at the time the instruction to accept was given; and (iv) he is not acquiring New Ordinary Shares with a view to the offer, sale, resale, transfer, delivery or distribution, directly or indirectly, of any such New Ordinary Shares into the United States or any other Restricted Jurisdiction or any territory referred to in (ii) above.

The Company may, with the consent of Liberum and Peel Hunt, treat as invalid any USE Instruction which: (a) appears to the Company to have been despatched from the United States or any other Restricted Jurisdiction or otherwise in a manner which may involve a breach of the laws of any jurisdiction or which they or their agents believe may violate any applicable legal or regulatory requirement; or (b) purports to exclude the representation and warranty required by this paragraph.

## 9. FURTHER INFORMATION

Your attention is drawn to the further information set out in this document and also, in the case of Qualifying Non-CREST Shareholders to whom the Company has sent Application Forms, to the terms, conditions and other information printed on the accompanying Application Form.

## 10. WAIVER

The provisions of paragraphs 7 and 8 of Section A of this Part 3 and of any other terms of the Capital Raising relating to Restricted Shareholders may be waived, varied or modified as regards specific NewRiver REIT Shareholder(s) or on a general basis by the Company in its absolute discretion after consultation with Liberum and Peel Hunt. Subject to this, the provisions of paragraphs 7 and 8 of Section A of this Part 3 supersede any terms of the Capital Raising inconsistent herewith. References in paragraphs 7 and 8 of Section A of this Part 3 and in this paragraph 10 to NewRiver REIT Shareholders shall include references to the person or persons executing an Application Form and, in the event of more than one person executing an Application Form, the provisions of this paragraph 10 shall apply jointly to each of them.

## 11. ADMISSION, SETTLEMENT AND DEALINGS

The result of the Open Offer is expected to be announced on 4 July 2017. The New Ordinary Shares will be issued credited as fully paid and will rank *pari passu* in all respects with the Existing Ordinary Shares. The New Ordinary Shares will be created under the Companies Act and the legislation made thereunder, will be issued in registered form and will be capable of being held in both certificated and uncertificated form.

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Applications will be made for the New Ordinary 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 of the New Ordinary Shares will become effective and dealings in the New Ordinary Shares will commence by 8.00 a.m. on 6 July 2017 (whereupon an announcement will be made by the Company to a Regulatory Information Service).

## **12. TIMES AND DATES**

The Company shall in its discretion, after consultation with Liberum and Peel Hunt, be entitled to amend the dates that Application Forms are despatched or dealings in New Ordinary Shares commence and amend or extend the latest date for acceptance under the Open Offer and all related dates set out in this document and in such circumstances shall announce such amendments via a Regulatory Information Service and, if appropriate, notify NewRiver REIT Shareholders.

If a supplementary prospectus is issued by the Company two or fewer Business Days prior to the latest time and date for acceptance and payment in full under the Open Offer specified in this document, the latest date for acceptance under the Open Offer shall be extended to the date that is three Business Days after the date of issue of the supplementary prospectus (and the dates and times of principal events due to take place following such date shall be extended accordingly).

## **13. GOVERNING LAW**

The terms and conditions of the Capital Raising as set out in this document and the Application Form and any non-contractual obligation related thereto shall be governed by, and construed in accordance with, the laws of England and Wales.

## **14. JURISDICTION**

The Courts of England and Wales are to have exclusive jurisdiction to settle any dispute, whether contractual or non-contractual, which may arise out of or in connection with the Capital Raising, this document and the Application Form. By accepting entitlements under the Capital Raising in accordance with the instructions set out in this document and, in the case of Qualifying Non-CREST Shareholders only, the Application Form, Qualifying Shareholders irrevocably submit to the exclusive jurisdiction of the Courts of England and Wales and waive any objection to proceedings in any such court on the ground of venue or on the ground that proceedings have been brought in an inconvenient forum.



## SECTION B: TERMS AND CONDITIONS OF THE FIRM PLACING AND THE PLACING

### 1. ELIGIBLE PARTICIPANTS

Members of the public are not eligible to take part in the Firm Placing or the Placing. This Section B of this Part 3 and the terms and conditions set out herein are for information purposes only and are directed only at:

- (a) persons in member states of the European Economic Area who are “qualified investors” within the meaning of article 2(1)(e) of the Prospectus Directive (Directive 2003/71/EC, as amended by the 2010 PD Amending Directive (Directive 2010/73/EU)) (“**Qualified Investors**”); and
- (b) where addressed to and directed to persons in the United Kingdom, to persons who are also those:
  - (i) who have professional experience in matters relating to investments falling within article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (as amended) (the “**FPO**”); or
  - (ii) who are high net worth entities as described in article 49(2) of the FPO; or
  - (iii) to whom it may otherwise be lawfully communicated and in all cases who are capable of being categorised as a professional client or an eligible counterparty for the purposes of the FCA Conduct of Business Rules (all such persons being together referred to as “**Relevant Persons**”). These terms and conditions must not be acted on or relied on by persons who are not Relevant Persons. Any investment or investment activity to which these terms and conditions relates is available only to Relevant Persons and will be engaged in only with Relevant Persons.

Furthermore, the New Ordinary Shares may not be offered or sold in the United States.

### 2. INTRODUCTION

Participation in the Firm Placing and/or the Placing is only available to persons who are invited to participate by Liberum and/or Peel Hunt. These terms and conditions apply to persons making an offer to subscribe for Firm Placing Shares under the Firm Placing and/or Placing Shares under the Placing. Each of the Firm Placees and the Placing Placees (together, for the purposes of this Section B of Part 3, the “**Placees**” and each a “**Placee**”) agrees with Liberum, Peel Hunt and the Company to be bound by these terms and conditions as being the terms and conditions upon which Firm Placing Shares will be sold under the Firm Placing and Placing Shares will be sold under the Placing (as applicable). A Placee shall, without limitation, become so bound if Liberum or Peel Hunt (as the case may be) confirms its allocation of Firm Placing Shares under the Firm Placing and/or Placing Shares under the Placing (as applicable) to such Placee at the Offer Price.

Upon being notified of its allocation of Firm Placing Shares under the Firm Placing and/or Placing Shares under the Placing (whether orally or in writing, which includes e-mail) by Liberum or Peel Hunt (as the case may be), a Placee shall, subject to the provisions of paragraph 7 of this Section B of this Part 3 of this document with respect to the Placing Shares, be contractually committed to acquire the number of Firm Placing Shares and/or Placing Shares allocated to them at the Offer Price and to the fullest extent permitted by law, will be deemed to have agreed not to exercise any rights to rescind or terminate or otherwise withdraw from such commitment (the “**Placing Commitment**”). Each of Liberum and Peel Hunt may require any Placee to agree to such further terms and/or conditions and/or give such additional warranties and/or representations as it may, in its absolute discretion, see fit and/or may require such Placee to execute a separate placing letter. Dealing may not begin before any notification is made.

Neither this document nor the New Ordinary Shares have been or will be registered under the US Securities Act, or under any securities laws of any state or other jurisdiction of the United States and may not be offered, sold, taken up, exercised, resold, renounced, transferred or delivered, directly or indirectly, within the United States.

This document will not constitute an offer or an invitation to apply for or an offer or an invitation to acquire any New Ordinary Shares in the United States. Subject to certain exceptions, all persons applying for New

Ordinary Shares and wishing to hold such New Ordinary Shares in registered form must provide an address for registration of the New Ordinary Shares outside the United States.

Subject to certain exceptions, any person who applies for New Ordinary Shares will be deemed to have declared, warranted and agreed that they are not, and that at the time of application they will not be, in the United States, or acting on a non-discretionary basis for a person located within the United States.

The Company reserves the right to treat as invalid any application for New Ordinary Shares which does not contain a warranty to the effect that the person applying for New Ordinary Shares does not have a registered address and is not otherwise located in the United States and is not applying for New Ordinary Shares with a view to the offer, sale, resale, transfer, delivery or distribution, directly or indirectly, of the New Ordinary Shares in the United States or where the Company believes application for such New Ordinary Shares may infringe applicable legal or regulatory requirements.

The New Ordinary Shares may not be publicly offered in Switzerland and will not be listed on the SIX Swiss Exchange (“SIX”) or on any other stock exchange or regulated trading facility in Switzerland. This document has been prepared without regard to the disclosure standards for issuance prospectuses under art. 652a or art. 1156 of the Swiss Code of Obligations or the disclosure standards for listing prospectuses under art. 27 ff. of the SIX Listing Rules or the listing rules of any other stock exchange or regulated trading facility in Switzerland. Neither this document nor any other offering or marketing material relating to the New Ordinary Shares or the Capital Raising may be publicly distributed or otherwise made publicly available in Switzerland.

Neither this document, the Application Form nor the Form of Proxy nor any other offering or marketing material relating to the Capital Raising, the Company or the New Ordinary Shares have been, or will be, filed with, or approved by, any Swiss regulatory authority. In particular, this document, the Application Form and the Form of Proxy will not be filed with, and the offer of New Ordinary Shares will not be supervised by, the Swiss Financial Market Supervisory Authority FINMA, and the offer of New Ordinary Shares has not been and will not be authorised under the Swiss Federal Act on Collective Investment Schemes (“CISA”). The investor protection afforded to acquirers of interests in collective investment schemes under the CISA does not extend to acquirers of New Ordinary Shares.

### **3. AGREEMENT TO ACQUIRE FIRM PLACING SHARES AND/OR PLACING SHARES**

Each of the Firm Placing and the Placing is conditional upon the following conditions, amongst others:

- (a) the Resolutions being passed at the General Meeting;
- (b) the Placing and Open Offer Agreement having become unconditional in all respects (save for the condition relating to Admission) and not having been terminated in accordance with its terms before Admission; and
- (c) Admission becoming effective by not later than 8.00 a.m. (London time) on 6 July 2017 (or such later time and/or date as the Company, Liberum and Peel Hunt may agree (being no later than 31 July 2017)).

Subject to the above conditions, a Placee agrees to become a NewRiver REIT Shareholder and agrees to acquire Firm Placing Shares and/or Placing Shares (as applicable) at the Offer Price. The number of Firm Placing Shares issued to a Firm Placee under the Firm Placing and/or Placing Shares issued to a Placing Placee under the Placing (as applicable) shall be in accordance with the arrangements described above, subject to the provisions of paragraph 7 of this Section B of this Part 3 of this document with respect to the Placing Shares.

The Company has undertaken that the Firm Placing Shares and the Placing Shares will, when issued and fully paid, rank *pari passu* in all respects with the Existing Ordinary Shares and will have the same rights and restrictions as each Existing Ordinary Share, including in respect of any dividends or distributions declared in respect of the New Ordinary Shares following Admission.

#### 4. PAYMENT FOR FIRM PLACING SHARES AND/OR PLACING SHARES

Each Placee undertakes to pay the Offer Price for the Firm Placing Shares and/or Placing Shares (as applicable) issued to such Placee (the “**Total Amount**”) in such manner as shall be directed by Liberum or Peel Hunt (as the case may be). In the event of any failure by a Placee to pay as so directed by Liberum or Peel Hunt (as the case may be), the relevant Placee shall be deemed hereby to have appointed Liberum and/or Peel Hunt or any of its or their nominees to sell (in one or more transactions) any or all of the Firm Placing Shares and/or Placing Shares (as applicable) in respect of which payment shall not have been made as so directed and to have agreed to indemnify on demand Liberum or Peel Hunt (as the case may be) in respect of any liability for UK stamp duty and/or stamp duty reserve tax arising in respect of any such sale or sales. A sale of all or any of such Firm Placing Shares and/or Placing Shares shall not release the relevant Placee from the obligation to make such payment for Firm Placing Shares and/or Placing Shares to the extent that Liberum, Peel Hunt or its or their nominee has failed to sell such Firm Placing Shares and/or Placing Shares at a consideration which after deduction of expenses of such sale and payment of stamp duty and/or stamp duty reserve tax as aforementioned, is equal to or exceeds the Offer Price per Firm Placing Share and/or Placing Share.

#### 5. REPRESENTATIONS AND WARRANTIES

By receiving this announcement, each Placee and/or any person confirming his agreement to subscribe for Firm Placing Shares and/or Placing Shares on behalf of a Placee or authorising Liberum and/or Peel Hunt to notify a Placee’s name to the Receiving Agent, is deemed to acknowledge, agree, undertake, represent and warrant to each of Liberum, Peel Hunt, the Receiving Agent and the Company that:

- (A) it has read and understood this document in its entirety and that its acquisition of the New Ordinary Shares is made solely on the terms and subject to the conditions, representations, warranties, acknowledgements, agreements and undertakings contained herein;
- (B) it has made its own assessment of the New Ordinary Shares and has relied on its own investigation of the business, financial or other position of the Company in accepting a participation in the Firm Placing and/or the Placing;
- (C) neither Liberum, Peel Hunt nor any of its or their affiliates or any person acting on behalf of any of them has provided, or will provide the Placee, with any material or information regarding the New Ordinary Shares, the Firm Placing or the Placing other than this document; nor has the Placee requested Liberum, Peel Hunt, the Company or any of its or their respective affiliates or any person acting on behalf of any of them to provide it with any such information;
- (D) the content of this document is exclusively the responsibility of the Company and that none of Liberum, Peel Hunt, their respective affiliates or any person acting on their behalf has or shall have any responsibility or liability for any information, representation or statement contained in this document or any information previously or subsequently published by or on behalf of the Company;
- (E) it has made its own assessment of the Company and the terms of the Firm Placing and Placing based on this document and the Company’s publicly available information, such information being all that it deems necessary to make an investment decision in respect of the New Ordinary Shares and that it has neither received nor relied on any information given or representations, warranties or statements made by Liberum, Peel Hunt or the Company or any of their affiliates or any person acting on behalf of any of them and neither Liberum, Peel Hunt nor the Company nor any of its or their affiliates nor any person acting on behalf of any of them will be liable for any Placee’s decision to accept an invitation to participate in the Firm Placing and/or Placing based on any information, representation, warranty or statement other than that contained in this document;
- (F) it will not hold Liberum, Peel Hunt or any of their respective affiliates or any person acting on their behalf responsible or liable for any misstatements in, or omission from, any publicly available information relating to the Company and that none of Liberum, Peel Hunt nor any person acting on their behalf makes any representation or warranty, express or implied, as to the truth, accuracy or completeness of such information or accepts any responsibility for any such information;

- (G) it acknowledges that the New Ordinary Shares will be admitted to the Official List of the FCA and the Company is therefore required to publish certain business and financial information in accordance with the rules and practices of the FCA and the Placee is able to obtain or access such information without undue difficulty and is able to obtain access to such information or comparable information concerning any other publicly traded company without undue difficulty;
- (H) it has the funds available to pay the Total Amount payable pursuant to its Placing Commitment and acknowledges, agrees and undertakes that it will pay the Total Amount in accordance with the terms of this appendix on the due time and dates notified by Liberum and/or Peel Hunt (as the case may be), failing which the relevant New Ordinary Shares may be placed with other placees or sold at such price as Liberum and/or Peel Hunt determines;
- (I) it:
- (i) is duly incorporated and validly existing under the laws of its jurisdiction of incorporation;
  - (ii) is entitled to subscribe for the New Ordinary Shares under the laws of all relevant jurisdictions which apply to it;
  - (iii) has fully observed such laws;
  - (iv) has the requisite capacity and authority and is entitled to enter into and to perform its obligations as a subscriber for New Ordinary Shares and to execute and deliver all documents necessary for such subscription and will honour such obligations; and
  - (v) has obtained all necessary consents and authorities (including, without limitation, in the case of any person on whose behalf it is acting, all necessary consents and authorities to agree to the terms set out or referred to in this Section B of Part 3 of this document) to enable it to enter into the transactions contemplated hereby and to perform its obligations in relation thereto and, in particular, if it is a pension fund or investment company it is aware of and acknowledge it is required to comply with all applicable laws and regulations with respect to its subscription for the New Ordinary Shares;
- (J) after giving effect to its subscription of the New Ordinary Shares comprised in its Placing Commitment, it will inform Liberum and/or Peel Hunt (as the case may be) if such acquisition will cause it to be required to make a notification to the Company in accordance with Rule 5.1.2R of the Disclosure Guidance and Transparency Rules;
- (K) after giving effect to its subscription of the New Ordinary Shares comprised in its Placing Commitment, its total aggregate holding of issued Ordinary Shares, together with any such Ordinary Shares held by any person acting in concert with its (as that term is used for the purposes of the City Code), will not exceed 29.9 per cent. of the voting rights of the Company;
- (L) it is not, and any person who it is acting on behalf of is not, and at the time the New Ordinary Shares are subscribed will not be, a resident of, or with an address in, Australia, New Zealand, The Republic of South Africa, Canada or Japan, and it acknowledges and agrees that the New Ordinary Shares have not been and will not be registered or otherwise qualified under the securities legislation of Australia, New Zealand, The Republic of South Africa, Canada or Japan and, subject to certain exceptions, may not be offered, sold, or acquired, directly or indirectly, within those jurisdictions;
- (M) it is outside the United States and, subject to certain exceptions, the New Ordinary Shares have not been and are not being offered or sold to any Placee except outside the United States in an “offshore transaction” (within the meaning of Regulation S under the US Securities Act) and it will not offer, sell or deliver, directly or indirectly, any New Ordinary Shares in or into the United States. It acknowledges and agrees that there is no present intention to register any of the New Ordinary Shares for sale or re-sale under the US Securities Act and that there can be no representation as to the availability of any exemption under the US Securities Act;

- (N) it is not acting on a non-discretionary basis for the account or benefit of a person located within the United States at the time the undertaking to subscribe for New Ordinary Shares is given and it is not acquiring the New Ordinary Shares with a view to the offer, sale, resale, transfer, delivery or distribution, directly or indirectly, of any New Ordinary Shares into the United States;
- (O) it is:
- (i) a person described in Article 19(5) (Investment Professionals) and/or 49(2) (high net worth companies etc.) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended (the “FPO”), and/or an authorised person as defined in section 31 of the FSMA; or
  - (ii) a high net worth entity as described in Article 49(2) of the FPO; or
  - (iii) a “qualified investor” falling within Articles 2.1(e)(i), (ii) or (iii) of the Prospectus Directive; or
  - (iv) a person to whom this document may otherwise lawfully be communicated and in all cases who is capable of being categorised as a professional client or an eligible counterparty for the purposes of the FCA Conduct of Business Rules.

For such purposes, it undertakes that it will acquire, hold, manage and (if applicable) dispose of any New Ordinary Shares that are allocated to it for the purposes of its business only;

- (P) it has such knowledge, sophistication and experience in financial and business matters that it is capable of evaluating the merits and risks of its purchase of the New Ordinary Shares comprised in its Placing Commitment, and it is able to bear the economic risk and financial risk (including sustaining a complete loss) of the purchase of such New Ordinary Shares and it has had sufficient time to consider and conduct its own investigation with respect to its purchase of the New Ordinary Shares including the legal, regulatory, tax, business, currency and other economic and financial considerations relevant to such investment and it will not look to the Company, Liberum, Peel Hunt or any of their respective affiliates or any person acting on their behalf for all or part of any loss it may suffer in connection with its purchase of such New Ordinary Shares;
- (Q) it has only communicated, or caused to be communicated, and will only communicate, or cause to be communicated, any invitation or inducement to engage in investment activity (within the meaning of section 21 of the FSMA) relating to the New Ordinary Shares in circumstances in which section 21(1) of the FSMA does not require approval of the communication by an authorised person and it acknowledges and agrees that this document is not being issued by any of Liberum or Peel Hunt in its capacity as an authorised person under section 21 of the FSMA and it may not therefore be subject to the controls which would apply if it were made or approved as a financial promotion by an authorised person;
- (R) it is aware of and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the New Ordinary Shares in, from or otherwise involving, the United Kingdom;
- (S) it will not make any offer to the public of the New Ordinary Shares and has not offered or sold, and will not offer or sell, any New Ordinary Shares to persons in the United Kingdom or elsewhere in the European Economic Area prior to Admission except to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of their business or otherwise in circumstances which have not resulted in, and which will not result in, an offer to the public in the United Kingdom within the meaning of section 85(1) of the FSMA or an offer to the public in any EEA State within the meaning of the Prospectus Directive (which includes any relevant implementing measure in any EEA State);
- (T) it has not been engaged to subscribe for the New Ordinary Shares on behalf of any other person who is not a Qualified Investor unless the terms on which it is engaged to enable it to make decisions

concerning the acceptance of offers of transferable securities on the client's behalf without reference to the client as described in section 86(2) of the FSMA;

- (U) it is aware of, and acknowledges that it is required to comply with, its obligations in connection with money laundering under the Proceeds of Crime Act 2002, the Terrorism Act 2000, the Terrorism Act 2006 and the Money Laundering Regulations and, if making payment on behalf of a third party, that satisfactory evidence has been obtained and recorded by it to verify the identity of the third party as required by such laws and regulations;
- (V) it is aware of, and has complied with, its obligations under the Criminal Justice Act 1993 and the Market Abuse Regulation and confirms that it will continue to comply with those obligations;
- (W) the allocation, allotment, issue and delivery to the Placee, or the person specified by it for registration as a holder of New Ordinary Shares, will not give rise to a stamp duty or stamp duty reserve tax liability under any of sections 67, 70, 93 or 96 of the Finance Act 1986 (depository receipts and clearance services) and that no instrument under which it subscribes for New Ordinary Shares (whether as principal, agent or nominee) would be subject to stamp duty or the increased rates referred to in those sections and that it, or the person specified by it for registration as a holder of New Ordinary Shares, is not participating in the Firm Placing and/or the Placing as nominee or agent for any person or persons to whom the allocation, allotment, issue or delivery of New Ordinary Shares would give rise to such a liability;
- (X) it, or the person specified by it for registration as a holder of the New Ordinary Shares, will be liable for any stamp duty and all other stamp, issue, securities, transfer, registration, documentary or other duties or taxes (including any interest, fines or penalties relating thereto), if any, payable on acquisition of any of the New Ordinary Shares or the agreement to subscribe for the New Ordinary Shares and acknowledges and agrees that none of Liberum, Peel Hunt nor the Company nor any of its or their respective affiliates nor any person acting on behalf of any of them will be responsible for any liability to stamp duty or stamp duty reserve tax resulting from a failure to observe this requirement;
- (Y) none of Liberum, Peel Hunt nor any of its or their affiliates nor any person acting on behalf of any of them is making any recommendations to it, advising it regarding the suitability of any transactions it may enter into in connection with the Firm Placing and/or the Placing and that its participation in the Firm Placing and/or the Placing is on the basis that it is not, and will not be, a client of Liberum and/or Peel Hunt (as the case may be) and that neither Liberum nor Peel Hunt has any duties or responsibilities to it for providing the protections afforded to their clients or customers under the rules of the FCA or for providing advice in relation to the Firm Placing and/or the Placing nor in respect of any representations, warranties, undertakings or indemnities contained in the Placing and Open Offer Agreement nor for the exercise or performance of any of their respective rights and obligations thereunder, including any rights to waive or vary any conditions or exercise any termination right. In addition, any payment by them will not be treated as client money governed by the rules of the FCA;
- (Z) in order to ensure compliance with the Money Laundering Regulations, Liberum and Peel Hunt (for themselves and as agents on behalf of the Company) or the Company's registrars may, in its or their absolute discretion, require verification of any Placee's identity. Pending the provision to Liberum, Peel Hunt or the Receiving Agent, as applicable, of evidence of identity, definitive certificates in respect of the New Ordinary Shares may be retained at its or their absolute discretion or, where appropriate, delivery of the New Ordinary Shares to it in uncertificated form, may be retained at Liberum's, Peel Hunt's or the Receiving Agent's, as the case may be, absolute discretion. If within a reasonable time after a request for verification of identity Liberum, Peel Hunt (for themselves and as agents on behalf of the Company) or the Receiving Agent have not received evidence satisfactory to them, Liberum, Peel Hunt and/or the Company may, at the absolute discretion of each, terminate its commitment in respect of the Firm Placing and/or the Placing, in which event the monies payable on acceptance of allotment will, if already paid, be returned without interest to the account of the drawee's bank from which they were originally debited;

- (AA) save in the event of fraud (and to the extent permitted by the rules of the FCA), none of Liberum and Peel Hunt nor any of their respective affiliates shall be liable to a Placee for any matter arising out of the role of Liberum and Peel Hunt as the Company's brokers under the Firm Placing and/or Placing and each Placee waives any claim against Liberum and/or Peel Hunt or any of their respective affiliates with it may have in respect thereof;
- (BB) the Placee irrevocably appoints any duly authorised officer of Liberum and/or Peel Hunt as its agent for the purpose of executing and delivering to the Company and/or the Receiving Agent any documents on its behalf necessary to enable it to be registered as the holder of any of the Firm Placing Shares and/or Placing Shares (as applicable) for which it agrees to subscribe or purchase upon the terms of this appendix; and
- (CC) it agrees to indemnify and hold the Company, Liberum and Peel Hunt and their respective affiliates harmless from any and all costs, claims, liabilities and expenses (including legal fees and expenses) arising out of any breach of the representations, warranties, undertakings, agreements and acknowledgements set out in this Section B of Part 3 of this document.

The Placee acknowledges and understands that the Company, Liberum and Peel Hunt will rely upon the truth and accuracy of the foregoing representations, warranties, agreements, acknowledgements and undertakings.

The Placee indemnifies on an after-tax basis and holds harmless each of Liberum and Peel Hunt and each person affiliated with Liberum and/or Peel Hunt and any person acting on its or their behalf from any and all costs, claims, liabilities and expenses (including legal fees and expenses) arising out of or in connection with any breach of the representations, warranties, acknowledgements, agreements and undertakings set out in Section B of Part 3 of this document and further agrees that the provisions of this Section B of Part 3 of this document shall survive after completion of the Firm Placing and the Placing.

## **6. OFF-SET**

- (A) If the relevant Placee is also a Qualifying Shareholder and it applies to subscribe for Open Offer Shares to which it is entitled under the Open Offer in accordance with its terms, such Placee can elect to have all or part of the number of conditionally placed Open Offer Shares (subject to clawback) comprised in its Placing Commitment reduced by up to the number of Open Offer Shares which it has validly applied and paid for under the Open Offer ("Off-Set").
- (B) If the relevant Placee is also a Qualifying Shareholder and wishes to take advantage of the Off-Set arrangements, it should notify Liberum or Peel Hunt (as the case may be) without delay and in any event by 4.30 p.m. on 27 June 2017 which will issue the relevant instruction form. If the completed instruction form has not been received by Liberum or Peel Hunt (as the case may be) by 11.00 a.m. on 3 July 2017, the relevant Placee will be deemed to have waived its right of Off-Set.
- (C) By accepting the Placing Commitment, the Placee agrees and acknowledges that to the extent that other Placees who are Qualifying Shareholders and who qualify for Off-Set take up New Ordinary Shares under the Open Offer and elect to reduce the number of New Ordinary Shares for which they are obliged to subscribe under their Placing Commitment, the number of Open Offer Shares subject to clawback which form part of its Placing Commitment may be proportionately increased (although it will not exceed the maximum number of such Placing Shares for which it has agreed to subscribe).

## **7. CLAWBACK OF THE PLACING SHARES**

The commitments of a Placing Placee to subscribe for the number of Placing Shares allotted to them is subject to the right of the Company (in consultation with Liberum and Peel Hunt) to clawback any or all of such Placing Shares in order to satisfy valid applications by Qualifying Shareholders under the Open Offer and, at the discretion of Liberum and Peel Hunt (in consultation with the Company) under the Excess Application Facility. The number of Placing Shares to be clawed back from Placing Placees will be calculated pro rata to each Placing Placee's commitment to subscribe for Placing Shares.

## 8. MISCELLANEOUS

The rights and remedies of Liberum, Peel Hunt, the Receiving Agent and the Company under these terms and conditions as set out in this Section B of Part 3 of this document are in addition to any rights and remedies which would otherwise be available to each of them and the exercise or partial exercise of one will not prevent the exercise of others.

On application, each Placee may be asked to disclose, in writing or orally to Liberum and/or Peel Hunt (as the case may be):

- (A) if he is an individual, his nationality; or
- (B) if he is a discretionary fund manager, the jurisdiction in which the funds are managed or owned.

All documents will be sent at the Placee's risk. They may be sent by post to such Placee at an address notified to Liberum and/or Peel Hunt (as the case may be).

The provisions of these terms and conditions of the Firm Placing and/or the Placing may be waived, varied or modified as regards specific Placees or on a general basis by Liberum and/or Peel Hunt (as the case may be) without reference to any Placee and with no liability to any Placee whatsoever.

The contract to subscribe for New Ordinary Shares and the appointments and authorities mentioned herein will be governed by, and construed in accordance with, the laws of England and Wales. For the exclusive benefit of Liberum, Peel Hunt, the Company and the Receiving Agent, each Placee irrevocably submits to the exclusive jurisdiction of the English courts in respect of these matters. This does not prevent an action being taken against a Placee in any other jurisdiction.

In the case of a joint agreement to subscribe for New Ordinary Shares, references to a "Placee" in these terms and conditions are to each of such Placees and such joint Placees' liability is joint and several.

In addition to the provisions of paragraph 7 of this Section B of Part 3 of this document, Liberum, Peel Hunt and the Company each expressly reserve the right to modify the Firm Placing and/or the Placing (including, without limitation, its timetable and settlement) at any time before allocations of Firm Placing Shares under the Firm Placing and/or of Placing Shares under the Placing are determined.



## PART 4

### INFORMATION ON NEWRIVER REIT AND THE GROUP

#### 1. Introduction

Annex I paras 7.1  
and 6.1.1 – 6.3  
LR 6.1.4

NewRiver REIT is an established UK real estate investor, asset manager and developer which is listed on the premium listing segment of the Official List of the UK Listing Authority, has its Ordinary Shares admitted to trading on the Main Market of the London Stock Exchange and is a constituent member of the FTSE 250, FTSE All-Share and the FTSE EPRA Indices. NewRiver REIT's investment focus is solely on the UK retail and leisure real estate sub-sectors and the Group specialises in assets which provide convenience and a community focus to consumers. NewRiver REIT is one of the largest owners and managers of shopping centre real estate assets in the United Kingdom with net assets of £685 million at 31 March 2017 and a market capitalisation of approximately £821 million as at the Latest Practicable Date. NewRiver REIT 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.

The Group 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 40.8 per cent. of the IPD UK Property Index (some £202.2 billion of assets) as at December 2016 (*Source: MSCI IPD*). The retail occupational market is evolving and changing format which provides NewRiver REIT's experienced, focused team with attractive asset management opportunities.

At the time of the Group'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.

The Group 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 and leisure sectors 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 the Group'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, the Group 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, the Group 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, the Group 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 the Group has become today. As at 31 March 2017, the Group's share of its investment property assets under management was approximately £1.1 billion with the capital value of its total investment property assets under management being approximately £1.3 billion.

The Group has grown from its first single acquisition to owning a UK-wide portfolio of 33 shopping centres, 22 retail warehouses, 15 high street and other retail assets and 350 public houses with retail and mixed-use development opportunities and convenience stores (as at 31 March 2017). The portfolio totals over 8 million sq. ft. with in excess of 2,000 occupiers, an annual footfall of 149 million and a retail occupancy rate of 97 per cent. (as at 31 March 2017).

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 REIT 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, the likelihood of continued occupier demand for space and the convenience and community focus of the asset for its target consumers. 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, tenant exposure 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 NewRiver REIT Shareholders.

As well as focusing on initial stock selection, NewRiver REIT seeks to enhance shareholder returns through active asset management and risk-controlled development. In the financial year ended 31 March 2017, 355 leasing events (excluding lease variations) were completed at an average of 3.9 per cent. above ERV. As at 31 March 2017, the Group's development pipeline stood at approximately 1.9 million sq. ft., giving significant capital uplift potential within its total return strategy.

The NewRiver REIT team also regularly assesses potential upside opportunities in trading out of assets which have been acquired and repositioned, allowing for the recycling of capital into new opportunities. Since NewRiver Retail was first floated in 2009, the Group has disposed of properties with a gross value of approximately £130.7 million.

NewRiver REIT 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 REIT or if the risk profile changes.

The Group operates a conservative financial model and, as at 31 March 2017, had a LTV ratio of 37 per cent. and a strong interest cover ratio at over 4.5 times. In addition, the Group:

- has strong relationships with a wide range of lending banks;
- has a range of debt maturities that serve to reduce the level of refinancing risk within the business;
- benefits from a weighted average lease length of approximately seven years (excluding the public house portfolio);
- has a broad spread of tenants with the largest 15 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.

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. Following this vote, on 29 March 2017, the UK Government triggered Article 50 of the Lisbon Treaty, commencing the process for the UK to leave the European Union. The political, economic, legal and social consequences, as well as the exact timing of the UK's exit from the European Union, and the ultimate agreement to be reached between the UK and the European Union regarding the UK's exit 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 may also exacerbate the uncertainty surrounding the UK's planned exit from the European Union. 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.

Notwithstanding the political and economic risks stated above, the Directors consider that the Group's conservative financial model, its spread of assets and income and its focus on well-executed asset management and risk-controlled development should make it relatively well-positioned over the medium to long term.

## 2. History and development

NewRiver Retail 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.

Annex I para 5.1.5

On 22 November 2010, NewRiver Retail converted to REIT status bringing it into line with the structure of many of the more mainstream listed UK property businesses. REITs are required to distribute at least 90 per cent. of the profits from their property rental businesses as dividends and this is a structure which sits well alongside the Group's focus on income-producing assets and the importance of income returns as a key component of total returns.

On 1 December 2010, NewRiver Retail announced it had completed the acquisition of a portfolio of five UK shopping centres from a fund in an off-market transaction for approximately £53 million, representing, in aggregate, a net initial yield at acquisition of 8.35 per cent.

In December 2012, NewRiver Retail and BRAVO I established the first of a number of joint ventures 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 sq. ft. in area located in Leamington Spa, Cowley, Hull, Bridlington and Kilmarnock, which was acquired simultaneously with the inception of the initial joint venture. NewRiver Retail 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, which included the Group acquiring a 50 per cent. stake in the £50 million acquisition of Hillstreet Shopping Centre, Middlesbrough, in July 2013, with the Group's joint venture partner acquiring the remaining 50 per cent. stake. In November of that year, 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 Retail 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. Also in November 2013, the Group acquired the St. Elli centre in Llanelli and Gloucester Green in Oxford for total consideration of £34.3 million, equating to a net initial yield at acquisition of 7.78 per cent.

In December 2013, the Group acquired a portfolio of three shopping centres comprising Newkirkgate Shopping Centre (Edinburgh), Beacon Centre (North Shields) and La Porte Precinct (Grangemouth) for total consideration of approximately £24 million, reflecting a net initial yield at acquisition of 10.4 per cent.

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 (subsequently reduced to up to 40 in January 2017).

In May 2014, on application by NewRiver Retail, the Guernsey Financial Services Commission ("GFSC") agreed to revoke the declaration of NewRiver Retail 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 Retail 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 a joint venture with 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 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, during the quarter to 31 December 2015, the Group sold Regent Court in Leamington Spa for £28.4 million, reflecting a net initial yield of five per cent. and delivering an IRR of 129 per cent.

In January 2016, the Group raised £150 million of gross proceeds to fund its pipeline of acquisition and development opportunities and 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. Also in April 2016, the Group announced that it 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.

In August 2016, the Group inserted a new English-incorporated holding company, NewRiver REIT, at its head by way of the Scheme and the entire issued share capital of NewRiver REIT was admitted to the premium listing segment of the Official List of the UK Listing Authority and to trading on the premium segment of the Main Market for listed securities of the London Stock Exchange.

Annex III para 4.2

In September 2016, the Group completed the acquisition of a retail warehouse in Sheffield for £17.9 million, representing an equivalent yield of 7.6 per cent. At acquisition, the Group simultaneously exchanged contracts with the retail warehouse tenant to accept a surrender premium to release the tenant from its lease obligations. In March 2017, the Group requested and received a surrender premium of £10.8 million, having received £0.7 million of rental income in the interim.

Following its move to the Main Market for listed securities of the London Stock Exchange, NewRiver REIT's inclusion in the FTSE 250, FTSE All-Share and FTSE EPRA Indices became effective from 19 December 2016.

Dividends form an important part of total returns for NewRiver REIT Shareholders. With effect from the financial year commencing 1 April 2014, the Group commenced the payment of quarterly dividends, a policy which provides a regular source of income for NewRiver REIT Shareholders and an attractive cashflow return profile. In respect of the financial year ended 31 March 2017, the Company has paid dividends totalling 20 pence per Ordinary Share, an 8.1 per cent. increase on the dividends paid in respect of the financial year ended 31 March 2016. Additionally, on 16 May 2017, the Company announced a Special Dividend for the financial year ended 31 March 2017 of 3 pence per Ordinary Share and the First Quarterly Dividend for the financial year ending 31 March 2018 of 5.25 pence per Ordinary Share. In total, since IPO, the Company has paid or announced dividends totalling 116.25 pence per Ordinary Share.

### 3. The UK retail real estate market

#### 3.1 Introduction

The Group is a UK real estate investor, asset manager and developer, whose investment focus is solely on the UK retail and leisure real estate sub-sectors. Its investment property portfolio currently focuses on shopping centres (68.0 per cent. of the Group's total investment property assets under management by value as at 31 March 2017), retail warehouses (12.9 per cent. of the Group's total investment property assets under management by value as at 31 March 2017), public houses and convenience stores (14.0 per cent. of the Group's total investment property assets under management by value as at 31 March 2017) and high street and other retail (4.7 per cent. of the Group's total investment property assets under management by value as at 31 March 2017). As at 31 March 2017, the Group also had development assets representing 0.4 per cent. of the Group's investment property assets under management by value.

The 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 well-connected convenience and everyday shopping and leisure activities.

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 UK's planned exit from the European Union, the 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 values.

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 historic capital value, yields and transaction values; and (v) the main macro factors affecting the UK real estate market.

#### 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 £202.2 billion. The IPD data set commenced in 1981 and categorises real estate by sub-sectors and produces performance data across these, as illustrated below:

<i>MSCI IPD</i>	<i>Capital Value</i>	<i>Income</i>	<i>Capital</i>	<i>Total Return (%)</i>
<i>Property Sectors</i>	<i>(£bn) (as at December 2016)</i>	<i>Return (%) (Annualised 1981 to 2016)</i>	<i>Growth (%) (Annualised 1981 to 2016)</i>	<i>(Annualised 1981 to 2016)</i>
All Property	202.2	6.3	2.8	9.2
Retail	82.6	5.8	3.5	9.5
Office	53.5	6.3	2.3	8.7
Industrial	34.2	7.9	2.4	10.4

*Source: IPD Annual Property Digest 1981 to December 2016*

Retail is by far the largest and most influential sector, representing 40.8 per cent. of the index. For the period from 1981 to December 2016, the annualised total return for Retail was 9.5 per cent., outperforming the full index by 3.3 per cent.

The UK retail market by spend is valued at approximately £373.9 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 three categories for the purposes of such analysis: (i) In Town; (ii) Out of Town; and (iii) Online:

<i>Retail Destination Categories</i>	<i>Estimated Percentage of Retail Sales Spend</i>
In Town	51%
Out of Town	30%
Online	19%
<b>Total</b>	<b>100%</b>

Source: CACI

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

#### *Business Rates Revaluation*

The most recent business rates revaluation came into effect on 1 April 2017 and is the first revaluation of the levy for seven years. Across the Group's portfolio, rateable values in England, Wales and Scotland fell by over 19 per cent. on average. The Group's public house operators have also benefited from the rates revaluation, saving on average 50 per cent. on business rates from 1 April 2017. Whilst the business rates revaluation does not directly affect the Group (save for where there is a vacant unit), it does affect the ability of the Group's tenants to afford and sustain rental payments, which could have a positive outcome for the Group over the longer term, to the extent that it creates a sustainable environment for rental increases.

### 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 £3.5 billion. The 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, community focus, 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 volumes, yields, numbers of transactions and size is set out below:

#### **GLOBAL PRICE SPLITS**

<i>YEAR</i>	<i>2007</i>	<i>2008</i>	<i>2009</i>	<i>2010</i>	<i>2011</i>	<i>2012</i>	<i>2013</i>	<i>2014</i>	<i>2015</i>	<i>2016</i>
PRICE £M	£5,397	£1,723	£2,092	£3,501	£4,067	£2,675	£4,247	£5,553	£4,658	£3,069
YIELD %	4.96%	6.45%	7.01%	6.51%	6.46%	6.53%	6.82%	6.30%	6.30%	5.85%
#	77	24	21	55	65	35	70	77	71	77
<£10M	£43	£34	£13	£86	£62	£27	£60	£92	£52	£77
£10-£25M	£353	£71	£37	£168	£323	£115	£343	£380	£227	£176
£25M-£50M	£598	£114	£167	£295	£428	£159	£465	£303	£586	£104
£50M-£100M	£1,269	£393	£530	£908	£863	£687	£678	£612	£1,265	£50,165
£100M-£150M	£239	£216	£100	£748	£532	£266	£458	£1,067	£834	£250
>£150M	£2,897	£896	£1,245	£1,297	£1,860	£1,421	£2,243	£3,098	£1,694	£1,960
<b>TOTAL</b>	<b>£5,397</b>	<b>£1,723</b>	<b>£2,092</b>	<b>£3,501</b>	<b>£4,067</b>	<b>£2,675</b>	<b>£4,247</b>	<b>£5,553</b>	<b>£4,658</b>	<b>£3,069</b>

Source: Company Estimates/Property Data

### Retail Warehouse Market

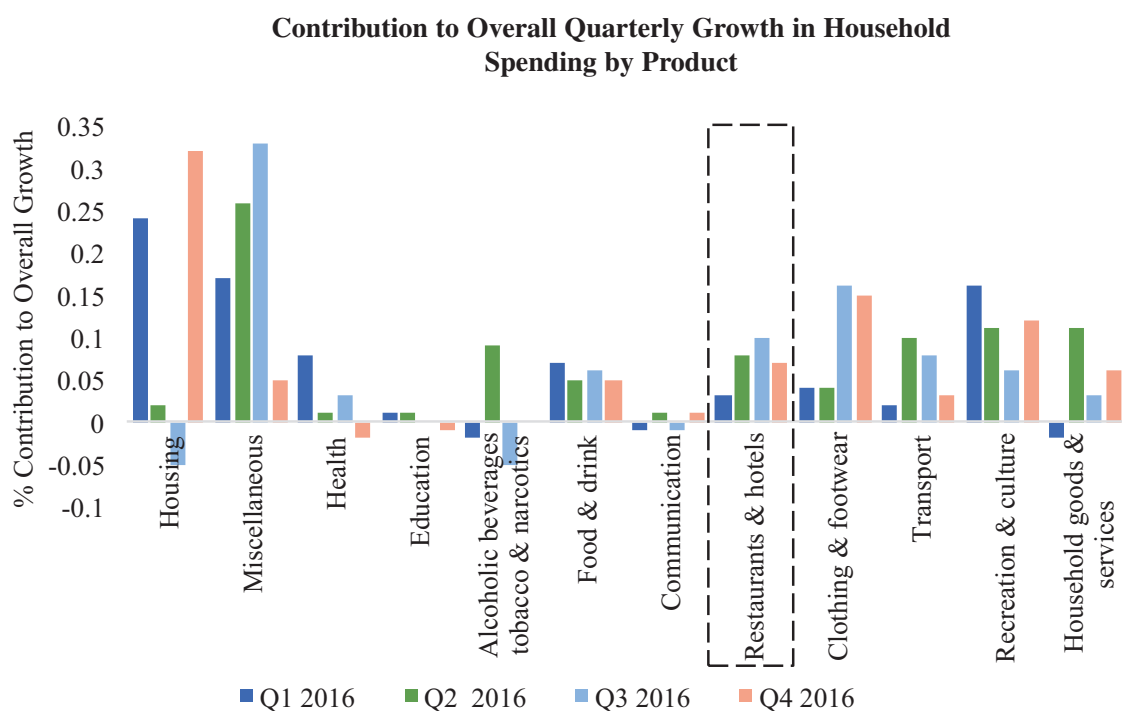
The retail warehouse sector within the UK accounts for over 187 million sq. ft. of lettable space across 1,300 schemes and more than 2,000 individual solus units. This includes both fashion and leisure parks on the edge of most town centres and 40 million sq. ft. of DIY stores. Over 900 different tenants trade from retail warehouse parks across the UK, with Argos, Carpetright, Costa Coffee, Currys/PC World, Halford's, Next and Pets at Home the tenants most frequently found on such parks. The sector continues to prosper with limited new space being developed and 39 of the top 50 tenants increasing their retail park floor space over the past year (*source: The Definitive Guide to Retail & Leisure Parks 2017, Trevor Wood Associates*).

### 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 ONS Consumer Trends: Quarter 4 (October to December) 2016 report stated that household spending in volume terms increased to £294.8 billion in the fourth quarter of 2016 and that in each quarter since the third quarter of 2014, volume spending has exceeded the previous high in Quarter 4 2007. The chart below shows the contribution to growth in household spending in volume terms for each quarter of 2016 by category.



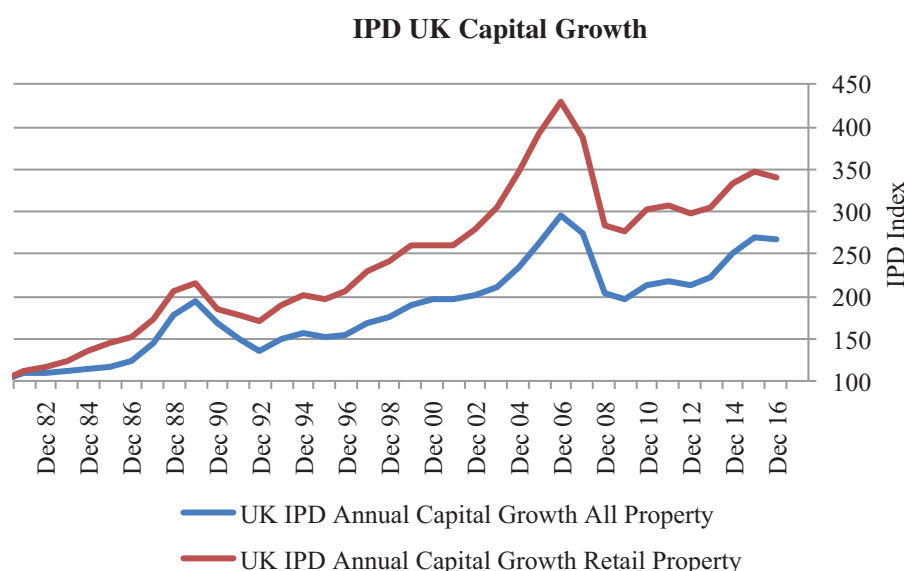
Source: ONS Quarterly Consumer Trends, seasonally adjusted

Expenditure in the restaurants and hotels category, which includes expenditure in public houses (including meals, alcohol, snacks and drinks), contributed to volume growth in all four quarters of 2016.

As with retail property, the 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 rental and other income received from underlying tenants relating to its public house estate which is managed by 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 10.6 to 10.8 of Part 9 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.



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 Directors believe that it is difficult to be precise about the current prospects for capital growth given the uncertainty surrounding the UK's planned exit from the European Union. Notwithstanding this, the Directors continue to see attractive acquisition and development opportunities in the market.

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 NewRiver Retail's IPO in September 2009, the Group acquired a number of shopping centre assets at net initial yields of between seven to nine per cent. 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 and highly cash generative portfolio. In terms of the development of the UK property cycle, as capital growth becomes more difficult to achieve through improvement in market sentiment, the Directors believe that there will be a continued focus by investors on rental growth and income return facets (including buying assets at attractive net initial yields and actively managing assets in the



portfolio to generate income uplift opportunities), which are a strong feature of the Group's portfolio (thus giving the potential for improved capital values over the longer term).

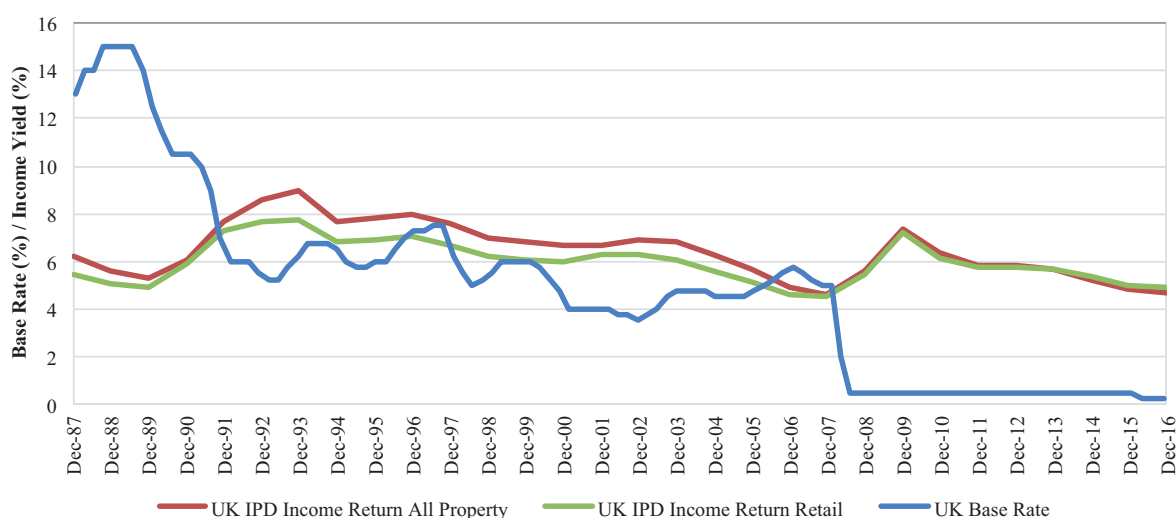
The UK retail and leisure property market is also affected by the impact of macro-economic conditions and changing consumer spending and shopping habits.

### 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 7 April 2017. 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 2016 (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., where it has remained since.

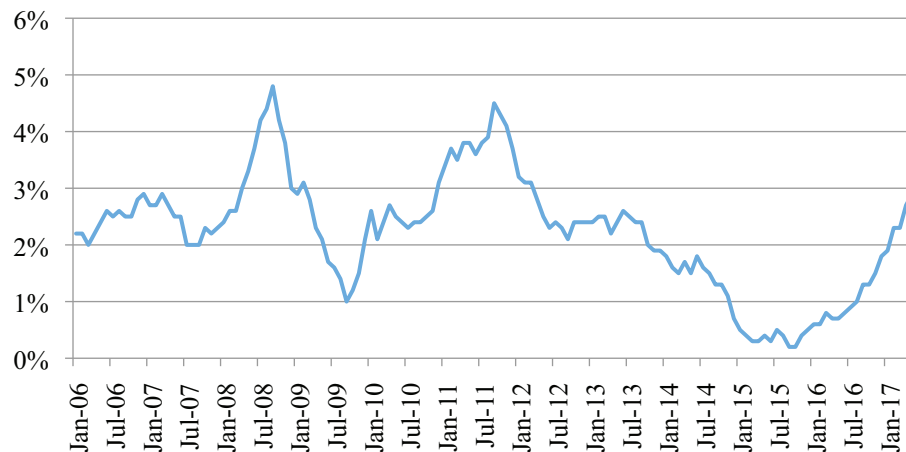
Borrowing costs have been assisted by the low levels of official interest base rates and by the volume of financial capital willing to lend against UK property assets.

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

### Historic CPI 12-Month Inflation (%)



Source: ONS CPI Inflation May-17

Whilst the rate of CPI has steadily increased since the Referendum Result on 23 June 2016, at 2.9 per cent. in May 2017, it remains well below the peak of 4.8 per cent. seen at the time of the last UK recession. The UK economic backdrop has remained resilient since the Referendum Result, with quarterly growth in real GDP of 0.6 per cent. and 0.7 per cent. in the last two quarters of 2016 and 0.3 per cent. in the first quarter of 2017. The Office for Budget Responsibility forecasts annual UK real GDP growth of 2.0 per cent., 1.6 per cent. and 1.7 per cent. for 2017, 2018 and 2019, respectively. Notwithstanding these forecasts, there remains uncertainty around the exact terms of the UK's exit from the European Union and its likely economic consequences. These factors may impact the extent to which rental growth is achieved in the medium to long term.

The Group's prospects are ultimately affected by consumer spending but, by concentrating on well-connected, community-focussed assets which serve everyday shopping needs, the Directors believe that the Group operates in a relatively defensive part of the UK real estate market.

#### 4. Key strengths

Annex I para 6.5

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

- ***A differentiated approach:*** Since 2009, the Group has consistently purchased assets which the Directors believe are attractive and meet its target return criteria. Whilst net initial yields on acquisition have tightened since 2009 in a number of real estate areas, the Directors believe the Group's 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 the Group since 2009, the year of its formation.
- ***A scalable, efficient operating platform:*** The Group's operating structure provides a sound platform around which to continue to grow the business. The Group has achieved significant operating efficiencies since NewRiver Retail's 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:*** The Group 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 NewRiver REIT Shareholders. Active asset management, selective, risk-controlled 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 2017, the Group's share of its total investment property assets under management was approximately £1.1 billion and the capital value of its total investment property assets under management was approximately £1.3 billion. The Group's portfolio is geographically diversified and has a good spread of high quality tenants. Rental and related income was some £80.4 million during the year ended 31 March 2017 and weighted average lease length stood at seven years (excluding the public house portfolio). As at 31 March 2017, some 1.9 million sq. ft. were under development or in the development pipeline including regeneration of existing space (such as the new food court at Montague Centre, Worthing), the development of sites acquired in portfolio acquisitions (e.g. Canvey Island retail park), capitalising on the opportunities included above or adjacent to existing assets (e.g. Cowley, Oxford, new build convenience store/residential development) and the complete redevelopment of existing assets (such as the £71 million Burgess Hill regeneration project), together with numerous pub conversions to convenience stores or residential uses.

## 5. Overview of the Group's principal activities

Annex I para 6.1.1

NewRiver REIT is an established UK real estate investor, asset manager and developer with a focus on the UK retail and leisure sub-sectors. As at 31 March 2017, it owned or managed a UK-wide portfolio of 33 shopping centres, 22 retail warehouses, 15 high street and other retail assets and a portfolio of 350 public houses with retail and mixed-use development opportunities and convenience stores. As at 31 March 2017, the Group's share of its total investment property assets under management was approximately £1.1 billion and the capital value of its total investment property assets under management was approximately £1.3 billion.

### 5.1 Shopping centres

The Group specialises in retail and leisure real estate with an emphasis on well-connected assets which target 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 REIT 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, the likelihood of continued occupier demand for space and the level of connectivity of the asset. 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 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 REIT, 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 2017) is set out below:

<i>Location</i>	<i>Centre</i>	<i>Size (Sq. ft.)</i>	<i>Valuation (£ million)</i>	<i>Units</i>	<i>Key Tenants</i>
Bexleyheath	Broadway Shopping Centre & Broadway Square Retail Park	535,000	100-150	112	Marks and Spencer, H&M, Boots
Darlington	The Cornmill Shopping Centre	245,000	50-100	81	Next, Primark, Superdrug
Cowley	Templars Square Shopping Centre	295,000	25-50	112	Wilko, The Co-op, Iceland
Newtownabbey	The Abbey Centre	305,000	25-50	98	Dunnes, Next, Primark
Hull	The Prospect Centre	270,000	25-50	59	Wilko, Boots, Iceland
Llanelli	St. Elli Shopping Centre	160,000	25-50	38	Asda, Poundland, Argos
Middlesbrough	Hill Street Shopping Centre	240,000	25-50	78	Marks and Spencer, Primark, Debenhams
Hastings	Priory Meadow Shopping Centre	290,000	25-50	71	Marks and Spencer, H&M, Boots
Cardiff	The Capitol Centre	165,000	25-50	69	Tesco, easyGym, Boots
Skegness	Hildreds Shopping Centre	80,000	25-50	44	Home Bargains, Wilko, Superdrug

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 31 March 2017):

No.	Retailer	Number of Stores	Gross Income	
			Gross Income (£m per annum)*	Percentage of Total (%)
1.	Walgreens Boots Alliance	22	1.76	2.5%
2.	Poundland	23	1.71	2.4%
3.	Wilko	8	1.69	2.4%
4.	Primark	6	1.46	2.0%
5.	Asda	7	1.36	1.9%
6.	New Look	15	1.31	1.8%
7.	Argos	14	1.13	1.6%
8.	Sainsbury's	3	1.12	1.6%
9.	Superdrug	16	1.09	1.5%
10.	WH Smith	13	1.01	1.4%
11.	Peacocks	12	0.98	1.4%
12.	Marks & Spencer	5	0.92	1.3%
13.	Iceland Foods	13	0.87	1.2%
14.	Home Bargains	6	0.80	1.1%
15.	Sportswift	21	0.69	1.0%

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

As at 31 March 2017, shopping centres represented approximately 68.0 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 the retail real estate sub-sector, the Group commenced 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 sq. ft. 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 431,016 sq. ft. of lettable space, let to 34 tenants including TK Maxx, Argos, Poundstretcher, B&M, Matalan and Walgreens Boots Alliance.

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 REIT continues to target investments in this segment, typically with underlying rents of less than £15 per sq. ft., 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.

In the financial year ended 31 March 2017, the Group further added to its retail warehouse portfolio, acquiring assets in Dumfries and Sheffield for an aggregate consideration of £38.1 million. These added a combined 240,000 sq. ft. to the Group's retail warehouse portfolio.

A summary of the Group's top 10 retail warehouses in terms of valuation (as at 31 March 2017) is set out below:

<i>Location</i>	<i>Warehouse</i>	<i>Size (Sq. ft.)</i>	<i>Valuation (£ million)</i>	<i>Units</i>	<i>Key Tenants</i>
Dumfries	Cuckoo Bridge Retail Park	130,000	10-25	11	Homebase, Dunelm
Blackburn	Blackburn Retail Park	115,000	10-25	10	Ice Rink, Halfords
Kendal	South Lakeland Retail Park	75,000	10-25	6	Next, Curries/PC World
Bradford	Enterprise 5 Retail Park	100,000	10-25	14	Poundland, Pets at Home
Hull	Clough Road Retail Park	95,000	10-25	7	Curries/PC World, Go Outdoors
Sheffield	Sheffield Retail Park	110,000	5-10	1	
Coalville	Coalville Retail Park	55,000	5-10	5	B&M, Poundstretcher
Barry	The Waterfront Retail Park	70,000	5-10	5	B&M, Pets at Home, Halfords
Wrexham	Mount Street Retail Park	55,000	5-10	4	Matalan, Eurocarparts
Liverpool	The Speke Retail Park	40,000	5-10	4	TK Maxx, Iceland

As at 31 March 2017, retail warehouses represented approximately 12.9 per cent. of the Group's total assets under management by value.

### 5.3 *Public house and convenience store 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 at acquisition was £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 (the Group may extend the management agreement 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 10.6 of Part 9 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 (subsequently reduced to up to 40 in January 2017).

In December 2016, the Group secured contracted rental income on 22 public houses within the estate acquired from Marston's by surrendering the leaseback arrangement on these public houses 13 months early and agreeing new 15 year RPI-linked leases with Marston's.

As at 31 March 2017, the Group had sold a total of nine public houses from the combined public house portfolio, many of which were to existing tenants, and closed seven for convenience store conversions resulting in 350 public houses and convenience stores remaining in the combined portfolio.

As part of the agreed terms of the acquisition of 202 public houses from Marston's, Marston's entered into a minimum four-year term leaseback agreement with the Group. The leaseback is due to expire on 17 December 2017. Once the leaseback agreement expires, the Group will no longer receive solely rental income from Marston's in relation to those public houses, but instead, the Group will receive a combination of rental income and income derived from underlying operations of the public houses direct from tenants.

The combined portfolio is spread throughout the United Kingdom 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. The table below summarises the progress made as at 31 March 2017 in relation to the Group's convenience stores and residential units.

	<i>Convenience Store</i> <i>Sq. ft.</i>	<i>Residential</i> <i>Sq. ft.</i>	<i>Total</i> <i>Sq. ft.</i>
Completed/Under construction	40,800	–	40,800
Planning granted	56,900	58,700	115,600
In planning	13,500	40,600	54,100
Pre-planning	17,100	23,900	41,000
<b>Near-term pipeline</b>	<b>128,300</b>	<b>123,200</b>	<b>251,500</b>
Early feasibility stages	–	20,000	20,000
<b>Total Public houses pipeline</b>	<b>128,300</b>	<b>143,200</b>	<b>271,500</b>

Selected case studies illustrating how the Group has executed this conversion strategy are summarised below:

<i>Location</i>	<i>Commentary</i>
Old Sal, Longton, Stoke-on-Trent	Completed a new 4,173 sq. ft. store of which The Co-Operative took possession in December 2015
Red Lion, Marford, Wrexham	A new 4,121 sq. ft. store of which The Co-Operative took possession in May 2016
Bellringer, Stoke on Trent	Consent for four 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 2017, public houses and convenience stores represented approximately 14.0 per cent. of the Group's total assets under management by value.

As at the latest practicable date prior to the publication of this document (being 9 June 2017), the Group had submitted 55 planning applications for convenience store developments and applications for the development of 134 residential units across 43 sites in respect of the portfolio.

#### 5.4 *Joint ventures*

Annex I para 25

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

21.3 per cent. of the Group's total investment property assets under management by value as at 31 March 2017. All eight joint ventures were established for the purpose of acquiring retail assets identified by the NewRiver REIT 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 REIT. As with its own assets, in relation to each asset to be acquired by a joint venture, NewRiver REIT 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 REIT 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:

<i>Trust Name</i>	<i>% Holding</i>	<i>JV Partner</i>	<i>Current Properties</i>
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
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

On 6 June 2017, the Group entered into Heads of Terms to acquire the 50 per cent. it does not already own of the BRAVO Joint Ventures referred to above for aggregate net cash consideration of approximately £60 million. The principal terms of the Heads of Terms are as follows:

- the Company will receive limited warranties in any binding sale and purchase agreement entered into to effect the Acquisition (the "SPA") as it is an existing unitholder in the BRAVO Joint Ventures and NewRiver REIT (UK) Limited is the asset manager operating the properties owned by the BRAVO Joint Ventures; and
- the Acquisition will be conditional on:
  - the obtaining of funding, which the Company intends to satisfy by using £60 million of the net proceeds received from the Capital Raising; and
  - the other conditions to the SPA, being the obtaining of consent of the BRAVO Joint Ventures' secured lenders to the Acquisition, to the extent required, and the agreement



in principle of the amount of a final distribution from the BRAVO Joint Ventures to the unitholders to be paid upon completion of the Acquisition (subject to adjustment following completion),

in each case, being satisfied by no later than 27 July 2017.

Whilst it is the Board's current intention to proceed with the Acquisition, there can be no assurance that it will be completed on the terms set out in the Heads of Terms, or at all.

Consistent with previous BRAVO I and BRAVO II joint venture acquisitions, were the Acquisition to complete, the Group would receive a promote payment in recognition of the good historical performance of the BRAVO Joint Ventures.

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

<i>Trust Name</i>	<i>Date wholly acquired</i>	<i>Details</i>	<i>Current Properties</i>
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; Gloucester Green, Oxford; Le Porte Precinct, 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 REIT Shareholders through 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 32 planning applications and receiving 47 consents during the financial year ended 31 March 2017 as well as completing a number of development projects. A summary of the Group's ongoing development projects is set out below.

Annex I para 5.2.3

<i>Asset/Location</i>	<i>Asset Type</i>	<i>Development Update</i>
Canvey	Retail warehouse	A planning application for the development of five new retail warehouse units and a drive-through pod was submitted in June 2016 which will together create an additional 62,000 sq. ft. of retail space (87,000 sq. ft. including mezzanine). Planning permission was granted in November 2016 with 52 per cent. of the lettable space pre-let to tenants including B&M and Sports Direct, with a further 23 per cent. in solicitors' hands.
Clough Road, Hull	Retail warehouse	Successfully secured planning consent to allow for the amalgamation of two existing units to create a single 30,000 sq. ft. unit.
Fareham	Retail warehouse	Negotiations are ongoing with the council for the creation of a 24,000 sq. ft. food store (potentially with residential flats above) on the site of an existing car park.
Former TJ Hughes Department Store, Romford	High street	Structural re-modelling of former TJ Hughes store to create 13,098 sq. ft. 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 sq. ft. flagship Next store and an 11,000 sq. ft. extension to create a 34,000 sq. ft. flagship Dunnes store.
Templars Square, Oxford	Shopping centre	Planning permission was submitted in November 2016 for a £64 million mixed use development of the Group's Templar's Square Shopping Centre. The 236,000 sq. ft. redevelopment will create 226 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.
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 sq. ft. 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.

<i>Asset/Location</i>	<i>Asset Type</i>	<i>Development Update</i>
Wallsend	Retail warehouse	Following successful completion of phase 1 regeneration in January 2014 which created an additional 50,000 sq. ft. of new retail space/library, work has completed on phase 2 which delivered an 18,000 sq. ft. store for Aldi and a 1,474 sq. ft. drive-through Burger King, together with a 214 bay car park. Future plans include the creation of an additional 20,000 sq. ft. 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 55 planning applications submitted for which 36 consents have been achieved.

Additionally, the Group has now successfully completed and handed over 11 convenience stores to the Co-operative Group, the first of which opened for trade in February 2016 and which were built on surplus land adjacent to the existing public houses. As at 31 March 2017, the Group had secured planning approval for 36 convenience store sites.

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

As at the latest practicable date prior to publication of this document (being 9 June 2017), there are outline applications being prepared on 7 public house sites to provide 30 residential units.

## 6. **Investment criteria and process**

Annex I para 5.2.3

The key investment criteria applied by the Group are:

- targeted ungeared returns of eight 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 less than 50 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. The Group is currently undertaking a process to investigate refinancing its debt to achieve further cost efficiencies and has engaged an adviser to assist in this regard. This process is at an early stage and, whilst there can be no guarantee that a refinancing will be achieved, this represents a potentially significant opportunity for the Group.

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 REIT 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 REIT 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 2,000 occupiers.

NewRiver REIT 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 REIT's development pipeline currently spans approximately 1.9 million sq. ft..

On each potential acquisition, the Group undertakes rigorous tenant-by-tenant turnover analysis to ensure the affordability and sustainability of income streams. Through such due diligence, NewRiver REIT 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

Annex I para 6.1.1

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

### 7.1 *Rent collection*

The Group consistently achieves high rent collection rates. In 2015, it 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. This system has increased day one collection statistics by nine per cent.

### 7.2 *Rental growth*

The Group completed a total of 355 leasing events (excluding lease variations) in the financial year ended 31 March 2017 for which new long-term leasing events were on average 3.9 per cent. above the independent valuer's estimated rental value.

### 7.3 *Property costs*

Maintaining low operational costs for tenant retailers is a fundamental part of the NewRiver REIT 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 and it 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 the Group to create economies of scale through the completion of portfolio deals with retailers.

## 7.6 *Customers*

With a customer-first approach, NewRiver REIT'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 41 minutes in 2016.

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 £26 and on average catering spend £6.

The Group's 2017 shopping centre consumer surveys reported a four-fold increase in the usage of "click and collect" at NewRiver REIT's shopping centres, with 2.3 per cent. of shoppers who visited using "click and collect", up from 0.6 per cent. in 2015. In 2017, the average "click and collect" spend (prior online spend collected at the centre) was £44. Importantly, 57 per cent. of those shoppers went on to make an additional spend of £25 on retail and 24 per cent. made an additional spend of £5 on catering. The Group's "click and collect" shopper is therefore worth an average of £60 versus the "non-click and collect" shopper who is spending £25 on average 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 also encompasses 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 the Group'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 REIT 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 REIT 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 opportunity for the Group's 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 as at 31 March

2017, the portfolio presents an attractive proposition for brands to leverage national coverage through retail, promotions and advertising.

## 8. Financial overview

LR 6.1.3 (1)(a) and

The table below summarises key financial highlights for the three financial years ended 31 March 2017 on a proportionally consolidated basis:

6.1.3 (1) (c)

	<i>Year ended</i> <i>31 March 2017</i>	<i>Year ended</i> <i>31 March 2016</i>	<i>Year ended</i> <i>31 March 2015</i>
Net Property Income	£89.7m	£67.2m	£41.0m
Profit before tax	£37.4m	£69.5m	£39.5m
Investment properties	£1,131m	£973m	£626m
Cash	£49.6m	£117.5m	£21.1m
Secured debt facilities	£470.9m	£382.6m	£272.5m
Dividends per share	23.0p	18.5p	17.0p
EPRA Basic EPS	23.6p	20.4p	17.6p
Basic EPS	15.5p	39.2p	37.5p
NAV	£684.5m	£689.9m	£339.7m
EPRA NAV per share	292p	295p	265p

## 9. Valuation

The following table summarises the Market Value of the Group's total investment property assets under management as at 31 March 2017, as set out in the valuation report contained in Part 6 of this document:

<i>Type of Property</i>	<i>No. of Properties</i> <i>in Portfolio</i>	<i>Aggregate</i> <i>capital value (£)</i>	<i>Percentage of</i> <i>Group's total</i> <i>assets under</i> <i>management (%)</i>
Shopping centres	33	857,750,000	68.0
Retail warehouses	22	162,550,000	12.9
Public houses and convenience stores	350	176,531,500	14.0
Other high street retail assets	15	59,280,000	4.7
Development sites	2	5,150,000	0.4
<b>Total</b>	<b>422</b>	<b>1,261,261,500</b>	<b>100.0</b>

The valuations above exclude development-related capital expenditure and work-in-progress of approximately £3.9 million which is included in the value of investment properties in the historical financial information of the Group for the period ended 31 March 2017, which is incorporated by reference into this document as set out in further detail in Part 7 of this document.

Of the 422 properties with an aggregate Market Value of £1.3 billion held as at 31 March 2017 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.

<i>Joint Venture</i>	<i>Market Value of Properties within Joint Venture (£)</i>	<i>NewRiver's Percentage Interest in Joint Venture (%)</i>	<i>NewRiver's Apportioned Share of Market Value (£)</i>
NewRiver Retail Property Unit Trust No.2	64,900,000	50	32,450,000
NewRiver Retail Property Unit Trust No.5	62,500,000	50	31,250,000
NewRiver Retail Property Unit Trust No.6	81,600,000	50	40,800,000
NewRiver Retail Property Unit Trust No.7	34,350,000	50	17,175,000
NewRiver Retail Investments LP	25,850,000	50	12,925,000
<b>Total</b>	<u>269,200,000</u>	<u>–</u>	<u>134,600,000</u>

Of the five joint ventures referred to above, the Group's apportioned share of the aggregate Market Value above is £134.6 million.

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 2017 was approximately £1.1 billion.

## 10. Directors and Senior Management

Annex I para 21.2.2

NewRiver REIT has a board of directors headed by a Non-executive Chairman. The Board also comprises two independent non-executive directors and three executive directors. A third independent non-executive, Chris Taylor, stepped down on 9 April 2017 and a search process is under way to identify and appoint a replacement.

In addition to its board of directors, NewRiver REIT has an executive committee comprising David Lockhart, the Chief Executive Officer; Mark Davies, the Chief Financial Officer; 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

Annex I para 14.1

#### **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.

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 the Group and has served as 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**, *Chief Financial Officer*

Mark is a Chartered Accountant who joined the Company at its inception in 2009. Mark 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 BDO LLP as an Audit and Corporate Finance Partner and Head of Real Estate. Prior to joining the Group, Mark was Chief Financial Officer of Exemplar Properties and Omega Land, a property investment and development company which was owned by Morgan Stanley Real Estate Funds.

Mark has experience in many areas of property and corporate finance including debt and equity capital markets.

**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. Since then, Kay has pursued her Non-executive Director's career and is a member of the boards of St. Modwen Properties PLC and Lichfields planning and development consultancy and is a member of 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 chairs the Audit Committee and is a member of the 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 Board is committed to ensuring that high standards of corporate governance are maintained. On 9 April 2017, Chris Taylor resigned as a Non-executive Director of the Company and the Company announced on the 10 April 2017 that it had appointed Spencer Stuart, a firm of executive search agents, to assist in the recruitment of a new Non-executive Director. Until a new Non-executive Director is appointed, the Company will not be compliant with paragraphs A.4.1 and B.1.2 of the UK Corporate Governance Code as there will not be a senior independent Non-executive Director in place and more than half of the Board, excluding the Chairman, will consist of Executive Directors.

Annex I para 16.4

### 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.

As noted above, Chris Taylor stepped down as a Director on 9 April 2017 and the Company commenced a search for his replacement in order to continue to meet UK Corporate Governance Code's recommendations in this regard.

### 11.3 *Board committees*

Annex I para 16.3

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*

Until the Company appoints a Non-executive Director to replace Chris Taylor, the audit committee of NewRiver REIT will comprise the two independent Non-executive Directors of NewRiver REIT: Alastair Miller (chairman of the committee) and Kay Chaldecott.

The Board is satisfied that Alastair Miller has recent and relevant financial experience for the purpose of the membership of the Audit Committee. The Board is also satisfied that Kay Chaldecott has the 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;
- monitoring and annually reviewing the auditor's independence, objectivity and effectiveness; and
- evaluating the Audit Committee's own performance.

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, 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*

Until the Company appoints a Non-executive Director to replace Chris Taylor, the Remuneration Committee of NewRiver REIT will comprise the two independent Non-executive Directors of

NewRiver REIT: Kay Chaldecott (chair of the Remuneration Committee) 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 NewRiver REIT 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 REIT will comprise the Chairman, Paul Roy (chair of the Nomination Committee) and, until the Company appoints a Non-executive Director to replace Chris Taylor, the two independent Non-executive Directors of NewRiver REIT: Kay Chaldecott 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 53 permanent employees. At the end of the financial years ended 31 March 2015, 31 March 2016, 31 March 2017, the Group had 39, 41 and 52 employees (including executive directors), respectively.

Annex I para 17.1

## PART 5

### 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 REIT is 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 NewRiver REIT 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 shareholder 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 profits 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 profits 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.

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 NewRiver REIT Shareholders as a consequence of participation in the REIT Regime are contained in paragraph 12 of Part 9 of this document.

In this Part 5 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 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*

As the principal company of the REIT, the Company is required (to the extent permitted by law) to distribute to NewRiver REIT 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. NewRiver REIT 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 United Kingdom 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 Articles (as summarised in paragraph 4 of Part 9 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 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 REIT Shareholder while the Group is in the REIT Regime are contained in paragraph 12 of Part 9 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 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 premia) and the financing expense implicit in payments made under finance leases. The amount (if any) by which the financing costs exceed 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, the Company) has taken "reasonable steps" to avoid such a distribution being paid.

The 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 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 NewRiver REIT 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 Ordinary Shares that form part of an Excessive Shareholding, unless certain conditions are met;
- (c) allow dividends to be paid on Ordinary Shares that form part of an Excessive Shareholding where the relevant NewRiver REIT Shareholder has disposed of its rights to dividends on its Ordinary Shares;
- (d) seek to ensure that if a dividend is paid on Ordinary 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 REIT Shareholder who has not complied with a notice served in accordance with the power referred to in paragraph (a) above; or (iii) a NewRiver REIT Shareholder who has provided materially inaccurate or misleading information in relation to the Excessive Shareholder provisions of the Articles, to dispose of such number of their Ordinary Shares as the Directors may specify, or to take such other steps as will cause the Directors to believe that the relevant NewRiver REIT 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 NewRiver REIT 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 Ordinary 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 Ordinary 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 Ordinary 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 Ordinary Shares have been transferred (together with the right to the dividends) such that the Ordinary Shares retained are no longer part of an Excessive Shareholding (in which case, the dividends will be paid on the retained Ordinary Shares).

For this purpose, references to the “**transfer**” of an Ordinary 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 Ordinary Share.

If the Directors decide that payment of a distribution should be withheld pursuant to the REIT Provisions, they must notify the relevant NewRiver REIT 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 Ordinary 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 Ordinary 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 Ordinary 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 Ordinary 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 Ordinary 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 Ordinary 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 relevant NewRiver REIT Shareholder to dispose of the relevant Ordinary Shares, arrange for the sale of the relevant Ordinary 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 NewRiver REIT Shareholder who applies to be paid dividends without any tax withheld to provide such certificate as the Board may require to establish the NewRiver REIT 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 NewRiver REIT 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.

NewRiver REIT 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 6

# PROPERTY VALUATION REPORT

Annex III

para 10.2

ESMA 128 - 130



50 George Street  
London  
W1U 7GA

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

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

16 June 2017

Dear Sirs,

### NEWRIVER REIT PLC

#### 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 REIT plc (hereafter referred to as “**NewRiver REIT**” or the “**Company**”) and its group of companies (together hereafter referred to as the “**Group**” or the “**NewRiver Group**”) in order to provide our opinion of their Market Value, as at 31 March 2017.

Annex I  
para 5.2.1

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 share issue being conducted by NewRiver REIT and the subsequent admission to listing of the shares to be issued by NewRiver REIT pursuant thereto 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 Valuer has valued the assets of the Company for accounts purposes since 2009.

Furthermore, 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 Retail Limited (“**NewRiver Retail**”) 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 2017, 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 422 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 four public house Properties which are currently closed. 39 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 31 March 2017 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 the Group 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 outgoing 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 outgoing 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 the Group 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 and Convenience Store 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 "tied" occupational tenancies and leases to individual tenants, operated under an indirect managed house model or, in the case of 22 properties, let on 15 year leases to Marston's plc ("Marston's").

Marston's have an over-arching four year lease on 123 of the public house Properties under which they administer and operate the portfolio and pay an agreed rent to the Group. The agreement allows the Group to sell, or otherwise remove, from the portfolio any individual public house Property or groups of public house Properties.

NewRiver REIT has converted, or redeveloped, or 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. There are a total of nine of the Properties where conversion or development has been completed.

The new or converted convenience stores have been, or will be, let to branded retailers and agreements have now been reached with the Co-Operative Group for a total of 39 public house Properties forming part of the remaining estate.

Nine of the Properties have already been let and, we understand, that a further 30 public house Properties will be leased to the Co-Operative Group. The leases, in each case, are, or will 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 2017, of the 422 Properties which comprised the aggregate Property portfolio (subject to existing lettings, where applicable) as at that date, was **£1,261,261,500 (one billion, two hundred and sixty one million, two hundred and sixty one thousand, five hundred 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 convenience store, other high street asset and development portfolios as at 31 March 2017 as follows:

### Shopping centres

<i>Tenure</i>	<i>No. of Properties within Shopping Centre Portfolio</i>	<i>Aggregate Market Value (£)</i>
Freehold	21	473,325,000
Part Freehold/Part Long Leasehold	5	143,300,000
Long Leasehold (more than 50 years unexpired)	7	241,125,000
Short Leasehold (less than 50 years unexpired)	0	0
<b>Total</b>	<b>33</b>	<b>857,750,000</b>

### Retail warehouses

<i>Tenure</i>	<i>No. of Properties within Retail Warehouse Portfolio</i>	<i>Aggregate Market Value (£)</i>
Freehold	15	102,500,000
Part Freehold/Part Long Leasehold	0	0
Long Leasehold (more than 50 years unexpired)	7	60,050,000
Short Leasehold (less than 50 years unexpired)	0	0
<b>Total</b>	<b>22</b>	<b>162,550,000</b>

### Public house and convenience store portfolio

<i>Tenure</i>	<i>No. of Properties within Public House Portfolio</i>	<i>Aggregate Market Value (£)</i>
Freehold	336	172,451,500
Part Freehold/Part Long Leasehold	0	0
Long Leasehold (more than 50 years unexpired)	10	3,345,000
Short Leasehold (less than 50 years unexpired)	4	735,000
<b>Total</b>	<b>350</b>	<b>176,531,500</b>

### Other high street retail assets

<i>Tenure</i>	<i>No. of High Street Assets</i>	<i>Aggregate Market Value (£)</i>
Freehold	6	21,000,000
Part Freehold/Part Long Leasehold	0	0
Long Leasehold (more than 50 years unexpired)	9	38,280,000
Short Leasehold (less than 50 years unexpired)	0	0
<b>Total</b>	<b>15</b>	<b>59,280,000</b>

**Development assets**

<i>Tenure</i>	<i>No. of Development Assets</i>	<i>Aggregate Market Value (£)</i>
Freehold	0	0
Part Freehold/Part Long Leasehold	0	0
Long Leasehold (more than 50 years unexpired)	2	5,150,000
Short Leasehold (less than 50 years unexpired)	0	0
<b>Total</b>	<b>2</b>	<b>5,150,000</b>

There are no negative values to report.

**Joint ventures**

Of the 422 Properties with an aggregate Market Value of £1,261,261,500 held as at 31 March 2017 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.

<i>Joint Venture</i>	<i>Market Value of Properties within Joint Venture (£)</i>	<i>NewRiver REIT's</i>	
		<i>Percentage Interest in Joint Venture (%)</i>	<i>New River REIT's Apportioned Share of Market Value (£)</i>
NewRiver Retail Property Unit Trust No.2	64,900,000	50	32,450,000
NewRiver Retail Property Unit Trust No.5	62,500,000	50	31,250,000
NewRiver Retail Property Unit Trust No.6	81,600,000	50	40,800,000
NewRiver Retail Property Unit Trust No.7	34,350,000	50	17,175,000
NewRiver Retail Investments LP	25,850,000	50	12,925,000
<b>Total</b>	<b>269,200,000</b>	<b>–</b>	<b>134,600,000</b>

Of the five joint ventures referred to above, the NewRiver Group's apportioned share of the aggregate Market Value above is £134,600,000.

**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 results for NewRiver REIT for the financial year ended 31 March 2017.

On 8 June 2017, the UK Government held a General Election, the result of which was a minority Conservative Government following a hung parliament. The nature of this Government may result in different policies being adopted to those which have been adopted over recent years. These amended policies may result in a change of attitude of consumers and consequently investors to retail and leisure property. There is no evidence to suggest that any change has happened to date.

We hereby confirm that, as at the date of this Report, there has been no material change since 31 March 2017 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 28 April 2017, the Group completed the sale of the Southbrook Retail Park in Gloucester which had been valued at £4,325,000 as at 31 March 2017.

Furthermore, on 25 May 2017, the Group completed the sale of the Primark store in Warrington which had been valued at £7,750,000 as at 31 March 2017.

On 25 May 2017, the Group completed the disposal of a single public house which had been valued at £275,000 as at 31 March 2017.

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

<i>Property</i>	<i>Tenure</i>	<i>Net Annual Rent (£)</i>	<i>Market Value as at Relevant Date of Valuation (£)</i>
Broadway Shopping Centre, Bexleyheath	Part Freehold/ Part Long Leasehold	8,112,188	126,400,000 as at 31 March 2017

#### **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 accepts 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, CONDITIONS AND DEFINITIONS

The valuations are provided in accordance with the ‘RICS Valuation – Professional Standards (Incorporating the International Valuation Standards) January 2014’ prepared by the Royal Institution of Chartered Surveyors (the “**Red Book**”). Any opinions of value are valid only at the valuation date and may not be achievable in the event of a future disposal or default, when both market conditions and the sale circumstances may be different.

In arriving at our opinions we have made assumptions in relation to facts, conditions or situations that form part of the valuation. We assume that all information provided to us in respect of the Properties is complete and correct. We assume that details of all matters relevant to value, such as prospective lettings, rent reviews, legislation and planning decisions, have been made available to us and that such information is up to date. In the event that any of these assumptions prove to be incorrect then we reserve the right to review our opinion(s) of value.

#### VALUATION DEFINITIONS:

“**Market Value**” is defined in VPS 4.1.2 of the Red Book 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, within the International Valuation Standards Council (“**IVSC**”), has been applied.

“**Market Rent**” is defined in VPS 4.1.3 of the Red Book 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’.*

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. Unless stated otherwise within 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.

“**Investment Value**” or “**Worth**” is defined in VPS 4.1.4 of the Red Book as:

*‘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 and reflects the circumstances and financial objectives of the entity for which the valuation is being produced. Investment value reflects the benefits received by an entity from holding the asset and does not necessarily involve a hypothetical exchange.

“**Fair Value**” is defined according to one of the definitions below, as applicable, to the terms of engagement.

Fair Value – International Valuation Standards (IVS) in IVS Framework paragraph 38.

*‘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’.*

Fair Value – 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’.*

Fair Value – UK Generally Accepted Accounting Principles (UK GAAP) adopts the FRS 102 definition:

*“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.”*

“**Existing Use Value**” is defined in UKVS 1.3 of the Red Book 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.’*

## **PURCHASE AND SALE COSTS, SDLT AND TAXATION**

No allowance is made for legal fees or any other costs or expenses which would be incurred on the sale of the Properties. However, where appropriate, and in accordance with market practice for the asset type, we make deductions to reflect purchasers’ acquisition costs. Trade-related properties are usually valued without deducting the costs of purchase. Where appropriate, purchasers’ costs are calculated based on professional fees inclusive of VAT, together with the appropriate level of Stamp Duty Land Tax/Land and Buildings Transaction Tax.

Whilst we have had regard to the general effects of taxation on market value, we do not take into account any liability for tax which may arise on a disposal, whether actual or notional, and neither do we make any deduction for Capital Gains Tax, VAT or any other tax. We make no allowance for receipt or repayment of any grants or other funding.

## **PLANS, FLOOR AREAS AND MEASUREMENTS**

Where a site plan is provided, this is for indicative purposes only and should not be relied upon. Site areas are obtained from third party sources, including electronic databases, and we are unable to warrant their accuracy.

Floor areas are obtained in accordance with one or more of the following approaches: (i) we measure the floor areas during the property inspection; (ii) we calculate floor areas from plans provided to us, supported by check measurements on site where possible; or (iii) we rely upon floor areas provided. Under approaches (ii) and (iii), we wholly rely upon the information provided and assume that the areas have been calculated in accordance with market standards. We are unable to provide any warranties as to accuracy.

Measurement is in accordance with the current edition of RICS Property Measurement. If we are instructed not to adopt International Property Measurement Standards (“IPMS”), measurements are provided in accordance with the latest version of the Code of Measuring Practice. We adopt the appropriate floor area basis for our valuation analysis to reflect the analysis of floor areas in the comparable transactions. Where the basis of analysis of a comparable is uncertain, we adopt a default assumption for that asset type.

Although every reasonable care is 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 areas set out in the Report are provided for the purpose described in the Report and are not to be used or relied upon for any other purpose.

## **CONDITION, STRUCTURE AND SERVICES, DELETERIOUS MATERIALS, SAFETY LEGISLATION AND EPCS**

The Report takes account of the general condition of the Properties as observed from valuation inspections and is subject to access. Where we have noticed items of disrepair during the course of our inspections, they are reflected in our valuations, unless otherwise stated.

We do not undertake any form of technical, building or deleterious material survey and we do not review, or give warranties as to, the condition of the structure, foundations, soil and services. We make assumptions that the Properties are free from any rot, infestation, adverse toxic chemical treatments and structural or design defects. Unless we have information to the contrary, we assume that none of the materials commonly considered deleterious or harmful are included within the Properties, such as, *inter alia*, asbestos, high alumina cement concrete, calcium chloride as a drying agent, wood wool slabs as permanent shuttering, polystyrene and polyurethane cladding insulation.

In the event that asbestos is identified in a Property, we do not carry out an asbestos inspection, nor are we able to pass commentary on the adequacy of any asbestos registers or management plans. Where relevant, we assume that the Property is being managed in full compliance with the Control of Asbestos Regulations 2012 and relevant HSE regulations, and that there is no requirement for immediate expenditure, nor any risk to health.

We do not test any services, drainage or service installations. We assume that all services, including gas, water, electricity and sewerage, are provided and are functioning satisfactorily.

We assume that the Properties have an economic life span similar to comparable properties in the market, subject to regular maintenance and repairs in accordance with appropriate asset management strategies.

We comment on the findings of Energy Performance Certificates (“EPCs”) and Display Energy Certificates (“DECs”) if they are made available to us, but may be unable to quantify any impact on value. If we are not provided with an EPC, we assume that if one was available, its rating would not have had a detrimental impact upon our opinion value or marketability.

The 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 assume that the properties comply with, and will continue to comply with, the current Health & Safety and Disability legislation.

We do not test any alarms or installations and assume that the Properties comply with, and will continue to comply with, fire regulations and the Smoke and Carbon Monoxide Alarm (England) Regulations 2015 legislation.

Where a specialist condition or structural survey is provided to us, we reflect the contents of the report in the valuation to the extent that we are able to as valuation surveyors and our assumptions should be verified by the originating surveyor. Should any issues subsequently be identified, we reserve the right to review our opinion of value.

#### **GROUND CONDITIONS, ENVIRONMENTAL MATTERS, CONSTRAINTS AND FLOODING**

We are not chartered environmental surveyors and we do not provide a formal environmental assessment. Our investigations are therefore limited to observations of fact, obtained from third party sources, such as local authorities, the Environment Agency and professional reports that may be commissioned for the valuation.

We do not carry out any 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, the valuations assume that there are no unusual features that may be harmful to people or property, or that would inhibit the actual or assumed use or development of the Properties. This includes, *inter alia*: ground conditions and load bearing qualities, subterranean structures or services, contamination, pollutants, mining activity, sink holes, archaeological remains, radon gas, electromagnetic fields and power lines, invasive plants and protected species.

We do not undertake any investigations into flooding, other than is available from public sources or professional reports provided to us. Our findings are outlined in the Report for information only, without reliance or warranty. We assume in the valuations that appropriate insurance is in place and may be renewed to any owner of the Properties 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.

Should our enquiries or any reports indicate the existence of environmental issues or other matters as described above, we expect them to contain appropriate actions and costings to address the issue. We rely on this information and use it as an assumption in the valuations.

We have assumed that the information and opinions we have been given in order to prepare the valuations are complete and correct and that further investigations would not reveal more information sufficient to affect value. However, a purchaser in the market may undertake further investigations and, if these were unexpectedly to reveal issues, then this might reduce the values reported.

## **TITLE, TENURE, OCCUPATIONAL AGREEMENTS AND COVENANTS**

Unless otherwise stated, we do not inspect the Land Registry records, title deeds, leases or related legal documents and, unless otherwise disclosed to us, we assume good and marketable title that is free from onerous or restrictive covenants, rights of way and easements, and any other encumbrances or outgoing charges that may affect value. We disregard any mortgages (including regulated mortgages), debentures or other charges to which the Properties may be subject.

We assume that any ground rents, service charges other contributions are fair and proportionate and are not subject to onerous increases or reviews.

Where we have not been supplied with leases, unless we have been advised to the contrary, we assume 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 market rent. We assume that no questions of doubt arise as to the interpretation of the provisions within the leases giving effect to the rent reviews. We assume that wherever rent reviews or lease renewals are pending, all notices have been served validly within the appropriate time limits and they will be settled according to the assumptions we set out within the Report.

Unless informed otherwise, we assume that all rents and other payments payable by virtue of the leases have been paid to date and there are no arrears of rent, service charge or other breaches in the obligations of occupation.

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 occupier(s). This is arrived at in our capacity as valuation surveyors on the basis of information that is publicly available. We are not accountants or credit experts and we do not undertake a detailed investigation into the financial status of 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. We provide no warranties as to covenant strength.

Where we are provided with a report on title and/or occupational agreement, we form our opinion of value reflecting our interpretation of that title.

## **PLANT AND MACHINERY, FIXTURES AND FITTINGS**

We disregard the value of all process-related plant, machinery, fixtures and fittings, and those items which are in the nature of occupiers' 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 are 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.

## **OPERATIONAL ENTITIES**

Where the Properties are valued as operational entities and reference is made to the trading history or trading potential of any Property, we place reliance on information supplied to us. Should this information subsequently prove to be inaccurate or unreliable, the valuations reported could be adversely affected.

## **PLANNING, LICENSING, RATING AND STATUTORY ENQUIRIES**

We undertake online planning enquiries to the extent that we consider reasonable and appropriate to the valuations. We do not make formal verbal or written enquiries to the local authorities unless specifically requested to do so. If a professional planning report has been provided to us, we have taken the findings into account in the valuations.

We assume that the Properties are constructed, used and occupied in full compliance with the relevant planning and building regulation approvals and that there are no outstanding notices, conditions, breaches, contraventions, non-compliance, appeals, challenges or judicial review. We assume that all consents, licences and permissions are in place, that there are no outstanding works or conditions required by lessors or statutory, local or other competent authorities, and that no adverse planning conditions or restrictions apply. If we have been instructed to value property on the Special Assumption of having the benefit of a defined planning permission or licence, we assume that it will not be appealed or challenged at any point prior to, or following, implementation.

Our investigations extend to identifying material planning applications on the Properties and whether they are affected by any statutory listing, such as being a listed building or located in a Conservation Area. We have sought to identify any proposals in the vicinity that may have an impact on the Properties, such as highway proposals, comprehensive development schemes and other planning matters.

We have sought to obtain rateable values from the statutory databases, where available. The 2017 rating revaluation has resulted in some significant uplifts in rateable values for some properties, particularly in those areas that have experienced substantial value increases since the previous rating assessment cycle. This may have an impact on the marketability and value of a Property, and on vacancy rates or landlord non-recoverable costs. However, unless there is evidence to the contrary, we have made the express assumption that any changes are affordable to occupiers, or will be subject to appropriate transitional relief. We do not reflect the impact of any rating appeals in our valuations unless they are formally concluded.

Given that statutory information is obtained from third party sources, we are unable to provide any warranty or reliance as to its accuracy.

## **DEVELOPMENT-RELATED VALUATIONS AND PROPERTIES UNDER REFURBISHMENT**

Unless specifically instructed to the contrary, where we are provided with development costs and construction schedules by the addressee, a borrower or an independent quantity surveyor, we rely on this information as an assumption in arriving at our opinion of value. It forms an assumption within the valuation and we accept no liability if the actual costs or programme differ from those assumed at the valuation date. We are not quantity surveyors and provide no reliance as to construction costs or timescale.

We additionally assume that a hypothetical market purchaser will have the necessary resources, skills and experience to deliver the proposed development. It is not within our scope to assess the credentials of any actual purchaser, owner or developer of the property that is subject to our valuation. We accept no liability for any circumstances where a development or refurbishment does not achieve our concluded values.

If a property is in the course of development, the valuation assumes that the interest will be readily assignable to a market purchaser with all contractor and professional team warranties in place. Where an opinion of the completed development value is required, we assume that all works are completed in accordance with appropriate statutory and industry standards, and are institutionally acceptable.

## PART 7

### HISTORICAL FINANCIAL INFORMATION ON THE GROUP

Annex I  
paras 3.1, 3.2, 20.1,  
20.4.1, 20.5.1,  
20.6.1 and 20.6.2

The following documents, which have been filed with the National Storage Mechanism or announced through a Regulatory Information Service, contain information about NewRiver REIT or the Group which is relevant to this Part 7:

- the Group's consolidated audited annual report and accounts for the financial year ended 31 March 2017; and
- the prospectus dated 16 August 2016 published by NewRiver REIT.

Annex III  
para 10.2

The table below sets out the sections of these documents which are incorporated by reference into, and form part of, this Part 7, and only the parts of the documents identified in the table below are incorporated by reference into, and form part of, this Part 7. The parts of these documents which are not incorporated by reference are either not relevant for investors or are covered elsewhere in this document. To the extent that any part of any information referred to below itself contains information which is incorporated by reference, such information shall not form part of this document.

LR 6.1.3 (1)(b)  
LR6.13B  
and LR 6.1.3D  
ESMA 51 – 86  
ESMA 95 – 106

On 18 August 2016, the Group completed its move from AIM to the premium listing segment of the Official List and to trading on the Main Market of the London Stock Exchange. At that date, pursuant to a scheme of arrangement under Guernsey law, NewRiver REIT became the ultimate parent company of the Group, with the former parent company, NewRiver Retail, becoming a direct subsidiary of NewRiver REIT. The principal steps of the group reorganisation were as follows:

NewRiver REIT was incorporated in the United Kingdom on 8 June 2016 under the Companies Act 2006 as a public limited company. On incorporation, the share capital of NewRiver REIT was £50,000.02 divided into 2 ordinary shares of 1 pence each and 50,000 redeemable preference shares of £1 each. The preference shares were redeemed on 12 October 2016.

As part of the scheme of arrangement, all issued ordinary shares in the capital of NewRiver Retail were cancelled by way of a reduction of capital on 18 August 2016. Following the cancellation of the shares, NewRiver Retail issued a corresponding number of new ordinary shares to the Company, such that the Company held all of the issued shares in the capital of NewRiver Retail. The Company, in turn, issued Ordinary Shares to the former shareholders of NewRiver Retail on a one-for-one basis. The result of the share cancellation and share issue was that the Company became the ultimate parent company of the Group.

Throughout the period from its incorporation to 18 August 2016, NewRiver REIT was a dormant company with no revenues and no assets and did not constitute a business as defined by IFRS 3 Business Combinations. The transaction described above therefore fell outside the scope of that standard. Following the guidance regarding the selection of an appropriate accounting policy provided by IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors, the transaction has been accounted for using the principles of merger accounting, allowed for group reconstructions, as set out in FRS 102, the Financial Reporting Standard applicable in the UK and Republic of Ireland.

This policy, which does not conflict with IFRS, reflects the economic substance of the transaction as a continuation of the previous Group. The historical financial information for the financial years ended 31 March 2015 and 31 March 2016 (as set out in the documents referred to below) therefore represent the consolidated results and financial position of NewRiver Retail for those periods. The historical financial information for the financial year ended 31 March 2017 (as set out in the documents referred to below) represents the consolidated results and financial position of NewRiver REIT for that period and is prepared on the basis as if NewRiver REIT was the ultimate parent company of the Group from 1 April 2016 onwards.

<i>Reference document</i>	<i>Information incorporated by reference into this document</i>	<i>Page number(s) in reference document</i>
Annual results for the financial year ended 31 March 2017	Independent auditor's report	106 to 113
	Consolidated income statement for the period from 1 April 2016 to 31 March 2017	114
	Consolidated statement of comprehensive income from 1 April 2016 to 31 March 2017	115
	Consolidated balance sheet as at 31 March 2017	116
	Consolidated cash flow statement as at 31 March 2017	117
	Consolidated statement of changes in equity as at 31 March 2017	118
Prospectus of NewRiver REIT dated 16 August 2016	Notes to the financial statements	119 to 150
	Part 5 (Historical Financial Information on the Group), comprising an accountant's report on the historical financial information of the Group and audited historical financial information relating to the Group (including notes thereto) for the two financial years ended 31 March 2016 and 31 March 2015	110 to 153

NewRiver REIT will provide without charge to each person to whom a copy of this document has been delivered, upon the written or oral request of such person, a copy of any documents incorporated by reference into this document, except that any exhibits to such documents will not be provided unless they are specifically incorporated by reference into this document. Requests for copies of any such documents should be directed to:

NewRiver REIT plc, 37 Maddox Street, London W1S 2PP

Att.: Matthew Jones, Company Secretary

Telephone: +44 (0) 207 3328 5800

## PART 8

### OPERATING AND FINANCIAL REVIEW

*This Part 8 should be read in conjunction with the historical financial information contained in Part 7 of this document and information on the Company and the Group contained in Part 4 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 8 is extracted without material adjustment from the historical financial information incorporated into Part 7 of this document by reference.*

Annex I  
paras 9.1, 9.2.1,  
9.2.2 and 9.2.3

*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 discussed 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 2015 ("FY 2015"), 31 March 2016 ("FY 2016") and 31 March 2017 ("FY 2017").*

#### 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 350 public houses with retail and mixed-use development opportunities and convenience stores. The portfolio totals over 8 million sq. ft. with in excess of 2,000 occupiers, an annual footfall of 149 million and a retail occupancy rate of 97 per cent. (in each case, as at 31 March 2017).

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 Group has a strong acquisition and development pipeline and therefore the Directors continue to see a wide range of opportunities which meet the Group's investment criteria.

Annex I  
para 6.5

## 2. Key performance indicators

The table below summarises the key performance indicators applied by the Group for FY 2015, FY 2016 and FY 2017 on a proportionally consolidated basis:

	<i>Year ended 31 March 2017 (Audited)</i>	<i>Year ended 31 March 2016 (Audited)</i>	<i>Year ended 31 March 2015 (Audited)</i>
Total Shareholder Return	+8%	+14%	+16%
Funds from Operations	£58.2m	£47.1m	£20.9m
Profit before tax	£37.4m	£69.5m	£39.5m
Funds from Operations (Pence per share)	24.9	26.6	19.8
EPRA Basic (Pence per share)	23.6	20.4	17.6
Basic EPS (Pence per share)	15.5	39.2	37.5
Dividends (Pence per share)	23.0	18.5	17.0
Dividend cover	108%	144%	116%
Like-for-like net income growth	1.2%	2.4%	1.6%
Capital return	-0.6%	4.1%	5.6%
Property valuation movement and disposals	-£15.1m	+£32.3m	+£21.0m
Interest Cover	4.5x	4.3x	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 and period-to-period. 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 8 have improved, the Group's occupancy level has remained consistently high, standing at 97 per cent. as at 31 March 2017.

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 undergo a prolonged worsening or become more unfavourable, 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 discussion 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 a gain of £6.9 million for FY 2015, a gain of £19.5 million for FY 2016 and a loss of £15.0 million for FY 2017. 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.

### 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 FY 2015, FY 2016 and FY 2017 and up to the date of publication of this document:

- 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 (subsequently reduced to up to 40 in January 2017).
- In May 2014, on application by NewRiver Retail, the Guernsey Financial Services Commission ("GFSC") agreed to revoke the declaration of NewRiver Retail 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 Retail 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; 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). 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.
- During the quarter to 31 December 2015, the Group sold Regent Court in Leamington Spa for £28.4 million, reflecting a net initial yield of five per cent. and delivering an IRR of 129 per cent.
- 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.
- In August 2016, the Group inserted a new English-incorporated holding company, NewRiver REIT, at its head, by way of the Scheme and the entire issued share capital of NewRiver REIT was admitted to the premium listing segment of the Official List of the UK Listing Authority and to trading on the premium segment of the Main Market for listed securities of the London Stock Exchange.
- In September 2016, the Group completed the acquisition of a retail warehouse in Sheffield for £17.9 million, representing an equivalent yield of 7.6 per cent. At acquisition, the Group simultaneously exchanged contracts with the retail warehouse tenant to accept a surrender premium to release the tenant from its lease obligations. In March 2017, the Group requested and received a surrender premium of £10.8 million, having received £0.7 million of rental income in the interim.



- Following its move to the Main Market for listed securities of the London Stock Exchange, NewRiver REIT's inclusion in the FTSE 250, FTSE All-Share and FTSE EPRA Indices became effective on 19 December 2016.

## 5. Results of operations

The selected financial information for the Group for FY 2017, FY 2016 and FY 2015 set out below has been extracted without material adjustment from the audited consolidated financial information of the Group for FY 2017, FY 2016 and FY 2015 incorporated by reference into this document and as referred to in Part 7 of this document. NewRiver REIT Shareholders should read the audited consolidated financial information referred to above 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 FY 2017, FY 2016 and FY 2015:

	FY 2017 (Audited)			FY 2016 (Audited)			FY 2015 (Audited)		
	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	80,395	–	80,395	54,587	–	54,587	24,332	–	24,332
Net valuation movement	–	(15,799)	(15,799)	–	24,002	24,002	–	19,266	19,266
<b>Operating profit</b>	<b>71,947</b>	<b>(15,799)</b>	<b>56,148</b>	<b>57,698</b>	<b>24,002</b>	<b>81,700</b>	<b>27,394</b>	<b>19,266</b>	<b>46,660</b>
Finance income	61	–	61	82	–	82	191	–	191
Finance costs	(15,200)	–	(15,200)	(12,237)	–	(12,237)	(7,323)	–	(7,323)
Revaluation of Derivatives	–	(3,607)	(3,607)	–	–	–	–	–	–
<b>Profit for the year before taxation</b>	<b>56,808</b>	<b>(19,406)</b>	<b>37,402</b>	<b>45,543</b>	<b>24,002</b>	<b>69,545</b>	<b>20,262</b>	<b>19,266</b>	<b>39,528</b>
Taxation charge	(1,201)	–	(1,201)	(136)	–	(136)	–	–	–
<b>Profit for the year after taxation</b>	<b>55,607</b>	<b>(19,406)</b>	<b>36,201</b>	<b>45,407</b>	<b>24,002</b>	<b>69,409</b>	<b>20,262</b>	<b>19,266</b>	<b>39,528</b>
<b>Per share data</b>									
Funds from Operations (pence)			24.9			26.6			19.8
EPRA basic (pence)			23.6			20.4			17.6
Basic EPS (pence)			15.5			39.2			37.5
EPS diluted (pence)			15.4			38.9			36.2

## 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 metrics as at 31 March 2017, 31 March 2016 and 31 March 2015:

	<i>31 March 2017</i> <i>(Audited)</i> <i>£'000</i>	<i>31 March 2016</i> <i>(Audited)</i> <i>£'000</i>	<i>31 March 2015</i> <i>(Audited)</i> <i>£'000</i>
Total non-current assets	1,068,668	909,783	517,638
Total current assets	51,329	122,917	21,578
Total assets	1,119,997	1,032,700	539,216
Equity and liabilities			
Total current liabilities	130,173	25,768	16,197
Total non-current liabilities	305,286	317,065	183,324
Net assets	684,538	689,867	339,695
Total equity	684,538	689,867	339,695
Net Asset Value (NAV) per share			
EPRA NAV (pence)	292	295	265
Basic (pence)	292	295	267
Basic diluted (pence)	290	294	264

## 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. It is NewRiver REIT's management's policy to recognise all material lease incentives and lease incentives greater than six months. Upon receipt of a surrender premium for the early determination of a lease, the profit, net of dilapidations and non-recoverable outgoings relating to the lease concerned, is immediately reflected in income.

Asset management fees are recognised in the income statement as the services are delivered.

### 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 events. 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 arrears 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 Group 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 *Funds from Operations or “FFO”*

FFO is a key performance measure for the Group. This performance measure is intended to measure the underlying profitability of the Group and represents cash profits, which include realised recurring cash profits, realised cash profits or losses on the sale of properties and exclude other one-off or non-cash adjustments. The measure is not intended to replace the cash measures disclosed in the Group’s cash flow statement. The Group has previously referred to this measure as EPRA adjusted profit.

## 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 2017 and 31 March 2016**

## 8.1 *Financial results*

### 8.1.1 *Net property income*

Net property income for FY 2017 increased by 47 per cent. on the previous year from £54.6 million for FY 2016 to £80.4 million for FY 2017. This increase was due primarily to £158.4 million of acquisition activity completed during FY 2017, as well as the full year impact of acquisition activity completed in FY 2016. On a like-for-like basis, net property income for FY 2017 increased by 1.2 per cent. compared with FY 2016.

### 8.1.2 *Administrative expenses*

Administrative expenses increased by 10.4 per cent. from £12.6 million for FY 2016 to £14.2 million for FY 2017, however, the Group's cost ratios continued to improve as the scale of the business increased. In addition to these administrative costs, the Group incurred exceptional costs of £1.2 million during FY 2017 and £0.9 million during FY 2016 in relation to the Group's move to the Main Market, which completed in August 2016.

Management assesses operating efficiency by calculating administrative expenses net of asset management fees as a proportion of gross rental income. For FY 2017, this fell to 15.1 per cent. from 18.5 per cent. for FY 2016 due to the increased scale of the business.

### 8.1.3 *Profits on the disposal of investment properties*

Profit on the disposal of investment properties decreased from £8.3 million for FY 2016 to £0.9 million for FY 2017, reflecting a more modest level of disposals due to a slowdown in the investment market following the Referendum.

### 8.1.4 *Net finance expense*

Net finance expense for FY 2017 totalled £15.2 million compared to £12.2 million for FY 2016, an increase of 24.2 per cent. The increase in net finance expense reflects the utilisation of debt financing to increase the Group's property portfolio.

The Group's hedging strategy during FY 2017 remained prudent with 97 per cent. (FY 2016: 93 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 4.5 times (FY 2016: 4.3 times) at property level compared to banking covenants which ranged from 1.6 to 2.25 times.

### 8.1.5 *Funds from Operations*

Funds from Operations for FY 2017 were £58.2 million (FY 2016: £47.1 million). The increase in Funds from Operations of 23.6 per cent. year-on-year came as a result of the full year impact of acquisitions completed in FY 2016 and acquisitions made during FY 2017, as well as the Group's highly active asset management programme.

### 8.1.6 *Profit for the year after taxation*

The total profit for the year after taxation for FY 2017 was £36.2 million (FY 2016: £69.4 million), representing a decrease of 47.8 per cent. year-on-year. This decrease was due predominantly to £24.0 million of non-cash revaluation gains generated in FY 2016, compared to £19.4 million of non-cash revaluation losses in FY 2017. This reduction in profit after tax due to changes in valuation was offset to some extent by an increase of £10.2 million in operating and financing profit compared to FY 2016.

## 8.2 *Selected balance sheet data*

### 8.2.1 *Investment properties*

Investment properties amounted to £995.9 million as at 31 March 2017 compared to £839.1 million as at 31 March 2016, an 18.7 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 2016, which raised £150 million of gross proceeds. This included the acquisition of a shopping centre and retail park at Bexleyheath for £120 million in April 2016. £158.4 million of on balance sheet assets (FY 2016: £342 million, including both assets acquired on balance sheet and through joint ventures), were acquired during FY 2017 at an average net initial yield of 6.8 per cent. (FY 2016: 9.2 per cent.). Disposals during the year totalled £10.7 million (FY 2016: £48.2 million).

The revaluation loss for FY 2017 was £15.0 million after purchase costs (FY 2016: gain of £19.5 million).

### 8.2.2 *Cash and cash equivalents*

The Group held cash reserves of £46.0 million as at 31 March 2017 (FY 2016: £114.1 million). The difference between the cash reserves held as at 31 March 2017 and those held as at 31 March 2016 was largely as a consequence of the Group holding as cash a significant proportion of the proceeds of the equity placings effected during FY 2016, which, as at that date had yet to be deployed.

### 8.2.3 *Borrowings*

During FY 2017, the Group originated £138.3 million of new senior debt facilities (FY 2016: £145.3 million). The total interest cost (including fees) on the new senior debt facilities was 3.5 per cent. The decrease in interest cost compared to FY 2016 was principally due to the Group signing an improved £85.3 million debt facility with AIG on the pub and convenience store portfolio in July 2016. Under the terms of the new facility, the bank margin was reduced by 30 per cent. and the loan maturity was extended from 2018 to 2021.

## 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 Funds from Operations per share ("**FFO per share**") 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 2017, FFO per share was 24.9 pence (FY 2016: 26.6 pence), the decrease resulting from promote payments received from the BRAVO Joint Ventures in FY 2016 of 2.8 pence.

Basic EPS was 15.5 pence for the financial year ended 31 March 2017 (FY 2016: 39.2 pence), which included the downward fair value property valuations during the year.

### 8.3.2 *Net asset value*

Net asset value (“NAV”) is an important performance indicator for the Group and represents consolidated equity shareholders’ funds of the Group. Net asset value per share is calculated by dividing NAV by the number of Ordinary Shares in issue as at the relevant balance sheet date.

NAV as at 31 March 2017 decreased by 0.8 per cent. to £685 million (FY 2016: £690 million). The decrease largely due to the Group paying a large proportion of its operating and financing profits to shareholders by way of dividends, combined with absorbing purchase costs on £158.4 million of acquisitions, one off Main Market move costs and a reduction in capital values.

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 2017, EPRA NAV per share was 292 pence (FY 2016: 295 pence), a decrease of 1.0 per cent. during the year. This decrease was largely a result of the 0.8 per cent. fall in NAV.

## 9. Comparison of the financial years ended 31 March 2016 and 31 March 2015

### 9.1 *Financial results*

#### 9.1.1 *Net property income*

Net property income for FY 2016 increased by 124.3 per cent. on the previous year from £24.3 million for FY 2015 to £54.6 million for FY 2016. This increase derived largely from the Group’s growing property and development portfolio.

#### 9.1.2 *Administrative expenses*

Administrative expenses totalled £13.7 million for FY 2016 compared to £10.1 million for FY 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 FY 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.

#### 9.1.3 *Profits on the disposal of investment properties*

Profit on the disposal of investment properties increased from £1.7 million for FY 2015 to £8.3 million for FY 2016.

#### 9.1.4 *Net finance expense*

Net finance expense for FY 2016 totalled £12.2 million compared to £7.1 million for FY 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. (FY 2015: 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 (FY 2015: 3.9 times) at property level compared to banking covenants which ranged from 1.5 to 2.25 times.

#### 9.1.5 *Funds from Operations*

Funds from Operations more than doubled in FY 2016 to £47.1 million (FY 2015: £20.9 million). This increase derived largely from the Group's growing property and development portfolio.

#### 9.1.6 *Profit for the year after taxation*

The total profit for the year after taxation for FY 2016 (which also included a revaluation surplus of £24.0 million (FY 2015: £19.3 million)) was £69.4 million (FY 2015: £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.

## 9.2 *Selected balance sheet data*

### 9.2.1 *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 (FY 2015: £330 million) of assets, both on balance sheet and through joint ventures, were acquired during FY 2016 at an average net initial yield of 9.2 per cent. (FY 2015: 8.1 per cent.). Disposals during the year totalled £48.2 million (FY 2015: £40.2 million).

The revaluation gain for FY 2016 was £24.0 million after purchase costs (FY 2015: £19.3 million), an increase of 24.6 per cent.

### 9.2.2 *Cash and cash equivalents*

The Group held cash reserves of £114.1 million as at 31 March 2016 (FY 2015: £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 FY 2016, which, as at that date had yet to be deployed.

### 9.2.3 *Borrowings*

During FY 2016, the Group originated £145 million of new senior debt facilities (FY 2015: £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.



### 9.3 **Key financial metrics**

#### 9.3.1 *Earnings per share (“EPS”)*

For FY 2016, FFO per share was 26.6 pence (FY 2015: 19.8 pence), the increase resulting from the increase in Funds from Operations year-on-year and the good performance of the portfolio.

Basic EPS was 39.2 pence for FY 2016 (FY 2015: 37.5 pence), which included the upward fair value property valuations during the year.

#### 9.3.2 *Net asset value*

NAV as at 31 March 2016 increased by 103.1 per cent. to £690 million (FY 2015: £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.

As at 31 March 2016, EPRA NAV per share was 295 pence (FY 2015: 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.

## 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 2017, the Group had £403.1 million (FY 2016: £314.1 million) of on-balance sheet secured debt facilities representing an increase of £89.0 million on the prior period. In addition, the Group’s share of joint venture secured borrowings as at 31 March 2017 was £64.3 million. The increase was largely due to the debt acquired with the acquisition of a shopping centre in Bexleyheath in April 2016.

As at 31 March 2016, the Group had £314.1 million (FY 2015: £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 £65.1 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. 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”.

Annex I  
paras 10.1 and 10.3  
Annex III  
para 3.2  
ESMA 33 – 37  
and 127

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) and no new convertible unsecured loan stock (or any other loan stock) has been issued subsequently.

The Group's borrowing requirements are not subject to seasonality.

As at 31 March 2017, the Group had cash, short term investments and unutilised bank term facilities available in the aggregate amount of £120.0 million, which provide resources for the Group's committed development programme.

The net indebtedness of the Group as at 31 March 2017 is set out at paragraph 12 of this Part 8.

## 10.2 *Maturity profile*

As at 31 March 2017, 31 March 2016 and 31 March 2015, the Group had outstanding debt with the following maturities:

	<i>31 March</i> <i>2017</i> <i>£'000</i>	<i>31 March</i> <i>2016</i> <i>£'000</i>	<i>31 March</i> <i>2015</i> <i>£'000</i>
<b>Balance sheet borrowings:</b>			
Less than one year	100,084	–	23,420
Between one and two years	61,594	–	–
Between two and three years	140,159	94,029	–
Between three and four years	33,853	186,269	–
Between four and five years	67,389	33,807	85,556
Over five years	–	–	72,365
	<u>403,079</u>	<u>314,105</u>	<u>181,341</u>
<b>Group's share of joint venture borrowings:</b>			
Less than one year	–	6,396	–
Between one and two years	17,519	–	6,386
Between two and three years	46,759	13,505	–
Between three and four years	–	45,178	60,538
Between four and five years	–	–	45,088
Over five years	–	–	–
	<u>64,278</u>	<u>65,079</u>	<u>112,012</u>
	<i>31 March</i> <i>2017</i> <i>£'000</i>	<i>31 March</i> <i>2016</i> <i>£'000</i>	<i>31 March</i> <i>2015</i> <i>£'000</i>
<b>Total Group share of borrowings (proportionally consolidated):</b>			
Less than one year	100,084	6,396	23,420
Between one and two years	79,113	–	6,386
Between two and three years	186,918	107,534	–
Between three and four years	33,853	231,447	–
Between four and five years	67,389	33,807	191,183
Over five years	–	–	72,364
<b>Total</b>	<u><b>467,357</b></u>	<u><b>379,184</b></u>	<u><b>293,353</b></u>

## 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 the latest relevant date on which the Group was required to certify its compliance with the relevant financial covenants to the

Annex I  
para 10.4

relevant lenders in respect of each facility, the Group was in compliance with all such financial covenant tests.

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 the latest relevant date on which each joint venture was required to certify its compliance with the relevant financial covenants to the relevant lenders in respect of each facility, the relevant joint venture was in compliance with all such financial covenant tests.

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:

<i>Secured balance sheet borrowings</i>	<i>Loan outstanding as at 31 March 2017</i>	<i>Maturity date</i>	<i>LTV covenant</i>	<i>LTV Actual</i>	<i>Interest cover covenant</i>	<i>Interest cover actual</i>
	<i>£'000s</i>		<i>%</i>	<i>%</i>	<i>x</i>	<i>x</i>
Deka	49,000	Mar-2018*	60	39	1.60	8.12
Santander/HSBC	51,584	Mar-2019**	70	47	2.00	5.94
Barclays	31,996	Dec-2018	65	42	2.00	5.41
Santander	30,000	Mar-2019	65	24	2.25	11.98
HSBC	24,736	May-2019	60	49	1.75	3.09
Lloyds	63,570	Oct-2019	70	46	1.75	4.74
Barclays	52,965	Mar-2020	70	48	2.00	6.33
Santander	34,029	Feb-2021	70	51	2.00	3.54
AIG	68,461	Jul-2021	70	39	2.00	4.45
<b>Total</b>	<b>406,341</b>					
Less: Unamortised facility Fees	(3,262)					
<b>Balance</b>	<b>403,079</b>					

\* Deka has confirmed in writing its willingness to extend the loan facility by at least 12 months. As at the date of this document, this option has not been taken up.

\*\* This facility originally matured on 27 March 2018 with two one year extension options to increase the term until 27 March 2020. Pursuant to the facility agreement, the Group borrowing entities pursuant to the facility served an extension notice on the lenders on 25 May 2017, extending the maturity date of the facility by 12 months to 27 March 2019. The facility agent has confirmed in writing that the facility has been extended.

Financial covenants are prepared on a quarterly basis per the relevant 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.

<i>Group's share of secured joint</i>	<i>Loan outstanding</i>		<i>LTV covenant</i>	<i>LTV actual</i>	<i>Interest cover covenant</i>	<i>Interest cover actual</i>
	<i>as at 31 March-2017</i>	<i>Maturity date</i>				
	<i>£'000s</i>		<i>%</i>	<i>%</i>	<i>x</i>	<i>x</i>
Santander	4,000	Feb-2019	55	31	2.00	8.01
Barclays	13,585	Aug-2018	65	42	2.00	5.24
HSBC	47,000	Oct-2019	75	53	1.75	5.29

Again, financial covenants are prepared on a quarterly basis per the relevant 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 FY 2017, FY 2016 and FY 2015, 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:

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	<i>Financial year ended 31 March</i>		
	<i>2017</i>	<i>2016</i>	<i>2015</i>
	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>
Cash flows from operating activities	59,503	50,668	14,615
Cash flows from investing activities	(170,325)	(260,039)	(157,214)
Cash flows from financing activities	42,707	308,030	68,456
Cash and cash equivalents at the beginning of the period	114,071	15,412	89,555
Net (decrease)/increase in cash and cash equivalents	(68,115)	98,659	(74,143)
Cash and cash equivalents at the end of the period	45,956	114,071	15,412

### 11.1 *Cash flows from operating activities*

The movement between FY 2016 and FY 2017 was largely due to £158.4 million of acquisition activity completed during FY 2017, as well as the full year impact of acquisition activity completed in FY 2016.

The movement between FY 2015 and FY 2016 was due to the Group's growing property and development portfolio, including bringing an existing 50 per cent. owned joint venture onto the balance sheet by acquiring the remaining 50 per cent. not already held by the Group.

### 11.2 *Cash flows from investing activities*

The movement between FY 2016 and FY 2017 reflected a lower level of acquisition activity by the Group in FY 2017 compared to FY 2016.

The movement between FY 2015 and FY 2016 was due to the Group's growing property and development portfolio.

### 11.3 *Cash flows from financing activities*

The movement between FY 2016 and FY 2017 was largely due to equity raises totaling £300 million in FY 2016 and no such equity raises in FY 2017.

The movement between FY 2015 and FY 2016 was due to the Group's growing property and development portfolio together with two successful equity issuances raising aggregate gross proceeds of £300 million.

## 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 2017, the Group had a committed development programme of £1.9 million which will be principally funded by the debt facilities currently available to the Group, existing cash resources and cash generated from operating activities.

	2018	2019	Total
	£'000	£'000	£'000
Amount of development commitment	1,921	–	1,921

## 13. Capital structure and debt strategy

The Group seeks to enhance value for NewRiver REIT Shareholders 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 NewRiver REIT Shareholders and in order to achieve that believe that the Group's 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 50 per cent.

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para 10.3

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 FY 2017, FY 2016 and FY 2015:

	<i>Financing policy</i>	<i>31 March 2017</i>	<i>31 March 2016</i>	<i>31 March 2015</i>
Loan-to-Value	<50%	37%	27%	39%
Balance sheet gearing	<100%	52%	29%	49%
Interest cover	>2.0x	4.5x	4.3x	3.9x
Dividend cover	>100%	108%	144%	116%

## 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 by reference in Part 7 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 2017, the Group (including its share of joint ventures) had £534.5 million (FY 2016: £413 million; FY 2015: £342.3 million) of interest rate swaps and caps in place. This gives certainty over future cash flow but exposure to fair value movements, which amounted to an unrealised loss of £4.1 million as 31 March 2017 (FY 2016: loss of £1.2 million ; FY 2015: loss of £0.7 million). Sensitivity analysis is carried out to assess the impact of an increase in interest rates on finance costs to the Group. The impact of a 200bps increase in interest rates for the year would increase the net interest payable in the income statement and reduce net assets by £6.2 million (FY 2016: £0.6 million; FY 2015: £1.3 million). The impact of a 200 bps decrease in interest rates for the year would reduce the net interest payable in the income statement and increase net assets by £7.7 million (FY 2016: £0.7 million; FY 2015: £1.3 million). The Directors consider this to be a reasonable sensitivity given historic interest rates and the possibility for short term swings in rates.

#### 14.2 *Credit risk*

The Group's principal financial assets are cash, trade receivables 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 consequence 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 and seeks to spread exposure across several banks).

#### 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 2017, the Group's weighted average debt maturity was 2.5 years (FY 2016: 3.5 years; FY 2015: 4.6 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.

The Group is currently undertaking a process to investigate refinancing its debt to achieve further cost efficiencies and has engaged an adviser to assist in this regard. This process is at an early stage and, whilst there can be no guarantee that a refinancing will be achieved, this represents a potentially significant opportunity for the Group.

#### 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 NewRiver REIT 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 NewRiver REIT Shareholders, return capital to NewRiver REIT 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 9 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 the Company's prospectus dated 16 August 2016 (which is incorporated into this document by reference), 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 the Company's prospectus dated 16 August 2016 (which is incorporated into this document by reference).

### 16. **Capitalisation and indebtedness statement**

Set out below is a statement of capitalisation and indebtedness of the Group as at 31 March 2017. 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 31 March 2017 and has been prepared under IFRS using policies which are consistent with those used in the preparation of the Group's historical financial information incorporated by reference into in Part 7 of this document.

Save for the extension of the Santander/HSBC facility referred to at paragraph 6.3 above, there has been no material change in the capitalisation and indebtedness of the Group since 31 March 2017.

16.1 *Capitalisation*

	<i>As at</i> <i>31 March 2017</i> <i>(Audited)</i> <i>£'000</i>
Share capital – allotted, called up and fully paid	2,340
Own shares held	–
Share premium	1,691
Reserves	680,507
Unguaranteed/unsecured	–
<b>Capital and reserves</b>	<u>684,538</u>

16.2 *Indebtedness*

	<i>As at</i> <i>31 March 2017</i> <i>(Audited)</i> <i>£'000</i>
<b>Current debt</b>	
Guaranteed	–
Secured	(100,084)
Unguaranteed/secured	–
Total current debt	(100,084)
<b>Non-current debt</b>	
Guaranteed	–
Secured	(302,995)
Unguaranteed/secured	–
<b>Total non-current debt</b>	<u>(302,995)</u>
<b>Total indebtedness</b>	<u>(403,079)</u>

16.3 *Net financial indebtedness*

	<i>As at</i> <i>31 March 2017</i> <i>(Audited)</i> <i>£'000</i>
<b>Cash</b>	
Cash and cash equivalents	45,956
Current bank loans	(100,084)
<b>Net current financial indebtedness</b>	<u>(54,128)</u>
Non-current bank loans	(302,995)
<b>Non-current financial indebtedness</b>	<u>(302,995)</u>
Net financial indebtedness	<u>(357,123)</u>



## PART 9

### ADDITIONAL INFORMATION

#### 1. Responsibility

The Company and the Directors, whose names and functions are set out page 54 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. Annex I  
para 1.2

#### 2. NewRiver REIT – Incorporation and registered office

##### 2.1 Incorporation

NewRiver REIT 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. Annex I  
paras 5.1.1, 5.1.2,  
5.1.3 and 5.1.4

The Companies Act comprises the principal legislation under which the Company operates and under which the Ordinary Shares were created. LR 2.2.1(1)  
– 2.2.2 (3)

In connection with the Scheme, which became effective on 18 August 2016, the Group, with NewRiver REIT as its ultimate parent company, elected to be a UK REIT Group with effect from 18 August 2016.

##### 2.2 Registered office

The registered office of NewRiver REIT is at 37 Maddox Street, London W1S 2PP and the telephone number is +44 (0) 20 3328 5800. Annex I  
para 5.1.4

##### 2.3 Group structure

NewRiver REIT is the ultimate parent company of the Group. The following table sets out the principal (but not necessarily direct) subsidiaries of NewRiver REIT, being those considered by NewRiver REIT 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: Annex I  
paras 7.2  
and 25

<i>Name of subsidiary</i>	<i>Country of incorporation</i>	<i>Percentage of issued share capital held directly or indirectly by the Company (%)</i>	<i>Principal Activity</i>
NewRiver (Darnall) Limited	England and Wales	100	Investment property holding company
NewRiver Retail (Bexleyheath) Holdings 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 (Camarthen) Limited	England and Wales	100	Investment property holding company
NewRiver Retail (Cardiff) Limited	England and Wales	100	Investment property holding company

<i>Name of subsidiary</i>	<i>Country of incorporation</i>	<i>Percentage of issued share capital held directly or indirectly by the Company (%)</i>	<i>Principal Activity</i>
NewRiver Retail (Colchester) Limited	England and Wales	100	Investment property holding company
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

<i>Name of subsidiary</i>	<i>Country of incorporation</i>	<i>Percentage of issued share capital held directly or indirectly by the Company (%)</i>	<i>Principal Activity</i>
NewRiver Retail (Portfolio No. 2) Limited	Guernsey	100	Investment property holding company
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 REIT (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

<i>Name of subsidiary</i>	<i>Country of incorporation</i>	<i>Percentage of issued share capital held directly or indirectly by the Company (%)</i>	<i>Principal Activity</i>
NewRiver Trustee 2 Limited	Jersey	100	Trustee company of Jersey property unit trust
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) Limited	Jersey	100	Investment property holding company
NewRiver Retail (Broadway Square) Limited	Jersey	100	Investment property holding company

NewRiver REIT owns, directly or indirectly, 100 per cent. of the issued shares of the above companies and can exercise, directly or indirectly, 100 per cent. of the voting rights of each such company.

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 REIT**

- 3.1 NewRiver REIT was incorporated with an issued share capital of £50,000.02, comprising two NewRiver REIT Subscriber Shares (one issued to David Lockhart and the other to Allan Lockhart) and 50,000 NewRiver REIT Redeemable Preference Shares (25,000 issued to David Lockhart and 25,000 issued to Allan Lockhart). All such shares were paid up in full. The NewRiver REIT Redeemable Preference Shares were redeemed on 12 October 2016.
- 3.2 On 3 August 2016, the NewRiver REIT Shareholders at such time passed certain resolutions, including:
- (a) adopting the Articles;
  - (b) granting authority to the Directors (in accordance with section 551 of the Companies Act) to exercise all powers of NewRiver REIT to allot Ordinary Shares up to an aggregate nominal amount of £2,389,653.85 in connection with the Scheme, provided that such authority shall expire on the earlier of NewRiver REIT's Annual General Meeting in 2017 or the date following 15 months after Original Admission, save that NewRiver REIT may before such expiry make an offer or agreement which would or might require such shares to be allotted after such expiry, and the Board may allot such shares in pursuance of such offer or agreement as if such authority had not expired;

- (c) granting authority to the Directors (in accordance with section 551 of the Companies Act) to exercise all the powers of NewRiver REIT to grant rights to subscribe for Ordinary Shares up to a maximum aggregate nominal amount of £4,141.24 pursuant to the NewRiver REIT Warrants, such authority to expire immediately following the Scheme becoming effective and Original Admission occurring or at 11.59 p.m. on 30 September 2016, whichever is the later, save that NewRiver REIT 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 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) authorising the 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 REIT immediately following Original Admission; and
  - (ii) equity securities (within the meaning of section 560 of the Companies Act) of NewRiver REIT 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 REIT immediately following Original 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 Ordinary Shares in proportion (as nearly as practicable) to the respective numbers of Ordinary 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 Directors otherwise consider necessary,

and so that, in each case, the 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 REIT’s Annual General Meeting in 2017 or the date falling 15 months after Original Admission, save that NewRiver REIT 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 Ordinary 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 Original Admission occurring and subject to the passing of the resolution referred to at paragraph 3.2(c) above, empowering the 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 REIT 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 Original Admission occurring or at 11.59 p.m. on 30 September 2016, whichever is the later, save that NewRiver REIT 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 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 Original Admission occurring and subject to the passing of the resolution referred to at paragraph 3.2(d) above, empowering the 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 REIT for cash pursuant to the general authority granted by the resolution referred to at paragraph 3.2(d) above and empowering the 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 REIT held by NewRiver REIT 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 REIT 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 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 REIT's Annual General Meeting in 2017 or the date falling 15 months after Original Admission, save that NewRiver REIT 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;

(g) subject to and conditional upon the Scheme becoming effective and Original Admission occurring, authorising NewRiver REIT 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 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 REIT immediately following the Scheme becoming effective and Original 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:
- (iv) 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
- (v) 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 REIT's Annual General Meeting in 2017 or the date falling 15 months after Original Admission, save that NewRiver REIT 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 REIT until the conclusion of NewRiver REIT's Annual General Meeting in 2017;
- (i) the authority for the Directors to determine the auditors' remuneration;
- (j) the authority for the directors of NewRiver REIT, 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 REIT'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 following table shows the issued share capital of the Company as at the Latest Practicable Date and the issued share capital of the Company immediately following completion of the Capital Raising (assuming that there has been no exercise of any options and/or awards under the NewRiver Share Incentive Plans and no exercise of subscription rights pursuant to the NewRiver REIT Warrants): Annex I  
para  
21.1.1 – 21.1.3

	<i>Ordinary Shares as at the Latest Practicable Date</i>		<i>Ordinary Shares following completion of the Capital Raising</i>	
	<i>Number</i>	<i>(£)</i>	<i>Number</i>	<i>(£)</i>
Issued and fully paid	238,588,536	2,385,885.36	305,752,715	3,057,527.15

- 3.4 The issued ordinary share capital of NewRiver Retail and NewRiver REIT (where relevant) at the beginning and, where applicable, end of the financial periods ended 31 March 2015, 31 March 2016 and 31 March 2017 was as follows:

	<i>At 1 April</i>	<i>At 31 March</i>
2016/17	238,545,767	238,588,536
2015/16	127,574,395	238,545,767
2014/15	100,002,507	127,574,395

- 3.5 The following alterations in the issued share capital of NewRiver Retail have taken place during the period for which the historical financial information incorporated by reference in Part 7 of this document has been prepared, there have been no changes in the issued share capital of NewRiver REIT since August 2016, as referred to in sub-paragraph (q) below: Annex I  
para 21.1.7

- (a) NewRiver Retail's issued share capital increased in April 2014 from 100,002,507 NewRiver Retail Shares to 100,028,992 NewRiver Retail Shares as a result of the issue of 26,485 NewRiver Retail Shares pursuant to the exercise of subscription rights attaching to NewRiver Retail Warrants;
- (b) NewRiver Retail's issued share capital increased in May 2014 from 100,028,992 NewRiver Retail Shares to 100,054,447 NewRiver Retail Shares as a result of the issue of 25,455 NewRiver Retail Shares pursuant to the exercise of subscription rights attaching to NewRiver Retail Warrants;

- (c) NewRiver Retail's issued share capital increased in June 2014 from 100,054,447 NewRiver Retail Shares to 100,186,548 NewRiver Retail Shares as a result of the issue of 132,101 NewRiver Retail Shares pursuant to the exercise of subscription rights attaching to NewRiver Retail Warrants;
- (d) NewRiver Retail's issued share capital increased in July 2014 from 100,186,548 NewRiver Retail Shares to 100,271,888 NewRiver Retail Shares as a result of the issue of 85,340 NewRiver Retail Shares pursuant to the exercise of subscription rights attaching to NewRiver Retail Warrants;
- (e) NewRiver Retail's issued share capital increased in August 2014 from 100,271,888 NewRiver Retail Shares to 100,289,544 NewRiver Retail Shares as a result of the issue of 17,656 NewRiver Retail Shares pursuant to the exercise of subscription rights attaching to NewRiver Retail Warrants;
- (f) NewRiver Retail's issued share capital increased in September 2014 from 100,289,544 NewRiver Retail Shares to 100,293,222 NewRiver Retail Shares as a result of the issue of 3,678 NewRiver Retail Shares pursuant to the exercise of subscription rights attaching to NewRiver Retail Warrants;
- (g) NewRiver Retail's issued share capital increased in October 2014 from 100,293,222 NewRiver Retail Shares to 100,295,429 NewRiver Retail Shares as a result of the issue of 2,207 NewRiver Retail Shares pursuant to the exercise of subscription rights attaching to NewRiver Retail Warrants;
- (h) NewRiver Retail's issued share capital increased in November 2014 from 100,295,429 NewRiver Retail Shares to 100,301,668 NewRiver Retail Shares as a result of the issue of 6,239 NewRiver Retail Shares pursuant to the exercise of subscription rights attaching to NewRiver Retail Warrants;
- (i) NewRiver Retail's share capital increased in January 2015 from 100,301,668 NewRiver Retail Shares to 127,574,395 NewRiver Retail Shares as a result of a non pre-emptive placing of 27,272,727 NewRiver Retail Shares;
- (j) NewRiver Retail's issued share capital increased in July 2015 from 127,574,395 NewRiver Retail Shares to 180,227,456 NewRiver Retail Shares as a result of the issue of 2,653,061 NewRiver Retail 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 Retail Shares;
- (k) NewRiver Retail's issued share capital increased in September 2015 from 180,227,456 NewRiver Retail Shares to 180,317,925 NewRiver Retail Shares as a result of the issue of 90,469 NewRiver Retail Shares pursuant to the exercise of subscription rights attaching to NewRiver Retail Warrants;
- (l) NewRiver Retail's issued share capital increased in November 2015 from 180,317,925 NewRiver Retail Shares to 187,313,809 NewRiver Retail Shares as a result of the issue of 6,995,884 NewRiver Retail Shares pursuant to the conversion of convertible unsecured loan stock;
- (m) NewRiver Retail's share capital increased in January 2016 from 187,313,809 NewRiver Retail Shares to 233,467,655 NewRiver Retail Shares as a result of a non pre-emptive placing of 46,153,846 NewRiver Retail Shares;
- (n) NewRiver Retail's issued share capital increased in February 2016 from 233,467,655 NewRiver Retail Shares to 233,545,767 NewRiver Retail Shares as a result of the issue of 78,112 NewRiver Retail Shares pursuant to the exercise of subscription rights attaching to NewRiver Retail Warrants;



- (o) NewRiver Retail's issued share capital increased in March 2016 from 233,545,767 NewRiver Retail Shares to 238,545,767 NewRiver Retail Shares as a result of the issue of 5,000,000 NewRiver Retail Shares pursuant to a gift of NewRiver Retail Shares to the Old EBT to be used to satisfy future exercises of share options and awards pursuant to the NewRiver Retail Share Incentive Plans;
- (p) NewRiver Retail's issued share capital increased in June 2016 from 238,545,767 NewRiver Retail Shares to 238,550,894 NewRiver Retail Shares as a result of the issue of 5,127 NewRiver Retail Shares pursuant to the exercise of subscription rights attaching to NewRiver Retail Warrants; and
- (q) NewRiver Retail's issued share capital increased in August 2016 from 238,550,894 NewRiver Retail Shares to 238,588,536 NewRiver Retail Shares as a result of the issue of 37,642 NewRiver Retail Shares pursuant to the exercise of subscription rights attaching to NewRiver Retail Warrants. Further, in August 2016, following the Scheme becoming effective, NewRiver REIT's issued share capital at Original Admission was 238,588,536 Ordinary Shares.
- 3.6 Applications will be made to the UK Listing Authority and to the London Stock Exchange for the New Ordinary 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 New Ordinary Shares will commence at 8.00 a.m. on 6 July 2017.
- 3.7 The Existing Ordinary Shares currently in issue are, and the New Ordinary Shares will be, in registered form and, subject to the New Ordinary Shares being admitted to, and accordingly enabled for settlement in, CREST, the New Ordinary Shares will be capable of being held in uncertificated form. Where New Ordinary Shares are held in certificated form, share certificates will be sent to the relevant registered member holding such shares by first class post.
- 3.8 When admitted to trading, the New Ordinary Shares will be registered with International Security Identification Number ("ISIN") GB00BD7XPJ64. Annex III  
para 4.1
- 3.9 The New Ordinary Shares will be credited as fully paid. On 16 May 2017, NewRiver REIT announced a Special Dividend for the financial year ended 31 March 2017 of 3 pence per Existing Ordinary Share and the First Quarterly Dividend for the financial year ending 31 March 2018 of 5.25 pence per Existing Ordinary Share. The Special Dividend and the First Quarterly Dividend will be paid as a PID on 4 August 2017 to NewRiver REIT Shareholders on the register on 16 June 2017. Ordinary Shares were marked ex-dividend in respect of the Special Dividend and First Quarterly Dividend on 15 June 2017.
- 3.10 The New Ordinary Shares issued in connection with the Firm Placing and the Placing and Open Offer will not carry any entitlement to receive the Special Dividend or the First Quarterly Dividend but the New Ordinary Shares to be issued pursuant to the Capital Raising will rank, from Admission, *pari passu* in all other respects with the Existing Ordinary Shares and will have the right to receive all dividends and distributions declared in respect of issued Ordinary Share capital of the Company after Admission. The next quarterly dividend to be announced will be for the quarter ending 30 September 2017.
- 3.11 As with the Existing Ordinary Shares, the New Ordinary Shares will be traded on the London Stock Exchange and will not be traded on any other regulated or equivalent market.
- 3.12 As with the Existing Ordinary Shares, the New Ordinary 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 Retail or NewRiver REIT during the financial year ended 31 March 2017 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 NewRiver REIT. Annex III  
para 4.10

- 3.13 Other than in connection with the NewRiver Share Incentive Plans or the NewRiver REIT Warrants, no share capital of NewRiver REIT, or any of its subsidiaries is, or after Admission will be, under option or award or agreed conditionally or unconditionally to be put under option or award. Annex I  
para  
21.1.4 – 21.1.6
- 3.14 Other than in connection with the NewRiver Share Incentive Plans and other than in connection with the NewRiver REIT Warrants, NewRiver REIT has not 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 and save in connection with the subscription rights pursuant to the NewRiver REIT Warrants, there are no acquisition rights and/or obligations over unissued share capital of NewRiver REIT or any undertaking to increase the share capital of NewRiver REIT. LR 6.1.22 (1)

#### 4. Articles

The Articles include provisions to the following effect:

##### 4.1 *Objects*

The Articles do not provide for: (i) any objects of NewRiver REIT and accordingly NewRiver REIT's objects are unrestricted; or (ii) any purposes for which NewRiver REIT was established. Annex I  
para 21.2.1

##### 4.2 *Share rights*

Subject to applicable laws, the 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 REIT 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 REIT or the holder, on such terms, conditions and in such manner as the Board may determine.

##### 4.3 *Share class rights*

If NewRiver REIT'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. Annex I  
para 21.2.3  
Annex III  
paras 4.5 and 4.8

##### 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 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 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 REIT'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 uncertificated form in accordance with the CREST Regulations. The Board is required to register a transfer of any uncertificated share in accordance with those regulations. The 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 Board for NewRiver REIT's benefit until claimed. Any dividend unclaimed for 12 years shall revert to NewRiver REIT.

#### 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 REIT's register of members in respect of the joint holding. Annex I  
para 21.2.5
- (b) The Board is required to convene annual general meetings in accordance with the Act. The Board may convene a general meeting which is not an annual general meeting whenever it thinks fit and if otherwise required by the Companies Act. NewRiver REIT is required to give notice of a general meeting to each member (other than a person who, under the Articles or pursuant to any restrictions imposed on any shares, is not entitled to receive such a notice or to whom NewRiver REIT, in accordance with applicable law, has not sent and is not required to send its latest annual accounts and reports), to the Directors and to the auditors. For these purposes, "**members**" are the persons registered in NewRiver REIT's register of members as being holders of shares at any particular time on any particular record date fixed by the 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 REIT'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 REIT. NewRiver REIT 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 REIT*

If NewRiver REIT 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 REIT 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 represent at least 0.25 per cent. of the issued shares of their class (i) NewRiver REIT may withhold payment of any dividend or other distribution or amount payable in respect of them; and (ii) the 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 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 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 REIT may alter its share capital in any way permitted by the Companies 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.

Annex I  
para 21.2.4 and  
21.2.8

#### 4.9 *Return of capital*

On a winding up of NewRiver REIT, NewRiver REIT'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 REIT's assets. The liquidator may set the value he deems fair on any property of NewRiver REIT 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 REIT has a first and paramount lien on every share which is not fully paid for all amounts payable to NewRiver REIT (whether actually or contingently and whether presently or not) in respect of that share. The Board may sell any share on which NewRiver REIT 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 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 REIT 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 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 REIT 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 *Board powers*

- (a) NewRiver REIT's business is to be managed by the Board. The Board may exercise all NewRiver REIT's powers and may do on its behalf anything that can be done by NewRiver REIT or on its behalf which is not required by law or the Articles to be exercised or done by NewRiver REIT in general meeting, subject to applicable laws, the Articles and such directions as may be prescribed by NewRiver REIT by special resolution.
- (b) The Board may delegate to a Director holding executive office any of its powers, authorities and discretions on such terms as it thinks fit. The Board may grant to a Director the power to sub-delegate and may retain or exclude the right of the Board to exercise the delegated powers, authorities or discretions collaterally with the Director.
- (c) The Board may delegate any of its powers, authorities and discretions on such terms as it thinks fit to a committee. The Board may grant to the committee the power to sub-delegate, and may retain or exclude the right of the Board to exercise the delegated powers, authorities or discretions collaterally with the committee.

#### 4.12 *Directors – appointment, retirement and removal*

- (a) At any one time the total number of Directors may not be less than two. This limit may be changed by ordinary resolution of NewRiver REIT. NewRiver REIT may by ordinary resolution appoint as a Director a person who is willing to act as such, either to fill a vacancy

or as an addition to the existing Directors. The Board may appoint as a Director any person who is willing to act as such, either to fill a vacancy or as an addition to the existing Board. Any Director so appointed by the Board is required to retire at the next annual general meeting. He will be eligible to stand for election as a Director at that meeting.

- (b) At each annual general meeting all the Directors will retire from office and be eligible for re-election. At the meeting at which a Director retires the members may pass an ordinary resolution to fill the office being vacated by electing the retiring Director or some other person eligible for appointment to that office.
- (c) NewRiver REIT may remove any Director from office and appoint as a 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 Director may be removed from office by notice in writing served upon him and authenticated by all the other Directors.

#### 4.13 *Directors – fees and remuneration*

- (a) The maximum aggregate amount of fees that NewRiver REIT may pay to all the 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 REIT may by ordinary resolution decide. The Executive Directors, instead of any such fees, may and do receive from NewRiver REIT salary and other remuneration.
- (b) The 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 Directors.
- (c) The 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 REIT and their relatives and dependants.

#### 4.14 *Directors' interests*

- (a) A Director is not required (provided he has disclosed his interest in the matter) to account to NewRiver REIT 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 REIT or in which NewRiver REIT is otherwise interested; (ii) holding any other office or place of profit under NewRiver REIT, except that of auditor, in conjunction with the office of Director and acting by himself or through his firm in a professional capacity for NewRiver REIT (and being entitled to remuneration as the Board may arrange, either in addition to or in lieu of any remuneration provided for by any other 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 REIT or in which NewRiver REIT is otherwise interested or as regards which NewRiver REIT has any powers of appointment.
- (b) A Director may not vote on, or be counted in the quorum in relation to, any resolution of the Board concerning any contract or arrangement or any other proposal to which NewRiver REIT 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 REIT), 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 REIT proposes to maintain or purchase for the benefit of Directors or for the benefit of persons including any Director.
- (c) The Board may, subject to certain restrictions, authorise any situation or matter relating to a particular Director to which section 175 of the Companies Act (on the “duty to avoid conflicts of interest”) applies (each a “**Conflict Matter**”). The Directors may in their absolute discretion impose such terms or conditions on the grant of the authorisation as they think fit, provided that in doing so, the Directors act in good faith and in such a way that will promote the success of the Company.

#### 4.15 *Directors’ indemnity and insurance*

Subject to the Act and applicable law, NewRiver REIT may:

- (a) indemnify any 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 Board may decide; and
- (b) purchase and maintain for any 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 Board may exercise all the company’s powers to borrow money and to mortgage or charge all or part of NewRiver REIT’s undertaking, property and assets (present or future) and uncalled capital of NewRiver REIT 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 REIT or of a third Party.
- (b) The Board must restrict NewRiver REIT’s borrowings and exercise all voting and other rights or powers of control exercisable by NewRiver REIT 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 Articles, NewRiver REIT may sell any shares registered in the name of a member remaining untraced for 12 years who fails to communicate with NewRiver REIT following advertisement of an intention to make such a disposal. Until NewRiver REIT can account to the member, the net proceeds of sale will be available for use in the business of NewRiver REIT or for investment, in either case at the discretion of the Board. The proceeds will not carry interest.

#### 4.18 *Real Estate Investment Trust*

The Articles:

- (a) provide directors with powers to identify NewRiver REIT's Excessive Shareholders (including giving notice to a NewRiver REIT Shareholder requiring him to provide such information as the 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 Ordinary Shares that form part of an Excessive Shareholding, unless certain conditions are met;
- (c) allow dividends to be paid on Ordinary Shares that form part of an Excessive Shareholding where the NewRiver REIT Shareholder has disposed of its rights to dividends on its Ordinary Shares;
- (d) seek to ensure that if a dividend is paid on Ordinary 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 REIT 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 REIT Shareholder who has provided materially inaccurate or misleading information in relation to the Excessive Shareholder provisions of the 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 REIT Shareholder is no longer an Excessive Shareholder.

The above is a summary only of certain provisions of the Articles, the full provisions of which are available for inspection as described in paragraph 24 of this Part 9 of this document.

## 5. **Directors and Senior Management**

5.1 The Directors and Senior Managers of NewRiver REIT and their functions are as follows:

<i>Name</i>	<i>Position</i>
<b><i>Directors</i></b>	
Paul Roy	Non-executive Chairman
David Lockhart	Chief Executive Officer
Allan Lockhart	Property Director
Mark Davies	Chief Financial Officer
Kay Chaldecott	Non-executive Director
Alastair Miller	Non-executive Director
<b><i>Senior Managers</i></b>	
Nick Sewell	Executive Committee Member

Annex I  
para 14.1  
LR 6.1.26

The business address of each of the Directors and Senior Managers of NewRiver REIT is 37 Maddox Street, London W1S 2PP.

- 5.2 As at the Latest Practicable Date, the interests (all of which are beneficial) of the Directors, their immediate families and (so far as is known to them or could with reasonable diligence be ascertained by them) persons connected (within the meaning of section 252 of the Companies Act) with the Directors in the issued share capital of the Company, including those arising pursuant to transactions notified to NewRiver REIT pursuant to Article 19 of the Market Abuse Regulation by the Directors, Senior Managers or persons closely associated with them (within the meaning of the Market Abuse Regulation), together with such interests as are expected to subsist immediately following Admission are set out in the following table:

Annex I  
para 17.2  
LR 13.6.1  
(2)(b)

	<i>As at the Latest Practicable Date</i>		<i>Interests immediately following completion of the Capital Raising<sup>(1)(2)(3)</sup></i>	
	<i>Number of Ordinary Shares</i>	<i>Percentage of issued share capital of NewRiver REIT</i>	<i>Number of Ordinary Shares</i>	<i>Percentage of issued share capital of NewRiver REIT</i>
<b>Directors</b>				
Paul Roy	240,000	0.10	240,000	0.08
David Lockhart	1,554,600	0.65	1,564,000	0.51
Allan Lockhart	277,944	0.12	277,944	0.09
Mark Davies	124,838	0.05	139,727	0.05
Kay Chaldecott	3,774	0.00	3,774	0.00
Alastair Miller	30,000	0.01	35,956	0.01
<b>Senior Manager</b>				
Nick Sewell	149,932	0.06	149,932	0.05

**Notes:**

- (1) Figures are calculated assuming that 67,164,179 New Ordinary Shares are issued in connection with the Capital Raising and that no further issues of Ordinary Shares occur between publication of this document and Admission.
- (2) Figures are calculated on the basis that, save as described in note (3) below, each Director and Senior Manager subscribes for their Open Offer Entitlements in full.
- (3) Figures are calculated on the basis that, save as described below, no Director subscribed for New Ordinary Shares in the Capital Raising. David Lockhart, Mark Davies and Alastair Miller intend to participate in the Capital Raising and have, in aggregate, subscribed for 30,845 New Ordinary Shares pursuant to the Capital Raising.

- 5.3 Details of options and awards over Ordinary 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 are as follows:

***NewRiver Retail Limited Deferred Bonus Plan 2015***

Annex I  
paras 17.2  
and 21.1.6

	<i>Date of grant of option</i>	<i>Number of Ordinary Shares under option</i>	<i>Normal vesting date for option</i>
David Lockhart	31 July 2015	44,355	12 May 2017
	31 March 2016	164,567	31 March 2018
	14 June 2016	60,590	14 June 2018
Allan Lockhart	31 July 2015	54,337	12 May 2017
	31 March 2016	140,073	31 March 2018
	14 June 2016	53,016	14 June 2018
Mark Davies	31 July 2015	44,355	12 May 2017
	31 March 2016	88,338	31 March 2018
	14 June 2016	45,443	14 June 2018



	<i>Date of grant of option</i>	<i>Number of Ordinary Shares under option</i>	<i>Normal vesting date for option</i>
Nick Sewell	31 July 2015	23,286	12 May 2017
	31 March 2016	116,771	31 March 2018

***NewRiver REIT plc Performance Share Plan 2016***

	<i>Date of grant of option</i>	<i>Number of Ordinary Shares under option</i>	<i>Normal vesting date for option</i>
Mark Davies	16 January 2017	123,457	15 January 2022

***NewRiver Retail Limited Performance Share Plan 2009***

	<i>Date of grant of option</i>	<i>Number of Ordinary Shares under option</i>	<i>Normal vesting date for option</i>
David Lockhart	14 January 2013	71,937	14 January 2016
	1 July 2014	155,928	1 July 2017
	28 September 2015	130,387	28 September 2018
	28 September 2015	130,387	28 September 2019
Allan Lockhart	6 July 2016	151,653	6 July 2019
	14 January 2013	71,937	14 January 2016
	1 July 2014	136,883	1 July 2017
	28 September 2015	114,088	28 September 2018
Mark Davies	28 September 2015	114,088	28 September 2019
	6 July 2016	142,737	6 July 2019
	1 July 2014	116,649	1 July 2017
	28 September 2015	97,790	28 September 2018
Nick Sewell	28 September 2015	97,790	28 September 2019
	6 July 2016	124,896	6 July 2019
	1 July 2014	103,553	1 July 2017
	28 September 2015	86,381	28 September 2018
	28 September 2015	86,381	28 September 2019
	6 July 2016	100,988	6 July 2019

***NewRiver Retail Limited Unapproved Share Option Plan 2009***

	<i>Exercise period begins</i>	<i>Number of Ordinary Shares under option</i>	<i>Exercise period ends</i>
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
Nick Sewell	1 September 2012	102,647	30 August 2022
	15 December 2012	15,000	14 December 2024
	26 September 2014	328,000	25 September 2024

- 5.4 During the 12 months prior to the date of this document, the following interests in NewRiver Retail Shares and/or Ordinary Shares have been acquired or disposed of by the Directors or Senior Management:

<i>Name</i>	<i>Date</i>	<i>Number of NewRiver Retail/ Ordinary Shares acquired/ disposed of</i>	<i>Purchase/ disposal price per NewRiver Retail/ Ordinary Share (pence)</i>	<i>Nature of Transaction</i>
David Lockhart	5 July 2016	25,000	287.50	Acquisition
	6 July 2016	23,000	273.00	Acquisition
	7 July 2016	5,000	279.63	Acquisition
	18 August 2016	4,600	329.42	Acquisition
Mark Davies	18 August 2016	5,000	329.42	Acquisition
	21 December 2016	38,393	271.50	Exercise of USOP options
	21 December 2016	15,000	243.50	Exercise of USOP options
	21 December 2016	286,000	235.00	Exercise of USOP options

**Senior Management**

Nick Sewell	8 March 2017	56,192	–	Exercise of PSP awards
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- 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:

<i>Director/Senior Manager</i>	<i>Current directorships/ partnerships</i>	<i>Former directorships/ partnerships</i>
<b>Directors</b>		
Paul Roy	NS Asset Management LLP NSCP LLP NSCGP 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 NS GP Limited
David Lockhart	–	Tillmouth & Tweed Salmon Fishings LLP
Allan Lockhart	–	–
Mark Davies	–	Farriers Place Residents Limited
Kay Chaldecott	St. Modwen Properties plc Nathaniel Lichfield & Partners	–



- (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 REIT on 15 August 2016 (the "**Service Agreements**") in order that their arrangements reflected the revised structure of the Group following the Scheme becoming effective and Original Admission. The Service Agreements became effective on Original Admission.

Annex I  
paras 16.1 and 16.2

LR 13.6.1 (2)(a)

6.2 In January 2017, the Executive Directors' salaries were amended pursuant to the annual salary review. Particulars of each of the Service Agreements (reflecting the January 2017 salary review) are set out below:

<i>Director</i>	<i>Date of Service Agreement</i>	<i>Base salary (£) and bonus</i>	<i>Benefits in kind</i>
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 per cent 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	£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 per cent. of base salary or cash supplement, death in service benefit (5 x base salary), private medical insurance (family).
Mark Davies	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 per cent. 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 REIT 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.

6.3 NewRiver REIT 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 REIT 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.

- 6.4 If an Executive Director resigns in response to a repudiatory breach by NewRiver REIT of his service agreement (including where he has been removed as a director or fails to be re-elected as a director of NewRiver REIT), NewRiver REIT 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.
- 6.5 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.
- 6.6 If NewRiver REIT terminates an Executive Director's employment (or he resigns in response to a repudiatory breach by NewRiver REIT 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 REIT 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 REIT 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.
- 6.7 If the employment of an Executive Director terminates other than on account of resignation or for cause:
- 6.7.1 he will be entitled to retain any awards granted under the NewRiver Retail Limited 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
- 6.7.2 he shall retain any unvested awards under the NewRiver Retail Limited Deferred Bonus Plan 2015 and the NewRiver REIT plc Deferred Bonus Plan 2016 (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.
- 6.8 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 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 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).
- 6.9 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.
- 6.10 NewRiver REIT 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.
- 6.11 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.

6.12 The Non-executive Directors also entered into new letters of appointment with NewRiver REIT 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). Annex I  
para 16.1 and 16.2

6.13 As with the Service Agreements, the Letters of Appointment became effective upon Original Admission.

6.14 Particulars of the Letters of Appointment are set out below:

<i>Director</i>	<i>Date of Letter of Appointment</i>	<i>Notice period from either party</i>	<i>Annual fee (£)</i>
Paul Roy	15 August 2016	Three months	£100,000
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 £5,000 for being the Chairman of the Audit Committee

6.15 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 REIT. 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.

6.16 During the financial year ended 31 March 2017, the amounts of remuneration paid (including any contingent or deferred compensation) and benefits in kind granted by the Group to each Director and Senior Manager for services to the Group were as follows: Annex I  
para 15.1

<i>Director/Senior Manager</i>	<i>Salary/fee total (£)</i>	<i>Value of bonus</i>		<i>Benefits in kind (£)</i>	<i>Pension contribution (£)</i>
		<i>Cash bonus (£)</i>	<i>in deferred shares</i>		
<b>Directors</b>					
Paul Roy	100,000	–	–	–	–
David Lockhart	431,250	301,875	129,375	–	64,688
Allan Lockhart	406,250	284,375	121,875	2,342	60,938
Mark Davies	362,500	253,750	108,750	1,760	54,375
Chris Taylor <sup>1</sup>	60,000	–	–	–	–
Kay Chaldecott	55,000	–	–	–	–
Alastair Miller	50,000	–	–	–	–
<b>Senior Management</b>					
Nick Sewell	275,000	144,375	61,875	3,511	33,120

(1) Resigned as a Non-Executive Director on 9 April 2017.

6.17 During the financial year ended 31 March 2017, the total amount set aside by the Group to provide pension, retirement or similar benefits to the Directors and the Senior Managers was £220,734. Annex I  
para 15.2

## 7. Major shareholders

- 7.1 As at the Latest Practicable Date, NewRiver REIT 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 REIT's issued ordinary share capital or voting rights, and the amount of such person's holding in respect of Ordinary Shares following Admission is expected to be as follows:

Shareholder	As at the Latest Practicable Date			Interests immediately following completion of the Capital Raising <sup>(1)(2)(3)</sup>		
	Number of Ordinary Shares	Percentage of Ordinary Shares (%)	Percentage of total voting rights (%)	Number of Ordinary Shares	Percentage of Ordinary Shares (%)	Percentage of total voting rights (%)
Woodford Investment Management Limited	63,797,787	26.73%	27.27%	74,969,309	24.52%	24.90%
Invesco Limited	35,050,682	14.69%	14.98%	55,603,037	18.19%	18.46%
BlackRock Inc.	16,289,048	6.83%	6.96%	16,289,048	5.33%	5.41%
Standard Life Investments	7,643,831	3.20%	3.27%	7,643,831	2.50%	2.54%
AXA Framlington	7,131,840	2.99%	3.05%	7,131,840	2.33%	2.37%

### Notes:

- (1) Figures are calculated assuming that 67,164,179 New Ordinary Shares are issued in connection with the Capital Raising and that no further issues of Ordinary Shares occur between publication of this document and Admission.
- (2) Figures are calculated assuming that, with the exception of Woodford Investment Management Limited and Invesco Limited, who will each participate in the Firm Placing (in the case of Woodford) and the Firm Placing and the Placing (in the case of Invesco), all other significant shareholders do not participate in the Firm Placing, the Placing or take up their Open Offer Entitlements.
- (3) Figures are calculated on the basis that no significant shareholder will apply for Excess Shares pursuant to the Excess Application Facility.
- 7.2 None of the NewRiver REIT Shareholders referred to above has different voting rights from any other holder of Ordinary Shares in respect of any Ordinary 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 REIT.
- 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 REIT.
- 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 REIT.

## 8. NewRiver Share Incentive Plans

The principal provisions of the NewRiver Share Incentive Plans are as follows (save as otherwise disclosed in this document):

### 8.1 Provisions applicable to all the NewRiver Share Incentive Plans

The following provisions apply to each of the NewRiver Share Incentive Plans:

#### Grant

- The NewRiver Share Incentive Plans are administered by the Remuneration Committee.
- Options/awards may be granted under the NewRiver 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 Share Incentive Plan if, as a result, the number of Ordinary 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 Retail prior to Original Admission) 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 Ordinary Shares issued or then capable of being issued pursuant to any options or awards granted on or prior to the date of admission of NewRiver Retail to AIM under any employees' share scheme adopted by NewRiver Retail, shall not count towards the limit set out above;
  - any Ordinary Shares issued or then capable of being issued pursuant to the options/awards in respect of 193,438 NewRiver Retail Shares granted during the period of 18 months following the date of admission of NewRiver Retail to AIM shall not count towards the limit set out above;
  - Ordinary Shares or NewRiver Retail 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 the Company or NewRiver Retail Shares for the purposes of the plan or any other employees' share scheme operated by 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
  - Ordinary Shares or NewRiver Retail 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 Ordinary Shares, exercise of the relevant option or award may be satisfied by either the issue of Ordinary Shares, the transfer of Ordinary Shares held by an existing NewRiver REIT Shareholder who has agreed to satisfy the exercise of the option or award or by the transfer of Ordinary Shares held in treasury.
- No option or award granted under the NewRiver 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 Ordinary Shares subject to such option/award.
- Ordinary Shares allotted pursuant to the exercise of an award or option will rank *pari passu* in all respects with the Ordinary Shares already in issue.
- Ordinary Shares transferred on the exercise of an award or option shall be transferred without the benefit of any rights attaching to the Ordinary Shares by reference to a record date preceding the date of that exercise.



- For so long as the Ordinary Shares are listed on the Official List, the Company will use its best endeavours to procure that the Ordinary Shares issued following exercise of an award or option granted under each of the NewRiver Share Incentive Plans are admitted to the Official List as soon as practicable after allotment.

#### *Additional Terms*

- Options or awards granted under the NewRiver 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 Share Incentive Plans are not pensionable.
- Each NewRiver 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 Ordinary 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 Share Incentive Plan (other than the NewRiver Retail Limited Deferred Bonus Plan 2015) which relate to:
  - the persons to whom Ordinary Shares are provided under the plan;
  - the limits on the number of Ordinary 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 Ordinary 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 and NewRiver Retail Limited Deferred Bonus Plan 2015 (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 Ordinary Shares. DBP Awards take the form of options to acquire Ordinary Shares for nil consideration, either by way of subscription from the Company or by way of transfer from the EBT.

The DBP is operated in conjunction with the EBT.

No further awards will be granted under the NewRiver Retail Limited Deferred Bonus Plan 2015.

#### *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 Ordinary 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 an Ordinary 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 Ordinary Shares, the number of Ordinary 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 Ordinary Shares under such DBP Award on another basis. The number of Ordinary Shares to be added to a DBP Award (“**Dividend Equivalent Shares**”) shall equate to such number of Ordinary 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 Ordinary Share multiplied by the number of Ordinary Shares under the DBP Award.

To the extent that a DBP Award does not vest and become exercisable in relation to any Ordinary 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 9. 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 granted prior to Original Admission may only be exercised in the twelve month period immediately following a date (the “**Vesting Date**”) specified at the time of grant (unless a different period is determined by the Remuneration Committee at grant), provided that the DBP Award holder is still an employee within the Group.

A DBP Award granted after Original Admission may be exercised in the period immediately following 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.

No DBP Award is capable of exercise more than ten years after its date of grant and each DBP Award will lapse on the tenth anniversary of its date of grant.

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 (in the case of a DBP Award granted after Original Admission) 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 granted after Original Admission 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 Ordinary 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.

Where a DBP Award granted prior to Original Admission is exercised before the occurrence of the Vesting Date as a consequence of the DBP Award holder ceasing to remain an employee within the Group, the maximum number of Ordinary Shares over which the DBP Award is capable of exercise may, in 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 DBP Award, as a proportion of the period from the date of grant to the Vesting Date of such DBP Award.

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 Ordinary 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 Ordinary Shares which are subject to subsisting DBP Awards held by the DBP Award holder; and/or (ii) reduce the number of Ordinary 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 Ordinary Shares have been transferred to the DBP Award holder.

### 8.3 *The NewRiver REIT plc Performance Share Plan 2016 and the NewRiver Retail Limited Performance Share Plan 2009 (the “PSP”)*

#### *Status of the PSP*

Awards granted under the PSP (“**PSP Awards**”) take the form of options to acquire Ordinary Shares for nil consideration, either by way of subscription from the Company or by way of transfer from the EBT.

It is intended that the PSP will be operated in conjunction with the EBT.

No further awards will be granted under the NewRiver Retail Limited Performance Share Plan 2009.

#### *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 9 and the individual limit described below, to determine the number of Ordinary 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 Ordinary 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.

The Remuneration Committee may also determine that a PSP Award granted after 1 January 2017 will be subject to a holding period, after the Vesting Date (the “**Holding Period**”).

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 Ordinary Shares, the number of Ordinary Shares under each PSP Award then subsisting (and in respect of which the Vesting Date has not passed or, where a Holding Period has been imposed, such Holding Period has not yet expired) shall be increased to reflect the value of the dividend, unless the Remuneration Committee determines to increase the number of Ordinary Shares under such PSP Award, on another basis. The number of Ordinary Shares to be added to a PSP Award (the “**Dividend Equivalent Shares**”) shall equate to such number of Ordinary 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 Ordinary Share multiplied by the number of Ordinary Shares under the PSP Award.

To the extent that a PSP Award does not vest and become exercisable in relation to any Ordinary 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 9. 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 granted after Original Admission 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 Holding Period has been imposed, a PSP Award may not be exercised until the end of the Holding Period.

A PSP Award granted prior to Original Admission may only be exercised in the twelve month period immediately following the occurrence of the Vesting Date to the extent that the performance target has been satisfied and the PSP Award holder is still an employee within the Group.

No PSP Award is capable of exercise more than ten years after its date of grant and each PSP Award will lapse on the tenth anniversary of its date of grant.

If a PSP Award holder ceases to be an employee of the Group before the Vesting Date or end of the Holding Period (if applicable) 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, retirement (in relation to PSP Awards granted prior to 1 June 2015 only), 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 or end of the Holding Period (if applicable) 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. These provisions do not apply to PSP Awards made to David Lockhart or Allan Lockhart prior to 1 June 2015.

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. These provisions do not apply to PSP Awards made to David Lockhart or Allan Lockhart prior to 1 June 2015.

The PSP Awards granted to David Lockhart or Allan Lockhart prior to 1 June 2015 are subject to different terms on cessation of employment. These PSP Awards may be exercised during the twelve month period following the date of cessation of employment if the holder ceases to be an employee of the Group by reason of: (a) being a Good Leaver as defined above; or (b) at the discretion of the Remuneration Committee (including consideration by the Remuneration Committee as to the aggregate funds which have been invested into real estate assets by NewRiver at the time such discretion is exercised), in any other circumstances.

Exercise of PSP Awards is also possible earlier than the Vesting Date or end of the Holding Period (if applicable) 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 granted after Original Admission 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 Ordinary 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.

Other than in respect of any PSP Awards made to David Lockhart or Allan Lockhart prior to 1 June 2015, where a PSP Award granted prior to Original Admission is exercised before the occurrence of the Vesting Date as a consequence of the PSP Award holder ceasing to remain an employee within the Group, the maximum number of Ordinary Shares over which any PSP Award 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 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 to apply pro-rating on a different basis. When exercising its discretion in connection with PSP Awards and cessation of employment and pro-rating as set out in this paragraph, the Remuneration Committee shall have regard to the aggregate funds which have been invested into real estate assets by the Company at the time such discretion is exercised.

Where a PSP Award granted prior to Original Admission is exercised before the occurrence of the Vesting Date as a result of a corporate event (as described above), the maximum number of Ordinary 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 (or, if relevant, the end of the Holding Period) of a PSP Award, the Remuneration Committee may operate clawback if: (a) a PSP 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 Ordinary 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 Ordinary 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 Ordinary Shares which are subject to subsisting PSP Awards held by the PSP Award holder; and/or (ii) reduce the number of Ordinary 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 Ordinary 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**”). It is the Company’s current intention not to make any further awards under the CSOP.

### *Eligibility*

All employees and full time Executive Directors of the Company and any of its subsidiaries may be granted options over Ordinary 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 9 and the individual limit described below, in determining the number of Ordinary 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 Ordinary 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 Ordinary 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 an Ordinary Share as at the date of grant.

The exercise price (as well as the number of Ordinary 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 Ordinary 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 and the NewRiver Retail Limited Unapproved Share Option Plan 2009 (the “Unapproved Plan”)*

#### *Eligibility*

All employees (including Executive Directors) of the Company and any of its subsidiaries may be granted options over Ordinary Shares under the Unapproved Plan. It is the Company’s current intention not to make any further awards 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 9, in determining the number of Ordinary Shares subject to each option.

No consideration is payable for the grant of an option.

*Exercise Price*

The exercise price per Ordinary 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 an Ordinary Share as at the date of grant.

*Performance Targets*

Options granted under the Unapproved Plan after 4 May 2010 will not be subject to any performance targets.

Options granted prior to 4 May 2010 under the Unapproved Plan could be granted subject to conditions on exercise based upon the achievement of an objective performance target set at the time of grant and measured over a performance period (determined by the Remuneration Committee at the time of grant but which shall not be less than three years) (“**Performance Period**”).

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 an option, may be measured over a period that is shorter than the Performance Period in circumstances where an employee ceases to be a Group employee before the end of the relevant Performance Period or certain corporate events occur (such as a change of control of NewRiver) before the end of the relevant Performance Period. In these circumstances, such performance target shall be modified in such manner as the Remuneration Committee thinks fair and reasonable so as to be applied over such shortened period.

*Exercise of options*

Normally, an option may only be exercised following a date (the “**Vesting Date**”) specified at the time of grant which occurs after the expiry of any relevant Performance Period, subject to the satisfaction of any applicable performance target. The Vesting Date 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, retirement (in respect of options granted prior to Original Admission only), 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. These provisions do not apply to options granted to David Lockhart or Allan Lockhart prior to Original Admission.

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. These provisions do not apply to options granted to David Lockhart or Allan Lockhart prior to Original Admission.

The options granted to David Lockhart and Allan Lockhart prior to Original Admission may be exercised during the twelve months following the date of cessation of employment if such option holder ceases to be an employee of the Group by reason of: (a) being a Good leaver as defined above; or (b) any other circumstance stipulated by the Remuneration Committee as at the date of grant of such options; or (c) at the discretion of the Remuneration Committee (including consideration by the Remuneration Committee as to the aggregate funds which have been invested into real estate assets by NewRiver at the time such discretion is exercised), in any other circumstances.

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.

In all of these circumstances allowing for early exercise of an option prior to the Vesting Date, the option may not be exercised unless (subject to any modification of the performance target in accordance with the rules of the Unapproved Plan) the performance target, if any, to which it is subject has been satisfied.

Other than in respect of options granted to David Lockhart or Allan Lockhart granted prior to Original Admission, which will always be capable of exercise in full in the event of cessation of their employment, 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 Ordinary 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.

When exercising its discretion in connection with options and cessation of employment as set out above, the Remuneration Committee shall have regard to the aggregate funds which have been invested into real estate assets by the Company at the time such discretion is exercised.

#### *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 Ordinary 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 Ordinary 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 Ordinary Shares which are subject to subsisting options held by the option holder; and/or (ii) reduce the number of Ordinary 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 Ordinary Shares have been transferred to the option holder.

#### 8.6 *The NewRiver REIT plc Employee Benefit Trust (the “EBT”)*

The EBT was settled by NewRiver REIT pursuant to a trust deed entered into between NewRiver REIT and Computershare Trustees (Jersey) Limited (the “Trustee”). NewRiver REIT has the power to remove the Trustee and appoint a new trustee.

The EBT is a discretionary settlement set up for the benefit of directors, employees and former employees (and their immediate dependants) of NewRiver REIT and its subsidiaries.

The Trustee may either purchase existing Ordinary Shares in the market or subscribe for new Ordinary Shares.

The maximum number of Ordinary Shares which may be held by the Trustee at any time may not exceed five per cent. of NewRiver REIT’s issued share capital at that time. It is intended that the Trustee will not, at any time, hold more Ordinary Shares than are required in order to satisfy awards and/or options granted under the NewRiver Share Incentive Plans, from time to time.

### 9. Property

The material tangible fixed assets of the Group as at 31 March 2017 are as set out in the historical financial information of NewRiver for the financial year ended 31 March 2017, as incorporated by reference in Part 7 of this document.

Annex I  
paras 8.1 and 8.2

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:

Annex I para 22

Annex III para 3.3

#### 10.1 *Sponsor agreement*

Pursuant to the sponsor agreement dated 15 August 2016 between the Company, NewRiver and Liberum (the “**Sponsor Agreement**”), Liberum agreed to act as sponsor to NewRiver REIT under the Listing Rules in connection with the application for admission of the entire issued and to be issued ordinary share capital of NewRiver REIT (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 Retail in favour of Liberum in relation to, amongst other things, the accuracy of information in NewRiver REIT’s prospectus dated 16 August 2016 and other matters relating to the Group and its subsidiaries and customary indemnities from the Company and NewRiver Retail in favour of Liberum. The Sponsor Agreement is governed by English law.

LR 13.6.1 (1)(e)

#### 10.2 *Placing and Open Offer Agreement*

On 15 June 2017, the Company, Liberum and Peel Hunt entered into the Placing and Open Offer Agreement. Pursuant to the Placing and Open Offer Agreement:

- (A) the Company appointed Liberum to act as its sponsor under the Listing Rules in connection with Admission;
- (B) the Company appointed Liberum and Peel Hunt as joint bookrunners in connection with Admission and the Capital Raising;

- (C) subject to certain conditions that are typical for an agreement of this nature, the Company agreed to issue the New Ordinary Shares pursuant to the Capital Raising at the Offer Price;
- (D) each of Liberum and Peel Hunt severally agreed, subject to certain conditions, to use their respective reasonable endeavours to procure Placees for the Firm Placing Shares and the Placing Shares and, with effect from the release of the announcement in respect of the results of the Firm Placing and the Placing, to the extent that any Placee procured by it fails to subscribe for any Firm Placing Shares and/or the Placing Shares in respect of which it has agreed to subscribe, as principal, for any such Firm Placing Shares and/or Placing Shares;
- (E) in connection with their services in connection with the Capital Raising, the Company has agreed to pay Liberum and Peel Hunt a commission, to be allocated between them in such proportions as the Company, at its absolute discretion, may determine, equal to 2.5 per cent. of the gross proceeds raised pursuant to the Capital Raising (less costs, charges and expenses associated with the Capital Raising) in the event that £150 million of gross proceeds are raised, decreasing to 2.25 per cent. of the gross proceeds raised pursuant to the Capital Raising (less costs, charges and expenses associated with the Capital Raising) in the event that £225 million of gross proceeds are raised;
- (F) the obligations of each of Liberum and Peel Hunt to use their respective reasonable endeavours to procure subscribers or purchasers for the Firm Placing Shares and the Placing Shares on the terms of the Placing and Open Offer Agreement were subject to certain customary conditions. These conditions included the absence of any breach of warranty under the Placing and Open Offer Agreement and Admission occurring on or before 8.00 a.m. on 6 July 2017 (or such later time and/or date as Liberum, Peel Hunt and the Company may agree, being no later than 31 July 2017). In addition, each of Liberum and Peel Hunt have the right to terminate the Placing and Open Offer Agreement, exercisable in certain customary circumstances, prior to Admission;
- (G) the Company has given certain warranties and undertakings to each of Liberum and Peel Hunt. The liability of the Company is unlimited as to amount and time;
- (H) the Company has given certain indemnities to each of Liberum and Peel Hunt and their respective affiliates;
- (I) the parties to the Placing and Open Offer Agreement have given certain warranties and undertakings regarding compliance with certain laws and regulations affecting the making of the Capital Raising in relevant jurisdictions; and
- (J) the Company has also undertaken to each of Liberum and Peel Hunt, amongst other things, that, subject to certain exceptions, during the period commencing on the date of the Placing and Open Offer Agreement and ending on the date 12 months from the Placing and Open Offer Agreement, it would not, without the prior written consent of Liberum and Peel Hunt (such consent not to be unreasonably withheld or delayed), allot or issue, or enter into any agreement or arrangement which would give rise to an obligation (or increased obligation) to allot or issue, any shares in the capital of the Company, subject to customary exceptions.

Annex III paras  
5.4.3 and 5.4.4

### 10.3 *MSREI Joint Venture arrangements*

#### *MSREI Joint Venture Agreement*

On 28 February 2010, NewRiver Retail 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 Retail 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 Retail 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 NewRiver Capital Limited pursuant to the NewRiver Retail Investments AMA (see below) 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 Retail 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. On 15 December 2016, NRSPV and UKRI made a capital contribution to NewRiver Retail Investments of, in aggregate, £1.5 million.

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 Retail 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 arrears.

In addition, NewRiver Capital is entitled to certain accounting and reporting fees which are, again, payable quarterly in arrears.

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 – £8.0m*

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 firstly amended pursuant to an amendment and restatement agreement on 10 November 2014 and secondly amended pursuant to an amendment and restatement agreement on 24 February 2017. The facility has a termination date of 28 February 2019. 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 2.2 per cent. per annum.

The total commitment of the Bank under the Santander 2010 Facility is £8,000,000 and as at the Latest Practicable Date, £8,000,000 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 April 2017, the Borrower was in compliance with the above covenants and restrictions.

The Santander 2010 Facility is governed by English law.

#### 10.4 ***BRAVO Joint Venture arrangements***

A separate suite of documentation governs each of the joint ventures between NewRiver Retail 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 Retail, 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 Retail 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 Retail 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 Retail 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 Retail (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 Retail investor has given certain restrictive covenants which apply to each member of the Group, their directors or officers and anyone carrying on any business in succession to NewRiver Retail or any member of the 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 Retail 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 Retail 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 Retail 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 Retail 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 Retail 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 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 Retail 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 (which changed its name to NewRiver REIT (UK) Limited on 31 August 2016), 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 (which changed its name to NewRiver REIT (UK) Limited on 31 August 2016), 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 (which changed its name to NewRiver REIT (UK) Limited on 31 August 2016), 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 (which changed its name to NewRiver REIT (UK) Limited on 31 August 2016), 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 REIT (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 Retail 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 Retail 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.

*BRAVO Joint Venture term loan facility agreements*

The following term loan facilities have been entered into in relation to the BRAVO Joint Ventures.

Barclays Term Facility – £27m

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 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 REIT (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 April 2017, the Borrower was in compliance with the above covenants and restrictions.

The Barclays £27m Facility is governed by English law.

#### HSBC 2014 Term Facility – £94m

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 assignment of rent, a legal mortgage and security interest agreements. The margin payable on the HSBC 2014 Facility is 1.75 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 at the Latest Practicable Date, £94,000,000 had been drawn down. The Borrower shall repay the HSBC 2014 Facility in full on its termination date.

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 REIT (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 April 2017, the Borrowers were in compliance with the above covenants and restrictions.

The HSBC 2014 Facility is governed by English law.

#### *Heads of Terms relating to Proposed Acquisition of the BRAVO Joint Ventures*

On 6 June 2017, the Group entered into Heads of Terms to acquire the 50 per cent. it does not already own of the BRAVO Joint Ventures referred to above for aggregate net cash consideration of approximately £60 million. The principal terms of the Heads of Terms are as follows:

- the Company will receive limited warranties in any binding sale and purchase agreement entered into to effect the Acquisition (the “SPA”) as it is an existing unitholder in the BRAVO Joint Ventures and NewRiver REIT (UK) Limited is the asset manager operating the properties owned by the BRAVO Joint Ventures; and
- the Acquisition will be conditional on:
  - the obtaining of funding, which the Company intends to satisfy by using £60 million of the net proceeds received from the Capital Raising; and
  - the other conditions to the SPA, being the obtaining of consent of the BRAVO Joint Ventures’ secured lenders to the Acquisition, to the extent required, and the agreement in principle of the amount of a final distribution from the BRAVO Joint Ventures to the unitholders to be paid upon completion of the Acquisition (subject to adjustment following completion),

in each case, being satisfied by no later than 27 July 2017.

Whilst it is the Board’s current intention to proceed with the Acquisition, there can be no assurance that it will be completed on the terms set out in these Heads of Terms, or at all.

Consistent with previous BRAVO I and BRAVO II joint venture acquisitions, were the Acquisition to complete, the Group would receive a promote payment in recognition of the good historical performance of the BRAVO Joint Ventures.

#### **10.5 Group term loans and revolving credit facilities**

The Group is currently undertaking a process to investigate refinancing its debt to achieve further cost efficiencies and has engaged an adviser to assist in this regard. This process is at an early stage and, whilst there can be no guarantee that a refinancing will be achieved, this represents a potentially significant opportunity for the Group.

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, assignment 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 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 April 2017, 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 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 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 April 2017, the Borrowers were in compliance with the above covenants and restrictions.

The Barclays £53m 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, £30,173,837 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 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 15 April 2017, 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 2019 (having been extended by 12 months from 27 March 2018 by the Borrowers exercising an option to extend the facility pursuant to an extension notice served on the Banks by the

Borrowers on 25 May 2017). The Santander March 2015 Facility is secured by debentures, standard securities, assignment 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 REIT (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 April 2017, 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, assignment 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, £30,000,000 had 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 calendar year and not more than three times 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 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 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 any person or group of persons acting in concert gain direct or indirect control of NewRiver Retail, 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 April 2017, 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 assignment 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, £61,234,169 had been drawn under the Lloyds Facility. The £28,067,048 of undrawn facilities (facility B and facility 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 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 16 April 2017, 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, £68,459,934 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 three 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 five 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 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 Bank has confirmed in writing its willingness to extend the DekaBank Facility by at least 12 months. As at the date of this document, this option has not been taken up. 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 April 2017, the Borrowers were in compliance with the above covenants and restrictions.

The DekaBank Facility is governed by English law.

## 10.6 *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 Marston'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 Marston'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.

## 10.7 *Management Agreement with LT Management Services Limited relating to the Marston's Portfolio*

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 Marston's Portfolio where the management

agreement with Marston's is terminated on specific public houses (as defined in paragraph 10.6 above) 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 arrears 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 Marston's 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.

#### 10.8 *Management Agreement with LT Management Services Limited relating to the Punch Portfolio*

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 arrears 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.

#### 10.9 *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.

#### 10.10 *Property Management Service Agreements with Workman LLP*

NewRiver REIT (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 per cent. 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.

#### 10.11 *NewRiver REIT Warrant Instrument*

##### (A) *Introduction*

NewRiver Warrantholders who elected to exchange their NewRiver Warrants for NewRiver REIT Warrants in connection with the Scheme and Original Admission received equivalent NewRiver REIT Warrants to subscribe for the same number of Ordinary Shares (the "**NewRiver REIT Warrant Shares**") as were represented by their NewRiver Warrants to subscribe for NewRiver Retail Shares (on substantially the same terms pursuant to the NewRiver REIT Warrant Instrument). The subscription rights pursuant to the NewRiver REIT Warrants are exercisable at the prevailing subscription price per NewRiver REIT Warrant Share (being £1.40 as at the Latest Practicable Date), as adjusted in the circumstances summarised at paragraph (C) below, and all such NewRiver REIT Warrants were fully vested and exercisable upon issuance.

The NewRiver REIT Warrants will expire on 1 September 2019, unless previously exercised or lapsed, and shall be of a single class for all purposes. The NewRiver REIT Warrants contain customary anti-dilution provisions (including in respect of dividends). The NewRiver REIT Warrants will be exercisable in whole or in part. The subscription price and number of shares for each NewRiver REIT Warrant will be subject to adjustment in respect of dilution events, including the payment by NewRiver REIT of dividends, any amalgamation, reorganisation, reclassification, consolidation, merger or sale of all or substantially all of NewRiver REIT'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 REIT Warrants. The NewRiver REIT Warrants are freely transferable, subject to the transfer restrictions set out in the NewRiver REIT Warrant Instrument and on each NewRiver REIT Warrantholder's certificate in respect of NewRiver REIT Warrants.

##### (B) *Definitions*

In relation to the summary of the terms of the NewRiver REIT 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 REIT 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 REIT Warranholder’s entitlement to NewRiver REIT Warrants.

**“Consent”** means the consent in writing of NewRiver REIT Warranholders entitled to subscribe for not less than 51 per cent of the NewRiver REIT 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 REIT of the items specified in the NewRiver REIT Warrant Instrument (and the date of such delivery shall be the date on which such items are received at NewRiver REIT’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 REIT to the NewRiver REIT Warranholder, informing the NewRiver REIT Warranholder 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 REIT Warrant Shares to be issued in relation to the relevant NewRiver REIT Warrant if the Subscription Rights were to be exercised in full, and the anticipated aggregate Subscription Price payable by the NewRiver REIT Warranholder to exercise such rights; and
- (d) all other information available to NewRiver REIT which is or might reasonably be considered to be material to the NewRiver REIT Warranholder for the purposes of deciding whether or not (and if so when) to exercise its Subscription Rights, subject

always to the NewRiver REIT 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 REIT and any holding company it may have and any subsidiary companies or undertakings of NewRiver REIT or any such holding company from time to time.

**“Investment Bank”** means an independent internationally-recognised investment banking firm selected by the Directors with the Consent of NewRiver REIT Warrantholders, the fees and expenses of which shall be shared equally by NewRiver REIT on the one hand and such holders on the other.

**“NewRiver REIT Warrantholder”** means in relation to a NewRiver REIT Warrant, the person(s) whose name(s) appear(s) in the Register as the holder(s) of the NewRiver REIT Warrant(s).

**“Regulatory Approvals”** means, with respect to a NewRiver REIT Warrantholder, to the extent applicable and required to permit a NewRiver REIT Warrantholder to exercise the NewRiver REIT Warrants for NewRiver REIT Warrant Shares and to own such NewRiver REIT Warrant Shares without the NewRiver REIT Warrantholder or NewRiver REIT 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 REIT 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 REIT Shareholders of a majority in number of the Ordinary Shares, excluding any transaction that requires the approval of the NewRiver REIT Shareholders.

**“Subscription Price”** means one hundred and forty (140) pence per NewRiver REIT 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 REIT Warrantholder by providing just and equitable compensation in respect of the time value in the NewRiver REIT 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 REIT Warrants*

- (i) The NewRiver REIT Warrants give the NewRiver REIT Warrantholders the right to subscribe in cash at the Subscription Price for the relevant number of NewRiver REIT Warrant Shares.
- (ii) Each NewRiver REIT Warrantholder shall have the right, upon the terms and conditions summarised below, to subscribe for or acquire from NewRiver REIT in cash at the Subscription Price such number of NewRiver REIT 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) 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 REIT undertakes to send to the NewRiver REIT Warrantholders an Exit Notification not less than 30 days prior to the expected completion date of an Exit Event, or, if NewRiver REIT 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 REIT complying with its obligations pursuant to issue an Exit Notification and paragraph (C)(vi) below, the NewRiver REIT 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 REIT Warrantholders under the NewRiver REIT 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 REIT Warrantholders' rights shall lapse upon completion by NewRiver REIT 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 REIT Warrantholders under the NewRiver REIT 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 REIT Warrantholders' rights shall lapse upon completion by NewRiver REIT 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 REIT 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 REIT, at any time while the NewRiver REIT Warrants are outstanding:
    - (i) shall pay a share or bonus share dividend on the Ordinary Shares or pay any other distribution in Ordinary Shares;
    - (ii) subdivide the class of Ordinary Shares into a larger number of shares; or
    - (iii) consolidate/combine the class of Ordinary 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 Ordinary Shares (excluding any Ordinary Shares held in treasury, if any) in issue before such event and the denominator of which shall be the number of Ordinary Shares (excluding any Ordinary 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 REIT shall issue or sell additional Ordinary 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



Ordinary 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 Ordinary Shares in issue immediately prior to such issue or sale plus (2) the number of Ordinary Shares which the aggregate consideration received by NewRiver REIT would purchase at such Fair Market Value of the Ordinary Shares; and
- (ii) the denominator of which shall be the number of Ordinary Shares in issue immediately after such issue or sale,

provided that for the purposes of this procedure, any Ordinary Shares held in treasury shall not be deemed to be in issue.

- (c) *Dividends and Distributions.* If NewRiver REIT shall pay or make a Dividend or Distribution (as defined below) to NewRiver REIT 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 Ordinary 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 Ordinary 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 REIT or declared by the Board of Directors of NewRiver REIT to be a capital distribution, extraordinary dividend, extraordinary distribution, special dividend, special distribution or return of value to NewRiver REIT 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 Ordinary Shares be, satisfied by the issue or delivery of Ordinary 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 Ordinary 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 Ordinary Shares elected therefore, regardless of whether any such election is made) if the Fair Market Value of such Ordinary 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 Ordinary Shares falling within paragraphs (vii)(a) or (vii)(b) shall be excluded; and
- (iii) a purchase or redemption of share capital by NewRiver REIT shall not constitute a Dividend unless in the case of purchase of Ordinary Shares, the weighted average price (before expenses) on any one day in respect of such purchases exceeds by more than five per cent. the closing price of the Ordinary 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 Ordinary 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 Ordinary Shares purchased by NewRiver REIT;

**“Current Market Price”** means, in respect of an Ordinary Share at a particular date, the average of closing sale price of an Ordinary 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 Ordinary 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 REIT 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 REIT and NewRiver REIT shall be the continuing or surviving Person but, in connection with such consolidation, amalgamation or merger, the Ordinary 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 Ordinary 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 Ordinary 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 REIT Warrants, the NewRiver REIT 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 Ordinary Shares issuable upon such exercise immediately prior to completion of such transaction), in lieu of the Ordinary 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 REIT 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 REIT Warrants to the contrary, NewRiver REIT will not affect 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 REIT Warrants shall assume, by written instrument delivered to, and reasonably satisfactory to, the NewRiver REIT Warrantholder the obligations of NewRiver REIT under the Certificate (and if NewRiver REIT 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 REIT under the Certificate). The provisions summarised in this paragraph (vii)(d)(ii) shall not be deemed to authorise NewRiver REIT 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 REIT 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 REIT Warrant Instrument, unless expressly provided otherwise, the value of such Assets shall be determined by the Directors with the Consent of NewRiver REIT 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 Ordinary Shares at any given time shall mean: (a) if the Ordinary Shares are listed on a securities exchange (or quoted in a securities quotation system), the mean closing sale price of the Ordinary Shares on such exchange (or in such quotation system), or, if the Ordinary Shares are listed on (or quoted in) more than one exchange (or quotation system), the mean closing sale price of the Ordinary Shares on the principal securities exchange (or quotation system) on which the Ordinary Shares are then traded, or, if the Ordinary 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 Ordinary 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 REIT 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 Ordinary 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 Ordinary Shares purchasable under the NewRiver REIT Warrant Instrument or the Subscription Price therefor shall be made as a result of:
  - (i) the issuance of any employee share options or any Ordinary 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 Ordinary 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 REIT; (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 REIT 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 Ordinary Shares are issued or sold together with other stock or securities or other assets of NewRiver REIT 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 Ordinary Shares, all as determined in good faith by the Directors with the Consent of NewRiver REIT 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 Ordinary 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 REIT 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 REIT 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 Ordinary 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 Ordinary 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 REIT at any time or from time to time after the date of the NewRiver REIT 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 REIT other than the Ordinary Shares entitled to receive, any (i) Options or (ii) Convertible Securities, then, and in each such case, the maximum number of additional Ordinary 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 Ordinary 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 Ordinary Shares trade on an ex-dividend basis, on the date prior to the commencement of ex-dividend trading); provided that such additional Ordinary 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 Ordinary 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 Ordinary 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 Ordinary 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 REIT, or decrease or increase in the number of additional Ordinary 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 REIT 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 REIT 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 Ordinary Shares or Convertible Securities, the only additional Ordinary Shares issued or sold were the additional Ordinary 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 REIT for the issue, sale, grant or assumption of all such Options, whether or not exercised, plus (y) the consideration actually received by NewRiver REIT upon such exercise, minus (z) the consideration paid by NewRiver REIT for any purchase of such Options which were not exercised; or (2) an amount equal to (x) the consideration actually received by NewRiver REIT 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 REIT upon such conversion or exchange, minus (z) the consideration paid by NewRiver REIT 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 REIT for the additional Ordinary Shares deemed to have then been issued was an amount equal to (1) the consideration actually received by NewRiver REIT 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 REIT (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 REIT 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 REIT Warrant Shares*

Upon each adjustment of the Subscription Price pursuant to the provisions of paragraphs (vii)(a) or (vii)(b) above, the number of Ordinary Shares for which the Subscription Rights are exercisable shall be adjusted by multiplying the number of Ordinary 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 REIT will notify the NewRiver REIT Warranholders of its content and shall make the adjustments described therein.

*Notices*

Immediately upon any adjustment of the Subscription Price, NewRiver REIT shall give, or cause to be given, written notice thereof, executed by a director of NewRiver REIT, to the NewRiver REIT Warranholder, setting out in reasonable detail the event requiring the adjustment, the method by which the adjustment was calculated, the number of NewRiver REIT Warrant Shares for which the Subscription Rights are exercisable and the Subscription Price after giving effect to such adjustment. NewRiver REIT 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 REIT Warranholder. NewRiver REIT shall give, or cause to be given, written notice to the NewRiver REIT Warranholder at least 20 days prior to the date on which NewRiver REIT closes its books or takes a record (i) with respect to any dividend or distribution upon Ordinary Shares, (ii) with respect to any pro rata subscription offer to holders of Ordinary Shares or (iii) for determining rights to vote with respect to any transaction described in paragraph (vii)(d), dissolution or liquidation. NewRiver REIT shall also give, or cause to be given, written notice to the NewRiver REIT Warranholder 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 REIT Warrant Shares for which the Subscription Rights are exercisable is adjusted pursuant to the provisions summarised in this paragraph (vii), NewRiver REIT shall issue to each NewRiver REIT Warranholder a new Certificate in respect of the remaining NewRiver REIT Warrants held by such NewRiver REIT Warranholder.

- (viii) **NewRiver REIT Warrant Transfer Restrictions**  
Subject to the transfer conditions referred to in the legend endorsed on the Certificates, the relevant NewRiver REIT Warrants and all rights pertaining to them are transferable in whole or in part, without charge to the NewRiver REIT Warranholder, once vested and upon surrender of the relevant Certificate with a properly executed instrument of transfer at the registered office of NewRiver REIT. No transfer may be made in violation of any provision of the Articles or without any Regulatory Approvals.
- (ix) **Currency Conversion**  
Where pursuant to the provisions of the NewRiver REIT 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 REIT 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 2017 (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: Annex I  
para 19  
LR 13.6.1  
(2)(c) and (3)

- 11.1 during the financial year ended 31 March 2015, total emoluments of the Executive Directors (excluding share-based payments) were £3.0 million. In addition, Invesco Asset Management Limited (a related party of NewRiver Retail at that time 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 Retail at that time), as agent for and on behalf of its discretionary managed clients, subscribed for 7,738,181 NewRiver Retail Shares pursuant to the non pre-emptive placing conducted by NewRiver Retail in January 2015;
- 11.2 during the financial year ended 31 March 2016, total emoluments of the Executive Directors (excluding share-based payments) were £4.2 million and share-based payments of £0.7 million accrued during the year. In addition, Woodford Investment Management LLP (a related party of NewRiver Retail at that time 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 Retail at that time), as agent for and on behalf of its discretionary managed clients, subscribed for 10,938,461 NewRiver Retail Shares pursuant to the non pre-emptive placing conducted by NewRiver Retail in January 2016;
- 11.3 during the financial year ended 31 March 2017, total emoluments of the Executive Directors (excluding share-based payments) were £2.6 million and share-based payments of £0.7 million accrued during the year; and
- 11.4 Woodford and Invesco are each a related party of the Company for the purposes of Chapter 11 of the Listing Rules as a result of either: (i) being entitled to exercise, or to control the exercise of over 10 per cent. of the votes able to be cast at general meetings of the Company; or (ii) being so entitled during the 12 month period prior to the date of this document. Woodford and Invesco have each agreed to subscribe for 11,171,522 and 20,552,355 New Ordinary Shares, respectively, under, and on the terms and conditions of the Firm Placing (in the case of Woodford) and the Firm Placing and the Placing (in the case of Invesco), which are each classified as related party transactions for the purposes of Chapter 11 of the Listing Rules requiring (in the case of the Invesco Participation) shareholder approval.

## 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 REIT 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 Ordinary Shares. Prospective purchasers of Ordinary Shares are advised to consult their own independent tax advisers concerning the consequences under UK tax law of the acquisition, ownership and disposition of Ordinary 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 REIT, and to disposals of shares in NewRiver REIT. The statements are not applicable to all categories of NewRiver REIT Shareholders*



and, in particular, are not addressed to (i) NewRiver REIT Shareholders who do not hold their Ordinary 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 REIT Shareholders who own (or are deemed to own) 10 per cent. or more of the share capital or of the voting power of NewRiver REIT or are entitled to 10 per cent. or more of NewRiver REIT's distributions; (iii) special classes of NewRiver REIT Shareholders, such as dealers in securities, broker-dealers, insurance companies, trustees of certain trusts and investment companies; (iv) NewRiver REIT Shareholders who hold Ordinary Shares as part of hedging or commercial transactions; (v) NewRiver REIT Shareholders who hold Ordinary Shares in connection with a trade, profession or vocation carried on in the UK (whether through a branch or agency or otherwise); (vi) NewRiver REIT Shareholders who hold Ordinary Shares acquired by reason of their employment; (vii) NewRiver REIT Shareholders who hold Ordinary Shares in a personal equity plan or an individual savings account; (viii) NewRiver REIT Shareholders who are subject to UK taxation on a remittance basis; or (ix) NewRiver REIT Shareholders who are not resident in the United Kingdom for tax purposes (save where express reference is made to non-UK resident NewRiver REIT Shareholders).

## UK Taxation of PIDs

### 12.3 *UK taxation of NewRiver REIT Shareholders who are individuals*

Subject to certain exceptions, a PID will generally be treated in the hands of NewRiver REIT 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 REIT Shareholder must be accounted for separately. This means that any surplus expenses from a NewRiver REIT Shareholder's different UK property business cannot be offset against a PID as part of a single calculation of the profits of the NewRiver REIT Shareholder's UK property business. A NewRiver REIT 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 REIT (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 REIT Shareholders*

Subject to certain exceptions, a PID will generally be treated in the hands of NewRiver REIT Shareholders who are within the charge to corporation tax as the 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 REIT Shareholder must be accounted for separately. This means that any surplus expenses from a NewRiver REIT Shareholder's different Part 4 property business cannot be offset against a PID as part of a single calculation of the relevant NewRiver REIT Shareholder's property business profits.

The main rate of UK corporation tax on such profit is currently 19 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 REIT Shareholders who are not resident for tax purposes in the United Kingdom*

Where a NewRiver REIT 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 REIT 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 REIT 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 REIT will provide NewRiver REIT Shareholders with a certificate setting out the gross amount of the PID, the amount of tax withheld, and the net amount of the PID.

Annex III  
para 4.11

### 12.7 *NewRiver REIT Shareholders solely resident in the United Kingdom*

Where tax has been withheld at source, NewRiver REIT 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 REIT 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 REIT Shareholders who are not resident for tax purposes in the United Kingdom*

It is not possible for a NewRiver REIT Shareholder to make a claim under a double taxation convention for a PID to be paid by NewRiver REIT gross or at a reduced rate. The right of a NewRiver REIT 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 United Kingdom and the country in which the NewRiver REIT Shareholder is resident. NewRiver REIT Shareholders who are not resident for tax purposes in the United Kingdom should obtain their own tax advice concerning tax liabilities on PIDs received from NewRiver REIT.

### 12.9 *Exceptions to requirement to withhold income tax*

NewRiver REIT Shareholders should note that, in certain circumstances, NewRiver REIT is not required to withhold income tax at source from a PID. These include where NewRiver REIT reasonably believes that the person beneficially entitled to the PID is a company resident for tax purposes in the United Kingdom, or a company resident for tax purposes outside the United Kingdom 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 REIT 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 REIT 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 REIT will need to be satisfied that the NewRiver REIT Shareholder concerned is entitled

to that treatment. For that purpose, NewRiver REIT will require such NewRiver REIT Shareholders to submit a valid claim form (copies of which may be obtained on request from the Registrar). NewRiver REIT Shareholders should note that NewRiver REIT may seek recovery from NewRiver REIT Shareholders if the statements made in their claim form are incorrect and NewRiver REIT suffers tax as a result. NewRiver REIT will, in some circumstances, suffer tax if its reasonable belief as to the status of a NewRiver REIT 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 REIT 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 REIT Shareholders who are individuals***

An individual NewRiver REIT 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 REIT Shareholders***

NewRiver REIT Shareholders who are within the charge to UK corporation tax will be subject to corporation tax on Non-PID Dividends paid by NewRiver REIT, 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 REIT Shareholder, although it is expected that the Non-PID Dividends paid by NewRiver REIT would normally be exempt.

#### **12.12 *UK taxation of other UK tax resident NewRiver REIT Shareholders***

Certain other UK resident NewRiver REIT Shareholders, including pension funds and charities, are not liable to UK tax on Non-PID Dividends.

#### **12.13 *Taxation of NewRiver REIT Shareholders who are not resident in the United Kingdom for tax purposes***

A NewRiver REIT Shareholder resident outside the United Kingdom may be subject to foreign taxation on dividend income under local law. NewRiver REIT Shareholders who are not resident for tax purposes in the United Kingdom should obtain their own tax advice concerning their tax position on Non-PID Dividends received from NewRiver REIT.

### **UK taxation of chargeable gains in respect of Ordinary Shares**

For the purpose of UK tax on chargeable gains, the amount paid by a NewRiver REIT Shareholder for Ordinary Shares will constitute the base cost of his holding. If a NewRiver REIT Shareholder disposes of all or some of his Ordinary 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 REIT Shareholder's circumstances and any reliefs to which he is entitled. In the case of corporate NewRiver REIT Shareholders, indexation allowance will apply to the amount paid for the Ordinary Shares.

#### **12.14 *New Ordinary Shares acquired pursuant to the Open Offer***

No liability to UK taxation on chargeable gains should arise in respect of the issue of New Ordinary Shares to the extent that a Qualifying Shareholder takes up his Open Offer Entitlement and/or subscribes for any Excess Shares (whether through the Excess Open Offer Entitlement or the Excess Application Facility).

As a matter of UK law, the issue of Open Offer Shares to UK-tax resident Qualifying Shareholders pursuant to the Open Offer will not be regarded as a reorganisation of the share capital of the Company for the purposes of UK taxation of chargeable gains. The published practice of HMRC to date has been to treat an acquisition of shares by an existing shareholder up to his pro rata entitlement pursuant to the terms of an open offer as a reorganisation but it is understood that HMRC may not apply this practice in circumstances where an open offer is not made to all NewRiver REIT Shareholders, as is the case under the Open Offer. Specific confirmation as to whether the Open Offer will be treated as a reorganisation has not been requested from HMRC.

If, or to the extent that, the acquisition of Open Offer Shares under the Open Offer is not regarded by HMRC as a reorganisation, the Open Offer Shares acquired by each Qualifying Shareholder under the Open Offer will, for the purposes of UK taxation of chargeable gains, be treated as acquired as part of a separate acquisition of Ordinary Shares when computing any gain or loss on any subsequent disposal. When computing any gain or loss on a disposal of Ordinary Shares, for UK chargeable gains purposes, HMRC's share identification provisions will need to be taken into consideration.

If, or to the extent that, the issue of the New Ordinary Shares by the Company will be regarded as a reorganisation of the Company's share capital for the purposes of UK taxation on chargeable gains, a NewRiver REIT Shareholder will not be treated as acquiring a new asset nor will it be treated as making a disposal of any part of his corresponding holding of Ordinary Shares by reason of taking up all or part of his entitlements to New Ordinary Shares.

The New Ordinary Shares will be treated as having been acquired at the same time as the Qualifying Shareholder's existing holding was acquired. The amount of subscription monies paid for such New Ordinary Shares will be added to the allowable expenditure for the Qualifying Shareholder's existing holding(s) for the purpose of calculating the capital gain arising on any future disposal of shares. In the case of a corporate Qualifying Shareholder, indexation allowance will apply to the new amount paid for such New Ordinary Shares only from the date the monies for the New Ordinary Shares are paid or liable to be paid.

#### **12.15 *New Ordinary Shares acquired pursuant to the Firm Placing or the Placing***

The issue of New Ordinary Shares under the Firm Placing or the Placing which are not subject to the Open Offer will not constitute a reorganisation of share capital for the purposes of the UK taxation of chargeable gains and, accordingly, any New Ordinary Shares acquired pursuant to the Firm Placing or the Placing will be treated as acquired as part of a separate acquisition of Ordinary Shares.

#### **12.16 *UK taxation of NewRiver REIT Shareholders who are UK tax resident individuals***

Subject to the availability of any exemptions, reliefs and/or allowable losses, a gain on disposal of Ordinary Shares by individuals, trustees and personal representatives will generally be subject to capital gains tax at the rate of up to 20 per cent.

#### **12.17 *UK taxation of UK tax resident corporate NewRiver REIT Shareholders***

Subject to the availability of any exemptions, reliefs and/or allowable losses, a gain on disposal of Ordinary Shares (including New Ordinary Shares acquired pursuant to the Capital Raising) by a NewRiver REIT Shareholder within the charge to UK corporation tax will generally be subject to corporation tax at the current rate of 19 per cent.

#### **12.18 *UK taxation of NewRiver REIT Shareholders who are not resident in the United Kingdom for tax purposes***

NewRiver REIT Shareholders who are not resident in the United Kingdom 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 Ordinary Shares (including New Ordinary Shares acquired pursuant to the Capital Raising) (unless they carry on a trade, profession or vocation in the United Kingdom through a branch or agency with which their Ordinary Shares are connected or, in the case of a corporate NewRiver REIT Shareholder, through a permanent establishment in connection with which the Ordinary Shares are held).

Individual NewRiver REIT Shareholders who are temporarily not UK resident and who dispose of all or part of their Ordinary Shares during that period may be liable to UK capital gains tax on chargeable gains realised on their return to the United Kingdom, subject to any available exemptions or reliefs.

NewRiver REIT Shareholders who are resident for tax purposes outside the United Kingdom may be subject to foreign taxation on capital gains depending on their circumstances.

### **Stamp Duty and Stamp Duty Reserve Tax (“SDRT”) on transfers of Ordinary Shares**

No UK stamp duty or stamp duty reserve tax will generally be payable on the issue, allotment and registration of the Ordinary Shares (including New Ordinary Shares issued pursuant to the Capital Raising).

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 Ordinary 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 Ordinary 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 Ordinary 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 Ordinary 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 Ordinary 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 Ordinary Shares should consult their own tax advisers with respect to the tax consequences to them of acquiring, holding and disposing of Ordinary Shares.**

### **13. Takeover bids**

The City Code is issued and administered by the Takeover Panel. NewRiver REIT is subject to the City Code and therefore NewRiver REIT 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.

Annex III  
para 4.9

#### 15. Squeeze-out

Under the Companies Act, if a “takeover offer” (as defined in section 974 of the Companies Act) is made for the Ordinary Shares and the offeror were to acquire, or unconditionally contract to acquire, not less than 90 per cent. in value of the Ordinary 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 REIT 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 REIT, which would hold the consideration on trust for those NewRiver REIT Shareholders in the event that they had not accepted the offer at such time. The consideration offered to the NewRiver REIT 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 REIT 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 Ordinary 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 Ordinary Shares to which the offer related, any holder of Ordinary Shares to which the offer related who had not accepted the offer could, by a written communication to the offeror, require it acquire those Ordinary Shares. The offeror is required to give any NewRiver REIT 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 REIT Shareholders to be bought out, but that period cannot end less than three months after the end of the acceptance period. If a NewRiver REIT Shareholder exercises his or her rights, the offeror is bound to acquire those Ordinary Shares on the terms of the offer or on such other terms as may be agreed.

#### 17. Working capital

NewRiver REIT is of the opinion that, taking into account the Existing Bank Facilities, the working capital available to the Group is sufficient for its present requirements, that is, for a period of at least 12 months from the date of this document.

LR 6.1.16

Annex III  
para 3.1

#### 18. Expenses

The total costs, charges and expenses payable by NewRiver REIT in connection with the Capital Raising 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 £5.1 million (excluding VAT). No expenses will be charged to the NewRiver REIT Shareholders.

ESMA 107 - 126

## 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.

Annex I  
para 20.8

## 20. Significant change

There has been no significant change in the Group's financial or trading position since 31 March 2017, being the date to which the audited consolidated annual results for the financial year ended 31 March 2017 for the Group were drawn up.

Annex I  
para 20.9

## 21. General

21.1 The Group's statutory accounts for the years ended 31 March 2015, 31 March 2016 and 31 March 2017 were audited by Deloitte LLP of PO Box 137, Regency Court, Glatigny Esplanade, St Peter Port, Guernsey, Channel Islands GY1 3HW, a member of the Institute of Chartered Accountants in England and Wales.

Annex I  
para 23.1

Annex III  
para 10.3

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.

LR 6.1.3  
(2)(a) and  
6.1.3(2) (b)

21.3 Peel Hunt LLP, of Moor House, 120 London Wall, London EC2Y 5ET, 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 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.

21.5 Barclays Bank PLC, of One Churchill Place, Canary Wharf, London E14 5HP, 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.

21.6 Colliers International Valuation UK LLP, of 50 George Street, London W1U 7GA, has given and has not withdrawn its written consent to the inclusion of its name and of its property valuation report included in Part 6 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.

21.7 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 21.7 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.

Annex I  
para 23.2

### 23. Documents incorporated by reference

The table below sets out the various sections of documents which are incorporated by reference into this document, so as to provide the information required pursuant to the Prospectus Rules and to ensure that NewRiver REIT Shareholders and prospective investors are aware of all information which, according to the particular nature of the Company and of the New Ordinary Shares, is necessary to enable them to make an informed assessment of the assets and liabilities, financial position, profits and losses and prospects of the Company.

These documents are available free of charge online at [www.nrr.co.uk](http://www.nrr.co.uk) or in printed form from NewRiver REIT's registered office at 37 Maddox Street, London W1S 2PP (Attn: Matthew Jones, Company Secretary; tel.: +44 (0) 207 3328 5800) in accordance with the details set out in paragraph 24 below.

Each of the documents (or parts thereof) incorporated by reference into this document have been previously published, approved by and filed with the Financial Conduct Authority. Such documents are incorporated in, and form part of, this document, save that any statement contained in a document which is incorporated by reference herein shall be modified or superseded for the purpose of this document to the extent that a statement contained herein modifies or supersedes such earlier statement, whether expressly, by implication or otherwise. Any statement so modified or superseded shall not, except as so modified or superseded, constitute a part of this document.

Any non-incorporated parts of the documents incorporated by reference into this document are either not relevant for prospective investors in the New Ordinary Shares or the relevant information is included elsewhere in this document. Any documents themselves incorporated by reference in the documents incorporated by reference into this document shall not form part of this document.

<i>Reference document</i>	<i>Information incorporated by reference into this document</i>	<i>Page number(s) in reference document</i>
Annual results for the financial year ended 31 March 2017	Independent auditor's report	106 to 113
	Consolidated condensed income statement for the period from 1 April 2016 to 31 March 2017	114
	Consolidated condensed statement of comprehensive income from 1 April 2016 to 31 March 2017	115
	Consolidated condensed balance sheet as at 31 March 2017	116
	Consolidated condensed cash flow statement as at 31 March 2017	117
	Consolidated condensed statement of changes in equity as at 31 March 2017	118
	Notes to the financial statements	119 to 150
Prospectus of NewRiver REIT dated 16 August 2016	Part 5 (Historical Financial Information on the Group), comprising an accountant's report on the historical financial information of the Group and audited historical financial information relating to the Group (including notes thereto) for the two financial years ended 31 March 2016 and 31 March 2015	110 to 153



**24. Documents available for inspection**

Copies of the following documents will be available for inspection at the offices of Eversheds Sutherland (International) 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:

Annex I  
para 24

24.1 the NewRiver REIT Articles;

LR 13.6.1  
(1)(f)

24.2 the NewRiver REIT Warrant Instrument;

24.3 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;

24.4 the consent letters referred to in paragraphs 21.2 to 21.7 (inclusive) above; and

24.5 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 REIT (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 REIT's website ([www.nrr.co.uk](http://www.nrr.co.uk)), subject to access restrictions.

Dated: 16 June 2017

## APPENDIX I

### DEFINITIONS

The following definitions apply throughout this document unless the context otherwise requires:

<b>“FY 2015”</b>	the financial year of NewRiver Retail ended 31 March 2015;
<b>“FY 2016”</b>	the financial year of NewRiver Retail ended 31 March 2016;
<b>“FY 2017”</b>	the financial year of NewRiver REIT plc ended 31 March 2017;
<b>“Acquisition”</b>	the proposed off-market acquisition by certain wholly-owned, indirect subsidiaries of the Company of the remaining 50 per cent. interest in the BRAVO Joint Ventures not already owned by wholly-owned, indirect subsidiaries of the Company;
<b>“Adjusted Closing Price”</b>	the average Closing Price per Existing Ordinary Share over the 20 Dealing Days up to (and including) 14 June 2017 (the Business Day prior to the date of announcement of the Capital Raising) adjusted for the Special Dividend and First Quarterly Dividend;
<b>“Admission”</b>	the admission of the New Ordinary Shares to the premium listing segment of the Official List becoming effective in accordance with the Listing Rules and the admission of the New Ordinary Shares to trading on the London Stock Exchange’s Main Market becoming effective in accordance with the Admission and Disclosure Standards;
<b>“Admission and Disclosure Standards”</b>	the requirements contained in the publication ‘Admission and Disclosure Standards’ dated April 2016 (as amended from time to time) containing, amongst other things, the admission requirements to be observed by companies seeking admission to trading on the London Stock Exchange’s market for listed securities;
<b>“AIM”</b>	AIM, the market of that name operated by the London Stock Exchange;
<b>“Application Form”</b>	the personalised application form on which Qualifying Non-CREST Shareholders may apply for New Ordinary Shares under the Open Offer;
<b>“Articles”</b>	the articles of association of NewRiver REIT, as summarised at paragraph 4 of Part 9 of this document;
<b>“Audit Committee”</b>	the audit committee of the Board;
<b>“Barclays”</b>	Barclays Bank PLC;
<b>“Board” or “NewRiver REIT Board”</b>	the Directors of NewRiver REIT, whose names appear on page 54 of this document;
<b>“BRAVO I”</b>	PIMCO BRAVO Fund, L.P.;
<b>“BRAVO II”</b>	PIMCO BRAVO Fund II, L.P.;
<b>“BRAVO Joint Ventures”</b>	the joint venture arrangements described at paragraph 10.4 of Part 9 of this document;

<b>“Business Day”</b>	any day (other than a Saturday or Sunday or any public holiday in England and Wales) on which banks generally are open for the transaction of normal banking business in the City of London;
<b>“Capita Asset Services”</b>	a trading name of Capita Registrars Limited;
<b>“Capital Raising”</b>	the Firm Placing and the Placing and Open Offer;
<b>“certificated” or “certificated form”</b>	a share which is not in uncertificated form (that is, not in CREST);
<b>“City Code” or “Code”</b>	the City Code on Takeovers and Mergers of the United Kingdom;
<b>“Closing Price”</b>	the closing middle market quotation of an Existing Ordinary Share as derived from the Daily Official List;
<b>“Colliers International”</b>	Colliers International Valuation UK LLP;
<b>“Companies Act” or the “Act”</b>	the Companies Act 2006, as amended;
<b>“Company”</b>	see <b>“NewRiver REIT”</b> ;
<b>“CREST”</b>	the relevant system (as defined in the CREST Regulations) for the paperless settlement of trades and the holding of securities in uncertificated form operated by Euroclear in accordance with the CREST Regulations;
<b>“CREST Deposit Form”</b>	the CREST deposit form set out on page 4 of the Application Form;
<b>“CREST Manual”</b>	the rules governing the operation of CREST, consisting of the CREST Reference Manual, CREST International Manual, CREST Central Counterparty Service Manual, CREST Rules, Registrars Service Standards, Settlement Discipline Rules, CCSS Operations Manual, Daily Timetable, CREST Application Procedure and CREST Glossary of Terms (all as defined in the CREST Glossary of Terms promulgated by Euroclear on 1 September 2015, as amended);
<b>“CREST member”</b>	a person who has been admitted by Euroclear as a system-member (as defined in the Uncertificated Securities Regulations);
<b>“CREST Proxy Instruction”</b>	has the meaning ascribed to it in paragraph 13 of the notes to the Notice of General Meeting;
<b>“CREST Regulations” or “Regulations” or “Uncertificated Securities Regulations”</b>	the Uncertificated Securities Regulations 2001 (SI 2001 No. 3755), as amended from time to time;
<b>“CREST sponsored member”</b>	a CREST member admitted to CREST as a sponsored member;
<b>“CREST sponsors”</b>	a CREST participant admitted to CREST as a CREST sponsor;
<b>“CSOP”</b>	the NewRiver REIT plc Company Share Option Plan 2016;
<b>“CTA 2009”</b>	the Corporation Tax Act 2009;
<b>“CTA 2010”</b>	the Corporation Tax Act 2010;
<b>“Daily Official List”</b>	the daily official list of the London Stock Exchange;
<b>“DBP”</b>	the NewRiver REIT plc Deferred Bonus Plan 2016 or NewRiver Retail Limited Deferred Bonus Plan 2015;

<b>“Dealing Day”</b>	a day on which the London Stock Exchange is open for the transaction of business;
<b>“Directors”</b>	the directors of the Company, whose names are set out on page 54 of this document, or the directors from time to time of the Company, as the context requires, and <b>“Director”</b> shall be construed accordingly;
<b>“Disclosure Guidance and Transparency Rules”</b>	(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);
<b>“Distribution”</b>	any dividend or other distribution of the Company (“distribution” being construed in accordance with Part 23 of CTA 2010);
<b>“EBT”</b>	the NewRiver REIT plc Employee Benefit Trust;
<b>“EEA”</b>	the European Economic Area;
<b>“EEA State”</b>	a member state of the EEA;
<b>“Enlarged Share Capital”</b>	the expected issued ordinary share capital of the Company immediately following the issue of the New Ordinary Shares pursuant to the Capital Raising;
<b>“Euro” or “€”</b>	the single currency of the member states of the European Union that adopt or have adopted the euro as their lawful currency under the Treaty on the Functioning of the European Union;
<b>“Euroclear”</b>	means Euroclear U.K. & Ireland Limited, the operator of CREST;
<b>“European Union” or “EU”</b>	the economic and political union of European nations created on 1 November 1993 by the Treaty of the European Union;
<b>“Excess Application Facility”</b>	the facility for Qualifying Shareholders to apply for Excess Shares in excess of their Open Offer Entitlements;
<b>“Excessive Shareholder”</b>	any person whose interest in NewRiver REIT, 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 Articles, any holder of excessive rights as defined in section 553 of CTA 2010;
<b>“Excessive Shareholding”</b>	an Excessive Shareholder’s shareholding in the Company;

<b>“Excess Open Offer Entitlements”</b>	in respect of each Qualifying CREST Shareholder who has taken up his Open Offer Entitlement in full, the entitlement (in addition to the Open Offer Entitlement) to apply for Excess Shares, up to the number of Open Offer Shares, credited to his stock account in CREST pursuant to the Excess Application Facility, which may be subject to scaling-back in accordance with the terms of this document;
<b>“Excess Shares”</b>	Open Offer Shares which may be applied for in addition to Open Offer Entitlements;
<b>“Executive Director”</b>	an Executive Director of NewRiver REIT;
<b>“Ex-Entitlements Date”</b>	the date on which the Existing Ordinary Shares are marked ex-entitlement, being 8.00 a.m. on 15 June 2017;
<b>“Existing Bank Facilities”</b>	the Group’s existing term facilities and revolving credit facilities comprising (i) the Santander 2010 Facility described in paragraph 10.3 of Part 9 of this document; (ii) the Barclays £27m Facility described in paragraph 10.4 of Part 9 of this document; (iii) the HSBC 2014 Facility described in paragraph 10.4 of Part 9 of this document; (iv) the Barclays £32m Facility described in paragraph 10.5 of Part 9 of this document; (v) the Barclays £53m Facility described in paragraph 10.5 of Part 9 of this document; (vi) the Santander 2015 Facility described in paragraph 10.5 of Part 9 of this document; (vii) the Santander March 2015 Facility described in paragraph 10.5 of Part 9 of this document; (viii) the Santander £60m Facility described in paragraph 10.5 of Part 9 of this document; (ix) the HSBC 2010 Facility described in paragraph 10.5 of Part 9 of this document; (x) the Lloyds Facility described in paragraph 10.5 of Part 9 of this document; and (xi) the Amendment and Restatement AIG Facility described in paragraph 10.5 of Part 9 of this document;
<b>“Existing Ordinary Shares”</b>	the Ordinary Shares in issue as at the date of this document;
<b>“FCA” or “Financial Conduct Authority”</b>	the Financial Conduct Authority of the United Kingdom;
<b>“Firm Placee”</b>	any person that has conditionally agreed to subscribe for Firm Placing Shares;
<b>“Firm Placing”</b>	the placing by Liberum and Peel Hunt, as agents of and on behalf of NewRiver REIT, of the Firm Placing Shares on the terms and subject to the conditions contained in the Placing and Open Offer Agreement;
<b>“Firm Placing Shares”</b>	the 45,474,313 New Ordinary Shares which are to be issued pursuant to the Firm Placing;
<b>“First Quarterly Dividend”</b>	the First Quarterly Dividend for the financial year ending 31 March 2018 of 5.25 pence per Existing Ordinary Share announced on 16 May 2017 which will be payable as a PID on 4 August 2017 to NewRiver REIT Shareholders on the register on 16 June 2017. Ordinary Shares were marked ex-dividend in respect of the First Quarterly Dividend on 15 June 2017;

<b>“First Resolution”</b>	the first resolution to be proposed at the General Meeting, as set out in the Notice of General Meeting;
<b>“Form of Proxy”</b>	the form of proxy for use at the General Meeting which accompanies this document;
<b>“FPO”</b>	the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended;
<b>“FSMA”</b>	the Financial Services and Markets Act 2000, as amended;
<b>“FTSE EPRA Indices”</b>	the FTSE EPRA/NAREIT UK, FTSE EPRA/NAREIT Developed Europe and FTSE EPRA/NAREIT Global Developed indices;
<b>“General Meeting”</b>	the general meeting of NewRiver REIT to be held on 4 July 2017, or any adjournment thereof, to consider and, if thought fit, to approve the Resolutions;
<b>“Group”</b>	NewRiver REIT and its subsidiaries and subsidiary undertakings and, where the context requires, its associated undertakings, save that, in the context of references to any period prior to 18 August 2016 (being the date on which the Scheme became effective and Original Admission occurred), <b>“Group”</b> shall be construed as meaning NewRiver Retail and its subsidiaries and subsidiary undertakings and, where the context requires, its associated undertakings;
<b>“Heads of Terms”</b>	the non-binding heads of terms in respect of the Acquisition entered into between NewRiver Retail Holdings Limited, NewRiver Retail Holdings 5 Limited, LVS II Lux S.à r.l. and LVS II Lux XIV S.à r.l. on 6 June 2017;
<b>“HMRC”</b>	Her Majesty’s Revenue & Customs;
<b>“IASB”</b>	the International Accounting Standards Board;
<b>“IFRS”</b>	International Financial Reporting Standards as adopted for use in the European Union and which comply with Article 4 of the EU IAS regulation;
<b>“Institutional Investor”</b>	a person who qualifies as an institutional investor under section 528(4A) of CTA 2010;
<b>“Invesco”</b>	Invesco Limited;
<b>“Invesco Participation”</b>	the subscription by Invesco for 20,552,355 New Ordinary Shares under, and on the terms and conditions of, the Firm Placing and the Placing;
<b>“ITEPA”</b>	the Income Tax (Earnings and Pensions) Act 2003, as amended;
<b>“Kinmont”</b>	Kinmont Limited;
<b>“Latest Practicable Date”</b>	15 June 2017, being the last practicable date prior to the date of publication of this document;
<b>“Liberum”</b>	Liberum Capital Limited;
<b>“Listing Rules”</b>	the rules and regulations made by the FCA in its capacity as the UK Listing Authority under FSMA and contained in the UK Listing Authority’s publication of the same name;

<b>“London Stock Exchange”</b>	London Stock Exchange plc;
<b>“LTV”</b>	loan-to-value;
<b>“MAR” or “Market Abuse Regulation”</b>	the EU Market Abuse Regulation (2014/596/EU);
<b>“MSREI Joint Venture”</b>	the joint venture arrangements described at paragraph 10.3 of Part 9 of this document;
<b>“Money Laundering Regulations”</b>	means the Money Laundering Regulations (2007) S.I. 2012/2157, as amended;
<b>“New Ordinary Shares”</b>	67,164,179 new Ordinary Shares to be issued by the Company pursuant to the Capital Raising;
<b>“NewRiver REIT” or the “Company”</b>	NewRiver REIT plc, a company incorporated in England and Wales with registered number 10221027 and whose registered office is at 37 Maddox Street, London W1S 2PP;
<b>“NewRiver REIT Redeemable Preference Shares”</b>	50,000 redeemable preference shares of 100 pence each in the capital of NewRiver REIT which were issued on its incorporation and which were redeemed on 12 October 2016;
<b>“NewRiver REIT Shareholder”</b>	a holder of Ordinary Shares;
<b>“NewRiver REIT Warrants”</b>	the warrants to subscribe for Ordinary Shares granted by NewRiver REIT to NewRiver REIT Shareholders in connection with the Scheme in exchange for such NewRiver REIT Shareholders’ NewRiver Retail Warrants;
<b>“NewRiver Retail”</b>	NewRiver Retail Limited, a company incorporated in Guernsey with registered number 50463 and whose registered office is at Old Bank Chambers, La Grande Rue, St Martin’s, Guernsey, Channel Islands GY4 6RT;
<b>“NewRiver Retail Shares”</b>	ordinary shares of no par value in the capital of NewRiver Retail prior to the Scheme becoming effective and Original Admission occurring;
<b>“NewRiver Retail Warrants”</b>	the warrants to subscribe for NewRiver Retail Shares granted by NewRiver Retail to holders of NewRiver Retail Shares at the time of NewRiver Retail’s initial public offering in 2009;
<b>“NewRiver Share Incentive Plans”</b>	the DBP, PSP, CSOP and the Unapproved Plan;
<b>“Nomination Committee”</b>	the nomination committee of the Board;
<b>“Non-executive Directors”</b>	the Non-executive Directors of the Company;
<b>“Notice of General Meeting”</b>	the notice of General Meeting set out at the end of this document at page 278;
<b>“Offer Price”</b>	335 pence per New Ordinary Share;
<b>“Official List”</b>	the official list maintained by the UK Listing Authority;
<b>“Old EBT”</b>	the NewRiver Retail Limited Employee Benefit Trust;
<b>“Open Offer”</b>	the conditional invitation to Qualifying Shareholders to subscribe for the Open Offer Shares at the Offer Price on the terms and subject

	to the conditions set out in this document and, in the case of Qualifying Non-CREST Shareholders only, the Application Form;
<b>“Open Offer Entitlements”</b>	entitlements to subscribe for the Open Offer Shares, allocated to a Qualifying Shareholder pursuant to the Open Offer;
<b>“Open Offer Shares”</b>	the 21,689,866 New Ordinary Shares for which Qualifying Shareholders are being invited to apply to be issued pursuant to the terms of the Open Offer;
<b>“Ordinary Shares”</b>	ordinary shares of £0.01 each in the capital of NewRiver REIT (including, if the context requires, the Existing Ordinary Shares and/or the New Ordinary Shares);
<b>“Original Admission”</b>	the admission of the Existing Ordinary Shares to the Official List of the UK Listing Authority and to trading on the London Stock Exchange’s Main Market for listed securities in August 2016;
<b>“Overseas Shareholders”</b>	NewRiver REIT Shareholders who are resident in, ordinarily resident in, located in or citizens of, jurisdictions outside the United Kingdom;
<b>“PCA” or “person closely associated”</b>	a “person closely associated” with a PDMR, as defined in the Market Abuse Regulation;
<b>“PDMR” or “person discharging managerial responsibilities”</b>	a “person discharging managerial responsibilities”, as defined in the Market Abuse Regulation;
<b>“Peel Hunt”</b>	Peel Hunt LLP;
<b>“pence”, “£”, “pounds sterling” or “sterling”</b>	the lawful currency of the United Kingdom;
<b>“PID” or “Property Income Distribution”</b>	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);
<b>“Placee”</b>	a Firm Placee and/or a Placing Placee, as such term is used in Section B of Part 3 to this document;
<b>“Placing”</b>	the conditional placing, by Liberum and Peel Hunt, as agents of and on behalf of the Company, of the Placing Shares subject to clawback pursuant to the Open Offer, on the terms and subject to the conditions contained in the Placing and Open Offer Agreement;
<b>“Placing and Open Offer Agreement”</b>	the Placing and Open Offer Agreement dated 15 June 2017 between the Company, Liberum and Peel Hunt, details of which are set out in paragraph 10.2 of Part 9 of this document;
<b>“Placing Commitment”</b>	the number of Firm Placing Shares and/or Placing Shares notified by Liberum and/or Peel Hunt to any Placee as being such Placee’s allocated account of Firm Placing Shares and/or Placing Shares pursuant to the Firm Placing or the Placing, as the case may be;
<b>“Placing Placee”</b>	any person who has conditionally agreed to subscribe for the Placing Shares;
<b>“Placing Shares”</b>	the New Ordinary Shares proposed to be issued by the Company pursuant to the Placing;



<b>“PRA”</b>	the Prudential Regulation Authority;
<b>“Prospectus” or “this document”</b>	this document, comprising a circular and a prospectus relating to the Company for the purpose of the Capital Raising and Admission;
<b>“Prospectus Rules”</b>	the Prospectus Rules of the FCA made under Part VI of FSMA;
<b>“PSP”</b>	the NewRiver REIT plc Performance Share Plan 2016 or NewRiver Retail Limited Performance Share Plan 2009;
<b>“Qualifying CREST Shareholders”</b>	Qualifying Shareholders holding Ordinary Shares in uncertificated form;
<b>“Qualifying Non-CREST Shareholders”</b>	Qualifying Shareholders holding Ordinary Shares in certificated form;
<b>“Qualifying Property Rental Business”</b>	a 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);
<b>“Qualifying Shareholders”</b>	holders of Ordinary Shares on the register of members of the Company at the Record Time with the exclusion of the Restricted Shareholders;
<b>“Receiving Agent”</b>	Capita Asset Services;
<b>“Record Time”</b>	6.00 p.m. on 14 June 2017;
<b>“Referendum”</b>	the referendum on the United Kingdom’s continued membership of the European Union held on 23 June 2016;
<b>“Referendum Result”</b>	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;
<b>“Registrar”</b>	Capita Asset Services;
<b>“Regulatory Information Service”</b>	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;
<b>“Regulation S”</b>	Regulation S under the US Securities Act;
<b>“REIT”</b>	a company or group to which Part 12 of the CTA 2010 applies;
<b>“REIT Group”</b>	a group UK REIT within the meaning of Part 12 of the CTA 2010;
<b>“REIT Regime”</b>	the regime as set out in Part 12 of the CTA 2010;
<b>“Remuneration Committee”</b>	the remuneration committee of the Board;
<b>“Residual Business”</b>	the business of the Group which is not a Qualifying Property Rental Business;
<b>“Resolutions”</b>	the First, Second and Third Resolutions;
<b>“Restricted Jurisdiction”</b>	any jurisdiction, including but not limited to Australia, New Zealand, Canada, the Republic of South Africa, Japan and the United States of America, where the extension or availability of the Capital Raising (and any other transaction contemplated thereby) would (i) result in a requirement to comply with any governmental

	or other consent or any registration filing or other formality which NewRiver REIT regards as unduly onerous; or (ii) otherwise breach any applicable law or regulation;
<b>“Restricted Shareholder”</b>	subject to certain exceptions, NewRiver REIT Shareholders who have registered addresses in, who are incorporated in, registered in or otherwise resident or located in, the United States or any other Restricted Jurisdiction;
<b>“Scheme”</b>	the scheme of arrangement of NewRiver Retail pursuant to The Companies (Guernsey) Law, 2008, which became effective on 18 August 2016 and pursuant to which NewRiver REIT became the ultimate parent company of the Group;
<b>“SDRT”</b>	stamp duty reserve tax;
<b>“SEC”</b>	the US Securities and Exchange Commission;
<b>“Second Resolution”</b>	the second resolution to be proposed at the General Meeting as set out in the Notice of General Meeting;
<b>“Senior Management” or “Senior Manager”</b>	that person referred to in paragraph 10.2 of Part 4 of this document;
<b>“Share Dealing Code”</b>	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;
<b>“SPA”</b>	has the meaning given in paragraph 4 of Part 1 of this document;
<b>“Special Dividend”</b>	the Special Dividend for the financial year ended 31 March 2017 of 3 pence per Existing Ordinary Share announced on 16 May 2017 which will be payable as a PID on 4 August 2017 to NewRiver REIT Shareholders on the register on 16 June 2017. Ordinary Shares were marked ex-dividend in respect of the Special Dividend on 15 June 2017;
<b>“SPV”</b>	special purpose vehicle, an entity formed usually to acquire assets;
<b>“subsidiary”</b>	has the meaning given in section 1159 of the Companies Act, unless otherwise provided in this document;
<b>“subsidiary undertaking”</b>	has the meaning given in section 1162 of the Companies Act, unless otherwise provided in this document;
<b>“Takeover Panel” or “Panel”</b>	the UK Panel on Takeovers and Mergers;
<b>“Third Resolution”</b>	the third resolution to be proposed at the General Meeting as set out in the Notice of General Meeting;
<b>“Total Amount”</b>	the total amount payable by a Placee in respect of its Placing Commitment;
<b>“UK” or “United Kingdom”</b>	the United Kingdom of Great Britain and Northern Ireland;
<b>“UK Corporate Governance Code”</b>	the UK Corporate Governance Code on the Principles of Good Governance and Code of Best Practice published in September 2012 and updated in September 2014 and April 2016 by the Financial Reporting Council in the United Kingdom;

<b>“UK Listing Authority” or “UKLA”</b>	the FCA in its capacity as the competent authority for listing under Part VI of FSMA;
<b>“Unapproved Plan”</b>	the NewRiver REIT plc Unapproved Share Option Plan 2016 or NewRiver Retail Limited Unapproved Share Option Plan 2009;
<b>“uncertificated” or “in uncertificated form”</b>	a share or other security recorded on the relevant register of the share or security concerned as being held in uncertificated form in CREST and title to which, by virtue of the Uncertificated Securities Regulations, may be transferred by means of CREST;
<b>“US” or “United States” or “United States of America”</b>	the United States of America, its territories and possessions, any State of the United States and the District of Columbia;
<b>“US Securities Act”</b>	the US Securities Act of 1933, as amended;
<b>“VAT”</b>	<ul style="list-style-type: none"> <li>(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</li> <li>(ii) outside the European Union, any tax corresponding to, or substantially similar to, the common system of value added tax referred to in (i) of this definition; and</li> </ul>
<b>“Woodford”</b>	Woodford Investment Management Limited.

*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.*

## APPENDIX II

### GLOSSARY OF INDUSTRY SPECIFIC TERMS

<b>assets under management (“AUM”)</b>	measures the total market value of all properties managed by the Group;
<b>book value</b>	the amount by which assets and liabilities are reported in the Group’s financial statements;
<b>EPRA</b>	the European Public Real Estate Association, the industry body for European REITs;
<b>EPRA earnings</b>	the profit after taxation excluding investment property revaluations and gains/losses on disposals;
<b>EPRA net assets (“EPRA NAV”)</b>	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;
<b>equivalent yield</b>	the net weighted average income return a property will produce based upon the timing of the income received. In accordance with usual practice, the equivalent yields (as determined by the external valuers) assume rent received annually in arrears and on values before deducting prospective purchaser’s costs;
<b>Estimated Rental Value (“ERV”)</b>	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;
<b>fair value</b>	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;
<b>Funds from Operations</b>	cash profits, which include realised recurring cash profits, realised cash profits or losses on the sale of properties and exclude other one-off or non-cash adjustments;
<b>interest cover</b>	the number of times net interest payable is covered by underlying profit before net interest payable and taxation;
<b>IRR</b>	internal rate of return, a measurement of the profitability of a particular investment;
<b>joint venture</b>	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;

<b>leasing events</b>	long-term and temporary new lettings, lease renewals and lease variations within investment and joint venture projects;
<b>loan-to-value (“LTV”)</b>	The ratio of gross debt less cash, short-term deposits and liquid investments to the aggregate value of properties and investments;
<b>Market Value</b>	has the meaning given thereto in Part 6 of this document;
<b>mark-to-market</b>	the difference between the book value of an assets or liability and its market value;
<b>Non-PID Dividends</b>	a dividend paid by the Company that is not a PID;
<b>PID or Property Income Distribution</b>	a distribution referred to in section 548(1) or 548(3) of CTA 2010, being a dividend or distribution paid by NewRiver REIT 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;
<b>Property Rental Business or property rental business</b>	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);
<b>Qualifying Property Rental Business</b>	a Property Rental Business fulfilling the conditions in section 529 of the CTA 2010; and
<b>Residual Business</b>	that part of the business of the Group that is not part of the Qualifying Property Rental Business.

# NOTICE OF GENERAL MEETING

## NEWRIVER REIT PLC

*(Incorporated in and registered in England and Wales with registered number 10221027)*

**NOTICE IS HEREBY GIVEN** that a general meeting of NewRiver REIT plc (the ‘**Company**’) will be held at the offices of Eversheds Sutherland (International) LLP, One Wood Street, London EC2V 7WS, on 4 July 2017 at 10.00 a.m. (the ‘**Meeting**’) for the purpose of considering and, if thought fit, passing Resolutions 1 and 2 as ordinary resolutions and Resolution 3 as a special resolution.

Unless expressly stated otherwise, terms defined in the prospectus of the Company dated 16 June 2017 shall have the same meaning in this Notice of General Meeting.

### ORDINARY RESOLUTIONS

#### 1. Allotment of New Ordinary Shares pursuant to the Capital Raising

The Directors of the Company be and are hereby generally and unconditionally authorised to exercise all powers of the Company in accordance with section 551 of the Companies Act 2006 (the “**Act**”) to allot shares in the Company and to grant rights to subscribe for or to convert any security into such shares (all of which transactions are hereafter referred to as an allotment of “**relevant securities**”) up to an aggregate nominal amount of £671,641.79 pursuant to the firm placing of 45,474,313 new ordinary shares of one pence each in the capital of the Company at 335 pence per share and the placing and open offer of 21,689,866 new ordinary shares of one pence each in the capital of the Company at 335 pence per share announced by the Company on 15 June 2017 (together, the “**Capital Raising**”), which authority shall be in addition to the existing authority conferred on the Directors on 3 August 2016, which shall continue in full force and effect. The authority conferred by this resolution shall expire at the Company’s next annual general meeting (unless previously revoked or varied by the Company in a general meeting) or 31 July 2017, whichever is the later, save that the Company may, before such expiry, revocation or variation, make an offer or agreement which would or might require relevant securities to be allotted after such expiry, revocation or variation and the Directors may allot relevant securities in pursuance of such offer or agreement as if the authority hereby conferred had not expired or been revoked or varied.

#### 2. Related Party Participation

Subject to and conditional upon Resolution 1 above being duly passed, the application by Invesco Limited for 20,552,355 new ordinary shares of one pence each in the capital of the Company under the terms of the Firm Placing and the Placing be and is hereby approved for the purposes of Chapter 11 of the Listing Rules of the UK Listing Authority.

### SPECIAL RESOLUTION

#### 3. Dis-application of pre-emption rights in connection with the allotment and issue of New Ordinary Shares pursuant to the Capital Raising

Subject to and conditional upon Resolution 1 above being duly passed, the Directors of the Company be and are hereby generally empowered pursuant to section 571 of the Act (in addition to all subsisting authorities under section 570 and section 573 of the Act), to allot equity securities (within the meaning of section 560 of the Act) in connection with the Capital Raising wholly for cash pursuant to the authority conferred by Resolution 1 above at any time up to the Company’s next annual general meeting or 31 July 2017, whichever is the later, in each case, as if section 561 of the Act did not apply to any such allotment in connection with the Capital Raising and so that the power granted by this resolution shall permit and enable the Company to make an offer or agreement which would or might require equity securities to be allotted after it expires, is revoked or varied and shall permit the directors to allot equity securities pursuant to any such offer or agreement notwithstanding the power conferred by this resolution has expired or been revoked or varied.

**BY ORDER OF THE BOARD**

**Matthew Jones**  
*Company Secretary*

*Registered Office:*  
 37 Maddox Street  
 London  
 W1S 2PP

Dated: 16 June 2017

**NOTES TO THE NOTICE OF GENERAL MEETING**

1. Members are entitled to appoint a proxy to exercise all or any of their rights to attend and to speak and vote on their behalf at the Meeting. A shareholder may appoint more than one proxy in relation to the Meeting provided that each proxy is appointed to exercise the rights attached to a different share or shares held by that shareholder. A proxy need not be a shareholder of the Company. A Form of Proxy may be used to make such appointment and give proxy instructions accompanies this notice. If you do not have a Form of Proxy and believe that you should have one, or if you require additional forms, please contact the Company's registrar, Capita Asset Services on 0371 664 0321. Calls are charged at the standard geographic rate and will vary by provider. Calls outside the United Kingdom will be charged at the applicable international rate. The helpline is open between 9.00 a.m. and 5.30 p.m. (London time) Monday to Friday excluding public holidays in England and Wales. Calls may be recorded and monitored for security and training purposes. Please note that, for legal reasons, Capita Asset Services is only able to provide information contained in the prospectus of the Company dated 16 June 2017 (other than information relating to the Company's register of members) and, as such, will be unable to give advice on the merits of the Capital Raising or to provide financial, legal or tax advice.
2. In order to be valid, a completed Form of Proxy must be returned to the Company, or an electronic proxy appointment made, by one of the following methods:
  - in hard copy form by post, by courier or by hand to the Company's Registrar, Capita Asset Services, at the address shown on the Form of Proxy; or
  - in the case of CREST members, by utilising the CREST electronic proxy appointment service in accordance with the procedures set out below,

and, in each case, must be received by Capita Asset Services not less than 48 hours before the time fixed for the Meeting or any adjournment(s) thereof. Please note that any electronic communication sent to Capita Asset Services in respect of the appointment of a proxy that is found to contain a computer virus will not be accepted.
3. To change your proxy instructions you may return a new proxy appointment using the methods set out above. Where you have appointed a proxy using the hard copy Form of Proxy and would like to change the instructions using another hard copy Form of Proxy, please contact Capita Asset Services, PXS 1, 34 Beckenham Road, Beckenham, Kent BR3 4ZF. The deadline for receipt of proxy appointments (see above) also applies in relation to amended instructions. Any attempt to terminate or amend a proxy appointment received after the relevant deadline will be disregarded. Where two or more valid separate appointments of proxy are received in respect of the same share in respect of the same meeting, the one which is last sent shall be treated as replacing and revoking the other or others.
4. The return of a completed proxy form, other such instrument or any CREST Proxy Instruction (as described in note 13 below) will not prevent a shareholder attending the Meeting and voting in person if he/she wishes to do so.
5. In the case of a member which is a company, the Form of Proxy must be executed under its common seal or signed on its behalf by an officer of the company or an attorney for the company.
6. Any power of attorney or any other authority under which the Form of Proxy is signed (or a duly certified copy of such power or authority) must be included with the Form of Proxy.
7. A vote withheld is not a vote in law, which means that the vote will not be counted in the calculation of votes for or against a resolution. If no voting indication is given, your proxy will vote or abstain from voting at his or her discretion.
8. Any person to whom this notice is sent who is a person nominated under section 146 of the Act to enjoy information rights (a "**Nominated Person**") may, under an agreement between him/her and the shareholder by whom he/she was nominated, have a right to be appointed (or to have someone else appointed) as a proxy for the meeting. If a Nominated Person has no such proxy appointment right or does not wish to exercise it, he/she may, under any such agreement, have a right to give instructions to the shareholder as to the exercise of voting rights.
9. The statement of the rights of shareholders in relation to the appointment of proxies in notes 1 and 2 and above does not apply to Nominated Persons. The rights described in these paragraphs can only be exercised by shareholders of the Company. Nominated Persons are reminded that they should contact the registered holder of their shares (and not the Company) on matters relating to their investment in the Company.
10. The right of a member to vote at the meeting will be determined by reference to the Register of Members. To be entitled to attend, vote and speak at the meeting, members must be registered in the Register of Members of the Company at close of business on 2 July 2017 (or in the event of any adjournment on the date which is two days before the time of the adjourned meeting).

11. As at 15 June 2017 (being the latest practicable date prior to the date of this Notice of General Meeting) the Company's issued share capital consists of 238,588,536 Ordinary Shares, carrying one vote each. Therefore, the total voting rights in the Company as at 15 June 2017 are 233,974,799 on basis that, as at that date, the Company held 4,613,737 Ordinary Shares in treasury.
12. CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so by using the procedures described in the CREST Manual. CREST Personal Members or other CREST sponsored members, and those CREST members who have appointed a service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.
13. In order for a proxy appointment or instruction made using the CREST service to be valid, the appropriate CREST message (a "**CREST Proxy Instruction**") must be properly authenticated in accordance with Euroclear UK & Ireland Limited's specifications, and must contain the information required for such instruction, as described in the CREST Manual (available via [www.euroclear.com](http://www.euroclear.com)). The message, regardless of whether it constitutes the appointment of a proxy or is an amendment to the instruction given to a previously appointed proxy must, in order to be valid, be transmitted so as to be received by the issuer's agent (ID RA10) by 10.00 a.m. on 2 July 2017. For this purpose, the time of receipt will be taken to be the time (as determined by the time stamp applied to the message by the CREST Application Host) from which the issuer's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means.
14. CREST members and, where applicable, their CREST sponsors or voting service providers, should note that Euroclear UK & Ireland Limited does not make available special procedures in CREST for any particular message. Normal system timings and limitations will, therefore, apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member, or sponsored member, or has appointed a voting service provider, to procure that his CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting system providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.
15. The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.
16. In each case the proxy appointments must be received by the Company not less than 48 hours before the time appointed for holding the Meeting or any adjournment thereof (excluding any part of a day which is not a working day).
17. In the case of joint holders, where more than one of the joint holders purports to appoint a proxy, only the appointment submitted by the most senior holder will be accepted. Seniority is determined by the order in which the names of the joint holders appear in the Company's register of members in respect of the joint holding (the first-named being the most senior).
18. Any corporation which is a member can appoint one or more corporate representatives who may exercise on its behalf all of its powers as a member provided that they do not do so in relation to the same shares.
19. Any member attending the Meeting has the right to ask questions. The Company must cause to be answered any such question relating to the business being dealt with at the Meeting but no such answer need be given if:
  - to do so would interfere unduly with the preparation for the Meeting or involve the disclosure of confidential information,
  - the answer has already been given on a website in the form of an answer to a question; or
  - it is undesirable in the interests of the Company or the good order of the Meeting that the question be answered.
20. A copy of this notice, and other information required by s311A of the Companies Act 2006, can be found at [www.nrr.co.uk](http://www.nrr.co.uk).

Except as provided above, members who have general queries about the Meeting should use the following means of communication (no other methods of communication will be accepted):

- by contacting the Company's registrar, Capita Asset Services, in writing at Capita Asset Services, Corporate Actions, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU, or by telephoning their shareholder helpline on 0371 664 0321. Calls are charged at the standard geographic rate and will vary by provider. Calls outside the United Kingdom will be charged at the applicable international rate. The helpline is open between 9.00 a.m. and 5.30 p.m. (London time) Monday to Friday (excluding public holidays in England and Wales). Calls may be recorded and monitored for security and training purposes. Please note that, for legal reasons, Capita Asset Services is only able to provide information contained in the prospectus of the Company dated 16 June 2017 (other than information relating to the Company's register of members) and, as such, will be unable to give advice on the merits of the Capital Raising or to provide financial, legal or tax advice; and
- by contacting the Company Secretary in writing at NewRiver REIT plc, 37 Maddox Street, London W1S 2PP or by telephoning him on +44 (0) 20 3328 5800 or by e-mailing him at [companysecretary@nrr.co.uk](mailto:companysecretary@nrr.co.uk). Please note that shareholders may not use any electronic address provided in either this document or any related documents (including the proxy form) to communicate with the Company for any purposes other than those expressly stated.









