

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

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

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

The Company is a registered closed-ended investment scheme registered pursuant to the Protection of Investors (Bailiwick of Guernsey) Law, 1987, as amended and the Registered Collective Investment Scheme Rules 2008 issued by the Guernsey Financial Services Commission (the "Commission"). The Commission has not reviewed this document and it nor the States of Guernsey Policy Counsel take any responsibility for the financial soundness of the Company or for the correctness of any of the statements made or opinions expressed with regard to it.

Application will be made for Placing Shares to be admitted to trading on AIM and to the Daily Official List of the Channel Islands Stock Exchange, LBG. It is expected that Admission will become effective and dealings in the Placing Shares will commence on AIM and CISX at 8.00 a.m. on 5 May 2010.

This document includes particulars given in compliance with the CISX Listing Rules for the purpose of giving information with regard to the Company. The Company, whose registered office appears on page 10 of this document, and the Directors, whose names also appear on page 10 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.



NEWRIVER RETAIL LIMITED

(a closed-ended investment company incorporated in Guernsey and registered with number 50463)

Proposed Placing of up to 4,212,200 Ordinary Shares

at a Price of 250p per Ordinary Share

Approval of Changes to Share Incentive Plans

and

Notice of Extraordinary General Meeting

Your attention is drawn to the letter from the Chairman of NewRiver Retail Limited which is set out on pages 10 to 22 of this document and which contains, amongst other matters, your Board's recommendations to vote in favour of the Resolutions to be proposed at the Extraordinary General Meeting referred to below. The proposals described in this document are conditional upon the Resolutions being passed.

A notice convening an Extraordinary General Meeting ("EGM") of the Company to be held at 11.00 a.m. on 4 May 2010 at the offices of Morgan Sharpe Administration Limited at Isabelle Chambers, Route Isabelle, St. Peter Port, Guernsey, Channel Islands GY1 3TX is set out at the end of this document. A Form of Proxy for use at the EGM is enclosed. Whether or not you intend to attend the EGM in person, please complete, sign and return the accompanying Form of Proxy in accordance with the instructions printed on it as soon as possible but, in any event, so as to be received by the Company's Registrar (at PXS, 34 Beckenham Road, Beckenham BR3 4TU) no later than 11.00 a.m. on 2 May 2010, being 48 hours before the time appointed for the holding of the meeting. If you hold your Ordinary Shares in uncertificated form (i.e. in CREST), you may appoint a proxy by completing and transmitting a CREST Proxy Instruction in accordance with the procedures set out in the CREST Manual so that it is received by the Registrar (under CREST participant RA10) by no later than 11.00 a.m. on 2 May

2010. The time of receipt will be taken to be the time from which the Registrar is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST.

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

Cenkos Securities plc, which is authorised and regulated in the United Kingdom by the Financial Services Authority, is acting as nominated adviser and broker to the Company in connection with the matters described in this document. Persons receiving this document should note that Cenkos Securities plc will not be responsible to anyone other than the Company for providing the protections afforded to customers of Cenkos Securities plc or for advising any other person on the arrangements described in this document. Cenkos Securities plc has not authorised the contents of, or any part of, this document and no liability whatsoever is accepted by Cenkos Securities plc for the accuracy of any information or opinions contained in this document or for the omission of any information. Cenkos Securities plc as nominated adviser and broker to the Company, owes certain responsibilities to the London Stock Exchange which are not owed to the Company or the Directors.

Kinmont, which is authorised and regulated in the United Kingdom by the Financial Services Authority, is acting as financial adviser to the Company in connection with the matters described in this document. Persons receiving this document should note that Kinmont will not be responsible to anyone other than the Company for providing the protections afforded to customers of Kinmont or for advising any other person on the arrangements described in this document. Kinmont has not authorised the contents of, or any part of, this document and no liability whatsoever is accepted by Kinmont for the accuracy of any information or opinions contained in this document or for the omission of any information.

Cenkos Channel Islands Limited, which is authorised and regulated in the United Kingdom by the Financial Services Authority, is acting as the Company's CISX Listing Sponsor in connection with the matters described in this document. Persons receiving this document should note that Cenkos Channel Islands Limited will not be responsible to anyone other than the Company for providing the protections afforded to customers of Cenkos Channel Islands Limited or for advising any other person on the arrangements described in this document. Cenkos Channel Islands Limited has not authorised the contents of, or any part of, this document and no liability whatsoever is accepted by Cenkos Channel Islands Limited for the accuracy of any information or opinions contained in this document or for the omission of any information. Cenkos Channel Islands Limited as the Company's CISX Listing Sponsor, owes certain responsibilities to the CISX which are not owed to the Company or the Directors.

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

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

In relation to the United Kingdom, this document is being distributed only to and is directed only at (a) persons who have professional experience in matters relating to investments falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended (the "**Order**"); (b) high net worth companies, unincorporated associations and other bodies falling within Article 49(2)(a) to (d) of the Order; and (c) other persons to whom it may otherwise lawfully be communicated (all such persons together with qualified investors (as defined in the Prospectus Directive (directive 2003/71/EC) (the "**Prospective Directive**")) being referred to as "**relevant persons**"). Any person who is not a relevant person should not act or rely on this document or any of its contents. Any investment, or investment activity to which this document relates is available only in the United Kingdom to relevant persons and will be engaged in only with relevant persons. By receiving this document and not returning it, you are deemed to warrant to the Company, Cenkos Securities Plc and Kinmont that you fall within the categories of person described above.

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

than offers made by Cenkos Securities Plc or Kinmont which constitute the final placement of Ordinary Shares contemplated in this document.

The distribution of this document and the placing and sale of the Ordinary Shares in certain jurisdictions may be restricted by law. No action has been or will be taken by the Company, Cenkos Securities Plc or Kinmont to permit a public offering of the Ordinary Shares or to permit the possession or distribution of this document (or any other offering or publicity materials) in any jurisdiction where action for that purpose may be required. Accordingly, neither this document nor any advertisement or any other offering material may be distributed or published in any jurisdiction except under circumstances that will result in compliance with applicable laws and regulations. Persons into whose possession this document comes should inform themselves about and observe any such restrictions. Any failure to comply with these restrictions could result in a violation of the laws of such jurisdictions. In particular, neither this document nor any copy of it may be taken or transmitted into the United States of America, its territories or possessions or distributed, directly or indirectly, in the United States of America, its territories or possessions or to any US person (as defined in Rule 902 of Regulation S under the Securities Act of 1933, as amended (the “**Securities Act**”). This document does not constitute an offer to sell or the solicitation of an offer to buy the Ordinary Shares discussed herein. No public offer of the Ordinary Shares is being made in the United States of America. In addition, the Company will not be registered under the US Investment Company Act of 1940, as amended, and investors will not be entitled to the benefits of such act. The Ordinary Shares may not be offered, sold, pledged or otherwise transferred or delivered within the United States or to, or for the account or benefit of, any US person (each, as defined in Regulation S under the Securities Act, a “**US Person**”). In connection with the Placing, the Ordinary Shares are being offered and sold only outside the United States to, and for the account or benefit of, non-US Persons in “offshore transactions” within the meaning of, and in reliance on the exemption from registration provided by, Regulation S under the Securities Act. Moreover, this document is not for distribution in or into Australia, Canada, Japan, South Africa or the Republic of Ireland. In particular, the Ordinary Shares offered by this document have not been and will not be registered under the applicable securities laws of Australia, Canada, Japan, South Africa or the Republic of Ireland and, subject to certain exceptions, may not be offered or sold directly, or indirectly, in or into Australia, Canada, Japan, South Africa or the Republic of Ireland, or to or for the account or benefit of any person resident in Australia, Canada, Japan, South Africa or the Republic of Ireland.

Copies of this document are available free of charge until 4 May 2010 at the offices of Eversheds LLP at One Wood Street, London EC2V 7WS during usual business hours on any weekday (public holidays excepted).

Forward-looking statements

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

Industry, market and other data

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

CONTENTS

	<i>Page</i>
Definitions	5
Placing statistics	9
Expected timetable of principal events	9
Part 1 Chairman's Letter	10
Part 2 Additional Information	22
Notice of Extraordinary General Meeting	33

DEFINITIONS

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

“2010 Half Year”	the six months ended 30 September 2009
“2010 Interim Accounts”	the Company’s half year report and interim accounts containing unaudited consolidated financial information for the 2010 Half Year
“Admission”	the admission of the Placing Shares to trading on AIM becoming effective pursuant to paragraph 6 of the AIM Rules and to listing on the Daily Official List of the CISX becoming effective in accordance with the CISX Listing Rules
“Admission Document”	the Company’s Admission Document, dated 26 August 2009, relating to the First Admission
“AIM”	a market operated by the London Stock Exchange
“AIM Rules”	the rules of the London Stock Exchange governing the admission to and the operation of AIM
“Articles”	the articles of incorporation of the Company
“Board” or “Directors”	the directors of the Company for the time being and (where the context requires) comprises those persons as at the date of this document, whose names appear on page 10 of this document
“business day”	any day where banks in London and Guernsey are open for business (excluding Saturdays and Sundays and public holidays)
“Cenkos”	Cenkos Securities Plc, the Company’s nominated adviser for the purposes of the AIM Rules
“certificated” or “in certificated form”	in relation to a share or other security, a share or other security, title to which is recorded in the relevant register of the share or other security concerned as being held in certificated form (that is, not in CREST)
“CISX”	the Channel Islands Stock Exchange, LBG
“CISX Listing Rules”	the listing rules produced by the CISX for companies whose securities are listed on the CISX, as amended from time to time
“City Code”	the City Code on Takeovers and Mergers
“Company”, “NewRiver” or “NewRiver Retail”	NewRiver Retail Limited, a closed-ended investment company, incorporated in Guernsey with registration number 50463
“Convertible Securities”	securities convertible into or exchangeable into Ordinary Shares
“CREST”	the relevant system (as defined in the Regulations) for the paperless settlement of share transfers and the holding of shares in uncertificated form in respect of which Euroclear UK & Ireland Limited is the Operator (as defined in the Regulations)
“CREST Service Provider”	Capita Registrars (Guernsey) Limited, pursuant to the Registrar Agreement with the Company dated 26 August 2009
“CSOP”	the NewRiver Retail Limited Company Share Option Plan 2009

“EGM” or “Extraordinary General Meeting”	the Company’s extraordinary general meeting (or any adjournment thereof) convened for <u>11.00 a.m. on 4 May 2010</u> at which the Resolutions will be put to the Shareholders
“Euroclear UK & Ireland”	Euroclear UK & Ireland Limited, the operator of the CREST system
“First Admission”	the admission of the existing issued Ordinary Shares to trading on AIM and the CISX becoming effective pursuant to paragraph 6 of the AIM Rules and in accordance with the CISX Listing Rules, which occurred on 1 September 2009
“Form of Proxy”	the enclosed form of proxy for use by Shareholders in connection with the EGM
“Fully Diluted Share Capital”	at any time during the period from (and including) the date of First Admission to (but excluding) the date which is 18 months from the date of First Admission, the number of Ordinary Shares in issue at the relevant time if: (a) all the outstanding Warrants had been exercised in full; and (b) all Ordinary Shares capable of being issued by the Company pursuant to all outstanding Options, Convertible Securities or other rights to subscribe for shares or securities capable of being issued by way of Share Equivalents (excluding any Ordinary Shares issued pursuant to any employee share options, employee share purchase plans or any other form of equity based compensation granted to employees or officers of the Group) had been issued, provided that the aggregate value of the Fully Diluted Share Capital is capped at £125 million, regardless of the number of Ordinary Shares in issue at the relevant time
“Group”	the Company and its subsidiaries and subsidiary undertakings from time to time
<u>“Kinmont”</u>	<u>Kinmont Limited</u>
“Law”	The Companies (Guernsey) Law, 2008, as amended
“London Stock Exchange”	London Stock Exchange PLC
“MSREI”	Morgan Stanley Real Estate Investing Fund VII
“MSREI Conversion Option”	the conversion option set out in the MSREI Joint Venture Agreement in respect of NewRiver Retail Investments in respect of MSREI’s right to convert a share of its interest in NewRiver Retail Investments into Ordinary Shares in the Company, as more particularly described in paragraph 3.3.2 of Part 1 and paragraph 2.6 of Part 2 of this document
“MSREI Joint Venture Agreement”	the limited partnership agreement dated 28 February 2010 between NewRiver, NewRiver Retail Investments (GP) Limited, UKRI and NewRiver Retail (Portfolio No.1) Limited
“NewRiver Capital”, “NRC” or the “Investment Manager”	NewRiver Capital Limited, a wholly owned subsidiary of the Company
“NewRiver Retail Investments”	NewRiver Retail Investments LP, a limited partnership registered in Guernsey with number 1270
“NewRiver Retail Investments AMA”	the asset management agreement in relation to NewRiver Retail Investments dated 28 February 2010 between, amongst others,

	NewRiver Capital, NewRiver Retail Investments (GP) Limited, acting in its capacity as general partner of NewRiver Retail Investments and NewRiver Retail (GP1) Limited, acting in its capacity as general partner of NewRiver Retail (Portfolio No 1) LP, the owner of the NewRiver Retail Investments Initial Portfolio, as more particularly described in paragraph 3.3.3 of Part 1 and paragraphs <u>2.6 to 2.8</u> of Part 2 of this document
“NewRiver Retail Investments Initial Portfolio”	a portfolio of nine retail assets (eight in England and one in Scotland) acquired by NewRiver Retail Investments from the UBS Triton Property Fund, as more particularly described in paragraph 3.3.4 of Part 1 and paragraph <u>2.9</u> of Part 2 of this document
“NRC Management Team”	as at the date of this document, David Lockhart, Allan Lockhart, Nicholas Sewell and Mark Davies
“Options”	options, warrants or other rights to purchase Ordinary Shares (other than options or warrants granted to employees or officers of the Group) or Convertible Securities
“Ordinary Shares”	the ordinary shares of no par value in the capital of the Company
“Paul Roy Options”	the options over Ordinary Shares granted to Paul Roy on the date of First Admission
“Placing”	the placing by Cenkos of the Placing Shares at the Placing Price pursuant to the Placing Agreement, as described in this document
“Placing Agreement”	the placing agreement dated <u>13 April 2010</u> between the Company (1) Cenkos (2) and Cenkos Channel Islands Limited (3), as more particularly described in paragraph 2.1 of Part 2 of this document
“Placing Price”	<u>250</u> pence per Ordinary Share
“Placing Shares”	<u>up to 4,212,200</u> new Ordinary Shares to be issued in connection with the Placing
“PSP”	the NewRiver Retail Limited Performance Share Plan 2009
“Regulations”	Uncertificated Securities Regulations 2001 (SI 2001/3755)
“Resolutions”	the resolutions to be put to Shareholders at the Extraordinary General Meeting
“Share Equivalents”	(without duplication) rights, warrants, options, convertible securities, convertible indebtedness, exchangeable securities or exchangeable indemnities, or any other rights exercisable for, convertible or exchangeable into, directly or indirectly, any Ordinary Shares whether at the relevant time, any time in the future or upon the occurrence of some future event
“Shareholders”	holders of Ordinary Shares from time to time
“Share Incentive Plans”	the CSOP and the Unapproved Plan
“Specified Percentage”	in respect of any Warrant and the exercise of the relevant Subscription Rights, the specified percentage stated in the Warranholder’s certificate which shall, when aggregated with the specified percentages in respect of all other Warrants, certificates and Subscription Rights, be three per cent.

“Sponsor”	Cenkos Channel Islands Limited
“Subscription Price”	two hundred and fifty (250) pence per Warrant Share, as such price may be adjusted from time to time in accordance with the terms of the Warrant Instrument
“Subscription Rights”	each Warrantholder’s right, upon the terms and conditions of the Warrant Instrument, to subscribe for or acquire from the Company in cash at the Subscription Price that Specified Percentage of the Fully Diluted Share Capital of the Company specified in its Certificate
“subsidiary”	as construed in accordance with section 1159 of the Companies Act 2006
“subsidiary undertakings”	as construed in accordance with section 1261 of the Companies Act 2006
“UK” or “United Kingdom”	United Kingdom of Great Britain and Northern Ireland
“UKRI”	UK Retail Investment LP Ltd, a company owned and controlled by funds advised by MSREI and a limited partner in NewRiver Retail Investments
“Unapproved Plan”	the NewRiver Retail Limited Unapproved Share Option Plan 2009
“uncertificated” or “in uncertificated form”	shares recorded in the Company’s register of Shareholders as being held in uncertificated form, title to which may be transferred by means of an instruction issued in accordance with the rules of CREST
“Warrant Instrument”	the warrant instrument of the Company dated 26 August 2009
“Warrants”	the warrants granted by the Company to shareholders subscribing for Ordinary Shares at First Admission, pursuant to the Warrant Instrument
“£” or “pound” or “sterling”	the lawful currency of the United Kingdom

PLACING STATISTICS

Placing Price per Placing Share	250 pence
Number of Placing Shares being placed ^{▲*}	4,212,200
Number of Ordinary Shares in issue immediately following Admission ^{**+}	14,836,200
Estimated proceeds of the Placing receivable by the Company before expenses ^{▲*}	£10,530,500
Market capitalisation of the Company at the Placing Price upon Admission ^{▲*}	£37,090,500
Percentage of the enlarged issued <u>undiluted</u> ordinary share capital being placed pursuant to the Placing ^{▲*}	28.4 per cent.

| * assuming that the Placing is fully subscribed

| [▲] assuming no exercise of the Warrants

EXPECTED TIMETABLE OF PRINCIPAL EVENTS

	<i>2010</i>
Despatch of this document and Forms of Proxy	13 April
Latest time and date for receipt of Forms of Proxy and receipt of electronic proxy appointments by Shareholders for the Extraordinary General Meeting	11.00 a.m. on 2 May
Time and date of Extraordinary General Meeting	11.00 a.m. on 4 May
Announcement of the results of the Extraordinary General Meeting and the Placing	4 May
Admission effective and dealings commence in the Placing Shares on AIM and CISX	8.00 a.m. on 5 May
CREST stock accounts to be credited with Placing Shares in uncertificated form	8.00 a.m. on 5 May
Despatch of definitive share certificates for the Placing Shares in certificated form	by 12 May

Notes:

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

PART 1

CHAIRMAN'S LETTER



NEWRIVER RETAIL LIMITED

(Incorporated in Guernsey as a closed-ended investment company with registered number 50463)

Paul Roy (*Chairman*)
David Lockhart (*Director*)
Susie Farnon (*Director*)
Shelagh Mason (*Director*)
Peter Tom CBE (*Director*)
Serena Tremlett (*Director*)

Isabelle Chambers
Route Isabelle
St. Peter Port
Guernsey
Channel Islands
GY1 3TX

13 April 2010

To the Ordinary Shareholders and, for information only, to holders of Options and Warrants

Dear Shareholder,

Proposed Placing of up to 4,212,200 Placing Shares at 250 pence per share, Approval of Changes to Share Incentive Plans and Notice of Extraordinary General Meeting

1. Introduction

I am writing to inform you that it has been announced today that NewRiver is proposing to raise up to approximately £10.5 million (before expenses) by means of a placing of new Ordinary Shares.

The purpose of this document, containing a notice of the Extraordinary General Meeting, is to set out the background to, reasons for and details of the Placing, the proposed waiver of the pre-emption rights in the Articles to enable the Placing to be made and also the changes to be made to the Share Incentive Plans referred to below. It also explains why your Board considers that the Resolutions to be proposed at the Extraordinary General Meeting are in the best interests of the Company and Shareholders as a whole and, accordingly, recommends that Shareholders vote in favour of the Resolutions.

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

This letter also sets out an update on the Company's activity and the progress made since First Admission.

2. Background Information on NewRiver

2.1 *NewRiver Retail Limited*

NewRiver Retail was established in 2009 as a specialist real estate investor and asset manager focusing entirely on the UK retail sector with the objective of becoming one of the leading sector-focused platforms operating in the retail real estate sector.

NewRiver is a Guernsey Registered Closed Ended Investment Scheme registered under Section 8 of The Protection of Investors (Bailiwick of Guernsey) Law, 1987, as amended and the Registered Collective Investment Scheme Rules 2008 issued by the Guernsey Financial Services Commission. The Company has a number of property owning subsidiaries which are wholly-owned and incorporated in Guernsey, an interest in a joint venture with MSREI, NewRiver Retail Investments, which is structured as a Guernsey limited partnership, and wholly owns NewRiver Capital, its internal property adviser and asset manager. Currently NewRiver has a 50 per cent. interest in NewRiver Retail

Investments but this may vary from time to time and further information relating to this joint venture is provided at paragraph 3.3 below.

The Company was admitted to AIM and listed on the CISX in September 2009 and raised £25 million of capital before expenses through a placing of Ordinary Shares. The Company stated in its Admission Document its intention to raise further equity capital at a later date in order to accelerate its business plan and acquire assets in accordance with the Company's investment policy.

The Company is internally managed, being advised on property matters (both investment and management) by NewRiver Capital, a wholly-owned subsidiary of the Company operated by a highly experienced management team led by David Lockhart.

2.2 *NewRiver Retail Investment Policy*

NewRiver Retail focuses on retail sector investments in the United Kingdom by identifying opportunities that the Directors expect to deliver added value and generate returns for Shareholders through capital and rental income growth, active and entrepreneurial asset management, risk controlled development and refurbishment opportunities and recycling of assets.

The Directors believe that the UK retail sector presents an attractive investment opportunity for the following principal reasons:

- The sector has displayed good, longer-term performance characteristics with the added benefit of lower volatility and a lower risk profile when compared with other segments of UK real estate.
- The retail sector is large, accounting for 46 per cent. of the IPD All Property index, thus providing liquidity in the longer term.
- The occupational market is constantly evolving and changing format, which plays to the skills of an experienced and well-connected management team.
- UK retail sales volumes have proved to be resilient in the current economic climate recording positive average growth of 2.2 per cent. for 2007 to 2009.

Given the geographical spread and growth of multiple retail tenants, strong relationships can be built with these tenants, providing the ability to roll-out value-creating strategies to different assets.

Against this background, NewRiver Retail adopts an opportunistic investment policy targeting higher yielding property assets including shopping centres, retail parks, portfolio retail assets and vacant stores with sub-division potential but with a particular focus on:

- The food and value sectors within retail, where sales growth continues to be positive, retailers are keen to acquire space across a range of store formats, good tenant covenants are available and tenants are historically keen to agree long lease terms.
- Value retailing, targeting predominantly value retailers where rental levels are affordable, competition is low and the demographics are well-balanced.

NewRiver Retail's core investment strategy has been formulated in close consultation with key property advisers, having undertaken a thorough assessment of current market conditions, an analysis of the IPD data and its own commissioned third party bespoke research.

Utilising the NRC Management Team's extensive sector knowledge and market contacts, the Company will continue to target assets that can deliver attractive returns. The Company intends to maintain borrowing at between 50 and 65 per cent. of the gross value of its real estate assets. On this basis, the Company continues to target total project geared cash returns (income and capital) over the period of ownership of the relevant asset in excess of 15 per cent. per annum. It is important for NewRiver Retail's investment policy that future investment acquisitions provide acceptable annual

cash-on-cash returns. There can, however, be no guarantee that the Company will achieve its target investment returns.

The Company targets the acquisition of asset lot sizes of approximately £5 million to £50 million to produce a diversified portfolio for the Company in accordance with its investment policy. However, NewRiver Retail also plans to take advantage of any other investment opportunities which may arise, including from forced sales, debt restructuring and bank foreclosures, in lot sizes that may fall outside the above range or the core investment strategy.

Where NewRiver Retail identifies opportunities of up to £25 million these may either be pursued entirely for its own balance sheet or the Company may choose to pursue these opportunities by investing through co-investment structures or with joint venture partners.

Where NewRiver Retail identifies opportunities of £25 million and above NewRiver Retail will, for the period of two years from 5 March 2010, first offer these opportunities to NewRiver Retail Investments, its joint venture company with MSREI. If NewRiver Retail Investments does not pursue these opportunities NewRiver Retail may choose to pursue these opportunities entirely for its own account or by investing through co-investment structures or with alternative joint venture partners.

NewRiver Capital is NewRiver Retail's wholly-owned asset manager. In addition to managing the Company's wholly-owned assets, NewRiver Capital, in order to leverage the capabilities of the NRC Management Team, intends to manage assets owned by joint ventures in which the Company participates as well as third party portfolios. NewRiver Capital was appointed asset manager for NewRiver Retail Investments when this joint venture was established in February 2010. For further information in relation to NewRiver Capital's asset management activities, please see paragraph 3.3.3 below, paragraph 2.8 of Part 2 of this document in relation to its asset management arrangement with NewRiver Retail Investments specifically and paragraph 6.1 of Part 9 of the Admission Document in relation to its asset management arrangement with NewRiver Retail.

The Directors are not subject to any time or other restrictions in terms of investing the proceeds of the Placing other than the Company's existing investment policy as stated herein, and, as an AIM-quoted investing company, the requirements of the AIM Rules. Monies not yet invested will be held on deposit in cash or in near cash instruments. The Board reviews its investment strategy periodically with a view to determining whether it needs to be modified or varied in any way. In accordance with the AIM Rules and CISX Listing Rules, the Company will not materially change the investment policy without the prior consent of the holders of a majority in number of the Ordinary Shares voting in general meeting.

3. Development of the Group since First Admission

Set out below are the key developments which have occurred in relation to the Group since First Admission.

3.1 Senior Additions to the NRC Management Team

On 16 September 2009, the Company announced that Nicholas Sewell had been appointed to the board of NewRiver Capital with responsibilities for property acquisitions and asset management. Nicholas took up his role on 5 October 2009, when he joined NewRiver from CB Richard Ellis, the global commercial property and real estate services advisory group, where he was Director in Retail Capital Markets. With more than 15 years of retail commercial property expertise, specialising in high street, shopping centre and foodstore investments and responsible for acquisitions, sales, consultancy and portfolio reviews, Nicholas' recruitment has strengthened the NRC Management Team.

On 13 October 2009, the Company announced the appointment of Mark Davies as Finance Director to the board of NewRiver Capital. Mark took up his role at NewRiver Capital on 19 October 2009. Mark qualified as a chartered accountant in 1999 and has over 10 years of property finance experience. Prior to joining NewRiver Capital as Finance Director, Mark was Chief Financial Officer of Exemplar Properties LLP and Finance Director of Omega Land, a £400 million property joint venture with Morgan Stanley Real Estate Funds. Mark has experience in many areas of property

finance, including acquisitions, hedging, onshore and offshore tax structuring and managing debt finance on investment and development property.

These additions have provided NRC with a strong core executive team with experience in all aspects of real estate, including investment, development, asset management, financing and business administration.

3.2 *Acquisitions*

On 30 November 2009, the Company completed its first investment when it acquired the freehold interests of 28-31 Hope Street and 3-5 Priory Street, Wrexham, a multi-let high street property. The investment comprises a total of 33,975 sq ft divided into five individual retail units, currently let to national multiple retailers: Peacocks, Vision Express, Bathstore, Laura Ashley and Walmsleys. The asset was acquired for a purchase price of £5.25 million and has a net initial yield of 9.65 per cent..

On 20 January 2010, the Company announced that it had acquired the freehold interests of The Deeping Centre, a district shopping centre located in the town of Market Deeping, near Peterborough for £5.50 million. The Deeping Centre is anchored by a 27,000 sq ft Co-operative food store and a petrol filling station, together with 11 further retail units. The Deeping Centre also provides the main car parking facilities for the town with 275 dedicated spaces. The asset was acquired at a net initial yield of 6.98 per cent. The Co-operative has signed new 20 year leases for both the food store and the petrol filling station, representing 76 per cent. of the total rental income, with the leaseback rent for the food store at £9.06 per sq ft. This provides both long term income security and strong prospects for increased rental growth. Other key retailers trading in The Deeping Centre include the National Co-op chemist, Scrivens opticians and S&D Bookmakers Ltd. Additionally, NewRiver purchased an adjoining strategic vacant site at one of the entrances to The Deeping Centre for £275,000.

3.3 *NewRiver Retail Investments*

3.3.1 *Structure of NewRiver Retail Investments*

On 1 March 2010, the Company announced it had formed a new co-investment joint venture with MSREI targeted at acquiring UK retail property assets. The joint venture, NewRiver Retail Investments, is a Guernsey-registered limited partnership, and has scope for an acquisition capacity in excess of £250 million, which would include leverage. NewRiver Retail Investments is currently held equally by NewRiver and MSREI. Separate special purpose vehicles will be created to acquire properties for the joint venture on a transaction-by-transaction basis.

3.3.2 *MSREI Joint Venture Agreement*

MSREI has committed to invest an initial £60 million in the joint venture (including its investment in respect of the portfolio of assets referred to below, the NewRiver Retail Investments Initial Portfolio) during the two year period commencing on 5 March 2010. Whilst NewRiver and MSREI invested in equal proportions in the NewRiver Retail Investments Initial Portfolio, any further acquisitions may be funded by NewRiver and MSREI in such proportions as they may agree and NewRiver has the flexibility to invest a minimum of 10 per cent. and a maximum of 50 per cent. of the equity funding for any such acquisition.

During an exclusivity period of two years from 5 March 2010 (or, if earlier, the date on which MSREI has invested £60 million in aggregate in the joint venture) the joint venture will have first right of refusal on any retail assets with a value of £25 million or greater which are identified as potential acquisition opportunities by NewRiver Capital, which has been appointed as the joint venture's asset manager. In the event that NewRiver Retail Investments does not proceed with any such acquisition, NewRiver Retail will be free to acquire such assets either on its own account or through another joint venture or co-investment structure.

In addition, MSREI has the right to convert some or all of its interest in NewRiver Retail Investments into Ordinary Shares in the Company. This conversion option is exercisable in the

period between 12 and 60 months after 5 March 2010. The conversion price per Ordinary Share will be based on the higher of the net asset value of the Company at the time or the Placing Price or, if exercised more than once, the most recent price of the last secondary issue (if there has been one subsequent to the Placing). The maximum amount of shares in NewRiver Retail which can be issued under this MSREI Conversion Option is 10 per cent. of the share capital in issue at the time of the conversion. However, different limitations on the maximum amount of Ordinary Shares which can be issued under the MSREI Conversion Option apply depending on whether it is exercised once or several times. The first time that MSREI exercises the option, it must elect whether it will exercise the option once only or on several occasions (up to a maximum of four). One of the Resolutions that Shareholders are being asked to approve at the Extraordinary General Meeting is to authorise the Directors to allot and issue shares pursuant to the exercise of the MSREI Conversion Option without any such allotments and issues being subject to the pre-emption rights set out in the Articles (this is described in more detail in paragraph 12 below). Further information in relation to the MSREI Conversion Option can be found at paragraph 2.6 of Part 2 of this document.

Shareholders should note that, in the event that MSREI exercises the MSREI Conversion Option at any time or times, the proportionate interest and voting interest in the Ordinary Shares of Shareholders will be reduced and the percentage that such Shareholders' Ordinary Shares will represent of the enlarged issued share capital of the Company following the relevant exercise(s) of the MSREI Conversion Option by MSREI will be reduced accordingly.

3.3.3 *Asset Management*

NewRiver Capital, NewRiver Retail's internal asset manager, has also been appointed as the asset manager for NewRiver Retail Investments pursuant to the NewRiver Retail Investments AMA. In line with NewRiver's existing investment strategy, NewRiver Retail Investments will target UK retail property assets utilising NewRiver Capital's proven skills in active and entrepreneurial asset management and risk-controlled development and refurbishment to produce attractive returns.

In return for the provision of NewRiver Capital's asset management services to NewRiver Retail Investments, NewRiver Capital will be paid a quarterly asset management fee at market standard rates. In addition, NewRiver may also receive a promote payment from NewRiver Retail Investments (in addition to its *pro rata* share of profits) depending on the level of returns generated across the entire asset base of NewRiver Retail Investments.

Apart from the benefits to NewRiver Capital and NewRiver of this asset management fee and potential promote payment, amongst other things, the joint venture also allows the Company to access deals of greater than £50 million and so operate throughout the retail real estate sector.

For further information in relation to the asset management arrangements with respect to NewRiver Retail Investments, please see paragraph 2.8 of Part 2 of this document.

NewRiver Capital also provides property management and advisory services to NewRiver Retail and these arrangements are described in detail in the Admission Document.

3.3.4 *Acquisition of the NewRiver Retail Investments Initial Portfolio*

On 5 March 2010, NewRiver Retail Investments acquired a portfolio of eight retail assets situated across the UK from the UBS Triton Property Fund. Contracts on an additional property that forms part of the same portfolio have been exchanged but the completion of the sale of that property is subject to the satisfaction of certain conditions. The purchase price for all nine assets was £49 million and, in aggregate, the net initial yield of the portfolio is nine per cent.

The properties comprising the portfolio, their net lettable area and the key tenants at each are set out below:

<i>Location</i>	<i>Net Lettable Area (sq ft)</i>	<i>Key Retail Tenants</i>
Andover – High Street	30,400	Poundland/Superdrug
Canterbury – High Street	3,850	A. Jones
London – East Ham	30,000	J. Sainsbury
Glasgow – Union Street	16,900	Nobles/Ladbrokes
Huddersfield – Packhorse S/C	93,500	Argos/Peters/Phones4U
Norwich – Guildhall	43,250	Tesco
Shrewsbury – High Street	52,400	HSBC/Starbucks/Viyella
Widnes – Albert Square S/C	81,750	Iceland/WH Smith/Argos
Wrexham – Regent Street	39,500	Waterstones/Bon Marché/JJB Sports

Further details on NewRiver Retail Investments, the MSREI Joint Venture Agreement and the NewRiver Retail Investments AMA as well as the acquisitions referred to above are provided in paragraphs 2.6 to 2.11 of Part 2 of this document.

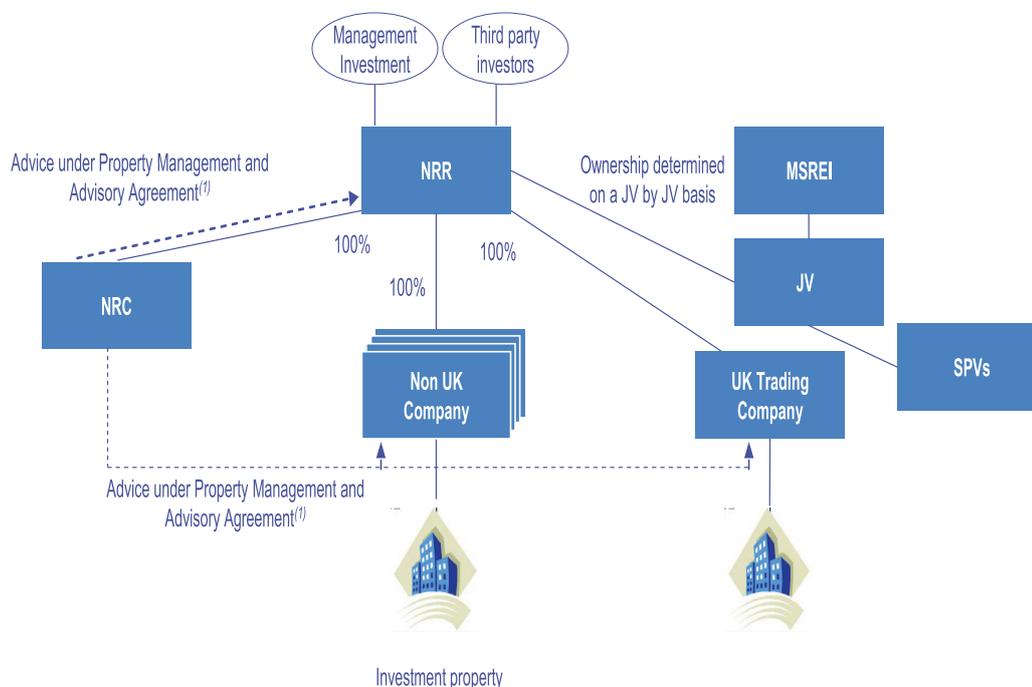
4. Future Pipeline

The NRC Management Team have an extensive network of contacts in the real estate sector and, as such, the Company is currently pursuing several opportunities to purchase assets that meet its investment criteria and which the Company believes will provide further value-enhancing opportunities.

There is currently one potential acquisition which NewRiver Retail has instructed legal advisers to progress.

5. Current Group Structure

A summary Group structure chart is set out below:



Note

1) All asset owning entities will accede to the Property Management and Advisory Agreement. To the extent property management fees are charged directly to the asset owning companies, the fee under the Property Management and Advisory Agreement charged by NRC to NRR will be reduced

6. Management Experience and Track Record

The NRC Management Team has extensive real estate asset management expertise. David and Allan Lockhart have been involved in the UK commercial real estate market for over 30 years and 20 years, respectively. During his career, David has built up successful property management and development businesses, most notably, Halladale. Furthermore, Nicholas Sewell and Mark Davies have between them over 25 years of experience in the UK commercial real estate industry in various roles.

David Lockhart founded the real estate management and development company, Halladale, in 1991 and successfully grew the business. It was admitted to AIM in 2001 with a market capitalisation of approximately £8.4 million and then sold to Stockland Corporation in April 2007 for £171 million (having raised over £60 million of additional equity and convertible unsecured loan capital in the intervening period).

After 13 years advising major property companies and institutions on retail investment and development at Strutt & Parker, Allan Lockhart joined Halladale in 2002 as Retail Director of its principal trading subsidiary and was responsible for co-ordinating the acquisition, and implementation of the asset management strategies of, over 20 shopping centres, as well as acquiring and completing several profitable retail developments.

In share price terms, the growth that Halladale enjoyed from its admission to AIM in 2001 up to the point at which it was sold to the Stockland Corporation in April 2007 resulted in a Total Shareholder Return of 430 per cent. for investors who held shares in Halladale from the time of its admission to AIM until its sale, compared with Total Shareholder Returns on the FTSE All Share Real Estate and FTSE All Share indices, respectively, of 175 per cent. and 44 per cent. over the same period. This represented an out-performance of those indices of 255 per cent. and 386 per cent., respectively. As at April 2002, Halladale's NNNAV per share was 63.7 pence. The offer price paid by Stockland when it acquired Halladale in 2007 was 225 pence per share. Between April 2002 and the time of its sale, Halladale's portfolio of assets under management grew from approximately £116 million to approximately £1 billion.

Whilst David and Allan Lockhart held senior management positions with Halladale, it provided investors with consistent growth in PBT, DPS and EPS. Halladale delivered an internal rate of return of approximately 31 per cent. per annum to shareholders who invested in it at the time of its admission to AIM in 2001 and held shares until its sale in 2007.

In the financial years from April 2002 to April 2006, Halladale's profits before tax grew at a compound annual growth rate of 52.9 per cent. (to £6.3 million) and dividends per share grew at a compound annual growth rate of 32 per cent. (to 3.8 pence).

7. Background to and Reasons for the Placing

The Company has achieved the initial targets set out in its Admission Document for the initial capital, having recruited the core NRC Management Team, entered into a joint venture with MSREI and made a number of investments which have resulted in the majority of the funds raised at First Admission having been spent. As a consequence, your Board believes that NewRiver has created a good platform for further expansion. The Directors continue to believe that the timing is right for a focused retail property, value creating business to take advantage of historically favourable market conditions and that the Group is well positioned as a growth business with no legacy assets, significant borrowings or distressed bank covenants to distract it. In addition, the core stock selection and asset management skills of the NRC Management Team are ideally suited to this environment.

In this context, the Board believes that the Company should now proceed to raise further funds in order to accelerate the Company's business plan, to progress the joint venture with MSREI and to acquire additional assets on its own balance sheet in accordance with the Company's investment policy (as described at paragraph 2.2 above).

8. The Placing

8.1 Details of the Placing

For the reasons set out in this letter, your Directors are proposing to raise additional capital for the Company by way of a placing to institutional and other investors of up to 4,212,200 new Ordinary Shares to raise up to approximately £10.5 million (before expenses).

The Placing is not a rights issue or open offer and the Placing Shares will not be offered generally to Shareholders on a pre-emptive basis and it is subject to the Resolutions (other than Resolution 3) being passed. In structuring the Placing, the Directors have had regard, amongst other things, to current market conditions, the total net proceeds desired to be raised and the current composition of the Company share register, as well as the extra cost and delay that would be involved in a rights issue or open offer. After considering these factors, the Directors have concluded that the Placing, which is being made to a wider range of investors than the Company's existing Shareholders, on a non-pre-emptive basis, represents the most appropriate option available to the Company for raising the additional capital required in the timeframe envisaged. The Directors are seeking the approval of Shareholders, amongst other things, for the dis-application of the pre-emption rights contained in the Articles at the Extraordinary General Meeting.

The Placing is to be effected by Cenkos on the terms of the Placing Agreement. The Company has entered into the Placing Agreement with Cenkos pursuant to which Cenkos has agreed to use its reasonable endeavours to procure institutional and other investor subscribers for the Placing Shares (including certain existing Shareholders).

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

- the passing of the Resolutions at the Extraordinary General Meeting by the existing Shareholders and the waiver of pre-emption rights contained in the Articles;
- the Placing Agreement becoming unconditional in all respects and not having been terminated in accordance with its terms prior to Admission; and
- Admission becoming effective by no later than 8.00 a.m. on 5 May 2010 (or such later time and/or date, being no later than 8.00 a.m. on 18 May 2010, as the Company and Cenkos may agree).

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

Further information on the Placing Agreement is set out in paragraph 2.1 of Part 2 of this document.

Four Directors of the Company, David Lockhart, Peter Tom, Serena Tremlett and Paul Roy have committed to subscribe for 120,000, 20,000, 2,000 and 60,000 Placing Shares, respectively, at the Placing Price, pursuant to the Placing. Following the Placing, David Lockhart, Peter Tom, Serena Tremlett and Paul Roy will have interests in 1,580,000, 40,000, 6,000 and 360,000 Ordinary Shares, respectively, representing approximately 10.65, 0.27, 0.04 and 2.43 per cent., respectively, of the then issued share capital of the Company.

In addition, the Directors have undertaken to the Company and Cenkos, save in limited circumstances, not to dispose of any of their Ordinary Shares or Warrants until 1 September 2010. Furthermore, the Company has agreed with Cenkos, subject to certain exceptions, not to issue or agree to issue any Ordinary Shares (or options over Ordinary Shares) for a period of 12 months from the date of the Placing Agreement without Cenkos' prior written consent (such consent not to be unreasonably withheld or delayed). Further information in relation to these lock-in arrangements can be found in paragraphs 2.2 and 2.1, respectively, of Part 2 of this document.

The Placing Shares will be issued credited as fully paid and will rank on Admission *pari passu* in all respects with the existing Ordinary Shares, including as to the right to receive and retain all dividends and other distributions declared, made or paid after Admission in respect of Ordinary Shares. The Placing Shares are not being made available to the public and are not being offered or sold in any jurisdiction where it would be unlawful to do so.

Application will be made to the London Stock Exchange for the Placing Shares to be admitted to trading on AIM and to listing on the Daily Official List of the CISX. It is expected that Admission will become effective and that dealings in the Placing Shares will commence on 5 May 2010.

8.2 *Use of Placing Proceeds*

The Placing is estimated to raise up to approximately £10.5 million before expenses, which will be deployed to: (i) seek to acquire assets which fit with the Company's investment policy; and (ii) progress and develop the Company's joint venture with MSREI, NewRiver Retail Investments, and, where appropriate, enter into joint venture or co-investment opportunities with other parties.

As referred to above, the Company has instructed legal advisers in connection with the potential purchase of an additional asset. In addition, the Company is currently investigating several other potential acquisition targets.

8.3 *Effects of the Placing*

8.3.1 *Dilution*

Upon completion of the Placing, the Placing Shares will represent approximately 28 per cent. of the Company's enlarged issued share capital. The Resolutions must be passed at the Extraordinary General Meeting in order for the Placing to proceed.

Following the issue of the Placing Shares, existing Shareholders who are not invited to participate in the Placing will suffer a dilution of approximately 28 per cent. to their interests in the Company because of the Placing.

As stated at paragraph 8.1 above, the Directors have carefully considered how to structure the Placing and have concluded that a non-pre-emptive placing is the most appropriate structure to raise the capital required in the present circumstances.

8.3.2 *Warrants*

Warrants to subscribe for Ordinary Shares, representing in aggregate three per cent. of the Fully Diluted Share Capital were issued to Shareholders subscribing for Ordinary Shares at First Admission. The Warrants will expire on 1 September 2019 unless previously exercised or lapsed.

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

In particular, pursuant to the terms of the Warrant Instrument, where the Company issues any shares for a consideration per share less than the Fair Market Value of the Ordinary Shares on the day immediately prior to such issue or sale, then the Subscription Price for the Warrants is reduced concurrently with such issue or sale. In addition, the number of Ordinary Shares for which the Subscription Rights are exercisable under the Warrants is subject to a consequential adjustment. As the Placing Price is 250 pence per Placing Share, which represents a discount of approximately 12 per cent. to the closing mid-market price of 285 pence per Ordinary Share on 9 April 2010, being the latest practicable date prior to the publication of this document, there will be a consequential downward adjustment to the Subscription Price payable by Warrant holders on exercise of their Warrants and a consequential adjustment to the number of their Warrant Shares.

8.3.3 *Effects on Holders of Options*

Pursuant to the rules of the CSOP, the Unapproved Plan and the Paul Roy Options, the exercise price (as well as the number of Ordinary Shares under option) of options under the CSOP and the Unapproved Plan and the Paul Roy Options may be adjusted by the Management Committee in the event of any capitalisation issue or rights issue (other than an issue of Ordinary Shares pursuant to a scrip dividend issued by the Company) or rights offer or any other variation in the share capital of the Company including (without limitation) any consolidation, subdivision or reduction of capital. Any such adjustment will, in the case of the CSOP, require the prior approval of HMRC. Therefore, the Management Committee is entitled to consider making an adjustment to the exercise price of options (and number of Ordinary Shares under option) under the CSOP, the Unapproved Plan and/or the Paul Roy Options following completion of the Placing.

9. **Dividend Policy**

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

Subject to compliance with Section 304 of the Law and the satisfaction of the solvency test set out therein, it continues to be the intention of the Directors, in the event that the Placing is completed successfully, to pay such dividends as appear to be justified by the position of the Company at the relevant time and having regard to all relevant circumstances and to follow a progressive and sustainable policy towards dividends. In addition, once the proceeds of the Placing have been fully invested, the Company intends to target a dividend payout of not less than 50 per cent. of surplus revenue profits, representing an appropriate balance between cash yield and capital growth. However, there can be no guarantee as to the amount of any dividend payable by the Company.

10. **Proposed Changes to Service Agreements of Directors of NewRiver Capital**

David Lockhart, Allan Lockhart and Nicholas Sewell are currently employed by NewRiver Capital pursuant to service agreements which provide for initial terms of employment of three years with a notice period of 12 months (such notice not to expire before the fourth anniversary of the commencement of employment) applying thereafter.

As part of a review of the terms on which the NRC Management Team are employed, each of David Lockhart, Allan Lockhart and Nicholas Sewell have agreed to amend their existing service agreements' notice periods to a rolling 12 months, conditional on and effective from Admission.

11. **Proposed Changes to the Share Incentive Plans**

In connection with a review of the terms of the Share Incentive Plans which were instituted at First Admission, Shareholder approval is being sought through an ordinary resolution (Resolution 3) to approve certain changes to be made to the CSOP and the Unapproved Plan. Further information in respect of these proposed amendments is set out at paragraph 12 below.

12. **Extraordinary General Meeting and Action to be Taken**

Set out at the end of this document is a notice convening the Extraordinary General Meeting to be held at 11.00 a.m. on 4 May 2010, to consider and, if thought fit, pass the Resolutions (of which Resolution 1 and

Resolution 3 are conditional upon the Placing Agreement becoming unconditional (save for any condition relating to Admission or the passing of the Resolutions)).

Pursuant to Resolution 1, which will be proposed as a special resolution, Shareholders' approval is being sought for the dis-application of the pre-emption rights set out in the Articles in relation to the allotment and issue of the Placing Shares. As stated above, the Directors have concluded that the Placing should be made to a wider range of investors than the Company's existing Shareholders as the Directors believe that this represents the most appropriate option available to the Company for raising the additional capital required. Resolution 1 is therefore being proposed so as to facilitate this.

Pursuant to Resolution 2, which will also be proposed as a special resolution, Shareholders' approval is being sought to the dis-application of the pre-emption rights set out in the Articles in relation to any Ordinary Shares required to be issued to MSREI, or any of its affiliates, as a result of its exercise of the MSREI Conversion Option at any time or times in accordance with the terms of the MSREI Joint Venture Agreement. Resolution 2 is being proposed so as to avoid any need for the Company to seek Shareholders' approval to dis-apply the pre-emption rights set out in the Articles on each occasion that MSREI may elect to exercise the MSREI Conversion Option and so as to allow the Company to allot 10 per cent. of its issued share capital in any calendar year as it sees fit outside of its existing commitments (see below).

Shareholders should note that Resolutions 1 and 2 are in addition to Article 6.4, which provides that the Directors shall have at their disposal up to 10 per cent. of the Company's issued shares in any calendar year for issue on such terms and conditions (including for cash consideration) and at such times and to such persons as the Board may determine without such issue requiring resolution of the Shareholders.

In addition, Shareholders should note that the Company is a no par value company and is authorised to issue, and the Directors of the Company are authorised to allot, any number of no par value shares, subject to the Articles and the Law. There is currently no general requirement under Guernsey law for shareholders to authorise the directors of companies to issue new shares and there is no restriction on the power of the Directors to exercise the powers of the Company to allot and issue new Ordinary Shares, save for the pre-emption rights set out in Article 6. Therefore, no resolution authorising the Directors to allot and issue the Placing Shares will be proposed at the Extraordinary General Meeting.

The Company currently operates three employee share incentive plans: (i) the Unapproved Plan; (ii) the CSOP; and (iii) the NewRiver Retail Limited Performance Share Plan 2009 ("PSP").

Pursuant to Resolution 3, which will be passed as an ordinary resolution, Shareholders' approval is being sought for two amendments to the Unapproved Plan and one amendment to the CSOP. The key terms of each of these plans are set out in the Admission Document. No awards have been made under the PSP which allows the grant of nil cost options over Ordinary Shares and the Board does not have any current intention to make such awards. Both the CSOP and the Unapproved Plan only allow for the grant of options over Ordinary Shares with an exercise price of not less than the market value of an Ordinary Share as at the date of grant.

It is the current intention of the Board to amend each of the Unapproved Plan and the CSOP to remove the choice which currently exists in each such plan to impose a performance target at the time of grant of an option pursuant to such plans. With effect from the date on which the amendment is approved by Shareholders, vesting of share options granted pursuant to each of the Unapproved Plan and the CSOP will not be subject to the satisfaction of performance targets.

The second change which it is proposed will be made solely to the Unapproved Plan is to permit the Management Committee to grant options pursuant to such plan with a vesting period of less than three years from the date of grant. Vesting will not be permissible prior to the first anniversary of the date of grant. Currently, the vesting of options granted pursuant to the Unapproved Plan cannot take place prior to the third anniversary of grant.

The Directors (other than David Lockhart who, as a participant in the Share Incentive Plans, has not taken part in the Board's consideration of the proposed changes) have concluded that both the proposed changes described above will allow the Management Committee to reward and incentivise executive directors and

employees of the Group in a more flexible manner and are therefore in the best interests of the Company and the Shareholders as a whole.

A Form of Proxy for use by Shareholders at the EGM is enclosed. Whether or not you propose to attend the EGM, you are requested to complete and sign the Form of Proxy in accordance with the instructions printed thereon and return it to the Company's registrars, Capita Registrars, PXS, 34 Beckenham Road, Beckenham BR3 4TU, as soon as possible and in any event so as to be received no later than 11.00 a.m. on 2 May 2010. The completion and return of the Form of Proxy (or the electronic appointment of a proxy) will not preclude you from attending the EGM and voting in person should you wish to do so.

CREST members who wish to appoint a proxy or proxies by utilising the CREST electronic proxy appointment service may do so for the General Meeting and any adjournment(s) thereof by utilising the procedures described in the CREST Manual. CREST personal members or other CREST sponsored members, and those CREST members who have appointed (a) voting service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.

In order for a proxy appointment made by means of CREST to be valid, the appropriate CREST message (a "CREST Proxy Instruction") must be properly authenticated in accordance with Euroclear UK & Ireland's specifications and must contain the information required for such instructions, as described in the CREST Manual. The message must be transmitted so as to be received by Capita Registrars (ID RA10), by 11.00 a.m. on 2 May 2010. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Applications Host) from which Capita Registrars is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST.

13. Recommendation

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

Accordingly, your Directors unanimously recommend that Shareholders vote in favour of the Resolutions. The Directors have also irrevocably undertaken to vote in favour of the Resolutions in respect of their own shareholdings which in total amount to 1,804,000 Ordinary Shares representing approximately 17 per cent. of the existing issued ordinary share capital of the Company as at 9 April 2010, being the latest practicable date prior to the publication of this document.

14. Responsibility

The Directors, whose names are set out on page 10 of this document, accept responsibility for the information set out in this document. To the best of the knowledge and belief of the Directors (who have taken reasonable care to ensure that such is the case), the information contained in this document is in accordance with the facts and does not omit anything likely to affect the import of such information.

Yours faithfully,

Paul Roy
Chairman

PART 2

ADDITIONAL INFORMATION

1. Share Capital

- 1.1 The issued share capital of the Company is, at 9 April 2010, being the latest practicable date prior to the publication of this document, 10,624,000 Ordinary Shares of no par value.
- 1.2 On the assumption that all of the Ordinary Shares available under the Placing are fully taken up and are issued, the share capital of the Company will consist of an unlimited number of Ordinary Shares of no par value and the issued shares of the Company (all of which will be fully paid up) will, immediately following Admission, consist of 14,836,200 Ordinary Shares.
- 1.3 The Company is a no par value company and is authorised to issue, and the Directors of the Company are authorised to allot, any number of no par value shares, subject to the Articles and the Law.
- 1.4 The table below sets out the voting rights held by the Directors and members of the NRC Management Team, directly or indirectly, in the share capital of the Company as at 9 April 2010 (being the latest practicable date prior to publication of this document) and immediately following Admission:

	<u>9 April 2010 (last practicable date prior to publication of this document)</u>		<u>Immediately following Admission</u>	
	<i>Number of Ordinary Shares</i>	<i>% of issued (undiluted) share capital</i>	<i>Number of Ordinary Shares</i>	<i>% of issued (undiluted) share capital*</i>
Directors				
Paul Roy ⁽¹⁾	300,000	2.82	360,000	2.43
Susie Farnon	20,000	0.19	20,000	0.13
David Lockhart ⁽²⁾	1,460,000	13.74	1,580,000	10.65
Peter Tom CBE ⁽³⁾	20,000	0.19	40,000	0.27
Serena Tremlett ⁽⁴⁾	4,000	0.04	6,000	0.04
NRC Management Team				
Allan Lockhart	140,000	1.32	140,000	0.94
Nicholas Sewell	100,000	0.94	100,000	0.67

* Assumes the Placing is fully subscribed

- (1) Paul Roy intends to invest £150,000 in the Placing, which allocation is expected to be met in full. Paul Roy's investment of £150,000 will be made through his SIPP.
- (2) David Lockhart intends to invest £300,000 in the Placing, which allocation is expected to be met in full. David Lockhart's investment of £300,000 in the Company will be made through a company in which David Lockhart is the ultimate majority beneficial owner, which will be investing £200,000, with the remaining £100,000 to be invested through his SIPP, "Killik & Co. Trustees Limited re D. Lockhart".
- (3) Peter Tom CBE intends to invest £50,000 in the Placing, which allocation is expected to be met in full.
- (4) Serena Tremlett intends to invest £5,000 in the Placing, which allocation is expected to be met in full.
- 1.5 The Company is aware of the following persons who have as at 9 April 2010, being the latest practicable date prior to the publication of this document, or are expected, following Admission, to be interested, directly or indirectly, in three per cent. or more of the issued shares of the Company:

	<u>9 April 2010 (last practicable date prior to publication of this document)</u>		<u>Immediately following Admission</u>	
	<i>Number of Ordinary Shares</i>	<i>% of issued (undiluted) share capital</i>	<i>Number of Ordinary Shares</i>	<i>% of issued (undiluted) share capital*</i>
[•]	[•]	[•]	[•]	[•]

* Assumes the Placing is fully subscribed

1.6 The following options to acquire Ordinary Shares have been granted to Directors of NewRiver Capital under the CSOP:

<i>Name</i>	<i>Number of Ordinary Shares subject to option</i>	<i>Exercise Price (pence)</i>	<i>Vesting</i>	<i>Lapse</i>
David Lockhart	12,000	250 Pence Per Share	The 3rd anniversary of First Admission ⁽¹⁾	Day before the 10th anniversary of grant
Allan Lockhart	12,000	250 Pence Per Share	The 3rd anniversary of First Admission ⁽¹⁾	Day before the 10th anniversary of grant
Nicholas Sewell	11,049	271.5 Pence Per Share	15 December 2012 ⁽¹⁾	Day before the 10th anniversary of grant
Mark Davies	11,049	271.5 Pence Per Share	15 December 2012 ⁽¹⁾	Day before the 10th anniversary of grant
Robert Pennington ⁽²⁾	0.012% of the equity share capital of the Company as at 18 months after First Admission to AIM or as at the date of exercise (whichever is earlier) ⁽¹⁾	271.5 Pence Per Share	Split equally between 15 December 2012, 15 December 2013 and 15 December 2014 ⁽¹⁾	Day before the 10th anniversary of grant

(1) Subject to at least an additional £25,000,000 being raised by the Company (i.e. in addition to the proceeds of the placing at First Admission) within 18 months of the date of First Admission or a takeover or change of control occurring prior to such date. If an additional £25,000,000 is not raised by the Company, nor is there a takeover or change of control, within 18 months of the date of Admission, these options will lapse.

(2) Robert Pennington is an additional member of the NRC Management Team but is not a Director of NewRiver Capital. Robert is a qualified chartered surveyor with over 20 years' property experience having worked for the past 20 years at Strutt & Parker. During his time at Strutt & Parker, Robert worked both within the landlord and tenant department specialising in retail rent review and lease renewals and within the retail investment department where he was involved in the sale and acquisition of shopping centre and high street retail investments. Robert Pennington is not a director of NewRiver Capital.

1.7 The following options to acquire Ordinary Shares have been granted to Directors of NewRiver Capital under the Unapproved Plan:

<i>Name</i>	<i>Number of Ordinary Shares subject to option</i>	<i>Exercise Price (pence)</i>	<i>Vesting</i>	<i>Lapse</i>
David Lockhart	2% of the issued equity share capital of the Company as at the date 18 months after First Admission (less 12,000 Ordinary Shares) ⁽¹⁾	250 Pence Per Share	Split equally between the 3rd, 4th and 5th anniversary of First Admission ⁽²⁾	Day before the 10 th anniversary of grant
Allan Lockhart	1.44% of the issued equity share capital of the Company as at the date 18 months after First Admission (less 12,000 Ordinary Shares) ⁽¹⁾	250 Pence Per Share	Split equally between the 3rd, 4th and 5th anniversary of First Admission ⁽²⁾	Day before the 10 th anniversary of grant
Nicholas Sewell	0.8% of the issued equity share capital of the Company as at the date 18 months after First Admission or as at the date of exercise (whichever is the earlier), less 11,049 Ordinary Shares ⁽³⁾	271.5 Pence Per Share	Split equally between 15 December 2012, 15 December 2013 and 15 December 2014 ⁽²⁾	Day before the 10 th anniversary of grant
Mark Davies	0.35% of the issued equity share capital of the Company as at the date 18 months after First Admission or as at the date of exercise (whichever is the earlier), less 11,049 Ordinary Shares ⁽³⁾	271.5 Pence Per Share	Split equally between 15 December 2012, 15 December 2013 and 15 December 2014 ⁽²⁾	Day before the 10 th anniversary of grant

(1) Subject to a cap based on an Ordinary Share capital increased by any fundraising or fundraisings post-First Admission not exceeding, in aggregate, £125 million. If exercise of the option takes place on a date prior to 18 months after the date of First Admission (for example, due to a takeover or change of control), the number of Ordinary Shares over which the option may be exercised will be the specified percentage of the issued equity share capital of the Company immediately prior to the takeover or change of control (less 12,000 Ordinary Shares).

(2) Subject to at least an additional £25,000,000 being raised by the Company (i.e. in addition to the proceeds of the Placing) within 18 months of the date of First Admission or a takeover or change of control occurring prior to such date. If an additional £25,000,000 is not raised by the Company, nor is there a takeover or change of control, within 18 months of the date of First Admission, these options will lapse.

(3) Subject to a cap based on an Ordinary Share capital increased by any fundraising or fundraisings post-First Admission not exceeding, in aggregate, £125 million. If exercise of the option takes place on a date prior to 18 months after the date of First Admission (for example, due to a takeover or change of control), the number of Ordinary Shares over which the option may be exercised will be the specified percentage of the issued equity share capital of the Company immediately prior to the takeover or change of control (less 11,049 Ordinary Shares).

- 1.8 The following options to acquire Ordinary Shares have been granted to Paul Roy under the Paul Roy Options:

<i>Name</i>	<i>Number of Ordinary Shares subject to option</i>	<i>Exercise Price (pence)</i>	<i>Vesting</i>	<i>Lapse</i>
Paul Roy	0.4% of the issued equity share capital of the Company as at the date 12 months after Admission (subject to a minimum of 100,000 Ordinary Shares) ⁽¹⁾	250 Pence Per Share	The 1st anniversary of First Admission	Day before the 10th anniversary of grant
Paul Roy	0.4% of the issued equity share capital of the Company as at the date 18 months after Admission (subject to a minimum of 100,000 Ordinary Shares) ⁽¹⁾	250 Pence Per Share	The 2nd anniversary of First Admission	Day before the 10th anniversary of grant

- (1) Subject to a cap based on an Ordinary Share capital increased by any fundraising or fundraisings post-First Admission not exceeding, in aggregate, £125 million. If exercise of the option takes place on a date prior to the stated date of vesting (for example, due to a takeover or change of control), the number of Ordinary Shares over which the option may be exercised will be the specified percentage of the issued equity share capital of the Company immediately prior to the takeover or change of control.

2. Material Contracts

Placing Agreement

- 2.1 The Company has entered into the Placing Agreement dated 13 April 2010 between the Company and Cenkos, pursuant to which, subject to certain conditions, Cenkos has agreed to use its reasonable endeavours to procure subscribers for the Placing Shares at the Placing Price.

The obligations of Cenkos pursuant to the Placing Agreement are subject to certain conditions, including, amongst others:

- the passing of the Resolutions at the Extraordinary General Meeting by the existing Shareholders and the waiver of pre-emption rights contained in the Articles;
- the Placing Agreement becoming unconditional in all respects and not having been terminated in accordance with its terms prior to Admission; and
- Admission becoming effective by no later than 8.00 a.m. on 5 May 2010 (or such later time and/or date, being no later than 8.00 a.m. on 18 May 2010, as the Company and Cenkos may agree).

Subject to the terms and conditions of the Placing Agreement, the Company has agreed to pay a commission equal to three per cent. of the aggregate value at the Placing Price of the Placing Shares placed by Cenkos (such commission to include any sub-placing commissions payable to any sub-placing agents).

Pursuant to the Placing Agreement, the Company has agreed to give certain customary warranties and undertakings to Cenkos including, among others, warranties in relation to the information contained in this document and other documents prepared by the Company in connection with the Placing and

Admission and warranties in relation to the business of the Company and its compliance with applicable laws and regulations.

In addition, the Company has agreed to indemnify Cenkos against certain liabilities, including in respect of the accuracy of information contained in this document and other documents prepared by the Company in connection with the Placing and Admission, losses arising from a breach of the warranties contained in the Placing Agreement and certain other losses suffered or incurred in connection with the First Placing.

The liability of the Company under the Placing Agreement is unlimited as to time and amount.

In addition, the Company has agreed with Cenkos, subject to certain exceptions, not to issue or agree to issue any Ordinary Shares (or options over Ordinary Shares) for a period of 12 months from the date of the Placing Agreement without Cenkos' prior written consent (such consent not to be unreasonably withheld or delayed).

Directors Lock-in Agreements

- 2.2 Each of the Directors and Allan Lockhart (the "lock-in parties") has entered into lock-in agreements, all dated 13 April 2010, between the Company and Cenkos pursuant to which the lock-in parties have undertaken to the Company and Cenkos not to dispose or agree to dispose of any Ordinary Shares or Warrants held by them at any time prior to 1 September 2010.

The undertaking by the lock-in parties not to dispose of Ordinary Shares or Warrants will not apply to:

- (a) an acceptance by the holders of the Company's Ordinary Shares or Warrants of a general offer for the share capital of the Company made in accordance with the City Code, the giving of an irrevocable undertaking in respect of such an offer or otherwise where such offer relates to the entire issued share capital of the Company other than any such capital held by the offeror or persons acting in concert with him for the purposes of the City Code in relation to such offer and such offer is open to all holders of Ordinary Shares and Warrants to which the offer relates;
- (b) any disposal to or by the personal representative of the lock-in party if he or she should die provided that in each case the transferee agrees to enter into a lock-in deed in respect of such Ordinary Shares and Warrants in substantially the same terms as the lock-in party;
- (c) any disposal pursuant to an intervening court order; and
- (d) any disposal pursuant to any scheme of reconstruction in relation to the Company.

In addition, for a further 12 month period following 1 September 2010, the lock-in parties are subject to customary orderly market provisions in relation to disposals of their Ordinary Shares and Warrants, provided that such orderly market provisions shall not apply in the circumstances set out at (a) to (d) above.

Improved Remuneration Terms for Directors and the NRC Management Team

- 2.3 At the time of First Admission, both the Directors and the original members of the NRC Management Team agreed with the Company and NewRiver Capital, respectively, pursuant to side letters entered into on 26 August 2009, to reduce the fees and salaries payable to them, respectively, pursuant to their letters of appointment and service agreements with effect from First Admission until the date on which any additional equity fundraising or fundraisings by the Company, which raises or raise a minimum gross amount of £25 million in aggregate, is or are completed.

In the event that any additional equity fundraising or fundraisings by the Company is or are completed on the basis set out above on or before the date which is 12 months from (and including) the date of First Admission, then, with effect from the date of such fundraising(s) being completed, it was agreed that their fees or salaries (as the case may be) would revert to their original levels.

As the Placing is not for a sum of £25 million or more, the salaries will not revert to their original levels following the Placing although the amount raised from the Placing will be taken into account if further fundraisings take place within the requisite period.

Further information in relation to the Directors' appointment letters, the service agreements of the Directors of the NRC Management Team and the side letters in relation to each can be found at paragraphs 5.18 to 5.27 (inclusive) of Part 9 of the Admission Document. In addition, further changes to service agreements of certain members of the NRC Management Team are proposed and these are described at paragraph 10 of Part 1.

Nominated Adviser and Joint Broker Agreement

2.4 A Nomad Agreement dated 1 March 2010 between the Company and Cenkos pursuant to which Cenkos has agreed to act as nominated adviser and joint broker to the Company for the purposes of the AIM Rules for an annual fee. The Nomad Agreement contains certain customary indemnities and other undertakings given by the Company to Cenkos and is terminable by either party on not less than one month's written notice.

Joint Broker Agreement

2.5 On 15 February 2010, the Company entered into an agreement with Morgan Stanley & Co. International plc ("Morgan Stanley") whereby Morgan Stanley was appointed as the Company's joint broker. Fee arrangements will be agreed on a transaction-by-transaction basis and the agreement contains certain customary indemnities from the Company to Morgan Stanley as joint broker.

MSREI Joint Venture Agreement

2.6 On 28 February 2010, the Company entered into a limited partnership agreement relating to NewRiver Retail Investments LP ("NewRiver Retail Investments"), a Guernsey limited partnership, with (i) NewRiver Retail (Portfolio No.1) Limited ("NRSPV"), a wholly owned subsidiary of the Company and a limited partner in NewRiver Retail Investments, (ii) UK Retail Investment LP Ltd ("UKRI"), a company owned and controlled by funds advised by MSREI and a limited partner in NewRiver Retail Investments and (iii) NewRiver Retail Investments (GP) Limited ("GP"), the general partner of NewRiver Retail Investments, which is owned 50:50 by NRSPV and UKRI. NRSPV, UKRI, GP and the Company have also entered into a General Partner Shareholders' Agreement to regulate their relationship in respect of the GP.

NewRiver Retail Investments was formed to acquire:

- nine retail assets situated across the UK from the UBS Triton Property Fund (the "NewRiver Retail Investments Initial Portfolio"), details of which acquisition can be found at paragraph 2.9 below); and
- further retail assets which NRC identifies and proposes for acquisition by NewRiver Retail Investments. Any such acquisitions are to be approved by UKRI.

Both NRSPV and UKRI have made an initial capital contribution to NewRiver Retail Investments of approximately £11.5 million as part of the funding of the acquisition of the NewRiver Retail Investments Initial Portfolio. UKRI has committed to invest an initial £60 million in NewRiver Retail Investments (such figure includes its investment in respect of the NewRiver Retail Investments Initial Portfolio) for a period of two years following 5 March 2010.

Any further acquisitions may be funded by NRSPV and UKRI in such proportions as they may agree and NRSPV has the flexibility to fund a minimum of 10 per cent. and a maximum of 50 per cent. of the equity funding.

The MSREI Joint Venture Agreement provides that profits which arise in respect of each individual investment in a property or portfolio of properties (each, a "Project") by NewRiver Retail Investments shall be paid to the limited partners by NewRiver Retail Investments in the proportions in which

NRSPV and UKRI contributed funding to NewRiver Retail Investments to acquire the relevant Project, save that NRSPV will be entitled to a promote payment in cash, depending on the level of the returns across the entire asset base of NewRiver Retail Investments.

All such payments shall be subject to ongoing clawback/true up so that the aggregate amount of the promote payments paid reflects the internal rate of return of UKRI across all completed Projects.

If a limited partner wishes to transfer its interest in NewRiver Retail Investments, it must first give the other limited partner the right to make an offer for such interest. If the right of first offer provisions are not exercised, the limited partners have agreed certain restrictions on transfers of their respective interests in NewRiver Retail Investments. No limited partner may transfer their interest in NewRiver Retail Investments until the MSREI Joint Venture Exclusivity Period has expired.

UKRI have the right to convert some or all of their interest in NewRiver Retail Investments into shares in the Company (the “MSREI Conversion Option”). The MSREI Conversion Option is exercisable in the period between 12 and 60 months after 5 March 2010 (the “Conversion Period”).

The maximum amount of shares in the Company which can be issued under the MSREI Conversion Option is 10 per cent. of the fully diluted share capital in issue at the time of the conversion. However, different limitations on the maximum amount of shares in Company which can be issued under the MSREI Conversion Option apply depending on whether it is exercised once or several times. The first time MSREI exercise the MSREI Conversion Option, they must elect whether they should be entitled to exercise it once only or on future occasions.

If UKRI elect to exercise the MSREI Conversion Option once, the share price for the conversion shall be the higher of the (i) the issue price under the Placing (ii) and the net asset value of the Company at that time.

If UKRI elect to exercise the MSREI Conversion Option more than once, the share price for each conversion shall be the higher of the (i) the most recent secondary issue which has been carried out by the Company at that time and (ii) and the net asset value of the Company at that time. UKRI may only exercise the MSREI Conversion Option a maximum of four times during the Conversion Period. Each exercise of the MSREI Conversion Option in part lowers the percentage in respect of which the MSREI Conversion Option can be exercised in future. For example, if the option is exercised in respect of three per cent. of the then issued capital of the Company, UKRI can only exercise the option in future for a further seven per cent. of the issued capital of the Company and on each exercise by reference to the fully diluted share capital then in issue but excluding MSREI’s own shareholding. If MSREI disposes of or otherwise transfers shares in the Company (including by a sale of economic rights by, for example, a CFD) in the market, the MSREI Conversion Option terminates.

UKRI has agreed not to dispose of any shares in the Company which it receives pursuant to the exercise of the MSREI Conversion Option until 270 days after the issue of such shares. NRSPV and UKRI have agreed to bear any stamp duty costs of exercise of the MSREI Conversion Option equally.

On the occurrence of an event of default (which are of a type customarily seen in an agreement of this type, and include, amongst others, an insolvency-type event in respect of a limited partner, a material uncured default and, in respect of NRSPV only, termination of the NewRiver Retail Investments AMA), the non-defaulting party may within six months of the occurrence of the event of default require that the defaulting party sell its entire interest in NewRiver Retail Investments to the non-defaulting party at 90 per cent. of fair value (such value to be determined by an independent valuer).

GP Shareholders’ Agreement

- 2.7 On 28 February 2010, the Company entered into a shareholders’ agreement relating to GP, a Guernsey limited company, with (i) UKRI (ii) NRSPV and (iii) GP to regulate their relationship in respect of GP (the “General Partner Shareholders’ Agreement”).

The General Partner Shareholders' Agreement sets out the way in which NewRiver Retail Investments and its subsidiary entities ("Group Entities") which are interested in individual Projects will be governed. The governance provisions apply at two levels:

- decisions to be taken by the GP in respect of actions by NewRiver Retail Investments; and
- decisions to be taken in respect of actions by Group Entities in respect of individual Projects.

All decisions to be taken by the GP in respect of the operation of NewRiver Retail Investments are deadlocked at 50:50, regardless of the amount of money invested by each of UKRI and NRSPV in NewRiver Retail Investments.

At Group Entity level, the decision-making power is determined by the proportions of equity funding made by NRSPV and UKRI to the relevant Group Entity. The parties have agreed varying levels of minority protections ("Reserved Matters"), depending on the levels of funding provided by NRSPV and UKRI in respect of each Group Entity.

The Company has agreed that during an exclusivity period of two years from 5 March 2010 or, if earlier, (i) the date on which UKRI has invested £60 million in aggregate into the LP or (ii) termination of the NewRiver Retail Investments AMA (the "MSREI Joint Venture Exclusivity Period"), it will grant NewRiver Retail Investments the first option to acquire any retail assets which the Company is interested in acquiring, which have a value of £25 million or greater. If NewRiver Retail Investments does not decide to proceed with such acquisition, the Company will be free to acquire such assets either on its own account, or otherwise, for example, by way of a joint venture with a third party.

The General Partner Shareholders' Agreement contains similar default provisions to those contained in the MSREI Joint Venture Agreement referred to in paragraph 2.6 above.

NewRiver Retail Investments AMA

2.8 On 28 February 2010, NewRiver Capital, GP, acting in its capacity as general partner of NewRiver Retail Investments and NewRiver Retail (GP1) Limited, acting in its capacity as general partner of NRSPV, the owner of the NewRiver Retail Investments Initial Portfolio, amongst others, entered into an asset management agreement (the "NewRiver Retail Investments AMA") in relation to NewRiver Retail Investments. Under the terms of the NewRiver Retail Investments AMA, NewRiver Capital has agreed to provide certain asset management and advisory services to NewRiver Retail Investments and any direct or indirect owner of an interest in any property acquired by NewRiver Retail Investments (each an "Owner"). The services provided by NewRiver Capital under the NewRiver Retail Investments AMA include, without limitation, property management and advisory services, letting services, corporate and administrative services, acquisition and sales services and reporting services in respect of the NewRiver Retail Investments Initial Portfolio and any other properties that may be acquired from time to time by any Owner. Each time an Owner acquires a property it is required to accede to the NewRiver Retail Investments AMA in respect of such property.

Pursuant to the NewRiver Retail Investments AMA, NewRiver Capital is entitled to receive a management fee: (i) in respect of the NewRiver Retail Investments Initial Portfolio, of £245,000 for the first 12 months from completion of the NewRiver Retail Investments AMA, being 28 February 2010 (the "Completion Date"), and thereafter of five per cent. of the gross rental income paid in each quarter; and (ii) in respect of any properties which are acquired by any Owner subsequently, between three and five per cent. of gross rental income as agreed between the relevant Owner and NewRiver Capital at the time of the acquisition having regard to prevailing market conditions at the time. The management fee is payable quarterly in arrear within 15 business days after the end of the relevant quarter.

In addition, NewRiver Capital is entitled to an accounting and reporting fee equal to: (i) £20,000 per annum for the period of 24 months following the Completion Date; and (ii) for the remainder of the term of the NewRiver Retail Investments AMA, £20,000 per annum or, if no further properties are

acquired pursuant to the MSREI Joint Venture Agreement in the first two years, £25,000. Such fees payable quarterly in arrear within 15 business days after the end of the relevant quarter.

The NewRiver Retail Investments AMA commenced on the date of completion of the acquisition of the NewRiver Retail Investments Initial Portfolio, being 5 March 2010, and terminates on the earlier of (i) the date which is 20 business days after the date when the last of the properties or Owners holding the properties is sold (the “Escrow Release Date”); and (ii) the date on which the NewRiver Retail Investments AMA is otherwise terminated in accordance with its terms.

The NewRiver Retail Investments AMA may be terminated by the GP or any Owner with immediate effect on notice in the event that (i) there is a change of control with respect to NewRiver Capital or any of its affiliates which is a party to any of the documentation entered into in connection with NewRiver Retail Investments; and (ii) there is an event of default in relation to NewRiver Capital (a “NRC EoD”) unless such event of default arises solely as a direct consequence of the Owner’s or the GP’s breach of its obligations under the NewRiver Retail Investments AMA. A NRC EoD includes, without limitation, a material breach by NewRiver Capital of the NewRiver Retail Investments AMA which breach, if capable of remedy, is not remedied within a 30 day cure period, persistent failure by NewRiver Capital to perform any of the services which, if capable of remedy, is not remedied within a 20 day cure period following notification of the third such failure, any act of fraud, bribery or corruption committed by NewRiver Capital or any of its affiliates and any event of insolvency in relation to NewRiver Capital or any of its affiliates which is party to any of the documentation entered into in connection with NewRiver Retail Investments.

In addition, if the net rental income ratio (as defined in the NewRiver Retail Investments AMA) in respect of the properties owned by an Owner falls below 75 per cent. on any test date (provided that it can be reasonably and fairly demonstrated that the relevant fall is not due to any matter beyond the reasonable control of NewRiver Capital, including, without limitation, tenant insolvency, threat of compulsory purchase order and failure by the Owner to put NewRiver Capital in funds to pay any tenant incentives or other tenant inducements) then the relevant Owner is entitled to terminate the NewRiver Retail Investments AMA in respect of such Owner and all the properties owned by it with immediate effect.

NewRiver Capital may terminate the NewRiver Retail Investments AMA in respect of any Owner or any properties owned by that Owner with immediate effect on notice in the event that an event of default occurs in respect of any such Owner, i.e. non-payment by that Owner of any sums due to NewRiver Capital under the NewRiver Retail Investments AMA for 20 business days after the due date for payment, an insolvency event in relation to that Owner or any act of fraud, bribery or corruption on the part of that Owner.

▲ The NewRiver Retail Investments AMA also contains provision relating to the retention of certain key personnel (Allan Lockhart (or another person approved by the Owners), in relation to service provision, and David Lockhart, in relation to strategy). In the event that David Lockhart desires to retire, then all reasonable steps necessary to secure an appropriate alternative approved by the Owners (acting reasonably and without delay) must be taken. In addition, no key personnel may be removed without the consent of the Owners (such consent not to be unreasonably withheld or delayed). Any key personnel lost unexpectedly must be replaced with the Owners’ approval within six months.

Acquisition of the NewRiver Retail Investments Initial Portfolio

- ▲ 2.9 NewRiver Retail (GP1) Limited, acting in its capacity as general partner of NewRiver Retail (Portfolio No 1) LP (the “Buyer”), exchanged contracts with UBS Global Asset Management (UK) Limited acting in the capacity of general partner of UBS Triton Property Fund (the “Seller”) on 28 February 2010 to purchase a portfolio of eight English properties (the “NewRiver Retail Investments Initial Portfolio”). On 28 February 2010, the Buyer also exchanged contracts with the Seller to purchase a Scottish property at 50-60 Union Street, Glasgow also comprising part of the NewRiver Retail Investments Initial Portfolio.

The aggregate purchase price for the eight properties was £47.5 million. Properties were acquired in Andover (£3.75 million); Canterbury (£850,000); East Ham, London (£6.6 million); Norwich (£5.5 million); Huddersfield (£10.55 million); Shrewsbury (£8 million); Widnes (£9 million); and Wrexham (£3.25 million). The purchase price for the Glasgow property was £1.5 million.

The contract in respect of the English properties was unconditional in relation to all of the properties save for Widnes Shopping Centre. The obligation to purchase Widnes Shopping Centre is conditional upon the Seller obtaining the consent of Widnes Borough Council, as reversioner, to the assignment of the head leasehold interest in Widnes Shopping Centre. As at 9 April 2010, being the latest practicable date prior to the publication of this document, this condition had not yet been fulfilled and the sale of Widnes Shopping Centre is not yet complete. If reversioner's consent has not been obtained within three months after the date of the contract, that is, 28 May 2010, either the Seller or the Buyer may serve notice on the other to rescind the contract, whereupon the deposit paid by the Buyer on exchange (£900,000) will be repaid to the Buyer along with interest accrued thereon. The sale and purchase of the Widnes property is also conditional on Widnes Borough Council providing certain comforts on the due observance and performance by the Seller of certain financial and development obligations contained in the headlease.

The sale of the remaining English properties was completed on 5 March 2010.

The contract in respect of the Glasgow property was conditional upon completion of the sale and purchase of the English properties, save for the Widnes Shopping Centre, and this sale was also completed on 5 March 2010.

On completion of the transaction, the English properties were transferred to NewRiver Retail (GP1) Limited and NewRiver Retail (Nominee 1) Limited who, pursuant to a declaration of trust, hold the legal estate in each property on bare trust for NRSPV. The Glasgow property was transferred to the Buyer.

The contract in respect of the English properties includes an obligation on the part of the Buyer restricting the Buyer from disposing of its interest in any of the properties within the first three months following actual completion, more than two of the properties within the period of three to six months from completion and more than two further properties (comprising four in aggregate over the 12 month period) between six and 12 months from completion. This restriction ceases to apply on the date falling 12 months from completion. In addition, the restriction does not apply to (i) any disposal of the properties to an associated entity of the Buyer; (ii) a disposal by or at the direction of any liquidator, receiver or administrative receiver; (iii) a disposal by a mortgagee in possession, or otherwise at the direction of the Bank or any funder; or (iv) a disposal at a price less than the price allocated to the relevant property under the contract.

Acquisition of the Wrexham Property

- 2.10 The Company acquired the freehold interest in 28-31 Hope Street and 3-5 Priory Street, Wrexham, from Town Centre Securities PLC pursuant to a contract dated 30 November 2009. The property is a multi-let high street property. The investment comprises a total of 33,975 sq ft divided into five individual retail units, currently let to national multiple retailers: Peacocks, Vision Express, Bathstore, Laura Ashley and Walmsleys. The purchase price was £5.25 million.

Acquisition of the Market Deeping Property

- 2.11 NewRiver Retail (Market Deeping No1) Limited (the "Buyer"), a wholly-owned subsidiary of NewRiver, exchanged contracts with Westgate Properties (Anglia) Limited, Anglia Regional Co-operative Society Limited and Westgate Optical Limited on 23 December 2009 to purchase the Deeping Centre, Market Deeping. The purchase price for the property was £5.5 million.

The contract was conditional upon a separate contract in relation to an adjoining plot of development land, the "Witts Land", also being completed at the same time. Contracts were also exchanged relating

to the Witts Land on 23 December 2009 between Westgate Properties (Anglia) Limited and the Buyer. The purchase price for the Witts Land was £275,000.

Both sales were completed on 19 January 2010.

Other Material Contracts

- | 2.12 ▲ The other material contracts into which the Company or another member of its Group has entered are disclosed in paragraph 6 of Part 9 of the Admission Document.

3. Miscellaneous

- 3.1 Cenkos is registered in England and Wales under number 5210733 and its registered office is 6.7.8 Tokenhouse Yard, London, EC2R 7AS. It has given and has not withdrawn its written consent to the issue of this document with the inclusion of its name and references to it in the form and context in which it appears.
- 3.2 MSREI has given and not withdrawn its written consent to the issue of this document with the inclusion of its name, and the names of any of its affiliates referred to herein, and references to it and any of its affiliates in the form and context in which they appear and also to the disclosure of the material terms of the joint venture arrangements set out herein.
- | 3.3 Kinmont has given and not withdrawn its written consent to the issue of this document with the inclusion of its name, and the names of any of its affiliates referred to herein, and references to it and any of its affiliates in the form and context in which they appear and also to the disclosure of the material terms of the joint venture arrangements set out herein.
- | 3.4 ▲ Copies of the following documents will be available for inspection at the registered office of the Company and at the offices of Eversheds LLP at One Wood Street, London EC2V 7WS during usual business hours on any weekday from the date of this document (Saturdays and public holidays excepted) for a period of 14 days or until Admission, whichever is the longer period:

- | 3.4.1 ▲ the memorandum of incorporation of the Company and the Articles; and
- | 3.4.2 ▲ this document.

| **Dated:** ▲ 13 April 2010

NOTICE OF EXTRAORDINARY GENERAL MEETING

NEWRIVER RETAIL LIMITED

NOTICE IS HEREBY GIVEN that an Extraordinary General Meeting of NewRiver Retail Limited (the “**Company**”) will be held at the offices of Morgan Sharpe Administration Limited at Isabelle Chambers, Route Isabelle, St. Peter Port, Guernsey, Channel Islands GY1 3TX on 4 May 2010 at 11.00 a.m. for the purpose of considering and, if thought fit, passing the following resolutions, of which Resolutions 1 and 2 will be proposed as special resolutions and Resolution 3 will be proposed as an ordinary resolution:

SPECIAL RESOLUTIONS

1. THAT:

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

2. THAT:

in addition to all existing powers and authorities conferred upon them (including, if so granted to them the power under Resolution 1), the Company hereby determines pursuant to Article 6.2 that the provisions of Article 6.2 and any pre-emption rights included therein shall not apply in respect of the proposed allotment and issue of any Ordinary Shares to UKRI (as such expression is defined in the Circular), or any of its affiliates, pursuant to the exercise by UKRI of the MSREI Conversion Option (as such expression is defined in the Circular) set out in the MSREI Joint Venture Agreement (as such expression is defined in the Circular) and that the Directors be and are hereby empowered to issue any such Ordinary Shares as if Article 6.2 and any pre-emption rights included therein did not apply to any such allotment and issue.

ORDINARY RESOLUTION

3. THAT:

subject to the Placing Agreement (as such expression is defined in the Circular of which this Notice of General Meeting forms part) becoming unconditional (save for any condition relating to Admission or the passing of the Resolutions set out in this Notice of General Meeting);

(a) the following amendment be made to the rules of the NewRiver Retail Limited Company Share Option Plan 2009 (subject to approval to such amendment having been received from HM Revenue & Customs):

in the first line of rule 5.1, the words “granted prior to 4 May 2010” be inserted after the word “Options” and before the words “may be granted subject to such other objective conditions”, and after the last line of such rule 5.1, the following sentence be inserted: “For the avoidance of doubt, no such objective conditions may be imposed on any Option granted on or after 4 May 2010.”; and

(b) the following amendments be made to the rules of the NewRiver Retail Limited Unapproved Share Option Plan 2009:

- (i) at paragraph (b) of the definition of “Vesting Date”, the word “third” be deleted and replaced with “first”; and
- (ii) in the first line of rule 5.1, the words “granted prior to 4 May 2010” be inserted after the word “Options” and before the words “may be granted subject to such other objective conditions”, and after the last line of such rule 5.1, the following sentence be inserted: “For the avoidance of doubt, no such objective conditions may be imposed on an Option granted on or after 4 May 2010.”

BY ORDER OF THE BOARD

Company Secretary

Date: 13 April 2010

Registered Office:

Isabelle Chambers
Route Isabelle
St. Peter Port
Guernsey
Channel Islands
GY1 3TX

Notes:

- (i) Any member entitled to attend, speak and vote at the meeting convened by the above notice is entitled to appoint one or more proxies to exercise all or any of his rights to attend, speak and vote at a meeting of the Company. A proxy need not be a member of the Company.
- (ii) A member may appoint more than one proxy in relation to a meeting, provided that each proxy is appointed to exercise rights attached to a different share or shares held by him.
- (iii) To be valid the enclosed Form of Proxy for the Extraordinary General Meeting together with the power of attorney or other authority, if any, under which it is signed or a notarially certified or office copy thereof must be deposited by [•] a.m. on [•] 2010 at the offices of the Company’s registrars, Capita Registrars at PXS, 34 Beckenham Road, Beckenham BR3 4TU.
- (iv) Completion of the Form of Proxy or submission of a valid electronic proxy appointment will not prevent you from attending and voting in person.
- (v) Pursuant to regulation 41 of the Uncertificated Securities Regulations 2001, only shareholders registered in the register of members of the Company as at 6:00 p.m. on 2 May 2010 shall be entitled to attend and vote at the General Meeting in respect of the number of shares registered in their name at such time. If the General Meeting is adjourned, the time by which a person must be entered on the register of members of the Company in order to have the right to attend and vote at the adjourned meeting is 6:00 p.m. on the day two days before the date fixed for the adjourned meeting. Changes to the register of members after the relevant times shall be disregarded in determining the rights of any person to attend or vote at the meeting.
- (vi) CREST members who wish to appoint a proxy or proxies by utilising the CREST electronic proxy appointment service may do so for the General Meeting and any adjournment(s) thereof by utilising the procedures described in the CREST Manual. CREST personal members or other CREST sponsored members, and those CREST members who have appointed (a) voting service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.
- (vii) In order for a proxy appointment made by means of CREST to be valid, the appropriate CREST message (a “**CREST Proxy Instruction**”) must be properly authenticated in accordance with Euroclear UK & Ireland’s specifications and must contain the information required for such instructions, as described in the CREST Manual. The message must be transmitted so as to be received by Capita Registrars (ID RA10), by 11.00 a.m. on 2 May 2010. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Applications Host) from which Capita Registrars is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST.
- (viii) CREST members and, where applicable, their CREST sponsors or voting service providers should note that Euroclear UK & Ireland does not make available special procedures in CREST for any particular messages. Normal system timings and limitations will therefore apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member or sponsored member or has appointed (a) voting service provider(s), to procure that his CREST sponsor or voting service provider(s) take(s) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting service providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.

The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.

- (ix) In the case of joint holders, the vote of the senior who tenders a vote whether in person or by proxy will be accepted to the exclusion of the votes of the other joint holders and for this purpose seniority will be determined by the order in which the names stand in the register of members of the Company in respect of the relevant joint holding.

