

**THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. PART I AND PART II OF THIS DOCUMENT COMPRISE AN EXPLANATORY STATEMENT IN COMPLIANCE WITH SECTION 108 OF THE COMPANIES (GUERNSEY) LAW, 2008, AS AMENDED. 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.**

If you have sold or otherwise transferred all of your ordinary shares in NewRiver Retail Limited (“**NewRiver**” or the “**Company**”) (“**NewRiver Shares**”), please forward this document, together with the accompanying documents (including the Forms of Proxy), to the purchaser or transferee or to the stockbroker, bank or other agent through whom the sale or transfer was effected, for onward delivery to the purchaser or transferee. However, neither this document nor any accompanying document should be forwarded to, or transmitted into, any jurisdiction where to do so may constitute a violation of local securities laws or regulations. If you sell or have sold or otherwise transferred only part of your registered holding of NewRiver Shares, you should retain these documents and consult the stockbroker, bank or other agent through whom the sale or transfer was effected.

The release, publication or distribution of this document and the accompanying documents into jurisdictions other than the United Kingdom and Guernsey may be restricted by law and therefore this document and/or the accompanying documents may not be distributed or published in any jurisdiction except under circumstances which result in compliance with any applicable laws and regulations. Therefore, persons into whose possession this document (and/or any accompanying documents) comes should inform themselves about, and observe, any such restrictions. Any failure to comply with these restrictions may constitute a violation of the securities laws and regulations of any such jurisdiction. **This document does not constitute an invitation or offer to sell or exchange, or the solicitation of an invitation or offer to buy or exchange, any security or to become a member of NewRiver REIT plc (“NewRiver Holdco”). None of the securities referred to in this document shall be sold, issued, exchanged or transferred in any jurisdiction in contravention of applicable law.**

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## **NEWRIVER RETAIL LIMITED**

*(a limited company incorporated in Guernsey with registered number 50463)*

### **Recommended proposals for the introduction of a new England and Wales incorporated holding company by means of a Scheme of Arrangement under Part VIII of The Companies (Guernsey) Law, 2008, as amended**

**and**

### **Notices of Court Meeting and Extraordinary General Meeting**

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**NewRiver Shareholders should read the whole of this document and each of the Forms of Proxy.**

Your attention is drawn to the letter from the Chairman of NewRiver set out in Part I of this document, which contains the unanimous recommendation of the Board that you vote in favour of the Scheme at the Court Meeting and the Resolutions to be proposed at the Extraordinary General Meeting. A letter from Liberum Capital Limited (“**Liberum**”) explaining the Scheme, which constitutes part of an explanatory statement in compliance with section 108 of The Companies (Guernsey) Law, 2008, as amended, appears in Part II of this document.

Notices of the Court Meeting and the Extraordinary General Meeting, each of which will be held at the offices of Eversheds LLP, One Wood Street, London EC2V 7WS on 3 August 2016 are set out at the end of this document. The Court Meeting will start at 9.30 a.m. and the Extraordinary General Meeting at 9.45 a.m. (or as soon thereafter as the Court Meeting has concluded or been adjourned).

The action to be taken by NewRiver Shareholders in respect of the Meetings is set out on pages 8 and 9 of this document. NewRiver Shareholders will find accompanying this document a blue Form of Proxy for use in connection with the Court Meeting and a red Form of Proxy for use in connection with the Extraordinary General Meeting. Whether or not you intend to attend the Meetings in person, please complete and sign each of the accompanying Forms of Proxy in accordance with the instructions printed on them and return them to NewRiver’s Registrars, Capita Asset Services, at PXS 1, 34 Beckenham Road, Beckenham, Kent BR3 4ZF as soon as possible and, in any event, so as to be received by no later than 9.30 a.m. on 1 August 2016, in the case of the Court Meeting, and no later than 9.45 a.m. on 1 August 2016, in the case of the Extraordinary General Meeting.

If the blue Form of Proxy for the Court Meeting is not returned by the relevant time, it may be handed to representatives of Capita Asset Services or the Chairman of the Court Meeting before the start of the Court Meeting and will still be valid. However, in the case of the Extraordinary General Meeting, unless the red Form of Proxy is returned by the relevant time, it will be invalid. The completion and return of the relevant Form of Proxy will not prevent you from attending and voting in person at the Court Meeting or the Extraordinary General Meeting or any adjournment thereof, if you so wish and are so entitled.

NewRiver Shareholders who hold their shares through CREST and who wish to appoint a proxy or proxies for the Meetings or any adjournment(s) thereof by using the CREST electronic proxy appointment service may do so by using the CREST proxy voting service in accordance with the procedures set out in the CREST Manual (available at [www.euroclear.com](http://www.euroclear.com)). CREST personal members or other CREST sponsored members, and those CREST members who have appointed a voting service

provider, should refer to that CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf. **Proxies submitted via CREST (under CREST ID RA10) must be received by the Registrar by no later than 9.30 a.m. on 1 August 2016, in the case of the Court Meeting, and no later than 9.45 a.m. on 1 August 2016, in the case of the Extraordinary General Meeting (or, in the case of an adjourned meeting, not less than 48 hours prior to the time and date set for the adjourned meeting).** Further details are set out in Part II (Explanation of the Scheme and Its Effects) of this document.

If you have any questions relating to this document, either of the Meetings and/or the completion and return of the Forms of Proxy, please telephone 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.

A prospectus relating to NewRiver Holdco (the “**Prospectus**”), prepared in accordance with the Prospectus Rules of the UK Listing Authority made under section 73A of FSMA, is expected to be available on or around 16 August 2016 and will also be available in electronic form on the NewRiver Group’s website ([www.nrr.co.uk](http://www.nrr.co.uk)) following approval and filing with the FCA in accordance with the Prospectus Rules. A copy of the Prospectus may also be obtained from the date it is filed until Admission free of charge by writing to the registered office of NewRiver Holdco (37 Maddox Street, London W1S 2PP) or by calling the Shareholder Helpline, further details of which are included on page 7 of this document. A copy of the Prospectus may also be inspected from such date until Admission at the registered offices of both NewRiver Holdco and Eversheds LLP (One Wood Street, London EC2V 7WS). You will not be required to take any action in relation to the Prospectus as it will contain no additional information that would be necessary for you to evaluate the Proposals, including the proposed Scheme.

Applications will be made to the UK Listing Authority for NewRiver Holdco Shares to be admitted to the premium segment of the Official List of the UK Listing Authority (“**Official List**”) and to the London Stock Exchange for the NewRiver Holdco Shares to be admitted to trading on the London Stock Exchange’s main market for listed securities. If the Scheme proceeds as currently planned, it is expected that dealings in NewRiver Shares will continue until close of business on 17 August 2016 and that Admission of the NewRiver Holdco Shares will become effective, and that dealings in NewRiver Holdco Shares on the London Stock Exchange’s main market for listed securities will commence, at 8.00 a.m. on 18 August 2016.

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

**NEWRIVER HOLDCO SHARES HAVE NEITHER BEEN MARKETED TO, NOR ARE AVAILABLE FOR PURCHASE OR EXCHANGE, IN WHOLE OR IN PART, BY THE PUBLIC IN THE UNITED KINGDOM OR ELSEWHERE IN CONNECTION WITH THE INTRODUCTION OF THE NEWRIVER HOLDCO SHARES TO THE OFFICIAL LIST. THIS DOCUMENT IS NOT A PROSPECTUS BUT A SHAREHOLDER CIRCULAR AND DOES NOT CONSTITUTE AN INVITATION OR OFFER TO SELL OR THE SOLICITATION OF AN INVITATION OR OFFER TO BUY ANY SECURITY. NONE OF THE SECURITIES REFERRED TO IN THIS DOCUMENT SHALL BE SOLD, ISSUED, SUBSCRIBED FOR, PURCHASED, EXCHANGED OR TRANSFERRED IN ANY JURISDICTION IN CONTRAVENTION OF APPLICABLE LAW.**

The release, publication or distribution of this document and the accompanying documents into jurisdictions other than the United Kingdom may be restricted by law and therefore this document and/or the accompanying documents may not be distributed or published in any jurisdiction except under circumstances which result in compliance with any applicable laws and regulations. Therefore, persons into whose possession this document (and/or any accompanying documents) comes should inform themselves about, and observe, any such restrictions. Any failure to comply with these restrictions may constitute a violation of the securities laws and regulations of any such jurisdiction.

This document has been prepared for the purposes of complying with Guernsey law and the AIM Rules, insofar as these are relevant, and the 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 the United Kingdom and Guernsey.

The Scheme relates to shares in a Guernsey company and is proposed as a scheme of arrangement under Guernsey company law. The Scheme will relate to the shares of a Guernsey company that is a “foreign private issuer” as defined under Rule 3b-4 under the US Securities Exchange Act of 1934, as amended (the “**Exchange Act**”).

A transaction effected by means of a scheme of arrangement is not subject to the shareholder vote, proxy and tender offer rules under the Exchange Act. Accordingly, the Proposals are subject to the disclosure requirements and practices applicable in

Guernsey to schemes of arrangement, which differ from the disclosure requirements and practices of US shareholder vote, proxy and tender offer rules.

NewRiver is organised under the laws of Guernsey and NewRiver Holdco is organised under the laws of England and Wales. All of the officers of NewRiver and NewRiver Holdco and the NewRiver Directors and NewRiver Holdco Directors are residents of countries other than the United States. It may not be possible to sue NewRiver, NewRiver Holdco or their respective officers and directors in a non-US court for violations of US securities laws. It may be difficult to compel NewRiver, NewRiver Holdco and their respective affiliates to subject themselves to the jurisdiction and judgment of a US court.

The NewRiver Holdco Shares have not been, and will not be, registered under the US Securities Act. Neither the SEC nor any US state securities commission has reviewed or approved this document or the Scheme. Any representation to the contrary is a criminal offence in the United States.

### **Forward-looking statements**

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

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 profit forecasts or estimates**

Nothing in this document is intended, or is to be construed, as a profit forecast or estimate for any period and no statement in this document should be interpreted to mean that earnings or earnings per NewRiver Holdco Share for the current or future financial years will necessarily match or exceed the historical published earnings or earnings per NewRiver Share.

### **Currency exchange rate information**

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

### **No incorporation of website information**

Neither the contents of NewRiver's and/or NewRiver Holdco's website(s) nor the content of any website accessible from hyperlinks on NewRiver's and/or NewRiver Holdco's website(s) is incorporated into, or forms part of, this document.

### **General**

The contents of this document should not be treated as advice relating to legal, taxation, investment or any other matters. NewRiver Shareholders should inform themselves as to: (a) the legal requirements within their own countries for the purchase, holding, transfer or other disposal of NewRiver Shares; (b) any foreign exchange restrictions applicable to the purchase, holding, transfer or other disposal of NewRiver Shares which they might encounter; and (c) the income and other tax

consequences which may apply in their own countries as a result of the purchase, holding, transfer or other disposal of NewRiver Shares and/or NewRiver Holdco Shares. NewRiver Shareholders and prospective investors must rely upon their own legal advisers, accountants and other financial advisers as to legal, tax, investment or any other related matters concerning NewRiver and/or NewRiver Holdco 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 therein.

No person has been authorised to give any information or make any representations other than the information contained in this document and, if given or made, such information or representations must not be relied upon as having been authorised by NewRiver and/or NewRiver Holdco or their respective directors, officers, employees, agents and/or advisers.

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## EXPECTED TIMETABLE OF PRINCIPAL EVENTS<sup>1,2</sup>

Latest time for lodging Forms of Proxy for the Court Meeting (blue Form)	9.30 a.m. on 1 August 2016 <sup>3</sup>
Latest time for lodging Forms of Proxy for the Extraordinary General Meeting (red Form)	9.45 a.m. on 1 August 2016
Voting Record Time for the Court Meeting and the Extraordinary General Meeting	6.00 p.m. on 1 August 2016 <sup>4</sup>
Court Meeting	9.30 a.m. on 3 August 2016
Extraordinary General Meeting	9.45 a.m. on 3 August 2016 <sup>5</sup>
Expected date of publication of the Prospectus by NewRiver Holdco	16 August 2016
Last day of dealings in, and for registration of transfers of, NewRiver Shares on AIM	17 August 2016
Scheme Record Time	6.00 p.m. on 17 August 2016
Court Hearing to sanction the Scheme	17 August 2016
Scheme Effective Date	18 August 2016
Cancellation of admission to trading on AIM of NewRiver Shares	8.00 a.m. on 18 August 2016
Admission and commencement of dealings in NewRiver Holdco Shares	8.00 a.m. on 18 August 2016
Crediting of NewRiver Holdco Shares to CREST accounts	as soon as practicable after 8.00 a.m. on 18 August 2016
Share certificates for NewRiver Holdco Shares expected to be despatched	within 14 days of Admission

### Notes:

- 1 Each of the times and dates in the table above is indicative only and may be subject to change. Final dates and times will depend on, amongst other things, the date upon which the Court sanctions the Scheme. If a time or date is changed, NewRiver will notify NewRiver Shareholders of the changes in the timetable either by post or by publication of a notice through a regulatory information service.
- 2 References to times in this document are to London time.
- 3 Blue Forms of Proxy for the Court Meeting not returned by this time may be handed to the Registrars or to the Chairman of the Court Meeting.
- 4 If the Court Meeting and/or the Extraordinary General Meeting are/is adjourned, the Voting Record Time for the adjourned Court Meeting and/or the Extraordinary General Meeting (as the case may be) will be 6.00 p.m. on the day which is two days before the date for holding the adjourned meeting.
- 5 Or as soon thereafter as the Court Meeting has been concluded or adjourned.

## TO VOTE ON THE PROPOSALS

**This page should be read in conjunction with the rest of this document and, in particular, the section headed ACTION TO BE TAKEN set out on pages 8 and 9 (inclusive) of this document, the FREQUENTLY ASKED QUESTIONS AND ANSWERS set out on pages 10 to 15 (inclusive) of this document and the notices of the Court Meeting and the Extraordinary General Meeting set out on pages 111 to 117 (inclusive) of this document.**

Whether or not you plan to attend the Meetings, you should:

1. complete, sign and return the blue Form of Proxy for use at the Court Meeting or, alternatively, submit a proxy by electronic means, so as to be received by no later than 9.30 a.m. on 1 August 2016; and
2. complete, sign and return the red Form of Proxy for use at the Extraordinary General Meeting or, alternatively, submit a proxy by electronic means, so as to be received by no later than 9.45 a.m. on 1 August 2016,

or, in the case of adjournment, by no later than 48 hours before the time fixed for the holding of the adjourned meeting (excluding any day that is not a business day).

If the blue Form of Proxy for the Court Meeting is not returned by the above time, it may be handed to representatives of Capita Asset Services or the Chairman of the Court Meeting before the start of the Court Meeting and will still be valid. However, in the case of the Extraordinary General Meeting, unless the red Form of Proxy is returned by the above time, it will be invalid. The completion and return of the relevant Form of Proxy will not prevent you from attending and voting in person at the Court Meeting or the Extraordinary General Meeting or any adjournment thereof, if you so wish and are so entitled.

**IT IS IMPORTANT THAT, FOR THE COURT MEETING, AS MANY VOTES AS POSSIBLE ARE CAST SO THAT THE COURT CAN BE SATISFIED THAT THERE IS A FAIR AND REASONABLE REPRESENTATION OF SCHEME SHAREHOLDER OPINION. YOU ARE THEREFORE STRONGLY ENCOURAGED TO COMPLETE, SIGN AND RETURN YOUR FORMS OF PROXY OR TO APPOINT A PROXY ELECTRONICALLY, AS SOON AS POSSIBLE.**

### SHAREHOLDER HELPLINE

If you require assistance, please telephone 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.

## ACTION TO BE TAKEN

**For the reasons set out in this document, the Directors unanimously recommend that you vote in favour of the Scheme at the Court Meeting and the Proposals at the Extraordinary General Meeting, as the Directors intend to do in respect of their own beneficial holdings of NewRiver Shares and those of their connected persons, and that you take the action described below.**

The Court Meeting and the Extraordinary General Meeting will be held at the offices of Eversheds LLP, One Wood Street, London EC2V 7WS on 3 August 2016 at 9.30 a.m. and 9.45 a.m., respectively (or, in the case of the Extraordinary General Meeting, as soon thereafter as the Court Meeting has been concluded or adjourned). The requisite resolutions to be proposed at both Meetings need to be passed in order for the Scheme to proceed.

Please check that you have received the following with this document:

- a blue Form of Proxy for use in respect of the Court Meeting; and
- a red Form of Proxy for use in respect of the Extraordinary General Meeting.

If you have not received all of these documents, please contact Capita Asset Services on the helpline telephone number indicated on page 10.

### **To vote on the Scheme and the Proposals:**

**Whether or not you plan to attend the Meetings in person, please complete, sign and return the blue and red Forms of Proxy (together with any power of attorney or other authority (if any) under which they are signed or a notarially certified copy of such power or other authority), in accordance with the relevant instructions, as soon as possible and, in any event, so as to be received by no later than (whether submitted in hard copy form to Capita Asset Services or via the CREST voting service under CREST participant ID RA10), in respect of the blue Form of Proxy, 9.30 a.m. on 1 August 2016 and, in respect of the red Form of Proxy, 9.45 a.m. on 1 August 2016 (or, in the case of an adjourned meeting, not less than 48 hours prior to the time and date set for the adjourned meeting). Hard copy versions of the Forms of Proxy should be returned by post or by hand (during normal business hours) to Capita Asset Services, PXS 1, 34 Beckenham Road, Beckenham, Kent BR3 4ZF. This will enable your votes to be counted at the Meetings in the event of your absence. If the blue Form of Proxy for use at the Court Meeting is not returned by the above time, it may be handed to the Chairman of the Court Meeting or representatives of Capita Asset Services on behalf of the Chairman of the Court Meeting at the Court Meeting before the taking of the poll. However, in the case of the Extraordinary General Meeting, if the red Form of Proxy is not returned so as to be received by the time mentioned above and in accordance with the instructions printed on that Form of Proxy, it will be invalid.**

If you hold your NewRiver Shares in uncertificated form (that is, in CREST), you may vote using the CREST voting service in accordance with the procedures set out in the CREST Manual (available at [www.euroclear.com](http://www.euroclear.com)) (please also refer to the notes for the notices convening the Court Meeting and the Extraordinary General Meeting set out on pages 111 to 117 (inclusive) of this document).

The completion and return of the Forms of Proxy will not prevent you from attending and voting in person at the Court Meeting and/or the Extraordinary General Meeting, or any adjournments thereof, should you wish to do so and should you be so entitled.

You are entitled to appoint a proxy in respect of some or all of your NewRiver Shares and you are also entitled to appoint more than one proxy. A space has been included in the Forms of Proxy to allow you to specify the number of NewRiver Shares in respect of which that proxy is appointed. If you return the Forms of Proxy duly executed but leave this space blank, you will be deemed to have appointed the proxy in respect of all of your NewRiver Shares.

**IT IS IMPORTANT THAT AS MANY VOTES AS POSSIBLE ARE CAST AT THE COURT MEETING SO THAT THE COURT MAY BE SATISFIED THAT THERE IS A FAIR AND REASONABLE REPRESENTATION OF SCHEME SHAREHOLDER OPINION. YOU ARE THEREFORE STRONGLY ENCOURAGED TO COMPLETE AND RETURN YOUR FORMS OF PROXY OR APPOINT A PROXY ELECTRONICALLY AS SOON AS POSSIBLE.**

**THE DIRECTORS UNANIMOUSLY RECOMMEND THAT YOU VOTE IN FAVOUR OF THE RESOLUTIONS TO BE PROPOSED AT THE COURT MEETING AND THE EXTRAORDINARY GENERAL MEETING.**

**ALL NEWRIVER SHAREHOLDERS ARE ENTITLED TO ATTEND THE COURT HEARING IN PERSON OR THROUGH A GUERNSEY-QUALIFIED ADVOCATE TO SUPPORT OR OPPOSE THE SANCTIONING OF THE SCHEME.**

# FREQUENTLY ASKED QUESTIONS AND ANSWERS

## **THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION**

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 the Financial Services and Markets Act 2000 if you are in the United Kingdom or, if not, from another appropriately authorised independent financial adviser.

This document explains the proposals for a reorganisation of the NewRiver Group which will result in a new England and Wales incorporated, United Kingdom tax resident company (“**NewRiver Holdco**”) becoming the parent company of the NewRiver Group (the “**Scheme**”).

### **Here is what you need to do now:**

- Read the following frequently asked questions and answers and the remainder of this document.
- Read the Letter from the Chairman of NewRiver (on pages 16 to 24 of this document) which explains what is happening and why your Board recommends that you should vote in favour of the Proposals.
- If you have any further queries, please call our **Shareholder Helpline**, the number of which is below.

### **SHAREHOLDER HELPLINE**

If you require assistance, please telephone 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.

To help you understand what is involved in the Scheme and the other matters referred to below, NewRiver has prepared the following frequently asked questions and answers. **NewRiver Shareholders should read the whole of this document and not just rely on the frequently asked questions and answers set out below. The frequently asked questions and answers set out below should not be regarded as a substitute for reading the whole document.**

#### **1. Why is NewRiver proposing the Scheme?**

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

The Group’s operations are focused exclusively on the UK. The location of the Group’s existing ultimate holding company in Guernsey no longer corresponds with the Group’s tax status and the location of its operations. The Board therefore believes that moving to a UK parent company will better align the Group with its UK tax jurisdiction and the geographic focus of its operations.

On 19 June 2015, NewRiver announced that it intended to move its listing to the Main Market and, subject to meeting eligibility criteria, for its share capital to be admitted to the premium listing segment of the Official List of the UK Listing Authority and to trading on the Main Market of the London Stock Exchange. The Board believes that the proposed move to the Main Market will put it on a par with similarly sized companies and afford it access to a wider institutional investor base in the UK and overseas through its

eligibility for inclusion in certain indices following Admission. In addition, NewRiver's market capitalisation, as at 8 July 2016, was in excess of £650 million.

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

## **2. Why is NewRiver implementing the Proposals by way of a scheme of arrangement?**

The Scheme is a formal procedure under The Companies (Guernsey) Law, 2008, as amended, which is used to carry out corporate reorganisations. The Scheme requires the approval of NewRiver Shareholders and the Court. If the relevant approvals are obtained and the Conditions are satisfied or waived, all NewRiver Shareholders will be bound by the Scheme regardless of whether or how they voted.

## **3. Why am I being sent this document?**

The Scheme requires NewRiver Shareholders to vote on certain matters at both the Court Meeting and the Extraordinary General Meeting. The other Proposals require NewRiver Shareholders to vote on certain matters at the Extraordinary General Meeting. This document contains information to assist you in your voting decision in relation to the Proposals.

## **4. Is there a prospectus relating to the NewRiver Holdco Shares that I will be receiving?**

Yes. A Prospectus relating to the NewRiver Holdco Shares, which will contain prescribed information relating to NewRiver Holdco, is expected to be available on or around 16 August 2016 and will also be available in electronic form on the NewRiver Group's website ([www.nrr.co.uk](http://www.nrr.co.uk)) following approval and filing with the FCA in accordance with the Prospectus Rules. A copy of the Prospectus may also be obtained from the date it is filed until Admission, free of charge, by writing to the registered office of NewRiver Holdco (37 Maddox Street, London W1S 2PP) or by calling the Shareholder Helpline, further details of which are included on page 10 of this document. A copy of the Prospectus may also be inspected from such date until Admission at the registered offices of both NewRiver Holdco and Eversheds LLP (One Wood Street, London EC2V 7WS).

## **5. Why are there two meetings and do I need to attend both?**

There will be two NewRiver Shareholder meetings, being the Court Meeting and the subsequent Extraordinary General Meeting, which are being called for different purposes and which will be held on 3 August 2016, one directly after the other.

The sole purpose of the Court Meeting is to seek the approval of Scheme Shareholders to the Scheme itself. In order for the Scheme to be approved, a majority in number of the Scheme Shareholders present and voting (in person or by proxy) representing not less than 75 per cent. of the voting rights of the Scheme Shareholders present and voting (in person or by proxy) will need to support the Scheme.

The subsequent Extraordinary General Meeting, which will be held immediately after the Court Meeting, is being called to enable NewRiver Shareholders to approve elements of the Scheme and various matters in connection with the Scheme, as described more fully in Part II of this document, and amending the NewRiver Articles as set out in the notice for the Extraordinary General Meeting. If you hold NewRiver Shares you are entitled and encouraged to attend the Meetings. If you do not attend, you are still entitled to vote at the Meetings by appointing a proxy – see **question 6** below.

## **6. Do I need to vote?**

**It is important that as many NewRiver Shareholders as possible cast their votes (whether in person or by proxy). This applies to both the Court Meeting and the Extraordinary General Meeting. In particular, it is important that a considerable number of votes are cast at the Court Meeting so that the Court can be satisfied that there is a fair and reasonable representation of NewRiver Shareholder opinion.**

The resolutions at both the Court Meeting and the Extraordinary General Meeting will be decided by way of a poll. On a poll, each NewRiver Shareholder present in person or by proxy will have one vote for each NewRiver Share held.

If you do not wish, or are unable, to attend the Court Meeting and/or the Extraordinary General Meeting you may appoint someone (known as a “proxy”) to act on your behalf and vote at the Court Meeting and/or the Extraordinary General Meeting. You may appoint your proxy by completing the blue Form of Proxy (for the Court Meeting) and the red Form of Proxy (for the Extraordinary General Meeting) and returning them in accordance with the instructions set out in paragraph 14 of Part I (Letter from the Chairman) of this document and on the relevant Form of Proxy. Each of the Forms of Proxy provides details of how NewRiver Shareholders holding NewRiver Shares in uncertificated form in CREST may appoint a proxy or proxies electronically through CREST and details are also set out below.

**You are therefore strongly encouraged to complete, sign and return your Forms of Proxy as soon as possible. You have been sent a blue Form of Proxy for the Court Meeting and a red Form of Proxy for the Extraordinary General Meeting. The Forms of Proxy should be completed, signed and returned to NewRiver’s Registrars, Capita Asset Services, at PXS 1, 34 Beckenham Road, Beckenham, Kent BR3 4ZF as soon as possible and, in any event, so as to be received by no later than 9.30 a.m. on 1 August 2016, in the case of the Court Meeting, and no later than 9.45 a.m. on 1 August 2016, in the case of the Extraordinary General Meeting.**

If the blue Form of Proxy for the Court Meeting is not returned by the relevant time, it may be handed to representatives of Capita Asset Services or the Chairman of the Court Meeting before the start of the Court Meeting and will still be valid. However, in the case of the Extraordinary General Meeting, unless the red Form of Proxy is returned by the relevant time, it will be invalid. The completion and return of the relevant Form of Proxy will not prevent you from attending and voting in person at the Court Meeting or the Extraordinary General Meeting or any adjournment thereof, if you so wish and are so entitled.

NewRiver Shareholders who hold their shares through CREST and who wish to appoint a proxy or proxies for the Meetings or any adjournment(s) thereof by using the CREST electronic proxy appointment service may do so by using the CREST proxy voting service in accordance with the procedures set out in the CREST Manual (available at [www.euroclear.com](http://www.euroclear.com)). CREST personal members or other CREST sponsored members, and those CREST members who have appointed a voting service provider, should refer to that CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf. **CREST proxy instructions must be received by the Registrar (under CREST Participant ID RA10) as soon as possible and, in any event, so as to be received by no later than 9.30 a.m. on 1 August 2016, in the case of the Court Meeting, and no later than 9.45 a.m. on 1 August 2016, in the case of the Extraordinary General Meeting (or, in the case of an adjourned meeting, not less than 48 hours prior to the time and date set for the adjourned meeting).**

#### **7. What will I end up with after the Scheme comes into effect?**

Once the Scheme has become effective, you will hold one NewRiver Holdco Share for each NewRiver Share that you held at the Scheme Record Time (which is expected to be 6.00 p.m. on 17 August 2016). The register of members of NewRiver Holdco will be updated to reflect your shareholding on the Scheme becoming effective. If you hold your NewRiver Shares in a CREST account, the NewRiver Holdco Shares will be credited to your CREST account and if you hold your NewRiver Shares in certificated form, share certificates will be sent to you in due course.

#### **8. Do I have to pay anything under the Scheme?**

No. All NewRiver Holdco Shares arising as a result of the Scheme are being issued to NewRiver Shareholders in return for their existing NewRiver Shares. No additional payment is required.

**9. What about future dividends? Do I need to change my existing instructions so far as the payment of dividends is concerned?**

The Company's quarterly interim dividend of 5 pence per NewRiver Share relating to the quarter ended 30 June 2016 will be paid on 19 August 2016 to NewRiver Shareholders on the register as at 22 July 2016 and will be unaffected by the Scheme. The ex-dividend date will be 21 July 2016.

The NewRiver Holdco Shares issued pursuant to the Scheme shall rank in full for all dividends or distributions made, paid or declared after the Scheme Record Time on the ordinary share capital of NewRiver Holdco.

Your present dividend instructions will be continued in relation to NewRiver Holdco after the Scheme becomes effective, unless and until you amend or revoke them. If you wish to change your instructions, you should contact the Capita Asset Services Shareholder Helpline, further details of which are included on page 10 of this document.

**10. What do I do with my old share certificates?**

When the Scheme becomes effective, if you currently hold NewRiver Shares in certificated form, your certificates for NewRiver Shares will cease to be valid and you will be sent share certificates in respect of your holding of NewRiver Holdco Shares. Upon receipt of your share certificates for NewRiver Holdco Shares, your share certificates for NewRiver Shares should be destroyed.

**11. When will I receive share certificates for my NewRiver Holdco Shares?**

It is currently proposed that share certificates for NewRiver Holdco Shares held in certificated form will be despatched to you within 14 days of Admission. If you hold your NewRiver Shares in a CREST account, the NewRiver Holdco Shares will be credited to your account as soon as practicable after 8.00 a.m. on 18 August 2016.

**12. Will I have to pay any tax as a result of the Scheme?**

While the tax consequences of the Scheme will depend on your individual circumstances, there should generally be no tax liabilities for UK-resident NewRiver Shareholders arising from the Scheme.

Details of the UK tax treatment of NewRiver Shareholders arising under the Scheme are set out in paragraph 9 of Part V (Additional Information) of this document.

While dealings in NewRiver Shares are currently exempt from UK stamp duty or SDRT and there are no UK stamp duty or SDRT implications expected as a result of the Scheme, following completion of the Scheme any dealings in NewRiver Holdco Shares will be subject to UK SDRT or stamp duty as further described in paragraph 9 of Part V (Additional Information) of this document.

**If you are in any doubt about your tax position, you should consult a professional adviser immediately.**

**13. What if I hold my NewRiver Shares in an ISA?**

If you hold your NewRiver Shares in an ISA, you should be able to hold your replacement NewRiver Holdco Shares in the ISA, depending on the ISA terms and conditions. If you require further details, you should contact your ISA manager.

If you do not currently hold NewRiver Shares in an ISA, the NewRiver Holdco Shares should qualify for inclusion in a stocks and shares ISA, should you subsequently wish to hold your NewRiver Holdco Shares in an ISA.

**14. What effect will the Scheme have on the NewRiver Share Incentive Plans?**

NewRiver has granted options and/or awards to employees under the DBP, the PSP and the Unapproved Plan. These options and/or awards are either currently exercisable or will become exercisable when the Court sanctions the Scheme. Options granted under the Unapproved Plan will lapse six months after the Court

sanctions the Scheme. Awards granted under the DBP will vest in full and will be exercisable during the six months after the Court sanctions the Scheme. Awards granted under the PSP will vest on a pro-rata basis and subject to the achievement of all performance targets and will be exercisable during the six months after the Court sanctions the Scheme.

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

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

#### **15. What effect will the Scheme have on the NewRiver Warrants?**

NewRiver has granted the NewRiver Warrants to the NewRiver Warrantholders. The NewRiver Warrants are exercisable at any time up to 1 September 2019. In accordance with the terms of the NewRiver Warrant Instrument, NewRiver will notify NewRiver Warrantholders of the Scheme and the Proposals on or around the date of this document.

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

In addition, in connection with the Scheme, NewRiver Warrantholders are being offered the options of: (i) exercising some or all of their subscription rights pursuant to their NewRiver Warrants prior to the Scheme Record Time and receiving NewRiver Shares (which would then be subject to the Scheme); and/or (ii) exchanging some or all of their subscription rights pursuant to the NewRiver Warrants for equivalent subscription rights pursuant to the NewRiver Holdco Warrants. The NewRiver Holdco Warrants will be on broadly equivalent terms to the NewRiver Warrants (including being exercisable at any time up to 1 September 2019) (see paragraph 12 of Part V (Additional Information) of this document for further information in this respect).

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

Although NewRiver Warrantholders cannot be compelled to exercise their subscription rights pursuant to the NewRiver Warrant Instrument prior to the Scheme Record Time and/or to exchange all of their NewRiver Warrants for NewRiver Holdco Warrants (each as described above), it is expected that all NewRiver Warrantholders will elect for one, or a combination, of the two options referred to above.

#### **16. Do I need to take further action?**

It is important that you vote at the Court Meeting and the Extraordinary General Meeting. You are strongly encouraged to complete, sign and return your Forms of Proxy as soon as possible. See **question 6** on page 11 and the instructions set out in paragraph 14 of Part I (Letter from the Chairman) of this document and on the relevant Form of Proxy.

**17. What if I still have questions?**

If you have read this document and still have questions, please telephone 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. For financial, legal or tax advice, you will need to consult an independent financial or legal adviser.

## PART I

### LETTER FROM THE CHAIRMAN

(TOGETHER WITH PART II OF THIS DOCUMENT, FORMING THE EXPLANATORY  
STATEMENT IN COMPLIANCE WITH SECTION 108 OF THE COMPANIES (GUERNSEY)  
LAW, 2008, AS AMENDED)

#### NEWRIVER RETAIL LIMITED

*(a limited company incorporated in Guernsey with registered number 50463)*

*Directors:*

Paul Roy (*Non-Executive Chairman*)  
David Lockhart (*Chief Executive Officer*)  
Allan Lockhart (*Property Director*)  
Mark Davies (*Finance Director*)  
Chris Taylor (*Senior Independent Non-executive Director*)  
Kay Chaldecott (*Non-executive Director*)  
Alastair Miller (*Non-Executive Director*)

*Registered Office:*

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

13 July 2016

*To NewRiver Shareholders and, for information only, holders of awards under the NewRiver Share Incentive Plans and NewRiver Warrantholders*

Dear NewRiver Shareholder,

#### **1. Introduction**

On 19 June 2015, NewRiver Retail Limited (“**NewRiver**”), the current parent company of the Group, announced proposals to change the Group’s corporate structure by inserting a new English-incorporated parent company at the head of the Group. It is intended that this new corporate structure will be implemented by way of a scheme of arrangement under Part VIII of The Companies (Guernsey) Law, 2008, as amended (the “**Scheme of Arrangement**” or the “**Scheme**”).

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

If the Scheme, which will be subject to various Conditions set out in Part II of this document, becomes effective, NewRiver Holdco will become the holding company of the Group.

The purpose of this letter is to explain why the NewRiver Board considers the Scheme to be on fair and reasonable terms and all of the Proposals to be in the best interests of NewRiver and all NewRiver Shareholders and hence why the NewRiver Board is encouraging NewRiver Shareholders to vote in favour of the Proposals at the Meetings (in relation to which, please see paragraphs 14 and 15 of this letter).

#### **2. Reasons for the Proposals**

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

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

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

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

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

- place NewRiver Holdco in a better position to achieve improved liquidity in the NewRiver Holdco Shares (as compared to the current liquidity in the NewRiver Shares) due to the higher number of institutional investors which regularly trade in the shares of companies admitted to the Official List (as opposed to AIM);
- afford NewRiver Holdco the opportunity for inclusion in FTSE UK index series following Admission, including the FTSE 250 Index and the FTSE EPRA/NAREIT Global Real Estate Index Series;
- provide a more appropriate platform for the continued growth of the Group;
- put the Group on a par with similarly sized peers in the real estate sector;
- afford NewRiver Holdco access to a wider institutional investor base in the UK and overseas; and
- generally be in the best interests of NewRiver Shareholders.

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

The Proposals have certain other implications, including:

- the Group incurring certain costs of approximately £1.5 million in relation to the documentation and Court process required to change the Group's ultimate holding company to a UK-incorporated company and to secure Admission; and
- following completion of the Scheme, any dealings in NewRiver Holdco Shares will be subject to UK SDRT or stamp duty as further described in paragraph 9 of Part V (Additional Information) of this document. NewRiver Shares are currently exempt from UK stamp duty or SDRT.

### **3. Key features of the Scheme**

The introduction of NewRiver Holdco as the new parent company of the NewRiver Group will be carried out by way of the Scheme.

In summary, the following will occur under the Scheme:

- all NewRiver Shares will be cancelled;
- NewRiver will issue NewRiver New Ordinary Shares to NewRiver Holdco so that NewRiver Holdco will own the entire issued share capital of NewRiver; and

- NewRiver Shareholders at the Scheme Record Time will receive **one NewRiver Holdco Share for each NewRiver Share cancelled under the Scheme.**

The Scheme is subject to the Conditions set out at paragraph 4 of Part II (Explanation of the Scheme and its Effects) of this document and, in particular, requires the approval of NewRiver Shareholders at the Court Meeting and at the Extraordinary General Meeting. If the Scheme is approved by the requisite majority at the Court Meeting and the Resolutions are passed by the requisite majorities at the Extraordinary General Meeting, an application will be made to the Court to sanction the Scheme at the Court Hearing. If the Scheme is sanctioned at the Court Hearing, the Court Order will be conditional upon:

- the formal processes having been put in place to cancel the admission to trading on AIM of the NewRiver Shares and to approve the application to admit (subject to the allotment of the NewRiver Holdco Shares and the satisfaction of the other conditions to the Scheme, save to the extent such conditions are already satisfied) the NewRiver Holdco Shares to be issued in connection with the Scheme to the premium segment of the Official List (including a listing hearing having been held); and
- the London Stock Exchange having agreed to admit the NewRiver Holdco Shares to be issued in connection with the Scheme to trading on its main market for listed securities, and its agreement not being withdrawn prior to the Effective Date.

If the Scheme is sanctioned by the Court, and the other Conditions to the Scheme are satisfied or waived, the Scheme is expected to become effective, and dealings in the NewRiver Holdco Shares to be issued pursuant to the Scheme are expected to commence, at 8.00 a.m. on 18 August 2016, the anticipated Effective Date.

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

Upon the Scheme becoming effective, certificates for NewRiver Shares held in certificated form will cease to be valid. Upon receipt of share certificates in respect of the NewRiver Holdco Shares to be issued to them pursuant to the Scheme, NewRiver Shareholders should destroy all existing certificates for their NewRiver Shares.

#### **4. Cancellation of admission to trading on AIM and applications for listing on the Official List and to trading on the London Stock Exchange**

Applications will be made: (i) to the London Stock Exchange in respect of the cancellation of the admission to trading on AIM of the NewRiver Shares; (ii) to the Financial Conduct Authority in respect of the admission of the NewRiver Holdco Shares to the premium segment of the Official List; and (iii) to the London Stock Exchange in respect of the admission of the NewRiver Holdco Shares to trading on the London Stock Exchange's main market for listed securities. The last day of dealings in the NewRiver Shares is expected to be 17 August 2016. The last time for registration of transfers of Scheme Shares is expected to be 5.00 p.m. on 17 August 2016. It is expected that Admission will become effective and that dealings in NewRiver Holdco Shares will commence at 8.00 a.m. on 18 August 2016, the Effective Date. The admission to trading on AIM of the NewRiver Shares will also be cancelled at the same time on that date.

#### **5. NewRiver Holdco Board**

On the Effective Date, the NewRiver Board and the NewRiver Holdco Board will be the same. Each of the NewRiver Executive Directors will be employed by NewRiver Holdco. NewRiver Holdco will have the same management team as NewRiver.

The current NewRiver Directors, namely Paul Roy, David Lockhart, Allan Lockhart, Mark Davies, Chris Taylor, Kay Chaldecott and Alastair Miller were (other than in the case of David Lockhart, Allan Lockhart and Mark Davies) appointed directors of NewRiver Holdco on 29 June 2016. David Lockhart, Allan Lockhart and Mark Davies were appointed as directors of NewRiver Holdco on 8 June 2016.

It is intended that David Lockhart, Allan Lockhart and Mark Davies will enter into new service agreements and each of the NewRiver Holdco Non-executive Directors will enter into new letters of appointment with NewRiver Holdco prior to the Scheme becoming effective.

The new service agreements and letters of appointment are intended to be entered into so that the terms on which the NewRiver Holdco Directors are employed or engaged will reflect: (i) the requirements of the UK Corporate Governance Code which will apply to NewRiver Holdco with effect from Admission; and (ii) the revised structure of the Group and the admission of the entire issued share capital of NewRiver Holdco to the Official List of the UK Listing Authority and to trading on the main market for listed securities of the London Stock Exchange. In addition, the new service agreements for the NewRiver Holdco Executive Directors will also: (i) reflect their current benefit entitlements, current salaries and certain new insured benefits; and (ii) introduce certain protections for them in relation to the way in which certain discretions are to be exercised in specific situations in respect of historic and future share awards, in exchange for the NewRiver Holdco Executive Directors relinquishing certain other favourable rights under their existing service agreements with NewRiver.

Further information in respect of the NewRiver Holdco Executive Directors' service agreements with NewRiver Holdco and the NewRiver Holdco Non-executive Directors' letters of appointment with NewRiver Holdco will be summarised in detail in the Prospectus in due course.

The interests of the NewRiver Directors in the existing share capital of NewRiver as at 11 July 2016 (being the latest practicable date prior to the publication of this document) and in NewRiver Holdco immediately after the Scheme becomes effective are set out in paragraph 5 of Part V (Additional Information) of this document.

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

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

## **6. Corporate governance**

Similar shareholder safeguards will apply to NewRiver Holdco as currently apply to NewRiver. As NewRiver Holdco is incorporated in England and Wales, the City Code will continue to apply to it. NewRiver Holdco will also be required to comply with the Listing Rules and will comply with the UK Corporate Governance Code and relevant institutional shareholder guidelines. As a company incorporated in England and Wales, NewRiver Holdco will be subject to English law. English law contains certain statutory safeguards (such as pre-emption rights) that are not contained in Guernsey law and, as such, these safeguards had been enshrined in the NewRiver Articles. It will not be necessary to enshrine these matters in the NewRiver Holdco Articles. A summary of the NewRiver Holdco Articles is set out in paragraph 7 of Part V (Additional Information) of this document. A summary of the principal differences between the NewRiver Articles and the NewRiver Holdco Articles is set out in paragraph 8 of Part V (Additional Information) of this document.

## **7. Amendments to the NewRiver Articles and NewRiver Holdco Articles**

In order to facilitate the Scheme, an amendment is proposed to the NewRiver Articles. This amendment is set out in full in the notice of the Extraordinary General Meeting on pages 114 to 117 of this document.

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

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

The current NewRiver Holdco Shareholders are expected to pass prior to the Court Meeting, *inter alia*, a resolution to adopt the NewRiver Holdco Articles. A summary of the NewRiver Holdco Articles is set out in paragraph 7 of Part V (Additional Information) of this document and a summary of the principal differences between the NewRiver Holdco Articles and the NewRiver Articles is set out in paragraph 8 of Part V (Additional Information) of this document.

## **8. Dividends**

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

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

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

## **9. Debt facilities**

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

## **10. NewRiver Share Incentive Plans**

NewRiver operates the NewRiver Share Incentive Plans in order to attract, hire, retain and incentivise employees. Before Admission, NewRiver Holdco will adopt the NewRiver Holdco Share Incentive Plans for the same purpose.

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

All holders of outstanding options and/or awards under the NewRiver Share Incentive Plans will be invited to exchange their options and/or awards for equivalent options and/or awards to acquire NewRiver Holdco Shares on the same vesting terms and performance conditions as currently apply to their existing options

and/or awards. Although option and/or award holders cannot be compelled to agree to this exchange, it is expected that all employees will agree.

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

Further information in relation to the NewRiver Share Incentive Plans is set out in paragraph 10 of Part V (Additional Information) of this document.

#### **11. NewRiver Holdco Share Incentive Plans following the Effective Date and Admission**

Options and/or awards granted to NewRiver Holdco Executive Directors and employees on or following Admission will be granted pursuant to the NewRiver Holdco Share Incentive Plans.

It is currently intended that the primary long-term incentive arrangement for NewRiver Holdco Executive Directors and selected senior employees will be the NewRiver REIT plc Performance Share Plan 2016 (further details of which are set out at paragraph 11(B) of Part V (Additional Information) of this document). It is intended that ordinarily such awards would be granted on an annual basis (typically shortly following announcement of annual results).

It is intended that such awards will be granted in respect of NewRiver Holdco Shares equal in value (measured at grant) to up to 200 per cent. of base salary.

It is intended that the NewRiver Holdco Executive Directors will also receive awards under the NewRiver REIT plc Deferred Bonus Plan 2016 (further details of which are set out at paragraph 11(A) of Part V (Additional Information) of this document).

Details of the performance conditions for options and/or awards to NewRiver Holdco Executive Directors will be disclosed in the Company's Remuneration Report to the extent that the performance conditions are not considered commercially sensitive in the opinion of the Remuneration Committee.

#### **12. NewRiver Warrants**

NewRiver has granted the NewRiver Warrants to the NewRiver Warrantholders. The NewRiver Warrants are exercisable at any time up to 1 September 2019. In accordance with the terms of the NewRiver Warrant Instrument, NewRiver will notify NewRiver Warrantholders of the Scheme and the Proposals on or around the date of this document.

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

In addition, in connection with the Scheme, NewRiver Warrantholders are being offered the options of: (i) exercising some or all of their subscription rights pursuant to their NewRiver Warrants prior to the Scheme Record Time and receiving NewRiver Shares (which would then be subject to the Scheme); and/or (ii) exchanging some or all of their subscription rights pursuant to the NewRiver Warrants for equivalent subscription rights pursuant to the NewRiver Holdco Warrants. The NewRiver Holdco Warrants will be on broadly equivalent terms to the NewRiver Warrants (including being exercisable at any time up to 1 September 2019) (see paragraph 12 of Part V (Additional Information) of this document for further information in this respect).

In the event that NewRiver Warrantholders take no action or exercise only some of their subscription rights, the remaining subscription rights pursuant to the NewRiver Warrants shall continue to be exercisable until 1 September 2019 but the anti-dilution provisions in the NewRiver Warrant Instrument will not apply. In addition, the Boards of NewRiver and NewRiver Holdco have reserved their discretion to permit a NewRiver

Warrantholder to elect to exchange some or all of their subscription rights notwithstanding that the deadline for such NewRiver Warrantholders to make such election may have passed and the Scheme may have become effective.

Although NewRiver Warrantholders cannot be compelled to exercise their subscription rights pursuant to the NewRiver Warrant Instrument prior to the Scheme Record Time and/or to exchange all of their NewRiver Warrants for NewRiver Holdco Warrants (each as described above), it is expected that all NewRiver Warrantholders will elect for one, or a combination, of the two options referred to above.

### **13. Overseas NewRiver Shareholders**

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

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

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

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

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

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

### **14. Action to be taken**

On 3 August 2016, the Court Meeting will be held to seek approval for the Scheme and the Extraordinary General Meeting will be held to seek approval for the Proposals. The notice of the Court Meeting is set out at the end of this document. The notice of the Extraordinary General Meeting is also set out at the end of this document.

Please check that you have received the following with this document:

- a blue Form of Proxy for use in respect of the Court Meeting; and
- a red Form of Proxy for use in respect of the Extraordinary General Meeting.

If you have not received all of these documents, 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.

**Whether or not you plan to attend the Meetings, you should:**

- **complete, sign and return the blue Form of Proxy for use at the Court Meeting so as to be received as soon as possible and, in any event, by no later than 9.30 a.m. on 1 August 2016; and**
- **complete, sign and return the red Form of Proxy for use at the Extraordinary General Meeting so as to be received as soon as possible and, in any event, by no later than 9.45 a.m. on 1 August 2016,**

**(or, in the case of adjournment, no later than 48 hours before the time fixed for the holding of the adjourned meeting).**

**All hard copy versions of the Forms of Proxy should be returned by post or by hand (during normal business hours only) to Capita Asset Services, PXS 1, 34 Beckenham Road, Beckenham, Kent BR3 4ZF.**

If the blue Form of Proxy for use at the Court Meeting is not returned by the above time, it may be handed to the Chairman of the Court Meeting or representatives of Capita Asset Services on behalf of the Chairman of the Court Meeting at the Court Meeting before the taking of the poll. However, in the case of the Extraordinary General Meeting, if the red Form of Proxy is not returned so as to be received by the time mentioned above and in accordance with the instructions printed on that Form of Proxy, it will be invalid.

If you hold your NewRiver Shares in uncertificated form (that is, in CREST), you may vote using the CREST voting service in accordance with the procedures set out in the CREST Manual (available at [www.euroclear.com](http://www.euroclear.com)) (please also refer to the notes for the notices convening the Court Meeting and the Extraordinary General Meeting set out on pages 111 to 117 (inclusive) of this document). In each case, such appointments and instructions, or votes, must be made and received by Capita Assets Services (participant ID RA10) by no later than 9.30 a.m. on 1 August 2016, in the case of the Court Meeting, and by no later than 9.45 a.m. on 1 August 2016, in the case of the Extraordinary General Meeting (or, in the case of adjournment, no later than 48 hours before the time fixed for the holding of the adjourned meeting).

The completion and return of the Forms of Proxy will not prevent you from attending and voting in person at the Court Meeting and/or the Extraordinary General Meeting, or any adjournments thereof, should you wish to do so and should you be so entitled.

**It is important that, for the Court Meeting, as many votes as possible are cast so that the Court can be satisfied that there is a fair and reasonable representation of opinion of Scheme Shareholders. You are therefore strongly encouraged to complete, sign and return your Forms of Proxy or, alternatively, to submit your proxy by electronic means, for both the Court Meeting and the Extraordinary General Meeting as soon as possible.**

**Further information relating to the Scheme and the Meetings are set out in paragraphs 3 and 10 of Part II (Explanation of the Scheme and its Effects) of this document.**

## **15. Recommendation**

The Directors, who have received financial advice from Liberum, consider the Proposals to be fair and reasonable. In providing its advice, Liberum has taken into account the Directors' commercial assessments.

**The Directors believe the Proposals to be in the best interests of NewRiver Shareholders as a whole and, accordingly, unanimously recommend that NewRiver Shareholders vote in favour of the Scheme at the Court Meeting and in favour of all of the Proposals at the Extraordinary General Meeting, as the Directors intend to do in respect of their own beneficial holdings of NewRiver Shares (and those of their connected persons), which amount, in aggregate, to 2,181,263 NewRiver Shares representing, in aggregate, approximately 0.91 per cent. of the issued ordinary share capital of NewRiver, in each case as at 11 July 2016, being the latest practicable date prior to the publication of this document.**

**The Directors also urge you to complete, sign and return the enclosed Forms of Proxy as soon as possible and, in any event, by no later than 9.30 a.m. (in respect of the blue Form of Proxy for use at the Court Meeting) and 9.45 a.m. (in respect of the red Form of Proxy for use at the Extraordinary General Meeting) on 1 August 2016.**

Yours faithfully,

**Paul Roy**  
*Non-executive Chairman*  
**NewRiver Retail Limited**

## PART II

### EXPLANATION OF THE SCHEME AND ITS EFFECTS

(TOGETHER WITH PART I OF THIS DOCUMENT, FORMING THE EXPLANATORY STATEMENT IN COMPLIANCE WITH SECTION 108 OF THE COMPANIES (GUERNSEY) LAW, 2008, AS AMENDED)

13 July 2016

*To NewRiver Shareholders and, for information only, holders of awards under the NewRiver Share Incentive Plans and NewRiver Warranholders*

Dear NewRiver Shareholder,

#### 1. Introduction

On 19 June 2015, NewRiver, the current parent company of the Group, announced proposals to change the Group's corporate structure by inserting a new English-incorporated parent company at the head of the Group, being a company that will be tax resident in the UK. It is intended that this new corporate structure will be implemented by way of a Scheme of Arrangement under Part VIII of The Companies (Guernsey) Law, 2008, as amended.

The Scheme will require the approval of NewRiver Shareholders at the Court Meeting and the passing of the Resolutions at a separate Extraordinary General Meeting.

Your attention is drawn to the letter from the Non-executive Chairman of NewRiver set out in Part I (Letter from the Chairman) of this document, which forms part of this explanatory statement. That letter contains, *inter alia*, the unanimous recommendation by the Directors to NewRiver Shareholders to vote in favour of the Scheme at the Court Meeting and to vote in favour of all of the Resolutions to be proposed at the Extraordinary General Meeting.

That letter also states that the Directors believe the Proposals to be fair and reasonable and in the best interests of NewRiver and NewRiver Shareholders, as a whole. We have been authorised by the Directors to write to you to set out the terms of the Proposals and to provide you with other relevant information.

This explanatory statement only relates to the Scheme and not the other Proposals. Please see the Letter from the Chairman in respect of the other Proposals.

Statements made in this letter which refer to the background to the recommendation of the Directors reflect the views of the Directors.

**A description of the action to be taken by NewRiver Shareholders in relation to the Court Meeting and the Extraordinary General Meeting is set out in paragraph 10 of this Part II and on pages 8 and 9 (inclusive) of this document. The full text of the Scheme is set out in Part III (The Scheme of Arrangement) of this document. The full text of each of the resolutions to be proposed at the Court Meeting and the Extraordinary General Meeting is set out in the notices of the Court Meeting and Extraordinary General Meeting, respectively, at the end of this document.**

It is expected that, if the Conditions to the Scheme have been satisfied (including the approval of the applications to cancel the admission to trading on AIM of the NewRiver Shares and to admit the NewRiver Holdco Shares to the premium segment of the Official List and to trading on the London Stock Exchange's main market for listed securities), the Scheme will become effective on 18 August 2016 and trading in the NewRiver Holdco Shares will commence at 8.00 a.m. on 18 August 2016.

#### 2. Reasons for the Proposals

The background to, and reasons for, the Proposals are described in Part I (Letter from the Chairman) of this document.

### 3. Summary of the Scheme

The principal steps involved in the Scheme are as follows:

#### *Cancellation of Scheme Shares*

Under the Scheme, all the Scheme Shares will be cancelled on the Effective Date by way of a reduction of capital. In consideration for the cancellation, Scheme Shareholders will receive in respect of any Scheme Shares held as at the Scheme Record Time:

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

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

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

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

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

A summary of the rights attaching to the NewRiver Holdco Shares and other provisions in the NewRiver Holdco Articles is set out in paragraph 7 of Part V (Additional Information) of this document. A summary of the principal differences between the NewRiver Articles and the NewRiver Holdco Articles is set out in paragraph 8 of Part V (Additional Information) of this document.

#### *Establishing NewRiver Holdco as the new parent company of the NewRiver Group*

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

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

NewRiver Holdco's retained earnings, thereby creating or increasing distributable reserves from which NewRiver Holdco will be able to make distributions.

#### **4. Conditions to implementation of the Scheme**

##### **The implementation of the Scheme is conditional upon:**

- (A) the approval of the Scheme by a majority in number of the Scheme Shareholders present and voting (in person or by proxy), representing not less than 75 per cent. of the voting rights of the Scheme Shareholders present and voting (in person or by proxy), at the Court Meeting (with or without modification or at any adjournment of such meeting);
- (B) the passing at the Extraordinary General Meeting (or at any adjournment of such meeting) of the Resolutions set out in the notice of the Extraordinary General Meeting to approve various matters in connection with the Scheme (including changes to the NewRiver Articles) by a majority of not less than 75 per cent. of the votes cast; and
- (C) the sanction of the Scheme (with or without modification) by the Court at the Court Hearing. The Court Hearing (at which it is proposed that the Court sanction the Scheme) is expected to be held on or around 17 August 2016, assuming that the Court Meeting approves the Scheme in accordance with the Guernsey Companies Law and the Resolutions are passed at the Extraordinary General Meeting.

##### **The Court Order will be conditional upon:**

- (D) the formal processes having been put in place to cancel the admission to trading on AIM of the NewRiver Shares and to approve the application to admit (subject to the allotment of the NewRiver Holdco Shares and the satisfaction of Conditions (A) to (C) (inclusive) above, save to the extent such Conditions are already satisfied) the NewRiver Holdco Shares to be issued in connection with the Scheme to the premium segment of the Official List (including a listing hearing having been held); and
- (E) the London Stock Exchange having agreed to admit the NewRiver Holdco Shares to be issued in connection with the Scheme to trading on its main market for listed securities and its agreement not being withdrawn prior to the Scheme Effective Date.

The NewRiver Directors will not take the necessary steps to implement the Scheme unless the above Conditions have been satisfied or waived (where capable of waiver) and at the relevant time they consider that it continues to be in NewRiver's and the NewRiver Shareholders' best interests that the Scheme should be implemented.

The Court Hearing to sanction the Scheme is expected to be held on 17 August 2016. NewRiver Shareholders have the right to attend the Court Hearing in person or by counsel to support or oppose the sanction of the Scheme.

If the Scheme is sanctioned by the Court and the other Conditions to the Scheme are satisfied or waived, the Scheme is expected to become effective on 18 August 2016 and dealings in the NewRiver Holdco Shares to be issued pursuant to the Scheme are expected to commence at 8.00 a.m. on 18 August 2016, being the anticipated Scheme Effective Date.

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

The Scheme contains a provision for NewRiver and NewRiver Holdco jointly to consent, on behalf of all persons concerned, to any modification of, or addition to, the Scheme, or to any condition that the Court may think fit to approve or impose. NewRiver has been advised by its legal advisers that the Court would be unlikely to approve or impose any modification of, or addition or condition to, the Scheme which might be material to the interests of NewRiver Shareholders unless NewRiver Shareholders were informed of any such modification, addition or condition. It will be a matter for the Court to decide, in its discretion, whether or

not further meetings of NewRiver Shareholders should be held. If the Court does approve or impose a modification of, or addition or condition to, the Scheme which, in the opinion of the Directors, is such as to require the consent of the NewRiver Shareholders, the Scheme will not be able to become effective unless and until such consent is obtained.

## **5. Effect of the Proposals**

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

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

As soon as reasonably practicable following the Scheme becoming effective, the NewRiver Holdco Redeemable Shares will be redeemed and cancelled.

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

NewRiver will make announcements to NewRiver Shareholders from time to time in relation to the progress of the Scheme, including upon the Scheme becoming effective.

## **6. Admission, dealings, share certificates and settlement**

Applications will be made: (i) to the London Stock Exchange in respect of the cancellation of the admission to trading on AIM of the NewRiver Shares; (ii) to the Financial Conduct Authority in respect of the admission of the NewRiver Holdco Shares to the premium segment of the Official List; and (iii) to the London Stock Exchange in respect of the admission of the NewRiver Holdco Shares to trading on the London Stock Exchange's main market for listed securities, subject in each case to the Scheme becoming effective. The last day of dealings in the NewRiver Shares is expected to be 17 August 2016. The last time for registration of transfers of Scheme Shares is expected to be 5.00 p.m. on 17 August 2016. It is expected that Admission will become effective and that dealings in NewRiver Holdco Shares will commence at 8.00 a.m. on 18 August 2016, being the Effective Date. The admission to trading on AIM of the NewRiver Shares will also be cancelled at the same time on that date.

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

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

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

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

Subject to the satisfaction of the Conditions referred to in paragraph 4 of this Part II, to which the Scheme is subject, the NewRiver Holdco Shares to which Scheme Shareholders are entitled under the Scheme (as the case may be) will:

- (a) to the extent the entitlement arises as a result of a holding of NewRiver Shares in certificated form at the Scheme Record Time, be delivered in certificated form in the name of the relevant Scheme Shareholder with the relevant share certificate expected to be despatched by post, at the relevant Scheme Shareholder's risk, as soon as practicable but in any event by no later than 14 days after Admission; and
- (b) to the extent the entitlement arises as a result of a holding of NewRiver Shares in uncertificated form at the Scheme Record Time, be credited to the appropriate CREST accounts (under the same participant and account ID that applied to the NewRiver Shares), with corresponding entitlements to NewRiver Holdco Shares with effect from 18 August 2016.

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

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

## **7. Directors' interests**

On the Effective Date, the NewRiver Board and the NewRiver Holdco Board will be the same. Each of the NewRiver Executive Directors will be employed by NewRiver Holdco. NewRiver Holdco will have the same management team as NewRiver.

The current NewRiver Directors, namely Paul Roy, David Lockhart, Allan Lockhart, Mark Davies, Chris Taylor, Kay Chaldecott and Alastair Miller were (other than in the case of David Lockhart, Allan Lockhart and Mark Davies) appointed directors of NewRiver Holdco on 29 June 2016. David Lockhart, Allan Lockhart and Mark Davies were appointed as directors of NewRiver Holdco on 8 June 2016.

It is intended that David Lockhart, Allan Lockhart and Mark Davies will enter into new service agreements and each of the NewRiver Holdco Non-executive Directors will enter into new letters of appointment with NewRiver Holdco prior to the Scheme becoming effective.

The new service agreements and letters of appointment are intended to be entered into so that the terms on which the NewRiver Holdco Directors are employed or engaged will reflect: (i) the requirements of the UK Corporate Governance Code which will apply to NewRiver Holdco with effect from Admission; and (ii) the revised structure of the Group and the admission of the entire issued share capital of NewRiver Holdco to the Official List of the UK Listing Authority and to trading on the main market for listed securities of the London Stock Exchange. In addition, the new service agreements for the NewRiver Holdco Executive Directors will also: (i) reflect their current benefit entitlements, current salaries and certain new insured benefits; and (ii) introduce certain protections for them in relation to the way in which certain discretions are to be exercised in specific situations in respect of historic and future share awards, in exchange for the

NewRiver Holdco Executive Directors relinquishing certain other favourable rights under their existing service agreements with NewRiver.

Further information in respect of the NewRiver Holdco Executive Directors' service agreements with NewRiver Holdco and the NewRiver Holdco Non-executive Directors' letters of appointment with NewRiver Holdco will be summarised in detail in the Prospectus in due course.

The interests of the NewRiver Directors in the existing share capital of NewRiver as at 11 July 2016 (being the latest practicable date prior to the publication of this document) and in NewRiver Holdco immediately after the Scheme becomes effective are set out in paragraph 5 of Part V (Additional Information) of this document.

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

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

## **8. Taxation**

It is intended that the Scheme should be generally neutral in tax terms for NewRiver Shareholders. Your attention is drawn to paragraph 9 of Part V (Additional Information) of this document for further information about the taxation consequences of the Scheme.

**The summary information on taxation in this document is intended as a guide only and holders of NewRiver Shares who are in any doubt about their tax position, or who are resident for tax purposes outside the UK, are strongly advised to contact an appropriate independent professional adviser immediately.**

## **9. Overseas NewRiver Shareholders**

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

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

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

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

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

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

## **10. The Meetings**

### ***General***

Before the Court's approval can be sought to sanction the Scheme, the Scheme will require the approval of the Scheme Shareholders at the Court Meeting, convened pursuant to an order of the Court, and the passing by the NewRiver Shareholders of the Resolutions at the Extraordinary General Meeting, in each case by the requisite majorities. Both of the Meetings have been convened for 3 August 2016.

It is expected that NewRiver Holdco will agree to appear by Guernsey counsel on the hearing of the application to sanction the Scheme and to undertake to be bound by the Scheme.

Notices of the Court Meeting and the Extraordinary General Meeting are contained at the end of this document. Entitlement to attend and vote at these Meetings and the number of votes which may be cast at such meetings will be determined by reference to the register of members of NewRiver at the Voting Record Time, which is 6.00 p.m. on 1 August 2016.

All NewRiver Shareholders whose names appear on the register of members of NewRiver at the Voting Record Time shall be entitled to attend, speak and vote at the Meetings in respect of the number of NewRiver Shares registered in their name at the applicable time.

### ***Court Meeting***

The Court Meeting has been convened for 9.30 a.m. on 3 August 2016 pursuant to an order of the Court. At the Court Meeting, or at any adjournment thereof, the NewRiver Shareholders will consider and, if thought fit, approve the Scheme.

Voting at the Court Meeting will be by poll and not on a show of hands and each Scheme Shareholder entitled to attend and who is present in person or by proxy will be entitled to one vote for each Scheme Share held. The statutory majority required to approve the Scheme at the Court Meeting is a majority in number of the Scheme Shareholders present and voting (in person or by proxy) representing not less than 75 per cent. of the voting rights of the Scheme Shareholders present and voting (in person or by proxy) at the Court Meeting.

**It is important that, for the Court Meeting, as many votes as possible are cast so that the Court can be satisfied that there is a fair and reasonable representation of opinion of Scheme Shareholders. You are therefore strongly encouraged to complete, sign and return your Forms of Proxy or, alternatively, to submit your proxy by electronic means, for both the Court Meeting and the Extraordinary General Meeting as soon as possible.**

It is also particularly important for you to be aware that if the Scheme becomes effective, it will be binding on all Scheme Shareholders irrespective of whether they attended the Court Meeting and irrespective of the manner in which they voted.

You will find the Notice of the Court Meeting on pages 111 to 113 (inclusive) of this document.

### ***Extraordinary General Meeting***

The Extraordinary General Meeting has been convened for 9.45 a.m. on 3 August 2016 (or as soon thereafter as the Court Meeting has been concluded or adjourned). At the Extraordinary General Meeting, or at any

adjournment thereof, NewRiver Shareholders will consider and, if thought fit, pass the Resolutions set out in the notice of the Extraordinary General Meeting to approve the following matters in connection with the implementation of the Scheme.

The first two Resolutions set out in the notice of the Extraordinary General Meeting are proposed as special resolutions in order to approve:

- (i) the Scheme; the cancellation of the Scheme Shares; the creation of the NewRiver New Ordinary Shares; the allotment of the NewRiver New Ordinary Shares; and the amendments to the NewRiver Articles to deal with, *inter alia*, transitional matters arising from the Scheme; and
- (ii) authority for the NewRiver Holdco Directors to convene a general meeting of NewRiver Holdco, other than an annual general meeting, on not less than 14 clear days' notice; and
- (iii) authority for the NewRiver Holdco Directors to take all actions as they may consider necessary or appropriate to give effect to the Scheme.

Voting at the Extraordinary General Meeting will be by poll and not on a show of hands and each NewRiver Shareholder entitled to attend and who is present in person or by proxy will be entitled to one vote for each NewRiver Share held. The majority required for the passing of the Resolutions is not less than 75 per cent. of the votes cast (in person or by proxy) at the Extraordinary General Meeting.

This explanatory statement relates only to the Scheme but provides details in respect of the reduction of capital of NewRiver to be effected in connection with the Scheme. You will find the Notice of the Extraordinary General Meeting on pages 114 to 117 (inclusive) of this document.

## **11. Prospectus**

A Prospectus relating to NewRiver Holdco, the NewRiver Group and Admission, which will contain prescribed information relating to NewRiver Holdco, is expected to be made available in electronic form on the NewRiver Group's website ([www.nrr.co.uk](http://www.nrr.co.uk)) on or around 16 August 2016 after it has been filed with the FCA in accordance with the Prospectus Rules.

A copy of the Prospectus may also be obtained from the date it is filed until Admission, free of charge, by writing to the registered office of NewRiver Holdco (37 Maddox Street, London W1S 2PP) or by calling the Shareholder Helpline, further details of which are included on page 10 of this document.

A copy of the Prospectus may also be inspected from such date until Admission at the registered offices of both NewRiver Holdco and Eversheds LLP (One Wood Street, London EC2V 7WS).

The information in the Prospectus will include financial information and an operating and financial review in relation to the NewRiver Group, a business overview of the NewRiver Group and a section of additional information, including details of the remuneration and interests of the Directors, material contracts of the NewRiver Group and details of any litigation concerning the NewRiver Group, all of which is relevant to NewRiver Holdco as the new parent company of the NewRiver Group.

## **12. Action to be taken**

Please check that you have received the following with this document:

- a blue Form of Proxy for use in respect of the Court Meeting; and
- a red Form of Proxy for use in respect of the Extraordinary General Meeting.

If you have not received all of these documents, 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.

**Whether or not you plan to attend the Meetings, you should:**

- **complete, sign and return the blue Form of Proxy for use at the Court Meeting so as to be received as soon as possible and, in any event, by no later than 9.30 a.m. on 1 August 2016; and**
- **complete, sign and return the red Form of Proxy for use at the Extraordinary General Meeting so as to be received as soon as possible and, in any event, by no later than 9.45 a.m. on 1 August 2016,**

**(or, in the case of adjournment, no later than 48 hours before the time fixed for the holding of the adjourned meeting).**

**All hard copy versions of the Forms of Proxy should be returned by post or by hand (during normal business hours) to Capita Asset Services, PXS 1, 34 Beckenham Road, Beckenham, Kent BR3 4ZF.**

If the blue Form of Proxy for use at the Court Meeting is not returned by the above time, it may be handed to the Chairman of the Court Meeting or representatives of Capita Asset Services on behalf of the Chairman of the Court Meeting at the Court Meeting before the taking of the poll. However, in the case of the Extraordinary General Meeting, if the red Form of Proxy is not returned so as to be received by the time mentioned above and in accordance with the instructions printed on that Form of Proxy, it will be invalid.

If you hold your NewRiver Shares in uncertificated form (that is, in CREST), you may vote using the CREST voting service in accordance with the procedures set out in the CREST Manual (available at [www.euroclear.com](http://www.euroclear.com)) (please also refer to the notes for the notices convening the Court Meeting and the Extraordinary General Meeting set out on pages 111 to 117 (inclusive) of this document). In each case, such appointments and instructions, or votes, must be made and received by Capita Asset Services (participant ID RA10) by no later than 9.30 a.m. on 1 August 2016, in the case of the Court Meeting, and by no later than 9.45 a.m. on 1 August 2016, in the case of the Extraordinary General Meeting (or, in the case of adjournment, no later than 48 hours before the time fixed for the holding of the adjourned meeting).

The completion and return of the Forms of Proxy will not prevent you from attending and voting in person at the Court Meeting and/or the Extraordinary General Meeting, or any adjournments thereof, should you wish to do so and should you be so entitled.

**It is important that, for the Court Meeting, as many votes as possible are cast so that the Court can be satisfied that there is a fair and reasonable representation of opinion of Scheme Shareholders. You are therefore strongly encouraged to complete, sign and return your Forms of Proxy or, alternatively, to submit your proxy by electronic means, for both the Court Meeting and the Extraordinary General Meeting as soon as possible.**

### **13. Further information**

The terms of the Scheme are set out in full in Part III (The Scheme of Arrangement) of this document. Your attention is also drawn to the further information contained in this document and, in particular, the additional information set out in Part V (Additional Information) of this document.

Yours faithfully,

**Liberum Capital Limited**

## PART III

### THE SCHEME OF ARRANGEMENT

IN THE ROYAL COURT OF GUERNSEY  
(ORDINARY DIVISION)

IN THE MATTER OF NEWRIVER RETAIL LIMITED

and

IN THE MATTER OF THE COMPANIES (GUERNSEY) LAW, 2008, AS AMENDED

SCHEME OF ARRANGEMENT  
(under Part VIII of The Companies (Guernsey) Law, 2008, as amended)

between

NEWRIVER RETAIL LIMITED

and

THE HOLDERS OF THE SCHEME SHARES  
(as hereinafter defined)

#### PRELIMINARY

(A) In this Scheme, unless inconsistent with the subject or context, the following expressions bear the following meanings:

“£”, “pence” or “sterling” means the lawful currency of the United Kingdom;

“NewRiver” or the “Company” means NewRiver Retail Limited, a limited company incorporated in Guernsey with registered number 50463;

“NewRiver New Ordinary Shares” means ordinary shares of no par value in the capital of NewRiver created following the cancellation of the Scheme Shares;

“NewRiver Shareholders” means holders of NewRiver Shares from time to time;

“NewRiver Shares” means ordinary shares of no par value in the capital of NewRiver;

“Business Day” means a day (excluding Saturdays and Sundays and public holidays in England and Wales) on which banks are generally open for business in the City of London and Guernsey for the transaction of normal banking business;

“certificated” or “in certificated form” means, in relation to a share or other security, a share or other security which is not in uncertificated form (that is, not in CREST);

“Clause” means a clause of this Scheme;

“Court” means the Royal Court of Guernsey;

“Court Hearing” means the hearing by the Court of the application to sanction the Scheme under Part VIII of the Guernsey Companies Law and to confirm the Scheme Reduction of Capital;

“Court Meeting” means the meeting of Scheme Shareholders convened by order of the Court pursuant to Part VIII of the Guernsey Companies Law to be held at the offices of Eversheds LLP, One Wood Street, London EC2V 7WS at 9.30 a.m. on 3 August 2016, to consider and, if thought fit, approve the Scheme, and any adjournment thereof;

**“Court Order”** means the order of the Court sanctioning the Scheme under Part VIII of the Guernsey Companies Law and confirming the Scheme Reduction of Capital;

**“CREST”** means the relevant system (as defined in the CREST Regulations) for the paperless settlement of trades in securities and the holding of securities in uncertificated form operated by Euroclear in accordance with the CREST Regulations;

**“CREST Regulations”** means the Uncertificated Securities (Guernsey) Regulations, 2009;

**“Effective Date”** means the date on which this Scheme becomes effective, expected to be 18 August 2016;

**“Euroclear”** means Euroclear UK & Ireland Limited, incorporated in England and Wales with registered number 02878738, the operator of CREST;

**“Extraordinary General Meeting”** means the general meeting of NewRiver Shareholders to be held at the offices of Eversheds LLP, One Wood Street, London EC2V 7WS at 9.45 a.m. on 3 August 2016 (or as soon as possible after the conclusion or adjournment of the Court Meeting) and any adjournment of that meeting;

**“Guernsey Companies Law”** means The Companies (Guernsey) Law, 2008, as amended;

**“holder”** means a registered holder, including any person entitled by transmission;

**“member”** means a member of NewRiver, on the register of members at any relevant date;

**“NewRiver Holdco”** means NewRiver REIT plc, a public limited company incorporated in England and Wales under the UK Companies Act 2006 with registered number 10221027;

**“NewRiver Holdco Redeemable Shares”** means shares in NewRiver Holdco which are issued for the purpose of satisfying the UK Companies Act 2006 minimum share capital requirements for public companies, which:

- (a) carry no right to receive notice of or to attend, speak or vote at any general meeting of NewRiver Holdco or (subject to the UK Companies Act 2006) at any meeting of the holders of any class of shares in the capital of NewRiver Holdco or for the purposes of a written resolution of NewRiver Holdco;
- (b) do not entitle their holders to receive any dividend or distribution;
- (c) carry only the right to receive, after all share capital (including premium) on the ordinary shares in issue has been repaid, £1 for every £100,000,000,000 of capital returned to the ordinary shareholders; and
- (d) are redeemable at their nominal value at the option of NewRiver Holdco or the holder;

**“NewRiver Holdco Shares”** means ordinary shares of one pence each in the capital of NewRiver Holdco to be issued credited as fully paid in accordance with the terms of the Scheme;

**“NewRiver Holdco Subscriber Shares”** means the two ordinary shares of one pence each in the capital of NewRiver Holdco issued on incorporation of NewRiver Holdco;

**“Scheme”** or **“Scheme of Arrangement”** means the scheme of arrangement proposed to be made under Part VIII of the Guernsey Companies Law between NewRiver and the holders of the Scheme Shares as set out in this Part III, with or subject to any modification, addition or condition approved or imposed by the Court and agreed to by NewRiver and NewRiver Holdco;

**“Scheme Circular”** means this document dated 13 July 2016 sent by NewRiver to, *inter alios*, NewRiver Shareholders containing, amongst other things, this Scheme, an explanatory statement in compliance with Part VIII of the Guernsey Companies Law and the notices of the Court Meeting and the Extraordinary General Meeting;

**“Scheme Effective Time”** means the time at which the Scheme becomes effective on the Effective Date;

**“Scheme Record Time”** means 6.00 p.m. (London time) on the Business Day immediately preceding the Effective Date;

**“Scheme Reduction of Capital”** means the reduction of share capital referred to in Clause 1 of this Scheme;

**“Scheme Shareholders”** means holders of Scheme Shares;

**“Scheme Shares”** means all NewRiver Shares which are:

- (a) in issue at the date of this Scheme;
- (b) (if any) issued after the date of this Scheme but prior to the Voting Record Time; and
- (c) (if any) issued at or after the Voting Record Time, either on terms that the original and any subsequent holders of such NewRiver Shares are to be bound by the Scheme and/or in respect of which their holders are, or have agreed in writing to be, bound by the Scheme,

save for any NewRiver Shares held, legally or beneficially, by NewRiver Holdco or any NewRiver Shares held as treasury shares or any NewRiver Shares held by the trustee of the NewRiver Retail Limited Employee Benefit Trust;

**“uncertificated”** or **“in uncertificated form”** means, in relation to a share or other security, a share or other security title to which is 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 CREST Regulations, may be transferred by means of CREST; and

**“Voting Record Time”** means 6.00 p.m. (London time) on 1 August 2016, or, in the case of any adjourned meeting, 6.00 p.m. (London time) on the day which is two days before the date of such adjourned meeting.

References to clauses, sub-clauses and paragraphs are to clauses, sub-clauses and paragraphs of this Scheme.

- (B) The authorised share capital of NewRiver at the date of this Scheme is divided into 238,550,894 ordinary shares of no par value.
- (C) NewRiver Holdco was incorporated in England and Wales on 8 June 2016, with registered number 10221027.
- (D) The issued share capital of NewRiver Holdco at the date of this Scheme is £50,000.02, comprising the NewRiver Holdco Subscriber Shares and 50,000 NewRiver Holdco Redeemable Shares, all paid up in full.
- (E) NewRiver Holdco has agreed to appear by Guernsey Counsel at the Court Hearing, to consent to the Scheme and to undertake to be bound thereby and to execute and do or procure to be executed and done all such documents, acts and things as may be necessary or desirable to be executed or done by it for the purpose of giving effect to this Scheme.

## **THE SCHEME**

### **1. Cancellation of Scheme Shares**

- (a) The issued share capital of NewRiver shall be reduced by cancelling and extinguishing the Scheme Shares.

- (b) Forthwith and contingent upon the reduction of capital referred to in Clause 1(a) taking effect:
  - (i) the share capital of NewRiver shall be increased to its former amount by the creation of such number of NewRiver New Ordinary Shares as shall be equal to the aggregate number of Scheme Shares cancelled pursuant to Clause 1(a); and
  - (ii) NewRiver shall apply the credit arising in its books of account as a result of such reduction of capital in paying up the NewRiver New Ordinary Shares created pursuant to Clause 1(b)(i) and shall allot and issue the same, credited as fully paid up, to NewRiver Holdco and/or its nominee or nominees.

## **2. Consideration for the cancellation of the Scheme Shares**

In consideration of the cancellation of the Scheme Shares and the issue of the NewRiver New Ordinary Shares to NewRiver Holdco and/or its nominee or nominees pursuant to Clause 1, NewRiver Holdco shall (subject to the provisions of Clauses 3, 4 and 5), allot and issue credited as fully paid NewRiver Holdco Shares to the Scheme Shareholders on the basis of one NewRiver Holdco Share for each Scheme Share held at the Scheme Record Time, save that one fewer NewRiver Holdco Share shall be allotted and issued to any relevant NewRiver Shareholder for every one NewRiver Holdco Share already held by that NewRiver Shareholder at the Scheme Record Time.

## **3. Allotment and issue of NewRiver Holdco Shares**

- (a) The NewRiver Holdco Shares to be issued pursuant to Clause 2 shall rank in full for all dividends or distributions made, paid or declared after the Effective Date on the ordinary share capital of NewRiver Holdco.
- (b) The provisions of Clause 2 shall be subject to any prohibition or condition imposed by law. Without prejudice to the generality of the foregoing, if, in respect of any Scheme Shareholder who is a citizen, resident or national of any jurisdiction outside the United Kingdom or Guernsey, NewRiver Holdco is advised that the allotment and issue of NewRiver Holdco Shares pursuant to Clause 2 would infringe the laws of any jurisdiction outside the United Kingdom or Guernsey or would require NewRiver Holdco to observe any governmental or other consent or effect any registration, filing or other formality with which, in the opinion of NewRiver Holdco, it would be unable to comply or which it regards as unduly onerous, then NewRiver Holdco may in its sole discretion either:
  - (i) determine that such NewRiver Holdco Shares shall be sold, in which event the NewRiver Holdco Shares shall be issued to such Scheme Shareholder and NewRiver Holdco shall appoint a person to act pursuant to this Clause 3(b)(i) and such person shall be authorised on behalf of such Scheme Shareholder to procure that any NewRiver Holdco Shares in respect of which NewRiver Holdco has made such a determination shall, as soon as practicable following the Scheme Record Time, be sold at the best price which can reasonably be obtained at the time of sale and the net proceeds of such sale (after the deduction of all expenses and commissions, including any amount in respect of value added tax payable thereon) shall be paid to such Scheme Shareholder by sending a cheque to such Scheme Shareholder in accordance with the provisions of Clause 4. To give effect to any such sale, the person so appointed shall be authorised on behalf of such Scheme Shareholder to execute and deliver a form of transfer and to give such instructions and do all such things which he may consider necessary or expedient in connection with such sale. In the absence of fraud, none of NewRiver, NewRiver Holdco or any person so appointed shall have any liability for any loss or damage arising as result of the timing or terms of any such sale; or
  - (ii) determine that no such NewRiver Holdco Shares shall be allotted and issued to such Scheme Shareholder under Clause 2 but instead such NewRiver Holdco Shares shall be allotted and issued to a nominee appointed by NewRiver Holdco as trustee for such Scheme Shareholder, on terms that they shall, as soon as practicable following the Scheme Record Time, be sold on behalf of such Scheme Shareholder at the best price which can reasonably be obtained at the

time of sale and the net proceeds of such sale (after the deduction of all expenses and commissions, including any amount in respect of value added tax payable thereon) shall be paid to such Scheme Shareholder by sending a cheque to such Scheme Shareholder in accordance with the provisions of Clause 4. In the absence of fraud, none of NewRiver, NewRiver Holdco or any broker or agent of either of them shall have any liability for any loss arising as a result of the timing or terms of any such sale.

#### **4. Certificates and payments**

- (a) On the Effective Date, NewRiver Holdco shall allot and issue all NewRiver Holdco Shares which it is required to allot and issue to give effect to this Scheme pursuant to Clause 2.
- (b) As soon as reasonably practicable after the Effective Date, and not later than 14 days after the Effective Date, NewRiver Holdco shall send by post to the allottees of the NewRiver Holdco Shares, certificates in respect of such NewRiver Holdco Shares save that, where Scheme Shares are held in uncertificated form, NewRiver Holdco will procure that Euroclear is instructed to cancel the entitlement to Scheme Shares of the Scheme Shareholders concerned and to credit the appropriate stock accounts in CREST of each such Scheme Shareholder the due entitlement to NewRiver Holdco Shares on the Effective Date.
- (c) Not later than 15 Business Days following the sale of any relevant NewRiver Holdco Shares pursuant to Clause 3(b), NewRiver Holdco shall procure that such person appointed to act under Clause 3(b)(i) or the nominee referred to in Clause 3(b)(ii) shall account for the cash payable by despatching to the persons respectively entitled thereto cheques by post.
- (d) All certificates required to be sent by NewRiver Holdco pursuant to Clause 4(b) and all cheques required to be sent pursuant to Clause 4(c) shall be sent through the post in pre-paid envelopes addressed to the persons respectively entitled thereto at their respective addresses appearing in the register of members of NewRiver at the Scheme Record Time (or, in the case of joint holders, to the address of that one of the joint holders whose name stands first in the register in respect of the joint holding) or in accordance with any special instructions regarding communications received at the registered office of NewRiver before the Scheme Record Time. All documents, certificates or other communications sent by, to, from or on behalf of Scheme Shareholders, or as such persons shall direct, will be sent at their own risk and may be sent by post.
- (e) None of NewRiver, NewRiver Holdco or any person appointed to act under Clause 3(b)(i) or any nominee referred to in Clause 3(b)(ii) or any agent of any of them shall be responsible for any loss or delay in transmission of certificates or cheques sent in accordance with this Clause 4.
- (f) All cheques shall be made payable to the Scheme Shareholder or, in the case of joint holders, to all such Scheme Shareholders, in respect of the Scheme Shares concerned in sterling drawn on a UK clearing bank and the encashment of any such cheque shall be a complete discharge to NewRiver Holdco for the monies represented thereby.
- (g) This Clause 4 shall be subject to any prohibition or condition imposed by law.

#### **5. Certificates representing Scheme Shares**

With effect from and including the Effective Date, all certificates representing holdings of Scheme Shares shall cease to have effect as documents of title to such Scheme Shares. The Scheme Shareholders in respect of such Scheme Shares shall be bound to destroy such certificates and, at the request of NewRiver, to confirm to NewRiver that such certificates have been destroyed.

#### **6. Mandated payments and other instructions**

Each mandate in force at the Scheme Record Time relating to the payment of dividends on Scheme Shares and each instruction then in force as to notices and other communications from NewRiver shall, unless and until varied or revoked, be deemed as from the Effective Date to be a valid and effective mandate or

instruction to NewRiver Holdco in relation to the corresponding NewRiver Holdco Shares to be allotted and issued pursuant to the Scheme.

**7. Effective Date**

- (a) This Scheme shall become effective as soon as the Court Order has been granted but subject to the terms and conditions set out therein.
- (b) Unless this Scheme shall have become effective on or before 5.00 p.m. on 30 September 2016 or such later date, if any, as NewRiver and NewRiver Holdco may agree and the Court may allow, it shall lapse.

**8. Modification**

NewRiver and NewRiver Holdco may jointly consent on behalf of all persons concerned to any modification of or addition to this Scheme or to any condition which the Court may think fit to approve or impose.

**9. Costs**

NewRiver is authorised and permitted to pay all the costs and expenses relating to the negotiation, preparation and implementation of the Scheme.

**10. Governing Law**

This Scheme is governed by Guernsey law and is subject to the jurisdiction of the Guernsey courts.

Dated: 13 July 2016

## PART IV

### REIT REGIME

#### 1. The UK REIT Regime

- (a) **The summary of the REIT Regime applicable in the UK (the “REIT Regime”) below is intended to be a general guide only and to constitute a high-level summary of NewRiver’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.**
- (b) Investing in property through a UK taxable corporate investment vehicle has the disadvantage that, in comparison to a direct investment in property assets, some categories of shareholder may effectively bear tax twice on the same income: first, indirectly, when the corporate investment vehicle pays direct tax on its profits, and secondly, directly (subject to any available exemption or with the benefit of a tax credit) 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 which they would not suffer if they were to invest directly in the property assets.
- (c) As part of a group UK REIT, UK resident REIT Group members would no longer pay UK direct taxes on income and capital gains from their “**Qualifying Property Rental Businesses**” (being businesses 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 would no longer pay UK direct taxes on income from their UK Qualifying Property Rental Businesses, provided that certain conditions are satisfied. Instead, distributions in respect of the tax-exempt Qualifying Property Rental Businesses will be treated for UK tax purposes as UK property income in the hands of shareholders. Part V (Additional Information) of this document contains further detail on the UK tax treatment of shareholders in a REIT.
- (d) 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 will 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 any income and gains from the REIT Group’s businesses (generally including any property trading business) not included in the Qualifying Property Rental Business (the “**Residual Business**”).
- (e) Whilst within the REIT Regime, the Qualifying Property Rental Business will be treated as a separate business for corporation tax purposes from the Residual Business and a loss incurred by the Qualifying Property Rental Business cannot be set off against profits of the Residual Business (and vice versa).
- (f) A dividend paid by NewRiver Holdco 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 NewRiver Holdco (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. Part V (Additional Information) of this document contains further detail on the UK tax treatment of shareholders in a REIT.
- (g) In this Part IV, 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. Qualification as a REIT

A group becomes a group UK REIT by the principal company serving notice on HMRC before the beginning of the first accounting period for which it wishes the group members to become a REIT. In order to qualify as a REIT, the REIT Group must satisfy certain conditions set out in 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(a) to 2(d) and 2(f) below and the REIT Group as a whole must satisfy the conditions set out in paragraph 2(e).

### (a) *Company conditions*

The principal company must be solely UK resident for tax purposes, 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 section 439 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.

### (b) *Share capital restrictions*

The principal company must have only one class of ordinary share 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 NewRiver Holdco.

### (c) *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.

### (d) *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.

### (e) *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 (and for these purposes, the relevant REIT legislation defines a single property as one that is designed, fitted or equipped for the purposes of being rented, and which is rented, or available for rent, as a separate commercial or residential unit separate from any other unit);
- (ii) throughout the accounting period, no one property may represent more than 40 per cent. of the total value of all the properties involved in the Qualifying Property Rental Business. Assets

must be valued in accordance with IFRS and at fair value when IFRS offers a choice between a cost basis and a fair value basis;

- (iii) the income profits arising from the Qualifying Property Rental Business must represent at least 75 per cent. of the REIT Group's total profits for the accounting period (the "**75 per cent. profits test**"). Profits for this purpose means profits calculated in accordance with IFRS, before deduction of tax, and excludes (among other items) realised and unrealised gains and losses on the disposal of property; and
- (iv) at the beginning of the accounting period the value of the assets in the Qualifying Property Rental Business must represent at least 75 per cent. of the total value of assets held by the REIT Group (the "**75 per cent. assets test**"). Cash held on deposit and gilts or relevant UK REIT shares are included in the value of assets relating to the Qualifying Property Rental Business for the purpose of meeting the 75 per cent. assets test. Non-cash assets must be valued in accordance with IFRS and at fair value where IFRS offers a choice of valuation between cost basis and fair value.

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

(f) ***Distribution condition***

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

### **3. 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.

### **4. Effect of becoming a REIT**

(a) ***Tax exemption***

- (i) As a REIT, the REIT Group will not pay UK corporation tax on profits and gains from the Qualifying Property Rental Business. Corporation tax will still apply in the normal way in respect of the Residual Business.
- (ii) 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.

(b) ***The Excessive Shareholder rule***

- (i) 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 Shareholders should note that this tax charge only applies where a distribution is paid to persons that are companies or are treated as bodies corporate in accordance with the law of an overseas jurisdiction with which the UK has a double taxation agreement, or in accordance with such a double taxation agreement. It does not apply where a nominee has such a 10 per cent. or greater holding unless the persons on whose behalf the nominee holds the shares meet the test in their own right.
- (ii) This tax charge will not be incurred if the principal company has taken reasonable steps to avoid paying distributions to such a person. HMRC guidance describes certain actions that might be taken to show it has taken such "reasonable steps". One of these actions is to include restrictive provisions in the principal company's Articles of Association to address this requirement. The NewRiver Holdco Articles (as summarised in paragraph 7(R) of Part V (Additional Information) of this document) are consistent with the provisions described in the HMRC guidance.

(c) ***Dividends***

- (i) 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 test, the REIT may determine that all or part of the balance is a Non-PID Dividend to the extent there are any profits of the current or previous years which derive from activities of a kind in respect of which corporation tax is chargeable in relation to income (for example, profits of the Residual Business). Any remaining balance of the dividend (or other distribution) will generally be deemed to be a PID: first, in respect of the remaining income profits of the Qualifying Property Rental Business for the current year or previous years; and, secondly, in respect of capital gains which are exempt from tax by virtue of the REIT Regime (in either case distributed as a PID). Any remaining balance will be attributed to other Non-PID Dividends.
- (ii) 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 United Kingdom tax treatment of certain categories of shareholder while the Group is in the REIT Regime are contained in Part V (Additional Information) of this document.
- (iii) 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.

(d) ***Profit: financing cost ratio***

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

costs exceeds the amount of those costs which would cause that ratio to equal 1.25 (subject to a cap of 20 per cent. of the income profits) is chargeable to corporation tax.

(e) ***Certain tax avoidance arrangements***

If HMRC thinks that a member of the REIT Group 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 consider 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, they may require the REIT Group to exit the REIT Regime.

(f) ***Property development and property trading by a REIT***

(i) 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: (a) the date on which the relevant company becomes a member of a REIT; and (b) 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.

(ii) 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.

(g) ***Movement of assets in and out of 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.

(h) ***Joint ventures***

(i) 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 test and the 75 per cent. assets test (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 test, and its assets will count towards the 75 per cent. assets test (on a proportionate basis).

(ii) 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 automatically fall within the REIT tax exemption, and will count

towards the 75 per cent. profits and assets tests, provided that 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.

(i) ***Acquisitions and takeovers***

- (i) If a REIT is taken over by another REIT, the acquired REIT does not necessarily cease to be a REIT and will, provided the conditions are met, continue to enjoy tax exemptions in respect of the profits of its Qualifying Property Rental Business and capital gains on disposal of properties in the Qualifying Property Rental Business.
- (ii) 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 that accounting period to benefit from tax exemptions on the profits of its Qualifying Property Rental Business and capital 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 reacquired at market value for the purposes of 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 capital 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.

**5. Excessive Shareholders**

(a) ***The Excessive Shareholder rule***

- (i) 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**").
- (ii) This tax charge will not be incurred if the principal company of the REIT Group (in this case and following the Scheme becoming effective, NewRiver Holdco) has taken "reasonable steps" to avoid such a distribution being paid.
- (iii) The NewRiver Holdco Articles contain relevant provisions intended to give the Board the powers it needs to demonstrate to HMRC that "reasonable steps" have been taken to avoid making distributions to Excessive Shareholders.
- (iv) The NewRiver Holdco Articles contain a special article for this purpose (the "**REIT Provisions**"), in line with HMRC guidance and recommendations.

(b) ***Summary of the REIT Provisions***

The REIT Provisions:

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

- (ii) provide the Directors with powers to prohibit the payment of dividends on NewRiver Holdco Shares that form part of an Excessive Shareholding, unless certain conditions are met;
- (iii) allow dividends to be paid on NewRiver Holdco Shares that form part of an Excessive Shareholding where the NewRiver Holdco Shareholder has disposed of its rights to dividends on its NewRiver Holdco Shares;
- (iv) seek to ensure that if a dividend is paid on NewRiver Holdco Shares that form part of an Excessive Shareholding and 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
- (v) provide the Directors with powers if certain conditions are met, to require: (a) an Excessive Shareholder; or (b) a NewRiver Holdco Shareholder who has not complied with a notice served in accordance with the power referred to in paragraph (i) above; or (c) a NewRiver Holdco Shareholder who has provided materially inaccurate or misleading information in relation to the Excessive Shareholder provisions of the NewRiver Holdco Articles, to dispose of such number of their NewRiver Holdco Shares as the Directors may specify, or to take such other steps as will cause the Directors to believe that the NewRiver Holdco Shareholder is no longer an Excessive Shareholder.

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

(c) ***Identification of Excessive Shareholders***

- (i) 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.
- (ii) Accordingly, the REIT Provisions require an Excessive Shareholder and any registered shareholder holding NewRiver Holdco Shares on behalf of an Excessive Shareholder to notify the Company if his interest in NewRiver Holdco forms part of an Excessive Shareholding. Such a notice must be given within two business days.
- (iii) The REIT Provisions give the Board the right to require any person to provide information in relation to their shareholding in order to determine whether the NewRiver Holdco Shares form part of an Excessive Shareholding. If the required information is not provided within the time specified (which is seven days after a request is made or such other period as the Board may decide), the Board is entitled to withhold dividends.

(d) ***Preventing payment of a dividend to an Excessive Shareholder***

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

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

- (i) the Excessive Shareholder concerned is not beneficially entitled to the dividends;
- (ii) the shareholding is not part of an Excessive Shareholding;
- (iii) all or some of the NewRiver Holdco Shares and the right to the dividend have been transferred to a person who is not, and does not thereby become, an Excessive Shareholder (in which case, the dividends will be paid to the transferee); or
- (iv) sufficient NewRiver Holdco Shares have been transferred (together with the right to the dividends) such that the NewRiver Holdco Shares retained are no longer part of an Excessive

Shareholding (in which case the dividends will be paid on the retained NewRiver Holdco Shares).

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

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

(e) ***Payment of a dividend where rights to it have been transferred***

- (i) The REIT Provisions provide that dividends may be paid on the NewRiver Holdco Shares that form part of an Excessive Shareholding if the Board is satisfied that the right to the dividend has been transferred to a person who is not, and does not thereby become, an Excessive Shareholder and the Board may be satisfied that the right to the dividend has been transferred if it receives a certificate containing appropriate confirmations and assurances from the Excessive Shareholder. The Directors may require that any such certificate is copied or provided to such persons as they may determine, including HMRC.
- (ii) 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 NewRiver Holdco the amount of any tax payable (and other costs incurred) as a result of a dividend having been paid to an Excessive Shareholder in reliance on the inaccurate certificate. The Board may require a sale of the relevant NewRiver Holdco Shares and retain the amount claimed from the proceeds.
- (iii) Certificates provided in the circumstances described above will be of considerable importance to NewRiver Holdco in determining whether dividends can be paid. If NewRiver Holdco 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.
- (iv) 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.

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

- (i) The REIT Provisions provide that if a dividend is, in fact, paid on NewRiver Holdco Shares forming part of an Excessive Shareholding (which might occur, for example, if an Excessive Shareholding is split among a number of nominees and is not notified to NewRiver Holdco prior to a dividend payment date), the Excessive Shareholder shall pay the amount of such tax payable (and other costs incurred) in connection with the recovery of such amount. In such circumstances, the Excessive Shareholder may nominate two or more persons (who are not Excessive Shareholders) to be the beneficiaries of the trust. The persons nominated as the beneficiary could be the purchaser of the NewRiver Holdco Shares if the Excessive Shareholder is in the process of selling down their holding so as not to cause NewRiver Holdco 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 NewRiver Holdco.
- (ii) If the recipient of the dividend passes it on to another without being aware that the NewRiver Holdco Shares in respect of which the dividend was paid were part of an Excessive Shareholding, the recipient will have no liability as a result. However, the Excessive

Shareholder who receives the dividend should do so subject to the terms of the trust and as a result may not claim to be beneficially entitled to those dividends.

(g) ***Mandatory sale of Excessive Shareholdings***

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

- (i) 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);
- (ii) there has been a failure to provide information requested by the Board; or
- (iii) any information provided by any person proves materially inaccurate or misleading.

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

(h) ***Takeovers***

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

(i) ***Other***

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

**6. Exit from the REIT Regime**

- (a) The principal company of the REIT Group can 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 NewRiver Holdco Shareholder consent if it considers this to be in the best interests of the REIT Group.
- (b) 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 that was involved in its Qualifying Property Rental Business within two years of leaving, any uplift in the base cost of the property as a result of the deemed disposals on entry into and 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.
- (c) It is important to note that it cannot be guaranteed that NewRiver Holdco or the REIT Group will comply with all of the REIT conditions and that the REIT Regime may cease to apply in some circumstances. HMRC may require the REIT Group to exit the REIT Regime if:
  - (i) it regards a breach of the conditions relating to the REIT Regime, or an attempt to obtain a tax advantage, as sufficiently serious; or
  - (ii) the REIT Group or NewRiver Holdco have committed a certain number of breaches of the conditions in a specified period; or
  - (iii) HMRC has given members of the REIT 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.

- (d) 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 REIT 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 REIT Group is treated as exiting the REIT Regime.
- (e) NewRiver Shareholders should note that it is possible that the REIT 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 REIT Group's control.
- (f) The Group will monitor 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 will monitor 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.

## PART V

### ADDITIONAL INFORMATION

#### 1. Responsibility

The Directors, whose names and functions are set out on page 16 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.

#### 2. Information on NewRiver

NewRiver is a limited company incorporated in Guernsey and operating under The Companies (Guernsey) Law 2008, as amended. NewRiver's registered office is Old Bank Chambers, La Grande Rue, St Martin's, Guernsey GY4 6RT.

#### 3. Information on NewRiver Holdco

##### (A) *Incorporation and registered office*

NewRiver Holdco was incorporated under the name "NewRiver REIT plc" on 8 June 2016 under the Companies Act as a public limited company with registered number 10221027.

The registered office of NewRiver Holdco is at 37 Maddox Street, London W1S 2PP and the telephone number is +44 (0) 20 3328 5800.

The Companies Act comprises the principal legislation under which NewRiver Holdco operates and under which the NewRiver Holdco Shares were created.

##### (B) *Share capital*

NewRiver Holdco was incorporated with an issued share capital of £50,000.02, comprising two NewRiver Holdco Shares and 50,000 NewRiver Holdco Redeemable Shares, all paid up in full.

The NewRiver Holdco Redeemable Shares were issued for the purpose of satisfying the Companies Act minimum share capital requirements for public companies. They carry no right to receive notice of or to attend, speak or vote at any general meeting of NewRiver Holdco or (subject to the Companies Act) at any meeting of the holders of any class of shares in the capital of NewRiver Holdco or for the purposes of a written resolution of NewRiver Holdco. They do not entitle their holders to receive any dividend or distribution and they only carry the right to receive, after all share capital (including premium) on the ordinary shares in issue has been repaid, £1 for every £100,000,000,000 of capital returned to the ordinary shareholders. Subject to the Companies Act, the NewRiver Holdco Redeemable Shares are redeemable at their nominal value at the option of NewRiver Holdco or the holder. The NewRiver Holdco Directors intend that following the Scheme becoming effective, any NewRiver Holdco Redeemable Shares in issue will be redeemed by NewRiver Holdco at their nominal value and automatically cancelled.

The issued share capital of NewRiver Holdco immediately prior to the Court Meeting will be:

<i>Issued Share Capital</i>	<i>Number</i>
NewRiver Holdco Shares of one pence each	2
NewRiver Holdco Redeemable Shares of 100 pence each	50,000

The issued share capital of NewRiver Holdco immediately following the Scheme becoming effective is expected to be:

<i>Issued Share Capital</i>	<i>Number</i>
NewRiver Holdco Shares of one pence each	238,550,894
NewRiver Holdco Redeemable Shares of 100 pence each	50,000

(C) **Authorities**

The NewRiver Holdco Shareholders and/or NewRiver Holdco Directors are expected to pass prior to the Court Meeting certain resolutions in order to, among other matters, authorise NewRiver Holdco to carry out the actions required of it in relation to the Proposals, including:

- (a) adopting the NewRiver Holdco Articles;
- (b) granting authority to the NewRiver Holdco Directors to allot shares pursuant to the Scheme;
- (c) granting authority to the NewRiver Holdco Directors to grant rights to subscribe for NewRiver Holdco Shares in connection with the allotment of NewRiver Holdco Shares upon the exercise of subscription rights pursuant to the NewRiver Holdco Warrant Instrument;
- (d) subject to and conditional upon the Scheme becoming effective, granting authority to the NewRiver Holdco Directors to allot shares on an ongoing basis following the Scheme becoming effective and Admission occurring;
- (e) subject to and conditional upon the Scheme becoming effective, granting authority to the NewRiver Holdco Directors to allot equity securities for cash following the Scheme becoming effective and Admission occurring otherwise than in accordance with pre-emption rights (i) on an ongoing basis pursuant to the authority referred to at paragraph (d) above (subject to certain limits); and (ii) in connection with the grant of subscription rights and/or allotment of securities pursuant to the authority referred to at paragraph (c) above;
- (f) subject to and conditional upon the Scheme becoming effective and Admission occurring, granting authority to the NewRiver Holdco Directors to make market purchases of NewRiver Holdco Shares (subject to certain limits);
- (g) subject to and conditional upon Admission occurring, the approval of the remuneration policy of NewRiver Holdco;
- (h) the approval of the appointment of Deloitte LLP as the auditors of NewRiver Holdco until the conclusion of NewRiver Holdco's annual general meeting in 2017;
- (i) the authority for the NewRiver Holdco Directors to determine the auditors' remuneration;
- (j) the authority for the directors of NewRiver Holdco, for the purposes of section 307A of the Companies Act, to convene a general meeting on not less than 14 clear days' notice, provided that this authority shall expire at the conclusion of NewRiver Holdco's annual general meeting in 2017; and
- (k) approving the rules of (i) the NewRiver REIT plc Deferred Bonus Plan 2016; (ii) the NewRiver REIT plc Performance Share Plan 2016; (iii) the NewRiver REIT plc Company Share Option Plan 2016; and (iv) the NewRiver REIT plc Unapproved Share Option Plan 2016 subject to such further amendments as may be disclosed in the Prospectus.

The authority to be granted in relation to allotment of shares referred to in paragraph (d) above will be substantially equivalent to the corresponding authority granted to the Directors at the NewRiver Annual General Meeting held on 12 July 2016.

#### 4. Directors and NewRiver Holdco Directors

(A) The Directors of NewRiver and their functions are as follows:

Paul Roy (*Non-Executive Chairman*)  
 David Lockhart (*Chief Executive Officer*)  
 Allan Lockhart (*Property Director*)  
 Mark Davies (*Finance Director*)  
 Chris Taylor (*Senior Independent Non-executive Director*)  
 Kay Chaldecott (*Non-executive Director*)  
 Alastair Miller (*Non-executive Director*)

(B) The NewRiver Directors were (other than in the case of David Lockhart, Allan Lockhart and Mark Davies) appointed directors of NewRiver Holdco on 29 June 2016. David Lockhart, Allan Lockhart and Mark Davies were appointed as directors of NewRiver Holdco on 8 June 2016.

(C) The business address of each of the NewRiver Directors and NewRiver Holdco Directors is 37 Maddox Street, London W1S 2PP.

(D) The appointment of all the NewRiver Non-executive Directors will terminate with effect from the Scheme Effective Date because, as a non-quoted company with effect from the Scheme Effective Date, NewRiver will not require a large board of executive and non-executive directors.

#### 5. Directors' interests

(A) On the Scheme becoming effective, assuming that no further NewRiver Shares have been purchased by them or issued after 11 July 2016 (being the latest practicable date prior to the publication of this document), the Directors (and/or persons connected with them) will have the following beneficial interests in NewRiver Holdco Shares by virtue of the effect of the Scheme on their NewRiver Shares. These figures do not include any interests the Directors may have as a result of their participation in the NewRiver Share Incentive Plans.

	<i>Number of NewRiver Shares before the Scheme becomes effective</i>	<i>Percentage of NewRiver Shares in issue before the Scheme becomes effective (%)</i>	<i>Number of NewRiver Holdco Shares on the Effective Date</i>	<i>Percentage of NewRiver Holdco Shares in issue on the Effective Date (%)</i>
Paul Roy ( <i>Non-Executive Chairman</i> )	240,000	0.101	240,000	0.101
David Lockhart ( <i>Chief Executive Officer</i> )	1,550,000	0.650	1,550,000	0.650
Allan Lockhart ( <i>Property Director</i> )	277,944	0.117	277,944	0.117
Mark Davies ( <i>Finance Director</i> )	69,545	0.029	69,545	0.029
Chris Taylor ( <i>Senior Independent Non-executive Director</i> )	10,000	0.004	10,000	0.004
Kay Chaldecott ( <i>Non-executive Director</i> )	3,774	0.002	3,774	0.002
Alastair Miller ( <i>Non-executive Director</i> )	30,000	0.013	30,000	0.013

(B) The Directors are interested in an aggregate of 2,181,263 NewRiver Shares, representing approximately 0.91 per cent. of the issued share capital of NewRiver. Upon the Scheme becoming effective, the Directors are expected to be interested in 0.91 per cent. of the issued share capital of NewRiver Holdco.

- (C) Details of options and awards over NewRiver Shares granted pursuant to the NewRiver Share Incentive Plans which are held by the Directors as at 11 July 2016 (being the latest practicable date prior to the publication of this document) are as follows:

***NewRiver Retail Limited Deferred Bonus Plan 2015***

	<i>Date of grant of option</i>	<i>Number of NewRiver Shares under option</i>	<i>Normal vesting date for option</i>
David Lockhart	31 July 2015	40,000	12 May 2017
	30 March 2016	152,515	30 March 2018
	14 June 2016	56,998	14 June 2018
Allan Lockhart	31 July 2015	49,000	12 May 2017
	30 March 2016	129,815	30 March 2018
	14 June 2016	49,873	14 June 2018
Mark Davies	31 July 2015	40,000	12 May 2017
	30 March 2016	81,871	30 March 2018
	14 June 2016	42,748	14 June 2018

***NewRiver Retail Limited Performance Share Plan 2009***

	<i>Date of grant of option</i>	<i>Number of NewRiver Shares under option</i>	<i>Normal vesting date for option</i>
David Lockhart	14 January 2013	71,937	14 January 2016
	1 July 2014	131,000	1 July 2017
	28 September 2015	117,578	28 September 2018
	28 September 2015	117,577	28 September 2019
	6 July 2016	142,665	6 July 2019
Allan Lockhart	14 January 2013	71,937	14 January 2016
	1 July 2014	115,000	1 July 2017
	28 September 2015	102,881	28 September 2018
	28 September 2015	102,880	28 September 2019
	6 July 2016	134,273	6 July 2019
Mark Davies	1 July 2014	98,000	1 July 2017
	28 September 2015	88,183	28 September 2018
	28 September 2015	88,183	28 September 2019
	6 July 2016	117,489	6 July 2019

***NewRiver Retail Limited Unapproved Share Option Plan 2009***

	<i>Exercise period begins</i>	<i>Number of NewRiver 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
Mark Davies	15 December 2012	38,693	14 December 2022
	15 December 2012	15,000	14 December 2022
	26 September 2014	286,000	25 September 2024

- (D) The interests disclosed in this paragraph 5 are based upon the interests of the Directors in NewRiver Shares which: (i) have been notified by each Director to NewRiver before 11 July 2016 (being the

latest practicable date prior to the publication of this document); or (ii) are interests of a connected person of a Director which have been notified to the Company by each connected person.

- (E) Save as set out in this paragraph 5, none of the Directors or any connected person has any interest, whether beneficial or non-beneficial, in the share capital of any member of the NewRiver Group.
- (F) None of the Directors has any potential conflicts of interest between their duties to NewRiver and their private interests and/or their duties to third parties.
- (G) There are no outstanding loans or guarantees granted or provided by NewRiver to any of its subsidiaries for the benefit of any of the Directors.

## 6. Major shareholders

- (A) As at 11 July 2016 (being the latest practicable date prior to the publication of this document), NewRiver has been notified that the following persons, in addition to the interests of the Directors referred to herein, are, directly or indirectly, interested in three per cent. or more of NewRiver's issued ordinary share capital or voting rights and the amount of such person's holding in respect of NewRiver Holdco Shares following the Scheme becoming effective is expected to be as follows:

Shareholder	As at 11 July 2016			As at the Effective Date		
	Number of	Percentage	Percentage	Number	Percentage	Percentage
	issued	of issued	of total	of issued	of issued	of total
NewRiver	NewRiver	voting	NewRiver	NewRiver	voting	
Shares	Shares (%)	rights (%)	Holdco	Holdco	rights (%)	
Shares	Shares (%)	rights (%)	Shares	Shares (%)	rights (%)	
Woodford Investment Management LLP	58,840,369	24.67	25.21	58,840,369	24.67	25.21
Invesco Limited	33,124,074	13.89	14.19	33,124,074	13.89	14.19
JO Hambro Capital Management Limited	11,205,026	4.70	4.80	11,205,026	4.70	4.80
Standard Life Investments	7,643,831	3.20	3.28	7,643,831	3.20	3.28
Bank of Montreal	7,137,424	2.99	3.06	7,137,424	2.99	3.06
AXA Framlington	7,131,840	2.99	3.06	7,131,840	2.99	3.06

- (B) So far as NewRiver is aware, no person, directly or indirectly, jointly or severally, exercises control over NewRiver or will or could exercise control over NewRiver Holdco immediately following implementation of the Scheme.
- (C) Except in respect of the Scheme, neither NewRiver nor the Directors are aware of any arrangements, the operation of which may at a later date result in a change of control of NewRiver or NewRiver Holdco.
- (D) There are no differences between the voting rights enjoyed by the persons referred to in paragraph 6(A) above (or their nominees) and those enjoyed by other NewRiver Shareholders and expected to be enjoyed by NewRiver Holdco Shareholders.

## 7. Summary of NewRiver Holdco Articles

The NewRiver Holdco Articles include provisions to the following effect:

### (A) *Objects*

The NewRiver Holdco Articles do not provide for: (i) any objects of NewRiver Holdco and accordingly NewRiver Holdco's objects are unrestricted; or (ii) any purposes for which NewRiver Holdco was established.

(B) ***Share rights***

Subject to applicable laws, the NewRiver Holdco Articles and to any rights for the time being attached to any existing share, any shares may be issued with such rights or restrictions as NewRiver Holdco may from time to time by ordinary resolution determine.

Subject to applicable laws, any share may be issued which is to be redeemed, or is to be liable to be redeemed at the option of NewRiver Holdco or the holder, on such terms, conditions and in such manner as the NewRiver Holdco Board may determine.

(C) ***Share class rights***

If NewRiver Holdco's share capital is divided into shares of different classes, any rights attached to any class of shares may (subject to the rights attached to the shares of the class) be varied or abrogated either 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.

(D) ***Share transfers***

(i) A member may transfer certificated shares to another person by a written instrument of transfer in any usual form (or any other form approved by the NewRiver Holdco Board) executed by or on behalf of the member and, in the case of a share which is not fully paid, by or on behalf of the transferee. The NewRiver Holdco Board may refuse to register the transfer of a certificated share which is in respect of a partly paid share on which the Company has a lien unless to do so would prevent dealings in partly paid shares taking place on an open and proper basis or is in favour of more than four joint transferees or not delivered for registration with appropriate evidence of the transferor's right to make the transfer to NewRiver Holdco's registered office or its share registrars or in the circumstances referred to in paragraph (G) below.

(ii) 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 NewRiver Holdco Board is required to register a transfer of any uncertificated share in accordance with those regulations. The NewRiver Holdco Board may refuse to register any such transfer which is in favour of more than four persons jointly or in any other circumstance permitted by those regulations.

(E) ***Dividends***

All dividends on shares are to be paid according to the amounts paid up on the shares on which the dividend is paid, or otherwise in accordance with the terms concerning entitlement to dividends on which shares were issued. All unclaimed dividends may be made use of by the NewRiver Holdco Board for NewRiver Holdco's benefit until claimed. Any dividend unclaimed for 12 years shall revert to NewRiver Holdco.

(F) ***General meetings***

(i) Every member who is present at a general meeting in person or by proxy is entitled to one vote on a resolution put to the meeting on a show of hands and to one vote for every share of which he is the holder on a resolution put to the meeting on a poll. The vote of the senior of joint holders who tenders a vote will be accepted to the exclusion of the votes of the other joint holders. Seniority is determined by the order in which the names of the holders appear in NewRiver Holdco's register of members in respect of the joint holding.

(ii) The NewRiver Holdco Board is required to convene annual general meetings in accordance with the Act. The NewRiver Holdco Board may convene a general meeting which is not an annual general meeting whenever it thinks fit and if otherwise required by the Act. NewRiver Holdco is required to give notice of a general meeting to each member (other than a person

who, under the NewRiver Holdco Articles or pursuant to any restrictions imposed on any shares, is not entitled to receive such a notice or to whom NewRiver Holdco, in accordance with applicable law, has not sent and is not required to send its latest annual accounts and reports), to the NewRiver Holdco Directors and to the auditors. For these purposes, “members” are the persons registered in NewRiver Holdco’s register of members as being holders of shares at any particular time on any particular record date fixed by the NewRiver Holdco Board that (in accordance with the CREST Regulations) is not more than 21 days before the sending out of the notices. The notice of a general meeting may specify a time by which a person must be entered on NewRiver Holdco’s register of members in order to have the right to attend or vote at the meeting.

- (iii) 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.
- (iv) A corporation which is a member may, by resolution of its NewRiver Holdco Directors or other governing body, authorise one or more persons as it thinks fit to act as a representative for it at any general meeting of NewRiver Holdco. NewRiver Holdco may require such a representative to produce a certified copy of the authorising resolution or such other reasonable evidence of his authority before permitting him to exercise any powers on the corporation’s behalf at the meeting.

(G) ***Interests in shares not disclosed to NewRiver Holdco***

If NewRiver Holdco gives notice under section 793 of the Act in relation to any shares to a member or another person appearing to be interested in such shares and the recipient fails to give NewRiver Holdco the information required within 14 days afterwards, the holder of such shares is not entitled to attend or vote at a general meeting or exercise any other rights in respect of them in relation to a general meeting or a poll. Where such shares represent at least 0.25 per cent. of the issued shares of their class (i) NewRiver Holdco may withhold payment of any dividend or other distribution or amount payable in respect of them; and (ii) the NewRiver Holdco Board may refuse to register the transfer of any such shares unless (1) the member is not himself in default in supplying the information required and proves to the satisfaction of the NewRiver Holdco Board that no person in default of supplying the information required is interested in any shares which are the subject of the transfer or (2) the transfer is made pursuant to acceptance of a takeover offer or in consequence of a sale made through the London Stock Exchange or any other recognised investment exchange or is shown to the NewRiver Holdco Board’s satisfaction to be made in consequence of a sale in good faith of the whole of the beneficial interest in the shares to a person who is not connected with the member or with any other person appearing to be interested in the shares.

(H) ***Alteration of share capital***

NewRiver Holdco may alter its share capital in any way permitted by the Act and applicable law and confer any preference or other advantage on one or more of the shares resulting from any division or sub-division of its share capital as compared with the others and make any such share subject to any restriction as compared with the others.

(I) ***Return of capital***

On a winding up of NewRiver Holdco, NewRiver Holdco’s assets available for distribution will be divided among the members in proportion to the amounts paid up or deemed to be paid up in respect of the ordinary shares held by them, subject to the Act and any rights attached to any class of shares. The liquidator may divide among the members in kind the whole or any part of NewRiver Holdco’s assets. The liquidator may set the value he deems fair on any property of NewRiver Holdco and determine how the division is to be carried out between members or classes of members. The liquidator may not distribute to a member without his consent an asset to which there is attached a liability or potential liability for the owner.

(J) ***Lien and forfeiture***

- (i) NewRiver Holdco has a first and paramount lien on every share which is not fully paid for all amounts payable to NewRiver Holdco (whether actually or contingently and whether presently or not) in respect of that share. The NewRiver Holdco Board may sell any share on which NewRiver Holdco has a lien if a sum in respect of which the lien exists is presently payable and is not paid within 14 days after notice has been sent to the holder of the share demanding payment and stating that if the notice is not complied with the share may be sold.
- (ii) Subject to the terms on which shares are allotted, the NewRiver Holdco Board may make calls on members in respect of any money unpaid on their shares. Each member shall (subject to receiving at least 14 days' notice) pay to NewRiver Holdco the amount called on his shares. If a call, or any instalment of a call, remains unpaid, in whole or in part, after it has become due and payable, the NewRiver Holdco Board may give the person from whom it is due not less than 14 days' notice requiring payment of the amount unpaid together with any interest which may have accrued and any costs, charges and expenses incurred by NewRiver Holdco by reason of such non-payment. The notice shall name the place where payment is to be made and shall state that if the notice is not complied with the shares in respect of which the call was made will be liable to be forfeited.

(K) ***NewRiver Holdco Board powers***

- (i) NewRiver Holdco's business is to be managed by the NewRiver Holdco Board. The NewRiver Holdco Board may exercise all NewRiver Holdco's powers and may do on its behalf anything that can be done by NewRiver Holdco or on its behalf which is not required by law or the NewRiver Holdco Articles to be exercised or done by NewRiver Holdco in general meeting, subject to applicable laws, the NewRiver Holdco Articles and such directions as may be prescribed by NewRiver Holdco by special resolution.
- (ii) The NewRiver Holdco Board may delegate to a NewRiver Holdco Director holding executive office any of its powers, authorities and discretions on such terms as it thinks fit. The NewRiver Holdco Board may grant to a NewRiver Holdco Director the power to sub-delegate and may retain or exclude the right of the NewRiver Holdco Board to exercise the delegated powers, authorities or discretions collaterally with the NewRiver Holdco Director.
- (iii) The NewRiver Holdco Board may delegate any of its powers, authorities and discretions on such terms as it thinks fit to a committee. The NewRiver Holdco Board may grant to the committee the power to sub-delegate, and may retain or exclude the right of the NewRiver Holdco Board to exercise the delegated powers, authorities or discretions collaterally with the committee.

(L) ***NewRiver Holdco Directors – appointment, retirement and removal***

- (i) At any one time the total number of NewRiver Holdco Directors may not be less than two. This limit may be changed by ordinary resolution of NewRiver Holdco. NewRiver Holdco may by ordinary resolution appoint as a NewRiver Holdco Director a person who is willing to act as such, either to fill a vacancy or as an addition to the existing NewRiver Holdco Directors. The NewRiver Holdco Board may appoint as a NewRiver Holdco Director any person who is willing to act as such, either to fill a vacancy or as an addition to the existing NewRiver Holdco Board. Any NewRiver Holdco Director so appointed by the NewRiver Holdco Board is required to retire at the next annual general meeting. He will be eligible to stand for election as a NewRiver Holdco Director at that meeting.
- (ii) At each annual general meeting all the NewRiver Holdco Directors will retire from office and be eligible for re-election. At the meeting at which a NewRiver Holdco Director retires the members may pass an ordinary resolution to fill the office being vacated by electing the retiring NewRiver Holdco Director or some other person eligible for appointment to that office.

- (iii) NewRiver Holdco may remove any NewRiver Holdco Director from office and appoint as a NewRiver Holdco Director another person who is willing to act as such in his place, in each case by special resolution, or in accordance with and subject to the provisions of the Companies Act, by ordinary resolution. In addition, a NewRiver Holdco Director may be removed from office by notice in writing served upon him and authenticated by all the other NewRiver Holdco Directors.

(M) ***NewRiver Holdco Directors – fees and remuneration***

- (i) The maximum aggregate amount of fees that NewRiver Holdco may pay to all the NewRiver Holdco Non-executive Directors for their services as such is £1,000,000 per annum (exclusive of value added tax, if applicable), or such other amount as NewRiver Holdco may by ordinary resolution decide. The NewRiver Holdco Executive Directors, instead of any such fees, may and do receive from NewRiver Holdco salary and other remuneration.
- (ii) The NewRiver Holdco Directors (including alternate Directors) are entitled to be repaid all reasonable travelling, hotel and other expenses properly incurred by them in connection with the discharge of their duties as NewRiver Holdco Directors.
- (iii) The NewRiver Holdco Board may provide pensions, other retirement or superannuation benefits, death or disability benefits or other allowances or gratuities for persons who are or were directors of NewRiver Holdco and their relatives and dependants.

(N) ***NewRiver Holdco Directors’ interests***

- (i) A NewRiver Holdco Director is not required (provided he has disclosed his interest in the matter) to account to NewRiver Holdco for any profit, remuneration or other benefit which he derives from or in connection with (i) being interested in any contract, arrangement, transaction or proposal with NewRiver Holdco or in which NewRiver Holdco is otherwise interested; (ii) holding any other office or place of profit under NewRiver Holdco, except that of auditor, in conjunction with the office of NewRiver Holdco Director and acting by himself or through his firm in a professional capacity for NewRiver Holdco (and being entitled to remuneration as the NewRiver Holdco Board may arrange, either in addition to or in lieu of any remuneration provided for by any other NewRiver Holdco Article); or (iii) being a director or other officer of, or employed by, or a party to any contract, arrangement, transaction or proposal with or otherwise interested in, any body corporate promoted by NewRiver Holdco or in which NewRiver Holdco is otherwise interested or as regards which NewRiver Holdco has any powers of appointment.
- (ii) A NewRiver Holdco Director may not vote on, or be counted in the quorum in relation to, any resolution of the NewRiver Holdco Board concerning any contract or arrangement or any other proposal to which NewRiver Holdco is or is to be a party and in which he has an interest which is to his knowledge a material interest (otherwise than by virtue of his interests in shares or debentures or other securities of, or otherwise in or through, NewRiver Holdco), nor can he be counted in the quorum in relation to it, other than a resolution *inter alia*:
  - (a) 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**”);
  - (b) 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;
  - (c) 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;

- (d) 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;
  - (e) 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
  - (f) concerning insurance which NewRiver Holdco proposes to maintain or purchase for the benefit of NewRiver Holdco Directors or for the benefit of persons including any NewRiver Holdco Director.
- (iii) The NewRiver Holdco Board may, subject to certain restrictions, authorise any situation or matter relating to a particular NewRiver Holdco Director to which section 175 of the Companies Act (on the “duty to avoid conflicts of interest”) applies (each a “**Conflict Matter**”). The NewRiver Holdco Directors may in their absolute discretion impose such terms or conditions on the grant of the authorisation as they think fit, provided that in doing so, the NewRiver Holdco Directors act in good faith and in such a way that will promote the success of the Company.

(O) ***NewRiver Holdco Directors’ indemnity and insurance***

Subject to the Act and applicable law, NewRiver Holdco may:

- (i) indemnify any NewRiver Holdco Director or any director of any associated company against any liability pursuant to any qualifying third party indemnity provision or any qualifying pension scheme indemnity provision, or on any other basis as is then lawful, in each case on such terms as the NewRiver Holdco Board may decide; and
- (ii) purchase and maintain for any NewRiver Holdco Director or any director of any associated company insurance against any liability.

(P) ***Borrowing powers***

- (i) Subject to the limitations referred to in paragraph 7(P)(ii) below, the NewRiver Holdco Board may exercise all the company’s powers to borrow money and to mortgage or charge all or part of NewRiver Holdco’s undertaking, property and assets (present or future) and uncalled capital of NewRiver Holdco and subject to applicable laws) to create and issue debentures and other securities, whether outright or as collateral security for a debt, liability or obligation of NewRiver Holdco or of a third Party.
- (ii) The NewRiver Holdco Board must restrict NewRiver Holdco’s borrowings and exercise all voting and other rights or powers of control exercisable by NewRiver Holdco in relation to its subsidiary undertakings so as to ensure that the aggregate principal amount outstanding in respect of all monies borrowed by the Group and for the time being owed to persons outside the Group shall not (without the prior sanction of an ordinary resolution) exceed a sum equal to five times the Group’s nominal amount of issued and paid up capital and consolidated reserves and £2.5 billion, whichever is the greater.

(Q) ***Untraced shareholders***

Subject to the NewRiver Holdco Articles, NewRiver Holdco may sell any shares registered in the name of a member remaining untraced for 12 years who fails to communicate with NewRiver Holdco following advertisement of an intention to make such a disposal. Until NewRiver Holdco can account to the member, the net proceeds of sale will be available for use in the business of NewRiver Holdco or for investment, in either case at the discretion of the NewRiver Holdco Board. The proceeds will not carry interest.

(R) ***Real Estate Investment Trust***

The NewRiver Holdco Articles:

- (i) provide directors with powers to identify NewRiver Holdco's Excessive Shareholders (including giving notice to a NewRiver Holdco Shareholder requiring him to provide such information as the NewRiver Holdco Directors may require to establish whether or not he is an Excessive Shareholder);
- (ii) provide directors with powers to prohibit the payment of dividends on NewRiver Holdco Shares that form part of an Excessive Shareholding, unless certain conditions are met;
- (iii) allow dividends to be paid on NewRiver Holdco that form part of an Excessive Shareholding where the NewRiver Holdco Shareholder has disposed of its rights to dividends on its NewRiver Holdco Shares;
- (iv) seek to ensure that if a dividend is paid on NewRiver Holdco Shares that form part of an Excessive Shareholding and arrangements of the kind referred to in the preceding paragraph are not met, the Excessive Shareholder concerned does not become beneficially entitled to that dividend; and
- (v) provide the directors with powers if certain conditions are met, to require (i) an Excessive Shareholder; or (ii) a NewRiver Holdco Shareholder who has not complied with a notice served in accordance with the power referred to in paragraph 7(R)(i) above; or (iii) a NewRiver Holdco Shareholder who has provided materially inaccurate or misleading information in relation to the Excessive Shareholder provisions of the NewRiver Holdco Articles, to dispose of such number of their shares as the directors may specify, or to take such other steps as will cause the directors to believe the NewRiver Holdco Shareholder is no longer an Excessive Shareholder.

The above is a summary only of certain provisions of the NewRiver Holdco Articles, the full provisions of which are available for inspection as described in paragraph 14 of this Part V of this document.

**8. Summary of principal differences between NewRiver Articles and NewRiver Holdco Articles**

(A) The principal differences between the NewRiver Articles and the NewRiver Holdco Articles are:

- (i) amendments to some of the provisions relating to the appointment of the secretary and number of secretaries that may be appointed, accounts, special business and general meeting convened by requisition;
- (ii) amendments to some of the provisions dealing with shares, including removal of provision that no member shall be entitled to receive any dividend unless and until he has paid all calls and of restriction on voting rights for unpaid calls, different provisions relating to untraced shares;
- (iii) certain provisions in relation to proceedings of directors including in relation to board committees, alternate directors, electronic circulation/passing of directors' written resolutions, indemnity/insurance for directors and wider powers of delegation of the board;
- (iv) amendments to the specified notice periods for general meetings;
- (v) removal of specific provisions in relation to directors' interests;
- (vi) procedural amendments to provisions relating to shareholder meetings including removal of the Chairman's casting vote at general meetings, various other provisions relating to the chairman, polls and amendments to resolutions;
- (vii) deletion of provisions regarding power of the board to require member to disclose interests and amendment to provisions relating to default in disclosing share interests;

- (viii) amended procedural provisions relating to appointment of directors, deletion of provisions relating to directors retiring by rotation, slightly different provisions relating to directors vacating office, change in method of removal of a director (special or ordinary resolution now required);
  - (ix) slightly different provisions relating to payments of dividends to comply with Companies Act requirements;
  - (x) deletion of provision allowing the Company to give financial assistance; and
  - (xi) amendment to provisions relating to the allotment of shares with particular reference to the addition of specific provisions which effectively eliminate any pre-emptive rights.
- (B) There are also a number of differences that arise by reason of NewRiver Holdco being a company incorporated in England and not in Guernsey. Certain provisions were incorporated into the NewRiver Articles to enshrine rights that were not covered by the Guernsey Companies Law but which shareholders in a company listed on the London Stock Exchange would normally expect. Given the NewRiver Holdco Articles will have the benefit of protection (statutory and otherwise) on these matters under the Companies Act, FSMA, Listing Rules, Prospectus Rules, UK Corporate Governance Code and relevant institutional shareholder guidelines as well as other applicable English law, these provisions have not been included in the NewRiver Holdco Articles.

## 9. Taxation

### *Introduction*

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

*The following paragraphs relate only to certain limited aspects of the United Kingdom taxation treatment of (i) the acquisition of NewRiver Holdco Shares by NewRiver Shareholders pursuant to the Scheme; (ii) PIDs paid by NewRiver Holdco following the Scheme becoming effective; (iii) Non-PID Dividends paid by NewRiver Holdco following the Scheme becoming effective; and (iv) disposals of shares in NewRiver Holdco following the Scheme becoming effective, and in each case after NewRiver Holdco becomes a REIT. The statements are not applicable to all categories of NewRiver Holdco Shareholders and, in particular, are not addressed to (i) NewRiver Holdco Shareholders who do not hold their NewRiver Holdco Shares as capital assets or investments or who are not the absolute beneficial owners of those shares or dividends in respect of those shares; (ii) some NewRiver Holdco Shareholders who own (or are deemed to own) 10 per cent. or more of the share capital or of the voting power of NewRiver Holdco or are entitled to 10 per cent. or more of NewRiver Holdco’s distributions; (iii) special classes of NewRiver Holdco Shareholders such as dealers in securities, broker-dealers, insurance companies, trustees of certain trusts and investment companies; (iv) NewRiver Holdco Shareholders who hold NewRiver Holdco Shares as part of hedging or commercial transactions; (v) NewRiver Holdco Shareholders who hold NewRiver Holdco Shares in connection with a trade, profession or vocation carried on in the UK (whether through a branch or agency or otherwise); (vi) NewRiver Holdco Shareholders who hold NewRiver Holdco Shares acquired by reason of their employment; (vii) NewRiver Holdco Shareholders who hold NewRiver Holdco Shares in a personal equity plan or an individual savings account; or (viii) NewRiver Holdco Shareholders who are subject to UK taxation on a remittance basis; or (ix) NewRiver Holdco Shareholders who are not resident in the UK for tax purposes (save where express reference is made to non-UK resident NewRiver Holdco Shareholders).*

### ***Acquisition of NewRiver Holdco Shares pursuant to the Scheme***

(A) *Taxation of income*

The Scheme should not be treated as involving a distribution subject to UK tax as income.

(B) *Taxation of chargeable gains*

It is expected that for CGT purposes the Scheme will be a scheme of reconstruction. Accordingly, a NewRiver Shareholder owning less than five per cent. of the share capital of NewRiver will not be treated as making a disposal of all or part of his or her holding of NewRiver Shares. Instead, “roll-over” treatment should apply which means that NewRiver Holdco Shares should be treated as the same asset as the NewRiver Shares and as having been acquired at the same as those NewRiver Shares.

If a NewRiver Shareholder, alone or together with persons connected with him, holds more than five per cent. of the NewRiver Shares, such a NewRiver Shareholder will be eligible for the “roll-over” treatment described above only if the Scheme is effected for *bona fide* commercial reasons and does not form part of a scheme or arrangement of which the main purpose, or one of the main purposes, is avoidance of liability to CGT or corporation tax on chargeable gains. Clearance has been given by HMRC under section 138 of the Taxation of Chargeable Gains Act 1992 that HMRC is satisfied that the Scheme will be effected for *bona fide* commercial reasons and will not form part of such a scheme or arrangement.

(C) *Transaction in securities*

NewRiver Shareholders should note that clearances have been given under section 748 of the CTA 2010 and section 701 of the Income Tax Act 2007 that HMRC will not issue a counter-acting tax assessment under the transactions in securities rules in sections 731 *et seq.* of the CTA 2010 and sections 682 *et seq.* of the Income Tax Act 2007 in respect of the Scheme.

(D) *Stamp duty and stamp duty reserve tax*

No stamp duty or stamp duty reserve tax (“SDRT”) will be payable by NewRiver Shareholders as a result of the cancellation of the NewRiver Shares and the issue of the NewRiver Holdco Shares under the Scheme.

### ***UK Taxation of PIDs***

(E) *UK taxation of NewRiver Holdco Shareholders who are individuals*

Subject to certain exceptions, a PID will generally be treated in the hands of NewRiver Holdco Shareholders who are individuals as the profit of a single UK property business (as defined in Part 3 of the Income Tax (Trading and Other Income) Act 2005). A PID is, together with any property income distribution from any other company to which Part 12 of CTA 2010 applies, treated as a separate UK property business. Income from any other UK property business (a “**different UK property business**”) carried on by the relevant NewRiver Holdco Shareholder must be accounted for separately. This means that any surplus expenses from a NewRiver Holdco Shareholder’s different UK property business cannot be offset against a PID as part of a single calculation of the profits of the shareholder’s UK property business. A NewRiver Holdco Shareholder who is subject to income tax at the basic rate will be liable to pay income tax at 20 per cent. on the PID.

Higher rate taxpayers will be subject to tax at 40 per cent. and additional rate taxpayers at 45 per cent. No dividend tax credit will be available in respect of PIDs. However, credit will be available in respect of the basic rate tax withheld by NewRiver Holdco (where required) on the PID.

Please see also the section relating to withholding tax and PIDs at paragraphs 9(H) to 9(K).

(F) *UK taxation of UK tax resident corporate NewRiver Holdco Shareholders*

Subject to certain exceptions, a PID will generally be treated in the hands of NewRiver Holdco Shareholders who are within the charge to corporation tax as profit of a property business (as defined in Part 4 of CTA 2009) (“**Part 4 property business**”). A PID is, together with any property income distribution from any other company to which Part 12 of CTA 2010 applies, treated as a separate Part 4 property business. Income from any other Part 4 property business (a “**different Part 4 property business**”) carried on by the relevant NewRiver Holdco Shareholder must be accounted for separately. This means that any surplus expenses from a NewRiver Holdco Shareholder’s different Part 4 property business cannot be offset against a PID as part of a single calculation of the NewRiver Holdco Shareholder’s property business profits.

The main rate of UK corporation tax on such profit is currently 20 per cent.

Please see also the section relating to withholding tax and PIDs at paragraphs 9(H) to 9(K).

(G) *UK taxation of NewRiver Holdco Shareholders who are not resident for tax purposes in the UK*

Where a NewRiver Holdco Shareholder who is not resident for tax purposes in the UK receives a PID, the PID will generally be chargeable to UK income tax as profit of a UK property business and this tax will generally be collected by way of a withholding tax. Under Section 548(7) of CTA 2010, this income is expressly not non-resident landlord income for the purposes of regulations under section 971 of the Income Tax Act 2007.

Prospective non-UK tax resident NewRiver Holdco Shareholders should consult their own professional advisers on the implications in the relevant jurisdictions of any non-UK implications of receiving PIDs.

Please see also the section relating to withholding tax and PIDs at paragraphs 9(H) to 9(K).

### ***Withholding tax and PIDs***

(H) *General*

Subject to certain exceptions summarised below, NewRiver Holdco is required to withhold income tax at source at the basic rate (currently 20 per cent.) from its PIDs (whether paid in cash or in the form of a stock dividend). NewRiver Holdco will provide NewRiver Holdco Shareholders with a certificate setting out the gross amount of the PID, the amount of tax withheld, and the net amount of the PID.

(I) *NewRiver Holdco Shareholders solely resident in the UK*

Where tax has been withheld at source, NewRiver Holdco Shareholders who are individuals may, depending on their particular circumstances, be liable to further tax on their PID at their applicable marginal rate, incur no further liability on their PID, or be entitled to claim repayment of some or all of the tax withheld on their PID. NewRiver Holdco Shareholders who are corporate entities will generally be liable to pay corporation tax on their PID and if (exceptionally) income tax is withheld at source, the tax withheld can be set against their liability to corporation tax, or income tax which they are required to withhold, in the accounting period in which the PID is received.

(J) *NewRiver Holdco Shareholders who are not resident for tax purposes in the UK*

It is not possible for a NewRiver Holdco Shareholder to make a claim under a double taxation convention for a PID to be paid by NewRiver Holdco gross or at a reduced rate. The right of a NewRiver Holdco Shareholder to claim repayment of any part of the tax withheld from a PID will depend on the existence and terms of any double taxation convention between the UK and the country in which the NewRiver Holdco Shareholder is resident. NewRiver Holdco Shareholders who are not resident for tax purposes in the UK should obtain their own tax advice concerning tax liabilities on PIDs received from NewRiver Holdco.

(K) *Exceptions to requirement to withhold income tax*

NewRiver Shareholders should note that in certain circumstances NewRiver Holdco is not required to withhold income tax at source from a PID. These include where NewRiver Holdco reasonably believes that the person beneficially entitled to the PID is a company resident for tax purposes in the UK, or a company resident for tax purposes outside the UK with a permanent establishment in the UK which is required to bring the PID into account in computing its chargeable profits or certain charities. They also include where NewRiver Holdco reasonably believes that the PID is paid to the scheme administrator of a registered pension scheme, the sub-scheme administrator of certain pension sub-schemes, the account manager of an individual savings account, the plan manager of a personal equity plan, or the account provider for a child trust fund, in each case, provided NewRiver Holdco reasonably believes that the PID will be applied for the purposes of the relevant scheme, account, plan or fund. In order to pay a PID without withholding tax, NewRiver Holdco will need to be satisfied that the NewRiver Holdco Shareholder concerned is entitled to that treatment. For that purpose, NewRiver Holdco will require such NewRiver Holdco Shareholders to submit a valid claim form (copies of which may be obtained on request from the Registrar). NewRiver Shareholders should note that NewRiver Holdco may seek recovery from NewRiver Holdco Shareholders if the statements made in their claim form are incorrect and NewRiver Holdco suffers tax as a result. NewRiver Holdco will, in some circumstances, suffer tax if its reasonable belief as to the status of the NewRiver Holdco Shareholder turns out to have been mistaken.

***UK taxation of Non-PID Dividends***

Non-PID Dividends are treated in exactly the same way as dividends received from UK companies that are not REITs. NewRiver Holdco is not required to withhold tax when paying a Non-PID Dividend (whether in cash or in the form of a stock dividend).

(L) *UK taxation of NewRiver Holdco Shareholders who are individuals*

An individual NewRiver Holdco Shareholder who is resident in the UK (for tax purposes) and who receives Non-PID Dividends will be taxed as follows. The first £5,000 of total Non-PID Dividends in each year from all sources falls within a nil rate band and will be tax exempt with any amounts in excess of this sum taxed at effective rates of 7.5 per cent. for a basic rate tax payer, 32.5 per cent. for a higher rate tax payer and 38.1 per cent. for an additional rate tax payer.

(M) *UK taxation of UK resident corporate NewRiver Holdco Shareholders*

NewRiver Holdco Shareholders who are within the charge to UK corporation tax will be subject to corporation tax on Non-PID Dividends paid by NewRiver Holdco, unless the Non-PID Dividends fall within an exempt class and certain other conditions are met. Whether an exempt class applies and whether the other conditions are met will depend on the circumstances of the particular NewRiver Holdco Shareholder, although it is expected that the Non-PID Dividends paid by NewRiver Holdco would normally be exempt. NewRiver Holdco Shareholders within the charge to UK corporation tax will not be able to claim repayment of tax credits attaching to Non-PID Dividends.

(N) *UK taxation of other UK tax resident NewRiver Holdco Shareholders*

Other UK resident NewRiver Holdco Shareholders who are not liable to UK tax on Non-PID Dividends, including pension funds and charities, are not entitled to claim repayment of the tax credit.

(O) *Taxation of NewRiver Holdco Shareholders who are not resident in the UK for tax purposes*

NewRiver Holdco Shareholders who are resident outside the UK for tax purposes will not generally be able to claim repayment from HMRC of any part of the tax credit attaching to Non-PID Dividends received from NewRiver Holdco, although this will depend on the existence and terms of any double taxation convention between the UK and the country in which such NewRiver Holdco Shareholder is resident. A NewRiver Holdco Shareholder resident outside the UK may also be subject to foreign taxation on dividend income under local law. NewRiver Holdco Shareholders who are not resident for tax purposes in the UK should obtain their own tax advice concerning their tax position on Non-PID Dividends received from NewRiver Holdco.

*UK taxation of chargeable gains in respect of NewRiver Holdco Shares*

For the purpose of UK tax on chargeable gains, the amount paid by a NewRiver Holdco Shareholder for NewRiver Holdco Shares will constitute the base cost of his holding. If a NewRiver Holdco Shareholder disposes of all or some of his NewRiver Holdco Shares, a liability to tax on chargeable gains may arise. This will depend on the base cost and incidental costs of acquisition and disposal, which can be allocated against the proceeds and also the NewRiver Holdco Shareholder's circumstances and any reliefs to which he is entitled. In the case of corporate NewRiver Holdco Shareholders, indexation allowance will apply to the amount paid for the NewRiver Holdco Shares.

(P) *UK taxation of NewRiver Holdco Shareholders who are UK tax resident individuals*

Subject to the availability of any exemptions, reliefs and/or allowable losses, a gain on disposal of NewRiver Holdco Shares by individuals, trustees and personal representatives will generally be subject to capital gains tax at the rate of up to 20 per cent.

(Q) *UK taxation of UK tax resident corporate NewRiver Holdco Shareholders*

Subject to the availability of any exemptions, reliefs and/or allowable losses, a gain on disposal of NewRiver Holdco Shares by a NewRiver Holdco Shareholder within the charge to UK corporation tax will generally be subject to corporation tax at the current rate of 20 per cent.

(R) *UK taxation of NewRiver Holdco Shareholders who are not resident in the UK for tax purposes*

NewRiver Holdco Shareholders who are not resident in the UK for tax purposes may not, depending on their personal circumstances, be liable to UK taxation on chargeable gains arising from the sale or other disposal of their NewRiver Holdco Shares (unless they carry on a trade, profession or vocation in the UK through a branch or agency with which their NewRiver Holdco Shares are connected or, in the case of a corporate NewRiver Holdco Shareholder, through a permanent establishment in connection with which the NewRiver Holdco Shares are held).

Individual NewRiver Holdco Shareholders who are temporarily not UK resident and who dispose of all or part of their NewRiver Holdco Shares during that period may be liable to UK capital gains tax on chargeable gains realised on their return to the UK, subject to any available exemptions or reliefs.

NewRiver Holdco Shareholders who are resident for tax purposes outside the UK may be subject to foreign taxation on capital gains depending on their circumstances.

***Stamp Duty and Stamp Duty Reserve Tax on the issue and transfer of NewRiver Holdco Shares***

(S) No UK stamp duty or SDRT will generally be payable on the issue, allotment and registration of the NewRiver Holdco Shares. UK legislation provides for a 1.5 per cent. stamp duty or SDRT charge where shares are transferred (in the case of stamp duty) or issued or transferred (in the case of SDRT) (i) to, or to a nominee or agent for, a person whose business is or includes the provision of clearance services or (ii) to, or to a nominee or agent for, a person whose business is or includes issuing depositary receipts. However, following litigation, HMRC have confirmed that they 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.

(T) 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.

- (U) Transfers on sale of NewRiver Holdco Shares will generally be subject to UK stamp duty at the rate of 0.5 per cent. of the amount or value of the consideration given for the transfer rounded up to the next £5.00. The purchaser is liable for the stamp duty. An exemption from stamp duty will be available on an instrument transferring the NewRiver Holdco Shares where the amount or value of the consideration is £1,000 or less and it is certified on the instrument that the transaction effected by the instrument does not form part of a larger transaction or series of transactions for which the aggregate consideration exceeds £1,000. An agreement to transfer NewRiver Holdco Shares will normally give rise to a charge to SDRT at the rate of 0.5 per cent. of the amount or value of the consideration payable for the transfer. If a duly stamped transfer in respect of the agreement is produced within six years of the date on which the agreement is made (or, if the agreement is conditional, the date on which the agreement becomes unconditional), any SDRT paid is repayable, generally with interest, and otherwise the SDRT charge is cancelled. SDRT is, in general, payable by the purchaser.
- (V) Agreements to transfer NewRiver Holdco Shares within the CREST system will generally be liable to SDRT (rather than stamp duty) at the rate of 0.5 per cent. of the amount or value of the consideration payable. CREST is obliged to collect SDRT on relevant transactions settled within the CREST system. Deposits of NewRiver Holdco Shares into CREST will not generally be subject to SDRT unless the transfer into CREST is itself for consideration in money or money's worth.

**Prospective purchasers of NewRiver Holdco Shares should consult their own tax advisers with respect to the tax consequences to them of acquiring, holding and disposing of NewRiver Holdco Shares.**

## **10. NewRiver Share Incentive Plans**

The principal provisions of the NewRiver Share Incentive Plans are set out in this paragraph 10. No further awards will be made under the NewRiver Share Incentive Plans following the Scheme Effective Date. The subsisting options and/or awards granted under the NewRiver Share Incentive Plans will be dealt with as set out in paragraph 10 of Part I (Letter from the Chairman) of this document.

### **(A) *The NewRiver Retail Limited Deferred Bonus Plan 2015 (“DBP”)***

#### *Status of the DBP*

Awards granted under the DBP (“**DBP Awards**”) facilitate the deferral of a proportion of participating employees’ annual bonuses into NewRiver Shares. DBP Awards take the form of options to acquire NewRiver Shares for nil consideration, either by way of subscription from NewRiver or by way of transfer from the EBT.

The DBP is operated in conjunction with the EBT.

#### *Eligibility*

All employees (including executive directors) of NewRiver and any of its subsidiaries may be granted DBP Awards under the DBP.

#### *Grant*

The Committee will have absolute discretion to select the employees to whom DBP Awards may be granted. The number of NewRiver Shares which will be subject to a DBP Award will be calculated by reference to the gross value of the deferred element of the annual bonus to which the DBP Award relates and the market value of a NewRiver Share at such time.

DBP Awards may be granted during the period of 42 days commencing on: (a) the Dealing Day immediately following the date of the preliminary announcement of NewRiver’s annual results or the announcement of its half-yearly results in any year; or (b) any other time fixed by the Committee

where, in its discretion, circumstances are considered to be exceptional so as to justify the grant of DBP Awards.

If the grant of a DBP Award on any of the above days would be prohibited by virtue of the AIM Rules, or any statute or regulation or any order made pursuant to such statute, or any governmental directive, then such DBP Award may be granted during the period of 42 days commencing immediately after the time that such prohibition shall cease to have effect.

No consideration is payable for the grant of a DBP Award.

#### *Plan Limits*

No DBP Award may be granted under the DBP if, as a result, the number of NewRiver Shares issued or issuable pursuant to options or awards granted during the previous ten years under the DBP or any other employees' share scheme, profit sharing scheme or employee share ownership plan adopted by NewRiver or any other member of the Group would exceed ten per cent. of the share capital of NewRiver in issue on that date.

For the purposes of the limits set out above:

- any NewRiver Shares issued or then capable of being issued pursuant to any options granted on or prior to the date of admission of NewRiver to AIM under any employees' share scheme adopted by NewRiver shall not count towards the limit set out above;
- NewRiver Shares will only be counted as "issued or issuable" to the extent to which they have been issued (or there is an intention for them to be issued) by NewRiver for the purposes of the DBP or any other employees' share scheme operated by NewRiver;
- treasury shares that have been transferred or are to be transferred in order to satisfy the exercise of a DBP Award, shall count towards the limit set out above; and
- any NewRiver Shares which were subject to an award or other right which has lapsed or been surrendered shall not count towards the limits set out above.

#### *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 NewRiver in respect of NewRiver Shares, the number of NewRiver Shares under each DBP Award then subsisting (and in respect of which the Vesting Date has not passed) shall be increased to reflect the value of the dividend, unless the Committee determines to increase the number of NewRiver Shares under such DBP Award on another basis. The number of NewRiver Shares to be added to a DBP Award ("**Dividend Equivalent Shares**") shall equate to such number of NewRiver Shares as could have been purchased, at the share price prevailing on the date the dividend is paid, from an amount equal to the dividend paid on each NewRiver Share multiplied by the number of NewRiver Shares under the DBP Award.

To the extent that a DBP Award does not vest and become exercisable in relation to any NewRiver 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 limits set out above. Any potential right to receive Dividend Equivalent Shares in the future shall not, however, be taken into account.

### *Exercise and lapse of DBP Awards*

A DBP Award may only be exercised in the twelve month period immediately following a date (“**Vesting Date**”) specified at the time of grant (unless a different period is determined by the 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.

DBP Awards may not be granted or exercised during any period prohibited under the AIM Rules.

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 (all evidenced to the reasonable satisfaction of the Committee), redundancy, upon the sale or transfer out of the Group of the company or undertaking employing him (“**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 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 twelve 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 Committee may permit them to be exercisable for a limited period; if not so exercised, during such period such DBP Awards will lapse at the end of the period.

Where a DBP Award is exercised before the occurrence of the Vesting Date as a consequence of the DBP Award holder ceasing to remain an employee within the Group, the maximum number of NewRiver Shares over which any DBP Award is capable of exercise may, in the discretion of the 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 NewRiver or otherwise) or the voluntary winding up of NewRiver. In the case of a takeover of NewRiver by way of a general offer or the transfer out of the Group of the undertaking employing the DBP Award holder concerned, the 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 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 NewRiver; or (c) an error was made which has resulted either directly or indirectly in the number of NewRiver 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 Committee operates clawback it will have discretion to: (i) reduce the number of NewRiver Shares which are subject to subsisting DBP Awards held by the DBP Award holder; and/or (ii) reduce the number of NewRiver Shares or any cash amount which may be subject to any other subsisting options/ awards held by such DBP Award holder (whether pursuant to the DBP or any other incentive arrangement); and/or (iii) require a repayment or other reimbursement in respect of a DBP Award that has already been exercised and in respect of which NewRiver Shares have been transferred to the DBP Award holder.

#### *Other Award terms*

A DBP Award may be satisfied by either the issue of NewRiver Shares, the transfer of NewRiver Shares (which may have been acquired by subscription or by purchase in the market) held by an existing shareholder who has agreed to satisfy the exercise of the DBP Award or by the transfer of NewRiver Shares held in treasury.

DBP Awards are not capable of transfer or assignment, except to the extent necessary to enable a personal representative to exercise following the death of a DBP Award holder.

Until DBP Awards are exercised, DBP Award holders have no voting or other rights in relation to the NewRiver Shares subject to those DBP Awards.

NewRiver Shares allotted pursuant to the exercise of a DBP Award will rank *pari passu* in all respects with the NewRiver Shares already in issue. NewRiver Shares transferred on the exercise of a DBP Award shall be transferred without the benefit of any rights attaching to the NewRiver Shares by reference to a record date preceding the date of that exercise. For so long as the NewRiver Shares are traded on AIM, NewRiver will use its best endeavours to procure that the NewRiver Shares issued following exercise of any DBP Awards are admitted to AIM as soon as practicable after allotment.

Benefits obtained under the DBP are not pensionable.

#### *Adjustment of Awards*

The number of NewRiver Shares under a DBP Award may be adjusted by the Committee in the event of any capitalisation issue or rights issue including (without limitation) any consolidation, subdivision or reduction of capital.

#### *Administration and amendment*

The DBP is administered by the Committee. The Committee may amend the provisions of the DBP, save that no amendment may be made to subsisting DBP Awards which will have an adverse effect on such DBP Awards except with the written consent of the DBP Award holders who hold DBP Awards over at least 75 per cent. of the total number of NewRiver Shares subject to all such affected subsisting Awards under the DBP.

The Committee will have the discretion to add to, vary, or amend the DBP by way of separate schedule or sub-plan, or amend or alter the provisions of any DBP Award, in either case to take account of overseas taxation or securities or regulatory law. However the Committee will not be able to make any such amendment or alteration if this would result in a DBP Award being made upon terms commercially more favourable than the terms upon which a DBP Award could have been granted if such person was tax resident in the UK.

#### *Termination*

The DBP may be terminated at any time by resolution of the NewRiver Board and shall in any event terminate on the tenth anniversary of its adoption so that no further DBP Awards can be granted under the DBP after such termination. Termination shall not affect the outstanding rights of existing DBP Award holders.

### **(B) *The NewRiver Retail Limited Performance Share Plan 2009 (“PSP”)***

#### *Status of the PSP*

Awards granted under the PSP (“**PSP Awards**”) take the form of options to acquire NewRiver Shares for nil consideration, either by way of subscription from NewRiver or by way of transfer from the EBT.

The PSP is operated in conjunction with the EBT.

### *Eligibility*

All employees (including executive directors) of NewRiver and any of its subsidiaries may be granted PSP Awards under the PSP.

### *Grant*

The Committee has absolute discretion to select the employees to whom PSP Awards may be granted and, subject to the limits set out below, to determine the number of NewRiver Shares to be subject to each PSP Award.

PSP Awards may be granted during the period of 42 days commencing on: (a) the Dealing Day immediately following the date of the preliminary announcement of NewRiver's annual results or the announcement of its half-yearly results in any year; or (b) any other time fixed by the Committee where, in its discretion, circumstances are considered to be exceptional so as to justify the grant of PSP Awards.

If the grant of a PSP Award on any of the above days would be prohibited by virtue of the AIM Rules, or any statute or regulation or any order made pursuant to such statute, or any governmental directive, then such option may be granted during the period of 42 days commencing immediately after the time that such prohibition shall cease to have effect.

No consideration is payable for the grant of a PSP Award.

### *Plan Limits*

No PSP Award may be granted under the PSP if, as a result, the number of NewRiver Shares issued or issuable pursuant to options or awards granted during the previous ten years under the PSP or any other employees' share scheme, profit sharing scheme or employee share ownership plan adopted by NewRiver or any other member of the Group would exceed ten per cent. of the share capital of NewRiver in issue on that date.

For the purposes of the limit set out above:

- any NewRiver Shares issued or then capable of being issued pursuant to any options granted on or prior to the date of admission of NewRiver to AIM under any employees' share scheme adopted by NewRiver shall not count towards the limit set out above;
- any NewRiver Shares issued or then capable of being issued pursuant to the options/awards in respect of 193,438 NewRiver Shares granted during the period of 18 months following the date of admission of NewRiver to AIM shall not count towards the limit set out above;
- NewRiver Shares will only be counted as "issued or issuable" to the extent to which they have been issued (or there is an intention for them to be issued) by NewRiver to the trust for the purposes of the PSP or any other employees' share scheme operated by NewRiver;
- treasury shares that have been transferred or are to be transferred in order to satisfy the exercise of a PSP Award, shall count towards the limit set out above; and
- any NewRiver Shares which were subject to an award or other right which has lapsed or been surrendered shall not count towards the limits set out above.

### *Individual Limit*

In general, each individual's participation is limited so that, in any one financial year of NewRiver, the aggregate market value of NewRiver 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 salary at the date of grant.

The individual limits referred to above can be exceeded in circumstances which the Committee considers to be 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 Committee at the time of grant but which shall not, save in exceptional circumstances, be less than three years) (“**Performance Period**”).

PSP Awards will become capable of exercise following a date (“**Vesting Date**”) specified at the time of grant which occurs after the expiry of the relevant Performance Period, subject to the satisfaction of the performance target. The Vesting Date for a PSP Award may not, save in exceptional circumstances, occur before the third anniversary of the date of grant.

If events occur which cause the Committee reasonably to consider that a different or amended target would be a fairer measure of performance, the 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 NewRiver) before the end of the relevant Performance Period. In these circumstances such performance target may be assessed on such modified basis as the 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 NewRiver in respect of NewRiver Shares, the number of NewRiver Shares under each PSP Award then subsisting (and in respect of which the Vesting Date has not passed) shall be increased to reflect the value of the dividend. The number of NewRiver Shares to be added to a PSP Award (“**Dividend Equivalent Shares**”) shall equate to such number of NewRiver Shares as could have been purchased, at the share price prevailing on the date the dividend is paid, from an amount equal to the dividend paid on each NewRiver Share multiplied by the number of NewRiver Shares under the PSP Award unless the Committee determines that the Dividend Equivalent Shares should be calculated on a different basis.

To the extent that a PSP Award does not vest and become exercisable in relation to any NewRiver 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 limits set out above. Any potential right to receive Dividend Equivalent Shares in the future shall not, however, be taken into account.

### *Exercise of PSP Awards*

A PSP Award may 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.

PSP Awards may not be exercised during any period prohibited under the AIM Rules.

If a PSP Award holder ceases to be an employee of the Group before the Vesting Date by reason of injury, incapacity, ill health or disability of the PSP Award holder or his or her spouse or civil partner (evidenced to the reasonable satisfaction of the Committee), redundancy, retirement (in relation to PSP Awards granted before 1 June 2015 only), upon the sale or transfer out of the Group of NewRiver or undertaking employing him or any other circumstance stipulated by the Committee as at the date

of grant of a PSP Award (including consideration by the Committee as to the aggregate funds which have been invested into real estate assets by NewRiver at the time such discretion is exercised) (“**Good Leaver**”), his PSP Award shall be exercisable during the twelve month period following the Vesting Date of such PSP Award; if not so exercised, such PSP Award will lapse. In such circumstances, the Committee may, in its discretion determine that such PSP Award may be exercised for a period of twelve 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 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 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) in relation to PSP Awards granted on or within 12 months of admission of NewRiver to AIM, on the PSP Award holder’s employer serving notice of termination of employment other than in circumstances where the employer could summarily dismiss the PSP Award holder; or (c) in relation to PSP Awards granted on or within 12 months of admission of NewRiver to AIM, where the PSP Award Holder is constructively dismissed; or (d) at the discretion of the Committee (including consideration by the 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 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 NewRiver or otherwise) or the voluntary winding up of NewRiver. In the case of a takeover of NewRiver by way of a general offer or the transfer out of the Group of the undertaking employing the PSP Award holder concerned, the 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.

Other than in respect of any PSP Awards made to David Lockhart or Allan Lockhart prior to 1 June 2015, where a PSP Award is exercised before the occurrence of the Vesting Date as a consequence of the PSP Award holder ceasing to remain an employee within the Group, the maximum number of NewRiver Shares over which any PSP Award is capable of exercise may, at the discretion of the 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 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 above, the Committee shall have regard to the aggregate funds which have been invested into real estate assets by NewRiver at the time such discretion is exercised.

Where a PSP Award is exercised before the occurrence of the Vesting Date as a result of a corporate event (as described above), the maximum number of NewRiver 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 Committee may, however, exercise discretion not to pro-rate a PSP Award or to pro-rate on a different basis.

#### *Clawback*

At any time before the date 24 months from the Vesting Date of a PSP Award, the 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 NewRiver Shares in respect of the PSP Award was or is capable of exercise, being greater than it would have been for such misstatement; or (c) an error was made in assessing or calculating the extent to which a performance target was achieved which has resulted either directly or indirectly in the number of NewRiver 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 Committee operates clawback it will have discretion to: (i) reduce the number of NewRiver Shares which are subject to subsisting PSP Awards held by the PSP Award holder; and/or (ii) reduce the number of NewRiver Shares or cash amount which may be subject to any other subsisting awards held by such PSP Award holder (whether pursuant to the PSP or any other incentive arrangement); and/or (iii) require a repayment or other reimbursement in respect of a PSP Award that has already been exercised and in respect of which NewRiver Shares have been transferred to the PSP Award holder.

#### *Other PSP Award terms*

Where a PSP Award has been granted by NewRiver as a right to subscribe for NewRiver Shares, the PSP provides the facility for the exercise of a PSP Award to be satisfied by either the issue of NewRiver Shares, the transfer of NewRiver Shares held by an existing shareholder who has agreed to satisfy the exercise of the PSP Award or by the transfer of NewRiver Shares held in treasury.

PSP Awards 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 and/or award holder.

Until PSP Awards are exercised, PSP Award holders have no voting or other rights in relation to the NewRiver Shares subject to those PSP Awards.

NewRiver Shares allotted pursuant to the exercise of a PSP Award will rank *pari passu* in all respects with the NewRiver Shares already in issue. NewRiver Shares transferred on the exercise of a PSP Award shall be transferred without the benefit of any rights attaching to the NewRiver Shares by reference to a record date preceding the date of that exercise. For so long as the NewRiver Shares are traded on AIM, NewRiver will use its best endeavours to procure that the NewRiver Shares issued following exercise of any PSP Awards are admitted to trading on AIM as soon as practicable after allotment.

Benefits obtained under the PSP are not pensionable.

#### *Adjustment of PSP Awards*

The number of NewRiver Shares under a PSP Award may be adjusted by the Committee in the event of any capitalisation issue or rights issue including (without limitation) any consolidation, subdivision or reduction of capital.

#### *Administration and amendment*

The PSP will be administered by the Committee. The Committee may amend the terms of the PSP.

The rules of the PSP which relate to:

- the persons to whom NewRiver Shares are provided under the PSP;
- the limits on the number of NewRiver Shares which may be issued under the PSP;
- the maximum entitlement of any PSP Award holder;
- the basis for determining a PSP Award holder's entitlement to NewRiver Shares or PSP Awards;
- the basis for determining the adjustment of any PSP Award following any increase or variation in the share capital of NewRiver; and
- these amendment provisions,

cannot be amended to the advantage of any PSP Award holder or potential PSP Award holder without the prior approval of NewRiver in general meeting, except for minor amendments to benefit the administration of the PSP, to take account of any change in legislation or to obtain or maintain favourable tax, exchange control or regulatory treatment for Award holders or any Group company.

In addition, no amendment may be made to subsisting PSP Awards which will have an adverse effect on such PSP Awards except with the written consent of the PSP Award holders who hold PSP Awards over at least 75 per cent. of the total number of NewRiver Shares subject to all such affected subsisting Awards under the PSP, except for minor amendments to benefit the administration of the PSP, to take account of any change in legislation or to obtain or maintain favourable tax, exchange control or regulatory treatment for Award holders or any Group company.

The Committee will have the discretion to add to, vary, or amend the PSP by way of separate schedule or sub-plan, or amend or alter the provisions of any PSP Award, in either case to take to take account of overseas taxation or securities or regulatory law. However the Committee will not be able to make any such amendment or alteration if this would result in a PSP Award being made upon terms commercially more favourable than the terms upon which a PSP Award could have been granted if such person was tax resident in the UK.

#### *Termination*

The PSP may be terminated at any time by resolution of the NewRiver Board and shall in any event terminate on the tenth anniversary of its adoption so that no further PSP Awards can be granted. Termination shall not affect the outstanding rights of existing PSP Award holders.

### (C) *The NewRiver Retail Limited Company Share Option Plan 2009 ("CSOP")*

#### *Status of the CSOP*

The CSOP is intended to qualify under Schedule 4 of ITEPA ("**Schedule 4**").

#### *Eligibility*

All employees and full time executive directors of NewRiver and any of its subsidiaries may be granted options over NewRiver 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 NewRiver.

#### *Grant*

The Committee has absolute discretion to select the persons to whom options are to be granted and, subject to the limits set out below, in determining the number of NewRiver Shares subject to each option.

Options may be granted during the period of 42 days commencing on: (a) the Dealing Day immediately following the date of the preliminary announcement of NewRiver's annual results or the

announcement of its half-yearly results in any year; or (b) any other time fixed by the Committee where, in its discretion, circumstances are considered to be exceptional so as to justify the grant of options.

If the grant of an option on any of the above days would be prohibited by virtue of the AIM Rules or any statute or regulation or any order made pursuant to such statute, then such option may be granted during the period of 42 days commencing immediately after the time that such prohibition shall cease to have effect.

No consideration is payable for the grant of an option.

#### *Plan Limits*

No option may be granted under the CSOP if, as a result, the number of NewRiver Shares issued or issuable pursuant to options or awards granted during the previous ten years under the CSOP or any other employees' share scheme, profit sharing scheme or employee share ownership plan adopted by NewRiver or any other member of the Group would exceed ten per cent. of the share capital of NewRiver in issue on that date.

For the purposes of the limit set out above:

- any NewRiver Shares issued or then capable of being issued pursuant to any options granted on or prior to the date of admission of NewRiver to AIM, under any employees' share scheme adopted by NewRiver, shall not count towards the limit set out above;
- any NewRiver Shares issued or then capable of being issued, pursuant to options granted in respect of 193,438 NewRiver Shares granted during the period of 18 months following the date of admission of NewRiver to AIM shall not count towards the limit set out above;
- NewRiver Shares will only be counted as "issued or issuable" to the extent to which they have been issued (or there is an intention for them to be issued) by NewRiver to the trust for the purposes of the CSOP or any other employees' share scheme operated by NewRiver;
- treasury shares that have been transferred or are to be transferred in order to satisfy the exercise of a CSOP option, shall count towards the limit set out above; and
- any NewRiver Shares which were subject to an option or other right which has lapsed or been surrendered shall not count towards the limits set out above.

#### *Individual Limit*

Each individual's participation is limited so that the aggregate market value of NewRiver 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 NewRiver or any associated company, shall not exceed £30,000 (or such other amount as may be permitted in accordance with Schedule 4 from time to time).

#### *Exercise Price*

The exercise price per NewRiver Share under an option is determined by the Committee at the time of grant but may not be less than the market value of a NewRiver Share as at the date of grant.

The exercise price (as well as the number of NewRiver Shares under option) may be adjusted by the Committee in the event of any capitalisation issue or rights issue (other than an issue of NewRiver Shares pursuant to a scrip dividend issued by NewRiver), any rights offer or any other variation in the share capital of NewRiver including (without limitation) any consolidation, subdivision or reduction of capital.

#### *Performance Target*

Options granted after 4 May 2010 are not subject to performance conditions on exercise.

Options granted prior to 4 May 2010 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 Committee at the time of grant but which shall not be less than three years) (“**Performance Period**”).

If events occur which cause the Committee reasonably to consider that a different or amended target would be a fairer measure of performance, the 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 Committee thinks fair and reasonable so as to be applied over such shortened period.

#### *Exercise of options*

The option will become capable of exercise following a date (“**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 for an option may not occur before the third anniversary of the date of grant.

No option is capable of exercise more than ten years after its date of grant and will lapse on the tenth anniversary of its date of grant.

Options may not be exercised during any period prohibited under the AIM Rules.

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 Committee), redundancy, retirement or upon the sale or transfer out of the Group of NewRiver or undertaking employing him (“**Good Leaver**”), 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 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 CSOP options granted to David Lockhart or Allan Lockhart.

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 Committee. These provisions do not apply to CSOP options granted to David Lockhart or Allan Lockhart.

The options granted to David Lockhart and Allan Lockhart (at any time) 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 Committee as at the date of grant of such options; or (c) in respect only of the options granted on or within the first year after admission of NewRiver to AIM, in the event that such option holder is given notice by his employer under his service agreement (other than in circumstances where the employer could summarily dismiss the option holder); or (d) at the discretion of the Committee (including consideration by the 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 NewRiver. In the case of a takeover of NewRiver by way of a general offer or the transfer out of the Group of the undertaking employing the option holder concerned, the 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 CSOP) 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, where an option is exercised before the occurrence of the Vesting Date as a consequence of the option holder ceasing to remain an employee within the Group, the maximum number of NewRiver Shares over which any option is capable of exercise may, at the discretion of the 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. The 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 Committee shall have regard to the aggregate funds which have been invested into real estate assets by NewRiver at the time such discretion is exercised.

#### *Other option terms*

The CSOP provides the facility for the exercise of an option to be satisfied by either the issue of NewRiver Shares, the transfer of NewRiver Shares held by an existing shareholder who has agreed to satisfy the exercise of the option or by the transfer of NewRiver Shares held in treasury.

Options are not capable of transfer or assignment.

Until options are exercised, option holders have no voting or other rights in relation to the NewRiver Shares subject to those options.

NewRiver Shares allotted pursuant to the exercise of an option will rank *pari passu* in all respects with the NewRiver Shares already in issue but shall not rank for any dividends or other distribution payable by reference to a record date preceding the date of such allotment. NewRiver Shares transferred on the exercise of an option shall be transferred without the benefit of any rights attaching to the NewRiver Shares by reference to a record date preceding the date of that exercise. For so long as the NewRiver Shares are traded on AIM, NewRiver will use its best endeavours to procure that the NewRiver Shares issued following exercise of any options are admitted to trading on AIM as soon as practicable after allotment.

Benefits obtained under the CSOP are not pensionable.

#### *Administration and amendment*

The CSOP will be administered by the Committee. The Committee may amend the provisions of the CSOP. However, no amendment to a key feature of the CSOP shall have effect which would cause the requirements of Parts 2 to 6 (inclusive) of Schedule 4 to cease to be met in relation to the CSOP.

The rules of the CSOP which relate to:

- the persons to whom NewRiver Shares are provided under the CSOP;
- the limits on the number of NewRiver Shares which may be issued under the CSOP;
- the maximum entitlement of any option holder;

- the basis for determining an option holder's entitlement to NewRiver Shares or options;
- the basis for determining the adjustment of an option following any increase or variation in the share capital of NewRiver; and
- these amendment provisions,

cannot be amended to the advantage of any option holder or potential option holder without the prior approval of NewRiver in general meeting, except for minor amendments to benefit the administration of the CSOP, to take account of any change in legislation or to obtain or maintain favourable tax, exchange control or regulatory treatment for option holders or any Group company.

In addition, no amendment may be made to subsisting options which will have an adverse effect on such options except with the written consent of the option holders who hold options over at least 75 per cent. of the total number of NewRiver Shares subject to all such affected subsisting options under the CSOP, except for minor amendments to benefit the administration of the CSOP, to take account of any change in legislation or to obtain or maintain favourable tax, exchange control or regulatory treatment for option holders or any Group company.

The Committee will have the discretion to add to, vary, or amend the CSOP by way of separate schedule or sub-plan, or amend or alter the provisions of any CSOP option, in either case to take to take account of overseas taxation or securities or regulatory law. However the Committee will not be able to make any such amendment or alteration if this would result in the CSOP ceasing to meeting the requirements of Schedule 4 or an option being made upon terms commercially more favourable than the terms upon which an option could have been granted if such person was tax resident in the UK.

#### *Termination*

The CSOP may be terminated at any time by resolution of the Board and shall in any event terminate on the tenth anniversary of its adoption so that no further options can be granted. Termination shall not affect the outstanding rights of existing option holders.

#### (D) ***The NewRiver Retail Limited Unapproved Share Option Plan 2009 ("Unapproved Plan")***

##### *Eligibility*

All employees (including executive directors) of NewRiver and any of its subsidiaries may be granted options over NewRiver Shares under the Unapproved Plan.

##### *Grant*

The Committee has absolute discretion to select the persons to whom options are to be granted and, subject to the limits set out below, in determining the number of NewRiver Shares subject to each option. The Committee will have regard to the recommendations made by David Lockhart.

Options may be granted during the period of 42 days commencing on: (a) the Dealing Day immediately following the date of the preliminary announcement of NewRiver's annual results or the announcement of its half-yearly results in any year; or (b) any other time fixed by the Committee where, in its discretion, circumstances are considered to be exceptional so as to justify the grant of options.

If the grant of an option on any of the above days would be prohibited by virtue of the AIM Rules, or any statute or regulation or any order made pursuant to such statute, then such option may be granted during the period of 42 days commencing immediately after the time that such prohibition shall cease to have effect.

No consideration is payable for the grant of an option.

### *Plan Limits*

On any date, no option may be granted under the Unapproved Plan if, as a result, the number of NewRiver Shares issued or issuable pursuant to options or awards granted during the previous ten years under the Unapproved Plan or any other employees' share scheme, profit sharing scheme or employee share ownership plan adopted by NewRiver or any other member of the Group would exceed ten per cent. of the share capital of NewRiver in issue on that date.

For the purposes of the limit set out above:

- any NewRiver Shares issued or then capable of being issued pursuant to any options granted on or prior to the date of admission of NewRiver to AIM under any employees' share scheme adopted by NewRiver shall not count towards the limit set out above;
- any NewRiver Shares issued or then capable of being issued pursuant to the options/awards in respect of 193,438 NewRiver Shares granted during the period of 18 months following the date of admission of NewRiver to AIM shall not count towards the limit set out above;
- NewRiver Shares will only be counted as "issued or issuable" to the extent to which they have been issued (or there is an intention for them to be issued) by NewRiver to the trust for the purposes of the Unapproved Plan or any other employees' share scheme operated by NewRiver;
- treasury shares that have been transferred or are to be transferred in order to satisfy the exercise of an option, shall count towards the limit set out above; and
- any NewRiver Shares which were subject to an option or other right which has lapsed or been surrendered shall not count towards the limits set out above.

### *Exercise Price*

The exercise price per Ordinary Share under an option is determined by the 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 NewRiver Shares under option) may be adjusted by the Committee in the event of any capitalisation issue or rights issue (other than an issue of NewRiver Shares pursuant to a scrip dividend issued by NewRiver), any rights offer or any other variation in the share capital of NewRiver including (without limitation) any consolidation, sub-division or reduction of capital.

### *Performance Target*

Options granted after 4 May 2010 are not subject to performance conditions on exercise.

Options granted prior to 4 May 2010 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 Committee at the time of grant but which shall not be less than three years) ("**Performance Period**").

If events occur which cause the Committee reasonably to consider that a different or amended target would be a fairer measure of performance, the 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 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 may be modified in such manner as the Committee thinks fair and reasonable so as to be applied over such shortened period.

### *Dividends*

Until the options have been exercised and the NewRiver Shares subject to such options have been transferred or issued, optionholders shall have no entitlement to any dividends or other distributions payable in respect of such NewRiver Shares by reference to a record date preceding the date of such transfer or issue.

### *Exercise of options*

The option will become capable of exercise following a date (“**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 for an option may not occur before the first anniversary of the date of grant.

No option is capable of exercise more than ten years after its date of grant and will lapse on the tenth anniversary of its date of grant.

Options may not be exercised during any period prohibited under the AIM Rules.

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 Committee), redundancy or retirement or upon the sale or transfer out of the Group of NewRiver or undertaking employing him (“**Good Leaver**”), 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 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.

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 Committee. These provisions do not apply to options granted to David Lockhart or Allan Lockhart.

The options granted to David Lockhart and Allan Lockhart (at any time) 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 Committee as at the date of grant of such options; or (c) in respect only of the options granted on the date of admission of NewRiver to AIM, in the event that such option holder is given notice by his employer under his service agreement (other than in circumstances where the employer could summarily dismiss the option holder); or (d) in respect only of the options granted within the first year following the date of admission of NewRiver to AIM, in circumstances constituting constructive dismissal; or (e) at the discretion of the Committee (including consideration by the 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 NewRiver. In the case of a takeover of NewRiver by way of a general offer or the transfer out of the Group of the undertaking employing the option holder concerned, the 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 which shall always be capable of exercise in full in the event of cessation of their employment, where an option is exercised before the occurrence of the Vesting Date as a consequence of the option holder ceasing to remain an employee within the Group, the maximum number of NewRiver Shares over which any option is capable of exercise may, at the discretion of the 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.

When exercising its discretion in connection with options and cessation of employment as set out above, the Committee shall have regard to the aggregate funds which have been invested into real estate assets by NewRiver at the time such discretion is exercised.

#### *Other option terms*

The Unapproved Plan provides the facility for the exercise of an option to be satisfied by either the issue of NewRiver Shares, the transfer of NewRiver Shares held by an existing shareholder who has agreed to satisfy the exercise of the option or by the transfer of NewRiver Shares held in treasury.

Options are not capable of transfer or assignment.

Until options are exercised, option holders have no voting or other rights in relation to the NewRiver Shares subject to those options.

NewRiver Shares allotted pursuant to the exercise of an option will rank pari passu in all respects with the NewRiver Shares already in issue but shall not rank for any dividends or other distribution payable by reference to a record date preceding the date of such allotment. NewRiver Shares transferred on the exercise of an option shall be transferred without the benefit of any rights attaching to the NewRiver Shares by reference to a record date preceding the date of that exercise.

For so long as the NewRiver Shares are traded on AIM, NewRiver will use its best endeavours to procure that the NewRiver Shares issued following exercise of any options are admitted to trading on AIM as soon as practicable after allotment.

Benefits obtained under the Unapproved Plan are not pensionable.

#### *Administration and amendment*

The Unapproved Plan will be administered by the Committee. The Committee may amend the provisions of the Unapproved Plan.

The rules of the Unapproved Plan which relate to:

- the persons to whom NewRiver Shares are provided under the Unapproved Plan;
- the limits on the number of NewRiver Shares which may be issued under the Unapproved Plan;
- the maximum entitlement of any option holder;
- the basis for determining an option holder's entitlement to NewRiver Shares or options;
- the basis for determining the adjustment of an option following any increase or variation in the share capital of NewRiver; and
- these amendment provisions,

cannot be amended to the advantage of any option holder or potential option holder without the prior approval of NewRiver in general meeting, except for minor amendments to benefit the administration of the Unapproved Plan, to take account of any change in legislation or to obtain or maintain favourable tax, exchange control or regulatory treatment for option holders or any Group company.

In addition, no amendment may be made to subsisting options which will have an adverse effect on such options except with the written consent of the option holders who hold options over at least 75 per cent. of the total number of NewRiver Shares subject to all such affected subsisting options under the Unapproved Plan, except for minor amendments to benefit the administration of the Unapproved Plan, to take account of any change in legislation or to obtain or maintain favourable tax, exchange control or regulatory treatment for option holders or any Group company.

The Committee will have the discretion to add to, vary, or amend the Unapproved Plan by way of separate schedule or sub-plan, or amend or alter the provisions of any option, in either case to take to take account of overseas taxation or securities or regulatory law. However the Committee will not be able to make any such amendment or alteration if this would result in an option being made upon terms commercially more favourable than the terms upon which an option could have been granted if such person was tax resident in the UK.

#### *Termination*

The Unapproved Plan may be terminated at any time by resolution of the Board and shall in any event terminate on the tenth anniversary of its adoption so that no further options can be granted. Termination shall not affect the outstanding rights of existing option holders.

#### (E) ***The NewRiver Retail Limited Employee Benefit Trust (“EBT”)***

The EBT was settled by NewRiver on 27 August 2009 pursuant to a trust deed entered into between NewRiver and Lloyds TSB Offshore Trust Company Limited (the “Trustee”). NewRiver 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 and its subsidiaries.

The trustee may either purchase existing NewRiver Shares in the market or subscribe for new NewRiver Shares.

The maximum number of NewRiver Shares which may be held by the trustee of the EBT at any time may not exceed 10 per cent. of NewRiver’s issued share capital at that time. It is intended that the trustee of the EBT will not, at any time, hold more NewRiver Shares than are required in order to satisfy awards/options granted under the NewRiver Share Incentive Plans from time to time.

## **11. NewRiver Holdco Share Incentive Plans**

NewRiver Holdco is proposing to adopt the NewRiver Holdco Share Incentive Plans prior to Admission. The NewRiver Holdco Share Incentive Plans are broadly equivalent to the NewRiver Share Incentive Plans operated by NewRiver prior to Admission but have been modified in order to reflect the fact that the NewRiver Holdco Shares are to be admitted to the premium segment of the Official List of the UK Listing Authority and to trading on the main market for listed securities of the London Stock Exchange.

The subsisting options and/or awards granted under the NewRiver Share Incentive Plans will be dealt with as set out in paragraph 10 of Part I (Letter from the Chairman) of this document.

The principal provisions of the NewRiver Holdco Share Incentive Plans, which will apply to all options/awards made by NewRiver Holdco on or following Admission, are as follows, subject to any further amendments that may be made as described in paragraph 7 of Part II (Explanation of the Scheme and its Effects) of this document or as otherwise disclosed in the Prospectus:

#### (A) ***Provisions applicable to all the NewRiver Holdco Share Incentive Plans***

The following provisions apply to each of the NewRiver Holdco Share Incentive Plans:

##### *Grant*

The NewRiver Holdco Share Incentive Plans will be administered by the Remuneration Committee.

Options/awards may be granted under the NewRiver Holdco Share Incentive Plans during the period of 42 days commencing on: (a) the Dealing Day immediately following the date of the preliminary announcement of the Company's annual results or the announcement of its half-yearly results in any year; or (b) any other time fixed by the Remuneration Committee where, in its discretion, circumstances are considered to be exceptional so as to justify the grant of an option/award. If the grant of an option/award during the period described above would be prohibited by virtue of the Share Dealing Code, then such option/award may be granted during the period of 42 days commencing on the Dealing Day immediately following the date on which such prohibition shall cease to have effect.

#### *Plan Limit*

No option/award may be granted under any NewRiver Holdco Share Incentive Plan if, as a result, the number of NewRiver Holdco Shares issued or issuable pursuant to options/awards granted during the previous 10 years under that plan or any other employees' share scheme, profit sharing scheme or employee share ownership plan adopted by the Company or any other member of the Group (including NewRiver prior to the Scheme Effective Time) would exceed 10 per cent. of the ordinary share capital of the Company in issue on that date.

For the purposes of the limit set out above:

- any NewRiver Holdco Shares issued or then capable of being issued (including any received in exchange for NewRiver Shares), pursuant to any options or awards granted on or prior to the date of admission of NewRiver to AIM under any employees' share scheme adopted by NewRiver, shall not count towards the limit set out above;
- any NewRiver Holdco Shares issued or then capable of being issued (including any received in exchange for NewRiver Shares), pursuant to the options/awards in respect of 193,438 NewRiver Shares granted during the period of 18 months following the date of admission of NewRiver to AIM shall not count towards the limit set out above;
- NewRiver Shares or NewRiver Holdco Shares will only be counted as “**issued or issuable**” to the extent to which they have been issued (or there is an intention for them to be issued) by NewRiver or the Company for the purposes of the plan or any other employees' share scheme operated by NewRiver or the Company;
- treasury shares that have been transferred or are to be transferred in order to satisfy the exercise of an option/award shall count towards the limit set out above; and
- NewRiver Holdco Shares subject to options/awards that have lapsed or been surrendered shall not count to the limit set out above.

#### *Exercise of Awards*

Options/awards may not be granted or exercised during any period prohibited under the Share Dealing Code.

Where an option or award has been granted by the Company as a right to subscribe for NewRiver Holdco Shares, exercise of the relevant option or award may be satisfied by either the issue of NewRiver Holdco Shares, the transfer of NewRiver Holdco Shares held by an existing NewRiver Holdco Shareholder who has agreed to satisfy the exercise of the option or award or by the transfer of NewRiver Holdco Shares held in treasury.

No option or award granted under the NewRiver Holdco Share Incentive Plans is capable of exercise more than 10 years after its date of grant and each such option/award will lapse on the 10th anniversary of its date of grant.

Until an option or award is exercised, the option/award holder will have no voting or other rights in relation to the NewRiver Holdco Shares subject to such option/award.

NewRiver Holdco Shares allotted pursuant to the exercise of an award or option will rank *pari passu* in all respects with the NewRiver Holdco Shares already in issue. NewRiver Holdco Shares transferred on the exercise of an award or option shall be transferred without the benefit of any rights attaching to the NewRiver Holdco Shares by reference to a record date preceding the date of that exercise.

For so long as the NewRiver Holdco Shares are listed on the Official List, the Company will use its best endeavours to procure that the NewRiver Holdco Shares issued following exercise of an award or option granted under each of the NewRiver Holdco Share Incentive Plans are admitted to the Official List as soon as practicable after allotment.

#### *Additional Terms*

Options or awards granted under the NewRiver Holdco Share Incentive Plans are not capable of transfer or assignment, except to the extent necessary to enable a personal representative to exercise following the death of an option/award holder.

Benefits obtained under the NewRiver Holdco Share Incentive Plans are not pensionable.

Each NewRiver Holdco Share Incentive Plan may be terminated at any time by resolution of the Board and shall in any event terminate on the 10th anniversary of adoption so that no further awards can be granted pursuant to the relevant plan. Termination shall not affect the outstanding rights of existing option/award holders.

#### *Adjustment*

The number of NewRiver Holdco Shares under an option or award (except for those granted under the New CSOP) may be adjusted by the Remuneration Committee in the event of any capitalisation issue or rights issue including (without limitation) any consolidation, subdivision or reduction of capital.

#### *Amendment*

The rules of each NewRiver Holdco Share Incentive Plan which relate to:

- the persons to whom NewRiver Holdco Shares are provided under the plan;
- the limits on the number of NewRiver Holdco Shares which may be issued under the plan;
- the maximum entitlement of any option/award holder;
- the basis for determining an option/award holder's entitlement to NewRiver Holdco Shares or options/awards;
- the basis for determining the adjustment of any option/award if there is a capitalisation issue, rights issue or open offer, sub-division or consolidation of shares or reduction of capital or any other variation of capital of the Company; and
- these amendment provisions,

cannot be amended to the advantage of any option/award holder or potential option/award holder without the prior approval of the Company in general meeting except for minor amendments to benefit the administration of the plan, to take account of any change in legislation or to obtain or maintain favourable tax, exchange control or regulatory treatment for option/award holders or any Group company.

#### (B) ***The NewRiver REIT plc Deferred Bonus Plan 2016 (the "New DBP")***

##### *Status of the New DBP*

Awards granted under the New DBP ("**New DBP Awards**") facilitate the deferral of a proportion of participating employees' annual bonuses into NewRiver Holdco Shares. New DBP Awards take the

form of options to acquire NewRiver Holdco Shares for nil consideration, either by way of subscription from the Company or by way of transfer from the New EBT.

It is intended that the New DBP will be operated in conjunction with the New EBT.

#### *Eligibility*

All employees (including Executive Directors) of the Company and any of its subsidiaries may be granted New DBP Awards under the New DBP.

#### *Grant*

The Remuneration Committee will have absolute discretion to select the employees to whom New DBP Awards may be granted. The number of NewRiver Holdco Shares which will be subject to a New DBP Award will be calculated by reference to the gross value of the deferred element of the annual bonus to which the New DBP Award relates and the market value of a NewRiver Holdco Share at such time.

#### *Performance Target*

New DBP Awards will not be subject to any performance targets.

#### *Dividends*

If, at any time, a dividend or other cash distribution is paid by the Company in respect of its NewRiver Holdco Shares, the number of NewRiver Holdco Shares under each New DBP Award then subsisting (and in respect of which the Vesting Date (as defined below) has not passed) shall be increased to reflect the value of the dividend, unless the Remuneration Committee determines to increase the number of NewRiver Holdco Shares under such New DBP Award on another basis. The number of NewRiver Holdco Shares to be added to a New DBP Award (“**Dividend Equivalent Shares**”) shall equate to such number of NewRiver Holdco Shares as could have been purchased, at the share price prevailing on the date the dividend is paid, from an amount equal to the dividend paid on each NewRiver Holdco Share multiplied by the number of NewRiver Holdco Shares under the New DBP Award.

To the extent that a New DBP Award does not vest and become exercisable in relation to any NewRiver Holdco Shares, the New 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 New DBP Award shall be taken into account for the purposes of applying the plan limit as set out in paragraph 11(A) of this Part V. Any potential right to receive Dividend Equivalent Shares in the future shall not, however, be taken into account.

#### *Exercise of New DBP Awards*

A New DBP Award may be exercised in the period immediately following a date (the “**Vesting Date**”) specified at the time of grant and ending ten years after the date of grant (unless another period is determined by the Remuneration Committee at grant), provided that the New DBP Award holder is still an employee within the Group.

If a New 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 New DBP Award holder or his or her spouse or registered civil partner (all evidenced to the reasonable satisfaction of the Remuneration Committee), redundancy, upon the sale or transfer out of the Group of the company or undertaking employing him (a “**Good Leaver**”), his New DBP Awards shall be exercisable during the six month period following the date of cessation of employment; if not so exercised, such New DBP Award will lapse at the end of the period. In such circumstances, the Remuneration Committee may, in its discretion, determine

that such New DBP Award may only be exercised for a period of six months after the Vesting Date of such New DBP Award; if not so exercised, such New DBP Award will lapse at the end of the period.

In the event of cessation of employment of the New DBP Award holder by reason of his death, his legal personal representatives may exercise the New DBP Award within 12 months following the date of his death.

If a New DBP Award holder ceases to be an employee of the Group for any reason other than those described above, his New 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 New DBP Awards will lapse at the end of the period.

Where a New DBP Award is exercised before the occurrence of the Vesting Date as a consequence of the New DBP Award holder ceasing to remain an employee of the Group, the maximum number of NewRiver Holdco Shares over which any New 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 New DBP Award, as a proportion of the period from the date of grant to the Vesting Date of such New DBP Award. The Remuneration Committee may, however, exercise discretion not to pro-rate a New DBP Award or to pro-rate on a different basis.

Exercise of New 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 New DBP Award holder concerned, the Remuneration Committee may allow the New 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 New DBP Award, the Remuneration Committee becomes aware that: (a) a New DBP Award holder has engaged in conduct which would justify summary dismissal; (b) a material misstatement has been made in the financial results of the Company; or (c) an error was made which has resulted, either directly or indirectly, in the number of NewRiver Holdco Shares in respect of which the New 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 New DBP Awards.

If the Remuneration Committee operates clawback it will have discretion to: (i) reduce the number of NewRiver Holdco Shares which are subject to subsisting New DBP Awards held by the New DBP Award holder; and/or (ii) reduce the number of NewRiver Holdco Shares or any cash amount which may be subject to any other subsisting options/awards held by such New DBP Award holder (whether pursuant to the New DBP or any other incentive arrangement); and/or (iii) require a repayment or other reimbursement in respect of a New DBP Award that has already been exercised and in respect of which NewRiver Holdco Shares have been transferred to the New DBP Award holder.

### (C) ***The NewRiver REIT plc Performance Share Plan 2016 (the “New PSP”)***

#### *Status of the New PSP*

Awards granted under the New PSP (“New **PSP Awards**”) take the form of options to acquire NewRiver Holdco Shares for nil consideration, either by way of subscription from the Company or by way of transfer from the New EBT.

It is intended that the New PSP will be operated in conjunction with the New EBT.

#### *Eligibility*

All employees (including Executive Directors) of the Company and any of its subsidiaries may be granted New PSP Awards under the New PSP.

### *Grant*

The Remuneration Committee has absolute discretion to select the employees to whom New PSP Awards may be granted and, subject to the limit as set in paragraph 11(A) of this Part V and the individual limit described below, to determine the number of NewRiver Holdco Shares to be subject to each New PSP Award.

No consideration is payable for the grant of a New PSP Award.

### *Individual Limit*

In general, each individual's participation is limited so that, in any one financial year of the Company, the aggregate market value of NewRiver Holdco Shares subject to all New PSP Awards (calculated as at the date of grant of each New 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 New PSP Awards in circumstances which the Remuneration Committee considers to be sufficiently exceptional.

### *Performance Target*

The exercise of New 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**").

New 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 New PSP Award may not, save in exceptional circumstances, occur before the third anniversary of the date of grant.

If events occur which cause the Remuneration Committee reasonably to consider that a different or amended target would be a fairer measure of performance, the Remuneration Committee may waive or amend the original performance target in such manner as it deems fit provided that any such amended target is not materially more difficult to perform or harder to achieve than the original performance target.

It should also be noted that a performance target, applying to a New PSP Award, may be measured over a period that is shorter than the Performance Period in circumstances where an employee ceases to be an employee of the Group before the end of the relevant Performance Period or certain corporate events occur (such as a change of control of the Company) before the end of the relevant Performance Period. In these circumstances, such performance target may be assessed on such modified basis as the Remuneration Committee thinks fair and reasonable so as to be applied over such shortened period.

### *Dividends*

If, at any time, a dividend or other cash distribution is paid by the Company in respect of the NewRiver Holdco Shares, the number of NewRiver Holdco Shares under each New PSP Award then subsisting (and in respect of which the Vesting Date has not passed) shall be increased to reflect the value of the dividend, unless the Remuneration Committee determines to increase the number of NewRiver Holdco Shares under such New PSP Award, on another basis. The number of NewRiver Holdco Shares to be added to a New PSP Award (the "**Dividend Equivalent Shares**") shall equate to such number of NewRiver Holdco Shares as could have been purchased, at the share price prevailing on the date the dividend is paid, from an amount equal to the dividend paid on each NewRiver Holdco Share multiplied by the number of NewRiver Holdco Shares under the New PSP Award.

To the extent that a New PSP Award does not vest and become exercisable in relation to any NewRiver Holdco Shares, the New 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 New PSP Award shall be taken into account for the purposes of applying the plan limit as set in paragraph 11(A) of this Part V. Any potential right to receive Dividend Equivalent Shares in the future shall not, however, be taken into account.

#### *Exercise of New PSP Awards*

A New PSP Award may be exercised in the period immediately following the occurrence of the Vesting Date and ending ten years after the date of grant to the extent that the performance target has been satisfied and the New PSP Award holder is still an employee within the Group.

If a New PSP Award holder ceases to be an employee of the Group before the Vesting Date by reason of injury, incapacity, ill-health or disability of the New PSP Award holder or his or her spouse or registered civil partner (evidenced to the reasonable satisfaction of the Remuneration Committee), redundancy, upon the sale or transfer out of the Group of the company or undertaking employing him or any other circumstance stipulated by the Remuneration Committee as at the date of grant of a New PSP Award (a “**Good Leaver**”), his New PSP Award shall be exercisable during the twelve month period following the Vesting Date of such New PSP Award; if not so exercised, such New PSP Award will lapse at the end of the period. In such circumstances, the Remuneration Committee may, in its discretion, determine that such New PSP Award may be exercised for a period of 12 months after the New PSP Award holder ceases to be employed within the Group; if not so exercised, such New PSP Award will lapse at the end of the period.

In the event of cessation of employment of the New PSP Award holder by reason of his death, his legal personal representatives will be entitled to exercise the New PSP Award within 12 months following the date of his death.

If a New PSP Award holder ceases to be an employee of the Group for any reason other than those described above, New PSP Awards may become exercisable for a limited period at the discretion of the Remuneration Committee; if not so exercised, such New PSP Awards will lapse at the end of the period.

Exercise of New PSP Awards is also possible earlier than the Vesting Date in the event of a takeover (whether by way of a general offer, a scheme of arrangement or any other merger or acquisition resulting in a change of control of the Company or otherwise) or the voluntary winding up of the Company. In the case of a takeover of the Company by way of a general offer or the transfer out of the Group of the undertaking employing the New PSP Award holder concerned, the Remuneration Committee may allow the New 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 New PSP Award prior to the Vesting Date, the New PSP Award may not be exercised unless (subject to any modification of the performance target in accordance with the rules of the New PSP) the performance condition, if any, to which it is subject has been satisfied.

Where a New PSP Award is exercised before the occurrence of the Vesting Date as a consequence of the New PSP Award holder ceasing to remain an employee of the Group or as a result of a corporate event (as described above), the maximum number of NewRiver Holdco Shares over which any New 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 New PSP Award, as a proportion of the period from the date of grant to the Vesting Date of such New PSP Award. The Remuneration Committee may, however, exercise discretion not to pro-rate a New PSP Award or to pro-rate on a different basis.

### *Clawback*

At any time before the date 24 months from the Vesting Date of a New PSP Award, the Remuneration Committee may operate clawback if: (a) an Award holder engages in conduct which would justify summary dismissal; (b) a material misstatement is made in the financial results of the Company announced to the public and/or its audited accounts in respect of any financial year occurring during the vesting period and such misstatement resulted, either directly or indirectly, in the number of NewRiver Holdco Shares in respect of the New PSP Award was or is capable of exercise, being greater than it would have been for such misstatement; or (c) an error was made in assessing or calculating the extent to which a performance target was achieved which has resulted, either directly or indirectly, in the number of NewRiver Holdco Shares in respect of which the New PSP Award was or is capable of exercise, being greater than it would have been but for such error.

If the Remuneration Committee operates clawback it will have discretion to: (i) reduce the number of NewRiver Holdco Shares which are subject to subsisting New PSP Awards held by the New PSP Award holder; and/or (ii) reduce the number of NewRiver Holdco Shares or cash amount which may be subject to any other subsisting awards held by such New PSP Award holder (whether pursuant to the New PSP or any other incentive arrangement); and/or (iii) require a repayment or other reimbursement in respect of a New PSP Award that has already been exercised and in respect of which NewRiver Holdco Shares have been transferred to the New PSP Award holder.

### (D) *The NewRiver REIT plc Company Share Option Plan 2016 (the “New CSOP”)*

#### *Status of the New CSOP*

It is intended that the New CSOP will meet the requirements of Schedule 4 of ITEPA as amended and re-enacted from time to time (“**Schedule 4**”).

#### *Eligibility*

All employees and full time Executive Directors of the Company and any of its subsidiaries may be granted options over NewRiver Holdco Shares under the New 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 11(A) of this Part V and the individual limit described below, in determining the number of NewRiver Holdco Shares subject to each option.

No consideration is payable for the grant of an option.

#### *Individual Limit*

Each individual’s participation is limited so that the aggregate market value of NewRiver Holdco Shares subject to all options (calculated as at the date of grant of each option) held by that individual and granted under the New CSOP or any other Schedule 4 compliant share option plan operated by the Company or any associated company, shall not exceed £30,000 (or such other amount as may be permitted in accordance with Schedule 4 from time to time).

#### *Exercise Price*

The exercise price per NewRiver Holdco Share under an option is determined by the Remuneration Committee at the time of grant but may not be less than the market value of a NewRiver Holdco Share as at the date of grant.

The exercise price (as well as the number of NewRiver Holdco Shares under option) may be adjusted by the Remuneration Committee in the event of any capitalisation issue or rights issue (other than pursuant to a scrip dividend issued by the Company) or rights offer or any other variation in the share

capital of the Company including (without limitation) any consolidation, subdivision or reduction of capital.

Any adjustment of the exercise price of an option must not result in the requirements of Schedule 4 no longer being met.

#### *Performance Targets*

Options granted under the New CSOP will not be subject to any performance targets.

#### *Exercise of options*

Normally, an option may only be exercised following a date (the “**Vesting Date**”) specified at the time of grant, which may not occur before the third anniversary of the date of grant, provided that the option holder is still an employee within the Group.

If an option holder ceases to be an employee of the Group before the Vesting Date by reason of injury, ill-health, incapacity or disability of the option holder or his or her spouse or registered civil partner (evidenced to the reasonable satisfaction of the Remuneration Committee), redundancy or upon the sale or transfer out of the Group of the company or undertaking employing him, his option shall be exercisable during the six month period following the Vesting Date of such option; if not so exercised, such option will lapse. In such circumstances, the Remuneration Committee may, in its discretion, determine that such option may be exercised for a period of six months after the option holder ceases to be employed within the Group; if not so exercised, such option will lapse.

In the event of cessation of employment of the option holder by reason of his death, his personal representatives will be entitled to exercise the option within 12 months following the date of his death.

If an option holder ceases to be employed within the Group for any reason other than those described above, options may also become exercisable for a limited period at the discretion of the Remuneration Committee.

Exercise of options is also possible earlier than the Vesting Date in the event of a takeover (whether by way of a general offer, a scheme of arrangement or otherwise) or the voluntary winding up of the Company. In the case of a takeover of the Company by way of a general offer or the transfer out of the Group of the undertaking employing the option holder concerned, the Remuneration Committee may allow the option to be exercised immediately before, but with effect from, the takeover or the transfer of the undertaking concerned.

Where an option is exercised before the occurrence of the Vesting Date as a consequence of the option holder ceasing to remain an employee of the Group, the maximum number of NewRiver Holdco Shares over which any option is capable of exercise may, at the discretion of the Remuneration Committee, be pro-rated down on a time apportioned basis by reference to the time that has elapsed from the relevant date of grant to the relevant event giving rise to the early exercise of the option as a proportion of the period from the date of grant to the Vesting Date of such option. The Remuneration Committee may, however, exercise discretion not to pro-rate an option or to pro-rate on a different basis.

In the event of a takeover of the Company, an option holder may be allowed to exchange his option for a new option over shares in the acquiring company, provided that the acquiring company agrees to such exchange and the rights under the new option are equivalent to those under the old option.

#### (E) *The NewRiver REIT plc Unapproved Share Option Plan 2016 (the “New Unapproved Plan”)*

##### *Eligibility*

All employees (including Executive Directors) of the Company and any of its subsidiaries may be granted options over NewRiver Holdco Shares under the New 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 11(A) of this Part V, in determining the number of NewRiver Holdco Shares subject to each option.

No consideration is payable for the grant of an option.

### *Exercise Price*

The exercise price per a NewRiver Holdco Share under an option is determined by the Remuneration Committee at the time of grant but may not be less than the market value of a NewRiver Holdco Share as at the date of grant.

### *Performance Targets*

Options granted under the New Unapproved Plan will not be subject to any performance targets.

### *Exercise of options*

Normally, an option may only be exercised following a date (the “**Vesting Date**”) specified at the time of grant, which may not occur before the first anniversary of the date of grant, provided that the option holder is still an employee of the Group.

If an option holder ceases to be an employee of the Group before the Vesting Date by reason of injury, ill-health, incapacity or disability of the option holder or his or her spouse or registered civil partner (evidenced to the reasonable satisfaction of the Remuneration Committee), redundancy or upon the sale or transfer out of the Group of the company or undertaking employing him, his option shall be exercisable during the six month period following the Vesting Date of such option; if not so exercised, such option will lapse. In such circumstances, the Remuneration Committee may, in its discretion, determine that such option may be exercised for a period of six months after the option holder ceases to be employed within the Group; if not so exercised, such option will lapse.

In the event of cessation of employment of the option holder by reason of his death, his personal representatives will be entitled to exercise the option within twelve months following the date of his death.

If an option holder ceases to be employed within the Group for any reason other than those described above, options may also become exercisable for a limited period at the discretion of the Remuneration Committee.

Exercise of options is also possible earlier than the Vesting Date in the event of a takeover (whether by way of a general offer, a scheme of arrangement or otherwise) or the voluntary winding up of the Company. In the case of a takeover of the Company by way of a general offer or the transfer out of the Group of the undertaking employing the option holder concerned, the Remuneration Committee may allow the option to be exercised immediately before, but with effect from, the takeover or the transfer of the undertaking concerned.

Where an option is exercised before the occurrence of the Vesting Date as a consequence of the option holder ceasing to remain an employee of the Group, the maximum number of NewRiver Holdco Shares over which any option is capable of exercise may, at the discretion of the Remuneration Committee, be pro-rated down on a time apportioned basis by reference to the time that has elapsed from the relevant date of grant to the relevant event giving rise to the early exercise of the option as a proportion of the period from the date of grant to the Vesting Date of such option. The Remuneration Committee may, however, exercise discretion not to pro-rate an option or to pro-rate on a different basis.

### *Clawback*

At any time before the date 24 months from the Vesting Date of an option, the Remuneration Committee may operate clawback if: (a) an option holder engages in conduct which would justify summary dismissal; (b) a material misstatement is made in the financial results of the Company announced to the public and/or its audited accounts in respect of any financial year occurring during the vesting period and such misstatement resulted, either directly or indirectly, in the number of NewRiver Holdco Shares in respect of the option was or is capable of exercise, being greater than it would have been for such misstatement; or (c) an error was which has resulted, either directly or indirectly, in the number of NewRiver Holdco Shares in respect of which the option was or is capable of exercise, being greater than it would have been but for such error.

If the Remuneration Committee operates clawback it will have discretion to: (i) reduce the number of NewRiver Holdco Shares which are subject to subsisting options held by the option holder; and/or (ii) reduce the number of NewRiver Holdco Shares or cash amount which may be subject to any other subsisting options/awards held by such option holder (whether pursuant to the New Unapproved Plan or any other incentive arrangement); and/or (iii) require a repayment or other reimbursement in respect of an option that has already been exercised and in respect of which NewRiver Holdco Shares have been transferred to the option holder.

(F) ***The NewRiver Retail Limited Employee Benefit Trust (the “Old EBT”)***

The Old EBT was settled by NewRiver on 27 August 2009 pursuant to a trust deed entered into between NewRiver and Computershare Trustees (Jersey) Limited (the “**Trustee**”). NewRiver has the power to remove the Trustee and appoint a new trustee.

The Old EBT is a discretionary settlement set up for the benefit of directors, employees and former employees (and their immediate dependants) of NewRiver and its subsidiaries. The Old EBT will be terminated following appointment of any assets held by it to the trustee of the New EBT.

(G) ***The NewRiver REIT plc Employee Benefit Trust (the “New EBT”)***

The New EBT will be settled by NewRiver Holdco pursuant to a trust deed entered into between NewRiver Holdco and Computershare Trustees (Jersey) Limited (the “**New Trustee**”). NewRiver Holdco has the power to remove the Trustee and appoint a new trustee.

The New EBT is a discretionary settlement set up for the benefit of directors, employees and former employees (and their immediate dependants) of NewRiver Holdco and its subsidiaries.

The New Trustee may either purchase existing NewRiver Holdco Shares in the market or subscribe for new NewRiver Holdco Shares.

The maximum number of NewRiver Holdco Shares which may be held by the New Trustee at any time may not exceed five per cent. of NewRiver Holdco’s issued share capital at that time. It is intended that the New Trustee will not, at any time, hold more NewRiver Holdco Shares than are required in order to satisfy awards and/or options granted under the NewRiver Holdco Share Incentive Plans, from time to time.

## **12. NEWRIVER HOLDCO WARRANT INSTRUMENT**

(A) ***Introduction***

NewRiver Warranholders who elect to exchange their NewRiver Warrants for NewRiver Holdco Warrants in connection with the Proposals will, conditional upon the Scheme becoming effective and Admission, receive equivalent NewRiver Holdco Warrants to subscribe for the same number of NewRiver Holdco Shares (the “**NewRiver Holdco Warrant Shares**”) as currently represented by their NewRiver Warrants to subscribe for NewRiver Shares (on substantially the same terms pursuant to the NewRiver Holdco Warrant Instrument). The subscription rights pursuant to the NewRiver Holdco Warrants will be exercisable at the prevailing subscription price per NewRiver Holdco Warrant Share (being £1.48 as at 11 July 2016, being the last Business Day prior to the date of

publication of this document), as adjusted in the circumstances summarised at paragraph (C) below, and all such NewRiver Holdco Warrants shall be fully vested and exercisable upon issuance.

The NewRiver Holdco Warrants will expire on 1 September 2019, unless previously exercised or lapsed, and shall be of a single class for all purposes. The NewRiver Holdco Warrants contain customary anti-dilution provisions (including in respect of dividends). The NewRiver Holdco Warrants will be exercisable in whole or in part. The subscription price and number of shares for each NewRiver Holdco Warrant will be subject to adjustment in respect of dilution events, including the payment by NewRiver Holdco of dividends, any amalgamation, reorganisation, reclassification, consolidation, merger or sale of all or substantially all of NewRiver Holdco's assets (other than in the ordinary course of the Group's business) and other dilutive events for which a failure to make any adjustments would not fully protect the purchase rights represented by the NewRiver Holdco Warrants. The NewRiver Holdco Warrants are freely transferable, subject to the transfer restrictions set out in the NewRiver Holdco Warrant Instrument and on each NewRiver Holdco Warrantholder's certificate in respect of NewRiver Holdco Warrants.

(B) *Definitions*

In relation to the summary of the terms of the NewRiver Holdco Warrants below, references to persons include individuals, bodies corporate (wherever incorporated), unincorporated associations, funds and partnerships and the following terms and expressions have the following meanings:

**"Affiliate"** means any company, partnership, limited liability company or other entity which, directly or indirectly, through one or more intermediaries, Controls, is Controlled by, or is under common Control with, another company, partnership, limited liability company or other person. Without limiting the generality of the foregoing, the term **"Affiliate"** shall include an investment fund managed by any such person or by a person that directly or in directly Controls, is Controlled by or is under common Control with such person.

**"Anti-Dilution Provisions"** means the provisions set out at paragraph (C)(vii) below.

**"Assets"** means any shares, securities, cash (or cash equivalents) or other property whatsoever (save for property or other assets purchased and disposed of pursuant to arm's length transactions in the ordinary course of the Group's business).

**"Business Combination"** means a merger, scheme of arrangement, amalgamation, consolidation, statutory share exchange or similar transaction that requires the approval of NewRiver Holdco Shareholders.

**"Business Day"** means any day (other than a Saturday or Sunday) on which securities or investment exchanges are open in the United Kingdom for normal trading activity.

**"Certificate"** means a certificate evidencing a NewRiver Holdco Warrantholder's entitlement to NewRiver Holdco Warrants.

**"Consent"** means the consent in writing of NewRiver Holdco Warrantholders entitled to subscribe for not less than 51 per cent. of the NewRiver Holdco Warrant Shares.

**"Control"** means any person, or persons together acting in concert (as such term is defined and construed by the City Code), obtaining 50 per cent. or more of the voting rights normally attributable to the share capital (whether obtained by way of acquisition, merger, share offering or other agreement or document or otherwise howsoever, including as a result of a share buy-back programme) or otherwise obtaining the power (howsoever achieved) to direct or cause the direction of the management and policies of another person; and **"Controlling"** and **"Controlled"** shall be construed accordingly.

**"Exchange Rate"** means the mean of the spot rate for the purchase of sterling in the relevant currency at the close of business on the five Business Days immediately prior to the date of any calculation.

**“Exercise Date”** means the date of delivery to the registered office of NewRiver Holdco of the items specified in the NewRiver Holdco Warrant Instrument (and the date of such delivery shall be the date on which such items are received at NewRiver Holdco’s registered office) or if not a Business Day then the immediately following Business Day.

**“Exit Event”** means a Sale or Business Combination.

**“Exit Notification”** means a notice from NewRiver Holdco to the NewRiver Holdco Warrantholder, informing the NewRiver Holdco Warrantholder of the occurrence of an Exit Event, or an anticipated Exit Event, and containing:

- (a) details of the nature of the Exit Event, or anticipated Exit Event;
- (b) the anticipated earliest date on which such Exit Event could occur;
- (c) the anticipated number of NewRiver Holdco Warrant Shares to be issued in relation to the relevant NewRiver Holdco Warrant if the Subscription Rights were to be exercised in full, and the anticipated aggregate Subscription Price payable by the NewRiver Holdco Warrantholder to exercise such rights; and
- (d) all other information available to NewRiver Holdco which is or might reasonably be considered to be material to the NewRiver Holdco Warrantholder for the purposes of deciding whether or not (and if so when) to exercise its Subscription Rights, subject always to the NewRiver Holdco Warrantholder complying with its legal obligations and any applicable regulatory requirements including the Listing Rules.

**“Final Date”** means 1 September 2019 or the first Business Day immediately thereafter.

**“Group”** means NewRiver Holdco and any holding company it may have and any subsidiary companies or undertakings of NewRiver Holdco or any such holding company from time to time.

**“Investment Bank”** means an independent internationally-recognised investment banking firm selected by the NewRiver Holdco Directors with the Consent of NewRiver Holdco Warrantholders, the fees and expenses of which shall be shared equally by NewRiver Holdco on the one hand and such holders on the other.

**“NewRiver Holdco Warrantholder”** means in relation to a NewRiver Holdco Warrant, the person(s) whose name(s) appear(s) in the Register as the holder(s) of the NewRiver Holdco Warrant(s).

**“Regulatory Approvals”** means, with respect to a NewRiver Holdco Warrantholder, to the extent applicable and required to permit a NewRiver Holdco Warrantholder to exercise the NewRiver Holdco Warrants for NewRiver Holdco Warrant Shares and to own such NewRiver Holdco Warrant Shares without the NewRiver Holdco Warrantholder or NewRiver Holdco being in violation of applicable law, rules or regulation, the receipt of any necessary approvals and authorisations of, filings and registrations with, notifications to, or expiration or termination of any applicable waiting period under any applicable law or regulation.

**“Sale”** means any transaction or series of transactions (whether or not related) entered into at any time after the date of the NewRiver Holdco Warrant Instrument, resulting in a sale, assignment, transfer or other disposal at arm’s length to a person or persons acting in concert by any NewRiver Holdco Shareholders of a majority in number of the NewRiver Holdco Shares, excluding any transaction that requires the approval of the NewRiver Holdco Shareholders.

**“Subscription Price”** means one hundred and forty eight (148) pence per NewRiver Holdco Warrant Share, as such price may be adjusted from time to time in the circumstances summarised at paragraph (C)(vii) below.

**“Time Value”** means such an amount as will preserve the rights of the NewRiver Holdco Warrantholder by providing just and equitable compensation in respect of the time value in the

NewRiver Holdco Warrant from the date of any transaction to which paragraph (C)(vii)(d)(i) below applies to the Final Date as the same shall be determined by an independent Investment Bank.

“**Voting Equity Securities**” means in relation to any issuer:

- (a) voting equity securities of such issuer having no preference as to dividends or in a liquidation over any other securities of such issuers or
- (b) securities convertible into or exchangeable for the voting securities described in (a).

(C) *Terms of the NewRiver Holdco Warrants*

- (i) The NewRiver Holdco Warrants give the NewRiver Holdco Warranholders the right to subscribe in cash at the Subscription Price for the relevant number of NewRiver Holdco Warrant Shares.
- (ii) Each NewRiver Holdco Warranholder shall have the right, upon the terms and conditions summarised below, to subscribe for or acquire from NewRiver Holdco in cash at the Subscription Price such number of NewRiver Holdco Warrant Shares as specified in its Certificate (the “**Subscription Rights**”), as may be adjusted as set out at paragraph (C)(vii) below, being the same number of NewRiver Warrant Shares that their NewRiver Warrant entitled them to subscribe for prior to the exchange occurring.
- (iii) Conditional upon the Scheme becoming effective and Admission occurring, the Subscription Rights may be exercised, in whole or in part, at any time or times prior to 17:59 on the Final Date.
- (iv) NewRiver Holdco undertakes to send to the NewRiver Holdco Warranholders an Exit Notification not less than 30 days prior to the expected completion date of an Exit Event, or, if NewRiver Holdco does not become aware of the Exit Event until a time which is less than 30 days prior to the expected date of the Exit Event, as soon as reasonably practicable after becoming aware of it.
- (v) Subject to NewRiver Holdco complying with its obligations pursuant to issue an Exit Notification and paragraph (C)(vi) below, the NewRiver Holdco Warranholders shall have a period of six months from the date of an Exit Event in which to exercise their Subscription Rights (at the then prevailing Subscription Price). On the expiry of such period, all continuing rights of the NewRiver Holdco Warranholders under the NewRiver Holdco Warrant Instrument (including the Subscription Rights, if not exercised) shall lapse (save in relation to any outstanding notices of exercise of Subscription Rights, in which case, the NewRiver Holdco Warranholders’ rights shall lapse upon completion by NewRiver Holdco of its obligations in respect of any notices of exercise).
- (vi) Except as provided in this paragraph (C)(vi), all continuing rights of the NewRiver Holdco Warranholders under the NewRiver Holdco Warrant Instrument (including the Subscription Rights) shall lapse on the Final Date (save in relation to any outstanding notices of exercise of Subscription Rights, in which case, the NewRiver Holdco Warranholders’ rights shall lapse upon completion by NewRiver Holdco of its obligations in respect of any notices of exercise).

(vii) *Anti-dilution Provisions*

In order to prevent dilution of the Subscription Rights granted under the NewRiver Holdco Warrants, the Subscription Price shall be subject to adjustment from time to time summarised as follows:

- (a) *Subdivision or Consolidation/Combination of NewRiver Holdco Shares.* If NewRiver Holdco, at any time while the NewRiver Holdco Warrants are outstanding:

- (i) shall pay a share or bonus share dividend on the NewRiver Holdco Shares or pay any other distribution in NewRiver Holdco Shares;
- (ii) subdivide the class of NewRiver Holdco Shares into a larger number of shares; or
- (iii) consolidate/combine the class of NewRiver Holdco Shares into a smaller number of shares,

then the Subscription Price thereafter shall be determined by multiplying the Subscription Price by a fraction, the numerator of which shall be the number of NewRiver Holdco Shares (excluding any NewRiver Holdco Shares held in treasury, if any) in issue before such event and the denominator of which shall be the number of NewRiver Holdco Shares (excluding any NewRiver Holdco Shares held in treasury, if any) in issue after such event. Any adjustment made pursuant to this paragraph (vii)(a) shall become effective immediately after the record date for the determination of shareholders entitled to receive such dividend or distribution and shall become effective immediately after the effective date in the case of a subdivision or combination.

- (b) *Issuance of additional Ordinary Shares.* If NewRiver Holdco shall issue or sell additional NewRiver Holdco Shares, other than any issuance of the type summarised in paragraph (vii)(a) above, without consideration or for a consideration per share less than the Fair Market Value (as defined in paragraph (vii)(e) below) of the NewRiver Holdco Shares on the day immediately prior to such issue or sale, then, and in each such case, subject to paragraph (vii)(e) below, the Subscription Price shall be reduced concurrently with such issue or sale, to a price determined by multiplying such Subscription Price by a fraction:

- (i) the numerator of which shall be (1) the number of NewRiver Holdco Shares in issue immediately prior to such issue or sale plus (2) the number of NewRiver Holdco Shares which the aggregate consideration received by NewRiver Holdco would purchase at such Fair Market Value of the NewRiver Holdco Shares; and
- (ii) the denominator of which shall be the number of NewRiver Holdco Shares in issue immediately after such issue or sale,

provided that for the purposes of this procedure, any NewRiver Holdco Shares held in treasury shall not be deemed to be in issue.

- (c) *Dividends and Distributions.* If NewRiver Holdco shall pay or make a Dividend or Distribution (as defined below) to NewRiver Holdco Shareholders, the Subscription Price shall be adjusted by multiplying the Subscription Price in force immediately prior to such Dividend or Distribution by the following fraction:

$$\frac{A - B}{A}$$

where:

- A is the Current Market Price (as defined below) of one NewRiver Holdco Share on the Business Day immediately preceding the date of the announcement of the Dividend or Distribution; and
- B is the portion of the Fair Market Value (as determined at the date of announcement of the relevant Dividend) of the Dividend or Distribution attributable to one NewRiver Holdco Share.

Such adjustment shall become effective on the date on which such Dividend or Distribution is made.

As used in this paragraph (vii)(c):

**“Dividend or Distribution”** means (1) any Dividend; or (2) any Dividend which is expressed by NewRiver Holdco or declared by the Board of Directors of NewRiver Holdco to be a capital distribution, extraordinary dividend, extraordinary distribution, special dividend, special distribution or return of value to NewRiver Holdco’s shareholders or any analogous or similar term, in which case, the Dividend or Distribution shall be the Fair Market Value of such Dividend or Distribution.

Provided that:

- (i) where a cash Dividend is announced which is to be, or may at the election of a holder or holders of NewRiver Holdco Shares be, satisfied by the issue or delivery of NewRiver Holdco Shares or other property or assets, then the Dividend in question shall be treated as a Dividend of (1) the cash Dividend so announced or (2) the Fair Market Value, on the date of announcement of such Dividend, of the NewRiver Holdco Shares or other property or assets to be issued or delivered in satisfaction of such Dividend (or which would be issued if all holders of NewRiver Holdco Shares elected therefore, regardless of whether any such election is made) if the Fair Market Value of such NewRiver Holdco Shares or other property or assets is greater than the cash Dividend so announced;
- (ii) for the purposes of the definition of Dividend or Distribution, any issue of NewRiver Holdco Shares falling within paragraphs (vii)(a) or (vii)(b) shall be excluded; and
- (iii) a purchase or redemption of share capital by NewRiver Holdco shall not constitute a Dividend unless in the case of purchase of NewRiver Holdco Shares, the weighted average price (before expenses) on any one day in respect of such purchases exceeds by more than 5 per cent. the closing price of the NewRiver Holdco Shares on the London Stock Exchange at the opening of business either (1) on that date, or (2) where an announcement has been made of the intention to purchase NewRiver Holdco Shares at some future date at a specified price, on the Business Day immediately preceding the date of such announcement and, if in the case of either (1) or (2), the relevant day is not a Business Day, the immediately preceding Business Day, in which case such purchase shall be deemed to constitute a Dividend in the amount of the aggregate price paid (before expenses) in respect of such NewRiver Holdco Shares purchased by NewRiver Holdco;

**“Current Market Price”** means, in respect of a NewRiver Holdco Share at a particular date, the average of closing sale price of a NewRiver Holdco Share on the London Stock Exchange for the five consecutive Business Days ending on the Business Day immediately preceding such date; and

**“Dividend”** means any dividend or distribution, whether of cash, assets or other property and whenever paid or made and however described (and for these purposes a distribution of assets includes, without limitation, an issue of shares or other securities credited as fully or partly paid up (other than an issue of NewRiver Holdco Shares falling within paragraphs (vii)(a) or (vii)(b)).

- (d) *Consolidation, Merger etc.*
  - (i) *Adjustments for Consolidation, Merger, Sale of Assets, Reorganisation etc.* If NewRiver Holdco after the date of the relevant Certificate (1) shall consolidate or amalgamate with or merge into any other Person (as hereinafter defined) and shall not be the continuing or surviving corporation of such consolidation, amalgamation or merger; (2) shall permit any other Person to consolidate or

amalgamate with or merge into NewRiver Holdco and NewRiver Holdco shall be the continuing or surviving Person but, in connection with such consolidation, amalgamation or merger, the NewRiver Holdco Shares shall be changed into or exchanged for Assets of any other Person; (3) shall transfer all or substantially all of its Assets to any other Person; (4) shall effect a capital reorganisation or reclassification of the NewRiver Holdco Shares (other than a capital reorganisation or reclassification resulting in an adjustment to the Subscription Price as provided in another paragraph of this paragraph (vii)); or (5) shall effect any other transaction in which the NewRiver Holdco Shares are changed into or exchanged for Assets of any other Person, then, in the case of each such transaction, proper provision shall be made so that, upon the basis and the terms and in the manner provided in this summary of the NewRiver Holdco Warrants, the NewRiver Holdco Warrantholder, upon the exercise hereof at any time after the completion of such transaction, shall be entitled to receive (at the aggregate Subscription Price in effect at the time of completion of such transaction for all NewRiver Holdco Shares issuable upon such exercise immediately prior to completion of such transaction), in lieu of the NewRiver Holdco Shares issuable upon such exercise prior to completion of such transaction, the amount of Assets to which such Warrantholder would actually have been entitled as a shareholder upon such consummation if such NewRiver Holdco Warrantholder had exercised its Subscription Rights immediately prior thereto together with an amount equal to the Time Value in respect of any such Assets which are not Voting Equity Securities. “**Person**” means an individual, company, corporation, limited liability company, firm, partnership, trust, estate, unincorporated association or other entity.

- (ii) *Assumption of Obligations.* Notwithstanding anything contained in this summary of the NewRiver Holdco Warrants to the contrary, NewRiver Holdco will not effect any of the transactions described in (1) to (5) of the preceding paragraph (vii) (d)(i) above unless, prior to the completion thereof, each Person which may be required to deliver any Assets upon the exercise of the Subscription Rights, as provided in this summary of the NewRiver Holdco Warrants shall assume, by written instrument delivered to, and reasonably satisfactory to, the NewRiver Holdco Warrantholder the obligations of NewRiver Holdco under the Certificate (and if NewRiver Holdco shall survive the completion of such transaction, such assumption shall be in addition to, and shall not release the Company from, any continuing obligations of NewRiver Holdco under the Certificate). The provisions summarised in this paragraph (vii)(d)(ii) shall not be deemed to authorise NewRiver Holdco to enter into any transaction not otherwise permitted by the Articles.

*Other provisions applicable to adjustments*

The following provisions are applicable to the making of adjustments to the number of NewRiver Holdco Warrant Shares for which the relevant Certificate is exercisable.

- (e) *Computation of the value of Assets and Fair Market Value for the purposes of the Anti-Dilution Provisions.* To the extent that it shall be necessary to value any Assets pursuant to the NewRiver Holdco Warrant Instrument, unless expressly provided otherwise, the value of such Assets shall be determined by the Directors with the Consent of NewRiver Holdco Warrantholders, or, in the event that no Consent is obtained, by an Investment Bank. To the extent that the Assets comprise cash, then the value of such cash, if expressed in a currency other than sterling, shall be calculated in accordance with paragraph (ix) below. The “Fair Market Value” of the NewRiver Holdco Shares at any given time shall mean: (a) if the NewRiver Holdco Shares are listed on a securities exchange (or quoted in a securities quotation system), the mean closing sale

price of the NewRiver Holdco Shares on such exchange (or in such quotation system), or, if the NewRiver Holdco Shares are listed on (or quoted in) more than one exchange (or quotation system), the mean closing sale price of the NewRiver Holdco Shares on the principal securities exchange (or quotation system) on which the NewRiver Holdco Shares are then traded, or, if the NewRiver Holdco Shares are not then listed on a securities exchange (or quotation system) but are traded in the over-the-counter market, the mean of the latest bid and asked quotations for the NewRiver Holdco Shares in such market, in each case for the last five Business Days immediately preceding the day on which such Fair Market Value is determined in accordance with the applicable provisions summarised in this paragraph (vii); or (b) if no such closing sales prices or quotations are available because such shares are not publicly traded or otherwise, the fair value of such shares as determined by the Directors with the Consent of NewRiver Holdco Warrantholders, or, if they shall fail to agree within 14 days (or a further period on written agreement of all such parties), by an Investment Bank. The “Fair Market Value” of any Dividend or Distribution at any given time shall mean, with respect to any property on any date, the fair market value of that property as determined by an Investment Bank; provided that the fair market value of a cash Dividend paid or to be paid shall be the amount of such cash Dividend.

- (f) *When adjustment to be made.* The adjustments required by this paragraph (vii) shall be made whenever and as often as any specified event requiring an adjustment shall occur.
- (g) *Fractional interest; rounding.* In computing adjustments as summarised in this paragraph (vii), fractional interests in NewRiver Holdco Shares shall be taken into account to the nearest 1/10th of a share, and adjustments in the Subscription Price shall be made to the nearest £0.01.
- (h) *Certain exclusions.* No adjustment in the number of NewRiver Holdco Shares purchasable under the NewRiver Holdco Warrant Instrument or the Subscription Price therefor shall be made as a result of:
  - (i) the issuance of any employee share options or any NewRiver Holdco Shares issuable under employee share options, employee share purchase plans, or any other form of equity based compensation granted to employees of the Group; or
  - (ii) the acquisition or disposal of any property or other assets pursuant to an arm’s length transaction in the ordinary course of the Group’s business.
- (i) *Computation of consideration.* For the purposes of this paragraph (vii):
  - (i) the consideration for the issue or sale of any additional NewRiver Holdco Shares shall, irrespective of the accounting treatment of such consideration: (1) insofar as it consists of cash, be computed at the net amount of cash received by NewRiver Holdco; (2) insofar as it consists of property (including securities) other than cash, be computed at the fair value thereof at the time of such issue or sale, as determined by the Directors with the Consent of NewRiver Holdco Warrantholders, or, if they shall fail to agree within 14 days (or a further period on written agreement of all such parties), by an Investment Bank; and (3) in case additional NewRiver Holdco Shares are issued or sold together with other stock or securities or other assets of NewRiver Holdco for a consideration which covers both, be the portion of such consideration so received, computed as described in (1) and (2) above, attributable to such additional NewRiver Holdco Shares, all as determined in good faith by the Directors with the Consent of NewRiver Holdco Warrantholders, or, if they shall fail to agree within 14 days (or a further period on written agreement of all parties), by an Investment Bank; and

- (ii) additional NewRiver Holdco Shares deemed, pursuant to the provisions summarised in paragraph headed “Treatment of Options and Convertible Securities” below, to have been issued, relating to Options and Convertible Securities, shall be deemed to have been issued for a consideration per share determined by dividing: (1) the total amount, if any, received and receivable by NewRiver Holdco as consideration for the issue, sale, grant or assumption of the Options or Convertible Securities in question, plus the minimum aggregate amount of additional consideration (as set out in the instruments relating thereto, without regard to any provision contained therein for a subsequent adjustment of such consideration to protect against dilution) payable to NewRiver Holdco upon the exercise in full of such Options or the conversion or exchange of such Convertible Securities or, in the case of Options for Convertible Securities, the exercise of such Options for Convertible Securities and the conversion or exchange of such Convertible Securities, in each case computing such consideration as described in paragraph (i)(i) above by (2) the maximum number of NewRiver Holdco Shares (as set out in the instrument relating thereto, without regard to any provision contained therein for a subsequent adjustment of such number) issuable upon the exercise of such Options or the conversion or exchange of such Convertible Securities; and (3) additional NewRiver Holdco Shares deemed to have been issued in the circumstances described in paragraph (vii)(a) above, relating to stock dividends, stock splits, etc., shall be deemed to have been issued for no consideration.

#### *Treatment of Convertible Securities*

In case NewRiver Holdco at any time or from time to time after the date of the NewRiver Holdco Warrant Instrument shall issue, sell, grant or assume, or shall fix a record date for the determination of holders of any class of securities of NewRiver Holdco other than the NewRiver Holdco Shares entitled to receive, any (i) Options or (ii) Convertible Securities, then, and in each such case, the maximum number of additional NewRiver Holdco Shares (as set out in the instrument relating thereto, without regard to any provisions contained therein for a subsequent adjustment of such number) issuable upon the exercise of such Options or, in the case of Convertible Securities and Options therefor, the conversion or exchange of such Convertible Securities, shall be deemed for purposes of the provisions of summarised in paragraph (vii)(b) above to be additional NewRiver Holdco Shares issued as of the time of such issue, sale, grant or assumption or, in case such a record date shall have been fixed, as of the close of business on such record date (or, if the NewRiver Holdco Shares trade on an ex-dividend basis, on the date prior to the commencement of ex-dividend trading); provided that such additional NewRiver Holdco Shares shall not be deemed to have been issued unless the consideration per share (determined pursuant to the procedure described in paragraph (vii)(i) above) would be less than the Fair Market Value, on the date immediately prior to such issue, sale, grant or assumption or immediately prior to the close of business on such record date (or, if the NewRiver Holdco Shares trade on an ex-dividend basis, on the date prior to the commencement of ex-dividend trading), as the case may be, and provided further, that in any such case in which additional NewRiver Holdco Shares are deemed to be issued:

- (j) no further adjustment of the Subscription Price shall be made upon the subsequent issue or sale of Convertible Securities or NewRiver Holdco Shares upon the exercise of such Options or the conversion or exchange of such Convertible Securities;
- (k) if such Options or Convertible Securities by their terms provide, with the passage of time or otherwise, for any increase or decrease in the consideration payable to NewRiver Holdco, or decrease or increase in the number of additional NewRiver Holdco Shares issuable, upon the exercise, conversion or exchange thereof (by change of rate or otherwise), the Subscription Price computed upon the original issue, sale, grant or assumption thereof (or upon the occurrence of the record date, or date prior to the

commencement of ex-dividend trading, as the case may be, with respect thereto), and any subsequent adjustments based thereon, shall, upon any such increase or decrease becoming effective, be recomputed to reflect such increase or decrease. insofar as it affects such Options, or the rights of conversion or exchange under such Convertible Securities, which are outstanding at such time;

- (l) upon the expiry (or purchase by NewRiver Holdco and cancellation or retirement) of any such Options which shall not have been exercised or the expiry of any rights of conversion or exchange under any such Convertible Securities which (or purchase by NewRiver Holdco and cancellation or retirement of any such Convertible Securities the rights of conversion or exchange under which) shall not have been exercised, the Subscription Price computed upon the original issue, sale, grant or assumption thereof (or upon the occurrence of the record date, or date prior to the commencement of exdividend trading, as the case may be, with respect thereto), and any subsequent adjustments based thereon, shall, upon such expiry (or such cancellation or retirement, as the case may be), be recomputed as if:
  - (i) in the case of Options for NewRiver Holdco Shares or Convertible Securities, the only additional NewRiver Holdco Shares issued or sold were the additional NewRiver Holdco Shares, if any, actually issued or sold upon the exercise of such Options or the conversion or exchange of such Convertible Securities and the consideration received therefor was (1) an amount equal to (x) the consideration actually received by NewRiver Holdco for the issue, sale, grant or assumption of all such Options, whether or not exercised, plus (y) the consideration actually received by NewRiver Holdco upon such exercise, minus (z) the consideration paid by NewRiver Holdco for any purchase of such Options which were not exercised; or (2) an amount equal to (x) the consideration actually received by NewRiver Holdco for the issue or sale of all such Convertible Securities which were actually converted or exchanged, plus (y) the additional consideration, if any, actually received by NewRiver Holdco upon such conversion or exchange, minus (z) the consideration paid by NewRiver Holdco for any purchase of such Convertible Securities the rights of conversion or exchange under which were not exercised; and
  - (ii) in the case of Options for Convertible Securities, only the Convertible Securities, if any, actually issued or sold upon the exercise of such Options that were issued at the time of the issue, sale, grant or assumption of such Options, and the consideration received by NewRiver Holdco for the additional NewRiver Holdco Shares deemed to have then been issued was an amount equal to (1) the consideration actually received by NewRiver Holdco for the issue, sale, grant or assumption of all such Options, whether or not exercised, plus (2) the consideration deemed to have been received by NewRiver Holdco (pursuant to the procedure summarised in paragraph (vii)(i) above) upon the issue or sale of such Convertible Securities with respect to which such Options were actually exercised, minus (3) the consideration paid by NewRiver Holdco for any purchase of such Options which were not exercised;
- (m) no readjustment pursuant to the provisions summarised in paragraphs (k) and above shall have the effect of increasing the Subscription Price by an amount in excess of the amount of the adjustment thereof originally made in respect of the issue, sale, grant or assumption of such Options or Convertible Securities; and
- (n) in the case of any such Options which expire by their terms not more than 30 days after the date of issue, sale, grant or assumption thereof, no adjustment of the Subscription Price shall be made until the expiry or exercise of all such Options, whereupon such adjustment shall be made in the manner provided in paragraph (l) above.

#### *Adjustment of number of NewRiver Holdco Warrant Shares*

Upon each adjustment of the Subscription Price pursuant to the provisions of paragraphs (vii)(a) or (vii)(b) above, the number of NewRiver Holdco Shares for which the Subscription Rights are exercisable shall be adjusted by multiplying the number of NewRiver Holdco Shares for which the Subscription Rights were exercisable prior to such adjustment by a fraction (1) whose numerator is the Subscription Price in effect immediately prior to such adjustment; and (2) whose denominator is the Subscription Price in effect immediately after such adjustment.

#### *Other dilutive events*

If any event occurs where the provisions of summarised in this paragraph (vii) are not strictly applicable but the failure to make any adjustment would not fairly protect the Subscription Rights represented by the Certificate in accordance with the essential intent and principles of such paragraphs, then, in each such case, the Directors shall appoint an Investment Bank, which shall give its opinion upon the adjustment, if any, on a basis consistent with the essential intent and principles summarised in this paragraph (vii), necessary to preserve, without dilution, the Subscription Rights represented by the Certificate. Upon receipt of such opinion, NewRiver Holdco will notify the NewRiver Holdco Warrantholders of its content and shall make the adjustments described therein.

#### *Notices*

Immediately upon any adjustment of the Subscription Price, NewRiver Holdco shall give, or cause to be given, written notice thereof, executed by a director of NewRiver Holdco, to the NewRiver Holdco Warrantholder, setting out in reasonable detail the event requiring the adjustment, the method by which the adjustment was calculated, the number of NewRiver Holdco Warrant Shares for which the Subscription Rights are exercisable and the Subscription Price after giving effect to such adjustment. NewRiver Holdco shall keep at its registered office copies of all such written notices and cause the same to be available for inspection during normal business hours by the NewRiver Holdco Warrantholder. NewRiver Holdco shall give, or cause to be given, written notice to the NewRiver Holdco Warrantholder at least 20 days prior to the date on which NewRiver Holdco closes its books or takes a record (i) with respect to any dividend or distribution upon NewRiver Holdco Shares, (ii) with respect to any pro rata subscription offer to holders of NewRiver Holdco Shares or (iii) for determining rights to vote with respect to any transaction described in paragraph (vii)(d), dissolution or liquidation. NewRiver Holdco shall also give, or cause to be given, written notice to the NewRiver Holdco Warrantholder at least 20 days prior to the date on which any transaction described in paragraph (vii)(d) shall take place. Where the number of NewRiver Holdco Warrant Shares for which the Subscription Rights are exercisable is adjusted pursuant to the provisions summarised in this paragraph (vii), NewRiver Holdco shall issue to each NewRiver Holdco Warrantholder a new Certificate in respect of the remaining NewRiver Holdco Warrants held by such NewRiver Holdco Warrantholder.

#### (viii) *NewRiver Holdco Warrant Transfer Restrictions*

Subject to the transfer conditions referred to in the legend endorsed on the Certificates, the relevant NewRiver Holdco Warrants and all rights pertaining to them are transferable in whole or in part, without charge to the NewRiver Holdco Warrantholder, once vested and upon surrender of the relevant Certificate with a properly executed instrument of transfer at the registered office of NewRiver Holdco. No transfer may be made in violation of any provision of the NewRiver Holdco Articles or without any Regulatory Approvals.

#### (ix) *Currency Conversion*

Where pursuant to the provisions of the NewRiver Holdco Warrant Instrument the context requires a currency to be converted into sterling, such conversion shall be carried out at the Exchange Rate.

### **13. Consent**

Liberum Capital Limited, of Ropemaker Place, 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.

### **14. Documents available for inspection**

- (A) Copies of the following documents will be available for inspection at the offices of Eversheds LLP, One Wood Street, London EC2V 7WS during normal business hours on any weekday (public holidays excepted) up to and including 5.00 p.m. on the date of the Extraordinary General Meeting:
- (i) the NewRiver Articles (including as proposed to be amended at the Extraordinary General Meeting);
  - (ii) the NewRiver Holdco Articles;
  - (iii) the NewRiver Holdco Share Incentive Plans;
  - (iv) the NewRiver Holdco Warrant Instrument;
  - (v) the consolidated audited accounts of the NewRiver Group for the three financial years ended 31 March 2014, 2015 and 2016;
  - (vi) the consent letter referred to in paragraph 13 of this Part V; and
  - (vii) this document.
- (B) The Prospectus and any supplementary prospectus will be available for inspection alongside the above documents after such documents have been filed with the FCA in accordance with the Prospectus Rules (expected to be on or about 16 August 2016).

## DEFINITIONS

The following definitions apply throughout this document, unless the context otherwise requires.

<b>Admission</b>	admission of the NewRiver Holdco Shares: (i) to the premium segment of the Official List; and (ii) to trading on the main market of the London Stock Exchange, and “ <b>Admission becoming effective</b> ” means it becoming effective in accordance with paragraph 3.2.7 of the Listing Rules and the Admission and Disclosure Standards published by the London Stock Exchange
<b>Admission and Disclosure Standards</b>	the “Admission and Disclosure Standards” of the London Stock Exchange containing, among other things, the admission requirements to be observed by companies seeking admission to trading on the London Stock Exchange’s main market for listed securities
<b>AIM</b>	AIM, a market operated by the London Stock Exchange
<b>AIM Rules</b>	the AIM Rules for Companies, incorporating guidance notes, published by the London Stock Exchange governing, <i>inter alia</i> , admission to AIM and the continuing obligations of companies admitted to AIM, as amended from time to time
<b>Board</b>	see <b>NewRiver Board</b>
<b>Business Day</b>	a day (excluding Saturdays and Sundays and public holidays in England and Wales) on which banks are generally open for business in the City of London and Guernsey for the transaction of normal banking business
<b>Capita Asset Services</b>	a trading name of Capita Registrars Limited
<b>certificated or in certificated form</b>	in relation to a share or a security, a share or security which is not in uncertificated form (that is, not in CREST)
<b>CGT</b>	UK tax on chargeable gains
<b>Circular or Scheme Circular</b>	this document
<b>City Code or Code</b>	the City Code on Takeovers and Mergers
<b>Committee</b>	the NewRiver Remuneration Committee
<b>Companies Act or the Act</b>	the UK’s Companies Act 2006, as amended from time to time
<b>Company</b>	see <b>NewRiver</b>
<b>Conditions</b>	the conditions to the implementation of the Scheme which are set out in paragraph 4 of Part II (Explanation of the Scheme and its Effects) of this document
<b>Court</b>	the Royal Court of Guernsey
<b>Court Hearing</b>	the hearing by the Court of the application to sanction the Scheme under Part VIII of the Guernsey Companies Law and to confirm the Scheme Reduction of Capital
<b>Court Meeting</b>	the meeting of Scheme Shareholders convened by Order of the Court pursuant to Part VIII of the Guernsey Companies Law to be held at the offices of Eversheds LLP, One Wood Street, London

EC2V 7WS at 9.30 a.m. on 3 August 2016 to consider and, if thought fit, approve the Scheme with or without modification (including any adjournment thereof), notice of which is set out at the end of this document

<b>Court Order</b>	the Order of the Court sanctioning the Scheme under Part VIII of the Guernsey Companies Law and confirming the Scheme Reduction of Capital
<b>CREST</b>	the relevant system (as defined in the CREST Regulations) for the paperless settlement of trades in securities and the holding of securities in uncertificated form operated by Euroclear in accordance with the CREST Regulations
<b>CREST Regulations</b>	the Uncertificated Securities (Guernsey) Regulations, 2009
<b>CSOP</b>	the NewRiver Retail Limited Company Share Option Plan 2009
<b>CTA 2009</b>	the UK Corporation Tax Act 2009
<b>CTA 2010</b>	the UK Corporation Tax Act 2010
<b>DBP</b>	the 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 or NewRiver Directors</b>	the directors of NewRiver from time to time, and <b>Director</b> or <b>NewRiver Director</b> shall be construed accordingly
<b>Disclosure and Transparency Rules</b>	the Disclosure Rules and Transparency Rules made by the FCA under Part VI of FSMA
<b>Distribution</b>	any dividend or other distribution by NewRiver Holdco (“distribution” being construed in accordance with Part 23 of CTA 2010)
<b>EBT</b>	the NewRiver Retail Limited Employee Benefit Trust
<b>Effective Date or Scheme Effective Date</b>	the date on which the Scheme becomes effective, expected to be 18 August 2016
<b>Euroclear</b>	Euroclear UK & Ireland Limited, incorporated in England and Wales with registered number 02878738, 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>Excessive Shareholder</b>	any person whose interest in NewRiver Holdco, whether legal or beneficial, direct or indirect, may cause any member of the Group to be liable to pay tax under section 551 of CTA 2010 (as such section may be modified, supplemented or replaced from time to time) on or in connection with the making of a distribution to or in respect of such person including, at the date of adoption of the NewRiver Holdco Articles, any holder of excessive rights as defined in section 553 of CTA 2010
<b>Excessive Shareholding</b>	an Excessive Shareholder’s shareholding
<b>Extraordinary General Meeting</b>	the general meeting of NewRiver Shareholders to be held at the offices of Eversheds LLP, One Wood Street, London EC2V 7WS at

	9.45 a.m. on 3 August 2016 (or as soon as possible after the conclusion or adjournment of the Court Meeting) and any adjournment of that meeting, notice of which is set out at the end of this document
<b>FCA or Financial Conduct Authority</b>	the Financial Conduct Authority of the United Kingdom
<b>Forms of Proxy</b>	the blue and red forms of proxy enclosed with this document for use in connection with (i) the Court Meeting; and (ii) the Extraordinary General Meeting, respectively
<b>FSMA</b>	the Financial Services and Markets Act 2000, as amended
<b>Group</b>	see <b>NewRiver Group</b>
<b>Guernsey Companies Law</b>	The Companies (Guernsey) Law 2008, as amended
<b>HMRC</b>	Her Majesty's Revenue & Customs
<b>IFRS</b>	International Financial Reporting Standards as adopted by the European Union
<b>Institutional Investor</b>	a person who qualifies as an institutional investor under section 528(4A) of CTA 2010
<b>ITEPA</b>	the Income Tax (Earnings and Pensions) Act 2003, as amended
<b>Liberum</b>	Liberum Capital Limited, sponsor and financial adviser for the Company
<b>Listing Rules</b>	the listing rules made by the FCA under section 73A of FSMA
<b>London Stock Exchange</b>	London Stock Exchange plc
<b>Meetings</b>	the Court Meeting and the Extraordinary General Meeting, and <b>Meeting</b> means either of them
<b>NewRiver or the Company</b>	NewRiver Retail Limited, a limited company incorporated in Guernsey and registered with number 50463
<b>NewRiver Annual General Meeting</b>	the annual general meeting of NewRiver held on 12 July 2016
<b>NewRiver Articles</b>	the articles of incorporation of NewRiver
<b>NewRiver Board or the Board</b>	the Board of Directors of NewRiver, whose names are on page 16 of this document
<b>NewRiver Executive Director</b>	an executive director of NewRiver
<b>NewRiver Group or Group</b>	before the Scheme Effective Time, NewRiver and its subsidiaries and subsidiary undertakings and, where the context requires, its associated undertakings and, after the Scheme Effective Time, NewRiver Holdco and its subsidiaries and subsidiary undertakings and, where the context requires, its associated undertakings
<b>NewRiver Holdco</b>	NewRiver REIT plc, a public limited company incorporated in England and Wales under the Companies Act with registered number 10221027
<b>NewRiver Holdco Articles</b>	the Articles of Association of NewRiver Holdco

<b>NewRiver Holdco Board</b>	the Directors of NewRiver Holdco, whose names appear on page 16 of this document
<b>NewRiver Holdco Directors</b>	the board of directors of NewRiver Holdco
<b>NewRiver Holdco Executive Director</b>	an executive director of NewRiver Holdco
<b>NewRiver Holdco Group</b>	before the Scheme Effective Time, NewRiver Holdco and, after the Scheme Effective Time, NewRiver Holdco and its subsidiaries and subsidiary undertakings (including NewRiver) and where the context requires, its associated undertakings
<b>NewRiver Holdco Non-executive Director</b>	a non-executive director of NewRiver Holdco
<b>NewRiver Holdco Redeemable Shares</b>	<p>shares in NewRiver Holdco which were issued for the purpose of satisfying the Companies Act minimum share capital requirements for public companies, which:</p> <ul style="list-style-type: none"> <li>(i) carry no right to receive notice of or to attend, speak or vote at any general meeting of NewRiver Holdco or (subject to the Companies Act) at any meeting of the holders of any class of shares in the capital of NewRiver Holdco or for the purposes of a written resolution of NewRiver Holdco;</li> <li>(ii) do not entitle their holders to receive any dividend or distribution; and</li> <li>(iii) carry only the right to receive, after all share capital (including premium) on the ordinary shares in issue has been repaid, £1 for every £100,000,000,000 of capital returned to the ordinary shareholders.</li> </ul> <p>Subject to the Companies Act, the NewRiver Holdco Redeemable Shares are redeemable at their nominal value at the option of NewRiver Holdco or the holder</p>
<b>NewRiver Holdco Shareholder</b>	a holder of NewRiver Holdco Shares
<b>NewRiver Holdco Share Incentive Plans</b>	the NewRiver REIT plc Deferred Bonus Plan 2016, the NewRiver REIT plc Performance Share Plan 2016, the NewRiver REIT plc Company Share Option Plan 2016 and the NewRiver REIT plc Unapproved Share Option Plan 2016
<b>NewRiver Holdco Shares</b>	ordinary shares of one pence each in the capital of NewRiver Holdco to be issued credited as fully paid in accordance with the terms of the Scheme
<b>NewRiver Holdco Subscriber Shares</b>	two ordinary shares of one pence each in the capital of NewRiver Holdco issued on the incorporation of NewRiver Holdco
<b>NewRiver Holdco Warrant holders</b>	holders of NewRiver Holdco Warrants from time to time
<b>NewRiver Holdco Warrant Instrument</b>	the warrant instrument constituting the NewRiver Holdco Warrants, the terms of which are more particularly described in paragraph 12 of Part V (Additional Information) of this document
<b>NewRiver Holdco Warrants</b>	the warrants to subscribe for NewRiver Holdco Shares to be granted pursuant to the NewRiver Holdco Warrant Instrument

<b>NewRiver New Ordinary Shares</b>	ordinary shares of no par value in the capital of NewRiver to be created following the cancellation of the Scheme Shares pursuant to the Scheme
<b>NewRiver Non-executive Director</b>	a non-executive director of NewRiver
<b>NewRiver Shareholder</b>	a holder of NewRiver Shares from time to time
<b>NewRiver Share Incentive Plans</b>	the DBP, PSP, CSOP and the Unapproved Plan
<b>NewRiver Shares</b>	ordinary shares of no par value in the capital of NewRiver Retail Limited
<b>NewRiver Warrantholders</b>	holders of NewRiver Warrants from time to time
<b>NewRiver Warrant Instrument</b>	the warrant instrument dated 26 August 2009 entered into by NewRiver constituting the NewRiver Warrants
<b>NewRiver Warrants</b>	the warrants to subscribe for NewRiver Shares granted by NewRiver to NewRiver Shareholders at the time of its initial public offering in 2009
<b>Non-PID Dividends</b>	a dividend paid by NewRiver Holdco that is not a PID
<b>Official List</b>	the official list maintained by the UK Listing Authority pursuant to Part VI of FSMA
<b>Overseas NewRiver Shareholders</b>	NewRiver Shareholders who are resident in, ordinarily resident in, located in or citizens of, jurisdictions outside the UK
<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 Holdco in respect of profits or gains of the Qualifying Property Rental Business of the Group (other than gains arising to non-UK resident Group companies) arising at a time when the Group is a REIT insofar as they derive from the Group's Qualifying Property Rental Business
<b>Proposals</b>	the Scheme, the associated changes to the NewRiver Articles, the approval that a general meeting of NewRiver Holdco other than an annual general meeting, may be called on not less than 14 clear days' notice and the approval of the rules applicable to the NewRiver Holdco Share Incentive Plans (subject to any amendment disclosed in the Prospectus)
<b>Prospectus</b>	means the prospectus relating to NewRiver Holdco and the NewRiver Holdco Shares to be prepared and published in accordance with the Prospectus Rules
<b>Prospectus Directive</b>	Regulation 809/2004 of the European Commission Regulation
<b>Prospectus Rules</b>	the Prospectus Rules of the FCA made under Part VI of FSMA
<b>PSP</b>	the NewRiver Retail Limited Performance Share Plan 2009
<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 CTA 2009, but, in each case, excluding certain specified types of business (as per section 519(3) of CTA 2010)
<b>Registrars</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>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>Representatives</b>	in relation to any person, its directors, officers, partners or employees
<b>Residual Business</b>	the business of the Group which is not Qualifying Property Rental Business
<b>Resolutions</b>	the special resolutions which are set out in the notice of Extraordinary General Meeting to be proposed and, if thought fit, passed at the Extraordinary General Meeting in connection with, <i>inter alia</i> , the implementation of the Scheme, described in paragraph 10 of Part II (Explanation of the Scheme and Its Effects) of this document
<b>Scheme or Scheme of Arrangement</b>	means the scheme of arrangement proposed to be made under Part VIII of the Guernsey Companies Law between NewRiver and the holders of Scheme Shares as set out in Part III of this document, with or subject to any modification, addition or condition approved or imposed by the Court and agreed to by NewRiver and NewRiver Holdco
<b>Scheme Circular</b>	see <b>Circular</b>
<b>Scheme Effective Time</b>	the time at which the Scheme becomes effective on the Effective Date
<b>Scheme Record Time</b>	6.00 p.m. (London time) on the Business Day immediately preceding the Scheme Effective Date
<b>Scheme Reduction of Capital</b>	the reduction of share capital forming part of the Scheme referred to in Clause 1 of Part III (Scheme of Arrangement) of this document
<b>Scheme Shareholders</b>	holders of Scheme Shares
<b>Scheme Shares</b>	all NewRiver Shares which are: <ul style="list-style-type: none"> <li>(i) in issue at the date of the Scheme;</li> <li>(ii) (if any) issued after the date of the Scheme but prior to the Voting Record Time; and</li> <li>(iii) (if any) issued on or after the Voting Record Time and before the Scheme Record Time, either on terms that the original and any subsequent holders of such NewRiver Shares are to be bound by the Scheme and/or in respect of which their holders are, or have agreed in writing to be, bound by the Scheme,</li> </ul> <p>save for any NewRiver Shares held, legally or beneficially, by NewRiver Holdco or any NewRiver Shares held as treasury shares or any NewRiver Shares held by the trustee of the EBT</p>

<b>SDRT</b>	UK stamp duty reserve tax
<b>UK Listing Authority or UKLA</b>	the Financial Conduct Authority acting in its capacity as the competent authority for the purposes of Part VI of FSMA
<b>UK Money Laundering Regulations</b>	the UK Money Laundering Regulations 2007 (SI 2007/2157) and any other applicable anti-money laundering guidance, regulations or legislation
<b>Unapproved Plan</b>	the NewRiver Retail Limited Unapproved Share Option Plan 2009
<b>uncertificated or in uncertificated form</b>	in relation to a share or other security, a share or other security title to which is 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 CREST Regulations, may be transferred by means of CREST
<b>United Kingdom or UK</b>	the United Kingdom of Great Britain and Northern Ireland
<b>United States or USA</b>	the United States of America, its territories and possessions, any state of the United States of America and the district of Columbia and any other area subject to its jurisdiction
<b>US Securities Act</b>	the US Securities Act of 1933, as amended from time to time, and the rules and regulations thereunder
<b>VAT</b>	(i) within the European Union, any tax imposed by any member state in conforming with the directive of the council of the European Union on the common system of value added tax (2006/112/EC) and (ii) outside the European Union, any tax corresponding to, or substantially similar to, the common system of value added tax referred to in paragraph (i) of this definition
<b>Voting Record Time</b>	6.00 p.m. (London time) on 1 August 2016, or, if the Court Meeting is adjourned, 6.00 p.m. (London time) on the day which is two days before the date of such adjourned meeting

*All references to legislation in this document are to the legislation of Guernsey unless the contrary is indicated. Any reference to any legislation or 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.*

# NOTICE OF COURT MEETING

IN THE ROYAL COURT OF GUERNSEY

(ORDINARY DIVISION)

IN THE MATTER OF NEWRIVER RETAIL LIMITED

and

IN THE MATTER OF THE COMPANIES (GUERNSEY) LAW, 2008, AS AMENDED

NOTICE IS HEREBY GIVEN that by an Order dated 11 July 2016 made under section 107 of The Companies (Guernsey) Law, 2008, as amended, in the above matters, the Royal Court of Guernsey (the “**Court**”) has ordered a meeting (the “**Court Meeting**”) to be convened of the holders of Scheme Shares (as defined in the document of which this notice forms part (the “**Scheme Circular**”) in the capital of NewRiver Retail Limited (the “**Company**”) (registered in Guernsey with registered number 50463) for the purpose of considering and, if thought fit, approving (with or without modification) a scheme of arrangement (the “**Scheme of Arrangement**”) proposed to be made between the Company and the holders of Scheme Shares (as defined in the Scheme of Arrangement) and that such meeting shall be held at the offices of Eversheds LLP, One Wood Street, London EC2V 7WS on 3 August 2016 at 9.30 a.m. at which place and time all holders of the Scheme Shares are requested to attend.

A copy of the Scheme of Arrangement and a copy of the explanatory statement required to be furnished pursuant to section 108 of The Companies (Guernsey) Law, 2008, as amended (the “**Explanatory Statement**”) are incorporated in the Scheme Circular.

At the Court Meeting, the following resolution will be proposed:

*“THAT the Scheme between the Company and the Scheme Shareholders, a print of which has been produced to this meeting and, for the purposes of identification, signed by the chairman hereof in its original form or with or subject to any modification, addition or condition approved or imposed by the Court, be approved.”*

**Scheme Shareholders are entitled to attend and vote at the Court Meeting may vote in person at the said meeting or they may appoint another person, whether a member of the Company or not, as their proxy to attend and vote in their stead in respect of some or all of their Scheme Shares. A blue Form of Proxy for use at the Court Meeting is enclosed with this notice. Completion of the blue Form of Proxy will not prevent a holder of Scheme Shares from attending and voting at the Court Meeting, or any adjournment thereof.**

**Scheme Shareholders are entitled to appoint more than one proxy, provided that each proxy is appointed to exercise the rights attached to a different share or shares held by such holder. A space has been included in the blue Form of Proxy to allow Scheme Shareholders to specify the number of Scheme Shares in respect of which that proxy is appointed. Scheme Shareholders who return the blue Form of Proxy duly executed but leave this space blank shall be deemed to have appointed the proxy in respect of all their Scheme Shares. Scheme Shareholders who wish to appoint more than one proxy in respect of their shareholding should contact Capita Asset Services on 0871 664 0300 for further blue Forms of Proxy or photocopy the Form of Proxy as required.**

It is requested that the blue Form of Proxy (together with any power of attorney or other authority under which it is signed, or a notarially certified copy of such power of attorney or in some other way approved by the board of directors of the Company) be lodged with the Registrars of the Company, Capita Asset Services, at PXS 1, 34 Beckenham Road, Beckenham, Kent BR3 4ZF as soon as possible and, in any event, so as to be received by no later than 9.30 a.m. on 1 August 2016, or, if the Court Meeting is adjourned, by not later than 48 hours before the time of the adjourned meeting. In the event that blue Forms of Proxy and any supporting documents are not so lodged, they may be handed to representatives of the Registrars of the Company or the Chairman of the Court Meeting before the start of the Court Meeting.

In the case of joint holders of a Scheme Share, the vote of the senior holder who tenders a vote, whether in person or by proxy, will be accepted to the exclusion of the vote(s) of the other joint holder(s) 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 joint holding.

To be entitled to attend and vote at the Court Meeting or any adjournment thereof (and for the purpose of the determination by the Company of the number of votes which may be cast at such meeting), Scheme Shareholders must be registered in the register of members at the Voting Record Time (as defined in the Scheme Circular). Changes to entries in the Company's register of members after 6.00 p.m. (London time) on 1 August 2016 or, in the event that the Court Meeting is adjourned, 6.00 p.m. (London time) on the day which is two days before the date of the adjourned meeting, shall be disregarded in determining the rights of any person to attend or vote at the Court Meeting (or any adjournment, as the case may be). Voting will be on a poll.

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.

#### **NOTE FOR CREST MEMBERS**

Scheme Shareholders who hold their shares in the Company through CREST (a “**CREST Member**”) and who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so for the Court Meeting (and any adjournment thereof) by following the procedures described in the CREST Manual (available at [www.euroclear.com](http://www.euroclear.com)). CREST personal members or other CREST sponsored members (and those CREST members who have appointed a voting service provider) should refer to their CREST sponsor or voting service provider, 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 UK & Ireland Limited's specifications and must contain the information required for such instructions, as described in the CREST Manual. The message (regardless of whether it related to the appointment of a proxy or to an amendment to the instruction given to the previously appointed proxy) must, in order to be valid, be transmitted so as to be received by the agent of the Company's registrars, Capita Asset Services, by the latest time(s) for receipt of proxy appointments specified above. 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 the Company'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.

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 messages. Normal system timings and limitations will therefore apply in relation to the input of a CREST Proxy Instruction. 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/her CREST sponsor or voting service provider takes) 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 34 of the Uncertificated Securities (Guernsey) Regulations, 2009.

If you have any further questions about this document, the Court Meeting, the Extraordinary General Meeting or the proposals in relation to the Scheme of Arrangement and related actions referred to in the Explanatory Statement or are in any doubt as to how to complete the blue Form of Proxy, please telephone 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.

By the said Order, the Court has appointed Paul Roy or, failing him, any other director of the Company to act as Chairman of the Court Meeting and has directed the Chairman to report the result thereof to the Court.

The Scheme of Arrangement will be subject to the subsequent sanction of the Court.

**Matthew Jones**  
*Company Secretary*

Dated 13 July 2016

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

# NOTICE OF EXTRAORDINARY GENERAL MEETING

## NewRiver Retail Limited

*(a limited company incorporated in Guernsey with registered number 50463)*

Notice is hereby given that an extraordinary general meeting (the “**Extraordinary General Meeting**”) of the shareholders of NewRiver Retail Limited (the “**Company**”) will be held at the offices of Eversheds LLP, One Wood Street, London EC2V 7WS on 3 August 2016 at 9.45 a.m. (or as soon thereafter as the Court Meeting (as defined in the document of which this notice forms part) shall have been concluded or adjourned) for the purpose of considering and, if thought fit, passing the following resolutions as special resolutions.

### SPECIAL RESOLUTIONS

#### 1. THAT:

For the purpose of giving effect to the scheme of arrangement dated 13 July 2016 between the Company and the holders of the Scheme Shares (as such term is defined in the said scheme), a print of which has been produced to this meeting and for the purposes of identification signed by the Chairman, in its original form or subject to any modification, addition or condition approved or imposed by the Royal Court of Guernsey and agreed to by the Company and NewRiver Holdco (as defined in the said scheme) (the “**Scheme**”):

- (A) the directors of the Company be authorised to take all such action as they may consider necessary or appropriate for carrying the Scheme into effect;
- (B) in connection with the Scheme:
  - (i) the share capital of the Company be reduced by cancelling and extinguishing the Scheme Shares; and
  - (ii) forthwith and contingently upon such reduction of capital taking effect:
    - (i) the share capital of the Company be increased to its former amount by the creation of such number of ordinary shares of no par value in the capital of the Company (the “**NewRiver New Ordinary Shares**”) as is equal to the aggregate number of Scheme Shares cancelled pursuant to paragraph 1(B)(i) of this resolution;
    - (ii) the Company shall apply the credit arising in its books of account on such reduction of capital in paying up the NewRiver New Ordinary Shares, which shall be allotted and issued, credited as fully paid up, to NewRiver REIT plc (“**NewRiver Holdco**”) and/or its nominee or nominees; and
    - (iii) the directors of the Company be and they are hereby generally and unconditionally authorised, for the purposes of Article 6 of the Company’s articles of association (the “**Articles**”), to allot the NewRiver New Ordinary Shares provided that this authority shall be in addition to any subsisting authority conferred on the directors of the Company pursuant to Article 6 of the Articles; and
- (C) with effect from the passing of this resolution, the Articles be amended as follows by the adoption and inclusion of the following new Article 58:

#### “58 Scheme of Arrangement

58.1 For the purpose of this Article 58, references to the “**Scheme**” are to the scheme of arrangement between the Company and the holders of the Scheme Shares dated 13 July 2016 under Part VIII of The Companies (Guernsey) Law, 2008, as amended, in its original form or with or subject to any modification, addition or condition approved or imposed by the Royal Court of Guernsey and agreed to by the Company and NewRiver REIT plc (“**NewRiver Holdco**”) and (save as defined in this Article) expressions defined in the Scheme shall have the same meanings in this Article.

- 58.2 Notwithstanding any other provisions of these Articles, if any ordinary shares in the capital of the Company are allotted and issued to any person other than NewRiver Holdco and/or its nominee or nominees (a “**New Member**”) after the time at which this Article becomes effective and before the Scheme Record Time, such ordinary shares in the capital of the Company shall be allotted and issued subject to the terms of the Scheme and shall be Scheme Shares for the purposes thereof and the New Member, and any subsequent holder (other than NewRiver Holdco and/or its nominee or nominees), shall be bound by the terms of the Scheme accordingly.
- 58.3 Subject to the Scheme becoming effective, if any ordinary shares in the capital of the Company are allotted and issued to a New Member at or after the Scheme Record Time (the “**Post-Scheme Shares**”), they will (after the Scheme becomes effective), be automatically immediately transferred to NewRiver Holdco (or as it may direct) in consideration of and conditional upon the issue or transfer to the New Member of one NewRiver Holdco Share for each Post-Scheme Share so transferred. Any NewRiver Holdco Shares issued pursuant to this Article 58 to the New Member will be credited as fully paid and will rank equally in all respects with all other NewRiver Holdco Shares in issue at that time (other than as regards any dividend or other distribution payable, or return of capital made, by reference to a record time preceding the date of exchange) and will be subject to the articles of association of NewRiver Holdco.
- 58.4 The number of NewRiver Holdco Shares to be issued or transferred to the New Member under this Article 58 may be adjusted by the directors of the Company in such manner as the Company’s auditors may determine to take account of any reorganisation of, or material alteration to, the share capital of either the Company or of NewRiver Holdco or any other return of value to holders of NewRiver Holdco Shares, provided always that no fractions of NewRiver Holdco Shares shall be issued or transferred and shall instead be aggregated and sold for the benefit of NewRiver Holdco.
- 58.5 Without prejudice to the generality of the foregoing, if, in respect of any New Member who is a citizen, resident or national of any jurisdiction outside the United Kingdom or Guernsey, NewRiver Holdco is advised that the allotment and issue of NewRiver Holdco Shares pursuant to Article 58.3 would infringe the laws of any jurisdiction outside the United Kingdom or Guernsey or would require NewRiver Holdco to observe any governmental or other consent or effect any registration, filing or other formality with which, in the opinion of NewRiver Holdco, it would be unable to comply or which it regards as unduly onerous, then NewRiver Holdco may, in its sole discretion, elect that the provisions of Clause 3(b) of the Scheme shall apply to the issue of the relevant NewRiver Holdco Shares, *mutatis mutandis*.
- 58.6 In order to give effect to any such transfer of Post-Scheme Shares required by this Article 58, the Company may appoint any person to act as agent on behalf of the New Member to execute and deliver a form of transfer in favour of NewRiver Holdco and to do all such other things and execute and deliver all such documents as the agent deems necessary or desirable in favour of NewRiver Holdco and/or its nominee or nominees and to agree for and on behalf of the New Member to become a member of NewRiver Holdco. Pending the registration of NewRiver Holdco as a holder of any Post-Scheme Shares to be transferred pursuant to this Article 58, NewRiver Holdco shall be empowered to appoint a person nominated by the directors of the Company to act as agent on behalf of the holder of the Post-Scheme Shares in accordance with such directions as NewRiver Holdco may give in relation to any dealings with or disposal of the relevant Post-Scheme Shares (or any interest therein), exercising any rights attached thereto or receiving any distribution or other benefit accruing or payable in respect thereof and any holder of Post-Scheme Shares shall exercise all rights attached thereto in accordance with the directions of NewRiver Holdco but not otherwise. The Company shall not be obliged to issue a certificate to the New Member for the Post-Scheme Shares. The Company may give a good receipt for the consideration for the Post-Scheme Shares and may register NewRiver Holdco and/or its nominee(s) as holders of such Post-Scheme Shares.

58.7 If the Scheme shall not have become effective by the applicable date referred to in Clause 7(b) of the Scheme, this Article 58 shall cease to be of any effect.”

2. **THAT**, subject to and conditional upon the passing of Special Resolution 1 set out in this Notice, a general meeting of NewRiver Holdco other than an Annual General Meeting, may be called on not less than 14 clear days’ notice.
3. **THAT**, the rules of (i) the NewRiver REIT plc Deferred Bonus Plan 2016; (ii) the NewRiver REIT plc Performance Share Plan 2016; (iii) the NewRiver REIT plc Company Share Option Plan 2016; and (iv) the NewRiver REIT plc Unapproved Share Option Plan 2016, the principal terms of which are set out at paragraph 11 of Part V (Additional Information) of the shareholder circular containing the scheme of arrangement dated 13 July 2016, be and are hereby approved, subject to such further amendments as may be made and disclosed in the prospectus relating to NewRiver Holdco in accordance with the Prospectus Rules of the Financial Conduct Authority made under Part VI of the Financial Services and Markets Act 2000, as amended, to be published by NewRiver Holdco.

**BY ORDER OF THE BOARD**

**Matthew Jones**  
*Company Secretary*

Dated 13 July 2016

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

**Notes:**

1. A shareholder of the Company who is entitled to attend and vote at this meeting is entitled to appoint one or more proxies to attend and vote in his stead. A shareholder may appoint more than one proxy in relation to the Extraordinary General 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. Appointment of a proxy will not prevent you from attending the meeting and voting in person at the meeting or any adjourned meeting.
2. A red Form of Proxy is enclosed with this document. To be valid, the red Form of Proxy (together with any power of attorney or authority under which it is signed, or a notarially certified copy of such power or authority or as the board of directors of the Company approves) must be received by the Company’s Registrars, Capita Asset Services, not less than 48 hours before the time appointed for the meeting or, as the case may be, the adjourned meeting. Completion and return of the red Form of Proxy will not prevent you from attending and voting at the meeting instead of the proxy should you so wish.
3. To be entitled to attend and vote at the meeting (and for the purpose of the determination by the Company of the number of votes cast), shareholders must be entered on the Company’s register of members at 6.00 p.m. (London time) on 1 August 2016 or, in the event that the meeting is adjourned, on the Company’s register of members at 6.00 p.m. (London time) on the date two days before the date of any adjourned meeting.
4. The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing or, if the appointor is a corporation, either under seal or under the hand of an officer or attorney duly authorised.
5. To be valid and effective, the instrument appointing a proxy and the power of attorney or other authority (if any) under which it is signed or a notarially certified copy of that power or authority shall be deposited at NewRiver’s Registrars, Capita Asset Services, at PXS 1, 34 Beckenham Road, Beckenham, Kent BR3 4ZF not less than 48 hours before the time for holding the meeting or adjourned meeting at which the person named in the instrument proposes to vote or, in the case of a poll taken more than 48 hours after it is demanded, not less than 24 hours before the time appointed for the taking of the poll, and in default the instrument of proxy shall not be treated as valid, save as permitted under the Articles.
6. Any corporation which is a shareholder of the Company may, by resolution of its directors or other governing body, authorise such person as it thinks fit to act as its representative at any meeting of the Company, and the person so authorised shall be entitled to exercise the same powers (other than a power to appoint a proxy) as that corporation could exercise if it were an individual shareholder of the Company.
7. In the case of joint shareholders, the vote of the first named in the register of members of the Company who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of other joint holders.
8. A copy of this notice and other relevant information can be found at <http://www.nrr.co.uk>.

## NOTE FOR CREST MEMBERS

Shareholders who hold their shares in the Company through CREST (a “CREST Member”) and who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so for the Extraordinary General Meeting (and any adjournment thereof) by following the procedures described in the CREST Manual (available at [www.euroclear.com](http://www.euroclear.com)). CREST personal members or other CREST sponsored members (and those CREST members who have appointed a voting service provider) should refer to their CREST sponsor or voting service provider, 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 UK & Ireland Limited’s specifications and must contain the information required for such instructions, as described in the CREST Manual. The message (regardless of whether it related to the appointment of a proxy or to an amendment to the instruction given to the previously appointed proxy) must, in order to be valid, be transmitted so as to be received by the agent of the Company’s registrars, Capita Asset Services, by the latest time(s) for receipt of proxy appointments specified above. 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 the Company’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.

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 messages. Normal system timings and limitations will therefore apply in relation to the input of a CREST Proxy Instruction. 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/her CREST sponsor or voting service provider takes) 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 34 of the Uncertificated Securities (Guernsey) Regulations, 2009.

## NOTES



