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This document comprises a circular which has been prepared in accordance with the Listing Rules made under section 73A of the FSMA for the purposes of the General Meeting of NewRiver REIT plc (the "**Company**") convened pursuant to the Notice of General Meeting set out at the end of this document.

If you sell or otherwise transfer, or have sold or otherwise transferred, all of your Ordinary Shares, please forward this document as soon as possible to the purchaser or the transferee, or to the bank, stockbroker or other agent through whom or by whom the sale or transfer was effected, for transmission to the purchaser or the transferee. If you sell or have sold or otherwise transferred only part of your holding of Ordinary Shares, you should retain this document and consult the bank, stockbroker or other agent through whom or by whom the sale or transfer was effected as to the action you should take.

**The distribution of this document and any accompanying documents in or into jurisdictions other than the United Kingdom may be restricted by law and therefore persons into whose possession this document and/or accompanying documents comes should inform themselves about and observe any such restrictions. Any failure to comply with any such restrictions may constitute a violation of the securities laws or regulations of such jurisdictions.**

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## **NewRiver REIT plc**

*(Incorporated in England and Wales with registered number 10221027)*

### **Proposed Disposal of Hawthorn Leisure REIT Limited and Notice of General Meeting**

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**This document should be read as a whole. Your attention is drawn to the letter from the Chair of the Company which is set out in Part 1 (*Letter from the Chair of NewRiver REIT plc*) of this document and which contains a recommendation from the Board that you vote in favour of the Disposal Resolution to be proposed at the General Meeting. The Disposal will not take place unless the Disposal Resolution is passed at the General Meeting.**

**Notice of a General Meeting, to be held at the offices of the Company at 16 New Burlington Place, London, United Kingdom, W1S 2HX at 10.00 am on Friday, 13 August 2021 is set out in Part 10 (*Notice of General Meeting*) of this document.**

In line with our sustainability commitment, we will not be issuing a Form of Proxy with this document. Whether or not you intend to be present at the General Meeting, we request that you submit your vote online via the shareholders' portal at [www.signalshares.com](http://www.signalshares.com). If you have not done so already, you will need to register your account using your Investor Code, which can be found on your share certificate. In order to vote online, you will need to visit [www.signalshares.com](http://www.signalshares.com), search 'NewRiver REIT' and use your Investor Code to log in or register. Once you have logged in, simply click the 'Vote Online Now' button and follow the procedure as instructed. Alternatively, you may request a Form of Proxy from the Registrar, Link Group, and details of how to contact them are set out in Part 10 (*Notice of General Meeting*) of this document.

If you hold your Ordinary Shares in CREST, and you wish to appoint a proxy or proxies through the CREST electronic proxy appointment service, you may do so by using the procedures described in the CREST Manual (available via [www.euroclear.com](http://www.euroclear.com)). In order for a proxy appointment or instruction made using the CREST service to be valid, the appropriate CREST Proxy Instruction must be properly authenticated in accordance with Euroclear's specifications, and must contain the information required for such instruction, as described in the CREST Manual. The message, regardless of whether it constitutes the appointment of a proxy or is an amendment to the instruction given to a previously appointed proxy must, in order to be valid, be transmitted so as to be received by the Registrar, Link Group, not later than 10.00 am on Wednesday, 11 August 2021 (or, in the case of an adjournment, not less than 48 hours, ignoring any part of a day that is not a working day, before the time fixed for the holding of the adjourned meeting).

As the UK Government's restrictions on social distancing and restrictions on attendance at public gatherings have been lifted, the Board looks forward to welcoming Shareholders in person at the General

Meeting. However, given the evolving nature of the situation and the possibility for circumstances to change before the date of the General Meeting such that larger gatherings indoors are no longer permissible and the Board is forced to revise its position and run the General Meeting as a closed meeting, you are encouraged to appoint the Chair of the General Meeting as your proxy to ensure that your vote is able to be cast in accordance with your wishes. The Board will keep the situation under review and may need to make further changes to the arrangements relating to the General Meeting, including how it is conducted. Shareholders should therefore continue to monitor the Company's website and announcements via a regulatory information service for any updates in relation to the General Meeting arrangements that may need to be provided. The completion and return of a Form of Proxy, registration of an online proxy appointment or completion and transmission of a CREST proxy instruction will not prevent you from attending the General Meeting and voting in person should the situation regarding COVID-19 allow and you wish to do so.

Liberum Capital Limited ("**Liberum**"), which is authorised and regulated in the United Kingdom by the FCA, is acting solely for the Company as sponsor and for no-one else in connection with the Disposal and will not be responsible to anyone other than the Company for providing the protections afforded to its clients or for providing advice to any other person in relation to the Disposal, the content of this document or any other matters described in this document.

Kinmont Limited ("**Kinmont**"), which is authorised and regulated in the United Kingdom by the FCA, is acting solely for the Company as financial adviser and for no-one else in connection with the Disposal and will not be responsible to anyone other than the Company for providing the protections afforded to its clients or for providing advice to any other person in relation to the Disposal, the content of this document or any other matters described in this document.

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To the extent that any document or information incorporated by reference or attached to this document itself incorporates any information by reference, either expressly or impliedly, such information will not form part of this document, except where such information or documents are stated within this document as specifically being incorporated by reference or where this document is specifically defined as including such information. Without prejudice to the documents incorporated by reference into this document, the contents of the website of the Company and any website directly or indirectly linked to that website do not form part of this document and should not be relied upon.

Capitalised terms have the meaning ascribed to them in Part 9 (*Definitions and Glossary*) of this document.

**A summary of action to be taken by Shareholders is set out on page 15 in Part 1 (*Letter from the Chair of NewRiver REIT plc*) of this document and in the Notice of General Meeting set out in Part 10 (*Notice of General Meeting*) of this document.**

This document is dated 28 July 2021.

## IMPORTANT NOTICES

### Market and industry information

Market data and certain industry forecasts used in this document were obtained from internal surveys, reports and studies, where appropriate, as well as market research, publicly available information and industry publications. Industry publications generally state that the information they contain has been obtained from sources believed to be reliable but that the accuracy or completeness of such information is not guaranteed. Similarly, internal surveys, reports and studies and market research, while believed by the Company to be reliable and accurately extracted by the Company for the purposes of this document, have not been independently verified and the Company makes no representation as to the accuracy of such information. The industry forecasts are forward-looking statements. See "*Information regarding forward-looking statements*" below.

### Information regarding forward-looking statements

This document and the information incorporated by reference into this document contains statements which are, or may be deemed to be, "forward-looking statements" which are prospective in nature. All statements other than statements of historical fact are forward-looking statements. They are based on intentions, beliefs or current expectations and projections about future events of the Directors, the Company or the Group, and are therefore subject to risks and uncertainties which could cause actual results to differ materially from the future results expressed or implied by the forward-looking statements. Often, but not always, forward-looking statements can be identified by the use of forward-looking words such as "plans", "expects", "is expected", "is subject to", "budget", "scheduled", "estimates", "forecasts", "goals", "intends", "anticipates", "believes", "targets", "aims" or "projects". Words or terms of similar substance or the negative thereof, are forward-looking statements, as well as variations of such words and phrases or statements that certain actions, events or results "may", "could", "should", "would", "might" or "will" be taken, occur or be achieved. Such statements are qualified in their entirety by the inherent risks and uncertainties surrounding future expectations.

Forward-looking statements include statements relating to: (a) future capital expenditures, expenses, revenues, earnings, economic performance, indebtedness, financial condition, dividend policy, losses and future prospects; (b) business and management strategies and the expansion and growth of the Company's operations; and (c) the effects of economic conditions on the Company's business.

Such forward-looking statements involve known and unknown risks and uncertainties that could significantly affect expected results and are based on certain key assumptions. Many factors may cause actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. Important factors that could cause actual results, performance or achievements of the Company to differ materially from the expectations of the Company include, among other things, general political, business and economic conditions, including resulting from the impact of the COVID-19 pandemic and responses by governments to it, industry and market trends, competition, changes in government and changes in law, regulation and policy, including in relation to taxation as well as political and economic uncertainty, stakeholder perception of the Group and/or the sectors or markets in which it operates and other factors discussed in Part 2 (*Risk Factors*) of this document. Such forward-looking statements should therefore be construed in light of such factors.

Neither the Company nor any of its Directors, officers or advisers provides any representation, assurance or guarantee that the occurrence of the events expressed or implied in any forward-looking statements in this document will actually occur. You are cautioned not to place undue reliance on these forward-looking statements, which speak only as at the date of this document.

The statements above relating to forward-looking statements should not be construed as a qualification on the Company's working capital statement in paragraph 11 of Part 7 (*Additional Information*) of this document.

Other than in accordance with its legal or regulatory obligations (including under the Listing Rules, the Disclosure Guidance and Transparency Rules, the Prospectus Regulation Rules and MAR), neither the Company nor the Sponsor is under any obligation to, and each of the Company and the Sponsor expressly disclaims any intention or obligation to, update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

### Rounding

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

### **Currencies**

In this document and the information incorporated by reference into this document, references to "£", "sterling" or "pounds sterling" are to the lawful currency of the United Kingdom.

### **No profit forecast**

No statement in this document is intended as a profit forecast or a profit estimate and no statement in this document should be interpreted to mean that earnings per Ordinary Share for the current or future financial years will necessarily match or exceed the historical published earnings per Ordinary Share.

### **No offer or solicitation**

This document is not a prospectus and it does not constitute or form part of any offer or invitation to purchase, acquire, subscribe for, sell, dispose of or issue, or any solicitation of any offer to sell, dispose of, purchase, acquire or subscribe for, any security.

### **Shareholder helpline**

If you have any questions about this document or the General Meeting or you wish to request a Form of Proxy, please call the Link Group shareholder helpline between 9.00 am and 5.30 pm (London (UK) time) Monday to Friday (excluding public holidays in England and Wales) on 0371 664 0300 (from the UK – calls to this number from the UK are charged at the standard geographic rate and will vary by provider) or +44 (0) 371 664 0300 (from overseas – calls outside the UK will be charged at the applicable international rate).

Please note that calls may be monitored or recorded and the helpline cannot provide financial, legal or tax advice or advice on the merits of the Disposal.

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## EXPECTED TIMETABLE OF PRINCIPAL EVENTS

Event	Time and/or Date <sup>(1)(2)(3)</sup>
Announcement of Disposal	26 July 2021
<b>Publication of this document and the Notice of General Meeting</b>	<b>28 July 2021</b>
Latest time and date for receipt of Form of Proxy, CREST Proxy Instructions and electronic registration of proxy appointment	10.00 am on 11 August 2021
General Meeting	10.00 am on 13 August 2021
Expected time and date of Completion (subject to Shareholder approval)	11.00 am on 20 August 2021

Notes:

- (1) All references in this document and any accompanying document to time are to London (UK) time, unless otherwise stated.
- (2) The timetable set out above and referred to throughout this document and any accompanying document may be subject to change. If any of the above times and/or dates should change, the new times and/or dates will be announced to Shareholders through a Regulatory Information Service.
- (3) The timing of Completion is dependent upon, amongst other things, the passing of the Disposal Resolution at the General Meeting, and, if there is any delay in the passing of the Disposal Resolution, the expected date of Completion may change. The date of Completion may also be changed by agreement between the relevant parties to any relevant agreement and, if so, an announcement will be made by the Company through a Regulatory Information Service.

## **DIRECTORS, COMPANY SECRETARY, REGISTERED OFFICE AND ADVISERS**

<b>Directors</b>	Margaret Ford (Non-Executive Chair) Allan Lockhart (Chief Executive Officer) Kay Chaldecott (Independent Non-Executive Director) Alastair Miller (Senior Independent Non-Executive Director) Colin Rutherford (Independent Non-Executive Director) Charlie Parker (Independent Non-Executive Director)
<b>Company Secretary</b>	Kerin Williams
<b>Registered and Head Office</b>	16 New Burlington Place London United Kingdom W1S 2HX
<b>Sponsor</b>	Liberum Capital Limited Ropemaker Place Level 12 25 Ropemaker Street London EC2Y 9LY
<b>Financial Adviser</b>	Kinmont Limited 5 Clifford Street London W1S 2LG
<b>Legal Adviser</b>	CMS Cameron McKenna Nabarro Olswang LLP Cannon Place 78 Cannon Street London EC4N 6AF
<b>Auditors</b>	PricewaterhouseCoopers LLP 1 Embankment Place London WC2N 6RH
<b>Reporting Accountants</b>	BDO LLP 55 Baker Street London W1U 7EU
<b>Registrar</b>	Link Group 10th Floor Central Square 29 Wellington Street Leeds LS1 4DL
<b>Valuer</b>	Colliers International Property Advisers UK LLP 50 George Street London W1U 7GA

## PART 1. LETTER FROM THE CHAIR OF NEWRIVER REIT PLC

### NewRiver REIT plc

(a company incorporated in England & Wales with registered number 10221027)

Directors:

Registered and head office:

Margaret Ford (Non-Executive Chair)  
Allan Lockhart (Chief Executive Officer)  
Kay Chaldecott (Independent Non-Executive Director)  
Alastair Miller (Senior Independent Non-Executive Director)  
Colin Rutherford (Independent Non-Executive Director)  
Charlie Parker (Independent Non-Executive Director)

16 New Burlington Place  
London  
United Kingdom  
W1S 2HX

28 July 2021

Dear Shareholder,

### Proposed Disposal of Hawthorn Leisure REIT Limited and Notice of General Meeting

#### 1. Introduction

As announced on 26 July 2021, NewRiver REIT plc (the "**Company**" or "**NewRiver**"), a leading real estate investment trust specialising in buying, managing and developing essential retail and leisure assets throughout the UK, has entered into an agreement for the sale of the entire issued share capital of Hawthorn Leisure REIT Limited ("**Hawthorn**"), the entity in the Group that holds, either directly or indirectly through its wholly-owned subsidiaries, NewRiver's entire community pub business (the "**Disposal**"), to AT Brady Bidco Limited ("**Admiral Taverns**" or the "**Purchaser**") for a gross aggregate cash consideration of £222.3 million (the "**Consideration**"). Admiral Taverns is a wet-led community pub operator, with approximately 1,000 pubs across England, Wales and Scotland.

As at 30 June 2021, Hawthorn owned, either directly or indirectly through its wholly-owned subsidiaries, and managed 674 leased & tenanted and operator managed community pubs primarily in suburban locations, residential neighbourhoods, towns, city centres and communities throughout England, Scotland and Wales. Hawthorn's pubs are almost all wet-led and operated by individuals, typically as a family business and, at over two-thirds of the sites, the operator lives in residential accommodation provided above or adjacent to the pub. As at 30 June 2021, 95 per cent of Hawthorn's pubs were owned freehold.

The Consideration is payable in full and in cash by the Purchaser on Completion, subject to certain customary adjustments in relation to the period between 28 March 2021 and Completion. The principal terms and conditions of the sale and purchase agreement entered into between the Company and the Purchaser on 26 July 2021 in relation to the Disposal (the "**Sale Agreement**") are described in more detail in Part 3 (*Principal Terms and Conditions of the Disposal*) of this document.

After adjustment for estimated transaction costs, the Company expects to receive net aggregate proceeds from the Disposal of £216.1 million. The Company intends to utilise the net aggregate proceeds of the Disposal to reduce net debt in order to reduce LTV, allowing the Group to invest in its core Retail Portfolio.

This document describes the background to and reasons for the Disposal, explains why the Board unanimously considers the Disposal to be in the best interests of the Company and its Shareholders as a whole and recommends that Shareholders vote in favour of the Disposal Resolution. The principal terms of the Disposal, including the timing of Completion, are set out in Part 3 (*Principal Terms and Conditions of the Disposal*).

The Directors who hold interests in the Ordinary Shares have each irrevocably undertaken to vote at the General Meeting in favour of the Disposal Resolution in respect of the Ordinary Shares to which they are beneficially entitled (representing in aggregate approximately 0.15 per cent of the total issued Ordinary Shares of NewRiver as at the Latest Practicable Date).

**In accordance with the Listing Rules, due to the size of the Disposal in relation to the size of the Company, the Disposal constitutes a Class 1 transaction (as defined in the Listing Rules) and is therefore subject to Shareholder approval. Completion is therefore conditional upon the approval of the Disposal Resolution at the General Meeting. A notice convening the General Meeting, at which the Disposal Resolution will be proposed, is set out in Part 10 (*Notice of General Meeting*) of**



**this document.**

The General Meeting is to be held at the offices of the Company at 16 New Burlington Place, London, United Kingdom, W1S 2HX at 10.00 am on Friday, 13 August 2021 for the purpose of seeking your approval. Potential amendments to arrangements of the General Meeting due to the impact of COVID-19 are set out in paragraph 12 of this letter.

Recognising in the current climate either the situation can change or some Shareholders may prefer not to attend the General Meeting in person, we have made provision to submit questions to the Board on the business of the General Meeting. To submit questions in advance of the General Meeting, questions should be emailed to [info@nrr.co.uk](mailto:info@nrr.co.uk) by no later than 12.30 pm on Wednesday, 11 August 2021 and we will publish answers to such questions, to the extent we consider appropriate, on our website. Please note that some questions may be grouped together.

Shareholders should read the whole of this document and not just rely on the summarised information set out in this letter. Shareholders will find definitions for capitalised terms used in this letter and the rest of the document in Part 9 (*Definitions and Glossary*) of this document.

## **2. Background to and reasons for the Disposal**

In the second half of the financial year ended 31 March 2021, the Company undertook a thorough portfolio-wide strategic review, which involved analysing every asset in its portfolio in terms of current and projected resilience and value-creation opportunities. The review examined current and emerging trends across the retail landscape, including shoppers' changing behaviours and priorities, to determine how the Company can ensure that its portfolio remains as resilient in the future as it has proved to be during the COVID-19 pandemic.

The strategic review and its findings culminated in the Board's strategic aim that by 2025 assets in the Company's portfolio will display only the characteristics of resilient retail. It is the Board's belief that this will transform the business into a more agile and resilient proposition and will provide the appropriate balance of income and capital returns.

In pursuing this strategic aim, one of the Company's key priorities included the divestment of the Pub Portfolio. The Board believes that the Pub Portfolio is currently sub-scale in a sector which could see significant consolidation opportunities which cannot be unlocked under NewRiver's ownership due to its status as a real estate investment trust. Furthermore, the divestment of the Pub Portfolio will reduce the Company's LTV and provide the capital to reshape the Company's portfolio.

In the Board's view, the Disposal delivers the best outcome for the Shareholders and is a key step to achieving the Board's strategic aim that by 2025, assets in the Company's portfolio will display only the characteristics of resilient retail.

The Disposal proceeds will be used to reduce the level of the Group's net debt, accelerating the delivery of the Group's target to reduce Group LTV below 40 per cent. On a pro forma basis, adjusting for the net aggregate proceeds of the Disposal and based on the property valuation as at 31 March 2021, excluding the Hawthorn portfolio, the Group's LTV ratio would be 39.8 per cent. The Disposal will also allow the Group to invest in its core Retail Portfolio and, together with other sales of non-core retail assets, to recycle the resultant capital into resilient retail.

## **3. Principal terms and conditions of the Disposal**

The Disposal is being made pursuant to the terms of the Sale Agreement. Under the Sale Agreement, NewRiver has agreed to sell the entire issued share capital of Hawthorn to the Purchaser.

The Consideration of £222.3 million is payable in full and in cash by the Purchaser on Completion, subject to certain customary adjustments in relation to the period between 28 March 2021 and Completion. In addition, there may be a further amount of up to £4.0 million, relating to a pending insurance claim, that is received by Hawthorn following the date of the Sale Agreement and such amount shall be payable by the Purchaser to the Company pursuant to the terms of the Sale Agreement. Further details on the consideration and the adjustments can be found in Part 3 (*Principal Terms and Conditions of the Disposal*) of this document.

The Sale Agreement contains certain warranties and indemnities given by each of NewRiver and the Purchaser which are customary for a transaction of this nature. Further details on these matters can be found in Part 3 (*Principal Terms and Conditions of the Disposal*) of this document.

Completion of the Disposal is conditional only upon the approval of the Disposal Resolution at the General

Meeting. The Board expects that, subject to the approval by Shareholders at the General Meeting, Completion is expected to occur on or about Friday, 20 August 2021.

Further details of the Sale Agreement are set out in Part 3 (*Principal Terms and Conditions of the Disposal*) of this document. No transitional services arrangements will be required following the Disposal, as the Disposal Group will be operating on a stand-alone basis from Completion.

#### 4. Information on the Purchaser

The Purchaser is a member of the Admiral Taverns group, a wet-led community pub operator, with approximately 1,000 pubs across England, Wales and Scotland.

Headquartered in Chester, the Admiral Taverns business was founded in 2003 and in 2010 a new management team was appointed and a new strategy launched to transform Admiral Taverns into a leading community pub operation with a refined portfolio of sustainable wet-led pubs. It has since won the Publican Award for Best Leased and Tenanted Pub Company in 2019, 2016 and 2013, each time that it has entered. In 2017 Proprium Capital Partners and C&C Group plc backed the management buyout of Admiral Taverns and in 2019 supported the acquisition of 150 tenanted community pubs from Star Pubs & Bars and 137 pubs from Marston's PLC.

#### 5. Information on NewRiver

NewRiver is a leading real estate investment trust specialising in buying, managing and developing retail and leisure assets throughout the UK. As at 30 June 2021, the Company's £1.0 billion portfolio covered nine million sq. ft. and comprised 33 community shopping centres, 19 conveniently located retail parks and 674 community pubs.

The Company has hand-picked a portfolio of retail assets to deliberately focus on occupiers providing essential goods and services, and avoid structurally challenged sub-sectors such as department stores, mid-market fashion and casual dining. The Company closed the financial year ended 31 March 2021 with a blended retail cash rent collection rate of 86 per cent across all four quarters of the financial year. Including rent either deferred or subject to regear, this blended rate rises to 93 per cent. As at 30 June 2021, rent collection in respect of the first quarter of the financial year ended 31 March 2022 stood at 89 per cent including deferrals and regears, ahead of collection at the same point last year. The Company's active approach to asset management and inbuilt 2.6 million sq. ft. development pipeline provides further opportunities to extract value from its portfolio.

As at 31 March 2021, underlying funds from operations were £11.5 million, compared with £52.1 million in the previous financial year ended 31 March 2020, due to the restrictions placed on the Company's business and its assets during the COVID-19 pandemic, particularly in the Company's pub business. The Company's IFRS loss after tax was £(150.5) million, compared to a loss of £(121.1) million in the prior financial year, predominantly reflecting a non-cash reduction in portfolio valuation of £152.9 million.

As at 31 March 2021, the Company's proportionally consolidated portfolio valuation was £974.2 million, compared to £1,197.1 million in the previous financial year ended 31 March 2020, due to a 13.6 per cent like-for-like decline in valuations and the completion of £81.2 million of disposals, in line with the Company's strategy to complete between £80-100 million of disposals in the financial year ended 31 March 2021.

The Company's EPRA NTA per share was 151 pence per share as at 31 March 2021, compared to 201 pence per share as at 31 March 2020. The decrease in EPRA NTA and EPRA NTA per share was primarily due to the 13.6 per cent like-for-like decrease in portfolio valuation. As at 31 March 2021, the Company's IFRS net assets were £460.4 million, compared to £610.6 million as at 31 March 2020, reduced for the same reason. The Company's portfolio outperformed the MSCI-IPD All Retail benchmark on a total return basis by 120 bps, driven by an income return outperformance of 180 bps.

#### 6. Summary of the Disposal Group

Following the corporate reorganisation of the Company's community pub business implemented on 23 November 2020, Hawthorn owned, either directly or indirectly through its wholly-owned subsidiaries, the Group's pub property portfolio, which included 674 leased & tenanted pubs and operator managed pubs as at 30 June 2021 (the "**Pub Portfolio**").

As at 30 June 2021, across Hawthorn, approximately 80 per cent of sites operated under a 'leased & tenanted' model, whereby Hawthorn has an occupational lease with a tenant, who is responsible for all operating costs of the pub, including staff costs. Most of the leased & tenanted pubs are 'tied', meaning

that tenants are required to purchase drinks from Hawthorn and lease games machines from Hawthorn-approved suppliers. In return, Hawthorn receives rental income, a margin between the wholesale price and sale price to tenants on drinks supplied, and a share of machine profits.

As at 30 June 2021, approximately 19 per cent of Hawthorn sites operated under an 'operator managed' model, whereby Hawthorn enters into an operator agreement with a pub partner. Hawthorn incurs all operating costs of running the pub, except for staff costs, which are borne by the operator. In return, Hawthorn receives gross turnover generated by the pub and pays a management fee to the pub partner, which is on average around 20 per cent of net revenue.

The UK Government required the temporary closure of all hospitality businesses on 20 March 2020, and the entire Pub Portfolio was closed until 4 July 2020, when pubs in England were allowed to reopen. During the lockdown period, the Company's focus was on protecting Hawthorn's financial position and supporting Hawthorn's pub partners. To protect Hawthorn's financial position, Hawthorn accessed UK Government support packages which Hawthorn invested directly in pub partner assistance and reduced non-essential capex and operating costs. Hawthorn's BDMs were in close contact with the pub partners and provided help in accessing available government support, including the Retail, Hospitality and Leisure Grant and the Coronavirus Job Retention Scheme. In addition, over 86 per cent of Hawthorn's pub partners invested in their pub during the lockdown, particularly in improving outside space. Reflecting this level of support, 97 per cent of Hawthorn's tenants said they were either satisfied or very satisfied with Hawthorn's help during the lockdown period.

From 4 July 2020, pubs in England were allowed to reopen and, within a week, over 90 per cent of the Pub Portfolio in England was operational. Following the lifting of restrictions in Scotland and Wales several weeks later, over 90 per cent of the entire Pub Portfolio was trading by mid-August 2020.

The underlying performance of Hawthorn's pubs was strong following reopening, with like-for-like volumes in the leased & tenanted portfolio down only eight per cent and like-for-like sales in the operator managed pubs down only 16 per cent compared to the same period in 2019. This performance compared favourably to the wider market; pub like-for-like sales were down 18 per cent over the same period according to the Coffey Peach Business Tracker.

In order to support its pub partners' recovery following reopening, Hawthorn did not charge rent for the months of July or August 2020, and launched its Partner Investment Fund, through which Hawthorn matched investments made by pub partners. Both of these schemes were conditional on obtaining commitments from pub partners that ensured Hawthorn was able to retain its tenants and operators for the long-term.

From October 2020, pub operations began to face new restrictions, initially in the form of new hospitality closures in Scotland but culminating in further national restrictions for England announced by the UK Government on 31 October 2020. The experience gained during the first lockdown meant that Hawthorn could act swiftly and effectively, offering financial aid and practical advice, to support tenants and pub operators during this period of fresh restrictions.

During the financial year ended 31 March 2021, Hawthorn invested £1.3 million of grant income in support payments to its pub operators in the operator managed estate. These support payments, designed to cover operator living costs, were aimed at maintaining high levels of operator retention and occupancy. This ensured that its pubs were ready to welcome back customers on reopening and removed the burden of vacant property costs. As at 30 June 2021, only four pubs in the operator managed portfolio were vacant, representing a 96.9 per cent occupancy level. This is a testament to the targeted support and strong relationships that Hawthorn's BDMs and wider team have forged with the pub operators.

Following decisive action to invest in Hawthorn's portfolio during the first lockdown, and seeing the benefits of this on reopening, Hawthorn took the opportunity to further enhance its pubs during the second half of the financial year ended 31 March 2021 and invested a further £0.9 million in improving outside space. An additional £0.3 million (matched by tenants) was also invested via Hawthorn's Partner Investment Fund to support 110 new schemes.

After several months of temporary closure, Hawthorn opened over 60 per cent of its Pub Portfolio on 12 April 2021, following the easing of restrictions on outside trading, and reopened the vast majority of the remaining pubs following the easing of restrictions on indoor trading from 17 May 2021. With a focus on well-located community and suburban pubs, and with the benefit of more consumers working from home and using their local services and facilities, Hawthorn has been able to recover quickly on reopening and trading is tracking significantly ahead of budget. In the period from 12 April 2021 to 21 June 2021, like-for-like volumes in the leased & tenanted portfolio were up two per cent compared to the same period in 2019.

Like-for-like sales in the operator managed pubs were down 13 per cent compared to the same period in 2019 but Hawthorn is still ahead of budget and in line with the wider pub sector as measured by the Coffey Peach Business Tracker.

In response to the revenue recovery in its pubs since reopening, Hawthorn made the decision to repay funds received under the Coronavirus Job Retention Scheme during lockdown last year. These funds were repaid to HMRC in April 2021.

Pub net property income was £1.0 million in the financial year ended 31 March 2021, compared to £24.3 million in the financial year ended 31 March 2020, predominantly due to the mandatory closure of the Pub Portfolio for the vast majority of the financial year as part of the UK Government's response to the COVID-19 pandemic. In England, where the majority of Hawthorn's pubs are located, Hawthorn experienced seven months of national lockdowns, two months of the tiered system, and just three months of normal trading over the Summer of 2020. When the pubs were open and able to trade, performance was encouraging, with only a modest like-for-like decline of £0.6 million, reflecting reduced capacity, recovering customer confidence, some localised restrictions, and the Government's Eat Out to Help Out scheme.

The direct impact of closing the Pub Portfolio throughout the sustained periods of lockdown in the year adversely impacted income by £14.6 million, with the support provided to partners, predominantly in the form of rent waivers, further reducing income by £8.7 million. The cost of destroying beer supplies adversely impacted income by £0.4 million.

The impact of a full year of income from the acquisitions of Bravo Inns Limited and 28 community pubs from Marston's plc in the financial year ended 31 March 2020 added £0.8 million and £0.2 million respectively.

### **Disposal Group Income Statement**

	Year ended 31 March 2019 (£'m) (unaudited)	Year ended 31 March 2020 (£'m) (unaudited)	Year ended 31 March 2021 (£'m) (unaudited)
Revenue	41.9	51.4	18.1
Property operating expenses	(20.1)	(27.1)	(17.1)
<b>Net property income</b>	<b>21.8</b>	<b>24.3</b>	<b>1.0</b>
Administrative expenses	(6.5)	(9.2)	(9.6)
Other income	-	-	4.6
Acquisition and integration costs	(4.2)	(0.4)	(0.1)
Net valuation movement	(1.8)	(26.6)	(23.2)
Loss on disposal of investment properties	(0.2)	(0.3)	(1.4)
<b>Operating profit/(loss)</b>	<b>9.1</b>	<b>(12.2)</b>	<b>(28.7)</b>
Net finance costs	(4.6)	(4.3)	(4.1)
<b>Profit/(loss) for the year before taxation</b>	<b>4.5</b>	<b>(16.5)</b>	<b>(32.8)</b>
Taxation	(0.5)	(0.3)	1.3
<b>Profit/(loss) for the year after taxation</b>	<b>4.0</b>	<b>(16.8)</b>	<b>(31.5)</b>

## Disposal Group Net Asset Statement

As at 31 March 2021

Disposal Group  
£m  
(unaudited)

<b>Non-current assets</b>	
Investment properties	197.5
Right of use asset	0.7
Property, plant and equipment	53.4
	251.6
<b>Current assets</b>	
Trade and other receivables	3.0
Cash and cash equivalents	12.0
	15.0
<b>Total assets</b>	<b>266.6</b>
<b>Current liabilities</b>	
Trade and other payables	(14.2)
	(14.2)
<b>Non-current liabilities</b>	
Deferred tax liability	(0.6)
Lease liability	(2.5)
	(3.1)
<b>Total liabilities</b>	<b>(17.3)</b>
<b>Net assets</b>	<b>249.3</b>

The financial information in this section has been extracted without material adjustment from Part 4 (*Financial Information Relating to the Disposal Group*) of this document.

### 7. Use of proceeds, financial effects of the Disposal and strategy of the Continuing Group

After adjustment for estimated transaction costs, the Company expects to receive net aggregate proceeds from the Disposal of £216.1 million. The net aggregate proceeds are expected to be used to reduce net debt, significantly strengthening the balance sheet and accelerating the delivery of the Group's target to reduce Group LTV below 40 per cent. The Group intends to use approximately £100 million of the net aggregate proceeds of the Disposal to repay all of the outstanding balance on the Revolving Credit Facility (details of which are set out in paragraph 8 of Part 7 (*Additional Information*) of this document).

Whilst the Company will benefit from a reduction of interest payable in respect of the Revolving Credit Facility and of head office costs, the Disposal is expected to be dilutive to normalised EPRA Earnings and to EPRA NTA.

No transitional services arrangements will be required following the Disposal, as the Disposal Group will be operating on a stand-alone basis from Completion. This means that the Company will not incur costs in implementing transitional services arrangements and there will be no impact on the functioning of its continuing business as a result of the fulfilment of its obligations under such arrangements.

After the Disposal, the Group intends to sell other non-core retail assets and recycle the resultant capital into resilient retail whilst also transforming its regeneration assets to create long-term value by jointly working with sector specialists and appropriate capital partners.

### 8. Current trading, trends and future prospects for the Continuing Group

The 2021 Annual Report and Accounts included the following statements about current trading and prospects:

*"COVID-19 has posed unprecedented challenges however our operational and financial achievements have convinced us of the underlying strength of our portfolio and platform. As a result we have focused our efforts on ensuring that our portfolio remains resilient over the longer term.*

*The macroeconomic environment is improving; in May the Bank of England upgraded its 2021 growth*

outlook for the UK economy from 5% to 7.25%, driven by anticipated consumer spending. Consumer confidence in the UK economy has returned to pre-pandemic levels and we are well placed to benefit from consumers' growing preference for shopping locally and supporting community assets.

In terms of the investment market, liquidity in retail parks has improved during the year and investor demand for regeneration projects has also increased over the second half of FY21, especially for assets located in areas with attractive underlying residential values. We are starting to see early signs of an uplift in shopping centre liquidity and we expect the investment market to improve further as we emerge from the COVID-19 crisis.

With the benefit of an improving market backdrop and the insights gained from our recent strategic review we are looking forward to the coming year with genuine optimism."

In addition, on 27 July 2021, the Company provided a trading update in respect of the first quarter ended 30 June 2021, which included the following statements about current trading and prospects:

"Of the total second quarter rent demanded so far, 79% has either been collected or had alternative payment terms agreed with occupiers. The rent collection figures for the first and second quarters are tracking ahead of the same quarters last year and we expect these figures to continue to improve as we progress through the year.

During the quarter we completed a long-term portfolio agreement with APCOA, Europe's largest car parking solutions operator, to deliver their innovative urban mobility hub concept across external areas within our shopping centres and retail parks. This commercial partnership will reactivate under-utilised space, increase our ancillary revenue and improve customer experience by expanding the range of services available at our community centred retail assets. Additional revenue streams will be generated from a range of community focused projects including the provision of electric vehicle charging, cycle parks, multi-locker hubs for customers and local businesses, in car park car maintenance servicing and valeting, dark kitchens as well as many more innovative solutions."

The CEO's statement described performance as follows:

"Our operational metrics including rent collection, leasing activity and occupancy have remained strong throughout the first quarter and, most significantly, the Company has agreed terms to dispose of its Hawthorn pub business, which delivers on a key strategic priority announced in April 2021."

Your Board remains confident in the Continuing Group's prospects for the current financial year.

## **9. Risk factors**

For a discussion of the risks and uncertainties which you should take into account when considering whether to vote in favour of the Disposal Resolution, please refer to Part 2 (*Risk Factors*) of this document.

## **10. Board changes**

Mark Davies has stepped down as Chief Financial Officer of NewRiver, and the Board intends that Will Hobman, who has been NewRiver's Finance Director for almost two years and with the Company for over five years, will be appointed Chief Financial Officer of NewRiver at completion of the Disposal.

## **11. Irrevocable undertakings**

The Directors who hold interests in the Ordinary Shares have each irrevocably undertaken to vote at the General Meeting in favour of the Disposal Resolution in respect of the Ordinary Shares to which they are beneficially entitled (representing in aggregate approximately 0.15 per cent of the total issued Ordinary Shares of NewRiver as at the Latest Practicable Date).

## **12. General Meeting**

You will find set out at the end of this document a Notice of General Meeting convening a General Meeting to be held at the offices of the Company at 16 New Burlington Place, London, United Kingdom, W1S 2HX at 10.00 am on Friday, 13 August 2021.

At the General Meeting, the Disposal Resolution will be proposed which, if passed, will approve the Disposal substantially on the terms and subject to the conditions summarised in Part 3 (*Principal Terms and Conditions of the Disposal*) of this document and will authorise the Directors to give effect to the Disposal.

The full text of the Disposal Resolution is included in the Notice of General Meeting, which is set out in Part 10 (*Notice of General Meeting*) of this document.

## **COVID-19 arrangements**

As the UK Government's restrictions on social distancing and restrictions on attendance at public gatherings have been lifted, the Board looks forward to welcoming Shareholders in person at the General Meeting. However, given the evolving nature of the situation and the possibility for circumstances to change before the date of the General Meeting such that larger gatherings indoors are no longer permissible and the Board is forced to revise its position and run the General Meeting as a closed meeting, you are encouraged to appoint the Chair of the General Meeting as your proxy to ensure that your vote is able to be cast in accordance with your wishes. The Board will keep the situation under review and may need to make further changes to the arrangements relating to the General Meeting, including how it is conducted. Shareholders should therefore continue to monitor the Company's website and announcements via a regulatory information service for any updates in relation to the General Meeting arrangements that may need to be provided. The completion and return of a Form of Proxy, registration of an online proxy appointment or completion and transmission of a CREST proxy instruction will not prevent you from attending the General Meeting and voting in person should the situation regarding COVID-19 allow and you wish to do so.

In the event that it becomes necessary or appropriate to revise the arrangements for the General Meeting, the Company will issue a further communication via a regulatory information service and the Company's website at <https://www.nrr.co.uk>.

Recognising in the current climate either the situation can change or some Shareholders may prefer not to attend the General Meeting in person, we have made provision to submit questions to the Board on the business of the General Meeting. To submit questions in advance of the General Meeting, questions should be emailed to [info@nrr.co.uk](mailto:info@nrr.co.uk) by no later than 12.30 pm on Wednesday, 11 August 2021 and we will publish answers to such questions, to the extent we consider appropriate, on our website. Please note that some questions may be grouped together.

We would like to thank all Shareholders for their co-operation and understanding.

### **13. Action to be taken**

**Notice of the General Meeting, to be held at the offices of the Company at 16 New Burlington Place, London, United Kingdom, W1S 2HX at 10.00 am on Friday, 13 August 2021 is set out in Part 10 (*Notice of General Meeting*) of this document.**

The Company is seeking approval of the Disposal Resolution at the General Meeting. Your support is important to us. Please vote on the Disposal Resolution. Please read the notes to the Notice of General Meeting in Part 10 (*Notice of General Meeting*) of this document.

As outlined in paragraph 12 of this letter, in light of the evolving COVID-19 situation and the General Meeting arrangements, to ensure that your vote counts, Shareholders are encouraged to appoint the Chair of the General Meeting as their proxy.

You can vote by logging on to [www.signalshares.com](http://www.signalshares.com) and following the instructions. If you have not done so already, you will need to register your account using your Investor Code, which can be found on your share certificate. In order to vote online, you will need to visit [www.signalshares.com](http://www.signalshares.com), search 'NewRiver REIT' and use your Investor Code to log in or register. Once you have logged in, simply click the 'Vote Online Now' button and follow the procedure as instructed. Alternatively, you may request a Form of Proxy directly from the Company's Registrar, Link Group, and details of how to contact them are set out in the Notice of General Meeting in Part 10 (*Notice of General Meeting*) of this document. In order for a proxy appointment to be valid, in each case a valid proxy appointment must be made through [www.signalshares.com](http://www.signalshares.com) or a Form of Proxy must be received by Link Group, Central Square, 29 Wellington Street, Leeds, LS1 4DL by 10.00 am on Wednesday, 11 August 2021 (or, in the case of an adjournment, not less than 48 hours, ignoring any part of a day that is not a working day, before the time fixed for the holding of the adjourned meeting).

If you are a CREST member, you may submit your proxy electronically through CREST. Details of how to do so are set out in the Notice of General Meeting in Part 10 (*Notice of General Meeting*) of this document. The message, regardless of whether it constitutes the appointment of a proxy or is an amendment to the instruction given to a previously appointed proxy, must be lodged by 10.00 am on Wednesday, 11 August 2021 (or, in the case of an adjournment, not less than 48 hours, ignoring any part of a day that is not a working day, before the time fixed for the holding of the adjourned meeting) in order to be considered valid.

In addition, if you are an institutional investor, you may also be able to appoint a proxy electronically via the Proxymity platform, a process which has been agreed by the Company and approved by the Registrar.

For further information regarding Proxymity, please go to [www.proxymity.io](http://www.proxymity.io). Your proxy must be lodged by 10.00 am on Wednesday, 11 August 2021 (or, in the case of an adjournment, not less than 48 hours, ignoring any part of a day that is not a working day, before the time fixed for the holding of the adjourned meeting) in order to be considered valid. Before you can appoint a proxy via this process you will need to have agreed to Proxymity's associated terms and conditions. It is important that you read these carefully as you will be bound by them and they will govern the electronic appointment of your proxy.

The completion and return of a Form of Proxy, registration of an online proxy appointment or completion and transmission of a CREST proxy instruction will not prevent you from attending the General Meeting and voting in person should the situation regarding COVID-19 allow and you wish to do so.

**14. Additional information**

Your attention is drawn to the additional information set out in Part 7 (*Additional Information*) of this document. You are advised to read the whole of this document and not just rely on the key summarised information in this letter.

**15. Recommendation to Shareholders**

The Board has received financial advice from Kinmont on the Disposal and, in giving its financial advice to the Board, Kinmont has relied on the Board's commercial assessment of the Disposal.

**The Board considers that the Disposal and the passing of the Disposal Resolution are in the best interests of the Company and its Shareholders taken as a whole. Accordingly, the Board unanimously recommends that Shareholders vote in favour of the Disposal Resolution to be proposed at the General Meeting.**

The Directors who hold interests in the Ordinary Shares have each irrevocably undertaken to vote at the General Meeting in favour of the Disposal Resolution in respect of the Ordinary Shares to which they are beneficially entitled (representing in aggregate approximately 0.15 per cent of the total issued Ordinary Shares of NewRiver as at the Latest Practicable Date).

Yours sincerely,

Margaret Ford  
**Chair**



## PART 2. RISK FACTORS

*This section describes the risks known to the Board as at the date of this document which are considered by the Board to be material in relation to the Disposal, as well as material risks to the Continuing Group which result from or will be impacted by the Disposal and the material risks to the Group if the Disposal were not to proceed. However, these should not be regarded as a complete and comprehensive statement of all material risks which generally affect the Group. Additional risks and uncertainties not presently known to the Board, or that the Board considers immaterial, or that the Board considers material to the Group but will not be affected by the Disposal, may also adversely affect the Group's business, results of operations or financial condition. If any or a combination of the following risks materialise, the Group's business, financial condition, operational performance and future performance could be materially adversely affected. In such circumstances, the market price of the Company's Ordinary Shares could decline and you may lose all or part of your investment.*

*The risk factors in this document set out the necessary disclosure in accordance with the Listing Rules, and do not seek to cover all the material risks which generally affect the Group. Further information on the material risks which generally affect the Group is set out in the 2021 Annual Report and Accounts.*

*The information given is as of the date of this document and, except as required by the FCA, the London Stock Exchange, the Listing Rules, the Prospectus Regulation Rules, the Disclosure Guidance and Transparency Rules or any other applicable law or regulation, will not be updated.*

*You should carefully consider the specific factors and risks described below, together with all other information contained in this document and the information incorporated by reference herein, before deciding whether to vote in favour of the Disposal Resolution at the General Meeting. The risks described below are not set out in any order of priority, assumed or otherwise. Any forward-looking statements contained herein are made subject to the reservations specified under "Information regarding forward-looking statements" on page 3 of this document.*

### **1. Risks relating to the Disposal**

#### **1.1 Conditions**

Completion of the Sale Agreement is subject to the approval (by ordinary resolution) of the Shareholders. There can be no assurance that this condition will be satisfied and, accordingly, that Completion will take place. This condition is set out in further detail in Part 3 (*Principal Terms and Conditions of the Disposal*) of this document. If Completion does not take place, any of the risks and uncertainties set out in paragraph 2 of this Part 2 (*Risk Factors*) may adversely affect the Group's business, results of operations and financial condition.

#### **1.2 Exposure to liabilities under the Sale Agreement**

The Sale Agreement contains warranties and indemnities (including in relation to tax) from the Company in favour of the Purchaser. The Company has taken steps to minimise the risk of liability under these provisions. However, any liability to make a payment arising from a successful claim by the Purchaser under the warranties or indemnities could have an adverse effect on its business, financial condition and results of operations. Further details of the exposure and limitations on the liability of the Company pursuant to such provisions are set out in Part 3 (*Principal Terms and Conditions of the Disposal*) of this document.

#### **1.3 Warranties and indemnities given by the Purchaser**

The Sale Agreement contains certain warranties and indemnities given by the Purchaser in favour of the Company. The extent to which the Purchaser will be required, if at all, to make payments in respect of these warranties and indemnities is unpredictable. If, however, the Purchaser suffers financial distress, any payments due to the Company in respect of such warranties, undertakings and indemnities may be put at risk.

#### **1.4 Pre-Completion changes in the Disposal Group**

During the period from the signing of the Sale Agreement to Completion, events or developments may occur, including changes in trading, operations or outlook of the Continuing Group or Disposal Group, or external market factors, which could make the terms of the Sale Agreement less attractive for the Company. The Company would be obliged to complete the Disposal notwithstanding such events or developments. This may have an adverse effect on the Continuing Group's business, financial condition

and results of operations.

### **1.5      *The Disposal may have a disruptive effect on the Disposal Group***

The Sale Agreement requires the Company to continue operating the Disposal Group in the ordinary and usual course until Completion. As a result of the announcement of the Disposal, key persons in management and/or operating functions may choose to leave the Disposal Group prior to Completion.

The announcement of the Disposal may create uncertainty for certain employees of the Disposal Group in respect of their continued employment by the Disposal Group following Completion. To maintain the performance of the Disposal Group between signing and Completion, the Company may need to take additional actions to enable it to continue operating the Disposal Group in the ordinary and usual course.

## **2.            *Risks relating to the Disposal not proceeding***

If the Disposal does not proceed, the following risks and uncertainties may affect the Group's business, results of operations and financial condition:

### **2.1      *The Disposal is conditional on Shareholder approval, which might not be granted***

Completion is subject to the approval of the Disposal Resolution by the Shareholders at the General Meeting. If Shareholders do not approve the Disposal Resolution at the General Meeting, Completion will not occur, and the Company will not receive the cash proceeds from the Disposal and will forego the other benefits of the Disposal as set out in this document. Further, some transaction, restructuring and other costs incurred by the Group in connection with the Disposal would be incurred without the receipt of the Disposal proceeds.

As a result, if Completion does not occur as proposed, the Group will have a higher LTV than if the Disposal does proceed, which could (should, amongst other things, asset values fall further) have an adverse effect on the Group's business, financial condition and results of operations compared to the Disposal proceeding.

### **2.2      *Inability to realise value if the Disposal does not complete***

The Board believes that the Disposal is in the best interests of Shareholders taken as a whole and that the Disposal currently provides the best opportunity to realise the value of the Pub Portfolio, and therefore proceeds, to reduce the Company's LTV. If the Disposal does not complete the Company will not have the benefit of the Disposal proceeds to reduce LTV. This could result in the financial position of the Group being materially worse than the position it would be in if the Disposal completed.

### **2.3      *Potential inability to dispose of the Pub Portfolio or the Disposal Group in the future in favourable or equivalent market circumstances at an improved or equivalent valuation, or at all***

If the Disposal is not approved by Shareholders, it will become incapable of completion. If this were to occur, there would be no assurance that the Company would be able to dispose of the Pub Portfolio or Hawthorn at a later date, in favourable or equivalent market circumstances.

Whilst the Company is not a limited life company and is under no obligation to sell its assets within a fixed time frame, there can be no assurance that, at the time it seeks to dispose of the Pub Portfolio or Hawthorn, conditions in the relevant market will be favourable or that the Group will be able to maximise the returns on such disposed assets.

As property assets are relatively illiquid, such illiquidity may affect the Group's ability to adjust, dispose of, or liquidate its Pub Portfolio in a timely fashion and at satisfactory prices. To the extent that market conditions are not favourable, the Group may not be able to dispose of property assets in the Pub Portfolio at the same or higher value or at all. If the Group was required to dispose of or liquidate an investment on unsatisfactory terms, the Group may realise less value than that proposed under the Disposal which could, in turn, have a negative impact on the Group's financial condition and/or results of operations as well as potentially having a negative impact on its wider business. As a result of the foregoing, there can be no assurance that the Pub Portfolio can generate attractive returns if retained.

The Board has determined that the Disposal offers an attractive route to generate proceeds to reduce the Group's LTV in the short-term and therefore improves the prospects of the Continuing Group in the medium to long-term.

**2.4      *Damage to the Company's reputation could adversely impact the Group's financial results and operations***

If the Disposal does not proceed, there may be an adverse impact on the reputation of the Group due to amplified media scrutiny arising in connection with the attempted Disposal and the Group's broader strategy. Any such reputational risk could adversely affect the Group's business, financial condition and results of operations, as well as the share price.

**2.5      *Failure to complete the Disposal could have a disruptive effect on the Group***

If the Disposal does not complete, it could lead to the loss of key persons in management and/or operating functions in the Disposal Group and/or in the Group itself, the distraction of management and employees, and concern amongst stakeholders with respect to the future ownership of the Disposal Group and/or the Pub Portfolio. These could have an adverse effect on the performance of the Pub Portfolio and therefore its value to the Group.

To maintain Shareholder value, the management of the Group may be required to allocate additional time and cost to the ongoing supervision and development of the Pub Portfolio and to invest further amounts that the Group would otherwise invest in furtherance of its current strategy.

**2.6      *The COVID-19 pandemic has affected, and could continue to materially adversely affect, the Group's business, financial condition and results of operations***

The Pub Portfolio has been impacted significantly by the COVID-19 pandemic, which has resulted in a large portion of the Group's estate of pubs being closed for significant periods of time due to the periodic imposition of restrictions and/or mandatory national or local lockdowns in the UK. Further, the COVID-19 restrictions which have been in place outside of lockdowns have restricted the Pub Portfolio from operating at full capacity. While closed or operating at partial capacity, the Group's operator managed pubs incur costs (including utilities, fixed charges against certain equipment such as dispense gas equipment, licence and insurance costs) while generating reduced revenue. Similarly, its leased & tenanted pubs generate reduced revenue which effects the wet rent received by Hawthorn as well as the tenant's ability to pay the fixed rent as is falls due.

The Group has also been taking, and is continuing to take, steps to mitigate the impact of the COVID-19 pandemic on its business. These include closing pubs and minimising any variable costs to the extent possible and operating on a reduced level where restrictions remain in place. However, these measures may not be sufficient to offset completely the full impact of reduced sales due to the COVID-19 pandemic, which will, if they are reintroduced, have a material adverse effect on the Group's business, results of operations, financial condition and prospects.

The full impact of the COVID-19 pandemic will depend on a number of factors, such as the duration of the pandemic, the severity of any current infection rates and subsequent waves of infection, government initiatives to limit the spread of the virus, the length of time it takes to effectively vaccinate the general population, the effectiveness of any vaccine against variants of the virus, and the extent of macroeconomic measures introduced by authorities in response. The effectiveness of macroeconomic measures (including government stimulus packages, business rates holidays, VAT concessions on food and non-alcoholic drink and measures introduced by central banks) will also influence the impact that the COVID-19 pandemic will have on the economy, customer behaviour and ultimately Hawthorn.

Even after the COVID-19 pandemic has passed, the impact of this pandemic on customer behaviour and their preferences may continue in the medium to longer-term. As pubs reopen, customers may have a different attitude to drinking or eating out, with health and safety at the forefront of priorities, and as a result may prefer in-home drinking or dining and may reduce their visits to the Group's pubs. In addition, some customers may not follow the measures put in place to restrict the spread of the COVID-19 virus, potentially putting the Group's employees and other customers at risk.

Any of the foregoing, including a further period of national and/or regional restrictions, including requirements that restrict the ability of the Pub Portfolio to operate on a normal basis, as well as any resulting deterioration in general economic conditions or change in customer behaviour, could have a material adverse effect on the Group's business, results of operations, financial condition and prospects.

**2.7      *Failure to complete the Disposal will mean that proceeds are not received to reduce the Company's LTV, though the Company has other means by which it can reduce its LTV if required***

The Facilities Agreement has a number of financial covenants that the Group is required to comply with, including an LTV covenant of not more than 60 per cent. As at 31 March 2021, the Group's LTV was 50.6 per cent. The financial covenants in the Facilities Agreement are tested on each quarter date, being 31 March, 30 June, 30 September and 31 December.

The Directors believe that a breach of the financial covenants would be highly unlikely given the other mitigating actions which are available to the Group. A breach of the financial covenants, in particular the LTV covenant, could arise in the event that the Disposal does not proceed, property valuations fall by approximately a further 15 per cent (based on the Group's LTV as at 31 March 2021) and if the Group fails to take other mitigating actions which are available to it, including other targeted disposals or exercising its Cure Rights (as defined below) under the Facilities Agreement, for further details of which see the immediately following paragraph.

In the event that the Disposal does not proceed and property valuations fall by approximately a further 15 per cent (based on the Group's LTV as at 31 March 2021), the following mitigating actions would be available to the Group:

- as at 30 June 2021, the Group has £84 million of disposals which have completed, been exchanged or which are under offer, and therefore in the event that the Disposal does not proceed, there are other targeted disposals available to the Group, which would reduce the Company's LTV by approximately 400 bps; and
- in the event of a breach of any of the financial covenants in the Facilities Agreement, including the LTV covenant, the Group is permitted to prepay the loans under the Facilities Agreement in an amount so as to ensure compliance with the applicable financial covenant (the "**Cure Rights**"), in which case any such breach shall be deemed remedied. The Cure Rights may only be exercised up to a maximum of five times, with the cure of each individual financial covenant breach counting as one occasion. As at the Latest Practicable Date, the Group has not exercised any of its Cure Rights.

A breach of the financial covenants under the Facilities Agreement which are not remedied by the Cure Rights could, subject to any applicable waiver or agreement, result in the facilities being withdrawn or becoming immediately repayable, potentially requiring the Group to dispose of assets at significantly less than full value.

Separately, in the event that covenant levels deteriorate toward the point of breach, for example because the Disposal does not proceed, property valuations fall by approximately a further 15 per cent (based on the Group's LTV as at 31 March 2021) and the Group fails to take any of the mitigating actions identified above, the Facilities Agreement may impose further restrictions, including on the management of the properties underlying the facilities, performance conditions and the ability to withdraw cash from the structure. Any cross-default provisions in the Facilities Agreement could magnify the effect of an individual default if such provisions were exercised by the Group's creditors. However, the Facilities Agreement does permit the Group to remedy any breach by setting aside additional capital. In the event that there is any such breach, withdrawal, repayment, remedy or restriction, it could have an adverse impact on the Group's business, financial condition and/or results of operations in the longer term.

### 3. **Risks relating to the Continuing Group**

If the Disposal is completed, the following risks and uncertainties may be affected or result as a consequence:

#### 3.1 ***The market price of the Ordinary Shares may go down as well as up and may be subject to greater volatility and less liquidity following the Disposal***

Shareholders should be aware that the value of an investment in the Continuing Group may go down as well as up and can be highly volatile. The price at which the Ordinary Shares may be quoted and the price which investors may realise for their Ordinary Shares will be influenced by a large number of factors, some specific to the Continuing Group and its operations, and some which may affect the industry as a whole, other comparable companies or publicly traded companies as a whole. The sentiments of the stock market regarding the Disposal will be one such factor and this, together with other factors, including the actual or anticipated fluctuations in the financial performance of the Continuing Group and its competitors, market fluctuations, and legislative or regulatory changes in the pubs and leisure sector, could lead to the market price of Ordinary Shares going up or down.

#### 3.2 ***The profits of the Continuing Group may be lower***

After Completion, the Continuing Group will not have the benefit of earnings derived from Hawthorn and,

whilst it is intended the Group will reduce net debt with the proceeds of the Disposal it is likely that (assuming a return to normal levels of operation) the reduction in earnings will not be offset by the saving in interest. As a result, the Disposal may have a negative impact on the earnings of the Continuing Group compared to the Group prior to the Disposal on a normalised basis.

### **3.3      *The Company may not realise all of the perceived benefits of the Disposal***

The Company may not be able to realise the perceived benefits of the Disposal set out in Part 1 (*Letter from the Chair of NewRiver REIT plc*) of this document. The Company may encounter unforeseen difficulties in achieving these anticipated benefits and/or these anticipated benefits may not materialise.

### **3.4      *The Disposal may make it more likely that a third party instigates a takeover of the Continuing Group***

As a listed company, the Company is exposed to potential approaches from third parties seeking to instigate a public takeover of the Company. Following the Disposal, the Continuing Group will be a smaller business which is focused on a single asset class (retail real estate) and this may make it more likely that a third party could seek to make an offer for the Continuing Group and the Directors might be required (in accordance with their fiduciary duties) to engage in discussions with that third party in relation to a possible takeover of the Company. Whether or not any such takeover (if made) were ultimately to succeed would depend on a range of factors, including price, and, ultimately, would only succeed if the requisite proportion of Shareholders accept the takeover offer.

### **3.5      *The Continuing Group's operations will be less diversified and more susceptible to specific risks***

The Group currently comprises two segments: the Retail Portfolio and the Pub Portfolio. Following the Disposal, the Group's business will be less diversified, both commercially and geographically, and its overall financial performance will depend on the performance of the Retail Portfolio. Weak performance in this business, or in any particular part of this business, will have a proportionately greater adverse impact on the financial impact of the Continuing Group and a greater risk of share price volatility following the Disposal.

### **3.6      *The Continuing Group's cash flow and ability to obtain new financing may be reduced over the medium to long term***

Following the Disposal, the Continuing Group will no longer receive any contribution that Hawthorn may make to the consolidated trading profits of the Group. Whilst the proceeds of the Disposal are intended to be used to reduce net debt to reduce Group LTV, the absence of the Pub Portfolio may make the Group less attractive as a lending proposition to certain types of lender which may increase the Continuing Group's cost of borrowing and/or impact the Continuing Group's ability to obtain new or replacement financing over the medium to long term.

### **3.7      *The future strategy of the Continuing Group may be impacted***

The future success of the Continuing Group will depend on the successful implementation of its business strategy following the Disposal. The implementation of this business strategy will be subject to certain risks and factors outside management's control, including changes in the markets in which the Continuing Group currently operates and in the global macroeconomic context, including as a result of COVID-19.

Furthermore, the level of investment required to implement the Continuing Group's strategy may be greater than expected and/or the Continuing Group may require additional funding or financing in order to implement such future strategy. In such circumstances, management may be obliged to re-evaluate the Continuing Group's business strategy.

### **3.8      *The reduction in size of the Continuing Group may make it more difficult to attract and retain key employees***

The success of the Continuing Group depends on the efforts, abilities, experience and expertise of its executive management team, and on recruiting, retaining, motivating and developing highly skilled and competent people. There can be intense competition for such personnel and there may at any time be shortages in the availability of appropriately skilled people. The reduction in size and diversification of the Continuing Group following the Disposal may make it more difficult to attract and retain talented employees which could have a material adverse effect on its business, financial condition, results of operations and prospects.

## PART 3. PRINCIPAL TERMS AND CONDITIONS OF THE DISPOSAL

The following is a summary of the principal terms of the Sale Agreement. As set out in paragraph 15 of Part 7 (*Additional Information*) of this document, the Sale Agreement is available for inspection by Shareholders.

### 1. Parties and structure

The Sale Agreement was entered into on 26 July 2021 between the Company and the Purchaser. Pursuant to the terms of the Sale Agreement, the Company has agreed, subject to the satisfaction of certain conditions, to sell the entire issued share capital of Hawthorn.

### 2. Timing, conditions and termination

Completion of the Disposal is conditional only upon the approval of the Disposal Resolution at the General Meeting and the Company shall use commercially reasonable endeavours to ensure that such condition is satisfied as soon as reasonably practicable following the date of the Sale Agreement and in any event before the Longstop Date. If the Disposal Resolution is approved at the General Meeting, the Company will be contractually obliged to proceed to Completion, save where a Completion Prohibiting IEO is in force as described below. If the Disposal Resolution is not approved at the General Meeting or the condition is not otherwise satisfied by the Longstop Date, the Sale Agreement shall terminate in accordance with its terms. If the Disposal does not complete, the Company will not receive the proceeds from the Disposal, and will forgo the other benefits of the Disposal, as detailed in Part 1 (*Letter from the Chair of NewRiver REIT plc*) of this document.

Completion shall take place at 11.00 am on the fifth working day following the date on which the Sale Agreement becomes unconditional (the "**Anticipated Completion Date**"), provided that if there is a Completion Prohibiting IEO in force on the Anticipated Completion Date, Completion shall take place on the fifth working day after such Completion Prohibiting IEO ceases to be in force, or at such other time and place as the Company and the Purchaser may agree. In the event that the CMA issues or imposes a Completion Prohibiting IEO at any time which prohibits Completion on the Anticipated Completion Date and such Completion Prohibiting IEO has not been removed by the date falling two months after the Anticipated Completion Date, the Company may elect not to proceed to Completion and the Sale Agreement shall terminate in accordance with its terms.

### 3. Consideration and adjustments

The Consideration of £222.3 million is payable in full and in cash by the Purchaser on Completion, subject to certain customary adjustments in relation to the period between 28 March 2021 and Completion. In addition, there may be a further amount of up to £4.0 million, relating to a pending insurance claim, that is received by Hawthorn following the date of the Sale Agreement and such amount shall be payable by the Purchaser to the Company pursuant to the terms of the Sale Agreement.

After adjustment for estimated transaction costs, the Company expects to receive net aggregate proceeds from the Disposal of £216.1 million.

### 4. Warranties and indemnities

The Sale Agreement contains warranties and indemnities (subject to customary limitations) granted by the Company that are customary for this type of transaction. The warranties given by the Company are in relation to, amongst other things:

- (a) the capacity, power and authority to enter into and perform its obligations under the Sale Agreement and all agreements and documents to be entered into by or on behalf of the Company pursuant to the Sale Agreement;
- (b) title and ownership of the share capital of Hawthorn and the right to transfer or to procure the transfer of the full legal and beneficial interest in the share capital of Hawthorn to the Purchaser on the terms set out in the Sale Agreement; and
- (c) the business, assets, liabilities and financial affairs of the Disposal Group.

In addition, the Sale Agreement contains warranties granted by the Purchaser that are customary for this type of transaction in relation to, amongst other things, its existence, its authority, power and right to enter into and execute the Sale Agreement, and to consummate the transactions contemplated by the Sale Agreement.

## **5. Limitations on liability**

Any warranty claims to be brought against the Company under the Sale Agreement are subject to customary limitations, including an overall financial liability cap and time limits for bringing a claim. The aggregate liability of the Company for all claims under the Sale Agreement shall not exceed an amount equal to 50 per cent of the purchase price actually received by the Company. The aggregate liability of the Company for all warranty claims (except for title and capacity warranty claims) and tax claims shall not exceed an amount equal to 10 per cent of the purchase price actually received by the Company.

The Purchaser has agreed to use reasonable endeavours to obtain warranty and indemnity insurance in respect of the warranties, with the intention that the Purchaser's main recourse for a breach of the warranties shall be to the warranty and indemnity insurance policy.

## **6. Period before Completion**

The Company shall comply with certain customary obligations beginning on the date of the Sale Agreement and ending at Completion, including to cause the Disposal Group to operate in the ordinary and usual course of business, subject to certain agreed-upon exceptions, and has given a number of specific undertakings to the Purchaser regarding the conduct of the business and affairs of the Disposal Group during such period.

## **7. Governing law and jurisdiction**

The Sale Agreement is governed by and construed in accordance with the laws of England and Wales and the courts of England and Wales have exclusive jurisdiction.

## PART 4. FINANCIAL INFORMATION RELATING TO THE DISPOSAL GROUP

### 1. Nature of financial information

The following historical financial information relating to the Disposal Group has been extracted without material adjustment from the consolidation schedules and supporting accounting records that underlie the audited consolidated financial information of the Group for the years ended 31 March 2019 and 31 March 2020 and the audited consolidated financial information of the Group for the year end 31 March 2021. The historical financial information represents the current composition of the Disposal Group.

The financial information in this Part 4 (*Financial Information relating to the Disposal Group*) does not constitute statutory accounts within the meaning of section 434 of the Companies Act. The consolidated statutory accounts for the Group in respect of each of the financial years ended 31 March 2019, 31 March 2020 and 31 March 2021 have been delivered to the Registrar of Companies. The auditor's reports in respect of those statutory accounts were unqualified and did not contain statements under section 498(2) or (3) of the Companies Act.

The financial information in this Part 4 (*Financial Information relating to the Disposal Group*) has been prepared using the IFRS accounting policies used to prepare the consolidated financial statements of the Group for the year ended 31 March 2021.

Shareholders should read the whole of this document and not rely solely on the summarised financial information in this Part 4 (*Financial Information relating to the Disposal Group*).

The income statements of the Disposal Group for the financial years ended 31 March 2019, 31 March 2020 and 31 March 2021 and the statement of financial position of the Disposal Group as at 31 March 2021 are unaudited financial information and are not reported on by an accountant.

### 2. Historical income statements of the Disposal Group

	Year ended 31 March 2019 (£'m) (unaudited)	Year ended 31 March 2020 (£'m) (unaudited)	Year ended 31 March 2021 (£'m) (unaudited)
Revenue	41.9	51.4	18.1
Property operating expenses	(20.1)	(27.1)	(17.1)
<b>Net property income</b>	<b>21.8</b>	<b>24.3</b>	<b>1.0</b>
Administrative expenses	(6.5)	(9.2)	(9.6)
Other income	-	-	4.6
Acquisition and integration costs	(4.2)	(0.4)	(0.1)
Net valuation movement	(1.8)	(26.6)	(23.2)
Loss on disposal of investment properties	(0.2)	(0.3)	(1.4)
<b>Operating profit/(loss)</b>	<b>9.1</b>	<b>(12.2)</b>	<b>(28.7)</b>
Net finance costs	(4.6)	(4.3)	(4.1)
<b>Profit/(loss) for the year before taxation</b>	<b>4.5</b>	<b>(16.5)</b>	<b>(32.8)</b>
Taxation	(0.5)	(0.3)	1.3
<b>Profit/(loss) for the year after taxation</b>	<b>4.0</b>	<b>(16.8)</b>	<b>(31.5)</b>



### 3. Statement of historical financial position of the Disposal Group

As at 31 March 2021

Disposal Group  
£m  
(unaudited)

<b>Non-current assets</b>	
Investment properties	197.5
Right of use asset	0.7
Property, plant and equipment	53.4
	251.6
<b>Current assets</b>	
Trade and other receivables	3.0
Cash and cash equivalents	12.0
	15.0
<b>Total assets</b>	<b>266.6</b>
<b>Current liabilities</b>	
Trade and other payables	(14.2)
	(14.2)
<b>Non-current liabilities</b>	
Deferred tax liability	(0.6)
Lease liability	(2.5)
	(3.1)
<b>Total liabilities</b>	<b>(17.3)</b>
<b>Net assets</b>	<b>249.3</b>

## **PART 5. UNAUDITED PRO FORMA FINANCIAL INFORMATION RELATING TO THE GROUP**

### **SECTION A: UNAUDITED PRO FORMA STATEMENT OF NET ASSETS OF THE GROUP**

#### **1. Introduction**

The following unaudited pro forma financial information has been prepared to illustrate the effect of the Disposal on the net assets of the Group as if the Disposal had taken place on 31 March 2021. The unaudited pro forma financial information has been prepared on the basis of, and should be read in conjunction with, the notes set out below.

The unaudited pro forma financial information has been prepared for illustrative purposes only and because of its nature addresses a hypothetical situation and, therefore, does not represent the Group's actual financial position or results following the Disposal. It may not, therefore, give a true picture of the Group's financial position or results nor is it indicative of the results that may, or may not, be expected to be achieved in the future.

The unaudited pro forma financial information has been prepared on the basis set out in the notes below and in accordance with items 1 to 3 of Annex 20 of the UK version of the Commission Delegated Regulation (EU) 2019/980 supplementing Regulation (EU) 2017/1129 of the European Parliament and of the Council, as applied by Listing Rule 13.3.3R and in a manner consistent with the accounting policies adopted by the Group in preparing the audited consolidated financial statements for the year ended 31 March 2021.

All pro forma adjustments are directly attributable to the Disposal. No pro forma adjustments have been made to reflect any matters not directly attributable to the Disposal.

The unaudited pro forma financial information does not constitute financial statements within the meaning of section 434 of the Companies Act. Shareholders should read the whole of this document and not rely solely on the summarised financial information contained in this Part 5 (*Unaudited Pro Forma Financial Information relating to the Group*).

## 2. Unaudited Pro Forma Statement of Net Assets as at 31 March 2021

£m	Group (Note 1)	Disposal Group (Note 2)	Expected Proceeds and other adjustments (Notes 3, 4 and 5)	Continuing Group (Note 6)
<b>Non-current assets</b>				
Investment properties	934.9	(197.5)	-	737.4
Right of use asset	3.5	(0.7)	-	2.8
Investments in joint ventures	25.6	-	-	25.6
Investments in associates	5.3	-	-	5.3
Property, plant and equipment	54.1	(53.4)	-	0.7
Goodwill	0.5	-	-	0.5
<b>Total non-current assets</b>	<b>1,023.9</b>	<b>(251.6)</b>	<b>-</b>	<b>772.3</b>
<b>Current assets</b>				
Trade and other receivables	26.0	(3.0)	-	23.0
Cash and cash equivalents	150.5	(12.0)	116.1	254.6
<b>Total current assets</b>	<b>176.5</b>	<b>(15.0)</b>	<b>116.1</b>	<b>277.6</b>
Assets held for sale	25.5	-	-	25.5
<b>Total assets</b>	<b>1,225.9</b>	<b>(266.6)</b>	<b>116.1</b>	<b>1,075.4</b>
<b>Equity and liabilities</b>				
<b>Current liabilities</b>				
Trade and other payables	(46.9)	14.2	-	(32.7)
Lease liability	(0.7)	-	-	(0.7)
<b>Total current liabilities</b>	<b>(47.6)</b>	<b>14.2</b>	<b>-</b>	<b>(33.4)</b>
<b>Non-current liabilities</b>				
Derivative financial instruments	(2.6)	-	-	(2.6)
Deferred tax liability	(0.7)	0.6	-	(0.1)
Lease liability	(84.9)	2.5	-	(82.4)
Borrowings	(629.7)	-	100.0	(529.7)
<b>Total non-current liabilities</b>	<b>(717.9)</b>	<b>3.1</b>	<b>100.0</b>	<b>(614.8)</b>
<b>Total liabilities</b>	<b>(765.5)</b>	<b>17.3</b>	<b>100.0</b>	<b>(648.2)</b>
<b>Net assets</b>	<b>460.4</b>	<b>(249.3)</b>	<b>216.1</b>	<b>427.2</b>

### Notes:

- (1) The net assets relating to the Group have been extracted without material adjustment from the 2021 Annual Report and Accounts, which have been prepared in accordance with the Group's accounting policies including equity method of accounting for interest in joint venture and associates under IFRS11 and IAS28 respectively.
- (2) The net assets of the Disposal Group have been extracted without material adjustment from the historical financial information of the Disposal Group contained in Part 4 (*Financial Information relating to the Disposal Group*) of this document.
- (3) The Disposal adjustments include net aggregate proceeds from the Disposal of £216.1 million.
- (4) The Disposal adjustments also include the utilisation of the net aggregate proceeds from the Disposal to reduce net debt by £216.1 million in order to reduce LTV.
- (5) LTV as at 31 March 2021 is calculated as the ratio of borrowings less cash to the aggregate value of properties. LTV is expressed on a proportionally consolidated basis (including the Group's share of its joint ventures and associates). As at 31 March 2021, the Group's LTV was 50.6 per cent based on borrowings of £647.6 million less cash of £154.3 million to the aggregate value of properties of £974.2 million on a proportionally consolidated basis. On a pro forma basis, LTV at 31 March 2021 adjusted for the net aggregate proceeds from the Disposal of £216.1 million, of which £100.0 million is utilised for the repayment of debt and £116.1 million held as cash at bank, and derecognition of £248.2 million of properties, reduced to 39.8 per cent on a proportionally consolidated basis.
- (6) No account has been taken of any trading or results of the Group or Disposal Group since 31 March 2021.

## SECTION B: ACCOUNTANTS' REPORT ON UNAUDITED PRO FORMA STATEMENT OF NET ASSETS



BDO LLP  
55 Baker Street  
London  
W1U 7EU

The Directors  
NewRiver REIT plc  
16 New Burlington Place  
London  
W1S 2HX

28 July 2021

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

Dear Sir or Madam

**NewRiver REIT plc (the "Company")**

### **Pro forma financial information**

We report on the unaudited pro forma net assets (the "Pro Forma Financial Information") set out in Part 5 of the class 1 circular dated 28 July 2021 (the "Circular").

### **Opinion**

In our opinion:

- (a) the Pro Forma Financial Information has been properly compiled on the basis stated; and
- (b) such basis is consistent with the accounting policies of the Company.

### **Responsibilities**

It is the responsibility of the directors of the Company (the "Directors") to prepare the Pro Forma Financial Information in accordance with item 13.3.3R of the Listing Rules (as defined below).

It is our responsibility to form an opinion, as required by section 3 of Annex 20 of the Prospectus Delegated Regulation (defined as UK version of Commission Delegated Regulation (EU) 2019/980), as to the proper compilation of the Pro Forma Financial Information and to report that opinion to you.

No reports or opinions have been made by us on any financial information used in the compilation of the Pro Forma Financial Information. In providing this opinion we are not providing any assurance on any source financial information on which the Pro Forma Financial Information is based beyond the above opinion.

Save for any responsibility which we may have to those persons to whom this report is expressly addressed and which we may have to shareholders of the Company as a result of the inclusion of this report in the Circular, to the fullest extent permitted by the law we do not assume any responsibility and will not accept any liability to any other person for any loss suffered by any such other person as a result of, arising out of, or in connection with this report or our statement, required by and given solely for the purposes of complying with item 13.4.1R(6) of the Listing Rules, consenting to its inclusion in the Circular in the form and context in which it is included.

### **Basis of preparation**

The Pro Forma Financial Information has been prepared on the basis described, for illustrative purposes only, to provide information about how the proposed disposal of Hawthorn Leisure REIT Limited might have affected the financial information presented on the basis of the accounting policies adopted by the Company in preparing the financial statements for the year ended 31 March 2021.

This report is required by paragraph 13.3.3R of the listing rules made by the Financial Conduct Authority for the purposes of part VI of the Financial Services and Markets Act 2000 (the "Listing Rules") and is given for the purpose of complying with that item and for no other purpose.

**Basis of opinion**

We conducted our work in accordance with Standards for Investment Reporting issued by the Financial Reporting Council of the United Kingdom. We are independent in accordance with the Financial Reporting Council's Ethical Standard as applied to Investment Circular Reporting Engagements, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

The work that we performed for the purpose of making this report, which involved no independent examination of any of the underlying financial information, consisted primarily of comparing the unadjusted financial information with the source documents, considering the evidence supporting the adjustments and discussing the Pro Forma Financial Information with the Directors.

We planned and performed our work so as to obtain the information and explanations we considered necessary in order to provide us with reasonable assurance that the Pro Forma Financial Information has been properly compiled on the basis stated and that such basis is consistent with the accounting policies of the Company.

Our work has not been carried out in accordance with auditing or other standards and practices generally accepted in the United States of America or other jurisdictions outside the United Kingdom and accordingly should not be relied upon as if it had been carried out in accordance with those standards and practices.

Yours faithfully

BDO LLP

Chartered Accountants

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127)

## PART 6. VALUATION REPORT



Accelerating success.

# Valuation Report

**As at 30 June 2021**

**Prepared by:** Colliers International Property  
Advisers UK LLP

**Prepared For:** NewRiver REIT plc

Strictly Private and Confidential

28 July 2021

The Directors  
NewRiver REIT plc  
16 New Burlington Place  
London  
W1S 2HX

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

Dear Sirs

## **683 Properties owned by subsidiaries of NewRiver REIT plc**

### Introduction

In accordance with instructions from NewRiver REIT plc (the "Company"), confirmed to us in a letter of engagement dated 14 June 2021, Colliers International Property Advisers UK LLP (hereafter referred to as either "Colliers" or "we") have undertaken valuations (the "Valuations") of 683 properties (together the "Portfolio" or the "Properties" and each a "Property") which are owned by Hawthorn Leisure REIT Limited ("Hawthorn"), a wholly-owned subsidiary of the Company, and Hawthorn's wholly-owned subsidiaries.

This report (the "Report") has been prepared for a Regulated Purpose as defined in the RICS Valuation – Global Standards 2020 (the "Red Book"). We understand that the Report and its Appendices is required for inclusion in the Class 1 Circular (the "Circular") to be issued to the Company's shareholders and which is to be published today by the Company in connection with the proposed disposal of Hawthorn (the "Purpose").

The Report is a condensed version of the Full Report (as defined below) prepared in accordance with the requirements of the Financial Conduct Authority ("FCA") rules.

### Addressees

The Report is addressed to, and for the use of, the Company and Liberum Capital Limited, in its capacity as Sponsor to the Company in respect of the Purpose (together the "Addressees").

## Status of Valuer and Conflicts of Interest

We confirm that the Valuations have been made in accordance with the appropriate sections of the Red Book including UK VGPA 2.1 relating to reports prepared for regulated purposes including inclusion in a circular.

The Properties have been valued by suitably experienced and qualified surveyors employed by Colliers, supervised by J C A Shorthouse BSc FRICS and C Shearer BSc (Hons) MRICS who each fall within the requirements as to competence as set out in PS 2 of the Red Book and who are both valuers registered in accordance with the RICS Valuer Registration Scheme ("VRS"). We confirm that we have the knowledge, skills and understanding to undertake the Valuations competently.

In order to comply with these Valuation Standards our files may be subject to monitoring by the RICS.

We confirm that we have undertaken the Valuations in the capacity of External Valuer.

## Disclosure

Colliers has valued the Properties bi-annually since 2014 (or since the date of acquisition of a Property if later) for inclusion in the Company's financial statements, most recently in a valuation report dated 31 March 2021 (the "Previous Report") and updated for the Purpose in a report dated 30 June 2021 (the "Full Report") which reflects subsequent additions and disposals to the Portfolio since 31 March 2021.

We confirm that Colliers comply with the requirements of independence and objectivity under PS 2.4 and that we have no conflict of interest in acting on behalf of the Company in this matter.

The total of fees earned by Colliers from the Company during 2020 account for less than 1% of Colliers' total fee income.

## Basis of Value

The basis of the valuation for the purpose of the rules of the FCA is Market Value which is defined in the Red Book as:

*"The estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's-length transaction after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion."*

Although part of the Portfolio, the Properties have been valued as individual assets.



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## The Properties

The 683 Properties are distributed across England, Scotland and parts of Wales and comprise 674 freehold and leasehold public houses together with 9 ancillary unlicensed premises.

The Properties are owned by Hawthorn, a wholly-owned subsidiary of the Company, and Hawthorn's wholly-owned subsidiaries. The Properties are managed by Hawthorn.

The Properties are either held as investments (the "L&T Properties") or operated directly by Hawthorn under its operator managed ("OpMgd") format.

Details of the Properties are included in the Full Report which is available for inspection.

## Investigations

The Properties have all been inspected by qualified surveyors employed by Colliers as part of the rolling 3 yearly inspection program undertaken for the revaluations of the Portfolio, or as part of the acquisition of the Properties. We had access to the public, service and private areas of almost all Properties.

## Assumptions and Sources of Information

An Assumption as stated in the glossary to the Red Book is a 'supposition taken to be true' ("Assumption"). Assumptions are facts, conditions or situations affecting the subject of, or approach to, a valuation that, by agreement, need not be verified by a Valuer as part of the valuation process. In undertaking our Valuations, we have made a number of Assumptions and have relied on certain sources of information. Where appropriate, the Company has confirmed that our Assumptions are correct so far as they are aware. In the event that any these Assumptions prove to be inaccurate or incorrect then our Valuation should be reviewed.

The Assumptions we have made for the purposes of our Valuations are referred to later in the Report.

We have relied upon the information provided to us by the Company and its professional advisers.

We have assumed that the information provided is accurate and that we have been supplied with all the information that has a material effect upon the value of the Properties.

Furthermore, we have assumed that any information supplied can, if necessary, be verified. Should any of the information provided be found to be inaccurate or incomplete there could be a variation in value.

## Repair

We have not carried out building surveys of the Properties, neither have we tested the drains nor service installations in the buildings as this was outside the scope of our instructions. Where we have noted defects or items of disrepair during the course of our inspections, they have been reflected in our Valuation.

We have assumed that, other than as noted during our inspections, the Properties are in good repair and that there are no material defects or faults which would adversely impact value.

## Environmental Matters

We have not carried out any soil, geological or other tests or surveys in order to ascertain the site conditions or other environmental conditions of the Properties. In many cases, we have been provided with copies of reports that have been prepared at the time of acquisition. With regard to the other Properties, unless we have been informed to the contrary, we have assumed that there are no unusual ground conditions, contamination, pollutants or any other substances which may be environmentally harmful.

## Statutory Requirements and Planning

We have assumed that the current use of each Property is in accordance with consents, permissions granted under relevant planning and licensing law, and that there are no proposals for highway works, development schemes or other planning matters that could affect the Valuations.

We have assumed that each Property has been constructed in full compliance with relevant planning and building regulations and that, where necessary, they have the benefit of current fire certificates. Similarly, we have also made an Assumption that the Properties are not subject to any outstanding statutory notices as to their construction, use or occupation.

## Tenure

We have not been provided with copies of Reports on Title or Reports on the Head Leases, but have received, and have relied upon, summary information provided by Hawthorn.

We understand that 646 of the Properties are of freehold tenure, whilst the remaining 37 Properties are held on leases with unexpired terms of between 6 and 879 years. We are not aware of any adverse, restrictive or unduly onerous covenants affecting any Property, and have assumed that none exist. The aggregate rent payable in respect of the leasehold Properties is £151.9k, and the highest single rent is £45k pa.

No allowance has been made in our Valuations for any charges, mortgages or amounts owing on the Properties nor for any expenses or taxation which may be incurred in effecting a sale. It is assumed that the Properties are free from major or material encumbrances, restrictions or outgoings of an onerous nature which could affect their value.

## Lettings

We have been provided with a summary of the occupational leases and tenancies upon which we have relied. These agreements vary in length, but most are between 3 and 5 years, with less than 10% of the Properties let on leases of over 10 years. A number of the L&T Properties are let on temporary agreements either as a precursor to the signing of a longer term letting to the current occupier or a new tenant, or because Hawthorn intends to convert the Property to its OpMgd model.

Almost all of the leases in respect of the L&T Properties include a tie obliging the tenant to purchase drinks through Hawthorn's nominated suppliers.

## Covenant Status of Tenants

The L&T Properties are, or are intended to be, let to operators who are in all instances a sole trader or small company with little or no perceived covenant strength. We are not accountants or financial experts and we have not undertaken a detailed investigation into the financial status of any tenant, however our opinions of value reflect the type of tenants actually or likely to be in occupation.

## Pub Market Commentary

There are currently around 40,000 pubs across the UK, along with many thousands of restaurants, hotels, clubs and other licensed premises, with the ownership and operational structures being highly fragmented.

The years prior to the COVID-19 pandemic had seen a steady growth in both consumer demand and spend, and in transactional activity, culminating in 2019 in the acquisition of Greene King by CKA, the sale of Ei Group to Stonegate and Davidson Kempner's purchase of a £348m portfolio of free of tie investment properties from Ei Group.

2020 was much more muted, despite continued strong investor demand, and the enforced closure of all pubs for large parts of 2020 naturally impacted on transactional activity although demand remained strong; a situation which has continued into 2021.

Hawthorn has been an active participant in the market over recent years, purchasing 72 pubs during late 2019 / early 2020 ahead of the COVID-19 pandemic, and acquiring the 14 strong Meadow portfolio from Everards just prior to the reopening in spring 2021. Hawthorn actively manages its Portfolio, and like most other large pub companies has continued to dispose of non-core sites throughout the lockdown.

The COVID-19 pandemic led to a total shutdown of the UK pub sector, as well as many parts of the wider economy in March 2020, and it wasn't until July 4th, some 15 weeks later, that the first pubs were allowed to reopen. As expected, many customers were keen to return to the pub, but despite the relaxation of the social distancing rules from 2m to 1m it remained difficult for many pubs to accommodate sufficient customers inside their premises to operate profitably.

Various measures were introduced by the UK Government during the initial post reopening period and had a beneficial impact, with revenue levels were better than many had expected.

In the latter part of 2020 rising infection rates lead to further lockdowns, and it was only on 22 February 2021 that the Prime Minister was able to set out the “roadmap” back to normality. Operators and owners have invested heavily to make their premises as COVID safe as possible, and to adapt operating models to reduce the risk of transmission, and evidence from the summer of 2020 suggests that customer demand remains strong across the UK, so we expect a relatively quick recovery once hospitality businesses are allowed to reopen.

### Valuation Approach

The Valuation has been undertaken on the basis of the Market Value of the freehold or leasehold interest in each Property as a fully equipped and operational public house, subject to the occupational agreements where relevant, and assuming that they are sold with the benefits of trading records being available to a purchaser.

Each Property has been valued individually, having regard to its particular physical and locational, characteristics, tenure and trading performance.

For the OpMgd Properties the Valuation is based on the fair maintainable operating profit (expressed as EBITDA), whilst for the L&T Properties (those which are leased to third party operators) the Valuation is based on the aggregate of FMT (as defined below) rent, wholesale profit on drinks supplied to the operator under the terms of the lease, and other minor revenue streams.

The COVID-19 pandemic has brought about various temporary closures of public houses across the UK during most of 2020 and the first few months of 2021, leading to a cessation of revenues for the owner and operators. Pubs are now able to reopen and have begun to rebuild trade. The Valuations are based on a review of historic (pre-COVID) trading data, and our opinion of the Fair Maintainable Trade (“FMT”) which each Property might be expected to achieve under ‘normal’ conditions.

Once the FMT revenues to the Company have been established, an “all risks” yield is applied to produce a capital value for each Property. The choice of yield is made using the comparable method by analysis of sales of similar trading assets, both individually and in packages.

The Valuations are as at 30 June 2021 (the “Date of Valuation”).

### Taxation and Costs

We have not made any adjustments to reflect any liability to taxation that may arise on disposals, nor for any costs associated with disposals incurred by the owner. No allowance has been made to reflect any liability to repay any government or other grants, or taxation allowance that may arise on disposals. In accordance with normal market practice for public houses, purchaser’s costs have not been deducted from the Valuations.

### Valuation

On the bases, assumptions and qualifications detailed below, we are of the opinion that the aggregate of the individual Market Values, as at Date of Valuation, of the 683 Properties is:

**£251,590,000**  
**(Two Hundred and Fifty One Million, Five Hundred and Ninety Thousand Pounds)**

The aforementioned represent the aggregate of the individual Valuations of each Property and should not be regarded as the value of the Portfolio in the context of a sale as a single lot.

The Valuations are based on the financial data made available to us for the year end valuation dated 31 March 2021. In our opinion there have been no material changes in market sentiment or pricing between 31 March and 30 June, and our valuations of individual Properties remain unchanged.

Since 31 March 2021, Hawthorn has acquired 14 Properties (the Meadow Properties) and disposed of 12 Properties. The net variance as a result of such sales and purchases between the aggregate portfolio valuation as at 31 March 2021 and the Report is an increase of £3,565,000.

During Q1 of the current financial year (FY22) Hawthorn has spent or committed £4.35m of capex in the Portfolio with 74 schemes of varying sizes ranging from essential repairs and minor works to 6 major refurbishment schemes costing over £100k each.

For the avoidance of doubt we confirm that the Valuations reported herein do not reflect the impact of this capex, however we anticipate that much of this investment will be accretive in terms of revenues and profits, as well as enhancing the overall quality of the Properties concerned, and that there will be a positive impact on value in the short and medium term as trading returns.

We are not aware of any material changes to the Properties which would affect our opinion of value between the Date of Valuation and the date of the Circular.

## Special Remarks

### Material Valuation Uncertainty

The outbreak of the Novel Coronavirus (COVID-19), declared by the World Health Organisation as a “Global Pandemic” on 11 March 2020, has impacted global financial markets. Travel restrictions have been implemented by many countries.

Market activity is being impacted in many sectors. As at the Date of Valuation, we consider that we can attach less weight to previous market evidence for comparison purposes, to inform opinions of value. Indeed, the current response to COVID-19 means that we are faced with an unprecedented set of circumstances on which to base a judgement.

Our valuations are therefore reported on the basis of ‘material valuation uncertainty’ as per VPS 3 and VPGA 10 of the Red Book. Consequently, less certainty – and a higher degree of caution – should be attached to our valuation than would normally be the case. Given the unknown future impact that COVID-19 might have on the real estate market, we recommend that you keep the valuation of the Properties under regular review.

### Impact of COVID-19 on the portfolio

The pub and hospitality sectors have been directly impacted by the enforced closures of pubs, bars and restaurants on 20 March 2020, accompanied by restrictions on movement and social gatherings. There have been subsequent partial lifting and then re-imposition of measures to limit the spread of the virus, and in recent months the UK has undertaken a rapid and effective roll out of vaccines to immunise the population.

The success of the vaccination programme has allowed the four national governments to take steps to release the lockdown measures and allow businesses such as public houses to reopen for trade.

As at the Date of Valuation the Properties are able to operate, and trade levels are recovering. All evidence suggests that demand-side drivers remain strong, and we expect revenues from the Properties to recover following the lifting of the last restrictions, and the return of warmer weather.

The speed of the recovery will vary between different types of pub, with smaller wet led community and village pubs likely to be able to restart operations and rebuild trade more quickly than large and complex food led destination businesses, or those which are dependent on office workers, domestic travel or international tourists.

### Other Externalities

Following the UK's departure from the EU in January 2020 we entered into an 11-month period of negotiation around the future trading relationship between the UK and the EU. On 24th December the Prime Minister announced that a trade deal had finally been agreed with the EU allowing tariff free trade. The deal has now been formally adopted by both sides, meaning that the UK regained its sovereignty whilst retaining a close economic relationship with the EU. The financial markets reacted positively to the announcement of the deal, with both Sterling and the FTSE100 strengthening.

Indications prior to the March 2020 closure of pubs in response to the COVID-19 pandemic suggest both trading levels and capital values (in the pub market) had not been adversely affected since the June 2016 Referendum. However, as at the date of the Report, it is too early to make any objective assessment of the likely mid-long-term impact of the 'new deal' and trading relationship, which will have certain UK wider implications, particularly for sectors such as financial services.

There remains a continuing threat to the UK economy from terrorist activity arising from both events in the Middle East and radicals based in Europe and the UK. The threat level for the UK set by the Joint Terrorism Analysis Centre is currently substantial ("an attack is likely"). Whilst the markets will to some extent adapt to the risks, as with past events in Paris and Brussels, nevertheless any future activity may have an additional but unquantifiable effect on visitation in major metropolitan areas such as London, Birmingham, Manchester and Edinburgh.

## General Assumptions and Definitions

The Properties have been valued on the basis of the General and Special Assumptions and Definitions set out in the Report and in Appendix 1.

## Disclaimer

We have prepared the Report for inclusion in the Circular and save as provided in the Report we specifically disclaim liability to any person in the event of any omission from or false or misleading statement included within the Circular, other than in respect of the information provided within the Report. We do not make any warranty or representation as to the accuracy of the information in any other part of the Circular other than as expressly made or given by Colliers in the Report.

We have relied upon data supplied by the Company or its professional advisers which we assume to be true and accurate. Colliers takes no responsibility for inaccurate client supplied data and subsequent conclusions related to such data.

## Liability and Publication

The Report may only be relied upon by the Company and its directors and shareholders and by Liberum Capital Limited in its capacity as Sponsor and adviser to the Company. No reliance may be placed on the Report, or any part of it, by any party for any purpose other than in connection with the stated Purpose, and we accept no liability to any third parties whatsoever.

Our liability to the Addressees, whether arising from negligence, breach of contract, or any other cause whatsoever shall, on a Property by Property basis, be limited to 50% of the individual Property value or £1,000,000 whichever is lower. Our aggregate liability to the Addressees, on a portfolio basis shall in no event exceed 10% of the aggregate Market Value of the Portfolio.

This clause shall not exclude or limit our liability for actual fraud or fraudulent misrepresentation by us or our employees, agents or subcontractors and shall not limit our liability for death or personal injury caused by our negligence.

The Report may only be published in the Circular, in its entirety, and in a form and context which has previously been agreed with Colliers. We confirm that we have been provided with a draft of the Circular which includes the Report, and we consent to its publication in the form and context of the Circular.

For the avoidance of doubt, the Report is provided by Colliers International Property Advisers UK LLP and no partner, member or employee assumes any personal responsibility for it nor shall owe a duty of care in respect of it.

Yours faithfully

A handwritten signature in blue ink, appearing to read "J C A Shorthouse".

**J C A Shorthouse BSc FRICS**  
**Director**  
**RICS Registered Valuer**  
**RICS Number 0087991**

A handwritten signature in blue ink, appearing to read "C Shearer".

**C Shearer BSc (Hons) MRICS**  
**Director**  
**RICS Registered Valuer**  
**RICS Number 1268573**



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## Appendix 1: General Assumptions and Definitions

## General Assumptions And Definitions

Unless otherwise instructed, our valuations are carried out in accordance with the following assumptions, conditions and definitions. These form an integral part of our appointment.

Our Report and Valuation is provided in accordance with the current edition of the RICS Valuation – Global Standards (Incorporating the IVSC International Valuation Standards) prepared by the Royal Institution of Chartered Surveyors (the “Red Book”), and with any agreed instructions. Any opinions of value are valid only at the valuation date and may not be achievable in the event of a future disposal or default, when both market conditions and the sale circumstances may be different.

Within the Report and Valuation, we make assumptions in relation to facts, conditions or situations that form part of the valuation. We assume that all information provided by the addressee of the report, any borrower or third party (as appropriate) in respect of the property is complete and correct. We assume that details of all matters relevant to value, such as prospective lettings, rent reviews, legislation and planning decisions, have been made available to us, and that such information is up to date. In the event that any of these assumptions prove to be incorrect then we reserve the right to review our opinion(s) of value.

### Valuation Definitions:

**Market Value** is defined in IVS 104 paragraph 30.1 as:

*‘The estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm’s length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion.’*

The interpretative commentary on Market Value, within the International Valuation Standards (IVS), has been applied.

Valuations produced for capital gains tax, inheritance tax and Stamp Duty Land Tax / Land and Buildings Transaction Tax purposes will be based on the statutory definitions, which are written in similar terms and broadly define Market Value as:

*‘The price which the property might reasonably be expected to fetch if sold in the open market at that time, but that price must not be assumed to be reduced on the grounds that the whole property is to be placed on the market at one and the same time.’*

**Market Rent** is defined in IVS 104 paragraph 40.1 as:

*‘The estimated amount for which an interest in real property should be leased on the valuation date between a willing lessor and a willing lessee on appropriate lease terms in an arm’s length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion.’*

The appropriate lease terms will normally reflect current practice in the market in which the property is situated, although for certain purposes unusual terms may need to be stipulated. Unless stated otherwise within the report, our valuations have been based upon the assumption that the rent is to be assessed upon the premises as existing at the date of our inspection.

**Investment Value or 'Worth'**, is defined in IVS 104 paragraph 60.1 as:

*'the value of an asset to a particular owner or prospective owner for individual investment or operational objectives.'*

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

**Fair Value** is defined according to one of the definitions below, as applicable to the instructions.

Fair Value - International Accounting Standards Board (IASB) in IFRS 13.

*'The price that would be received to sell an asset, or paid to transfer a liability, in an orderly transaction between market participants at the measurement date.'*

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

*"The amount for which an asset could be exchanged, a liability settled, or an equity instrument granted could be exchanged, between knowledgeable, willing parties in an arm's length transaction."*

**Existing Use Value** is defined in UKVS 1.3 of the Red Book:

*'The estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction, after proper marketing wherein the parties had acted knowledgeably, prudently and without compulsion, assuming that the buyer is granted vacant possession of all parts of the asset required by the business and disregarding potential alternative uses and any other characteristics of the asset that would cause its Market Value to differ from that needed to replace the remaining service potential at least cost.'*

## Special Assumptions

Where we are instructed to undertake valuations subject to a Special Assumption, these usually require certain assumptions to be made about a potential alternative use or status of the property. This is a hypothetical scenario that we consider realistic, relevant and valid as at the valuation date, but which may not necessarily be deliverable at a future date.

## Reinstatement / Replacement Cost Assessment And Insurance

If we provide a reinstatement cost assessment, we do not undertake a detailed cost appraisal and the figure is provided for guidance purposes only. It is not a valuation in accordance with the Red Book and is provided without liability. It must not be relied upon as the basis from which to obtain building insurance.

In arriving at our valuation we assume that the building is capable of being insured by reputable insurers at reasonable market rates. If, for any reason, insurance would be difficult to obtain or would be subject to an abnormally high premium, it may have an effect on costs.

## **Purchase And Sale Costs, Sdlt, Lbtt And Taxation**

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

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

## **Plans, Floor Areas And Measurements**

Where a site plan is provided, this is for indicative purposes only and should not be relied upon. Site areas are obtained from third party sources, including electronic databases, and we are unable to warrant their accuracy. Our assumptions as to site boundaries / demise should be verified by your legal advisers. If any questions of doubt arise the matter should be raised with us so that we may review our valuation.

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

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

Although every reasonable care is taken to ensure the accuracy of the surveys there may be occasions when due to tenant's fittings, or due to restricted access, professional estimations are required. We recommend that where possible, we are provided with scaled floor plans in order to cross-reference the measurements. In the event that a specialist measuring exercise is undertaken for the property, we recommend that a copy is forwarded to us in order that we may comment on whether there may be an impact on the reported value.

Floor areas set out in our report are provided for the purpose described in the Report and Valuation and are not to be used or relied upon for any other purpose.

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## **Condition, Structure And Services, Harmful / Deleterious Materials, Health & Safety Legislation And Epcs**

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

We do not undertake any form of technical, building or deleterious material survey and it is a condition of our appointment that we will in no way review, or give warranties as to, the condition of the structure, foundations, soil and services. Unless we are supplied with evidence to the contrary, we assume that the property is fully in compliance with building regulations and is fully insurable. We assume it is free from any rot, infestation, adverse toxic chemical treatments, and structural or design defects. We assume that none of the materials commonly considered deleterious or harmful are included within the property, such as, inter alia, asbestos, high alumina cement concrete, calcium chloride as a drying agent, wood wool slabs as permanent shuttering, aluminium composite cladding material, polystyrene and polyurethane cladding insulation.

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

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

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

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

Our valuations do not take account of any rights, obligations or liabilities, whether prospective or accrued, under the Defective Premises Act, 1972. Unless advised to the contrary, we assume that the properties comply with, and will continue to comply with, the current Health & Safety and Disability legislation.

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

Where a specialist condition or structural survey is provided to us, we reflect the contents of the report in our valuation to the extent that we are able to as valuation surveyors, and our assumptions should

be verified by the originating consultant. Should any issues subsequently be identified, we reserve the right to review our opinion of value.

## **Ground Conditions, Environmental Matters, Constraints And Flooding**

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

We do not carry out any soil, geological or other tests or surveys in order to ascertain the site conditions or other environmental conditions of the property. Unless stated to the contrary within the report, our valuation assumes that there are no unusual features that may be harmful to people or property, or that would inhibit the actual or assumed use or development of the property. This includes, inter alia: ground conditions and load bearing qualities, subterranean structures or services, contamination, pollutants, mining activity, sink holes, archaeological remains, radon gas, electromagnetic fields and power lines, invasive plants and protected species.

We do not undertake any investigations into flooding, other than is available from public sources or professional reports provided to us. Our findings are outlined in the report for information only, without reliance or warranty. We assume in our valuation that appropriate insurance is in place and may be renewed to any owner of the property by reputable insurers at reasonable market rates. If, for any reason, insurance would be difficult to obtain or would be subject to an abnormally high premium, it may have an effect on value.

Should our enquiries or any reports indicate the existence of environmental issues or other matters as described above, we expect them to contain appropriate actions and costings to address the issue. We rely on this information and use it as an assumption in our valuation. If such information is not available, we may not be able to provide an opinion of value.

We assume that the information and opinions we are given in order to prepare our valuation are complete and correct and that further investigations would not reveal more information sufficient to affect value. However, a purchaser in the market may undertake further investigations, and if these were unexpectedly to reveal issues, then this might reduce the values reported. We recommend that appropriately qualified and experienced specialists are instructed to review our report and revert to us if our assumptions are incorrect.

## **Plant And Machinery, Fixtures And Fittings**

We disregard the value of all process related plant, machinery, fixtures and fittings, and those items which are in the nature of occupiers' trade fittings and equipment. We have regard to landlords' fixtures such as lifts, escalators, central heating and air conditioning forming an integral part of the buildings.

Where properties are valued as an operational entity and includes the fixtures and fittings, it is assumed that these are not subject to any hire purchase or lease agreements or any other claim on title.

No equipment or fixtures and fittings are tested in respect of Electrical Equipment Regulations and Gas Safety Regulations and we assume that where appropriate all such equipment meets the necessary legislation. Unless otherwise specifically mentioned the valuation excludes any value attributable to plant and machinery.

## **Operational Entities**

Where the properties are valued as an operational entity and reference is made to the trading history or trading potential of the property, we place reliance on information supplied to us. Should this information subsequently prove to be inaccurate or unreliable, the valuations reported could be adversely affected. Our valuations do not make any allowance for goodwill.

## **Title, Tenure, Occupational Agreements And Covenants**

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

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

Where we have not been supplied with leases, unless we have been advised to the contrary, we assume that all the leases are on a full repairing and insuring basis and that all rents are reviewed in an upwards direction only, at the intervals notified to us, to market rent. We assume that no questions of doubt arise as to the interpretation of the provisions within the leases giving effect to the rent reviews. We assume that wherever rent reviews or lease renewals are pending, all notices have been served validly within the appropriate time limits, and they will be settled according to the assumptions we set out within the reports.

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

In the case of property that is let, our opinion of value is based on our assessment of the investment market's perception of the covenant strength of the occupier(s). This is arrived at in our capacity as valuation surveyors on the basis of information that is publicly available. We are not accountants or credit experts and we do not undertake a detailed investigation into the financial status of the tenants. Our valuations reflect the type of tenants actually in occupation or responsible for meeting lease commitments, or likely to be in occupation, and the market's general

perception of their creditworthiness. We provide no warranties as to covenant strength and recommend that you make your own detailed enquiries if your conclusions differ from our own.

Where we are provided with a report on title and/or occupational agreement, we form our opinion of value reflecting our interpretation of that title. Your legal advisers should review our understanding of the title and confirm that this is correct.

## **Planning, Licensing, Rating And Statutory Enquiries**

We undertake online planning enquiries to the extent that we consider reasonable and appropriate to the valuation. We do not make formal verbal or written enquiries to local authorities. If a professional planning report is provided to us, we will take the findings into account in our valuation but will not be accountable for the advice provided within it, nor any errors of interpretation or fact within the third party report.

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

Our investigations are limited to identifying material planning applications on the property and observable constraints. We seek to identify any proposals in the immediate vicinity that may have an impact on the property, such as highway proposals, comprehensive development schemes and other planning matters.

We seek to obtain rateable values and council tax banding from the statutory databases, where available. The 2017 rating revaluation has resulted in some significant increases in rateable values. This may have an impact on the marketability and value of a property, and on vacancy rates or landlord non recoverable costs. However, unless there is evidence to the contrary, we will make the express assumption that any changes are affordable to occupiers, or will be subject to appropriate transitional relief. We do not reflect the impact of any rating appeals in our valuations unless they are formally concluded.

Given that statutory information is obtained from third party sources, we are unable to provide any warranty or reliance as to its accuracy. Your legal advisers should verify our assumptions and revert to us if required.

## **Valuations Assuming Development, Refurbishment Or Repositioning**

Unless specifically instructed to the contrary, where we are provided with development costs and construction schedules by the addressee, a borrower or an independent quantity surveyor, we rely on this information as an assumption in arriving at our opinion of value. It forms an assumption



within our valuation and we accept no liability if the actual costs or programme differ from those assumed at the valuation date.

We are not quantity surveyors and provide no reliance as to construction costs or timescale. Irrespective of the source of this information, a professional quantity surveyor should review our assumptions and revert to us if there are any issues of doubt, so that we may review our opinion of value.

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

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

## **Alternative Investment Funds**

In the event that our appointment is from an entity to which the European Parliament and Council Directive 2011/61/EU ('the AIFMD'), which relates to Alternative Investment Fund Managers ('AIFM'), applies, our instructions are solely limited to providing recommendations on the value of particular property assets (subject to the assumptions set out in our valuation report) and we are therefore not determining the net asset value of either the Fund or the individual properties within the Fund. Accordingly, we are not acting as an 'external valuer' (as defined under the AIFMD) but are providing our service in the capacity of a 'valuation advisor' to the AIFM.

## **Interpretation And Comprehension Of The Report And Valuation**

Real estate is a complex asset class that carries risk. Any addressee to whom we have permitted reliance on our Report and Valuation should have sufficient understanding to fully review and comprehend its contents and conclusions. We strongly recommend that any queries are raised with us within a reasonable period of receiving our Report and Valuation, so that we may satisfactorily address them.

## PART 7. ADDITIONAL INFORMATION

### 1. Responsibility

The Company and the Directors, whose names appear in paragraph 4 below, accept responsibility for the information contained in this document. To the best of the knowledge and belief of the Company and the Directors (who have taken all reasonable care to ensure that such is the case) the information contained in this document is in accordance with the facts and does not omit anything likely to affect the import of such information.

### 2. Incorporation and registered office

The Company was incorporated and registered in England and Wales on 8 June 2016, with registered number 10221027, as a public limited company incorporated under the laws of England and Wales.

The Company is domiciled in the United Kingdom. Its registered office and head office is 16 New Burlington Place, London, United Kingdom, W1S 2HX (telephone number: +44 (0) 20 3328 5800). The Company's website is at <https://www.nrr.co.uk>. The information on the Company's website does not form part of this document unless that information is specifically incorporated by reference into this document.

The principal legislation under which the Company operates is the Companies Act and the regulations made under it.

### 3. Interests of Major Shareholders

As at the Latest Practicable Date, the Company had been notified under the Disclosure Guidance and Transparency Rules of the names of the persons who, directly or indirectly, have an interest in three per cent or more of the issued ordinary share capital. Their respective interests (based solely on the latest notifications that have been made to the Company by the relevant Shareholder) are as follows:

Name of Shareholder	Number of Ordinary Shares	Percentage of issued Ordinary Share capital
M&G Plc	17,768,427	5.80%
IntegraFin Holdings	15,308,090	5.00%
BlackRock, Inc.	15,137,699	4.94%
Farringdon Capital Management	9,663,935	3.16%

Save as set out in this paragraph 3, the Company is not aware of any interest (within the meaning of the Disclosure Guidance and Transparency Rules) which will represent an interest of three per cent or more in the Company's issued share capital following Completion.

### 4. Directors

The Directors of the Company and their positions as at the date of this document are as follows:

Name of Director	Position
Margaret Ford	<i>Non-Executive Chair</i>
Allan Lockhart	<i>Chief Executive Officer</i>
Kay Chaldecott	<i>Independent Non-Executive Director</i>
Alastair Miller	<i>Senior Independent Non-Executive Director</i>
Colin Rutherford	<i>Independent Non-Executive Director</i>
Charlie Parker	<i>Independent Non-Executive Director</i>

### 5. Directors' interests in the Company

As at the Latest Practicable Date, the Directors and their respective closely associated persons (within the meaning of MAR), had the following interests in Ordinary Shares:

Name of Director	Beneficially owned Ordinary Shares	Percentage of issued Ordinary Share capital	Unvested DBP awards	Unvested PSP awards	Vested DBP awards	Vested but unexercised PSP awards	Vested but unexercised USOP awards	Total held
Allan Lockhart	347,355	0.112%	-	788,269	129,146	-	338,000	1,602,770
Margaret Ford	50,640	0.016%	-	-	-	-	-	50,640
Kay Chaldecott	39,445	0.012%	-	-	-	-	-	39,445
Alastair Miller	35,959	0.011%	-	-	-	-	-	35,959
Colin Rutherford	-	-	-	-	-	-	-	-
Charlie Parker	-	-	-	-	-	-	-	-

## 6. Directors' service contracts and letters of appointment and benefits upon termination

### 6.1 Executive Director

A service contract has been entered into with the Executive Director, the particulars of which as at the Latest Practicable Date are:

Name of Director	Date of appointment	Notice period
Allan Lockhart	18 August 2016	12 month rolling period

The Executive Director has entered into a service contract with the Company, terminable by either party on 12 months' prior written notice or by the Company immediately in the case of gross misconduct (amongst other circumstances). The contract contains provisions relating to pay, pension contributions payable by the Company and holiday entitlement. On notice of termination, the Company is entitled to make a payment in lieu of notice under the contract. The contract contains acknowledgements by such Executive Director on conduct requirements in respect of confidential information, share dealings and conflicts of interest.

The Board intends that Will Hobman will enter into a service contract with the Company with effect from completion of the Disposal on identical terms to the Executive Director.

### 6.2 Non-Executive Directors

The following are appointed as Non-Executive Directors of the Company under letters of appointment, the particulars of which as at the Latest Practicable Date are:

Name of Director	Date of appointment	Notice period
Margaret Ford	1 September 2017	3 month rolling contract
Kay Chaldecott	18 August 2016	3 month rolling contract
Alastair Miller	18 August 2016	3 month rolling contract
Colin Rutherford	5 February 2019	3 month rolling contract
Charlie Parker	10 September 2020	3 month rolling contract

Each Non-Executive Director's appointment is subject to re-election where appropriate at any annual general meeting of the Company. Each Non-Executive Director is entitled to receive a fee in relation to his or her appointment, payable in equal instalments monthly in arrears in addition to reasonable expenses and the cost of independent professional advice incurred in carrying out their duties. They are entitled to benefit from appropriate liability insurance put in place by the Company and must notify the Chief Executive Officer and/or the Company Secretary of any conflict of interest which arises as a result of their other business interests. Each Non-Executive Director's appointment may be terminated upon three months' written notice, except in certain limited circumstances (including fraud or bankruptcy) in which case an appointment may be terminated immediately. On termination, each Non-Executive Director will only be entitled to accrued fees as at the date of termination, together with reimbursement of any expenses properly incurred prior to that date.

### 6.3 Summary of Directors' remuneration

For the financial year ended 31 March 2021, the amount of remuneration paid (including any contingent or deferred compensation) and benefits in kind granted to each of the Directors by the Group for services in all capacities to the Group were as follows:

## EXECUTIVE DIRECTORS

	Salary <sup>1</sup> £	Benefits <sup>2</sup> £	Pension £	Subtotal for fixed pay £	Cash bonus <sup>3</sup> £	Value of bonus deferred into shares <sup>3</sup> £	Long term incentive plans <sup>4</sup> £	Subtotal for variable pay £	Total £
Allan Lockhart	470,000	2,839	70,500	543,339	65,800	28,200	-	94,000	637,339
Mark Davies <sup>6</sup>	408,000	1,883	61,200	471,083	79,968	34,272	-	114,240	585,323
David Lockhart <sup>5</sup>	197,500	24,139	29,625	251,264	-	-	-	-	251,264

- (1) Directors paid 20 per cent of their base salaries to charity between 1 May – 1 August 2020.
- (2) Benefits are the Director's private medical cover.
- (3) The Remuneration Committee used discretion to reduce the value of the FY20 bonus (cash and shares) to zero. The Remuneration Committee used discretion to reduce the value of the FY21 bonus (cash and shares) by 20 per cent.
- (4) Although the performance period has not quite finished it is currently estimated that the LTIP awards will not meet the minimum performance hurdle and will lapse.
- (5) David Lockhart retired from the Board at the Company's annual general meeting on 14 August 2020. The amounts disclosed represent the remuneration for the period that David was an executive director.
- (6) Mark Davies has stepped down from the Board with effect from 28 July 2021.

## NON-EXECUTIVE DIRECTORS

	Base Fee <sup>1, 2</sup> £	Audit Committee Chair <sup>3</sup> £	Remuneration Committee Chair <sup>4</sup> £	Senior Independent Non-Executive Director £	Total £
Margaret Ford	160,000	-	-	-	160,000
Kay Chaldecott	50,000	-	3,324	-	53,324
Alastair Miller	50,000	-	7,500	7,500	65,000
Charlie Parker <sup>2</sup>	25,000	-	-	-	25,000
Colin Rutherford	50,000	4,176	-	-	54,176

- (1) Directors paid 20 per cent of their base salaries to charity between 1 May – 1 August 2020.
- (2) Charlie Parker was appointed on 10 September 2020 and waived his fee via salary sacrifice to charity from appointment date to 31 March 2021.
- (3) Colin Rutherford was appointed Audit Committee chair on 10 September 2020. Alastair Miller stepped down as Audit Committee chair and took up the role of Remuneration Committee chair.
- (4) Kay Chaldecott stepped down as Remuneration Committee chair on 10 September 2020.

The Remuneration Committee has considered the performance of Mark Davies and the circumstances of his stepping down from the Board of the Company, and has determined that he should be considered to be a "good leaver". On this basis, in addition to his contractual entitlements pursuant to his existing service contract with the Company, the Board (acting on the advice of the Remuneration Committee) proposes the following:

- (a) In line with the Remuneration Policy, Mark Davies will remain eligible to receive an annual bonus under the Company's executive bonus scheme for the financial year ended 31 March 2022, for the period that Mark was an executive director, of which 80 per cent will be based on the Remuneration Committee's determination of financial performance and condition of the Group from 1 April 2021 to the resignation date, and the remaining 20 per cent will be based on the Remuneration Committee's assessment of Mark's personal performance over the same period in relation to the progress of business strategy; and
- (b) Separate from any payment for qualifying services as an executive director, Mark Davies will also be eligible to receive a further bonus payment in his capacity as an employee of NewRiver, based on the Remuneration Committee's assessment of Mark's performance and contribution to the successful completion of the Disposal. This payment will be in cash and capped at 125 per cent of Mark's base salary for the financial year ended 31 March 2022, less any bonus amount for the financial year ended 31 March 2022 as detailed above, in his capacity as an executive director and will be subject to the same clawback provisions of the Remuneration Policy.

## 7. Related party transactions

Details of the related party transactions (which for these purposes are those set out in UK-adopted international accounting standards) that the Company has entered into during the financial years ended 31 March 2019, 2020 and 2021 are incorporated into this document by reference to the 2019 Annual Report and Accounts, the 2020 Annual Report and Accounts and the 2021 Annual Report and Accounts, as described in Part 8 (*Information Incorporated by Reference*) of this document.

During the period from 31 March 2021 to the Latest Practicable Date, the Company has entered into the following related party transactions:

- (a) The Company was invoiced £1.1 million in professional legal fees by CMS Cameron McKenna Nabarro Olswang LLP for property services at commercial market rates. Allan Lockhart, CEO of NewRiver, has a personal relationship with one of the Partners at CMS who, along with other Partners, provides these legal services;
- (b) As at the Latest Practicable Date, the Group has loans with joint ventures of £3.0 million and loans with associates of £6.3 million. A new loan was made to an associate in the period for £2.6 million along with an increase in investment of £1.4 million;
- (c) The Group received £3.0 million in dividends from joint ventures;
- (d) Management fees are charged to joint ventures and associates for asset management, investment advisory, project management and accounting services. Total fees charged were £0.1 million. An amount of £0.1 million was due to the Group relating to management fees;
- (e) The Group has recognised £0.1 million of interest from joint ventures and associates and the amount owing to the Group was £0.2 million; and
- (f) The executive directors who served during the period are considered to be key management personnel. The total compensation of key management personnel was £0.3 million.

## 8. Material contracts

### 8.1 Continuing Group

No contracts have been entered into (other than contracts entered into in the ordinary course of business) by any member of the Continuing Group either (i) within the period of two years immediately preceding the date of this document which are, or may be, material to the Continuing Group; or (ii) which contain any provisions under which any member of the Continuing Group has any obligation or entitlement which is, or may be, material to the Continuing Group as at the date of this document, save as disclosed below:

#### (a) Sale Agreement

On 26 July 2021, the Company and the Purchaser entered into the Sale Agreement. Your attention is drawn to Part 3 (*Principal Terms and Conditions of the Disposal*) of this document which contains a summary of the Sale Agreement.

#### (b) Facilities Agreement

As at the Latest Practicable Date, the Company has total banking facilities of £380 million, comprising (i) a term loan facility of £165 million (the "**Term Loan**") and (ii) revolving credit facilities of £215 million (the "**Revolving Credit Facility**") pursuant to the Facilities Agreement, for general corporate purposes. As at 31 March 2021, £170 million of the Revolving Credit Facility was drawn, £70 million of which was repaid voluntarily by the Company on 30 June 2021.

The Facilities Agreement contains financial covenants based on LTV, interest cover, level of secured borrowings and priority debt and other ongoing obligations on the Company. The principal terms of the Term Loan and the Revolving Credit Facility include:

- (i) Term: final repayment date (in the case of Term Loan) and termination date (in the case of the Revolving Credit Facility) is 9 August 2024, such date subject to an extension of one year at the Company's option, each lender having the right to refuse such extension in its sole discretion;
- (ii) Repayment: subject to mandatory prepayment on change of control of the Company or from the net proceeds of a permitted disposal, (A) in the case of the Term Loan, a bullet repayment on the final repayment date; and (B) the Revolving Credit Facility provides a fully revolving facility, so loans

can be either repaid on the expiry of their interest period or rolled over for a further interest period, subject to all loans being repaid on or before the termination date;

- (iii) Rate of interest: LIBOR plus (a) 1.75 per cent in the event LTV is less than or equal to 30 per cent, (b) 1.85 per cent in the event LTV is greater than 30 per cent and less than or equal to 40 per cent, (c) 2.1 per cent in the event LTV is greater than 40 per cent and less than or equal to 50 per cent, and (d) 2.3 per cent in the event LTV is greater than 50 per cent and less than or equal to 60 per cent;
- (iv) Security: the Term Loan and the Revolving Credit Facility are unsecured; and
- (v) Governing law and jurisdiction: the Facilities Agreement is governed by English law and the courts of England have jurisdiction.

On 10 July 2021, the Company secured written consent required under the Facilities Agreement to, *inter alia*, effect the Disposal.

(c) **Listed Bonds with 2028 Redemption Date**

On 7 March 2018, the Company entered into a trust deed with HSBC Corporate Trustee Company (UK) Limited as trustee constituting £300 million senior unsecured bonds due 7 March 2028 (the "**Bonds**"). The Bonds were issued with a 3.5 per cent coupon payable annually in arrears, at an issue price of 99.166 per cent, and are listed on the Official List of the Irish Stock Exchange plc and admitted to trading on the Global Exchange Market of the Irish Stock Exchange plc.

The Trust Deed incorporates the terms and conditions of the Bonds and contains certain financial covenants given by the Company (including ratios in relation to net debt to property value, interest cover and priority debt).

The Bonds are subject to redemption in whole, at their (i) make-whole redemption price, together with accrued interest, at the option of the Company at any time prior to 7 December 2027; (ii) principal amount, together with accrued interest, at the option of the Company at any time on or after 7 December 2027 and in the event of certain changes affecting taxes of the United Kingdom. In addition, upon the occurrence of certain change of control events in respect of the Company which result in a negative ratings action being taken by a relevant credit rating agency, each bondholder shall have the option to require the Company to redeem or, at the Company's option, purchase (or procure the purchase of) the Bonds of such bondholder at their principal amount, together with accrued interest. Unless previously, redeemed, purchased or cancelled, the Bonds will be redeemed at par on 7 March 2028.

(d) **Joint ventures and associate investment with BRAVO**

*Napier Shareholders' Agreement*

On 20 June 2019, NewRiver Retail (Portfolio No.10) Limited ("**HoldCo**") a wholly-owned subsidiary of the Company, entered into a shareholders' agreement with an indirect subsidiary of BRAVO Strategies III LLC, a fund managed by the Pacific Investment Management Company, Skalice S.à r.l. ("**BRAVO**") and NewRiver Retail (Napier) Limited ("**Napier JVCo**") (the "**Napier SHA**") relating to a joint venture between HoldCo and BRAVO, which governs the parties' relationship as shareholders in Napier JVCo. The purpose of the joint venture, which has no fixed duration, is to acquire and manage a portfolio of retail parks in the UK (consisting of Wakes Retail Park, Kittybrewster Retail Park, units at Kingsway East Retail Park (disposed of in March 2021), Glendoe Retail Park and Telford Road Retail Parks and to identify and pursue other opportunities in the UK retail sector). NewRiver REIT (UK) Limited, a subsidiary of the Company, is also appointed as asset manager to the joint venture. Each of HoldCo and BRAVO holds a 50 per cent equity interest in the joint venture. No one party can exercise control of the joint venture independently and customary unanimous consent rights are required for certain decisions. The Napier SHA includes provisions regarding the rights of each shareholder to participate in the profits of the joint venture.

*Sealand Shareholders' Agreement*

On 11 September 2019, HoldCo, entered into a shareholders' agreement with BRAVO and Sealand S.à r.l. ("**Sealand**") (the "**Sealand SHA**") relating to an associate investment between HoldCo and BRAVO, which governs the parties' relationship as shareholders in Sealand. The Sealand SHA was amended pursuant to a deed of amendment dated 15 November 2019, and amended and restated pursuant to deeds of amendment and restatement dated 30 September 2020 and 18 February 2021 respectively. The purpose of the associate investment in Sealand is to acquire, manage and dispose of a portfolio of retail properties in the UK (consisting of Poole Retail Park, Sprucefield Retail Park and The Moor, Sheffield), through three

property companies, NewRiver Retail (Nelson) Limited, NewRiver (Sprucefield) Limited and NewRiver Retail (Hamilton) Limited ("**Sealand PropCos**") all of which are wholly-owned by Sealand. NewRiver REIT (UK) Limited, a subsidiary of the Company, is also appointed as asset manager to the Sealand PropCos. HoldCo holds a 10 per cent equity interest in Sealand with the remaining equity interest being held by BRAVO.

(e) **Sponsor Agreement**

On 28 July 2021, the Company entered into a sponsor agreement with Liberum pursuant to which the Company has appointed Liberum as sponsor for the purposes of the Disposal described in this document and to carry out the duties of a sponsor as provided by Chapter 8 of the Listing Rules. The Sponsor Agreement contains, amongst other things, certain customary obligations on the Company, including that the Company agrees to comply with the Listing Rules and to pay a fee to Liberum on terms agreed between Liberum and the Company.

The Sponsor Agreement contains certain customary warranties and indemnities from the Company, together with provisions which enable Liberum to terminate the Sponsor Agreement in certain circumstances prior to Completion.

8.2 **Disposal Group**

No contracts have been entered into (other than contracts entered into in the ordinary course of business) by any member of the Disposal Group either (i) within the period of two years immediately preceding the date of this document which are, or may be, material to the Disposal Group; or (ii) which contain any provisions under which any member of the Disposal Group has any obligation or entitlement which is, or may be, material to the Disposal Group as at the date of this document.

9. **Litigation**

9.1 **Continuing Group**

There are no, nor have there been any, governmental, legal or arbitration proceedings (nor is the Company aware of any such proceedings which are pending or threatened) which may have, or during the last 12 months before the date of this document have had, a significant effect on the Company and/or the Continuing Group's financial position or profitability.

9.2 **Disposal Group**

There are no, nor have there been any, governmental, legal or arbitration proceedings (nor is the Company aware of any such proceedings which are pending or threatened) which may have, or during the last 12 months before the date of this document have had, a significant effect on the Disposal Group's financial position or profitability.

10. **Key individuals important to the Disposal Group**

The following individual is deemed to be a key individual to the Disposal Group:

<b>Name of key individual</b>	<b>Position</b>
Matt Ward	<i>CFO and director of Hawthorn</i>

11. **Working capital**

The Company is of the opinion that, taking into account the bank facilities and the net proceeds of the Disposal available to the Continuing Group, the Continuing Group has sufficient working capital available for its present requirements, that is, for at least the next 12 months from the date of publication of this document.

12. **No significant change**

12.1 **Continuing Group**

There has been no significant change in the financial position or financial performance of the Continuing Group since 31 March 2021, being the end of the last financial period for which the 2021 Annual Report and Accounts was incorporated by reference as described in Part 8 (*Information Incorporated by Reference*) of this document.

## 12.2 **Disposal Group**

Save as set out in the paragraph below, there has been no significant change in the financial position or financial performance of the Disposal Group since 31 March 2021, being the end of the last financial period for which financial information presented in Part 4 (*Financial Information relating to the Disposal Group*) of this document has been prepared.

After several months of temporary closure, Hawthorn opened over 60 per cent of its Pub Portfolio on 12 April 2021, following the easing of restrictions on outside trading, and reopened the vast majority of the remaining pubs following the easing of restrictions on indoor trading from 17 May 2021. With a focus on well-located community and suburban pubs, and with the benefit of more consumers working from home and using their local services and facilities, Hawthorn has been able to recover quickly on reopening and trading is tracking significantly ahead of budget. In the period from 12 April 2021 to 21 June 2021, like-for-like volumes in the leased & tenanted portfolio were up two per cent compared to the same period in 2019. Like-for-like sales in the operator managed pubs were down 13 per cent compared to the same period in 2019 but Hawthorn is still ahead of budget and in line with the wider pub sector as measured by the Coffey Peach Business Tracker.

For further details see paragraph 6 of Part 1 (*Letter from the Chair of NewRiver REIT plc*) of this document.

## 12.3 **Valuation Report**

There has been no material change to the Valuation Report set out in Part 6 (*Valuation Report*) of this document since 30 June 2021, being the effective date that the Valuation Report was prepared.

## 13. **Consents**

BDO LLP has given, and not withdrawn, its written consent to the inclusion of its report on the unaudited pro forma statement of net assets of the Group set out in Section B of Part 5 (*Accountants' Report on Unaudited Pro Forma Statement of Net Assets*) of this document in the form and context in which it appears.

Colliers International Property Advisers UK LLP has given, and not withdrawn, its written consent to the inclusion of the valuation report set out in Part 6 (*Valuation Report*) of this document in the form and context in which it appears.

Liberum Capital Limited has given, and not withdrawn, its written consent to the issue of this document with references to its name being included in the form and context in which they appear.

Kinmont Limited has given, and not withdrawn, its written consent to the issue of this document with references to its name being included in the form and context in which they appear.

## 14. **Information incorporated by reference**

Part 8 (*Information Incorporated by Reference*) of this document sets out the documents that are incorporated by reference within this document and the location of the references.

## 15. **Documents available for inspection**

Copies of the following documents will be available for inspection at the Company's registered office at 16 New Burlington Place, London, United Kingdom, W1S 2HX, in each case upon request during usual business hours on any weekday (Saturdays, Sundays and public holidays excepted) and (with the exception of the Sale Agreement) on the Company's website at <https://www.nrr.co.uk> from the date of this document up to and including the date of the General Meeting and for the duration of the General Meeting:

- (a) the Articles;
- (b) the consent letters referred to in paragraph 13 of this Part 7 (*Additional Information*);
- (c) the unaudited pro forma financial information relating to the Group and the report from BDO LLP thereon contained in Part 5 (*Unaudited Pro Forma Financial Information relating to the Group*) of this document;
- (d) the Valuation Report contained in Part 6 (*Valuation Report*) of this document;
- (e) the Sale Agreement;
- (f) the information incorporated by reference into this document, as described in Part 8 (*Information Incorporated by Reference*) of this document;



- (g) the Form of Proxy; and
- (h) this document.

## PART 8. INFORMATION INCORPORATED BY REFERENCE

Certain parts of the 2019 Annual Report and Accounts, the 2020 Annual Report and Accounts and the 2021 Annual Report and Accounts, as detailed in the table below, are incorporated by reference into this document in accordance with paragraph 14 of Part 7 (*Additional Information*) of this document and contain information which is relevant to this document.

No part of the 2019 Annual Report and Accounts, the 2020 Annual Report and Accounts or the 2021 Annual Report and Accounts, is incorporated by reference herein except as expressly stated below. Any part of the documents listed below which are not expressly referenced below are not relevant for the purposes of this document.

This document should be read and construed in conjunction with these documents, each of which has been previously published and is available for viewing on the Company's website at <https://www.nrr.co.uk>.

<i>Reference document</i>	<i>Information incorporated by reference</i>	<i>Page number(s) in reference document</i>	<i>Page number(s) in this document</i>
2019 Annual Reports and Accounts	Information on related party transactions	143	53
2020 Annual Reports and Accounts	Information on related party transactions	159	53
2021 Annual Report and Accounts	Information on related party transactions	170	53

## PART 9. DEFINITIONS AND GLOSSARY

The following definitions apply throughout this document, unless the context otherwise requires:

<b>"2019 Annual Report and Accounts"</b>	the annual report and accounts prepared by the Company for the financial year ended 31 March 2019.
<b>"2020 Annual Report and Accounts"</b>	the annual report and accounts prepared by the Company for the financial year ended 31 March 2020.
<b>"2021 Annual Report and Accounts"</b>	the annual report and accounts prepared by the Company for the financial year ended 31 March 2021.
<b>"Anticipated Completion Date"</b>	has the meaning given in paragraph 2 of Part 3 ( <i>Principal Terms and Conditions of the Disposal</i> ) of this document.
<b>"Articles"</b>	the Company's articles of association in force as at the date of this document.
<b>"Audit Committee"</b>	the audit committee of the Board.
<b>"BDM"</b>	business development manager.
<b>"Board" or "Directors"</b>	the board of directors of the Company, whose names appear on page 7 of this document.
<b>"CMA"</b>	the UK Competition and Markets Authority.
<b>"Companies Act"</b>	the Companies Act 2006, as amended from time to time.
<b>"Company" or "NewRiver"</b>	NewRiver REIT plc, a company incorporated in England and Wales with registered number 10221027.
<b>"Completion"</b>	completion of the Disposal in accordance with the provisions of the Sale Agreement.
<b>"Completion Prohibiting IEO"</b>	an Initial Enforcement Order which prohibits Completion.
<b>"Consideration"</b>	has the meaning given in paragraph 1 of Part 1 ( <i>Letter from the Chair of NewRiver REIT plc</i> ) of this document.
<b>"Continuing Group"</b>	NewRiver REIT plc and its subsidiaries and subsidiary undertakings, being the Group following Completion (excluding, for the avoidance of doubt, the Disposal Group), with Group or Continuing Group being used as the context requires.
<b>"CREST"</b>	the electronic transfer and settlement system for the paperless settlement of trades in listed securities operated by Euroclear.
<b>"CREST Manual"</b>	the manual, as amended from time to time, produced by Euroclear describing the CREST system and supplied by Euroclear to users and participants thereof.
<b>"CREST Regulations"</b>	the Uncertificated Securities Regulations 2001 (SI 200 No. 3755).
<b>"DBP"</b>	the Company's Deferred Bonus Plan.
<b>"Disclosure"</b>	the disclosure guidance and transparency rules made by the FCA under section

<b>Guidance and Transparency Rules"</b>	73A of FSMA, as amended from time to time.
<b>"Disposal"</b>	the proposed disposal of the Disposal Group pursuant to the Sale Agreement.
<b>"Disposal Group" or "Hawthorn"</b>	Hawthorn Leisure REIT Limited, a company incorporated in England and Wales with registered number 08045171, and its subsidiaries and subsidiary undertakings.
<b>"Disposal Resolution"</b>	the ordinary resolution to be proposed and considered at the General Meeting to approve the Disposal, as set out in the Notice of General Meeting.
<b>"EBITDA"</b>	earnings before interest, taxation, depreciation and amortisation.
<b>"Employee Benefit Trust"</b>	the Company's employee benefit trust.
<b>"EPRA"</b>	European Public Real Estate Association.
<b>"EPRA Earnings"</b>	the IFRS profit after taxation excluding investment property revaluations, fair value adjustments on derivatives, gains/losses on disposals and deferred tax.
<b>"EPRA NTA"</b>	EPRA Net Tangible Assets, being the balance sheet net assets excluding the mark to market on effective cash flow hedges and related debt adjustments, deferred taxation on revaluations, goodwill, and diluting for the effect of those shares potentially issuable under employee share schemes.
<b>"ERV"</b>	Estimated Rental Value, being the external valuers' opinion as to the open market rent which, on the date of valuation, could reasonably be expected to be obtained on a new letting or rent review of a property.
<b>"Euroclear"</b>	Euroclear UK & Ireland Limited, the operator of CREST (as defined in the CREST Regulations).
<b>"Executive Director"</b>	the individual identified as such on page 7 of this document.
<b>"FCA"</b>	the UK Financial Conduct Authority.
<b>"Facilities Agreement"</b>	the facilities agreement dated 9 August 2017 between the Company as borrower, Barclays Bank plc, The Royal Bank of Scotland plc, HSBC Bank plc and Santander UK plc as arrangers and lenders and HSBC Bank plc as agent, as amended and restated pursuant to a deed of amendment and restatement dated 20 February 2018.
<b>"FSMA"</b>	the Financial Services and Markets Act 2000, as amended from time to time.
<b>"Form of Proxy"</b>	the hard copy form of proxy issued for use by Shareholders in connection with the General Meeting.
<b>"General Meeting"</b>	the general meeting of the Company to be held at the offices of the Company at 16 New Burlington Place, London, United Kingdom, W1S 2HX at 10.00 am on Friday, 13 August 2021, notice of which is set out in Part 10 ( <i>Notice of General Meeting</i> ) of this document, including any adjournment of it.
<b>"Group"</b>	in respect of any time prior to Completion, the Company and its consolidated subsidiaries and subsidiary undertakings and, in respect of any time following Completion, the Continuing Group, with Group or Continuing Group being used as the context requires.

<b>"IFRS"</b>	the International Financial Reporting Standards as adopted by the International Accounting Standards Board and the EU.
<b>"Initial Enforcement Order"</b>	an order imposed by the CMA on the Company, any Group company or the Purchaser under Section 72 of the Enterprise Act 2002 for the purposes of preventing pre-emptive action.
<b>"Kinmont"</b>	Kinmont Limited, the financial adviser to the Company.
<b>"Latest Practicable Date"</b>	27 July 2021 (being the latest practicable date before publication of this document).
<b>"Liberum"</b>	Liberum Capital Limited, the Sponsor to the Company.
<b>"Listing Rules"</b>	the listing rules made by the FCA under section 73A of FSMA, as amended from time to time.
<b>"London Stock Exchange"</b>	London Stock Exchange plc.
<b>"Longstop Date"</b>	on or before 5.30 pm on the date falling two months after the date of the Sale Agreement, or such later date as may be agreed in writing between the Company and the Purchaser, but which date shall be no later than three months after the date of the Sale Agreement.
<b>"LTV"</b>	loan to value.
<b>"MAR"</b>	the Market Abuse Regulation (EU) No. 596/2014 as it forms part of UK domestic law by virtue of the European Union (Withdrawal) Act 2018.
<b>"Non-Executive Director"</b>	each individual identified as such on page 7 of this document.
<b>"Notice of General Meeting"</b>	the notice of General Meeting contained in Part 10 ( <i>Notice of General Meeting</i> ) of this document.
<b>"Ordinary Shares"</b>	the ordinary shares of one pence each in the share capital of the Company.
<b>"Prospectus Regulation Rules"</b>	the prospectus regulation rules made by the FCA under Part VI of FSMA.
<b>"PSP"</b>	the Company's Performance Share Plan.
<b>"Pub Portfolio"</b>	has the meaning given in paragraph 6 of Part 1 ( <i>Letter from the Chair of NewRiver REIT plc</i> ) of this document.
<b>"Purchaser"</b>	AT Brady Bidco Limited, a company incorporated in England and Wales with registered number 10935753.
<b>"Registrar" or "Link Group"</b>	Link Group, the Company's registrar.
<b>"Remuneration Committee"</b>	the remuneration committee of the Board.
<b>"Remuneration Policy"</b>	the remuneration policy approved by Shareholders at the Company's annual general meeting on 14 August 2020.
<b>"Retail Portfolio"</b>	the retail property portfolio owned by the Group, which included 33 community shopping centres and 19 conveniently located retail parks as at 30 June 2021.

<b>"Revolving Credit Facility"</b>	has the meaning given in paragraph 8 of Part 7 ( <i>Additional Information</i> ) of this document.
<b>"Sale Agreement"</b>	the conditional sale agreement in respect of the Disposal Group, further details of which are set out in Part 3 ( <i>Principal Terms and Conditions of the Disposal</i> ) of this document.
<b>"Shareholder"</b>	a holder of Ordinary Shares from time to time.
<b>"Sponsor"</b>	Liberum Capital Limited.
<b>"UK" or "United Kingdom"</b>	the United Kingdom of Great Britain and Northern Ireland.
<b>"USOP"</b>	the Company's Unapproved (market value) Share Option Plan.
<b>"Valuation Report"</b>	the valuation report prepared by the Valuer contained in Part 6 ( <i>Valuation Report</i> ) of this document.
<b>"Valuer"</b>	Colliers International Property Advisers UK LLP.
<b>"working day"</b>	a day (other than a Saturday or Sunday or public holiday) on which banks are open for business in London.

All references to legislation in this document are to the legislation of England and Wales unless the contrary is indicated. Any reference to any provision of any legislation shall include any amendment, modification, re-enactment or extension of it.

For the purpose of this document, "subsidiary" and "subsidiary undertaking" have the meanings given by the Companies Act.

Words importing the singular shall include the plural and vice versa, and words importing the masculine gender shall include the feminine or neutral gender.

## **PART 10. NOTICE OF GENERAL MEETING**

### **NewRiver REIT plc**

*(a company incorporated in England and Wales with registered number 10221027)*

#### **NOTICE OF GENERAL MEETING**

NOTICE IS HEREBY GIVEN to holders of the Ordinary Shares in the capital of the Company that a general meeting of NewRiver REIT plc (the "Company") will be held at 10.00 am on Friday, 13 August 2021 at the offices of the Company at 16 New Burlington Place, London, United Kingdom, W1S 2HX (the "General Meeting") to consider and, if thought appropriate, pass the following resolution (the "Disposal Resolution") which is to be proposed as an ordinary resolution:

#### **ORDINARY RESOLUTION**

That the proposed disposal by the Company of Hawthorn Leisure REIT Limited, which holds the Company's commercial pub portfolio consisting of various freehold and leasehold properties, on and subject to the terms and conditions of the Sale Agreement between the Company and AT Brady Bidco Limited entered into on 26 July 2021 (as defined and described in the circular sent to shareholders of the Company dated 28 July 2021 (the "Circular")) (the "Disposal") and which, as described in the Circular, comprises a class 1 transaction under the Listing Rules of the Financial Conduct Authority of the United Kingdom, be approved and that the directors of the Company (the "Board") (or a duly authorised committee of the Board) be authorised:

- (1) to take all such steps as the Board considers to be necessary or desirable in connection with, and to implement, the Disposal; and
- (2) to agree such modifications, variations, revisions, waivers, extensions or amendments to any of the terms and conditions of the Disposal and the associated and ancillary agreements and documents contemplated by the Disposal and/or described in the Circular (provided such modifications, variations, revisions, waivers, extensions or amendments are not of a material nature), as they may in their absolute discretion think fit.

Dated 28 July 2021

By order of the Board  
Kerin Williams  
Company Secretary

NewRiver REIT plc, 16 New Burlington Place, London, United Kingdom, W1S 2HX

**Notes:**

- (1) Shareholders are strongly encouraged to vote on the resolution to be proposed at the General Meeting. Shareholders entitled to attend and vote at the General Meeting may appoint one or more proxies (who need not be shareholders) to exercise all or any of their rights to attend, speak and vote on their behalf. More than one proxy may be appointed provided that each proxy is appointed to exercise rights attached to different shares. A proxy need not be a shareholder of the Company. As the UK Government's restrictions on social distancing and restrictions on attendance at public gatherings have been lifted, the Board looks forward to welcoming Shareholders in person at the General Meeting. However, given the evolving nature of the situation and the possibility for circumstances to change before the date of the General Meeting such that larger gatherings indoors are no longer permissible and the Board is forced to revise its position and run the General Meeting as a closed meeting, you are encouraged to appoint the Chair of the General Meeting as your proxy to ensure that your vote is able to be cast in accordance with your wishes. Appointment of any person other than the Chair of the General Meeting may result in your votes not being cast, as third party proxies may not be permitted entry to the General Meeting.
- (2) The right to appoint a proxy does not apply to persons whose shares are held on their behalf by another person and who have been nominated to receive communications from the Company in accordance with section 146 of the Companies Act 2006 ("nominated persons"). Nominated persons may have a right under an agreement with the shareholder who holds the shares on their behalf to be appointed (or to have someone else appointed) as a proxy. Alternatively, if nominated persons do not have such a right, or do not wish to exercise it, they may have a right under such an agreement to give instructions to the person holding the shares as to the exercise of voting rights.
- (3) To be valid, proxy instructions and forms of proxy (and the power of attorney or other authority, if any, under which it is signed or a notarially certified copy thereof) must be received by the Company's Registrar, Link Group, Central Square, 29 Wellington Street, Leeds, LS1 4DL as soon as possible and, in any event, so as to arrive no later than 10.00 am on Wednesday, 11 August 2021 (or, in the case of an adjournment, not less than 48 hours, ignoring any part of a day that is not a working day, before the time fixed for the holding of the adjourned meeting).
- (4) You can vote by logging on to [www.signalshares.com](http://www.signalshares.com) and following the instructions. If you have not done so already, you will need to register your account using your Investor Code, which can be found on your share certificate. In order to vote online, you will need to visit [www.signalshares.com](http://www.signalshares.com), search 'NewRiver REIT' and use your Investor Code to log in or register. Once you have logged in, simply click the 'Vote Online Now' button and follow the procedure as instructed. Alternatively, you may request a hard copy form of proxy directly from the Company's Registrar, Link Group, on 0371 664 0300. Calls are charged at the standard geographic rate and will vary by provider. Calls outside the United Kingdom will be charged at the applicable international rate. Lines are open between 9.00 am to 5.30 pm (London (UK) time) Monday to Friday excluding public holidays in England and Wales. In order for a proxy appointment to be valid, in each case a valid proxy appointment must be made through [www.signalshares.com](http://www.signalshares.com) or a hard copy form of proxy must be received by Link Group, Central Square, 29 Wellington Street, Leeds, LS1 4DL by 10.00 am on Wednesday, 11 August 2021 (or, in the case of an adjournment, not less than 48 hours, ignoring any part of a day that is not a working day, before the time fixed for the holding of the adjourned meeting). If you are a CREST member, you may submit your proxy electronically through CREST by utilising the CREST electronic proxy appointment service in accordance with the procedures set out below. In addition, if you are an institutional investor, you may also be able to appoint a proxy electronically via the Proxymity platform, a process which has been agreed by the Company and approved by the Registrar. For further information regarding Proxymity, please go to [www.proxymity.io](http://www.proxymity.io). Your proxy must be lodged by 10.00 am on Wednesday, 11 August 2021 (or, in the case of an adjournment, not less than 48 hours, ignoring any part of a day that is not a working day, before the time fixed for the holding of the adjourned meeting) in order to be considered valid. Before you can appoint a proxy via this process you will need to have agreed to Proxymity's associated terms and conditions. It is important that you read these carefully as you will be bound by them and they will govern the electronic appointment of your proxy.
- (5) The right of a shareholder to vote at the General Meeting will be determined by reference to the share register. To be entitled to attend and vote at the General Meeting, shareholders must be



registered in the share register of the Company at close of business on Wednesday, 11 August 2021 (or, in the event of any adjournment, by close of business on the date which is two days before the time of the adjourned meeting, excluding any part of a day which is not a working day). Changes to entries on the share register after the relevant deadline will be disregarded in determining the rights of any person to attend or vote at the General Meeting.

- (6) (a) CREST members who wish to appoint a proxy or proxies by utilising the CREST electronic proxy appointment service may do so by utilising the procedures described in the CREST Manual on the Euroclear website ([www.euroclear.com/CREST](http://www.euroclear.com/CREST)). 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.
- (b) In order for a proxy appointment made by means of CREST to be valid, the appropriate CREST message (a "CREST Proxy Instruction") must be properly authenticated in accordance with Euroclear UK & Ireland Limited specifications and must contain the information required for such instructions, as described in the CREST Manual. The message, regardless of whether it constitutes the appointment of a proxy or an amendment to the instruction given to a previously appointed proxy, must, in order to be valid, be transmitted so as to be received by the issuer's agent (ID: RA10) by the latest time(s) for receipt of proxy appointments specified in the notice of General Meeting. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Applications Host) from which the issuer's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means.
- (c) 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.
- (d) CREST members and, where applicable, their CREST sponsors or voting service providers should note that Euroclear UK & Ireland Limited does not make available special procedures in CREST for any particular messages. Normal system timings and limitations will therefore apply in relation to the input of 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 their 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.
- (7) As at 27 July 2021, being the latest practicable date prior to the publication of the notice of General Meeting, there were 308,925,158 ordinary shares of one pence each in the capital of the Company in issue which each carried one vote and of which 2,625,006 were being held in the Employee Benefit Trust. The total number of voting rights in the Company at that time and date was therefore 306,300,152.
- (8) A shareholder of the Company which is a corporation may authorise a person or persons to act as its representative(s) at the General Meeting. In accordance with the provisions of the Companies Act 2006, each such representative may exercise (on behalf of the corporation) the same powers as the corporation could exercise if it were an individual shareholder of the Company, provided that they do not do so in relation to the same shares. It is no longer necessary to nominate a designated corporate representative. However, please note that if there is any change in the UK Government guidance, corporate representatives may not be permitted entry into the General Meeting.
- (9) Recognising in the current climate either the situation can change or some shareholders may prefer not to attend the General Meeting in person, we have made provision to submit questions to the Board on the business of the General Meeting. To submit questions in advance of the General Meeting, questions should be emailed to [info@nrr.co.uk](mailto:info@nrr.co.uk) by no later than 12.30 pm on Wednesday, 11 August 2021 and we will publish answers to such questions, to the extent we consider appropriate, on our website. Please note that some questions may be grouped together.
- (10) Voting on the Disposal Resolution at the General Meeting will be conducted by way of a poll.

The Board believes that a poll is more representative of shareholders' voting intentions because it gives as many shareholders as possible the opportunity to have their votes counted. The results of the poll will be announced via a Regulatory Information Service and made available on the Company's website as soon as practicable after the General Meeting.

- (11) A copy of the notice of General Meeting, and other information required by section 311A of the Companies Act 2006, can be found at the Company's website: <https://www.nrr.co.uk>.