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If you have sold or otherwise transferred all of your Ordinary Shares, please send this document and all accompanying documents 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.

This document comprises a circular prepared for the purposes of the Extraordinary General Meeting convened pursuant to the Notice of Extraordinary General Meeting set out at pages 52 and 53 (inclusive) of this document.

This document, read together with the relevant Convertible Unsecured Loan Stock Instrument, comprises a Listing Document for the purposes of the application by the Issuer for the admission to trading of the relevant Convertible Unsecured Loan Stock on the Daily Official List of the Channel Islands Stock Exchange, LBG (the "CISX").

Neither the admission of the Convertible Unsecured Loan Stock to the Daily Official List of the CISX nor the approval of the Listing Document pursuant to the listing requirements of the CISX shall constitute a warranty or representation by the CISX as to the competence of the service providers to or any other party connected with the Issuer, the adequacy and accuracy of information contained in the Listing Document or the suitability of the Issuer for investment or for another other purpose.

Neither this document nor any other accompanying document constitutes or forms part of any offer or invitation to purchase, subscribe for, otherwise acquire, sell, otherwise dispose of or issue, or any solicitation of any offer to sell, otherwise dispose of, issue, purchase, or subscribe for or otherwise acquire, any security in any jurisdiction in which such an offer, an invitation or a solicitation is unlawful. Persons into whose possession these documents come should inform themselves about and observe any such restrictions. Any failure to comply with those restrictions may constitute a violation of securities laws of any such jurisdiction.

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 the A Convertible Unsecured Loan Stock and, if applicable, the B Convertible Unsecured Loan Stock to be admitted to trading on the Daily Official List of the CISX. It is expected that, subject to Shareholder approval of Resolutions 1 and 2 and the Company becoming a UK-REIT, Admission of the A Convertible Unsecured Loan Stock will become effective and dealings in the A Convertible Unsecured Loan Stock will commence on the CISX at 8.00 a.m. on 24 November 2010.

This document includes particulars given in compliance with the CISX Listing Rules for the purpose of giving information with regard to the Company and the Issuer. The Issuer, whose registered office appears on page 10 of this document, and the board of directors of the Issuer, whose names appear on page 10 of this document and the Company, whose registered office appears on page 10 of this document, and the board of directors of the Company, whose names 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 boards of directors of the Issuer and the Company (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 election by the Company for UK-REIT status;

Proposed issue by NewRiver Retail CUL No. 1 Limited of up to £25.0 million nominal value 5.85 per cent. Convertible Unsecured Loan Stock 2015 at par (including £15.0 million placed firm with Forum and up to £10.0 million available for future issue (of which Spearpoint has conditionally committed to subscribe for up to £8.0 million and Forum has conditionally committed to subscribe for up to £2.0 million));

and

Notice of Extraordinary General Meeting

The whole of this document and all accompanying documents should be read. Your attention is drawn to the letter from the Chairman of NewRiver Retail Limited which is set out on pages 12 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. Certain of the proposals described in this document are conditional upon the Resolutions being passed.

A notice convening an Extraordinary General Meeting (“EGM”) of the Company to be held at 10.00 a.m. on 19 November 2010 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, Capita Registrars (at PXS, 34 Beckenham Road, Beckenham BR3 4TU) no later than 10.00 a.m. on 17 November 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 ID RA10) by no later than 10.00 a.m. on 17 November 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 Channel Islands Limited, which is authorised and regulated in Guernsey by the GFSC, is acting as the Company’s and the Issuer’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 and the Issuer 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 and the Issuer’s CISX Listing Sponsor, owes certain responsibilities to the CISX which are not owed to the Company, the Issuer or their respective Directors.

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.

Copies of this document are available free of charge until 24 November 2010 at the offices of Eversheds LLP at One Wood Street, London EC2V 7WS during usual business hours on any weekday (public holidays excepted).

This document is dated 28 October 2010.

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DEFINITIONS

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

“A Convertible Unsecured Loan Stock”	the up to £17.0 million nominal value A 5.85 per cent. convertible unsecured loan stock 2015, proposed to be issued to Forum by the Issuer
“A Convertible Unsecured Loan Stock Instrument”	the deed which it is proposed that the Company and the Issuer enter into in order for the Issuer to constitute and issue the A Convertible Unsecured Loan Stock, a summary of the principal terms of which is set out in paragraph 4 of the letter from the Chairman contained in this document, with further details contained in Part V of this document
“Admission”	the admission of the A Convertible Unsecured Loan Stock and/or the B Convertible Unsecured Loan Stock (if applicable) 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”	the AIM 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
“B Convertible Unsecured Loan Stock”	the up to £8.0 million nominal value B 5.85 per cent. convertible unsecured loan stock 2015, proposed to be issued to Spearpoint by the Issuer
“B Convertible Unsecured Loan Stock Instrument”	the deed which it is proposed that the Company and the Issuer enter into in order for the Issuer to constitute and issue the B Convertible Unsecured Loan Stock, a summary of the principal terms of which is set out in paragraph 4 of the letter from the Chairman contained in this document, with further details contained in Part V of this document
“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
“Company”, “NewRiver” or “NewRiver Retail”	NewRiver Retail Limited, a closed-ended investment company, incorporated in Guernsey with registration number 50463
“Current Articles”	the articles of incorporation of the Company currently in force
“Convertible Unsecured Loan Stock”	the up to £25.0 million nominal value 5.85 per cent. convertible unsecured loan stock 2015 proposed to be issued, from time to time, by the Issuer, comprising the A Convertible Unsecured Loan Stock and the B Convertible Unsecured Loan Stock
“Convertible Unsecured Loan Stock Instruments”	the A Convertible Unsecured Loan Stock Instrument and B Convertible Unsecured Loan Stock Instrument
“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 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
“EGM” or “Extraordinary General Meeting”	the Company’s extraordinary general meeting (or any adjournment thereof) convened for 10.00 a.m. on 19 November 2010 at which the Resolutions will be put to the Shareholders
“Euroclear”	Euroclear UK & Ireland Limited, the operator of the CREST system
“Fair Market Value”	as such term is defined in the Warrant Instrument and more particularly described in the Admission Document
“First Admission”	the admission of Ordinary Shares to trading on AIM and to the Official List of the CISX, which occurred on 1 September 2009
“Form of Proxy”	the enclosed form of proxy for use by Shareholders in connection with the EGM
“FERI III”	Forum European Realty Income III, L.P., an exempted limited partnership organised in the Cayman Islands, or one or more controlled affiliates thereof, currently not a Shareholder
“Forum”	FNRR Holdings Limited, an exempted company incorporated in the Cayman Islands with limited liability, a wholly-owned subsidiary of FERI III
“Forum Partners”	Forum Partners Investment Management LLC
“Forum Subscription Agreement”	the subscription agreement dated 27 October 2010, between the Company, the Issuer and Forum relating to the conditional subscription by Forum of £15.0 million nominal value A Convertible Unsecured Loan Stock at par and the conditional commitment by Forum to subscribe for up to £2.0 million nominal value A Convertible Unsecured Loan Stock at par, at the request of the Issuer
“Fully Diluted Share Capital”	at any time, the number of Ordinary Shares which the Company would have in issue at the relevant time if all Ordinary Shares

capable of being issued by the Company pursuant to all outstanding Share Equivalents 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

“HMRC”	Her Majesty’s Revenue & Customs
“Issuer”	NewRiver Retail CUL No. 1 Limited, a private limited company, incorporated in England & Wales with registered number 7401382, a special purpose vehicle which is a wholly-owned subsidiary of the Company
“Law”	The Companies (Guernsey) Law, 2008, as amended
“Listing Document”	this Offering Circular, read together with the relevant Convertible Unsecured Loan Stock Instrument
“London Stock Exchange”	London Stock Exchange plc
“Management Committee”	the management committee of the Board (or any other committee of the Board appointed to carry out a similar function)
“MSREI”	Morgan Stanley Real Estate Investing Fund VII
“New Articles”	the new articles of incorporation of the Company proposed to be approved and adopted at the EGM
“NewRiver” or the “Group”	the Company and its subsidiaries and subsidiary undertakings from time to time (including, without limitation, the Issuer)
“NewRiver Capital” or “NRC”	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
“NRC Management Team”	as at the date of this document, David Lockhart, Allan Lockhart, Nicholas Sewell, Mark Davies and Nick Scott
“Offering Circular” or “this document”	this circular to Shareholders, which also forms part of a Listing Document in compliance with the CISX Listing Rules
“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
“Property Rental Business”	the qualifying property rental business in the UK and elsewhere of UK resident companies within a UK-REIT and non-UK resident companies within a UK-REIT with a UK qualifying property rental business
“Proposals”	the proposed election by the Company for UK-REIT status and the proposed constitution and issue by the Issuer of the Convertible Unsecured Loan Stock
“Regulations”	the 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
“Spearpoint”	Spearpoint Limited, a company incorporated in Guernsey (registered number 47575), whose registered office is at Yorkshire House, Le Truchot, St. Peter Port, Guernsey, Channel Islands GY1 4PH
“Spearpoint Subscription Agreement”	the subscription agreement dated 27 October 2010, between the Company, the Issuer and Spearpoint relating to the conditional commitment by Spearpoint to subscribe for up to £8.0 million nominal value B Convertible Unsecured Loan Stock at par, at the request of the Issuer
“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.
“Standard Life”	Standard Life Investments Limited, the seller of the Standard Life Portfolio
“Standard Life Acquisition”	the proposed acquisition by NewRiver Portfolio No. 2 Limited of the Standard Life Portfolio, as more particularly described in paragraph 9 of the Chairman’s letter in Part I of this document
“Standard Life Portfolio”	a portfolio of five assets currently owned by Standard Life proposed to be acquired pursuant to the Standard Life Acquisition, as more particularly described in paragraph 9 of the Chairman’s letter in Part I of this document
“Stockholder”	a holder of Convertible Unsecured Loan Stock, from time to time
“Subscription Agreements”	the Forum Subscription Agreement and the Spearpoint Subscription Agreement
“Subscription Price”	two hundred and forty four (244) 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 Warranholder’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 (as defined in the Warrant Instrument) of the Company specified in its Certificate
“subsidiary”	as construed in accordance with section 1159 of the Companies Act 2006 and section 531 of the Law

“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
“UK-REIT”	a UK Real Estate Investment Trust under Part 12 of the Corporation Taxes Act 2010
“UK-REIT election”	the proposed election by the Company to become a UK-REIT
“UK-REIT regime”	the UK-REIT regime introduced by the Finance Act 2006 and re-written in Part 12 of the Corporation Taxes Act 2010
“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
“Warrantholders”	holders of Warrants from time to time, and “Warrantholder” shall mean any one of them
“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
“\$” or “US\$” or “dollars”	the lawful currency of the United States of America

EXPECTED TIMETABLE OF PRINCIPAL EVENTS

	<i>2010</i>
Despatch of this document and Forms of Proxy	28 October
Latest time and date for receipt of Forms of Proxy and receipt of electronic proxy appointments by Shareholders for the Extraordinary General Meeting	10.00 a.m. on 17 November
Time and date of Extraordinary General Meeting	10.00 a.m. on 19 November
Announcement of the results of the Extraordinary General Meeting	19 November
Proposed UK-REIT notification to HMRC	22 November
Anticipated date for entry into UK-REIT regime	23 November
Issue of the Convertible Unsecured Loan Stock	23 November
Admission effective and dealings in the A Convertible Unsecured Loan Stock commence on CISX	8.00 a.m. on 24 November

Notes:

- (1) A reference to a time in this document is to London time unless otherwise stated.
- (2) The times and dates set out above and mentioned throughout this document may be adjusted by the Company or the Issuer at any time, in which event details of the new times and dates will be notified to the London Stock Exchange and the CISX.

STATISTICS IN RELATION TO THE PROPOSED ISSUE OF CONVERTIBLE UNSECURED LOAN STOCK

Nominal value of Convertible Unsecured Loan Stock to be issued	Up to £25,000,000
Nominal value of A Convertible Unsecured Loan Stock placed firm with Forum	£15,000,000
Nominal value of Convertible Unsecured Loan Stock available for future issue by the Issuer at its sole discretion (of which Spearpoint has conditionally committed to subscribe for up to £8.0 million of B Convertible Unsecured Loan Stock and Forum has conditionally committed to subscribe for up to £2.0 million of A Convertible Unsecured Loan Stock)	£10,000,000

DIRECTORS AND ADVISERS TO THE COMPANY AND THE ISSUER

Directors of the Company	Paul Roy (<i>Chairman</i>) David Lockhart (<i>Director</i>) Susie Farnon (<i>Director</i>) Shelagh Mason (<i>Director</i>) Peter Tom CBE (<i>Director</i>) Serena Tremlett (<i>Director</i>) all of the registered office of the Company
Registered Office of the Company	Isabelle Chambers Route Isabelle St. Peter Port Guernsey Channel Islands GY1 3TX
Directors of the Issuer	Mark Davies (<i>Director</i>) Allan Lockhart (<i>Director</i>) Serena Tremlett (<i>Director</i>) all of the registered office of the Issuer
Registered Office of the Issuer	28 Brook Street London W1K 5DH
Investment Manager to the Company	NewRiver Capital Limited 28 Brook Street London W1K 5DH
Nominated Adviser and Broker	Cenkos Securities Plc 6.7.8 Tokenhouse Yard London EC2R 7AS
Financial Adviser	Kinmont 5 Clifford Street London W1S 2LG
Tax Adviser	BDO LLP 55 Baker Street London W1U 7EU
Legal Advisers as to English Law	Eversheds LLP One Wood Street London EC2V 7WS
CISX Listing Sponsor	Cenkos Channel Islands Limited P.O. Box 222 16 New Street St. Peter Port Guernsey Channel Islands GY1 4JG
Legal Advisers as to Guernsey Law	Mourant Ozannes P.O. Box 186 1 Le Marchant Street St. Peter Port Guernsey Channel Islands GY1 4HP

Auditors	Deloitte LLP Regency Court Glategny Esplanade St. Peter Port Guernsey Channel Islands GY1 3HW
Administrator and Company Secretary	Morgan Sharpe Administration Limited P.O. Box 327 Isabelle Chambers Route Isabelle St. Peter Port Guernsey Channel Islands GY1 3TX
Registrar and CREST Services Provider	Capita Registrars (Guernsey) Limited Longue Hougue House St. Sampson Guernsey Channel Islands GY2 4JN

PART I

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

28 October 2010

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

Dear Shareholder,

Proposed election by the Company for UK-REIT status; proposed issue by NewRiver Retail CUL No. 1 Limited of up to £25.0 million nominal value 5.85 per cent. Convertible Unsecured Loan Stock 2015 at par (including £15.0 million placed firm with Forum and up to £10.0 million available for future issue (of which Spearpoint has conditionally committed to subscribe for up to £8.0 million and Forum has conditionally committed to subscribe for up to £2.0 million)) and Notice of Extraordinary General Meeting

1. Introduction

Today the Company announced, subject to Shareholder approval, the following Proposals:

- (1) its proposed election to HMRC to enter the UK-REIT regime (as set out in Resolution 1); and
- (2) the proposed issue by NewRiver Retail CUL No. 1 Limited (the "Issuer") of up to £25.0 million of Convertible Unsecured Loan Stock. The Issuer is a wholly-owned special purpose vehicle and subsidiary of the Company incorporated for the sole purpose of issuing the Convertible Unsecured Loan Stock, of which £15.0 million nominal value A Convertible Unsecured Loan Stock is to be placed firm with Forum, a wholly-owned subsidiary of FERI III, and up to £10.0 million nominal value Convertible Unsecured Loan Stock is to be held for future issue by the board of the Issuer (of which Spearpoint has conditionally committed to subscribe for up to £8.0 million of B Convertible Unsecured Loan Stock and Forum has conditionally committed to subscribe for up to £2.0 million of A Convertible Unsecured Loan Stock) (as set out in Resolution 2).

It was also announced today that NewRiver Retail Portfolio No. 2 Limited, a wholly-owned subsidiary of the Company, had exchanged conditional contracts to acquire a group of five properties from Standard Life (the "Standard Life Portfolio") for a total consideration of approximately £14 million. The acquisition of the Standard Life Portfolio is not conditional upon the Proposals. However, it is the Company's intention that certain of the proceeds of the A Convertible Unsecured Loan Stock will initially be utilised by NewRiver Retail Portfolio No. 2 Limited to complete this acquisition until external senior debt finance is drawn down. The balance of the proceeds of the issue of the Convertible Unsecured Loan Stock will be applied in the Company's continuing investment programme. In addition to the Standard Life Portfolio, NewRiver also has a strong pipeline of potential transactions including portfolio and single site acquisitions all meeting its target return criteria at varying stages of advancement with one portfolio acquisition being at a more advanced

stage and, accordingly, the Board has every expectation that the proceeds of the issue of the Convertible Unsecured Loan Stock can be used in full.

The issue of the Convertible Unsecured Loan Stock is conditional on the approval by Shareholders of Resolutions 1 and 2 and the Company becoming a UK-REIT including the requisite approval of Shareholders to dis-apply the pre-emption rights enshrined in the Current Articles in relation to any issue of Ordinary Shares on exercise by Stockholders of the conversion rights in connection with the Convertible Unsecured Loan Stock.

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 election for UK-REIT status and the issue of the A Convertible Unsecured Loan Stock. It also explains why your Board believes that the Resolutions to be proposed at the Extraordinary General Meeting and the potential issue of the B Convertible Unsecured Loan Stock are in the best interests of the Company and Shareholders as a whole and, accordingly, recommends that Shareholders vote in favour of the Resolutions.

2. Background to and reasons for the Proposals

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. 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.

NewRiver Retail 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 or England & Wales, an interest in a joint venture with MSREI, NewRiver Retail Investments, which is structured as a Guernsey limited partnership, and ownership of NewRiver Capital, its internal property adviser and asset manager.

The Company was admitted to AIM and CISX in September 2009, when it raised £25.0 million of capital before expenses through a placing of Ordinary Shares. The Company stated in its Admission Document its intention to raise further capital at a later date in order to accelerate its business plan and acquire assets in accordance with the Company's investment policy. A further £10.5 million of capital before expenses was raised through a placing in April 2010.

The Company has achieved the targets set out in its Admission Document for its 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 substantially all of the funds raised at First Admission and its subsequent fundraising in April 2010 having been deployed. As a consequence, your Board believes that NewRiver Retail has created a strong platform for further expansion and continues to believe that the timing is right for a focused retail property, value creating business to take advantage of favourable market conditions, which include distressed real estate borrowers and UK banks deleveraging and looking to reduce their exposure to UK real estate. The Directors believe that these conditions are ideally suited to the core stock selection and asset management skills of the NRC Management Team and that, with the NRC Management Team now in place, the Group is well positioned to continue its growth. Through the NRC Management Team's knowledge base of the target market and industry contacts, NewRiver has a strong pipeline of potential transactions. The fundraising is intended to enable NewRiver to complete a number of these in the short term. The Directors are pleased with the Company's continued ability to source transactions which meet its target return criteria, including being at a well-progressed stage of consideration in relation to a number of potential deals, several of which are being accessed off-market in private sale discussions.

In this context, the Board believes that the Company should now proceed to raise further funds in the form of the A Convertible Unsecured Loan Stock and, potentially, the B Convertible Unsecured Loan Stock in order to accelerate the Company's business plan and investment policy, in particular with the Standard Life

Acquisition, and to enable NewRiver to complete certain of the potential transactions referred to above. Accordingly, the Board has concluded terms for the raising of funds with Forum and Spearpoint, further details on which are set out below.

The Board has also carefully considered the Company's corporate structure and noted the interest of UK and international real estate investors in UK-REITs. The Board therefore believes that an election to become a UK-REIT may make the Company more attractive to UK and international real estate investors. This should facilitate the future raising of additional expansion capital and also help to attract core liquidity to the Company's Ordinary Shares. The Board believes that a UK-REIT platform would be the most advantageous, for the reasons set out below.

3. Election for UK-REIT status

Background

The Board believes that it would be beneficial for the Group to become a UK-REIT as this is the preferred structure for UK and international real estate investors and will help to provide the Company with access to a broader range of investors due to the fact that the companies within the Group will be largely exempt from future corporation tax on both rental profits and chargeable gains on disposals of investment properties. This removal of tax at the company level enables investors to be taxed broadly as though they held the property directly.

NewRiver did not become a UK-REIT at First Admission as it did not meet all of the criteria of the UK-REIT legislation at that time. NewRiver is not currently eligible for group UK-REIT status because it is not resident for tax purposes solely in the UK (which is a requirement of the UK-REIT legislation). However, subject to obtaining the approval of Shareholders, the Company intends to alter its residency in order to become UK tax resident and satisfy the requirements of the UK-REIT legislation, including by making alterations to the composition of the Board. Other than this, no significant changes of structure are required in order to meet the UK-REIT conditions, nor are any changes to the Company's strategy expected in order to secure ongoing compliance with the UK-REIT conditions.

Should the Group become a UK-REIT, the Group shall pay an entry charge of approximately £1.5 million (equivalent to 2.19 per cent. of its qualifying gross assets as at the date of entry to the UK-REIT regime) in instalments over a 4 year period from the date of entry to the UK-REIT regime. This will be equivalent to a reduction in the Company's net asset value of approximately 10 pence per Ordinary Share. The removal of tax at company level should result in the payback of the UK-REIT entry charge within three years.

The Company will, following its conversion to a UK-REIT, be required to distribute to Shareholders 90 per cent. of the income profits of its Property Rental Business each year. As the Company's focus is primarily on income-bearing assets, the Company's business model is well-suited to the UK-REIT regime. The Board believes that maintaining this level of distributions will be beneficial for Shareholders as a whole and assist in attracting potential new investors into the Company's Shareholder base.

Implications of UK-REIT status for NewRiver

Tax implications

The Board intends that the Company will elect for UK-REIT status with effect from 23 November 2010. By converting to a UK-REIT, members of the Group will no longer pay UK direct tax on the profits and gains from their qualifying property rental businesses in the UK and elsewhere, provided that they meet certain conditions. Non-qualifying profits and gains of the Group will, broadly, be subject to corporation tax. Non-qualifying gains will include gains arising to UK resident companies from the sale of shares in property-owning subsidiary companies.

Business implications

There are a number of conditions that need to be satisfied by the Group for it to qualify as a UK-REIT and to maintain that status. These conditions are described in more detail in Part II. Such conditions include the "balance of business" conditions which broadly require that at least 75 per cent. of its profits and assets relate

to its Property Rental Business. It is currently expected that the Group will satisfy the “balance of business” conditions and should not need to change its business model to continue to satisfy those requirements.

In addition to the conditions, there are various restrictions under the UK-REIT regime which, if not complied with, will result in additional tax charges on the Group. One of these restrictions is the “profit: financing-cost ratio”, which has the indirect effect of limiting the amount of debt that can be borrowed by the Property Rental Business.

Dividend policy

If the Group converts to a UK-REIT it will need to comply with the UK-REIT regime’s distribution condition, such that a minimum of 90 per cent. of the income profits of the Property Rental Business (as calculated, broadly, for tax purposes) are distributed within 12 months of the end of each accounting period.

Implications of UK-REIT status for Shareholders

The conversion of the Group into a UK-REIT will affect Shareholders’ tax position in respect of the receipt of dividends paid under the UK-REIT regime. If conversion occurs, as intended, the first distribution that the Company could make under the UK-REIT regime would relate to profits for part of the year ended 31 March 2011. The amount and payment date of any such distribution will be announced with the preliminary results for the year ended 31 March 2011.

Information relating to the tax implications for certain Shareholders after entry into the UK-REIT regime can be found in Part III of this document. The implications can vary from Shareholder to Shareholder, and, therefore, if you are in any doubt about your tax position, you should seek taxation advice specific to your own personal circumstances.

It is important to note that there is no guarantee that the Group will continue to meet all the ongoing compliance requirements of the UK-REIT rules. However, it is currently the Board’s intention that the Group’s operations will be managed to ensure compliance with the UK-REIT legislation. HMRC may require the Group to exit the UK-REIT regime if:

- it regards a breach of the “balance of business” or distribution conditions, failure to satisfy the conditions relating to the Property Rental Business, or an attempt by any member of the Group to avoid tax, as sufficiently serious;
- the Group has committed a certain number of minor or inadvertent breaches in a specified period; or
- HMRC has given a member of the Group at least two notices in relation to the avoidance of tax within a ten year period.

In addition, if the conditions for UK-REIT status relating to the share capital of the Company and the prohibition on entering into loans with abnormal returns are breached or the Company ceases to be UK resident, becomes dual resident or becomes an open-ended company, ceases to be listed (unless caused by a takeover by another UK-REIT) or (in certain circumstances) ceases to fulfil the close company condition (which is described in Part II of this document), the Group will automatically lose UK-REIT status. Where the Group is required to leave the UK-REIT regime within ten years of joining, HMRC has wide powers to direct how it is to be taxed, including in relation to the date on which the Group is to be treated as exiting the UK-REIT regime.

The Company’s UK-REIT status may restrict business consolidation and distribution opportunities if the Company wishes to continue to meet the “balance of business” condition. The Company will undertake in the Convertible Unsecured Loan Stock Instruments that at all times the Convertible Unsecured Loan Stock remains outstanding, subject to there being no material adverse change in the UK-REIT legislation, the Company will not voluntarily leave the UK-REIT regime and will at all times use all reasonable endeavours to cure any rule breaches of the UK-REIT legislation that may occur unless the Board decides otherwise (acting at all times in good faith and in the best interests of the Company).

The proposed conversion to a UK-REIT will result in a change in the Company’s tax status which will be achieved by the Company notifying HMRC of its conversion to a UK-REIT. Such change in status will have tax consequences for the Company and its Shareholders but the Ordinary Shares will continue to be traded on AIM and listed on the Daily Official List of the CISX. Notwithstanding that it may convert to a UK-REIT,

the Company will continue to be a registered collective investment scheme in Guernsey (for so long as it remains incorporated and administered in Guernsey).

Under the UK-REIT regime, a tax charge may be levied on the Company if the Company makes a distribution to a company which is beneficially entitled (directly or indirectly) to 10 per cent. or more of the shares or dividends of the Company or controls (directly or indirectly) 10 per cent. or more of the voting rights of the Company unless the Company has taken reasonable steps to avoid such a distribution being paid. The amendments proposed to be made to the Company's Articles are intended to give the Board the powers it needs to demonstrate to HMRC that such "reasonable steps" have been taken by the Company. This proposal is consistent with the guidance published by HMRC.

Details of the amendments to the Current Articles are set out in Part IV of this document and details of the tax implications for certain Shareholders are set out in Part III of this document.

If Shareholders approve Resolution 1, then the Company will give notice to HMRC for the Company and the other members of the Group to become a group UK-REIT. Application for UK-REIT status is conditional only upon Shareholder approval being granted to the amendments required to be made to the Current Articles (by means of the approval and adoption of the New Articles).

As part of altering its residency to the United Kingdom, if Shareholders approve Resolution 1, then Allan Lockhart, Mark Davies and Nick Sewell, who are all currently directors of NewRiver Capital, will be appointed to the Board. If Shareholders approve both Resolutions 1 and 2, then Andrew Walker will also be appointed to the Board as Forum's appointed non-executive director pursuant to the rights granted to it under the Forum Subscription Agreement (see paragraph 5 below). The broader composition of the Board, including its non-executive directors, will be reviewed in due course. Further details on the proposed Board following conversion to a UK-REIT and issue of the A Convertible Unsecured Loan Stock are provided in paragraph 7 below.

4. Proposed issue of the Convertible Unsecured Loan Stock

The Group is seeking to raise up to £25.0 million before expenses, through the issue of up to £25.0 million nominal value of Convertible Unsecured Loan Stock at par, of which £15.0 million is proposed to be placed firm with Forum, a wholly-owned subsidiary of FERI III, with up to a further £10.0 million available for subsequent issue by the Group at its discretion (of which Spearpoint has conditionally committed to subscribe, at the request of NewRiver, for up to £8.0 million in nominal value and Forum has conditionally committed to subscribe, again at the request of NewRiver, for up to £2.0 million in nominal value). Under the rules of the CISX, the Company is currently not able to issue the Convertible Unsecured Loan Stock itself. Therefore, the Company has incorporated the Issuer, a wholly-owned special purpose vehicle and subsidiary company, for the sole purpose of issuing the Convertible Unsecured Loan Stock. The Issuer will comply with the abbreviated CISX regime in relation to listed debt securities.

Under the terms of the Convertible Unsecured Loan Stock Instruments, any outstanding Convertible Unsecured Loan Stock shall be repaid in full on 31 December 2015. Until the Convertible Unsecured Loan Stock has been repaid by the Issuer in full or converted into Ordinary Shares, interest will accrue on it on a daily basis at a gross rate equal to an annual rate of 5.85 per cent. Such interest is due and payable by the Issuer on 30 June 2011 and thereafter on 31 December and 30 June in any year whilst the Convertible Unsecured Loan Stock remains outstanding.

Prior to such repayment, a Stockholder may convert all or any of its Convertible Unsecured Loan Stock into Ordinary Shares at the rate of 1 Ordinary Share for every £2.80 nominal value of Convertible Unsecured Loan Stock held during the period commencing on the date of issue and ending on the expected repayment date of 31 December 2015. The closing mid-market price of the Ordinary Shares on 27 October 2010, being the latest practicable date prior to the publication of this document, was 249 pence per Ordinary Share. The Issuer cannot force a conversion of Convertible Unsecured Loan Stock held by Stockholders at any time.

Subject to Shareholder approval of Resolutions 1 and 2 at the Extraordinary General Meeting, the Company becoming a UK-REIT and the A Convertible Unsecured Loan Stock Instrument becoming unconditional in

accordance with its terms, Forum has agreed to subscribe for £15.0 million nominal value of A Convertible Unsecured Loan Stock at par.

The additional £10.0 million of Convertible Unsecured Loan Stock (£2.0 million of A Convertible Unsecured Loan Stock and £8.0 million of B Convertible Unsecured Loan Stock) referred to above shall be available, at the sole discretion of NewRiver, to be issued in due course on the same terms as the initial subscription by Forum for A Convertible Unsecured Loan Stock if issued within 3 months of the date of the Company's conversion to a UK-REIT (aside from certain specific rights which are contained in the Subscription Agreements and which are personal to Forum and Spearpoint, respectively, including, in the case of Forum only, the right to appoint a Board representative and certain differences between the anti-dilution provisions applicable to the A Convertible Unsecured Loan Stock and the B Convertible Unsecured Loan Stock). In the event of the issue being after the three month period, the issue would be on as nearly identical terms as possible subject to any amendments as may be agreed between the Company, the Issuer and the investor at that time to reflect the then prevailing market conditions. The additional £10.0 million of Convertible Unsecured Loan Stock will only be issued, if at all, if and when the Group is able to invest in transactions which would substantially utilise the proceeds of such additional Convertible Unsecured Loan Stock and fall within the Company's investment policy.

It is proposed that the right to issue such additional £10.0 million of Convertible Unsecured Loan Stock shall be available until the date of the annual general meeting of the Company to be held in 2011 but such right could be extended with the approval of the Shareholders. If no such extension is forthcoming, then the right to issue further Convertible Unsecured Loan Stock will lapse. Spearpoint and Forum have respectively committed, for a period of 3 months from the date of the Company's conversion to a UK-REIT, at the request of the Company, to subscribe for up to £8.0 million of B Convertible Unsecured Loan Stock and up to £2.0 million of A Convertible Unsecured Loan Stock available for issue upon the terms of the Spearpoint Subscription Agreement and the Forum Subscription Agreement, respectively. For the avoidance of doubt, the Issuer may issue the additional £10.0 million of Convertible Unsecured Loan Stock to third parties other than Forum and Spearpoint.

The terms and conditions applicable to the issue of the A Convertible Unsecured Loan Stock and the B Convertible Unsecured Loan Stock are identical save in certain minor respects (as more particularly described in Part V of this document).

A more detailed summary of the terms and conditions applicable to the issue of the Convertible Unsecured Loan Stock is provided in Part V to this document.

Application will be made for the A Convertible Unsecured Loan Stock and, if applicable, the B Convertible Unsecured Loan Stock to be admitted to trading on the Daily Official List of the CISX. It is expected that Admission of the A Convertible Unsecured Loan Stock will become effective and dealings in it will commence on the CISX at 8:00 a.m. on 24 November 2010.

The form of the Convertible Unsecured Loan Stock Instruments will be available for inspection (during normal business hours) at the registered office for the time being of the Company (Isabelle Chambers, Route Isabelle, St. Peter Port, Guernsey, Channel Islands GY1 3TX) and the Issuer (28 Brook Street, London W1K 5DH) from the date of this document until the date of the EGM and will also be available for inspection 30 minutes prior to the EGM and during it at the place where the EGM is to be held.

5. FERI III and arrangements with FERI III

FERI III is a real estate investment fund managed by Forum Partners and its subsidiaries. Forum Partners is a global real estate investment management firm which sponsors and manages indirect value-added real estate investment funds across Europe and Asia. With over \$2 billion in assets under management on behalf of institutional and individual investors around the world, Funds advised by Forum Partners have made investments in leading real estate companies in Japan, India, Southeast Asia and many countries across Western Europe. Forum Partners seeks to create innovative property investments and financial solutions across the capital structure, from equity, to hybrids, to debt. Since its establishment in 2002, Forum Partners

has made investments in more than 70 companies across 21 countries in Europe and Asia. FERI III is not currently a Shareholder.

FERI III has stated its intention to the Board to provide continued support for the Group and is appraised of the Company's business strategy and has indicated its intention to support further equity fundraisings by the Company.

Subject to the approval of Shareholders, upon the A Convertible Unsecured Loan Stock being issued, for so long as Forum holds at least 10.0 per cent. of the Fully Diluted Share Capital (assuming full conversion of any outstanding Convertible Unsecured Loan Stock) (a "Qualifying Holding") Forum shall be entitled to appoint one representative to the Board and, so far as is lawful, the Company shall ensure that such person is appointed to, and remains a member of, the Board unless and until such person resigns or Forum requests such person's removal.

Upon issue of the A Convertible Unsecured Loan Stock, Forum will have a Qualifying Holding. Accordingly, it shall be entitled to appoint a representative to the Board. The initial Forum Board representative shall be Andrew Walker and thereafter Forum has agreed to consult with NewRiver on the identity of any person it proposes to nominate as a director of the Company and have regard to the Company's reasonable representations in this respect. Further information on Andrew Walker is provided in paragraph 7 below. For so long as Forum holds a Qualifying Holding and whilst any Convertible Unsecured Loan Stock remains outstanding, the Company has agreed that Forum will have pre-emption rights in relation to any future equity fundraisings of the Company where the subscription or offer price is less than Fair Market Value (as such term is defined in the A Convertible Loan Stock Instrument), on a fully diluted basis (i.e. assuming full conversion of any outstanding Convertible Unsecured Loan Stock). To the extent that Forum does not exercise its pre-emption rights (or exercises them only in part) an adjustment to the conversion price of the A Convertible Unsecured Loan Stock will be made in respect of any such equity fundraising and other holders of A Convertible Unsecured Loan Stock will be bound by such adjustment.

Furthermore, the Company and the Issuer have each agreed with Forum and Spearpoint that they will not incur any further unsecured indebtedness that ranks *pari passu* with or ahead of the Convertible Unsecured Loan Stock (other than finance or hire purchase arrangements in the ordinary course of business) without the consent of Forum and Spearpoint (such consent not to be unreasonably withheld) apart from an overdraft, working capital or similar facility or facilities of up to, in aggregate, £1.0 million. The Company and/or the Issuer shall be entitled to increase the amount outstanding under any such facility or facilities with the prior written consent of Forum and Spearpoint (such consent not to be unreasonably withheld).

The Company has also given certain other undertakings to Forum in the Forum Subscription Agreement which are more particularly described in paragraph 4.3 of Part VI of this document.

In consideration of Forum's covenants and obligations under the Forum Subscription Agreement (which includes a firm placing of £15.0 million and a conditional commitment to subscribe for up to a further £2.0 million in nominal value of the A Convertible Unsecured Loan Stock), a commission of £160,000 shall be payable to Forum upon the issue of the £15.0 million in nominal value of A Convertible Unsecured Loan Stock with a further £10,000 payable to Forum upon the issue of any additional A Convertible Unsecured Loan Stock to Forum from the up to £2.0 million of A Convertible Unsecured Loan Stock which Forum has conditionally committed to subscribe for.

6. Spearpoint and arrangements with Spearpoint

Spearpoint is a Channel Islands-based independent investment boutique with approximately £1.0 billion of discretionary funds under management and c. £0.3 billion of advisory funds under management. Spearpoint has offices in both Jersey and Guernsey and is regulated by the Jersey Financial Services Commission and the Guernsey Financial Services Commission as well as being a member of the London Stock Exchange.

In consideration of Spearpoint's covenants and obligations under the Spearpoint Subscription Agreement (which effectively amounts to a conditional commitment to subscribe for up to £8.0 million in nominal value of the B Convertible Unsecured Loan Stock at the request of the Company), a commission of £40,000 shall

be payable to Spearpoint upon the Company's conversion to a UK-REIT and a further £40,000 shall be payable to Spearpoint upon the issue of any B Convertible Unsecured Loan Stock to Spearpoint.

7. Board composition

Subject to Shareholder approval of Resolution 1, it is proposed that Allan Lockhart, Mark Davies and Nick Sewell be appointed to the Board. Each of Allan, Mark and Nick are directors of NewRiver Capital and are employed by the Group. They will not receive any additional remuneration for their appointments as Directors of the Company.

Subject to Shareholder approval of Resolutions 1 and 2 and the Forum Subscription Agreement becoming unconditional in accordance with its terms, it is proposed that Andrew Walker be appointed to the Board as the Forum Board representative.

Andrew Walker, aged 48, is Managing Director and head of Forum Partners' European team based in London. As a co-founder of Forum Partners, he has enjoyed a 24-year career in real estate securities analysis and investment. Previously, he was a Vice President with Security Capital Group where he had corporate acquisition responsibilities. He was a senior officer of SC European Realty, a \$1.5 billion European real estate partnership and a director of London and Henley S.A. Prior to joining Security Capital Group in 1996, Andrew was a leading property analyst in the UK and Continental Europe, working for Paribas Capital Markets and prior to that, S.G. Warburg Securities (Japan) Ltd. He graduated from Liverpool John Moores University with a BSc in estate management in 1983 and has been a member of the Royal Institution of Chartered Surveyors since 1986.

The broader composition of the Board, including the non-executive Directors, shall be reviewed in due course.

8. Effects of the Convertible Unsecured Loan Stock on the holders of Warrants and Options

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 certain 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 (as defined in the Warrant Instrument) 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. Therefore, if the price at which the Convertible Unsecured Loan Stock converts into Ordinary Shares represents a discount to the price of the Ordinary Shares on the date immediately prior to the date of issue of the relevant Convertible Unsecured Loan Stock, 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.

In addition, prior to its conversion into Ordinary Shares, the Convertible Unsecured Loan Stock shall be treated as "Convertible Securities" for the purposes of the calculation of Fully Diluted Share Capital, thereby increasing the number of Ordinary Shares into which the Warrants convert.

Pursuant to the rules of the Company's share option plans, the exercise price (as well as the number of Ordinary Shares under option) of 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 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 Company's share option schemes following completion of any conversion of the Convertible Unsecured Loan Stock into Ordinary Shares in the future.

9. Acquisition of the Standard Life Portfolio

On 26 October 2010, NewRiver Retail Portfolio No. 2 Limited, a wholly-owned subsidiary of the Company, agreed to acquire, subject to the satisfaction of certain conditions, the Standard Life Portfolio, a portfolio of five assets. The purchase price for the Standard Life Portfolio is £14.0 million and, in aggregate, the net initial yield of the portfolio is projected to be approximately 9.0 per cent..

The acquisition of the Standard Life Portfolio is not conditional upon the issue of the Convertible Unsecured Loan Stock or the Company's conversion to a UK-REIT. The acquisition is not deemed a significant transaction pursuant to the CISX Listing Rules or a reverse takeover under the AIM Rules and falls within the Company's stated investment policy. Therefore, the Company is not required to seek the approval of Shareholders in order to complete this transaction.

The properties comprising the Standard Life Portfolio are in the following locations: Doncaster, Grimsby, Hereford, Warrington and Worthing. The Standard Life Portfolio has an approximate net lettable area of 139,000 sq ft and the key retail tenants within the Standard Life Portfolio are Superdrug, Next, TK Maxx and New Look.

The acquisition of the Standard Life Portfolio is consistent with NewRiver's investment strategy of targeting value retailers occupying large space retail units and providing attractive annual cash-on-equity returns with stable income profiles and low occupational costs.

10. Trading update and future pipeline

In a short space of time since First Admission, the Company has acquired a diversified and well-balanced portfolio of income producing assets generating significant surplus cash flow that it is intended will be further enhanced from a wide range of asset management initiatives.

The Group has completed acquisitions totalling approximately £84 million (including costs) in the period from First Admission to date. These acquisitions have been made at an average net initial yield of approximately 8.5 per cent..

Prior to the Standard Life Acquisition, the Company's portfolio currently comprises approximately 789,375 sq ft of lettable space with approximately 46 per cent. of the value located in the South East, Greater London and the East of England.

The Company's stated focus on successful food and value retailers is reflected in the Company's portfolio with 16 per cent. of the gross passing rent secured against major food retailers and 56 per cent. of the gross passing rent secured against large national value retailers.

The top 5 retailers by rental income in the NewRiver portfolio are: Wilkinson, TJ Hughes, Sainsbury, Tesco and New Look. The quality of NewRiver's portfolio is reflected in a very low vacancy rate of only 3.27 per cent., substantially below the IPD Retail average, and an attractive weighted average lease expiry profile of 8.12 years.

The Company has also made a strong start in the implementation of its asset management and risk controlled development strategies for its portfolio, with 38 individual leasing and tenant engineering initiatives under offer or completed to date, representing approximately £1.8 million of ERV volume.

In recognition of the Company's progress, the Estates Gazette has shortlisted NewRiver as Property Company of the Year – Retail in their forthcoming property awards for 2010.

Since August 2009, the Company has been notified of and reviewed approximately £5.36 billion of retail investment opportunities. Excluding the transactions already disclosed, the Company is currently actively

assessing nine shopping centre transactions with a quoted sale price of £292 million, seven retail warehousing transactions with a total quoted sale price of £50 million and three High Street transactions with a quoted sale price of £22 million.

The Company is confident in its deal sourcing capability and with increased capital resources should be able to deploy capital efficiently and wisely. Property Data, who are recognised as one of the UK market leaders in investment transaction data capture, currently rate NewRiver third of all UK property companies in terms of the number of retail investments transacted over the last 12 months.

The Directors are satisfied with the Group's interim unaudited results for the six months to 30 September 2010, which are expected to be announced during the week commencing 6 December 2010.

11. Extraordinary General Meeting and action to be taken

Set out at the end of this document is a notice convening the Extraordinary General Meeting to be held at 10.00 a.m. on 19 November 2010, to consider and, if thought fit, pass the Resolutions.

Pursuant to Resolution 1, which will be proposed as a special resolution, Shareholders' approval is being sought for the Company to become solely UK tax resident and for its conversion to a UK-REIT, including the approval of amendments to the Current Articles (as discussed above).

Pursuant to Resolution 2, which will also be proposed as a special resolution, Shareholders' approval is being sought for the Issuer, a wholly-owned subsidiary of the Company, to issue the Convertible Unsecured Loan Stock, as more particularly described above. As part of Resolution 2, Shareholders' approval is also being sought to the dis-application of the pre-emption rights set out in the Current Articles in relation to any Ordinary Shares required to be issued as a result of the conversion of the Convertible Unsecured Loan Stock into Ordinary Shares in accordance with the terms of the Convertible Unsecured Loan Stock Instruments so as to avoid any need for the Company to seek Shareholders' approval to dis-apply the pre-emption rights set out in the Current Articles on each occasion that the Convertible Unsecured Loan Stock is converted into Ordinary Shares 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 Resolution 2 shall be 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 and is also in addition to the authority to allot Ordinary Shares to MSREI under their conversion option and under the Company's share option schemes, as previously authorised by 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.

Resolution 2 is conditional on Shareholder approval also being obtained for Resolution 1.

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 registrar, Capita Registrars, at PXS, 34 Beckenham Road, Beckenham BR3 4TU, as soon as possible and in any event so as to be received no later than 10.00 a.m. on 17 November 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’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 10.00 a.m. on 17 November 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.

12. Recommendation

For the reasons set out above, the Directors consider the Proposals 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 2,011,000 Ordinary Shares representing approximately 13.55 per cent. of the existing issued ordinary share capital of the Company as at 27 October 2010, being the latest practicable date prior to the publication of this document.

Yours faithfully

Paul Roy
Chairman

Dated: 28 October 2010

PART II

THE UK-REIT REGIME

This Part II is intended as a general guide only and constitutes a high-level summary of the Company's understanding of current UK law and HMRC's published guidance on the UK-REIT regime, each of which are subject to change, possibly with retrospective effect. It is not advice and should not be relied upon as such.

1. Overview of UK-REIT regime

The UK-REIT regime introduced by the Finance Act 2006 and re-written in the Corporation Tax Act 2010 ("CTA 2010") was introduced to encourage greater investment in the UK property market and followed the introduction of similar legislation in other European countries, as well as the long-established regimes in the United States, Australia and the Netherlands.

In this Part II, "Group" means a body corporate and all of its "75 per cent. subsidiaries" and any of their 75 per cent. subsidiaries and so on, provided that the principal company in the Group is beneficially entitled to more than 50 per cent. of the subsidiary's profits which are available for distribution to equity holders of the subsidiary, and more than 50 per cent. of any assets of the subsidiary available for distribution to its equity holders on a winding up (but excluding insurance companies as defined in section 431(2) of the Income and Corporation Taxes Act 1988 ("ICTA") or open ended investment companies as defined in Section 236 of the Financial Services and Markets Act 2000 and, in each case, their subsidiaries). A body corporate is a "75 per cent. subsidiary" of another if the other is the beneficial owner (directly or indirectly) of at least 75 per cent. of its ordinary share capital.

Investing in property through a corporate investment vehicle (such as the Company) has the disadvantage that, in comparison to a direct investment in property assets, some categories of shareholder effectively suffer tax twice on the same income: first, indirectly, when members of the Group pay UK direct tax on their profits, and secondly, directly (subject to any available exemption or with the benefit of a tax credit) when the shareholder receives a dividend. Non tax paying entities, such as UK pension funds, suffer tax indirectly when investing through a closed-ended corporate vehicle, such as the Company, that is not a UK-REIT which they would not suffer if they were to invest directly in the property assets. As a UK-REIT, UK resident Group members and non UK resident Group members with a UK qualifying property rental business would no longer pay UK direct taxes on their income and capital gains from their qualifying property rental business (the "Property Rental Business"), provided that certain conditions are satisfied. Gains arising in UK resident companies on the disposal of shares in property owning companies would, however, be subject to UK corporation tax. In addition, overseas corporate income tax is still payable in the normal way in respect of any property rental business carried on outside the UK, and UK and overseas direct taxes are still payable in respect of any income and gains from the Group's business (generally including any property trading business) not included in the Property Rental Business (the "Residual Business"). Distributions in respect of the Property Rental Business will be treated for UK tax purposes as UK property income in the hands of Shareholders (Part III contains further detail on the UK tax treatment of Shareholders after the Group's entry into the UK-REIT regime).

In this Part, "Property Rental Business" means a business within the meaning of section 205 of the Corporation Tax Act 2009 ("CTA") or an overseas property business within the meaning of section 206 CTA, but, in each case, excluding certain specified types of business. A "Qualifying Property Rental Business" means a property rental business fulfilling the conditions in section 529 CTA 2010. While within the UK-REIT regime, the Property Rental Business will be treated as a separate business for corporation tax purposes from the Residual Business and a loss incurred by the Property Rental Business cannot be set off against profits of the Residual Business (and *vice versa*).

The principal company of the UK-REIT (which, for the purposes of this Part II, will be the Company) will be required to distribute to shareholders (by way of dividend), on or before the filing date for the principal company's tax return for the accounting period in question, at least 90 per cent. of the income profits

(broadly, calculated using normal tax rules) of the UK resident members of the Group in respect of their Property Rental Business and of the non-UK resident members of the Group insofar as they derive from their UK Property Rental Business arising in each accounting period. Failure to meet this requirement will result in a tax charge calculated by reference to the extent of the failure, although this charge can be avoided if an additional dividend is paid within a specified period which brings the amount of profits distributed up to the required level.

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

A dividend received by a shareholder of the principal company in respect of profits and gains of the Property Rental Business of the UK resident members of the Group or in respect of the profits or gains of a non-UK resident member of the Group insofar as they derive from their UK Property Rental Business is referred to in this document as a "Property Income Distribution" or "PID". Any other dividend received by a shareholder of a UK-REIT will be referred to herein as a "Non-PID Dividend".

The treatment of a dividend paid by the principal company in the first year after it becomes a UK-REIT should depend on whether it is paid out of profits that accrued before or after the Group became a UK-REIT. For example, if the Group converts into a UK-REIT on 23 November 2010, as anticipated, a dividend announced or declared later may be paid partly out of profits earned prior to the Group becoming a UK-REIT and partly out of profits earned subsequently and would therefore comprise partly a PID and partly a Non-PID Dividend. The principal company will provide shareholders with a certificate setting out how much of their dividend is a PID and how much is a Non-PID Dividend.

Subject to certain exceptions, Property Income Distributions will be subject to withholding tax at the basic rate of income tax (currently 20 per cent.). Further details of the UK tax treatment of certain Shareholders after entry into the UK-REIT regime are contained in Part III.

2. Qualification as a UK-REIT

A Group becomes a UK-REIT by the principal company serving notice on HMRC before the beginning of the first accounting period for which it wishes the Group members to become a UK-REIT. In order to qualify as a UK-REIT, the principal company and the Group must satisfy certain conditions set out in CTA 2010. A non-exhaustive summary of the material conditions is set out below. Broadly, the principal company must satisfy the conditions set out in paragraphs 2.1 to 2.5 below and the Group members must satisfy the conditions set out in paragraph 2.6.

2.1 *Company conditions*

The principal company must be a solely UK resident, close-ended company whose ordinary shares are listed on a recognised stock exchange, such as the London Stock Exchange or the CISX. The principal company must also not be a "close company" (as defined in Section 439 of CTA 2010 as amended by section 528(5) CTA 2010 (the "close company condition")). In summary, the close company condition amounts to a requirement that the principal company is not controlled by 5 or fewer participators (including their connected parties) or any number of Directors.

2.2 *Share capital restrictions*

The principal company must have only one class of ordinary shares in issue and the only other shares it may issue are non-voting restricted preference shares (as defined in section 528(7) CTA 2010).

2.3 *Restrictions on types of borrowings*

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

2.4 *Financial statements*

The principal company must prepare financial statements (“Financial Statements”) in accordance with statutory requirements and submit these to HMRC. The Financial Statements must set out certain information about the Property Rental Business, the Property Rental Business undertaken by UK companies or non-UK companies to the extent it relates to UK property and the Residual Business separately. Regulations governing the UK-REIT regime specify the information to be included and the basis of preparation of the Financial Statements.

2.5 *Distribution requirement*

At least 90 per cent. of the amounts shown in the Financial Statements of the Group members as income profits (broadly, calculated using normal tax rules) of the UK resident members of the Group arising in respect of their Property Rental Business in the accounting period, and the income profits of the non UK resident members of the Group insofar as they arise in respect of such members’ UK Property Rental Business in the accounting period, must (to the extent permitted by law) be distributed to shareholders of the principal company in the form of a dividend (a PID) on or before the filing date for the principal company’s tax return for the accounting period (the “90 per cent. distribution test”). For the purpose of satisfying the 90 per cent. distribution test, any dividend withheld in order to comply with the 10 per cent. rule (as described in paragraph 3.3 below (the “10 per cent. rule”)) will be treated as having been paid.

2.6 *Conditions for the Property Rental Business*

The Property Rental Business must satisfy the conditions summarised below in respect of each accounting period during which the Group is to be treated as a UK-REIT:

2.6.1 the Property Rental Business must throughout the accounting period involve at least three properties;

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

2.6.3 the income profits arising from the Property Rental Business must represent at least 75 per cent. of the Group’s total profits for the accounting period (the “75 per cent. profits test”). Profits for this purpose means profits calculated in accordance with IAS before deduction of tax but excluding realised and unrealised gains and losses on the disposal of property, changes in the fair values of hedging derivative contracts (within the meaning of section 599(4) CTA 2010) and items which are outside the ordinary course of the relevant company’s business (irrespective of their treatment in that company’s accounts) having regard to that company’s past transactions; and

2.6.4 at the beginning of the accounting period the value of the assets in the Property Rental Business must represent at least 75 per cent. of the total value of assets held by the Group (the “75 per cent. assets test”). Assets must be valued in accordance with IAS and at fair value where IAS offers a choice of valuation between cost basis and fair value and in applying this test no account is to be taken of liabilities secured against or otherwise relating to assets (whether generally or specifically).

3. **Effect of becoming a UK-REIT**

3.1 *Entry charge*

Each UK resident member of the Group that carries on a property rental business in the UK or overseas and any non-UK resident member of the Group that carries on a property rental business in the UK will be liable to pay an entry charge broadly equal to two per cent. of the aggregate market value of the properties involved in that business.

The entry charge is paid at the same time as corporation tax is payable in respect of the first accounting period following entry into the UK-REIT regime, with an option to pay in instalments over a four year period.

There is no equivalent entry charge if a member of the Group buys a property following its entry into the UK-REIT regime. However, if the Group were to acquire a company that is not a UK-REIT, a similar entry charge will apply in respect of the property owned by the acquired company. See also paragraph 3.12 below for more information regarding this charge.

3.2 *Tax savings*

As a UK-REIT, the Group will not pay UK direct tax on profits and gains from the Property Rental Business.

UK corporation tax will be payable in respect of the Residual Business of UK resident members of the Group and taxable items may include interest receivable, fee income, certain trading income, surpluses on disposals of properties sold within three years of development and capital gains on disposals of subsidiaries. However, interest payable to third parties, administrative costs and tax losses brought forward may be deductible such that the profits of the Residual Business may be reduced.

The Group would also continue to pay indirect taxes such as VAT, stamp duty land tax, stamp duty and payroll taxes (such as national insurance) in the normal way.

3.3 *The “10 per cent. rule”*

The principal company may become subject to an additional tax charge if it pays a dividend to, or in respect of, a person beneficially entitled, directly or indirectly, to 10 per cent. or more of the principal company’s dividends or share capital or that controls, directly or indirectly, 10 per cent. or more of the voting rights in the principal company. Shareholders should note that this restriction only applies to shareholders that are companies (as defined by section 832 ICTA) and to certain entities which are deemed to be bodies corporate for the purposes of overseas jurisdictions with which the UK has a double taxation agreement or for the purposes of such double tax agreements.

This tax charge should not be incurred if the principal company has taken reasonable steps to avoid paying dividends to such a shareholder. HMRC guidance describes certain actions that the principal company may take to show it has taken such “reasonable steps”. One of these actions is to include restrictive provisions in the principal company’s articles of association to address this requirement. The proposed amendments to the Current Articles are considered to be consistent with the provisions described in the HMRC guidance.

3.4 *Dividends*

When the principal company pays a dividend, that dividend will be a PID to the extent necessary to satisfy the 90 per cent. distribution test. If the dividend exceeds the amount required to satisfy that test (subject to the treatment of dividends paid in the first year of being a UK-REIT: see paragraph 1 above), the UK-REIT may determine that all or part of the balance is a Non-PID Dividend paid out of the profits of the activities not in the Property Rental Business. Any remaining balance of the dividend (or other distribution) will be deemed generally to be a PID, first in respect of the income profits for the current year or previous years out of which a PID can be paid, and after these have been distributed in full, in respect of certain capital gains which are exempt from tax by virtue of the UK-REIT regime. Any remaining balance will be attributed to other distributions. Dividends paid by the principal company after exiting from the UK-REIT regime may nevertheless be PIDs for a transitional period.

3.5 *Financial statements*

As set out above, a UK-REIT will be required to submit Financial Statements to HMRC.

3.6 ***Profit: financing-cost ratio***

A tax charge will arise in the principal company if, in respect of any accounting period, the ratio of the income profits (before capital allowances and financing costs) of the UK resident members of the Group plus the UK income profits of any non UK resident members of the Group, in each case, in respect of its Property Rental Business, to the financing costs incurred in respect of the Property Rental Business of the Group, excluding certain intra group financing costs, is less than 1.25. This ratio is calculated by reference to the Financial Statements required to be prepared as per section 2.4 above, apportioning costs relating partly to the Property Rental Business and partly to the Residual Business, respectively. The amount (if any) by which the financing costs exceeds the amount of those costs which would cause that ratio to equal 1.25 is chargeable to corporation tax.

3.7 ***Property development and property trading by a UK-REIT***

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

If a member of the Group disposes of a property (whether or not a development property) in the course of a trade, the property will be treated as never having been within the Property Rental Business for the purposes of calculating any profit arising on disposal of the property. Any profit will be chargeable to corporation tax. In both the above cases, the member of the Group would be able to reclaim that part of the entry charge paid in respect of that property.

3.8 ***Certain tax avoidance arrangements***

If HMRC believes that a member of the Group has been involved in certain tax avoidance arrangements, it may cancel the tax advantage obtained and, in addition, impose a tax charge equal to the amount of the tax advantage. These rules apply to both the Residual Business and the Property Rental Business.

3.9 ***Movement of assets in and out of Property Rental Business***

In general, where an asset owned by a UK resident member of the Group and used for the Property Rental Business begins to be used for the Residual Business, there will be a tax free step up in the base cost of the property. Where an asset owned by a UK resident member of the Group and used for the Residual Business begins to be used for the Property Rental Business, this will generally constitute a taxable market value disposal of the asset, except for capital allowances purposes. Special rules apply to disposals by way of a trade and to development property (see paragraph 3.7 above).

3.10 ***Funds awaiting reinvestment***

Where an asset used exclusively in the Property Rental Business is sold, the legislation provides for the sale proceeds to be treated as assets of the Property Rental Business for the purposes of the 75 per cent. assets test for two years following the disposal, provided that they are held as cash or cash equivalents. However, any interest earned on that cash is treated as part of the Residual Business and is therefore taxable.

3.11 ***Joint ventures***

The UK-REIT rules also make certain provisions for corporate joint ventures. If one or more members of the Group are beneficially entitled, in aggregate, to at least 40 per cent. of the profits available for distribution to equity holders in a joint venture company and at least 40 per cent. of the assets of the joint venture company available to equity holders in the event of a winding up, that joint venture

company (or its subsidiaries) is carrying on a qualifying Property Rental Business which satisfies the 75 per cent. profits test and the 75 per cent. assets test (the “JV company”) and certain other conditions are satisfied, the principal company may, by giving notice to HMRC, elect for the assets and income of the JV company to be included in the Property Rental Business for tax purposes. In such circumstances, the income and assets of the JV company will count towards the 90 per cent. distribution test and the 75 per cent. profits test, and its assets will count towards the 75 per cent. assets test and the entry charge to the extent of the Group’s interest in the JV company.

The Group’s share of the underlying income and gains arising from any interest in a tax transparent vehicle, including offshore unit trusts or partnerships, should automatically fall within the UK-REIT tax exemption, and will count towards the 75 per cent. profits and assets tests, provided the Group is entitled to at least 20 per cent. of the profits and assets of the relevant tax transparent vehicle.

3.12 *Acquisitions and takeovers*

If a member of the Group acquires another UK-REIT, no entry charge will be payable. However, if a company which is not a UK-REIT joins the Group, the entry charge will be payable on the assets constituting the Property Rental Business of the target company.

If a UK-REIT is taken over by another UK-REIT, the acquired UK-REIT does not necessarily cease to be a UK-REIT and will, provided the conditions are met, continue to enjoy tax exemptions in respect of the profits of its Property Rental Business and capital gains on disposal of properties in the Property Rental Business. There is no entry charge as a result of the acquired UK-REIT joining the acquiror’s group and the properties of the acquired UK-REIT are not treated as having been sold and reacquired at market value.

The position is different where a UK-REIT is taken over by an acquiror which is not a UK-REIT. In these circumstances, the acquired UK-REIT is likely in most cases to fail to meet the requirements for being a UK-REIT and will therefore be treated as leaving the UK-REIT regime at the end of its accounting period preceding the takeover and ceasing from the end of that accounting period to benefit from tax exemptions on the profits of its Property Rental Business and capital gains on disposal of property forming part of its Property Rental Business. The properties in the Property Rental Business are treated as having been sold and reacquired at market value for the purposes of corporation tax on chargeable gains immediately before the end of the preceding accounting period. These disposals should be tax free as they are deemed to have been made at a time when the acquired UK-REIT was still in the UK-REIT regime and future capital gains on the relevant assets will therefore be calculated by reference to a base cost equivalent to this market value. If the acquired UK-REIT ends its accounting period immediately prior to the takeover becoming unconditional in all respects, dividends paid as PIDs before that date should not be recharacterised retrospectively as normal dividends.

4. Exit from the UK-REIT regime

The principal company of the Group can give notice to HMRC that it wants to leave the UK-REIT regime at any time. The Board retains the right to decide that the Group should exit the UK-REIT regime at any time in the future without shareholder consent if it considers this to be in the best interests of the Group.

If the Group voluntarily leaves the UK-REIT regime within ten years of joining and disposes of any property that was involved in its Property Rental Business within two years of leaving, any uplift in the base cost of the property as a result of the deemed disposals on entry into and exit from the UK-REIT regime is disregarded in calculating the gain or loss on the disposal. However, there is no repayment of the entry charge in these circumstances.

It is important to note that it cannot be guaranteed that the Group will continue to comply with all of the UK-REIT conditions and that the UK-REIT regime may cease to apply in some circumstances. HMRC may require the Group to exit the UK-REIT regime if:

- it regards a breach of the Property Rental Business, Balance of Business or Distribution conditions or an attempt by the Group to avoid tax, as sufficiently serious;
- the Group has committed a certain number of minor or inadvertent breaches of the conditions in a specified period; or
- HMRC has given members of the Group two or more notices in relation to the avoidance of tax within a ten year period of the first notice having been given.

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

Shareholders should note that it is possible that the Group could lose its status as a UK-REIT as a result of actions by third parties (for example, in the event of a successful takeover by a company that is not a UK-REIT) or other circumstances outside the Group's control.

PART III

TAX TREATMENT OF CERTAIN SHAREHOLDERS AFTER ENTRY INTO THE UK-REIT REGIME

1. Introduction

The following paragraphs are intended as a general guide only and are based on the Company's understanding of current UK tax law and HMRC practice, each of which is subject to change, possibly with retrospective effect. The following paragraphs do not constitute advice. Capitalised terms used in this Part III shall have the meanings ascribed thereto in Part II of this document.

The following paragraphs relate only to certain limited aspects of the United Kingdom and Guernsey and Jersey taxation treatment of PIDs and Non-PID Dividends paid by the Company, and to disposals of shares in the Company, in each case after the Company becomes a REIT. They apply only to Shareholders who are the absolute beneficial owners of both their shares in and dividends from the Company and hold their shares as investments and, except where otherwise indicated, they apply only to Shareholders who are both resident and ordinarily resident for tax purposes solely in the United Kingdom.

They do not apply to Substantial Shareholders, as defined in Part IV of this document. Nor do they apply to certain categories of Shareholders, such as dealers in securities or distributions, persons who have or are deemed to have acquired their shares by reason of their or another's employment, persons who hold their shares as part of hedging or conversion transactions or persons who hold their shares in connection with a UK branch, agency or permanent establishment. Except where otherwise indicated at paragraph 2.2 (iv) below, they do not apply to persons holding shares in the Company by virtue of an interest in any partnership, collective investment schemes, insurance companies, life insurance companies, mutual companies, charities, trustees or pension scheme administrators.

The treatment of Guernsey and Jersey tax resident individual shareholders is set out in paragraph 2.4 below.

Shareholders who are in any doubt about their tax position, or who are subject to tax in a jurisdiction other than the United Kingdom, Guernsey or Jersey, should consult their own appropriate independent professional adviser without delay, particularly concerning their tax liabilities on PIDs, whether they are entitled to claim any repayment of tax, and, if so, the procedure for doing so.

2. UK taxation of Shareholders

2.1 *UK taxation of Non-PID Dividends*

Non-PID Dividends paid by the Company will be taxed in the same way as normal corporate dividends paid by a UK company, whether in the hands of individual or corporate Shareholders and regardless of whether the Shareholder is resident for tax purposes in the UK.

2.2 *UK taxation of PIDs*

(i) *UK taxation of Shareholders who are individuals*

Subject to certain exceptions, a PID will generally be treated in the hands of Shareholders who are individuals as the profit of a single UK property business (as defined in section 264 of the Income Tax (Trading and Other Income) Act 2005). A PID is, together with any property income distribution from any other company to which Part 12 of CTA 2010 applies, treated as a separate UK property business from any other UK property business (a "different UK property business") carried on by the relevant Shareholder. This means that any surplus expenses from a Shareholder's different UK property business cannot be off-set against a PID as part of a single calculation of the profits of the Shareholder's UK property business. Please see also paragraph 2.2 (iv) (withholding tax) below.

(ii) *UK taxation of corporate Shareholders*

Subject to certain exceptions, a PID will generally be treated in the hands of Shareholders who are within the charge to corporation tax as profit of a UK property business (as defined in section 205 of CTA). A PID is, together with any property income distribution from any other company to which Part 12 of CTA 2010 applies, treated as a separate UK property business from any other UK property business (a “different UK property business”) carried on by the relevant Shareholder. This means that any surplus expenses from a Shareholder’s different UK property business cannot be off-set against a PID as part of a single calculation of the Shareholder’s UK property business profits.

Please see also paragraph 2.2 (iv) (withholding tax) below.

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

Where a Shareholder who is resident for tax purposes outside the UK receives a PID, the PID will generally be chargeable to UK income tax as profit of a UK property business and this tax will generally be collected by way of a withholding. Please see also paragraph 2.2 (iv) (withholding tax) below.

(iv) *Withholding tax*

(a) General

Subject to certain exceptions summarised at paragraph 2.2 (iv) (d) below, the Company is required to withhold tax at source at the basic rate (currently 20 per cent.) from its PIDs. The Company will provide Shareholders with a certificate setting out the gross amount of the PID, the amount of tax withheld, and the net amount of the PID.

(b) Shareholders solely resident and ordinarily resident in the UK

Where tax has been withheld at source, Shareholders who are individuals may, depending on their particular circumstances, either be liable to further tax on their PID at their applicable marginal rate, or be entitled to claim repayment of some or all of the tax withheld on their PID. Shareholders who are corporates will generally be liable to pay corporation tax on their PID (see paragraph 2.2 (ii) above) and if (exceptionally) income tax is withheld at source, the tax withheld can be set against their liability to corporation tax in the accounting period in which the PID is received.

(c) Shareholders who are not resident for tax purposes in the UK

It is not possible for a Shareholder to make a claim under a double taxation treaty for a PID to be paid by the Company gross or at a reduced rate. The right of a Shareholder to claim repayment of any part of the tax withheld from a PID will depend on the existence and terms of any double taxation treaty between the UK and the country in which the Shareholder is resident.

(d) Exceptions to requirement to withhold income tax

Shareholders should note that in certain circumstances the Company may not withhold income tax at source from a PID. These include where the Company reasonably believes that the person beneficially entitled to the PID is a company resident for tax purposes in the UK, a charity, a body mentioned in section 468 CTA 2010 which is allowed the same exemption from tax as a charity or a company resident for tax purposes outside the UK with a permanent establishment in the UK which is required to bring the PID into account in computing its chargeable profits. They also include where the Company reasonably believes that the PID is paid to the scheme administrator of a registered pension scheme, the sub-scheme administrator of certain pension sub-schemes, the account manager of an Individual Savings Account (ISA), the plan manager of a Personal Equity Plan (PEP), or the account provider for a child trust fund, in each case, provided the Company reasonably believes that the PID will be applied for the purposes of the relevant fund, scheme, account or plan.

The Company will also not be required to withhold income tax at source from a PID where the Company reasonably believes that the body beneficially entitled to the PID is a partnership, each member of which is a body described in the paragraph above.

In order to pay a PID without withholding tax, the Company will need to be satisfied that the Shareholder concerned is entitled to that treatment. For that purpose, the Company will require such Shareholders to submit a valid claim form (copies of which may be obtained on request from the Company's registrar, Capita Registrars). Shareholders should note that the Company may seek recovery from Shareholders if the statements made in their claim form are incorrect and the Company suffers tax as a result. The Company will, in some circumstances, suffer tax if its reasonable belief as to the status of the Shareholder turns out to have been mistaken.

2.3 UK taxation of Chargeable Gains, Stamp Duty and Stamp Duty Reserve Tax in respect of Ordinary Shares in the Company

Subject to the first paragraph of this Part III, the following comments apply to both individual and corporate Shareholders, regardless of whether or not such Shareholders are resident for tax purposes in the UK.

(i) UK taxation of chargeable gains

Chargeable gains arising on the disposal of shares in the Company following its entry into the UK-REIT regime should be taxed in the same way as chargeable gains arising on the disposal of shares in the Company prior to entry into the UK-REIT regime. The entry of the Group into the UK-REIT regime will not cause a disposal of shares in the Company by Shareholders for UK chargeable gains purposes.

(ii) UK stamp duty and UK stamp duty reserve tax (SDRT)

Entry into the REIT regime will not change the UK stamp tax treatment of the Ordinary Shares. As was previously the case, no SDRT is payable on an agreement to transfer Ordinary Shares provided that they are not registered in a register of the Company kept in the UK. Also, although stamp duty at a rate of 0.5 per cent. is potentially payable on any document used to effect the transfer of Ordinary Shares, in practice it should not generally be necessary to pay such stamp duty.

3. Taxation of Guernsey and Jersey-resident Shareholders who are individuals

Guernsey and Jersey tax law do not set out the tax treatment of distributions from a UK-REIT. However, rulings have been obtained for the Company from the Guernsey and Jersey Tax Offices to confirm the taxation of such investors.

PIDs comprising distributions of property income will be subject to UK withholding tax upon distribution. The gross income is assessable to Guernsey/Jersey income tax and double tax relief (DTR) is available to the Guernsey/Jersey resident individual in respect of the UK withholding tax.

Residual income suffers UK corporation tax in the Company. Accordingly, it is treated as a normal UK dividend and taxable in Guernsey/Jersey on the net receipt, with no DTR available (much the same as a normal UK dividend).

Distributions of PIDs derived from gains on the sale of properties will be subject to UK withholding tax upon distribution. However, the gain should not be subject to further tax in Guernsey/Jersey. Chargeable gains on the sale of companies are subject to UK corporation tax at the UK-REIT level, however distributions of such gains should not be subject to tax in Guernsey/Jersey.

Guernsey/Jersey tax resident individuals disposing of shares in the Company should not be subject to tax in either the UK or Guernsey/Jersey, provided the shares are considered to be an investment and not a trading asset.

PART IV

DESCRIPTION OF THE PROPOSED AMENDMENTS TO THE CURRENT ARTICLES

As set out in Part I of this document, the Letter from the Chairman, it is proposed that the New Articles be adopted to reflect changes required as a result of the conversion to a UK-REIT. Further details on the required changes are set out below.

1. Proposed amendments required for conversion to a UK-REIT

It is proposed that the Current Articles should be amended in order to enable the Company to demonstrate to HMRC that it has taken reasonable steps to avoid paying a dividend (or making any other distribution) to a Substantial Shareholder. For these purposes, a “Substantial Shareholder” is a company that:

- is beneficially entitled, directly or indirectly, to 10 per cent. or more of the Company’s distributions;
- is beneficially entitled, directly or indirectly, to 10 per cent. or more of the Company’s share capital; or
- controls, directly or indirectly, 10 per cent. or more of the voting rights of the Company. Ordinary Shares held as nominee are disregarded for this purpose.

For these purposes, a “company” includes any body corporate and certain entities which are deemed to be bodies corporate for the purposes of overseas jurisdictions with which the UK has a double taxation agreement or for the purposes of such double tax agreements.

If a distribution is paid to a Substantial Shareholder and the Company has not taken reasonable steps to avoid doing so, the Company would become subject to a tax charge.

The proposed amendments to the Current Articles involve the insertion of a new section entitled “Real Estate Investment Trust” (the “new Section”). The new Section is set out in the New Articles, which will be available for inspection on the Company’s website, www.newriverretail.com from today until the time of the Extraordinary General Meeting and at the offices of Eversheds LLP, One Wood Street, London EC2V 7WS and at the place at which the Extraordinary General Meeting will be held for at least 15 minutes prior to the Extraordinary General Meeting and during the Extraordinary General Meeting.

The new section:

- provides the Directors with powers to identify Substantial Shareholders;
- prohibits the payment of dividends on Ordinary Shares that form part of a Substantial Shareholding, unless certain conditions are met;
- allows dividends to be paid on Ordinary Shares that form part of a Substantial Shareholding where the Shareholder has disposed of its rights to dividends on its Ordinary Shares; and
- seeks to ensure that if a dividend is paid on Ordinary Shares that form part of a Substantial Shareholding and arrangements of the kind referred to in the preceding sub-paragraph are not met, the Substantial Shareholder concerned does not become beneficially entitled to that dividend.

References in this Part IV to a “Substantial Shareholding” are to the Ordinary Shares in respect of which a Substantial Shareholder is entitled to dividends, directly or indirectly, and/or to which a Substantial Shareholder is beneficially entitled, directly or indirectly, and/or the votes attached to which are controlled, directly or indirectly, by the Substantial Shareholder. References in this Part IV to dividends include other distributions.

The effect of the new Section is explained in more detail below:

1.1 *Identification of Substantial Shareholders*

The share register of the Company records the legal owners and the number of Ordinary Shares they own in the Company but does not identify the persons who are beneficial owners of the Ordinary Shares or are entitled to control the voting rights attached to the Ordinary Shares or are beneficially entitled to dividends.

Accordingly, the new Section would require a Substantial Shareholder and any registered Shareholder holding Ordinary Shares on behalf of a Substantial Shareholder to notify the Company if its Ordinary Shares form part of a Substantial Shareholding. Such a notice must be given within two business days. If a person is a Substantial Shareholder at the date the new Section is adopted, that Substantial Shareholder (and any registered Shareholder holding Ordinary Shares on its behalf) must give such a notice within two business days after the date the new Section is adopted. The new Section gives the Board the right to require any person to provide information in relation to any Ordinary Shares in order to determine whether the Ordinary Shares form part of a Substantial Shareholding. If the required information is not provided within the time specified (which would be seven days after a request is made or such other period as the Board may decide), the Board would be entitled to impose sanctions, including withholding dividends (as described in paragraph 1.2 below) and/or requiring the transfer of the Ordinary Shares to another person who is not, and does not thereby become, a Substantial Shareholder (as described in paragraph 1.5 below).

1.2 *Preventing payment of a dividend to a Substantial Shareholder*

The new Section provides that a dividend will not be paid on any Ordinary Shares that the Board believes may form part of a Substantial Shareholding unless the Board is satisfied that the Substantial Shareholder is not beneficially entitled to the dividend.

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

- 1.2.1 the Substantial Shareholder concerned is not beneficially entitled to the dividends (see also paragraph 1.3 below);
- 1.2.2 the shareholding is not part of a Substantial Shareholding;
- 1.2.3 all or some of the Ordinary Shares and the right to the dividend have been transferred to a person who is not, and does not thereby become, a Substantial Shareholder (in which case the dividends would be paid to the transferee); or
- 1.2.4 sufficient Ordinary Shares have been transferred (together with the right to the dividends) such that the Ordinary Shares retained are no longer part of a Substantial Shareholding (in which case the dividends would be paid on the retained Ordinary Shares).

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

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

The new Section provides that dividends may be paid on Ordinary Shares that form part of a Substantial Shareholding if the Board is satisfied that the right to the dividend has been transferred to a person who is not, and does not thereby become, a Substantial Shareholder and the Board may be satisfied that the right to the dividend has been transferred if it receives a certificate containing appropriate confirmations and assurances from the Substantial Shareholder. Such a certificate may apply to a particular dividend or to all future dividends in respect of Ordinary Shares forming part of a specified Substantial Shareholding, until notice rescinding the certificate is received by the

Company. A certificate that deals with future dividends will include undertakings by the person providing the certificate:

1.3.1 to ensure that the entitlement to future dividends will be disposed of; and

1.3.2 to inform the Company immediately of any circumstances which would render the certificate no longer accurate.

The Directors may require that any such certificate is copied or provided to such persons as they may determine, including HMRC.

If the Board believes a certificate given in these circumstances is or has become inaccurate, then it will be able to withhold payment of future dividends (as described in paragraph 1.2 above).

In addition, the Board may require a Substantial Shareholder to pay to the Company the amount of any tax payable (and other costs incurred) as a result of a dividend having been paid to a Substantial Shareholder in reliance on the inaccurate certificate. The Board may (as described in paragraph 1.5 below) arrange for the sale of the relevant Ordinary Shares and retain any such amount from the proceeds. Any such amount may also be recovered out of dividends to which the Substantial Shareholder concerned may become entitled in the future.

Certificates provided in the circumstances described above will be of considerable importance to the Company in determining whether dividends can be paid. If the Company suffers loss as a result of any misrepresentation or breach of undertaking given in such a certificate, it may seek to recover damages directly from the person who has provided it.

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

1.4 ***Trust arrangements where rights to dividends have not been disposed of by a Substantial Shareholder***

The new Section provides that if a dividend is, in fact, paid on Ordinary Shares forming part of a Substantial Shareholding (which might occur, for example, if a Substantial Shareholding is split among a number of nominees and is not notified to the Company prior to a dividend payment date) the dividends so paid are to be held on trust by the recipient for any person (who is not a Substantial Shareholder) nominated by the Substantial Shareholder concerned. The person nominated as the beneficiary could be the purchaser of the Ordinary Shares if the Substantial Shareholder is in the process of selling down their holding so as not to cause the Company to breach the Substantial Shareholder rule. If the Substantial Shareholder does not nominate anyone within 12 years, the dividend concerned will be held on trust for the Company or any other person nominated by the Board.

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

1.5 ***Mandatory sale of Substantial Shareholdings***

The new Section also allows the Board to require the disposal of Ordinary Shares forming part of a Substantial Shareholding if:

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

1.5.2 there has been a failure to provide information requested by the Board; or

1.5.3 any information provided by any person proves materially inaccurate or misleading.

If a disposal of shares required by the Board is not completed within the timeframe specified by the Board or if the Company incurs a charge to tax as a result of a dividend having been paid on a Substantial Shareholding, the Board may arrange for the sale of the relevant Ordinary Shares and for the Company to retain from the sales proceeds an amount equal to any tax so payable.

1.6 ***Takeovers***

The new Section does not prevent a person from acquiring control of the Company through a takeover or otherwise, although as explained above, such an event may cause the Group to cease to qualify as a UK-REIT.

1.7 ***Other***

The new Section also gives the Company power to require any Shareholder who applies to be paid dividends without any tax withheld to provide such certificate as the Board may require to establish the Shareholder's entitlement to that treatment. The new Section also confirms that it may be amended by special resolution passed by Shareholders in the future, including to give powers to the Directors to ensure that the Company can comply with the close company condition, described in paragraph 2.1 of Part II ("Company Conditions") of this document, which powers may include the ability to arrange for the sale of shares on behalf of Shareholders.

Finally, certain additional amendments are being proposed to the Current Articles in order to remove certain requirements to conduct business in or from Guernsey (which were previously necessary in order to ensure that the Company maintained its tax residence in Guernsey) as such provisions will no longer be required once the Company enters the UK-REIT regime and becomes tax resident in the United Kingdom.

PART V

SUMMARY OF THE TERMS AND CONDITIONS APPLICABLE TO THE ISSUE OF THE CONVERTIBLE UNSECURED LOAN STOCK

The Convertible Unsecured Loan Stock was created by a resolution of the board of directors of the Issuer and, subject to Shareholder approval, will be constituted as an unsecured obligation of the Issuer by the Convertible Unsecured Loan Stock Instruments. Under the terms of the Convertible Unsecured Loan Stock Instruments, the issue of the Convertible Unsecured Loan Stock is conditional upon Shareholder approval of: (i) the issue by the Issuer of the Convertible Unsecured Loan Stock; (ii) the waiver of pre-emption rights in the Current Articles in relation to the issue by the Board of Ordinary Shares to satisfy the Conversion Rights (as defined below); and (iii) the approval of Shareholders for election for UK-REIT status and conversion of the Company to a UK-REIT. The form of the Convertible Unsecured Loan Stock Instruments will be available for inspection (during normal business hours) at the registered office for the time being of the Company (Isabelle Chambers, Route Isabelle, St. Peter Port, Guernsey, Channel Islands GY1 3TX) and the Issuer (28 Brook Street, London W1K 5DH) from the date of this document until the date of the EGM and will also be available for inspection 30 minutes prior to the EGM and during it at the place where the EGM is being held.

Application will be made for the A Convertible Unsecured Loan Stock and, if applicable, the B Convertible Unsecured Loan Stock to be admitted to trading on the Daily Official List of the CISX. It is expected that Admission of the A Convertible Unsecured Loan Stock will become effective and dealings in it will commence on the CISX at 8.00 a.m. on 24 November 2010.

The Convertible Unsecured Loan Stock Instruments contain provisions, *inter alia*, to the effect set out below:

Under the terms of the Convertible Unsecured Loan Stock Instruments, any outstanding Convertible Unsecured Loan Stock shall be repaid in full on 31 December 2015 (if it is a business day or, if it is not, the immediately succeeding business day). Until the Convertible Unsecured Loan Stock has been repaid by the Issuer in full or converted into Ordinary Shares, interest will accrue on it on a daily basis at a gross rate equal to an annual rate of 5.85 per cent. Such interest is due and payable by the Issuer on 30 June 2011 and thereafter on 31 December and 30 June in any year whilst the Convertible Unsecured Loan Stock remains outstanding.

Prior to such repayment, a Stockholder may convert all or any of its Convertible Unsecured Loan Stock into Ordinary Shares at the rate of 1 Ordinary Share for every £2.80 nominal value of Convertible Unsecured Loan Stock held during the period commencing on the date of issue and ending on the expected repayment date of 31 December 2015. The closing mid-market price of the Ordinary Shares on 27 October 2010, being the latest practicable date prior to the publication of this document, was 249 pence per Ordinary Share. The Issuer cannot force a conversion of Convertible Unsecured Loan Stock held by Stockholders at any time.

The Issuer may at any time purchase Convertible Unsecured Loan Stock in the market by a tender offer to all Stockholders or by private treaty, in each case, at a price (exclusive of expenses but inclusive of accrued interest) which, if the Convertible Unsecured Loan Stock is then listed on the CISX, shall not exceed the average of the middle market quotations therefor (based on The Channel Islands Stock Exchange Daily Official List) during the period of 10 business days immediately prior to the date of such purchase, or, in the case of a purchase on the CISX, the market price therefor provided that such market price is not more than five per cent. above such average.

In addition, the Convertible Unsecured Loan Stock Instruments include certain anti-dilution protections for Stockholders in relation to their holdings of Convertible Unsecured Loan Stock, meaning that the conversion price and, therefore, conversion rate, is subject to adjustment on, *inter alia*, further issues of Ordinary Shares by the Company (whether by way of bonus share dividend, by way of rights or otherwise) and in relation to the payment of special dividends or other distributions to Shareholders by the Company. In particular, pursuant to the terms of the Convertible Unsecured Loan Stock Instruments, where the Company issues any shares for a consideration per share less than the average closing mid-market price of the Ordinary Shares

based on the average closing mid-market price of the Ordinary Shares for the preceding 30 business days prior to such issue or sale, then the conversion price and, therefore, conversion rate, for the Convertible Unsecured Loan Stock is reduced concurrently with such issue or sale unless, in the case of the A Convertible Unsecured Loan Stock only, Forum has utilised any pre-emption rights which may be available to it (see further below).

For so long as it holds a Qualifying Holding and whilst any Convertible Unsecured Loan Stock is outstanding, the Company has agreed with Forum in the Forum Subscription Agreement that it will have pre-emption rights in relation to any future equity fundraisings of the Company where the subscription or offer price is less than Fair Market Value (as such term is defined in the A Convertible Unsecured Loan Stock Instrument), on a fully diluted basis (i.e. assuming full conversion of any outstanding Convertible Unsecured Loan Stock). To the extent that Forum does not exercise its pre-emption rights (or exercises them only in part) an adjustment to the conversion price of the A Convertible Unsecured Loan Stock will be made in respect of any such equity fundraising and other holders of A Convertible Unsecured Loan Stock will be bound by such adjustment. Further information in relation to the operation of the pre-emption rights to which Forum is entitled is set out in paragraph 4.3 of Part VI of this document.

Furthermore, Stockholders may convert their holdings of Convertible Unsecured Loan Stock, or require the Issuer to repay in whole or in part any amounts of principal and/or interest owing in respect of the Convertible Unsecured Loan Stock held by them on the occurrence of certain events, including, *inter alia*, if the Issuer fails to make any payment of any principal amount or interest within five Business Days of the due date for payment or if the Company, the Issuer or any other subsidiary (which is material in the context of the Group, taken as a whole) has a liquidator, receiver, an administrative receiver or similar officer appointed over all or a substantial part of its assets or undertaking.

In addition, the Company and the Issuer have covenanted in the Convertible Unsecured Loan Stock Instruments that if there is a proposed change of control of the Company, the Company and the Issuer will procure that all Stockholders are given the opportunity to elect (i) to have repaid by the Issuer all interest and capital then outstanding on the Convertible Unsecured Loan Stock held by them at par; or (ii) to convert their Convertible Unsecured Loan Stock (at a price equal to the conversion price detailed above then applicable) into Ordinary Shares prior to any such change of control occurring; or (iii) to participate in any equivalent offer made to them by the offeror. Alternatively, Stakeholders can continue to hold their Convertible Unsecured Loan Stock notwithstanding such proposed change of control.

Pursuant to the Subscription Agreements (as are more particularly described in paragraphs 4.3 and 4.4 of Part VI of this document), Forum and Spearpoint will also have the benefit of certain other customary covenants from the Company and/or the Issuer whilst any of the Convertible Unsecured Loan Stock remains outstanding.

The Company has agreed to guarantee the performance by the Issuer of its obligations under the Convertible Unsecured Loan Stock Instruments.

The additional £10.0 million of Convertible Unsecured Loan Stock shall be available, at the sole discretion of NewRiver, to be issued in due course on the same terms as the initial £15.0 million of A Convertible Unsecured Loan Stock to be subscribed for by Forum if issued within 3 months of the date of the Company's conversion to a UK-REIT (aside from certain specific rights which are contained in the Subscription Agreements and which are personal to Forum and Spearpoint, respectively, including, in the case of Forum only, the right to appoint a Board representative and certain differences between the anti-dilution provisions applicable to the A Convertible Unsecured Loan Stock and the B Convertible Unsecured Loan Stock). In the event of the issue being after the three month period, the issue would be on as nearly identical terms as possible subject to any amendments as may be agreed between the Company, the Issuer and the investor at that time to reflect the then prevailing market conditions. The £10.0 million in nominal value of additional Convertible Unsecured Loan Stock will only be issued, if at all, if and when the Group is able to invest in transactions which would substantially utilise the proceeds of such additional Convertible Unsecured Loan Stock and fall within the Company's investment policy.

It is proposed that the right to issue such additional £10.0 million in nominal value of Convertible Unsecured Loan Stock shall be available until the date of the annual general meeting of the Company to be held in 2011 but such right could be extended with the approval of the Shareholders. If no such extension is forthcoming, then the right to issue further Convertible Unsecured Loan Stock will lapse. Spearpoint and Forum, respectively, have committed, for a period of 3 months from the date of the Company's conversion to a UK-REIT, at the request of the Company, to subscribe for up to £8.0 million of B Convertible Unsecured Loan Stock and up to £2.0 million of A Convertible Unsecured Loan Stock of the £10.0 million of additional Convertible Unsecured Loan Stock available for issue.

The Convertible Unsecured Loan Stock Instruments are governed by English law.

PART VI

ADDITIONAL INFORMATION

1. Responsibility Statements

- 1.1 The Issuer and its directors accept responsibility for the information contained in this Offering Circular, which constitutes (when read in conjunction with the relevant Convertible Unsecured Loan Stock Instrument) a Listing Document for the purposes of the CISX Listing Rules, and to the best of the knowledge and belief of the Issuer (which has taken all reasonable care to ensure that such is the case) and its directors (who have taken all reasonable care to ensure that such is the case) the information contained in this Listing Document is in accordance with the facts and does not omit anything likely to affect the import of such information.
- 1.2 The Company and its Directors accept responsibility for the information contained in this Offering Circular, which constitutes a Listing Document for the purposes of the CISX Listing Rules, and to the best of the knowledge and belief of the Company (which has taken all reasonable care to ensure that such is the case) and its directors (who have taken all reasonable care to ensure that such is the case) the information contained in this Listing Document is in accordance with the facts and does not omit anything likely to affect the import of such information.

2. The Company and the Issuer

- 2.1 The Company was incorporated with limited liability in Guernsey on 4 June 2009 under the name “NewRiver Retail Limited” with registered number 50463 as a 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 been incorporated with an unlimited life. The Company was incorporated with an unlimited share capital and operates under the Law and ordinances and regulations made thereunder. It is domiciled in Guernsey. It has no employees.
- 2.2 The Issuer was incorporated as a private limited company in England & Wales on 8 October 2010 under the name “NewRiver Retail CUL No. 1 Limited” with registered number 7401382. The Company was incorporated with a share capital of 1 ordinary share of £1.00 which is held by NewRiver Retail and is domiciled in the United Kingdom. It has no employees.
- 2.3 The address of the registered office business address for the directors of the Company and, as at the date of this document, principal place of business of the Company is Isabelle Chambers, Route Isabelle, St. Peter Port, Guernsey, Channel Islands GY1 3TX and its telephone number is + 44 1481 735540. The address of the registered office, head office, business address for the directors of the Issuer and principal place of business of the Issuer is, and the principal place of business of the Company following its conversion to a UK-REIT will be 28 Brook Street, London W1K 5DH. The telephone number of the Issuer is +44 203 3285800.
- 2.4 The Company’s principal activity is to purchase (principally through subsidiary companies), hold, let and sell real estate (land and buildings). The Company may purchase entities (or part thereof), including companies or partnership interests, whose principal activity is property investment or whose principal assets are investment properties. The Issuer’s sole activity is the issuance of the Convertible Unsecured Loan Stock.
- 2.5 The memorandum of incorporation and the articles of incorporation of the Company and the Issuer provide that the Company and the Issuer, respectively, each have unlimited objects.
- 2.6 As a company whose Ordinary Shares are admitted to trading on AIM and to listing on the Daily Official List of the CISX, the Company is subject to the AIM Rules for Companies and the CISX Listing Rules. The Issuer is subject to the abbreviated rules of the CISX.

3. Share Capital

- 3.1 The issued share capital of the Company is, at 27 October 2010, being the latest practicable date prior to the publication of this document, 14,838,508 Ordinary Shares of no par value.
- 3.2 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.
- 3.3 The entire issued share capital of the Issuer is currently held by the Company.

4. Material Contracts

Convertible Unsecured Loan Stock Instruments

- 4.1 A summary of the principal terms and conditions applicable to the issue of the Convertible Unsecured Loan Stock, as contained in the Convertible Unsecured Loan Stock Instruments, is set out at Part V of this document.

Nominated Adviser and Broker Agreement

- 4.2 A nominated adviser and broker agreement dated 1 March 2010 was entered into by the Company and Cenkos (the “Nomad Agreement”) pursuant to which Cenkos has agreed to act as nominated adviser and broker to the Company for the purposes of the AIM Rules for an annual fee. The Nomad Agreement contains certain 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.

Forum Subscription Agreement in relation to the A Convertible Unsecured Loan Stock

- 4.3 On 27 October 2010, the Company, the Issuer and Forum entered into a subscription agreement pursuant to which Forum has agreed to subscribe for £15.0 million in nominal value of A Convertible Unsecured Loan Stock at par, conditional upon, *inter alia*, (i) the Resolutions being passed without amendment at the EGM, (ii) Admission taking place; and (iii) the Company’s conversion to a UK-REIT. Customary warranties are provided by the Company and the Issuer to Forum, and by Forum to the Company and the Issuer, relating to their title and capacity to enter into the Forum Subscription Agreement and certain other matters (including, *inter alia*, in the case of the Company, as to its compliance with the AIM Rules and the contents of its audited accounts for its financial year ended 31 March 2010). In addition, Forum has given certain undertakings to the Company and the Issuer (including as to assisting the Company with its ongoing compliance with the requirements for participation in the regime applicable to UK-REITs). The Company has guaranteed the performance of the Issuer’s obligations under the Forum Subscription Agreement.

On completion of its subscription for the £15.0 million in nominal value of A Convertible Unsecured Loan Stock, the Issuer has agreed to pay an arrangement fee of £150,000 to Forum.

Forum has additionally committed, for a period of 3 months from the date of the Company’s conversion to a UK-REIT, to subscribe for up to £2.0 million in nominal value of A Convertible Unsecured Loan Stock at par, conditional upon, *inter alia*, (i) the issue of the £15.0 million in nominal value of A Convertible Unsecured Loan Stock referred to above; and (ii) receipt of a subscription request from the Issuer. In consideration of Forum’s covenants and obligations in relation to its commitment to subscribe for an additional £2.0 million in nominal value of the A Convertible Unsecured Loan Stock at the request of the Company, a commission of £10,000 shall be payable to Forum upon completion of Forum’s initial subscription for A Convertible Unsecured Loan Stock and a further £10,000 shall be payable to Forum upon the issue of any additional A Convertible Unsecured Loan Stock to Forum within the period of 3 months referred to above.

Forum is entitled, for so long as it would be the beneficial owner of 10 per cent. or more of the Fully Diluted Share Capital (assuming full conversion of any outstanding Convertible Unsecured Loan Stock) (a “Qualified Holding”), to appoint a director to the Board and to appoint or remove any such director by notice in writing to the Company. Forum has agreed to consult with the Company in relation to the identity of any director-appointees it subsequently wishes to appoint.

In addition, for so long as Forum holds a Qualifying Holding:

- 4.3.1 neither the Company nor the Issuer may incur any unsecured indebtedness (other than in the ordinary course of business) which would rank *pari passu* or ahead of the Convertible Unsecured Loan Stock (subject to certain exceptions);
- 4.3.2 if any offer of or invitation to subscribe for Ordinary Shares is made to Shareholders or third parties at an offer or subscription price of less than the Fair Market Value (as such term is defined in the A Convertible Unsecured Loan Stock Instrument) of such Ordinary Shares, the Company shall make a like offer, or procure that a like offer is made, at the same time to Forum as if its conversion rights under the A Convertible Unsecured Loan Stock Instrument had been exercised in full immediately before the record date for such offer or invitation at the conversion price then applicable. Upon the making of such offer or invitation, Forum has the ability to elect to participate in it in respect of some or all of its holding of A Convertible Unsecured Loan Stock. If Forum does not take up its rights in full, the conversion price applicable to its holding of A Convertible Unsecured Loan Stock will be adjusted as follows, the adjusted price being referred to below as the Adjusted Conversion Price:

- (a) the maximum adjustment to the conversion price which would be made had Forum not exercised its pre-emption rights at all (the “Maximum Conversion Price Adjustment”) will be calculated on the basis of the following formula:

$$A = B - C$$

where:

A = the Maximum Conversion Price Adjustment;

B = the conversion price applicable at the time the adjustment is to be made; and

C = the Fully Adjusted Conversion Price, which is calculated by multiplying the conversion price applicable at the time the adjustment is to be made by a fraction, the numerator of which shall be (i) the number of Ordinary Shares in issue immediately prior to such offer or invitation, plus (ii) the number of Ordinary Shares which the aggregate consideration received by the Company would purchase at the Fair Market Value (as defined in the A Convertible Unsecured Loan Stock Instrument) of the Ordinary Shares and the denominator of which shall be the number of Ordinary Shares in issue immediately after such offer or invitation is completed;

- (b) the Maximum Conversion Price Adjustment is then multiplied by the percentage which the proportion of A Convertible Unsecured Loan Stock in respect of which Forum did not elect to participate in the offer or invitation represents as a proportion of its entire holding of A Convertible Unsecured Loan Stock, the resulting figure being the “Actual Conversion Price Adjustment”; and
- (c) the Actual Conversion Price Adjustment is then deducted from the conversion price applicable at the time the adjustment is to be made to produce the Adjusted Conversion Price,

and the Adjusted Conversion Price will be binding on any other holders of the A Convertible Unsecured Loan Stock thereafter;

- 4.3.3 in the event that that the Company ceases to be a REIT, but with effect from the commencement of its financial year ending 31 March 2012, the Company shall use its reasonable endeavours not to breach the REIT profit:financing cost ratio without the prior written consent of Forum (such consent not to be unreasonably withheld or delayed). Compliance with this covenant is tested at the end of each financial year based on its audited consolidated financial results for such period and the Company has the ability to cure any such breach within a specified period; and

4.3.4 in the event that Company intends at any time to bid for or purchase Convertible Unsecured Loan Stock by private treaty under the terms of the Convertible Unsecured Loan Stock Instruments (as more particularly described in Part V of this document), it shall, at such time, notify Forum of that fact and shall offer it the opportunity to sell its A Convertible Unsecured Loan Stock to the Company on a pro rata basis to the percentage of all Convertible Unsecured Loan Stock outstanding on the same terms.

The Forum Subscription Agreement is governed by English Law.

Spearpoint Subscription Agreement in relation to the B Convertible Unsecured Loan Stock

4.4 On 27 October 2010, the Company, the Issuer and Spearpoint entered into a subscription agreement pursuant to which Spearpoint has agreed to subscribe for up to £8.0 million in nominal value of B Convertible Unsecured Loan Stock, conditional upon, *inter alia*, (i) the Resolutions being passed without amendment at the EGM; (ii) Admission taking place; (iii) the Company's conversion to a UK-REIT; and (iv) receipt of a subscription request from the Issuer. The Issuer may request that Spearpoint subscribes at any time within a period of 3 months from the date of the Company's conversion to a UK-REIT. Customary warranties are provided by the Company and the Issuer to Spearpoint, and by Spearpoint to the Company and the Issuer, relating to their title and capacity to enter into the Spearpoint Subscription Agreement and certain other matters. The Company has guaranteed the Issuer's obligations under the Spearpoint Subscription Agreement.

For so long as Spearpoint would be the beneficial owner of 10 per cent. or more of the Fully Diluted Share Capital (assuming full conversion of any outstanding Convertible Unsecured Loan Stock) neither the Company nor the Issuer may incur any unsecured indebtedness (other than in the ordinary course of business) which would rank *pari passu* or ahead of the Convertible Unsecured Loan Stock (subject to certain exceptions).

In consideration of Spearpoint's covenants and obligations under the Spearpoint Subscription Agreement (which effectively amounts to a conditional firm placing of up to £8.0 million in nominal value of the B Convertible Unsecured Loan Stock at the request of the Company), a commission of £40,000 shall be payable to Spearpoint upon the Company's conversion to a UK-REIT and a further £40,000 shall be payable to Spearpoint upon the issue of any B Convertible Unsecured Loan Stock to Spearpoint within the 3 month period from the date of the Company's conversion to a UK-REIT.

The Spearpoint Subscription Agreement is governed by English Law.

MSREI Joint Venture Agreement

4.5 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 4.7 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, with subsequent commitments by NewRiver of a further £2.0 million since 28 February 2010. 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 the date of completion of the acquisition of the NewRiver Retail Investments Initial Portfolio.

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

The MSREI Joint Venture Agreement provides that profits which arise in respect of each individual investment in a property or portfolio of properties (each, a “Project”) by NewRiver Retail Investments shall be paid to the limited partners by NewRiver Retail Investments in the proportions in which NRSPV and UKRI contributed funding to NewRiver Retail Investments to acquire the relevant Project, save that NRSPV will be entitled to a promote payment in cash, depending on the level of the returns across the entire asset base of NewRiver Retail Investments.

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

If a limited partner wishes to transfer its interest in NewRiver Retail Investments, it must first give the other limited partner the right to make an offer for such interest. If the right of first offer provisions are not exercised, the limited partners have agreed certain restrictions on transfers of their respective interests in NewRiver Retail Investments. 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 the date of completion of acquisition of the NewRiver Retail Investments Initial Portfolio (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 the 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) 250 pence (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 the conversion is 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, 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

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

- decisions to be taken by the GP at LP level; and
- decisions to be taken in respect of individual Projects at Group Entity level.

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

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

The 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 4.5 above.

NewRiver Retail Investments AMA

4.7 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 NewRiver Retail (Portfolio No. 1) LP, the owner of the NewRiver Retail Investments Initial Portfolio, amongst others, entered into an asset management agreement (the "NewRiver Retail Investments AMA") in relation to NewRiver Retail Investments. Under the terms of the NewRiver Retail Investments AMA, NewRiver Capital 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.

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 arrears 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 are 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 (an “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. An 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 will also terminate in relation to a particular property in the event that it is sold by any 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

4.8 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 nine properties was £49.0 million.

The Widnes completion was subject to consent being obtained from the freeholder. This was subsequently granted and completion occurred on 17 May 2010.

The acquisition 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

4.9 NewRiver Retail (Wrexham No. 1) Limited 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

4.10 NewRiver Retail (Market Deeping No. 1) 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 acquisitions were completed on 19 January 2010.

Acquisition of the REDEVCO portfolio

4.11 NewRiver Retail (Portfolio No. 2) Limited, a wholly-owned subsidiary of NewRiver, exchanged contracts on 4 June 2010 to acquire a portfolio of six long leasehold UK retail assets for a total consideration of £19.01 million off market from REDEVCO, one of Europe’s largest retail real estate managers, and the purchase price reflects a net initial yield of circa. 7.75 per cent. The portfolio comprised six large space retail units located within the core trading locations of well established and successful retailing towns/cities, the majority of which are in the south east of England. In total the portfolio comprised 308,400 sq ft and the individual retail properties are let to three national multiple retailers: Wilkinson Hardware Stores Ltd (48 per cent. of net rental income), TJ Hughes Ltd (36 per cent. of net rental income) and New Look Retailers Ltd (16 per cent. of net rental income). As at the date of this document, the acquisition of the Glasgow property in the REDEVCO portfolio has not yet completed and is awaiting consent to the acquisition from the freeholder.

Acquisition of the Newcastle property

4.12 NewRiver Retail (Newcastle No. 1) Limited, a wholly-owned subsidiary of NewRiver, exchanged contracts on 10 June 2010 to acquire the leasehold interests of 49/53 Northumberland Street in Newcastle Upon Tyne. The property was acquired from the receivers to Stylo Barratt Properties for a total consideration of £4.2 million, reflecting a net initial yield of circa. 9.60 per cent. Simultaneous with the acquisition of the property, contracts were exchanged to let the larger unit, formerly occupied by Stylo Barratt to Bank Fashions Limited, a wholly owned subsidiary of J D Sports Plc.

Other Material Contracts

4.13 On 28 February 2010, NewRiver Retail (Portfolio No 1) LP and NewRiver Retail (GP1) Limited, acting in its capacity as general partner of NewRiver Retail (Portfolio No 1) LP entered into a loan agreement with Abbey National Treasury Services PLC (the “Bank”), pursuant to which the Bank made available a term loan facility (the “Facility”) in an aggregate principal amount not exceeding the lower of:

- (a) £29,400,000;
- (b) 60 per cent. of the purchase price of the NewRiver Retail Investments Initial Portfolio (excluding VAT); and
- (c) 60 per cent. of the market value of the NewRiver Retail Investments Initial Portfolio,

for the purpose of funding the acquisition of NewRiver Retail Investments Initial Portfolio.

As more particularly described at paragraph 4.8 above, the Facility was drawn down in two amounts on 5 March 2010 to acquire the other English properties and the Glasgow property and on 17 May 2010 to acquire the Widnes property.

The following security was entered into as security for repayment of the Facility:

- (i) Composite Guarantee and Debenture dated 5 March 2010 granted by the Borrower, NewRiver Retail (Nominee 1) Limited, NewRiver Retail (GP 1) Limited and NewRiver Retail (Holding No. 1) LP in favour of the Bank;
- (ii) Partnership Interest Charge dated 5 March 2010 granted by NewRiver Retail (Holding No. 1) LP in favour of the Bank;
- (iii) Security Interest Agreement dated 5 March 2010 granted by NewRiver Retail Investments (GP) Limited in favour of the Bank;

- (iv) Security Interest Agreement dated 5 March 2010 granted by NewRiver Retail (GP1) Limited in favour of the Bank;
- (v) Standard Security dated 5 March 2010 granted by the Borrower in favour of the Bank;
- (vi) Assignment of Rental Income dated 5 March 2010 granted by the Borrower in favour of the Bank;
- (vii) Legal Charge dated 17 May 2010 granted by NewRiver Retail (GP1) Limited and NewRiver Retail (Nominee 1) Limited in favour of the Bank; and
- (viii) Duty of Care Deed dated 17 May 2010 made between (1) the Borrower (2) NewRiver Retail (GP1) Limited (3) NewRiver Retail (Nominee 1) Limited (4) NewRiver Capital Limited (4) Workman LLP and (6) the Bank.

4.14 On 19 February 2010, NewRiver Retail (Wrexham No. 1) Limited, NewRiver Retail (Market Deeping No. 1) Limited and NewRiver Retail (Newcastle No. 1) Limited (as “Borrowers”) entered into a loan agreement with the Bank, pursuant to which the Bank made available to the Borrowers a term loan facility (the “3 Retail Facility”) in an aggregate principal amount not exceeding the lower of:

- (a) £9,303,000; and
- (b) 60 per cent. of the aggregate purchase price of the Wrexham Property, the Market Deeping Property and the Newcastle Property (together the “Properties” (referred to at paragraphs 4.9, 4.10 and 4.12 respectively) (excluding VAT)),

for the purpose of funding the acquisition of the Properties.

The following security was entered into as security for repayment of the 3 Retail Facility:

- (i) Composite Guarantee and Debenture dated 3 March 2010 granted by the Borrowers in favour of the Bank;
- (ii) Security Interest Agreement over the share capital of each of the Borrowers dated 3 March 2010 granted by NewRiver Retail Limited in favour of the Bank;
- (iii) Legal Charge dated 9 July 2010 granted by NewRiver Retail (Newcastle No. 1) Limited in favour of the Bank; and
- (iv) Duty of Care Deed dated 3 March 2010 made between (1) the Borrowers (2) NewRiver Capital Limited (3) Workman LLP and (4) the Bank.

4.15 On 4 June 2010, NewRiver Retail (Portfolio No. 2) Limited (the “Portfolio Borrower”) entered into a loan agreement with the Bank, pursuant to which the Bank made available to the Portfolio Borrower a term loan facility (“Redevco Portfolio Facility”) in an aggregate principal amount not exceeding the lower of:

- (a) £12,359,750;
- (b) 65 per cent. of the aggregate purchase price of each property comprising the Redevco Portfolio (excluding VAT); and
- (c) 65 per cent. of the aggregate market value of each such property,

for the purpose of funding the acquisition of the Redevco Portfolio.

The aggregate principal amount of the facility is capable of being reduced pursuant to clause 2.2 of the loan agreement in the event that the facility is not drawn in one amount.

As at the date of this document, the acquisition of the Glasgow property in the Redevco Portfolio has not yet completed and is awaiting consent to the acquisition from the freeholder. The facility is only

available for drawing within 90 days of the date of the loan agreement or such other date as the Bank at its option may stipulate.

The following security was entered into as security for repayment of the Redevco Portfolio Facility:

- (i) Composite Guarantee and Debenture granted by the Portfolio Borrower in favour of the Bank;
- (ii) Security Interest Agreement over the share capital of the Portfolio Borrower granted by NewRiver Retail Limited in favour of the Bank;
- (iii) Legal Charge granted by the Portfolio Borrower in favour of the Bank.

- 4.16 Pursuant to a deed of amendment and restatement dated 26 October 2010 the Redevco Portfolio loan agreement was amended, *inter alia*, to increase the aggregate principal amount of the Redevco Portfolio Facility by £9,100,000 to be utilised for the purpose of funding the acquisition of the Standard Life Portfolio.

Additional security in the form of a legal charge over each of the properties comprising the Standard Life Portfolio is required to be granted by the Borrower as at the date of drawdown for the purpose of the acquisition of such properties.

- 4.17 On 26 October 2010, NewRiver Retail (Portfolio No. 2) Limited exchanged contracts with Standard Life Investment Funds Limited and The Standard Life Assurance Company 2006 to acquire the long leasehold interests in a portfolio of five properties known as:

17 and 19 Frenchgate, Arndale Shopping Centre, Doncaster;
Store C, Freshney Place, Grimsby;
Unit 47, Trinity Square, Maylord's Orchard, Hereford;
The Store, Montague Centre, Worthing; and
Unit D1, Golden Square, Warrington.

The aggregate purchase price for the acquisition of the entire portfolio is £14.0 million. The contract has been exchanged on a conditional basis, with the sale and purchase of each of the relevant properties (save for Doncaster, which is unconditional) being conditional on the grant of the consent of each relevant reversioner to the assignment of the relevant headlease from the seller to the buyer. The acquisition of the Grimsby and Warrington properties is also conditional on other stated pre-conditions. Completion has not yet occurred in relation to the purchase of any of these properties.

5. Material Adverse Change

Since the end of the Company's last financial year or date on which report and accounts were prepared there has been no material adverse change or deterioration in the business, assets, financial or trading position or profits of any member of the Group, including the Issuer.

6. Legal and Arbitration proceedings

The Company is not, nor has at any time since its incorporation been, engaged in any governmental, legal or arbitration proceedings against any member of the Group (including the Issuer), and the Company is not aware of any governmental, legal or arbitration proceedings pending or threatened by or against any member of the Group (including the Issuer) which may have, or have since incorporation had, a significant effect on the Company's financial position or profitability.

7. Miscellaneous

- 7.1 Forum 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 contract set out herein.

- 7.2 Spearpoint 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 contract set out herein.
- 7.3 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) until the Extraordinary General Meeting:
- 7.3.1 the current memorandum of incorporation of the Company and the Current Articles;
 - 7.3.2 the New Articles;
 - 7.3.3 the Convertible Unsecured Loan Stock Instruments;
 - 7.3.4 the Subscription Agreements; and
 - 7.3.5 this document and the Form of Proxy.

Dated: 28 October 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 at Isabelle Chambers, Route Isabelle, St. Peter Port, Guernsey on 19 November 2010 at 10.00 a.m. for the purpose of considering and, if thought fit, passing the following resolutions, which will be proposed as special resolutions:

SPECIAL RESOLUTIONS

1. THAT:

- (a) the Company’s proposed conversion to, and its application to HM Revenue and Customs for its conversion to, a real estate investment trust (“UK-REIT”) be and are hereby approved; and
- (b) with effect from the end of the Extraordinary General Meeting, the Articles of Incorporation produced to the meeting and initialled by the chairman of the meeting for the purposes of identification containing amendments required for the purposes of the Company’s conversion to a UK-REIT be adopted as the Company’s Articles of Incorporation in substitution for, and to the exclusion of, all existing Articles of Incorporation; and

2. THAT:

- (a) subject to and conditional upon the passing of Resolution 1 and the Company becoming a UK-REIT, the transaction contemplated by the deed dated 27 October 2010 (the “A Convertible Unsecured Loan Stock Instrument”) between (1) the Company and (2) NewRiver Retail CUL No. 1 Limited, a wholly-owned subsidiary of the Company (the “Issuer”), constituting £17.0 million in nominal value of A 5.85 per cent. convertible unsecured loan stock 2015 to be issued by the Issuer (the “A Convertible Unsecured Loan Stock”) be and is hereby approved;
- (b) subject to and conditional upon the passing of Resolution 1 and the Company becoming a UK-REIT, the transaction contemplated by the deed dated 27 October 2010 (the “B Convertible Unsecured Loan Stock Instrument”) between (1) the Company and (2) NewRiver Retail CUL No. 1 Limited, a wholly-owned subsidiary of the Company (the “Issuer”), constituting £8.0 million in nominal value of B 5.85 per cent. convertible unsecured loan stock 2015 to be issued by the Issuer (the “B Convertible Unsecured Loan Stock”) be and is hereby approved; and
- (c) in addition to all existing powers and authorities conferred upon them, the Company hereby determines pursuant to Article 6.2 of the Company’s Articles of Incorporation (the “Articles”) 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 of no par value in the capital of the Company (the “Ordinary Shares”) to any holder from time to time of the A Convertible Unsecured Loan Stock and/or the B Convertible Unsecured Loan Stock (each a “Stockholder”), pursuant to the exercise by any Stockholder of its rights to convert its A Convertible Unsecured Loan Stock or B Convertible Unsecured Loan Stock (as the case may be) into Ordinary Shares as set out in the conditions attaching to the A Convertible Unsecured Loan Stock contained in the A Convertible Unsecured Loan Stock Instrument or the B Convertible Unsecured Loan Stock contained in the B Convertible Unsecured Loan Stock Instrument (as the case may be) and that the Directors be and are hereby empowered to issue such Ordinary Shares on any such conversion of the A Convertible Unsecured Loan Stock or B Convertible Unsecured Loan Stock (as the case may be) by any Stockholder as if Article 6.2 and any pre-emption rights included therein did not apply to any such allotment and issue.

BY ORDER OF THE BOARD

**Serena Tremlett for and on behalf of
Morgan Sharpe Administration Limited**
Company Secretary

Date: 28 October 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 10.00 a.m. on 17 November 2010 at the offices of the Company's registrar, 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 16 November 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 10.00 a.m. on 17 November 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.