

**THIS DOCUMENT AND THE ENCLOSED FORM OF PROXY ARE IMPORTANT AND REQUIRE YOUR IMMEDIATE ATTENTION. If you are in any doubt about the contents of this document or the action you should take, you should immediately consult a person authorised for the purposes of the Financial Services and Markets Act 2000, if you are in the United Kingdom or, if not, another appropriately authorised independent financial adviser, who specialises in advising on the acquisition of shares and other securities.**

If you have sold or otherwise transferred all of your Ordinary Shares, please send this document and the accompanying Form of Proxy at once to the purchaser or transferee, or to the stockbroker, bank or other agent through whom the sale or transfer was effected, for delivery to the purchaser or transferee.

**AIM is a market designed primarily for emerging or smaller companies to which a higher investment risk tends to be attached than to larger or more established companies. AIM securities are not admitted to the Official List of the United Kingdom Listing Authority. A prospective investor should be aware of the risks of investing in such companies and should make the decision to invest only after careful consideration and, if appropriate, consultation with an independent financial adviser. Neither the London Stock Exchange nor the United Kingdom Listing Authority have examined or approved the contents of this document. The AIM Rules are less demanding than those of the Official List of the United Kingdom Listing Authority.**

The Company is a registered closed-ended investment scheme registered pursuant to the Protection of Investors (Bailiwick of Guernsey) Law, 1987, as amended and the Registered Collective Investment Scheme Rules 2008 issued by the Guernsey Financial Services Commission (the "Commission"). The Commission has not reviewed this document and takes no responsibility for the financial soundness of the Company or the correctness of any statements made or opinions expressed with regard to this document.

The Company, whose registered office appears on page 11 of this document, and the Directors, whose names also appear on page 11 of this document, accept responsibility for the information contained in this document. To the best of the knowledge and belief of 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 does not omit anything likely to affect the import of such information.

This document does not comprise a prospectus for the purposes of the Prospectus (Directive 2003/71/EC) Regulations 2005 or Section 85 of FSMA. This document has not been delivered to the Registrar of Companies in England and Wales or the Registrar of Companies in Guernsey or any other authority in any jurisdiction for registration.



## **NEWRIVER RETAIL LIMITED**

*(a registered collective investment scheme incorporated in Guernsey and registered with number 50463)*

**Proposed Placing of 32,075,472 new Ordinary Shares  
at a Placing Price of 265 pence per Ordinary Share  
and  
Notice of Extraordinary General Meeting**

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Your attention is drawn to the letter from the Chairman of NewRiver Retail Limited which is set out on pages 11 to 20 of this document and which contains, amongst other matters, your Board's recommendations to vote in favour of the Resolutions to be proposed at the Extraordinary General Meeting referred to below. The proposals described in this document are conditional upon the Resolutions being passed.

A notice convening an Extraordinary General Meeting ("EGM") of the Company to be held at 10.00 a.m. on Tuesday, 18 February 2014 at the offices of Bell Pottinger at 6th Floor, Holborn Gate, 330 High Holborn, London WC1V 7QD is set out at the end of this document. A Form of Proxy for use at the EGM is enclosed. Whether or not you intend to attend the EGM in person, please complete, sign and return the accompanying Form of Proxy in accordance with the instructions printed on it as soon as possible but, in any event, so as to be received by the Company's Registrar, Capita Asset Services, at PXS, 34 Beckenham Road, Beckenham, BR3 4TU by no later than 10.00 a.m. on Friday, 14 February 2014. If you hold your Ordinary Shares in uncertificated form (i.e. in CREST), you may appoint a proxy by completing and transmitting a CREST Proxy Instruction in accordance with the

procedures set out in the CREST Manual so that it is received by the Registrar (under CREST participant ID RA10) by no later than 10.00 a.m. on Friday, 14 February 2014. The time of receipt will be taken to be the time from which the Registrar is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST.

Completion and posting of the Form of Proxy or completing and transmitting a CREST Proxy Instruction will not prevent you from attending and voting in person at the EGM if you wish to do so.

Liberum Capital Limited, which is authorised and regulated in the United Kingdom by the Financial Conduct Authority, is acting as nominated adviser and broker to the Company in connection with the matters described in this document. Persons receiving this document should note that Liberum Capital Limited will not be responsible to anyone other than the Company for providing the protections afforded to customers of Liberum Capital Limited, or for advising any other person on the arrangements described in this document.

Kinmont Limited, which is authorised and regulated in the United Kingdom by the Financial Conduct Authority, is acting as financial adviser to the Company in connection with the matters described in this document. Persons receiving this document should note that Kinmont Limited will not be responsible to anyone other than the Company for providing the protections afforded to customers of Kinmont Limited, or for advising any other person on the arrangements described in this document.

Liberum Capital Limited and Kinmont Limited have not authorised the contents of, or any part of, this document and no liability whatsoever is accepted by Liberum Capital Limited or Kinmont Limited for the accuracy of any information or opinions contained in this document or for the omission of any information.

No representation or warranty, express or implied, is made by Liberum Capital Limited or Kinmont Limited as to the accuracy, completeness or verification of the information set out in this document, and nothing contained in this document is, or shall be relied upon as, a promise or representation in this respect, whether as to the past or the future. Liberum Capital Limited and Kinmont Limited do not assume any responsibility for its accuracy, completeness or verification and accordingly each disclaims, to the fullest extent permitted by applicable law, any and all liability whether arising in tort, contract or otherwise which they might otherwise be found to have in respect of this document or any such statement.

If you are in any doubt about the contents of this document you should consult your accountant, legal or professional adviser or financial adviser. It should be remembered that the price of securities and the income from them can go up as well as down.

A registered collective investments scheme is not permitted to be offered to the public in Guernsey directly but may be offered to regulated entities in Guernsey or offered to the public by entities appropriately licensed under the Protection of Investors (Bailiwick of Guernsey) Law (1987), as amended. Ordinary Shares shall not be placed directly with the public in Guernsey.

The directors of the Company have taken all reasonable care to ensure that the facts stated in this document are true and accurate in all material respects and that there are no other facts the omission of which would make any statement in this document misleading, whether of facts or of opinion. All the directors accept responsibility accordingly.

In the United Kingdom, members of the public are not invited to participate in and are not eligible to take part in the Placing. Participation in the Placing is limited at all times to persons who are (i) investment professionals within the meaning of paragraph (5) of Article 19 or high net worth companies or unincorporated associations within the meaning of paragraph (2) of Article 49, of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (S1 2005/1529); and (ii) qualified investors within the meaning of section 86(7) of the Financial Services and Markets Act 2000 (all such persons together being referred to as “**relevant persons**”). Any person who is not a relevant person should not act or rely on this document or any of its contents. Any investment or investment activity to which this document relates is available only in the United Kingdom to relevant persons and will be engaged in only with relevant persons. By receiving this document and not returning it, you are deemed to warrant to the Company, Liberum Capital Limited and Kinmont Limited that you fall within the categories of person described above.

No Ordinary Shares have been offered or sold or will be offered or sold to persons in the United Kingdom prior to publication of this document except in circumstances which have not resulted in an offer to the public in the United Kingdom within the meaning of section 102B of the FSMA.

This document is only addressed to, and the Placing is only directed at, persons in member states of the European Economic Area (“EEA”) who are “qualified investors” within the meaning of Article 2(1) (e) of the Prospectus Directive (“**Qualified Investors**”). This document must not be acted or relied upon in any member state of the EEA, by persons who are not Qualified Investors. Any investment or investment activity to which this document relates is available, in any member state of the EEA, only to Qualified Investors, and will be engaged in only with such persons. This document has been prepared on the basis that all offers of Placing Shares will be made pursuant to any exemption under the Prospectus Directive, as implemented in member states of the EEA, from the requirement to produce a prospectus for offers of Placing Shares. Accordingly, any person making or intending to make any offer within the EEA of or for Ordinary Shares which are not the subject of the Placing contemplated in this document should only do so in circumstances in which no obligation arises for the Company, Liberum Capital Limited or Kinmont Limited to produce a prospectus for such Placing. None of the Company, Liberum Capital Limited or Kinmont Limited has authorised, nor do they authorise, the making of any offer of Ordinary Shares through any financial intermediary, other than offers made by Liberum Capital Limited or Kinmont Limited which constitute the final placement of Ordinary Shares contemplated in this document.

In the case of any Placing Shares being offered to a financial intermediary as that term is used and defined in section 86(7) of the Financial Services and Markets Act 2000, such financial intermediary will also be deemed to have represented, acknowledged and agreed that the Placing Shares acquired by it in the Placing have not been acquired on a non-discretionary basis on behalf of, nor have they been acquired with a view to their offer or resale to, persons in circumstances which may give rise to an offer of any Placing Shares to the public other than their offer or resale in a relevant member state to qualified investors as so defined or in circumstances in which the prior consent of the Company and Liberum Capital Limited has been obtained to each such proposed offer or resale. Each of the Company, Liberum Capital Limited and their respective affiliates will rely on the truth and accuracy of the foregoing representation, acknowledgement and agreement.

The Placing Shares are being offered (i) outside of the United States to persons who are not US Persons in offshore transactions in reliance on Regulation S; and (ii) in the United States to a limited number of “qualified institutional buyers” as defined in Rule 144A under the US Securities Act that are also “qualified purchasers” as defined in Section 2(a)(51) of the US Investment Company Act and the related rules thereunder, in reliance on one or more exemptions from, or in a transaction not subject to, the registration requirements of the US Securities Act and applicable state securities laws and under circumstances that will not require the Company to register under the US Investment Company Act.

The Ordinary Shares have not been, and will not be, registered under the US Securities Act or with any securities regulatory authority of any state or other jurisdiction of the United States. In addition, the Company has not been, and will not be, registered under the Investment Company Act, and investors will not be entitled to the benefits of the Investment Company Act. Purchasers who are located in the United States or are US Persons will be requested to sign a US Investor’s Representations Letter in which they, among other things, will commit to resell the Ordinary Shares only in an offshore transaction complying with Regulation S or to the Company or a subsidiary thereof.

**None of the US Securities and Exchange Commission, any other US federal or state securities commission or any US regulatory authority has approved or disapproved of the Ordinary Shares nor has any such authority reviewed or passed upon the accuracy or adequacy of this document. Any representation to the contrary is a criminal offence in the United States.**

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 Placing Shares (i) in any jurisdiction in which such offer, invitation or solicitation is not authorised; (ii) in any jurisdiction in which the person making such offer, invitation or solicitation is not qualified to do so; or (iii) to any person to whom it is unlawful to make such offer, invitation or solicitation. The distribution of this document, the accompanying Form of Proxy and any accompanying documents, and the offer of the Placing Shares may be restricted by law. Persons into whose possession this document, the Form of Proxy and any accompanying documents come must therefore inform themselves about and observe any such restrictions. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdiction. In particular, no document may be distributed, forwarded to or transmitted in, into or from the United States, Australia, Canada, Japan, the Republic of South Africa or to any US person where to do so would breach any applicable law or regulation.

No public offering of the Placing Shares is being made in any jurisdiction. No action has been or will be taken by the Company or Liberum Capital Limited that would permit the offer of the Placing Shares or possession or

distribution of this document, the Form of Proxy or any accompanying documents in any jurisdiction where action for that purpose is required.

Copies of this document will be available free of charge at the registered office of the Company in Guernsey and at the offices of Eversheds LLP at One Wood Street, London EC2V 7WS during usual business hours on any day (Saturdays, Sundays and public holidays excepted) from the date of this document for a period of 14 days or until Admission, whichever is the longer period.

The documents listed at page 21 (*Additional Information*) of this document are incorporated by reference into and form part of this document.

### **Forward-looking statements**

All statements in this document other than statements of historical fact are, or may be deemed to be, “forward-looking statements”. In some cases, these forward-looking statements may be identified by the use of forward-looking terminology, including the terms “targets”, “believes”, “estimates”, “anticipates”, “expects”, “intends”, “may”, “will” or “should” or, in each case, their negative or other variations or comparable terminology. They appear in a number of places throughout the document and include statements regarding the intentions, beliefs or current expectations of the Company and/or the Directors concerning, among other things, the trading performance, results of operations, financial condition, liquidity, prospects and dividend policy of the Company. By their nature, forward-looking statements involve 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 Company’s actual performance, result of operations, financial condition, liquidity and dividend policy may differ materially from the impression created by the forward-looking statements contained in this document. In addition, even if the performance, results or developments contained in this document occur, that performance or those results or developments may not be indicative of performance, results or developments in subsequent periods. Important factors that may cause these differences include, but are not limited to, changes in economic conditions generally; changes in interest rates and currency fluctuations; impairments in the value of the Company’s assets; legislative/regulatory changes; changes in taxation regimes; the availability and cost of capital for future expenditure; the availability of suitable financing; the ability of the Group to retain and attract suitably experienced personnel and competition within the industry. Prospective investors should specifically consider the factors identified in this document which could cause actual results to differ before making an investment decision.

### **Industry, market and other data**

Information regarding markets, market size, market share, market position, growth rates and other industry data pertaining to the Group’s business and the track record of the NewRiver Management Team contained in this document consists of estimates based on data and reports compiled by professional organisations and analysts, information made public by investment vehicles previously managed by the NewRiver Management Team, on data from external sources and on the Company’s and the NewRiver Management Team’s knowledge of the UK real estate market. Information regarding the macroeconomic environment in the UK has been compiled from publicly available sources. In many cases, there is no readily available external information (whether from trade associations, government bodies or other organisations) to validate market-related analyses and estimates, requiring the Company to rely on internally developed estimates. The Company takes responsibility for compiling, extracting and reproducing market or other industry data from external sources, including third parties or industry or general publications, but neither the Company, Liberum Capital Limited nor Kinmont Limited has independently verified that data. The Company gives no assurance as to the accuracy and completeness of, and takes no further responsibility for, such data. Similarly, while the Company believes its and the NewRiver Management Team’s internal estimates to be reasonable, they have not been verified by any independent sources and the Company cannot give any assurances as to their accuracy.

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## DEFINITIONS

References in this document to statutes or government agencies are, unless specifically stated otherwise, to statutes or government agencies in the UK. The following definitions apply throughout this document unless the context requires otherwise:

<b>“2011 Admission Document”</b>	the AIM Admission Document of the Company dated 7 July 2011
<b>“2013 Annual Accounts”</b>	the annual report and accounts of the Company for the financial year ended 31 March 2013
<b>“2014 Interim Dividend”</b>	the dividend of 6 pence per Ordinary Share announced on 28 November 2013 which is payable on 31 January 2014 to Shareholders on the register as at 10 January 2014
<b>“A Convertible Unsecured Loan Stock”</b>	the £17.0 million nominal value A 5.85 per cent. convertible unsecured loan stock 2015, issued by NewRiver Retail CUL
<b>“Admission”</b>	the admission of the Placing Shares to trading on AIM becoming effective pursuant to paragraph 6 of the AIM Rules.
<b>“Adjusted Closing Share Price”</b>	the closing share price of Ordinary Shares adjusted to deduct the Special Dividend, and prior to 8 January 2014, adjusted to deduct the 2014 Interim Dividend
<b>“30 September 2013 EPRA NAV Per Share”</b>	the EPRA NAV per Ordinary Share as at 30 September 2013 of 222 pence
<b>“AIM”</b>	the market of that name operated by the London Stock Exchange
<b>“AIM Rules”</b>	the rules of the London Stock Exchange governing the admission to, and the operation of, AIM
<b>“Articles”</b>	the articles of incorporation of the Company
<b>“B Convertible Unsecured Loan Stock”</b>	the £8.0 million nominal value B 5.85 per cent. convertible unsecured loan stock 2015, issued by NewRiver Retail CUL
<b>“Board” or “Directors”</b>	the directors of the Company for the time being and (where the context requires) comprises those persons as at the date of this document, whose names appear on page 11 of this document
<b>“business day”</b>	any day on which banks in London and Guernsey are open for business (excluding Saturdays and Sundays and public holidays)
<b>“BRAVO II”</b>	a fund advised and managed by Pacific Investment Management Company LLC
<b>“certificated” or “in certificated form”</b>	in relation to a share or other security, a share or other security, title to which is recorded in the relevant register of the share or other security concerned as being held in certificated form (that is, not in CREST)
<b>“CISX”</b>	the Channel Islands Stock Exchange, LBG
<b>“Company” or “NewRiver”</b>	NewRiver Retail Limited, a registered collective investment scheme, incorporated in Guernsey with registration number 50463
<b>“Convertible Securities”</b>	securities convertible into or exchangeable into Ordinary Shares
<b>“Convertible Unsecured Loan Stock”</b>	the £25.0 million nominal value 5.85 per cent. convertible unsecured loan stock 2015 issued, from time to time, by NewRiver

	Retail CUL, comprising the A Convertible Unsecured Loan Stock and the B Convertible Unsecured Loan Stock
<b>“Convertible Unsecured Loan Stock Instruments”</b>	the instruments pursuant to which the” Stock was issued
<b>“CREST”</b>	the relevant system (as defined in the Regulations) for the paperless settlement of share transfers and the holding of shares in uncertificated form in respect of which Euroclear is the Operator (as defined in the Regulations)
<b>“CREST Service Provider”</b>	Capita Registrars (Guernsey) Limited, pursuant to the Registrar Agreement with the Company dated 26 August 2009
<b>“CSOP”</b>	the NewRiver Retail Limited Company Share Option Plan 2009
<b>“EGM” or “Extraordinary General Meeting”</b>	the Company’s extraordinary general meeting (or any adjournment thereof) convened for 10.00 a.m. on 18 February 2014 at which the Resolutions will be put to the Shareholders
<b>“ERV”</b>	the estimated amount for which a property would 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
<b>“EPRA ”</b>	the European Public Real Estate Association
<b>“Euroclear”</b>	Euroclear UK & Ireland Limited, the operator of the CREST system
<b>“First Admission”</b>	the admission of the Ordinary Share capital of the Company to trading on AIM and the CISX becoming effective pursuant to paragraph 6 of the AIM Rules, which occurred on 1 September 2009
<b>“Form of Proxy”</b>	the enclosed form of proxy for use by the Shareholders in connection with the EGM
<b>“Fully Diluted Share Capital”</b>	at any time during the period from (and including) the date of First Admission to (but excluding) the date which is 18 months from the date of First Admission, the number of Ordinary Shares in issue at the relevant time if: (a) all the outstanding Warrants had been exercised in full; and (b) all Ordinary Shares capable of being issued by the Company pursuant to all outstanding Options, Convertible Securities or other rights to subscribe for shares or securities capable of being issued by way of Share Equivalents (excluding any Ordinary Shares issued pursuant to any employee share options, employee share purchase plans or any other form of equity based compensation granted to employees or officers of the Group) had been issued, provided that the aggregate value of the Fully Diluted Share Capital is capped at £125 million, regardless of the number of Ordinary Shares in issue at the relevant time
<b>“Group”</b>	the Company and its subsidiaries and subsidiary undertakings from time to time
<b>“Kinmont”</b>	Kinmont Limited, the Company’s financial adviser
<b>“Law”</b>	The Companies (Guernsey) Law, 2008, as amended

<b>“Liberum”</b>	Liberum Capital Limited, the Company’s nominated adviser and corporate broker
<b>“London Stock Exchange”</b>	London Stock Exchange plc
<b>“NAV”</b>	the value of the assets of the Group less its liabilities, calculated in accordance with the accounting principles adopted by the Group from time to time
<b>“NewRiver Management Team”</b>	as at the date of this document, David Lockhart, Allan Lockhart, Nick Sewell, Mark Davies and Charles Miller
<b>“NewRiver Retail CUL”</b>	NewRiver Retail CUL No. 1 Limited
<b>“Options”</b>	options, warrants or other rights to purchase Ordinary Shares (other than options or warrants granted to employees or officers of the Group) or Convertible Securities
<b>“Ordinary Shares”</b>	the ordinary shares of no par value in the capital of the Company
<b>“Paul Roy Options”</b>	the options over Ordinary Shares granted to Paul Roy on the date of First Admission
<b>“Placing”</b>	the placing of the Placing Shares with institutional and other investors
<b>“Placing Agreement”</b>	the agreement dated 21 January 2014, as amended pursuant to a letter dated 24 January 2013, between the Company and Liberum pursuant to which Liberum has agreed to use its reasonable endeavours to procure places for the Placing Shares
<b>“Placing Price”</b>	265 pence per Placing Share
<b>“Placing Shares”</b>	32,075,472 new Ordinary Shares, representing approximately £85 million at the Placing Price
<b>“Property Rental Business”</b>	the qualifying property rental business in the UK and elsewhere of UK resident companies within a UK-REIT and non-UK resident companies within a UK-REIT with a UK qualifying property rental business
<b>“Qualified Investors”</b>	qualified investors within the meaning of section 86(7) of the Financial Services and Markets Act 2000
<b>“Regulation S”</b>	Regulation S under the US Securities Act
<b>“Regulations”</b>	the Uncertificated Securities Regulations 2001 (SI 2001/3755)
<b>“Resolutions”</b>	the resolutions proposed to be passed by Shareholders at the Extraordinary General Meeting
<b>“Share Equivalents”</b>	(without duplication) rights, warrants, options, convertible securities, convertible indebtedness, exchangeable securities or exchangeable indemnities, or any other rights exercisable for, convertible or exchangeable into, directly or indirectly, any Ordinary Shares whether at the relevant time, any time in the future or upon the occurrence of some future event
<b>“Shareholders”</b>	holders of Ordinary Shares from time to time
<b>“Share Incentive Plans”</b>	the CSOP and the Unapproved Plan

<b>“Special Dividend”</b>	the special interim dividend of 10 pence per Ordinary Share which is conditional on the passing of the Resolutions at the Extraordinary General Meeting and, if paid, payable by the Company to its Shareholders who are on the Company’s register of members at the close of business on the Special Dividend Record Date
<b>“Special Dividend Record Date”</b>	6.00 p.m. on 18 February 2014
<b>“Specified Percentage”</b>	in respect of any Warrant and the exercise of the relevant Subscription Rights, the specified percentage stated in the Warrantholder’s certificate which shall, when aggregated with the Specified Percentages in respect of all other Warrants, certificates and Subscription Rights, be three per cent.
<b>“Subscription Price”</b>	the subscription price payable from time to time to subscribe for Ordinary Shares pursuant to the Warrants, such price may be adjusted from time to time in accordance with the terms of the Warrant Instrument
<b>“Subscription Rights”</b>	each Warrantholder’s right, upon the terms and conditions of the Warrant Instrument, to subscribe for or acquire from the Company in cash at the Subscription Price that Specified Percentage of the Fully Diluted Share Capital of the Company specified in its warrant certificate
<b>“subsidiary”</b>	as construed in accordance with section 1159 of the Companies Act 2006 and section 531 of the Law
<b>“subsidiary undertakings”</b>	as construed in accordance with section 1261 of the Companies Act 2006
<b>“UK” or “United Kingdom”</b>	United Kingdom of Great Britain and Northern Ireland
<b>“UK-REIT”</b>	a UK Real Estate Investment Trust under Part 12 of the Corporation Taxes Act 2010
<b>“UK-REIT regime”</b>	the UK-REIT regime introduced by the Finance Act 2006 and re-written in Part 12 of the Corporation Taxes Act 2010
<b>“Unapproved Plan”</b>	the NewRiver Retail Limited Unapproved Share Option Plan 2009
<b>“US Investment Company Act”</b>	the United States Investment Company Act of 1940, as amended
<b>“US Person”</b>	U.S. person as defined in Rule 902(k) of Regulation S
<b>“US Securities Act”</b>	the United States Securities Act of 1933, as amended
<b>“uncertificated” or “in uncertificated form”</b>	shares recorded in the Company’s register of Shareholders as being held in uncertificated form, title to which may be transferred by means of an instruction issued in accordance with the rules of CREST
<b>“Warrantholders”</b>	holders of Warrants
<b>“Warrant Instrument”</b>	the warrant instrument of the Company dated 26 August 2009
<b>“Warrants”</b>	the warrants granted by the Company to Shareholders subscribing for Ordinary Shares at First Admission, pursuant to the Warrant Instrument
<b>“£” or “pound” or “sterling”</b>	the lawful currency of the United Kingdom

## PLACING STATISTICS

Placing Price per Placing Share	265 pence
Number of Placing Shares being placed*	32,075,472
Number of Ordinary Shares in issue immediately following Admission†*‡	99,423,356
Estimated proceeds of the Placing receivable by the Company before expenses*	£85.0 million
Estimated proceeds of the Placing receivable by the Company after expenses*	£82.5 million
Percentage of the enlarged issued ordinary share capital being placed pursuant to the Placing†*	32 per cent.
AIM Symbol	NRR
ISIN Code	GG00B4Z05859

\*assuming that the Placing is fully subscribed

†assuming no conversion of Convertible Securities prior to Admission

‡including 624,000 shares currently held in treasury

## EXPECTED TIMETABLE OF PRINCIPAL EVENTS

2014

Dispatch of this document and Forms of Proxy	28 January
Latest time and date for receipt of Forms of Proxy and receipt of electronic proxy appointments by Shareholders for the Extraordinary General Meeting	10.00 a.m. on 14 February
Time and date of the Extraordinary General Meeting	10.00 a.m. on 18 February
Announcement of the results of the Extraordinary General Meeting and the Placing	18 February
Special Dividend Record Date	6.00 p.m. on 18 February
Ex-dividend date in respect of the Special Dividend	19 February
Admission effective and dealings commence in the Placing Shares on AIM	8.00 a.m. on 21 February
CREST stock accounts to be credited with the Placing Shares in uncertificated form	8.00 a.m. on 21 February
Dispatch of definitive share certificates for the Placing Shares in certificated form by	14 March
Payment date for Special Dividend	28 March

### Notes:

- (1) A reference to a time in this document is to London time unless otherwise stated.
- (2) The times and dates set out in the expected timetable of principal events above and mentioned throughout this document may be adjusted by the Company, in which event details of the new times and/or dates will be notified to investors.

## PART 1

### CHAIRMAN'S LETTER



### NEWRIVER RETAIL LIMITED

*(Incorporated in Guernsey with registered number 50463)*

Paul Roy (*Non-Executive Chairman*)  
David Lockhart (*Chief Executive*)  
Mark Davies (*Finance Director*)  
Allan Lockhart (*Property Director*)  
Nick Sewell (*Director*)  
Charles Miller (*Development Director*)  
Andrew Walker (*Non-Executive Director*)  
Chris Taylor (*Non-Executive Director*)  
Kay Chaldecott (*Non-Executive Director*)

Old Bank Chambers  
La Grande Rue  
St Martin's  
Guernsey  
Channel Islands  
GY4 6RT

28 January 2014

*To the Ordinary Shareholders and, for information only, to holders of Options, Warrants and Convertible Unsecured Loan Stock*

Dear Shareholder,

#### **Proposed Placing of 32,075,472 new Ordinary Shares at 265 pence per Ordinary Share**

##### **Introduction**

I am writing to you with details of what your Board considers to be a significant and positive development for the Company. Following on from its successful fundraising in July 2013, the Company announced on 21 January 2014 that it was proposing to raise gross proceeds of £75 million by means of a placing of new Ordinary Shares with certain institutional and other investors. Further to significant demand from new and existing investors, the Company announced on 24 January 2014 that it had increased the size of the Placing to £85 million (before expenses), comprising 32,075,472 new Ordinary Shares at the Placing Price of 265 pence per Placing Share.

The purpose of this document is to set out, amongst other things, the background to and reasons for the Placing and the proposed waiver of the pre-emption rights in the Articles. It also explains why your Board considers that the Resolutions to be proposed at the Extraordinary General Meeting are in the best interests of the Company and Shareholders as a whole and, accordingly, recommends that Shareholders vote in favour of the Resolutions. A notice of Extraordinary General Meeting is set out at the end of this document.

The net proceeds of the Placing will be applied for the purposes of the Company's continuing investment programme, which is discussed in more detail below.

This letter also sets out, amongst other things, a summary of the Company's recent trading activity, details of the Special Dividend and the recently announced changes to the Company's dividend practice.

##### **Background to, and Reasons for, the Placing**

NewRiver is a UK REIT which specialises in value-creating, retail property investment and active asset management. The Company has a focused business plan and continues to invest in value creating opportunities, exploiting the Company's established platform for expansion. The Directors believe that the

timing is right for NewRiver to take advantage of favourable retail real estate market conditions and raise further equity for expansion. In the opinion of the Board, the Group is well-positioned and the core stock selection and asset management skills of the NewRiver Management Team are well-suited to the current real estate market environment.

The NewRiver Management Team is experienced in real estate investment, development and management. Whilst the Company is predominantly retail property focused, the team has experience in a range of real estate asset classes, which assists in maximizing site values.

In July 2013, NewRiver raised approximately £67 million of new equity before expenses. The Company has now deployed the majority of the net proceeds raised in the July 2013 placing on a number of acquisitions, details of which are set out under “Recent Trading” below. The Company’s measured rate of investment and pipeline of opportunities has led the Directors to conclude that a further equity raise at this time is appropriate and is in the interests of Shareholders as a whole.

It is envisaged that the proceeds of the Placing will be deployed to complete a number of standalone acquisitions, joint ventures and co-investment opportunities which the Company is currently exploring.

### **Recent Trading**

The Company’s equity fundraising in July 2013 represented a strong endorsement of the Company’s strategy and track record by its Shareholders. Since that date, the Company has completed acquisitions with a total value of approximately £198 million at a weighted average net initial yield of approximately 11 per cent. NewRiver has identified a pipeline of additional opportunities which meet its investment criteria and which the Directors believe will be accretive to shareholder value.

In the six months to 30 September 2013, EPRA recurring profits stood at £3.0 million, a 60 per cent. increase on the same period in 2012. As at 30 September 2013, net assets stood at £146.9 million, 222 pence per Ordinary Share on an EPRA basis. Through the Company’s own balance sheet, joint ventures and management contracts, total assets under management stood at £450 million.

On 17 July 2013, NewRiver announced the acquisition of Hillstreet Shopping Centre in Middlesbrough for £50 million (reflecting a net initial yield of 9.6 per cent.). A number of asset management initiatives are already under way including plans to improve entrances and reconfigure some of the units in the centre. The asset has been acquired in a 50:50 joint venture structure through NewRiver’s partnership with BRAVO II (a fund advised and managed by Pacific Investment Management Company LLC).

On 28 November 2013, the Company announced the acquisition of a portfolio of 202 public houses from Marston’s plc for a total consideration of £90 million. NewRiver acquired the portfolio for conversion to alternative uses, primarily food convenience stores and restaurants. The acquisition was underpinned through a leaseback arrangement with Marston’s plc for a minimum period of four years paying a total annual rent of £12.2 million (reflecting a net initial yield of 12.8 per cent). The acquisition was funded on a 50:50 basis in partnership with BRAVO II. The assets are predominantly located in high population residential areas with good roadside visibility and extensive car parking facilities. The Company has already started to pursue the opportunities presented by the portfolio, particularly with the UK’s major convenience store operators and supermarket groups.

On 28 November 2013, the Company announced that it had exchanged conditional contracts to acquire the St. Elli Shopping Centre in Llanelli and Gloucester Green shopping centre in Oxford from insurance group, AXA, for a total consideration of £34.3 million (reflecting a net initial yield of 7.8 per cent.). The acquisition was funded on a 50:50 basis in partnership with BRAVO II.

The St. Elli Shopping Centre in market town Llanelli was acquired for £29.2 million on a predominantly freehold basis and benefits from a strong tenant base which includes ASDA, Argos, Poundland, Sports Direct and Wilkinson. Gloucester Green was acquired on a long leasehold basis for £5.1 million and offers a number of potential asset management opportunities, benefiting from a town centre location and high foot-fall.

On 4 December 2013, the Company announced the £24 million acquisition of three shopping centres from Zolfo Cooper acting as administrator on behalf of Clydesdale Bank. The portfolio was previously managed by NewRiver for Zolfo Cooper and was acquired on a net initial yield of 10.4 per cent. It comprises shopping centres in Edinburgh, North Shields and Grangemouth. The acquisition was funded through the joint venture with BRAVO II on a 50:50 basis.

In addition to the successful acquisitions it has completed, NewRiver continues to make progress with value enhancing activity across its existing portfolio. In its results announcement for the six months to 30 September 2013, NewRiver stated that it had entered into 50 new letting and lease renewals, delivering income of £1.6 million at 1.3 per cent. above ERV. Three development projects in Paisley, Wallsend and Warrington were also completed.

## **NewRiver's Investment Focus**

### ***Introduction***

The Company has built a substantial portfolio of assets in the period since flotation in September 2009. NewRiver now owns or manages 25 shopping centres and other town centre assets with a current capital value in excess of £500 million, making it the third largest owner and operator in the UK by number of retail assets over 50,000 sq ft.

The Group focuses on the food and value sub-sectors of retail real estate with an emphasis on convenience and non-discretionary spending. It is particularly attracted to retail assets which serve everyday core household spending needs. NewRiver believes that such assets offer attractive investment opportunities at present given, amongst other things, attractive net initial yields at current acquisition prices, sustainable income streams and potential for growth through active asset management and development initiatives.

NewRiver focuses on shopping centre investments but also considers investment in retail parks, portfolios of retail assets and vacant stores with sub-division potential. In addition, the Company seeks to acquire assets in towns with lower occupational costs as a percentage of tenant turnover. In such locations, there tends to be limited competition from both out-of-town retailing and competing town centres, resulting in a high retention of consumer spend and a broader range of retailers.

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

In making investment decisions, individual assets or portfolios are appraised according to the Company's investment objectives set out below. The NewRiver Management Team is also focused on the overall balance of NewRiver'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 some 1,100 tenancies.

### ***Attractions of the Retail Sector***

As a specialist UK-REIT, NewRiver focuses on the UK retail property sector which is the largest sector in the UK commercial property market and continues to deliver resilient long term performance.

Retail is a dynamic sector that is pivotal to the UK economy, representing 20 per cent. of GDP. Retail sales remain resilient and provide a range of opportunities for focused real estate investors and asset managers.

The Directors believe that there are a number of attractive investment opportunities available to the Group for the following reasons:

- Strength and depth in the UK's £321 billion annual retail sales market.
- UK retail sales grew by £10 billion in 2013 (3.3 per cent.).

- Approximately 45 per cent. of all UK retail sales are generated by the large food retailers, including the discount food retailers, who have consistently been growing their space throughout the recession and through 2013.
- Current vacancy rates are at their long term average and well below the office and industrial sectors.
- There is a shortage of new, highly productive retail space given the limited development activity undertaken over the last three years.

The Company believes that the pipeline of opportunities presented to it is attractive, given the absolute pricing of these assets relative to longer term valuations and relative to the pricing of other retail real estate assets and other real estate sectors in today's market.

Within the food and value sub-sectors there are a number of retailers seeking additional space and, with limited recent retailer development pipeline, this provides attractive opportunities to create value by meeting that demand. This is a segment of retail where sales growth continues to be positive, retailers are keen to acquire space across a range of store formats, good tenant covenants are available and tenants are historically keen to agree long lease terms.

The internet may also present an opportunity for traditional retailers who are establishing multi-channel "click and collect strategies". NewRiver has an active strategy in this regard, including the introduction of free WiFi, Amazon Lockers and an active social media policy to build on consumer loyalty, improve footfall and extend dwell time.

### ***Investment Focus***

NewRiver's focus on assets which can generate immediate and attractive cash-on-cash returns lies at the heart of its business model. NewRiver focuses on driving 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. Uplift in asset values is expected to be achieved by, where appropriate, undertaking risk-controlled development and refurbishment. NewRiver actively seeks to create shareholder returns and thus value is also captured through the recycling of assets.

NewRiver is currently focusing its investment acquisitions on assets where the predominant retail tenant profile is less reliant on discretionary spend. Research from Verdict Research shows that discretionary spend retailers focused on the housing market or those selling large ticket items such as electrical and white goods have significantly underperformed retailers that are less reliant on discretionary spend, such as food retailers, health and beauty retailers, value clothing retailers and the single and multiple priced discount retailers.

NewRiver is targeting towns with an under-representation of food retail. On each potential acquisition, the Company undertakes rigorous tenant-by-tenant turnover analysis to ensure the affordability and the sustainability of income streams. Through such due diligence, NewRiver seeks to conduct accurate competitor analysis and identify the existence of a broad and balanced demographic, the convenience and connectivity of the town and asset and the form and functionality of the property.

The key investment criteria applied by NewRiver are as follows:

- Targeted minimum geared returns of 15 per cent. per annum.
- Net initial yields at acquisition in excess of 7 per cent.
- Annual cash-on-equity returns of between 10 per cent. and 15 per cent.
- Sustainable rental levels (3 per cent. to 10 per cent. of tenants' turnover).
- Identifiable asset management and development opportunities.
- Realisable exit strategies.

- Acquisition meets both standalone investment criteria and complements the portfolio's geographic and tenant spread.

The Directors will typically target the acquisition of real estate assets with an enterprise value of approximately £5 million to £100 million. As a matter of policy, the Company targets debt gearing levels of 50 to 65 per cent. at acquisition, although on occasion lower 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 between equity, mezzanine and senior debt.

NewRiver also plans selectively to take advantage of other investment opportunities that may arise, including from forced sales, debt restructuring and bank foreclosures and lot sizes that may fall outside the above range or outside of its core investment strategy. NewRiver will also choose to pursue opportunities on a standalone, co-investment or joint venture basis according to the scale of investment required, the availability of equity at the relevant time, the attractions of the investment opportunity and the effect of the acquisition on the Group's overall portfolio. NewRiver has been successful in winning a number of third party management mandates which generate attractive income through flat fees and incentive fees. The Company is interested in developing this part of its business, albeit that its focus is on wholly-owned and joint venture opportunities.

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

### **The Placing**

The Directors are proposing to raise additional capital for the Company by way of a placing to institutional and other investors of, in aggregate, 32,075,472 Placing Shares to raise approximately £85 million (before expenses). Ordinary Shares will be issued under the Placing at a price of 265 pence per Placing Share which represents:

- a 7 per cent. discount to the average Adjusted Closing Share Price over the 20 trading days prior to 21 January 2014, being the date of the first announcement in connection with the proposed Placing; and
- a 19 per cent. premium to the last reported EPRA NAV per Ordinary Share (being the 30 September 2013 EPRA NAV Per Share).

The Placing, which is conditional, amongst other things, on the Resolutions being passed at the EGM, has been effected by Liberum on the terms of the Placing Agreement. The Company has entered into the Placing Agreement with Liberum pursuant to which Liberum has agreed to use its reasonable endeavours to procure institutional and other placees (including certain existing Shareholders) for the Placing Shares.

The Placing is not a rights issue or open offer and the Placing Shares have not been and will not be offered generally to Shareholders on a pre-emptive basis and it is subject to the Resolutions being passed. In structuring the Placing, the Directors have had regard, amongst other things, to current market conditions, the total net proceeds desired to be raised and the current composition of the Company's share register, as well as the extra cost and delay that would be involved in a rights issue or open offer. After considering these factors, the Directors have concluded that the Placing which is being made to a wider range of investors than the Company's existing Shareholders on a non-pre-emptive basis, represents the most appropriate option available to the Company for raising the additional capital required in the timeframe envisaged. The Directors are seeking the approval of Shareholders for, amongst other things, the dis-application of the pre-emption rights contained in the Articles at the Extraordinary General Meeting.

The Placing is conditional, *inter alia*, on:

- the passing of the Resolutions at the Extraordinary General Meeting by existing Shareholders and the waiver of pre-emption rights contained in the Articles;
- the Placing Agreement becoming unconditional in all respects and not having been terminated in accordance with its terms prior to Admission; and

- Admission becoming effective by no later than 8.00 a.m. on 21 February 2014 (or such later time and/or date, being no later than 8.00 a.m. on 14 March 2014, as the Company and Liberum may agree).

The Placing Agreement contains certain customary warranties in favour of Liberum given by the Company with respect to its business and certain matters connected with the Placing. In addition, the Company has given a customary indemnity to Liberum in connection with the Placing and its performance of services in relation to the Placing. Liberum has certain rights to terminate the Placing Agreement in specified circumstances.

If the Placing Agreement does not become unconditional, or is terminated in accordance with its terms prior to Admission, the Placing will not proceed and each investor's rights and obligations will cease and no claims will be capable of being made by any investor in respect of the Placing and any payments made by the investor will be returned as soon as possible thereafter without interest. Without prejudice to the foregoing, the Company and Liberum expressly reserve the right to determine, at any time prior to Admission, not to proceed with the Placing.

The Placing Shares are not being made available to the public and are not being offered or sold in any jurisdiction where it would be unlawful to do so.

The Placing Shares will not be entitled to receive the Special Dividend or the 2014 Interim Dividend. However, the Placing Shares will rank *pari passu* in all other respects with the Ordinary Shares then in issue 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.

Application will be made to the London Stock Exchange for the Placing Shares to be admitted to trading on AIM. It is expected that Admission will become effective and that dealings in the Placing Shares will commence on 21 February 2014.

### Directors' Participation

Certain Directors of the Company have agreed to subscribe for, in aggregate, 91,434 Placing Shares at the Placing Price. The disclosable interests of each Director subscribing for Placing Shares are set out below:

<i>Director</i>	<i>Placing Shares to be subscribed</i>	<i>Shareholding immediately following Admission</i>	<i>Percentage of voting Ordinary Shares following Admission</i>
David Lockhart	38,000	1,660,000	1.68
Mark Davies	4,000	18,000	0.02
Allan Lockhart	38,000	211,684	0.21
Nick Sewell	2,000	111,500	0.11
Charles Miller	5,660	15,416	0.02
Kay Chaldecott	3,774	3,774	0.01

### Related Party Transaction

Under the AIM Rules, a non pre-emptive issue of shares to a related party which exceeds a specified percentage in any of the class tests under the AIM Rules is subject to certain disclosure requirements. Due to its holding of over 10 per cent. of the Company's voting Ordinary Shares, the proposed participation in the Placing by Invesco Asset Management Limited ("IAML"), as agent for and on behalf of its discretionary managed clients (which has previously notified the Company that the aggregate holding of these clients was 9,380,071 Ordinary Shares, representing approximately 14.058 per cent. of the Company's voting Ordinary Shares), is deemed a transaction with a related party under the AIM Rules. IAML, as agent for and on behalf of its discretionary managed clients, has agreed conditionally to subscribe for up to 8,005,452 Placing Shares

under the Placing, such that it will hold approximately 17.596 per cent. of the voting Ordinary Shares following the Placing. The Directors of the Company consider, having consulted with Liberum, the Company's Nominated Adviser, that the terms of the Placing are fair and reasonable insofar as the Company's shareholders are concerned.

## **Dividends and Dividend Policy**

### ***Special Dividend***

The Company recognises that the Placing is occurring towards the end of its financial year ending 31 March 2014 but is expected to be completed in advance of the Company's normal timetable for payment of the final dividend in respect of that financial year.

In order to prevent dilution of the final dividend by the issue of the Placing Shares, the Board has today announced that it has resolved to pay the Special Dividend of 10 pence per Ordinary Share. The Special Dividend is conditional on the passing of the Resolutions at the Extraordinary General Meeting and, if paid, payable by the Company on 28 March 2014 to Shareholders who are on the Company's register of members at the close of business on 18 February 2014. The Ordinary Shares will commence trading ex-dividend in relation to the Special Dividend on 19 February 2014. Placing Shares will not be eligible for the Special Dividend.

The quantum of the Special Dividend would, if paid, result in the Company having paid cumulative dividends of 16 pence per Ordinary Share in respect of the financial year ending 31 March 2014. Given the level of cumulative dividends, the Board does not at this point anticipate paying a final dividend in respect of the financial year ending 31 March 2014.

The Special Dividend will be paid entirely as a Property Income Distribution ("PID"), the tax treatment of which is described in more detail below.

### ***Quarterly Dividends***

The Company's current dividend practice is, where considered appropriate by the Board and subject to REIT rules, to pay an interim dividend and a final dividend. However, as announced on 21 January 2014, with effect from the financial year commencing 1 April 2014, the Board intends that the Company should pay dividends quarterly. It is anticipated that the first such quarterly dividend would be paid in October 2014. The level of future dividends will be determined by the Board having regard to, *inter alia*, the financial position and performance of the Company at that time, compliance with Section 304 of the Law (see below), UK REIT requirements and the interests of Shareholders as a whole.

### ***Overview of Tax and Legal Matters Pertaining to Dividends***

As a UK-REIT, the Group is required to comply with the UK-REIT regime's distribution condition, such that a minimum of 90 per cent. of the income profits of the Property Rental Business (as calculated, broadly, for tax purposes) are distributed within 12 months of the end of each accounting period. Dividends paid by the Company to meet the UK-REIT distribution condition are paid as a PID. As required by UK-REIT legislation, PID dividends are paid after deduction of withholding tax at the basic rate of income tax (currently 20 per cent.). However, certain classes of Shareholder may be able to claim exemption from deduction of withholding tax.

In relation to the payment of dividends, on 1 July 2008, the Law came into force in Guernsey. This replaced The Companies (Guernsey) Law, 1994. One of the immediate effects of the Law was to replace the capital maintenance requirements in respect of dividend and distribution payments and the requirement for distributions to be made from distributable profits similar to that to which UK companies are subject and formerly applicable to Guernsey companies with a solvency based test. The use of the solvency test now requires the directors of a company to carry out a liquidity or cashflow test and a balance sheet solvency test before any dividend or distribution payment can be made. The test requires the Board to make a future assessment by making reference to the solvency test being satisfied immediately after a distribution or dividend payment is made. If at the time a dividend or distribution payment is to be made the directors believe that the solvency test cannot be passed, then no payment may be made.

## **UK-REIT Status and AIM Quotation**

Shareholders approved the conversion of NewRiver into a UK-REIT in November 2010. The Board continues to believe that UK-REITs are a preferred structure for UK and international quoted real estate investors in UK real estate and should provide the Company with access to a broad range of investors due to the fact that the Group will, for as long as it remains a UK-REIT, be largely exempt from future corporation tax on both rental profits and chargeable gains on disposals of investment properties.

The Company is quoted on AIM. It ceased to be quoted on the CISX on 1 October 2013.

## **Effects of the Placing**

Warrants to subscribe for Ordinary Shares, representing, in aggregate, 3 per cent. of the Fully Diluted Share Capital were issued to Shareholders who subscribed for Ordinary Shares in the placing at First Admission. There are currently Warrants outstanding to subscribe for 841,531 Ordinary Shares.

NewRiver Retail CUL, a wholly-owned subsidiary of the Company, has issued £25 million of Convertible Unsecured Loan Stock.

In accordance with the terms of these instruments, the Placing is expected to result in certain adjustments to the number of Ordinary Shares that may be issued pursuant to the Warrants and the Subscription Price payable for such Ordinary Shares. It is also expected to result in an adjustment to the conversion price of the Convertible Unsecured Loan Stock.

## ***Warrant Adjustments***

The Subscription Price and/or number of Ordinary Shares relating to the 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 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 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 Warrants is subject to a consequential adjustment.

As the Placing Price is 265 pence per Placing Share, which represents a discount of approximately 2.4 per cent. to 271.5 pence (being the closing mid-market price of 281.5 pence per Ordinary Share on 27 January 2014 (the last day of trading of the Ordinary Shares before publication of this document) less the Special Dividend of 10 pence per Ordinary Share which, assuming the Resolutions are passed at the Extraordinary General Meeting, has an ex-dividend date of 19 February 2014), there is expected to be a consequential downward adjustment to the Subscription Price payable by Warrant holders on exercise of their Warrants and a consequential adjustment to the number of Ordinary Shares which may be issued on exercise of the Warrants.

## ***Convertible Unsecured Loan Stock Adjustments***

Holders of Convertible Unsecured Loan Stock may, at any time, convert any of their Convertible Unsecured Loan Stock into Ordinary Shares in the Company up to their expected repayment date of 31 December 2015.

In particular, pursuant to the terms of the Convertible Unsecured Loan Stock Instruments, where the Company issues any Ordinary Shares for a consideration per Ordinary Share less than the average closing mid-market price of the Ordinary Shares based on the average closing mid-market price of the Ordinary Shares for the preceding 30 business days prior to such issue or sale, then the conversion price and, therefore, conversion rate, for the Convertible Unsecured Loan Stock is reduced concurrently with such issue or sale unless, in the case of the A Convertible Unsecured Loan Stock only, the holder thereof has utilised any pre-emption rights which may be available to it.

The conversion price is also adjusted for a range of other events including, *inter alia*, where the Company pays a dividend in excess of the amount required to be returned to Shareholders under the UK-REIT regime.

As the Placing Price is 265 pence per Placing Share, which represents a discount of approximately 2.4 per cent. to 271.5 pence (being the closing mid-market price of 281.5 pence per Ordinary Share on 27 January 2014 (the last day of trading of the Ordinary Shares before publication of this document) less the Special Dividend of 10 pence per Ordinary Share which, assuming the Resolutions are passed at the Extraordinary General Meeting, has an ex-dividend date of 19 February 2014), there is expected to be a consequential downward adjustment to the conversion price for both the A and the B Convertible Unsecured Loan Stock.

### ***Option Adjustments***

Pursuant to the rules of the CSOP, the Unapproved Plan and the Paul Roy Options, the number of Ordinary Shares under option (and in the case of options granted pursuant to the CSOP and the Unapproved Plan, the exercise price) may be adjusted by the Remuneration Committee in the event of any capitalisation issue or rights issue (other than an issue of Ordinary Shares 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 such adjustment will, in the case of the CSOP, require the prior approval of HMRC. Therefore, the Remuneration Committee is entitled to consider making an adjustment to the exercise price of options granted under the CSOP, the Unapproved Plan and/or the number of Ordinary Shares under the Paul Roy Option or options granted under the CSOP or the Unapproved Plan following completion of the Placing. However, the Directors do not anticipate that any such adjustment will be made.

### **Extraordinary General Meeting and Action to be Taken**

Set out at the end of this document is a notice convening the Extraordinary General Meeting to be held at 10.00 a.m. on 18 February 2014 to consider and, if thought fit, pass the Resolutions (conditional upon the Placing Agreement becoming unconditional (save for any condition relating to Admission or the passing of the Resolutions)).

Pursuant to Resolution 1, which will be proposed as an ordinary resolution, Shareholders' approval is being sought to grant the Directors authority to allot 32,075,472 Placing Shares, in aggregate, in connection with the Placing.

Pursuant to Resolution 2, which will be proposed as a special resolution, Shareholders' approval is being sought for the dis-application of the pre-emption rights set out in the Articles in relation to the allotment and issue of 32,075,472 Placing Shares, in aggregate, in connection with the Placing on a non pre-emptive basis. As stated above, the Directors have concluded that a non pre-emptive placing is the most appropriate structure to raise the capital required in the present circumstances. Resolution 2 is therefore being proposed so as to facilitate this.

**A Form of Proxy for use by Shareholders at the EGM is enclosed. Whether or not you propose to attend the EGM, you are requested to complete and sign the Form of Proxy in accordance with the instructions printed thereon and return it to the Company's registrars, Capita Asset Services, at PXS, 34 Beckenham Road, Beckenham, BR3 4TU, as soon as possible and in any event so as to be received no later than 10.00 a.m. on 14 February 2014.**

**CREST members who wish to appoint a proxy or proxies by utilising the CREST electronic proxy appointment service may do so for the EGM and any adjournment(s) thereof by utilising the procedures described in the CREST Manual. CREST personal members or other CREST sponsored members, and those CREST members who have appointed (a) voting 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.**

**In order for a proxy appointment made by means of CREST to be valid, the appropriate CREST message (a "CREST Proxy Instruction") must be properly authenticated in accordance with Euroclear's specifications and must contain the information required for such instructions, as**

**described in the CREST Manual. The message must be transmitted so as to be received by Capita Asset Services (ID RA10), by 10.00 a.m. on 14 February 2014. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Applications Host) from which Capita Registrars is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST.**

**The completion and return of the Form of Proxy (or the electronic appointment of a proxy) will not preclude you from attending the EGM and voting in person should you wish to do so.**

### **Recommendation**

For the reasons set out above, the Directors consider the Placing and the passing of the Resolutions to be in the best interests of the Company and its Shareholders, as a whole.

**Accordingly, your Directors unanimously recommend that Shareholders vote in favour of the Resolutions as the Directors intend to do in respect of their own shareholdings which, in aggregate, amount to 2,298,940 Ordinary Shares, representing approximately 3.4 per cent. of the existing issued Ordinary Share capital of the Company as at 27 January 2014, being the latest practicable date prior to the publication of this document.**

### **Responsibility**

The Directors, whose names are set out on page 11 of this document, accept responsibility for the information set out in this document. To the best of the knowledge and belief of the Directors (who have taken 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.

Yours faithfully,

**Paul Roy**

*Chairman*

## ADDITIONAL INFORMATION

### Information incorporated into this document by reference

The following documents are incorporated by reference into this document and copies will be available for inspection at the registered office of the Company in Guernsey and at the offices of Eversheds LLP at One Wood Street, London EC2V 7WS during usual business hours on any day (Saturdays, Sundays and public holidays excepted) from the date of this document for a period of 14 days or until Admission, whichever is the longer period:

1. the 2011 Admission Document;
2. the 2013 Annual Accounts;
3. the memorandum of incorporation of the Company and the Articles; and
4. a document containing certain information relating to the Company required under the Prospectus Rules 2008 of Guernsey.

Copies of this document and the document containing certain information required under the Prospectus Rules 2008 of Guernsey will be available free of charge at the offices of Eversheds LLP at One Wood Street, London EC2V 7WS and at the registered office of the Company at Old Bank Chambers, La Grande Rue, St. Martin's, Guernsey, Channel Islands GY4 6RT or by contacting the Company Secretary by e-mail at [ctolhurst@nrr.co.uk](mailto:ctolhurst@nrr.co.uk) or by telephone on +44 (0)20 3328 5800, in each case, during usual business hours on any day (Saturdays, Sundays and public holidays excepted) from the date of this document for a period of 14 days or until Admission, whichever is the longer period.

### Other Considerations

The Company may be a "passive foreign investment company" for U.S. federal income tax purposes (a "PFIC") for the current taxable year and future taxable years, which could result in adverse U.S. federal income tax consequences for a "United States person" (as defined for U.S. federal income tax purposes) that owns the Ordinary Shares. A non-U.S. corporation, such as the Company, is considered to be a PFIC for any taxable year if either (i) at least 75 per cent. of its gross income for such year is passive income or (ii) at least 50 per cent. of the value of its average quarterly assets, generally determined based on the fair market value of its assets, during such year is attributable to assets that produce or are held for the production of passive income. For purposes of these tests, passive income generally includes rents and royalties other than rents and royalties that are received from unrelated parties and are derived in the active conduct of a trade or business, dividends, interest, and gains from the sale or exchange of investment property. If a non-U.S. corporation owns at least 25 per cent. by value of the stock of another corporation, the non-U.S. corporation is treated for purposes of these tests as owning its proportionate share of the assets of the other corporation, and as receiving directly its proportionate share of the other corporation's income. The Company has not undertaken any determination as to whether it has been a PFIC, currently is a PFIC or may become a PFIC in the future, and the Company currently does not intend to operate in a manner that avoids, or will avoid, its being a PFIC currently or in the future. If the Company were a PFIC for any taxable year during which a United States person owns Ordinary Shares, various adverse U.S. federal income tax consequences could apply to such United States person, including increased U.S. federal income tax liabilities and reporting obligations. Certain elections may be available to a United States person that may mitigate the adverse U.S. federal income tax consequences of the Company's being a PFIC. United States persons should consult their own tax advisors about application of the PFIC rules to an investment in the Ordinary Shares.

# NOTICE OF EXTRAORDINARY GENERAL MEETING

## NEWRIVER RETAIL LIMITED

NOTICE IS HEREBY GIVEN that an Extraordinary General Meeting of NewRiver Retail Limited (the “Company”) will be held at the offices of Bell Pottinger at 6th Floor, Holborn Gate, 330 High Holborn, London WC1V 7QD on Tuesday, 18 February 2014 at 10.00 a.m. for the purpose of considering and, if thought fit, passing the following resolutions, of which Resolution 1 will be proposed as an ordinary resolution and Resolution 2 will be proposed as a special resolution:

### ORDINARY RESOLUTION

1. **THAT:**

subject to the Placing Agreement (as such expression is defined in the Circular of which this Notice of Extraordinary General Meeting forms part (the “**Circular**”)) becoming unconditional (save for any condition relating to Admission (as such expression is defined in the Circular) or the passing of the Resolutions set out in this Notice of Extraordinary General Meeting), in addition to all existing powers and authorities conferred upon them and to the extent required by Sections 292 and 293 (or otherwise) of The Companies (Guernsey) Law, 2008 (as amended from time to time), the Directors be generally and unconditionally authorised to allot an aggregate of 32,075,472 ordinary shares in the share capital of the Company as described in the Company’s Articles of Incorporation (or to grant options, warrants or other rights in respect of shares in the Company) pursuant to or in connection with the Placing (as such expression is defined in the Circular).

### SPECIAL RESOLUTION

2. **THAT:**

subject to the Placing Agreement (as such expression is defined in the Circular) becoming unconditional (save for any condition relating to Admission (as such expression is defined in the Circular) or the passing of the Resolutions set out in this Notice of Extraordinary General Meeting) and to the passing of the Resolution 1 set out in this Notice of Extraordinary General Meeting, in addition to all existing powers and authorities conferred upon them, the Company hereby determines pursuant to Article 6.2 of the Company’s Articles of Incorporation that the provisions of Article 6.2 and any pre-emption rights included therein shall not apply in respect of the proposed allotment and issue for cash of the Placing Shares (as such expression is defined in the Circular) at the Placing Price (as such expression is defined in the Circular) pursuant to or in connection with the Placing (as such expression is defined in the Circular) and that the Directors be and are hereby empowered to issue any such Placing Shares as if Article 6.2 and any pre-emption rights included therein did not apply to any such allotment and issue, provided that this power shall be limited to the allotment of the Placing Shares.

**BY ORDER OF THE BOARD**

**Caroline Tolhurst**

*Company Secretary*

Date: 28 January 2014

Registered Office:  
Old Bank Chambers  
La Grande Rue  
St Martin’s  
Guernsey  
GY4 6RT

**Notes:**

- (i) Any member entitled to attend, speak and vote at the meeting convened by the above notice is entitled to appoint one or more proxies to exercise all or any of his rights to attend, speak and vote at a meeting of the Company. A proxy need not be a member of the Company.
- (ii) A member may appoint more than one proxy in relation to a meeting, provided that each proxy is appointed to exercise rights attached to a different share or shares held by him.
- (iii) To be valid, the enclosed Form of Proxy for the Extraordinary General Meeting together with the power of attorney or other authority, if any, under which it is signed or a notarially certified or office copy thereof must be deposited by 10.00 a.m. on 14 February 2014 at the offices of the Company's registrars, Capita Asset Services, at PXS, 34 Beckenham Road, Beckenham, BR3 4TU.
- (iv) Completion of the Form of Proxy or submission of a valid electronic proxy appointment will not prevent you from attending and voting in person.
- (v) Pursuant to regulation 41 of the Uncertificated Securities Regulations 2001, only Shareholders registered in the register of members of the Company as at 6.00 p.m. on 14 February 2014 shall be entitled to attend and vote at the Extraordinary General Meeting in respect of the number of shares registered in their name at such time. If the Extraordinary General Meeting is adjourned, the time by which a person must be entered on the register of members of the Company in order to have the right to attend and vote at the adjourned meeting is 6.00 p.m. on the day two days before the date fixed for the adjourned meeting. Changes to the register of members after the relevant times shall be disregarded in determining the rights of any person to attend or vote at the meeting.
- (vi) CREST members who wish to appoint a proxy or proxies by utilising the CREST electronic proxy appointment service may do so for the Extraordinary General Meeting and any adjournment(s) thereof by utilising the procedures described in the CREST Manual. CREST personal members or other CREST sponsored members, and those CREST members who have appointed (a) voting 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.
- (vii) In order for a proxy appointment made by means of CREST to be valid, the appropriate CREST message (a "**CREST Proxy Instruction**") must be properly authenticated in accordance with Euroclear UK & Ireland's specifications and must contain the information required for such instructions, as described in the CREST Manual. The message must be transmitted so as to be received by Capita Asset Services (ID RA10), by 10.00 a.m. on 14 February 2014. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Applications Host) from which Capita Asset Services is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST.
- (viii) CREST members and, where applicable, their CREST sponsors or voting service providers should note that Euroclear UK & Ireland does not make available special procedures in CREST for any particular messages. 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(s), 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 service providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.  
  
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.
- (ix) In the case of joint holders, the vote of the senior who tenders a vote whether in person or by proxy will be accepted to the exclusion of the votes of the other joint holders and for this purpose seniority will be determined by the order in which the names stand in the register of members of the Company in respect of the relevant joint holding.

