

# CONVENIENCE & COMMUNITY

## Virtual Capital Markets Event

8 October 2020





Thank you for taking the time to join our Capital Markets Event.

Today we will cover:

1. a trading update across the NewRiver business
2. an overview of the UK pub sector from the CEO of the British Beer & Pub Association (“BBPA”)
3. a financial and performance update for Hawthorn
4. an operational update across our Leased & Tenanted and Operator Managed portfolios
5. the scale benefits of our pub business and the strength of our platform
6. a deep dive into the active asset management and value creation opportunities in Hawthorn
7. how we place people at the heart of our business



**Mark Davies**

CEO, Hawthorn  
CFO, NewRiver



**Matt Ward**

CFO,  
Hawthorn



**Edith Monfries**

COO,  
Hawthorn



**Emma McClarkin**

CEO  
British Beer & Pub Association



**Andy Parker**

Director of Leased & Tenanted  
Operations, Hawthorn



**Mark Brooke**

Director of Managed Operations,  
Hawthorn



**Ed Little**

Property Director  
Hawthorn

Time	Session title	Speakers
14:00	Introduction and Trading Update	Mark Davies
	Q&A	
14:30	Overview of the UK pub sector	Emma McClarkin
	Q&A	
15:00	Financial and performance overview for Hawthorn	Mark Davies, Matt Ward
	Q&A	
15:30	Leased & Tenanted operational update	Andy Parker
15:45	Operator Managed operational update	Mark Brooke
15:55	Growth from acquisitions	Mark Davies
	Q&A	
16:15	Creating value from our portfolio	Ed Little
16:30	Putting people at the heart of our business	Edith Monfries
	Q&A	
16:50	Wrap-up	Mark Davies, Matt Ward



To ask a question please type into the box at the bottom of the webcast page. Questions can be anonymous and can be asked at any time during the presentation.

### Rent collection (Retail portfolio)

**Q1 FY21: 85%**

rent collected or alternative payments agreed

**Q2 FY21: 84%**

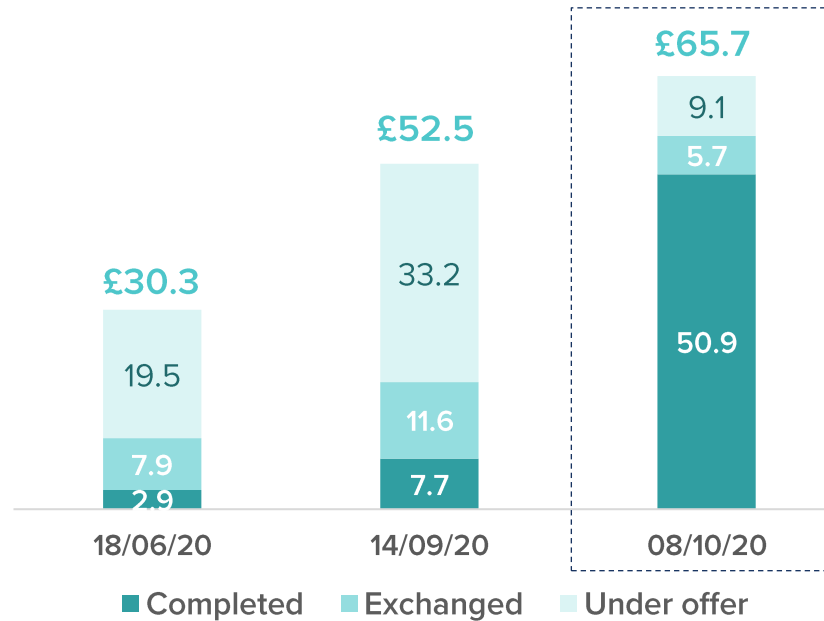
rent collected or alternative payments agreed

**Q3 FY21: 66%**

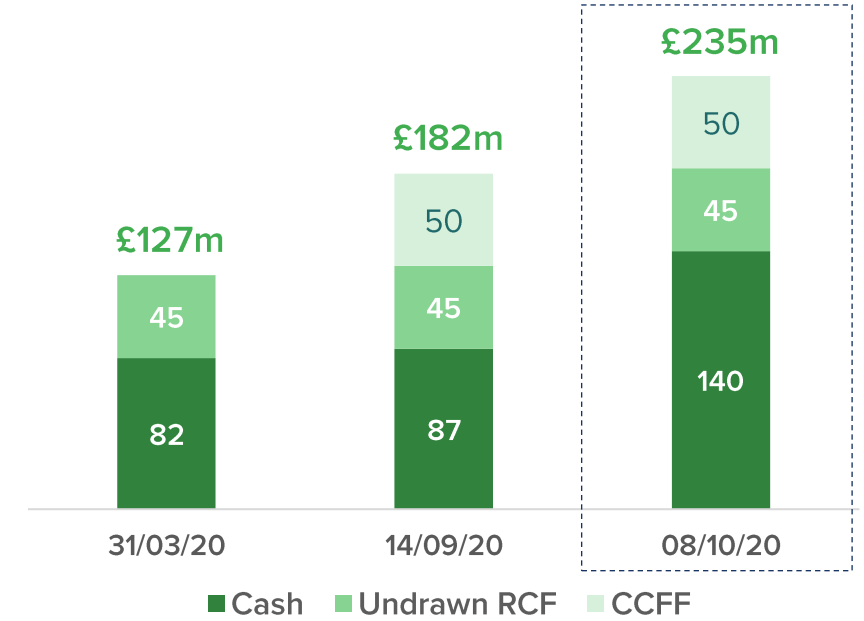
rent collected or alternative payments agreed

↑ 72% ahead of same stage in Q2

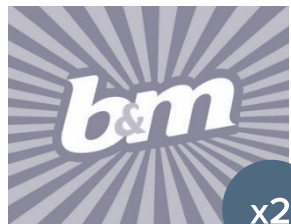
### FY21 Disposal progress



### Cash and Liquidity position



### Leasing activity



**30 Sep 2020:** Disposed of a 90% interest in Sprucefield Retail Park to BRAVO for gross proceeds of £34.7m. NewRiver maintains a 10% share and has been appointed asset manager

### Hawthorn

**92%**

Leased & Tenanted  
Like-for-like vs PY  
level performance  
since reopening on  
4 July 2020

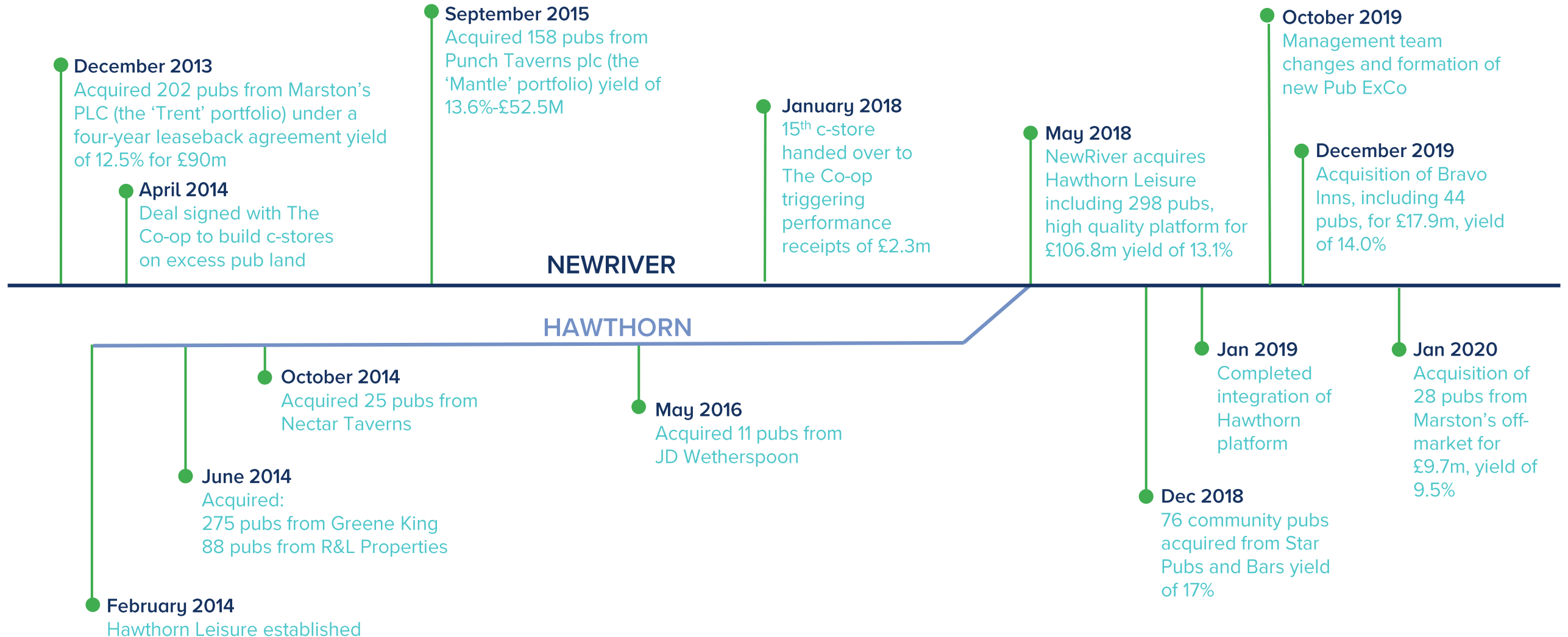
**84%**

Operator Managed  
Like-for-like vs PY  
level performance  
since reopening on  
4 July 2020

**£1.9m**

EBITDA for month  
of Sep 2020  
(Only 10% below  
prior year)

### OUR PUB COMPANY TRACK RECORD



MISSION: TO BE THE NUMBER 1 COMMUNITY PUB COMPANY IN THE UK



**Community and suburban locations**

Benefiting from the new normal of people working from home and staying local



**High income, asset-backed portfolio**

97% of sites are freehold



**Income growth**

Like-for-like EBITDA per pub +5.9% pre-Covid



**Scalable business model**

Synergies can be delivered and management have a strong track-record of accretive acquisitions



**Strong alternative use potential**

Surplus land can be developed into convenience stores, residential or other commercial uses



**Great relationships with pub partners and operators**

Generating trust and goodwill



**Best-in-class operating platform and highly-experienced management team**



**Strong balance sheet and capital structure**



## Q&A



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# Overview of the UK pub sector

Emma McClarkin,  
CEO, British Beer & Pub Association (“BBPA”)

Our Vision

To deliver a world class, growth sector in British beer and pub hospitality.



Campaign



Unite



Support

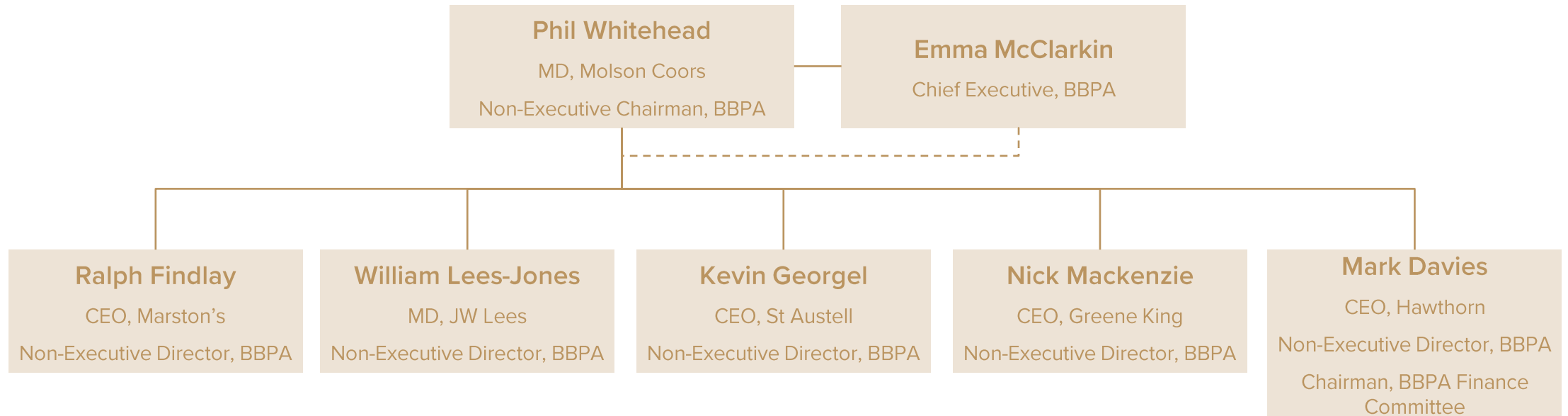
Our Members

Responsible for around 90% of the beer brewed in Britain today, and representing around 20,000 of the UK's pubs

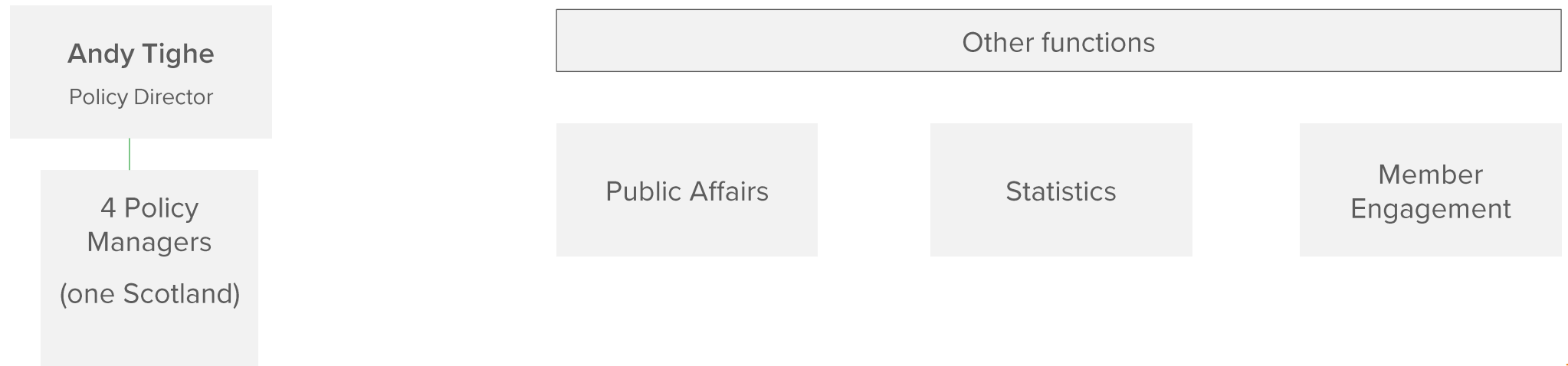


# BBPA Board and Team

BBPA Board



BBPA Team



- BBPA Board – high level strategic meetings (weekly)
- Mark Davies (Hawthorn) and Nick Mackenzie (Greene King) joined Board at start of crisis both providing invaluable fiscal and trading insight
- COVID “Core” stakeholder group – daily calls
- Daily briefings to member companies
- Pubs played a vital role throughout the lockdown – providing takeaways, essential grocery services for vulnerable persons, focal point for community contact and voluntary services
- Opening an entire industry of over 20,000 pubs on 4<sup>th</sup> July was a monumental task and took a concentrated effort by the Board and its members and was delivered in a safe and socially responsible way

## How the BBPA has been supporting pubs during lockdown & value of support secured

Providing briefings to Pub companies on a range of issues to help navigate through the crisis into recovery

- ❖ Interpretation of Government guidance and instructions and advice on company specific issues
- ❖ Relaxation of planning and licensing regimes to support off sales/use of outside space
- ❖ Business adaptation – pubs permitted to provide hot food takeaway service without planning permission

Helping pub companies access UK Government support

- ❖ Links and access to all grants, reliefs and schemes.
- ❖ Members area of website with latest advice
  1. Business Rate Relief (£800m)
  2. Business Grants for pubs with RV<£51k (£600m),
  3. Job Retention Scheme (£1.6bn)
  4. Bounce back loans, CBILs
  5. 5% VAT rate on food and soft drinks sales in pubs (£430m) – before extended,
  6. arrangements in place for PPL/PRS/MPLC/SKY/BT savings on fees and subscriptions
  7. Eat Out to Help Out Scheme (£120m)

## How the BBPA has been supporting pubs during lockdown & value of support secured (continued)

### Lobbying

- ❖ Working with wider industry partners, hospitality sector achieved special support packages. Value of support secured equates to almost £3.7 billion savings for pubs and brewers.
- ❖ BBPA lobbying main driver in getting pubs re-opened in England on 4th July.
- ❖ Current focus on 10pm curfew

### Beer destruction

- ❖ Relaxation of beer duty destruction in pub cellars and water companies' fees waived (£25m)

### Guidance on Covid-secure measures

- ❖ Drafted the original guidance with Government to advise on the practical implications of implementing COVID-secure measures

## Breadth of issues the BBPA deals with & our achievements

Beer Duty

Business rates

Licensing

Voluntary & Statutory  
Pubs Codes

Copyright, gaming

Primary Authority, Food  
Safety & labelling

Deposit Return Schemes

Climate Change  
Agreement

Employment & skills

EU Exit

Environmental  
compliance schemes

Economic and  
statistical analysis

Logistics, H&S

Planning

Beer and health /  
Alcohol Policy

Future High Streets

## Key Trends

Community local vs city  
centre

Premiumisation

Wet-led vs food focused

Social & Economic trends  
accelerated by Covid-19

Low and no alcohol

Technology



BBPA Government contacts at the highest level:

- Regular meetings with Business Minister Paul Scully, Tourism Minister Nigel Huddleston
- Regular contact with Number 10 Business Unit and Business Liaison Lead
- Direct line into Cabinet Office regional teams – important for securing information on local restrictions
- Regular contact with Mike Wood MP, Chairman of the All-Party Parliamentary Beer Group
- Team Member seconded into the BEIS Hospitality Team since April 2020
- BBPA asked to join COVID taskforce groups for Hospitality and Visitor Economy guidance

## “Long Live the Local” Campaign

- An industry backed campaign launched in 2018 to highlight the positive role local pubs play in our communities, culture & economy
- Two Beer Duty freezes vs planned RPI increases has saved the industry £200M
- 75% MPs have heard of LLTL & 80% of those MPs support the campaign
- This year we are asking for a significant (25%) cut in beer duty across the remaining four years of Parliament
- We will ensure pub goers & politicians are aware of the pressures the sector faces pre and post COVID-19, highlighting what is at risk to our communities, society and economy
- These messages will be driven through effective consumer, trade & political programmes. Since August, more than 62,000 people have signed the new petition and 47,000 have written to their MP



## Conclusion

- BBPA has played an active and productive role in Government engagement through lockdown and achieved support packages for its members ahead of other sectors
- The Board has worked effectively and collegiately to navigate its way through the crisis
- There are challenges ahead particularly in the night time economy and some towns and city centres especially London. The 10pm curfew is a mistake and we are lobbying hard to defeat it
- Community pubs have bounced back strongly and outperformed the market since lockdown. It is now universally recognised in Government that Pubs play an important role in their communities
- “Long Live The Local Campaign” resonates with MPs and their constituents with a clear recognition for the role of a local community pub
- The political connections and connectivity of the BBPA with the PM's office, cabinet members, ministers and civil servants will continue to represent this great industry and its members in a positive and constructive way



## Q&A



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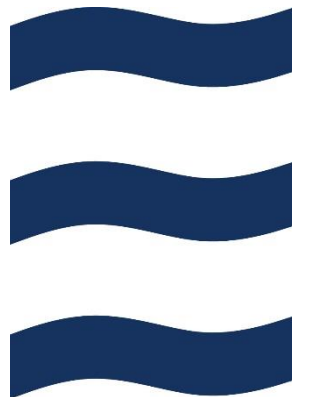


HAWTHORN  
LEISURE

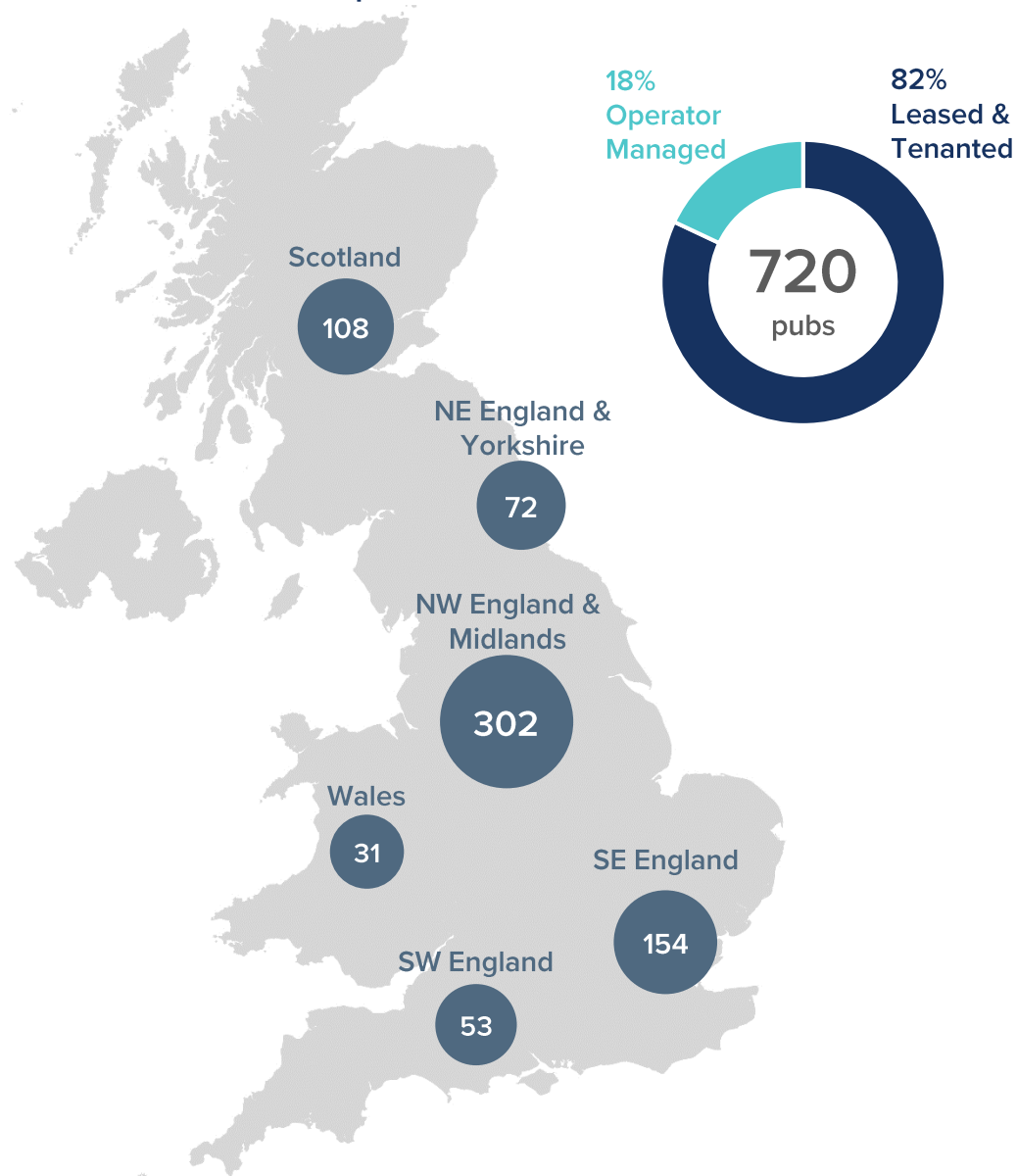
# Hawthorn: Financial and performance update for Hawthorn

Mark Davies  
CEO, Hawthorn

Matt Ward  
CFO, Hawthorn

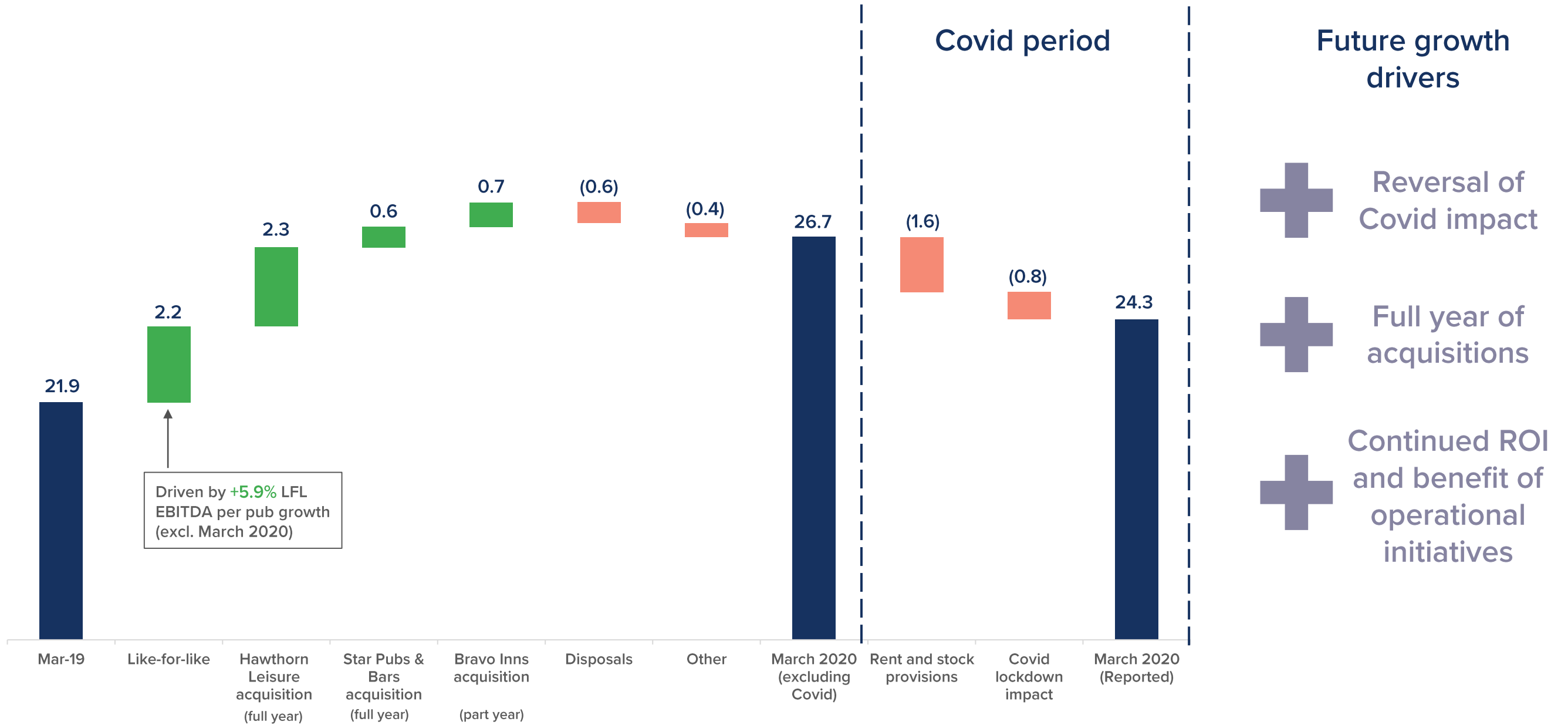


### Overview of Hawthorn portfolio



### At 31 March 2020

<b>% Freehold</b>	<b>Property assets</b>	<b>LFL EBITDA per pub growth</b>	<b>Outlet I EBITDA</b>
<b>97.3%</b>	<b>£281m</b> 23% of NRR portfolio	<b>+5.9%</b> (excluding lockdown from 20 <sup>th</sup> March 2020)	<b>£26.7m</b> (£24.3m including Covid lockdown impact)
<b>Occupancy</b>	<b>Leased &amp; Tenanted</b>	<b>Operator Managed</b>	<b>Volumes</b>
<b>97.0%</b>	<b>£46k</b> average EBITDA pa	<b>£68k</b> average EBITDA pa	<b>115k bbls</b> per annum (pro-forma for full year of acquisitions)
	<b>£22k</b> average rent pa	<b>£6k</b> average sales per week	
	<b>Investment returns</b>	<b>Acquisition IRRs (unlevered)</b>	
	<b>16.9%</b> Return on investment across 131 projects since HL acquisition	Hawthorn: <b>18%</b>	
		Mantle: <b>11%</b>	
		Trent: <b>11%</b>	
		Swallow: <b>25%</b>	



Driven by +5.9% LFL EBITDA per pub growth (excl. March 2020)

Protecting our P&L and balance sheet



Access to UK Government support



Rent collection during lockdown close to 40%



Capex / Opex reduced



Concessions secured from key suppliers



14 pub/c-store disposals during lockdown generating £5.1m



Supporting tenants and partners



Access to UK Government support  
Almost all our pubs were eligible for grant funding



86% of our pubs were invested in during lockdown



97% of tenants were either satisfied or very satisfied with Hawthorn's help during lockdown



Hawthorn was cashflow positive during lockdown





Contract term and expiry:  
3 years to Jan 2022



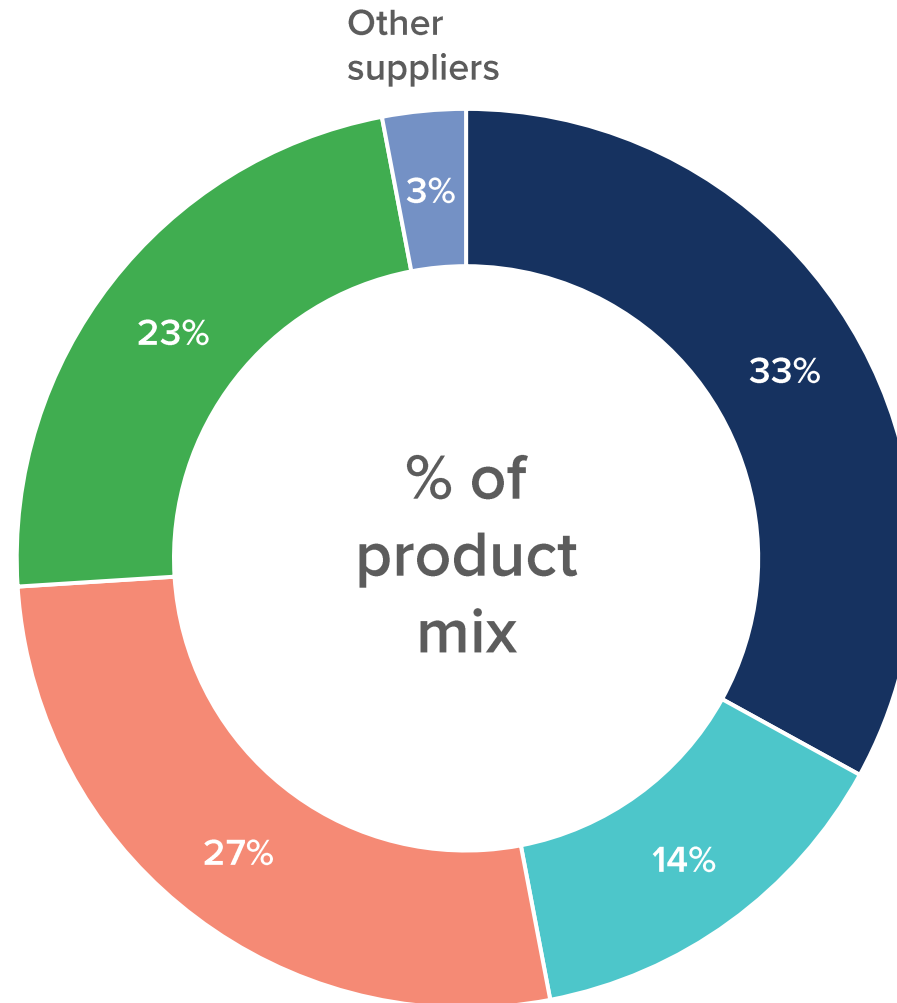
Contract term and expiry:  
3 years to Jan 2022



Contract term and expiry:  
5 years to Mar 2022



Contract term and expiry:  
3.5 years to Sep 2023



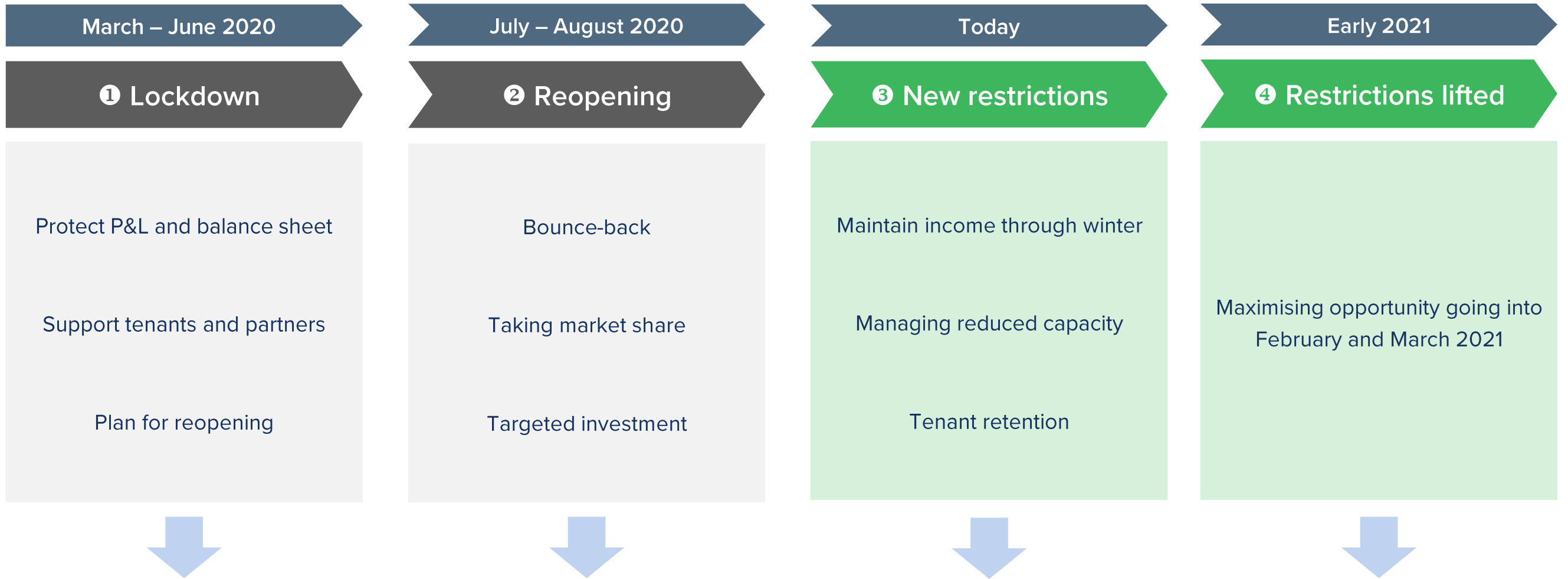
= Distribution partners

- A robust debt free balance sheet with all assets unencumbered
- Property assets independently valued every 6 months
- Strong cash flow and liquidity
- Clean and prudent capital structure
- Team fully focused on performance rather than managing covenants
- Parent Company (NewRiver REIT) is Investment Grade

	31 March 2020 (£m)
Property Assets	280.8
Right-of-use-asset (IFRS 16)	2.6
Deferred tax asset	0.4
<b>Non-current assets</b>	<b>283.8</b>
Assets held for sale	0.3
Inventories	0.5
Trade and other receivables	2.7
Cash	9.3
<b>Current assets</b>	<b>12.8</b>
Trade and other payables	(13.1)
Borrowings	-
Right-of-use liability (IFRS 16)	(2.6)
Provisions	(0.2)
<b>Total Liabilities</b>	<b>(15.9)</b>
<b>Net assets</b>	<b>280.7</b>

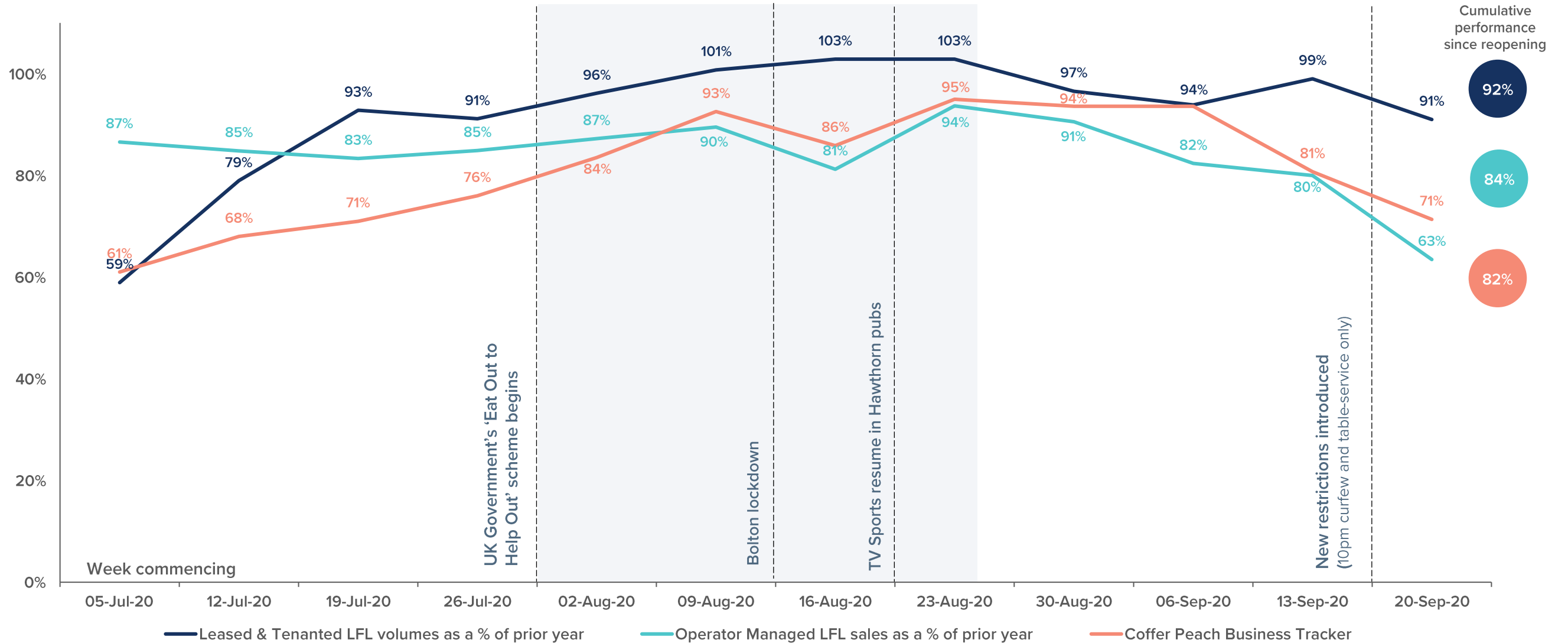
- Cash during lockdown increased by £1.4m
- Positive trading EBITDA and working capital
- Targeted future investment has continued
- Assets recycling generating £7.0m of proceeds
- Highly cash generative with low operating costs
- Cash reserves increased by £9.3m since 31 March 2020
- Parent Company (NewRiver REIT) has £140m of cash reserves and access to almost £235m of liquidity

	April 2020 to Sep 2020 (£m)
Opening cash	9.3
<b>Operating activities</b>	
Trading EBITDA	0.5
Movement in working capital	2.5
Government support packages	2.2
<b>Investing activities</b>	
Acquisition of fixed assets	0.0
Investment spend on fixed assets	(2.9)
Net disposal proceeds	7.0
<b>Net movement in cash and cash equivalents</b>	<b>9.3</b>
Closing cash	18.6



**Protecting the Hawthorn P&L/Balance sheet & supporting partners and tenants**

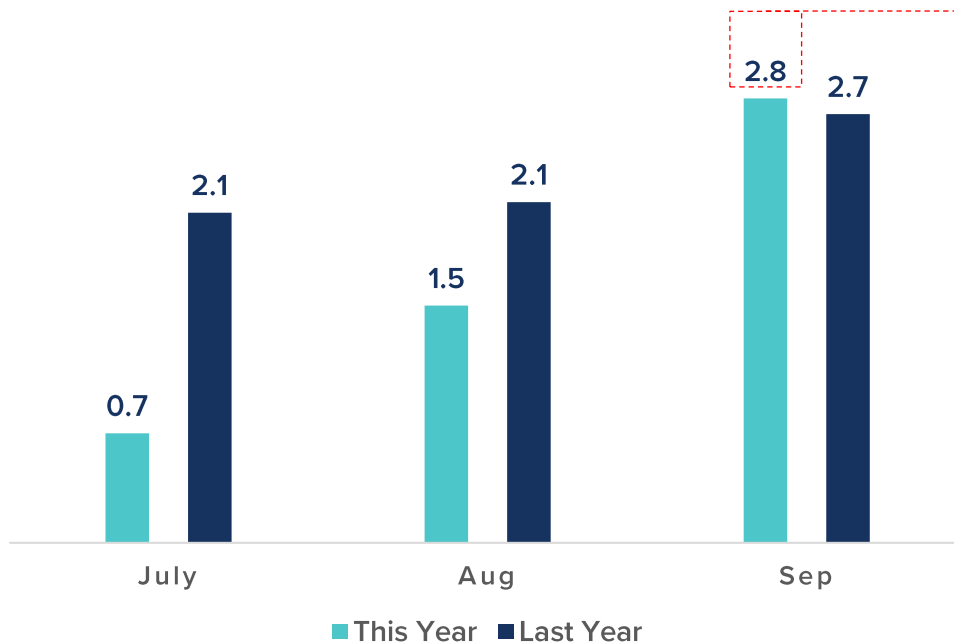
**STRONG RECOVERY SINCE REOPENING**



Note: Coffer Peach Business Tracker data refers to its 'Wet-led pubs' segment and uses weeks commencing on a Saturday, whereas Hawthorn Leisure data uses weeks commencing on a Sunday. The week with the closest overlap have therefore been used as a comparator.

- Group EBITDA for the month of September 2020 was just 10% below September 2019

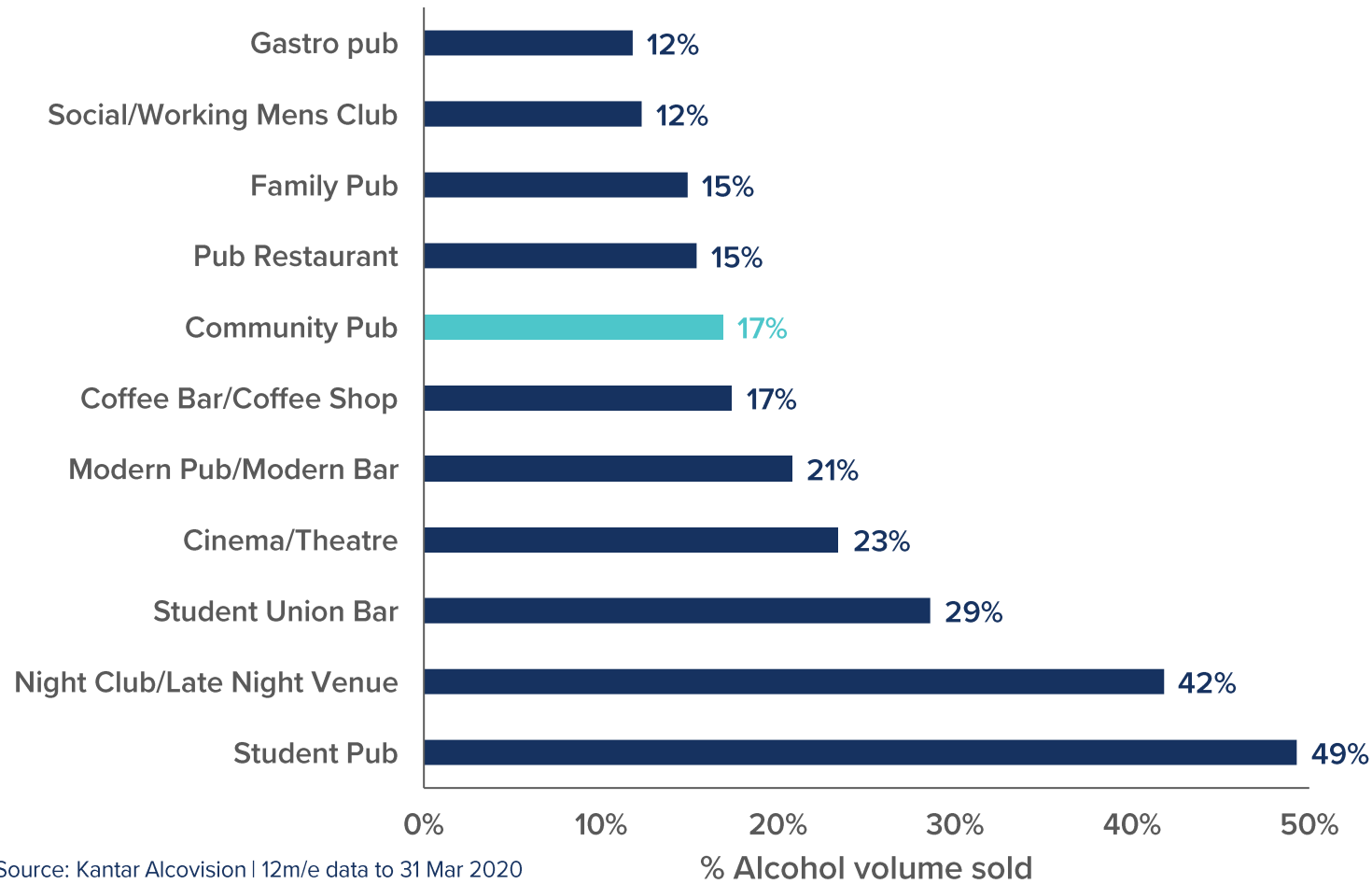
Outlet EBITDA - 3 Months Post Opening



	Month of September 2020			Total vs prior year
	Leased & Tenanted	Operator Managed	Total	
Sales	3.0	3.0	6.0	
Cost of Sales	(1.6)	(1.0)	(2.6)	
<b>Margin</b>	<b>1.4</b>	<b>2.0</b>	<b>3.4</b>	
Rental Income	0.9	-	0.9	
<b>Total Income</b>	<b>2.3</b>	<b>2.0</b>	<b>4.3</b>	
Operating Costs	(0.4)	(1.1)	(1.5)	
<b>Outlet EBITDA</b>	<b>1.9</b>	<b>0.9</b>	<b>2.8</b>	
Group Overheads			(0.9)	
<b>Group EBITDA</b>			<b>1.9</b>	<b>-10%</b>

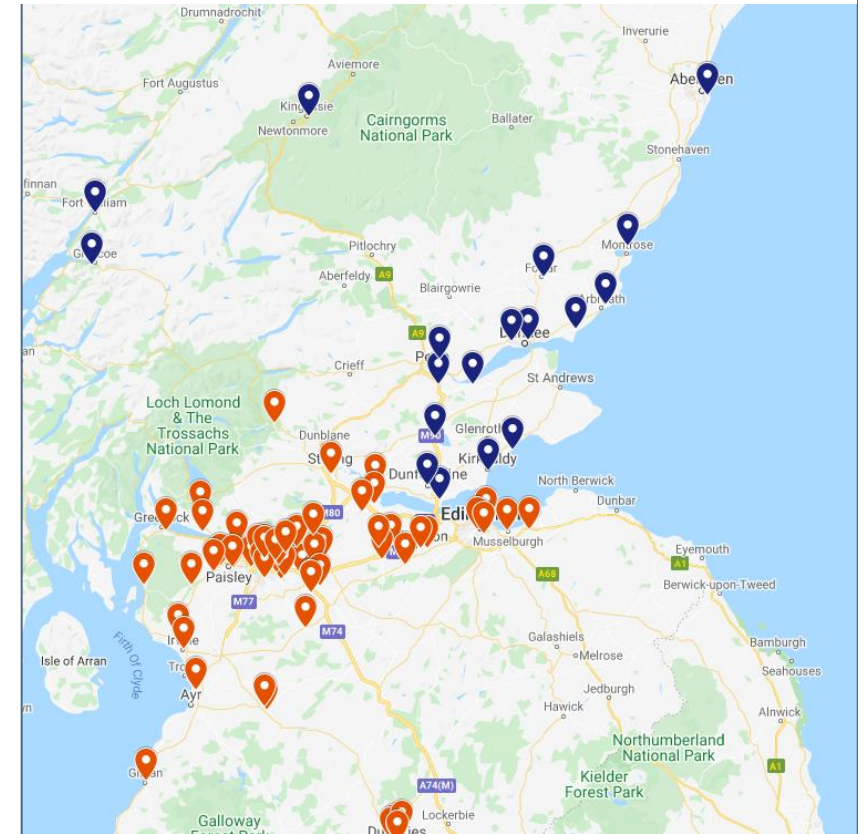
**IMPACT OF THE 10PM CURFEW PLUS NEW SCOTLAND GUIDELINES:**

**UK pub sector - % Drinks volume sold from Occasions starting after 9pm**



**Community pubs far less exposed than other pubs & bars**

**Hawthorn pubs in Scotland**



**£34,000 per week rental income**

**£45,000 per week Operator Managed Sales**



## Q&A



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# Hawthorn: Leased & Tenanted operational update

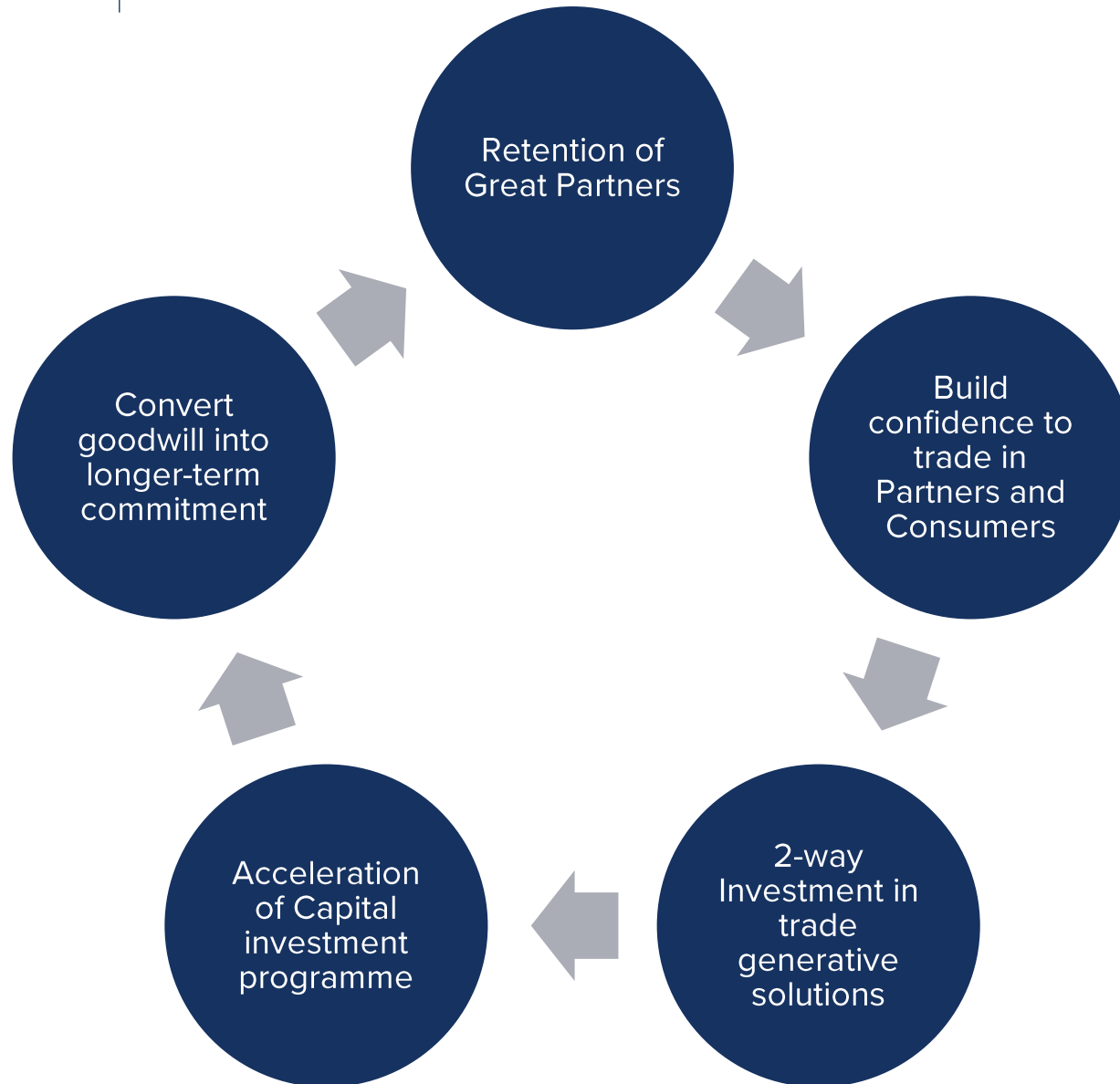
Andy Parker  
Director of Leased & Tenanted Operations,  
Hawthorn



- Leased & Tenanted accounts for the majority of the Hawthorn portfolio
- Hawthorn is the sixth largest Leased & Tenanted pub operator in the UK
- Team comprises
  - 2 x Operations Directors
  - 3 x Operations Managers
  - 14 x Business Development Managers
  - Plus support from the wider Hawthorn team

Leased & Tenanted	
Number of pubs at 31 March 2020	549
Property Interest	Occupational lease with Partner
Employees and pub management	<ul style="list-style-type: none"> <li>• Partner is self-employed and employs all pub employees</li> <li>• Partner incurs all operating costs of running the pub</li> </ul>
Supply arrangements	<ul style="list-style-type: none"> <li>• Tied Partners are required to purchase drinks and lease machines from approved suppliers</li> </ul>
Components of Hawthorn income	<p>Hawthorn receives:</p> <ol style="list-style-type: none"> <li>1. Rental income</li> <li>2. Margin between wholesale and sale price of drinks (if tied)</li> <li>3. A share of machine profits</li> </ol>





**Adapt, evolve, overcome...**

Outside Space Opportunity	Winterise outside space (Heat & Light)
Internal Cover Opportunity	Reignite disused internal space
Food Opportunities	Community assets (café / shop / library etc)



**Turf Hotel, Wrexham**



**Hearty Goodfellow, Nuneaton**

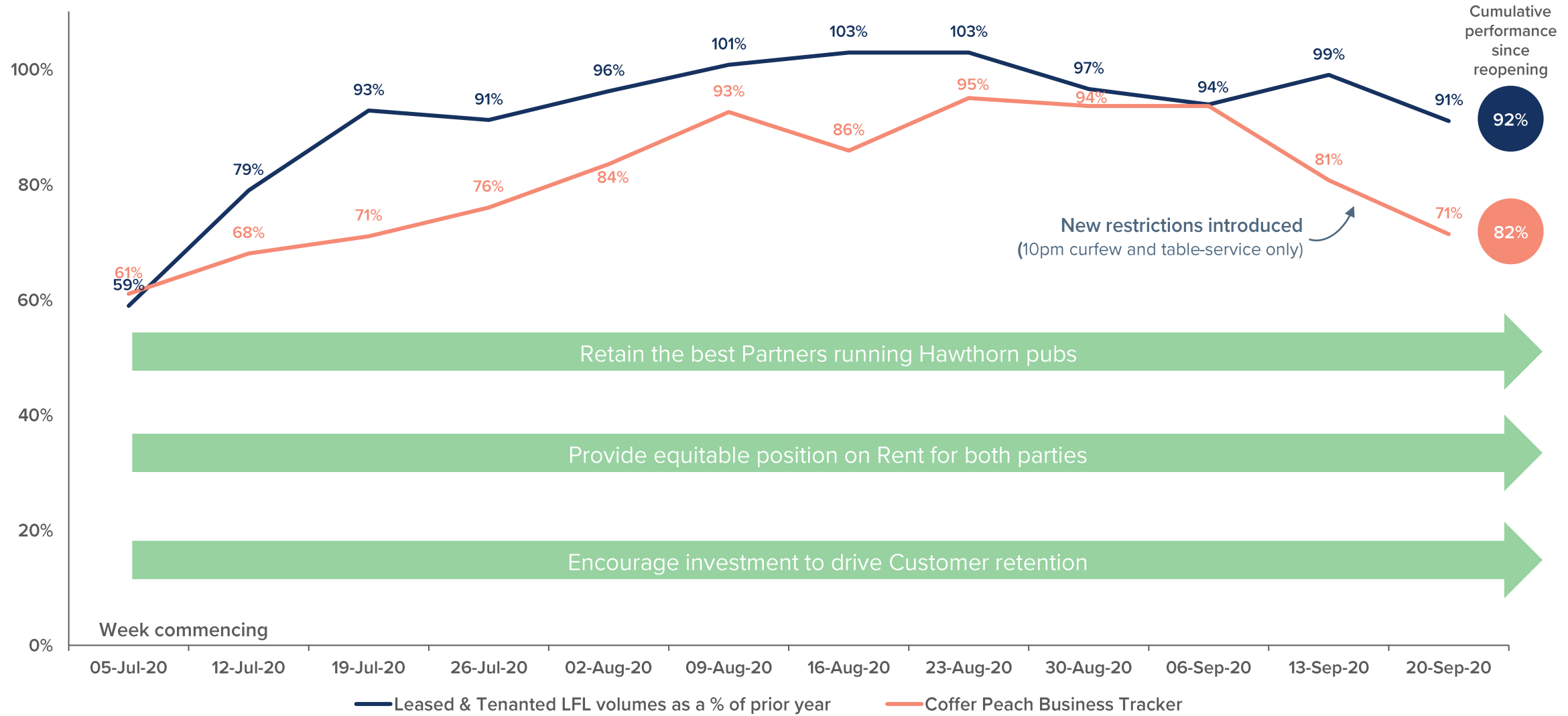


Neville Arms, Kinoulton



Red Lion, Machynlleth

**L&T PERFORMANCE SINCE REOPENING**



Out performed L&T market for 11 out of 13 weeks since opening

89% Partners at 20 March 2020 still in situ

86% Rent collected in September

86% Partners invested during lockdown now PIF

Retain the best Partners running Hawthorn pubs

Provide equitable position on Rent for both parties

Encourage investment to drive Customer retention

Note: Coffer Peach Business Tracker data refers to its 'Wet-led pubs' segment and uses weeks commencing on a Saturday, whereas Hawthorn Leisure data uses weeks commencing on a Sunday. The week with the closest overlap have therefore been used as a comparator.

**NEW  
RIVER**



**HAWTHORN  
LEISURE**

# Hawthorn: Operator Managed update

Mark Brooke  
Director of Managed Operations  
Hawthorn





- Operator managed accounts for 18% of the NewRiver portfolio
- The operator managed estate grew significantly with the acquisition of Bravo Inns in December 2019
- Mark Brooke has led Hawthorn’s operator managed operations since February 2020, having previously held operational roles at Ei
- The team comprises 6 Business Development Managers, an Operations Director and is supported by the wider Hawthorn team

Operator Managed	
Number of pubs as at 31 March 2020	126 (Increased by 26 since 1 April 2020 due to conversions)
Property Interest	No landlord and tenant relationship established
Employees and pub management	<ul style="list-style-type: none"> <li>• Operator employs all pub employees</li> <li>• Hawthorn incurs all operating costs of running the pub, except for payroll which is borne by the Operator</li> </ul>
Supply arrangements	<ul style="list-style-type: none"> <li>• Hawthorn sells all products for sale to the Operator</li> <li>• Hawthorn retains ownership of products until sale to a customer</li> </ul>
Components of Hawthorn income	<ul style="list-style-type: none"> <li>• Hawthorn receives gross turnover generated by pub on a daily basis. Hawthorn then pays a management fee to Operator (on average c.20% of net revenue)</li> </ul>



- Popular community wet-led pub in our operator managed portfolio
- The pub benefitted from a £210,000 investment which included a full renovation externally and internally. As part of the investment we also introduced sports viewing
- On completion, a new highly-experienced operator was appointed, and pre-Covid, the pub has delivered a Return on Investment of 74%
- Reopened on 4 July with Covid-safe measures and has performed strongly since
- Since reopening, we have also created a small outside space to accommodate more customers



**Key stats**

<b>Pub type</b>	Community Local
<b>Operating model</b>	Operator Managed
<b>Average weekly sales</b>	£10,000
<b>L&amp;T EBITDA MAT</b>	(£42k)
<b>Current EBITDA MAT</b>	£122k
<b>Acquisition price</b>	£290k
<b>Current Book Value</b>	£465k

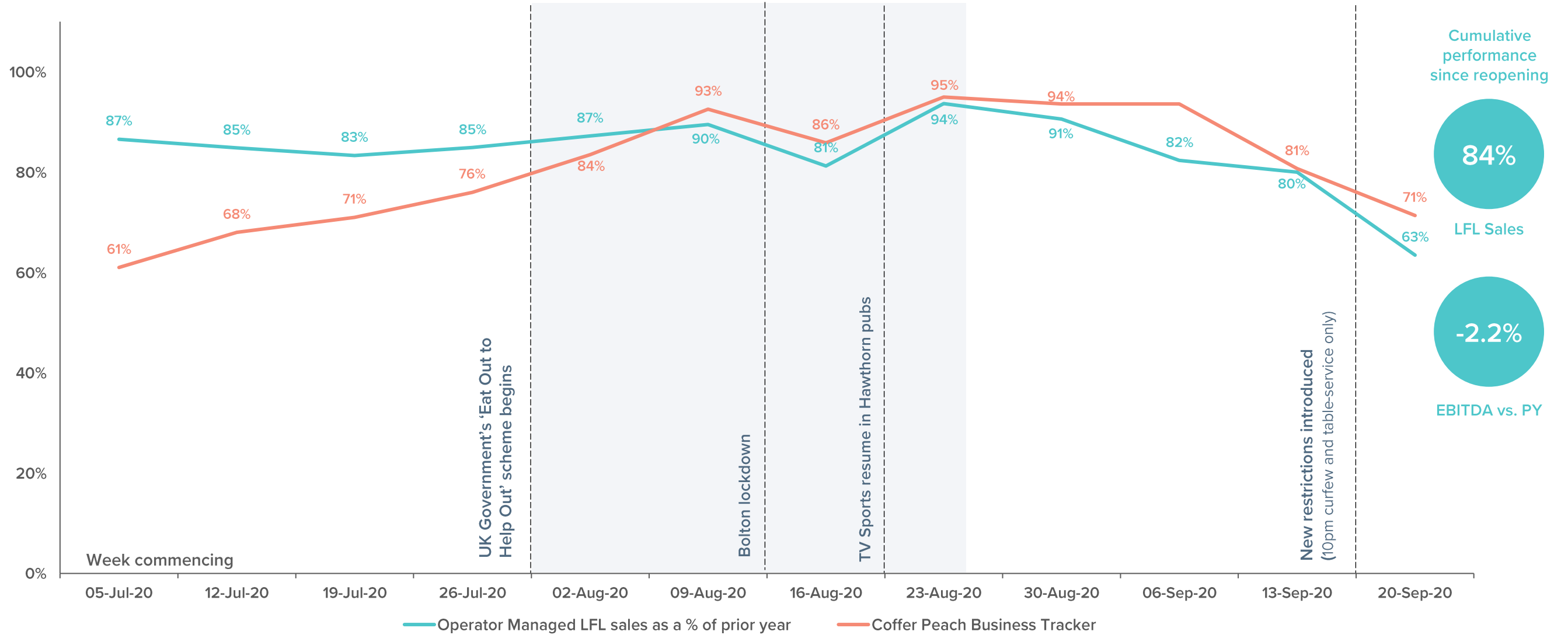
- Famous Glasgow pub was Leased & Tenanted on long-term lease upon acquisition
- Negotiated to change the Pub Partner and together with a modest capital investment totally turned the Pub around
- Surrender negotiated in December 2014 and Annie Kane became our Pub Partner along with the ‘Victoria Bar’ both on Victoria Rd, Glasgow
- We completed initial Capex in summer 2015 and have revisited with small spend since
- Total capex spend was only £32k
- Recent successful planning application for outdoor pavement seating to increase capacity which was funded by a drinks supplier
- Since the investment EBITDA has increased year on year to £143k



**Key stats**

<b>Pub type</b>	Community Local
<b>Operating model</b>	Operator Managed
<b>L&amp;T EBITDA MAT</b>	£86k
<b>Current EBITDA MAT</b>	£143k
<b>Acquisition price</b>	£493k
<b>Current Book Value</b>	£750k

**STRONG RECOVERY SINCE REOPENING**



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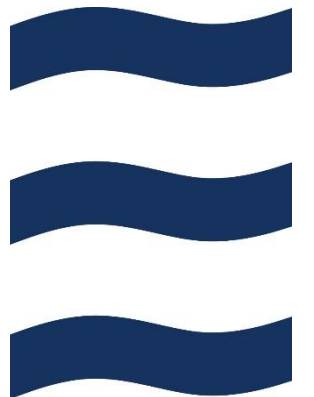
**NEW  
RIVER**



**HAWTHORN  
LEISURE**

# Hawthorn: Creating value and growth through acquisitions

Mark Davies  
CEO, Hawthorn



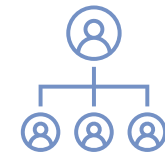
- In December 2019, acquired Bravo Inns for £18m, representing an EBITDA multiple of 6.8x (14% yield on purchase)
- Bravo Inns owns 44 wet-led community pubs, predominantly located in North West England
- Portfolio is high-quality, well-managed and well-invested; highly complementary to existing portfolio
- Great outdoor space investments
- Acquisition enabled us to increase our exposure to the operator managed model



Chapel House, Burtonwood



**44**  
community pubs



Operator  
Managed  
model

**Description**

A community pub situated in a neighbourhood location within the Metropolitan Borough of St Helens, Merseyside. This historic building built of stone in 1745 has been a pub for at least 170 years and is opposite the Billinge Church. This busy pub has 3 dining areas, a games room and tap room. The pub hosts quiz nights as well as traditional pub activities including a bowling green which has public access. All major sporting events are shown on Sky. Major capex scheme in outdoor space completed by Bravo Inns prior to Hawthorn acquisition.

**Key information**

<b>Acquisition date</b>	December 2019 (Bravo Inns)
<b>Pub type</b>	Community local
<b>Operating model</b>	Operator Managed
<b>Tenure</b>	Freehold
<b>Name of tenant / pub partner</b>	Joanne & Derek Allman
<b>Residential accommodation on-site</b>	Yes
<b>Outside space</b>	Yes, large sheltered garden area with booths
<b>March 2020 valuation</b>	£680,000 (15% yield)



**Trading stats**

<b>Avg Weekly Sales</b>	£10,000
<b>Pub EBITDA</b>	£105,000
<b>Received Government grant?</b>	Hawthorn Leisure received-£25k
<b>Purchase price by Bravo Inns</b>	£200k
<b>Capex invested by Bravo Inns</b>	£116k (outdoor space)



**Description**

A community pub located in St Helens. There is a Co-Op convenience store diagonally opposite. The Boars Head is a suburban local which was invested in by Bravo Inns. The pub provides traditional pub activities, all major sporting events are shown on Sky & BT Sport, There is an attractive beer garden to the rear. The pub started a pizza delivery service during the Covid-19 pandemic and also donated all perishable goods including snacks and soft drinks to the local foodbank. Capex investment by Bravo Inns prior to Hawthorn acquisition.

**Key information**

<b>Acquisition date</b>	December 2019 (Bravo Inns)
<b>Pub type</b>	Community local
<b>Operating model</b>	Operator Managed
<b>Tenure</b>	Freehold
<b>Name of tenant / pub partner</b>	Alex & Sarah O'Neill
<b>Residential accommodation on-site</b>	Yes
<b>Outside space</b>	Beer garden rear and car park
<b>March 2020 valuation</b>	£550,000 (15% yield)



**Trading stats**

<b>Avg Weekly Sales</b>	£6,000
<b>Pub EBITDA</b>	£83,000
<b>YoY change in EBITDA (%)</b>	+1.8%
<b>Received Government grant?</b>	Hawthorn Leisure received £25k
<b>Purchase price by Bravo Inns</b>	£250k
<b>Capex invested by Bravo Inns</b>	£200k

### Description

A modernised and inviting historic old pub with traditional public and lounge bars. The pub is located in a neighbourhood 5 minutes drive from Warrington Bank Quay train station. Built in 1632 as a coaching inn claims to be Warrington's oldest pub. There is a large beer garden to the back of the pub which is popular with families in the summer as well as a stop-off for walkers on the Trans Pennine Trail which passes nearby.

### Key information

Acquisition date	December 2019 (Bravo Inns)
Pub type	Community local
Operating model	Operator Managed
Tenure	Freehold
Name of tenant / pub partner	Christopher Robert
Residential accommodation on-site	Yes
Outside space	Beer garden to the rear
March 2020 valuation	£650,000 (15% yield)



### Trading stats

Avg Weekly Sales	£15,000
Pub EBITDA	£100,000
Received Government grant?	Hawthorn Leisure received £25k
Purchase price by Bravo Inns	£125k
Capex invested by Bravo Inns	£110k outdoor space plus indoor work in progress



## Q&A



To ask a question please type into the box at the bottom of the webcast page.  
Questions can be anonymous and can be asked at any time during the presentation.



**NEW  
RIVER**



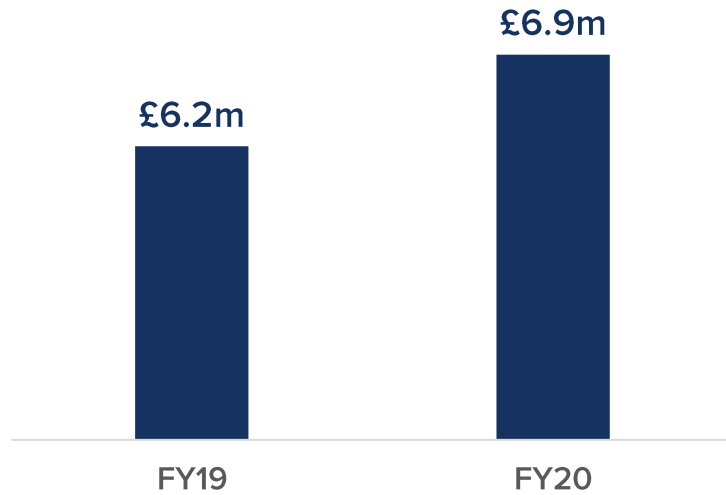
**HAWTHORN  
LEISURE**

# Hawthorn: Creating value from our portfolio

Ed Little  
Property Director, Hawthorn



Total Capex spend by year



**Crown, Stadhampton**



**Project overview**

Investment	£60,000
Project type	Full internal and external refurbishment
Operating model	Leased & Tenanted
ROI post investment	38.1%

**White Swan Huddersfield**



**Project overview**

Investment	£100,000
Project type	Full internal and external refurbishment
Operating model	Operator Managed
ROI post investment	57.7%










- Organic investment in the portfolio over the last two years in excess of £13m
- Blended return on investment over the past two years at 17%
- Continued investment in the portfolio to protect asset condition and drive growth



- Since lockdown outside space has played a vital role for increased pub capacity
- Cost effective and innovative external spaces are being planned
- Ensuring winterisation is considered for all external investments
- The utilisation of car parks or out buildings where no existing garden to create external space



## Key opportunities:

-  Convenience stores
-  Residential
-  Restaurants and takeaway
-  Assisted living
-  Budget hotels
-  Nurseries
-  Roadside retail and grab & go
-  Petrol filling and charging stations
-  Selling land to neighbours

## A SAMPLE OF ALTERNATIVE USE OPPORTUNITIES



- Sea View Inn in Poole, Dorset a development of 10 residential units and a Co-op c-store
- £275k premium from the received from Co-op
- Practical completion reached with expected disposal within calendar year
- Continuing to review the pub portfolio for additional c-store development sites



**CONVENIENCE STORE AND RESIDENTIAL DEVELOPMENT:  
THE SEA VIEW INN, POOLE**



Development at the site of former Sea View Inn in Poole, Dorset

Following completion of the Sea View Inn:

**26**

C-stores developed

**£2.2m**

of performance receipts generated



- Large site located in the Muirend, an affluent commuter suburb of Glasgow
- Potential development opportunity has been identified
- Demolition of the pub and construction of a new ground floor C-Store with 30 residential flats above
- The site has a book value of £585,000 with a historic EBITDA figure of circa £70,000 per annum.
- Forecast values of the completed scheme would be in excess of £3m



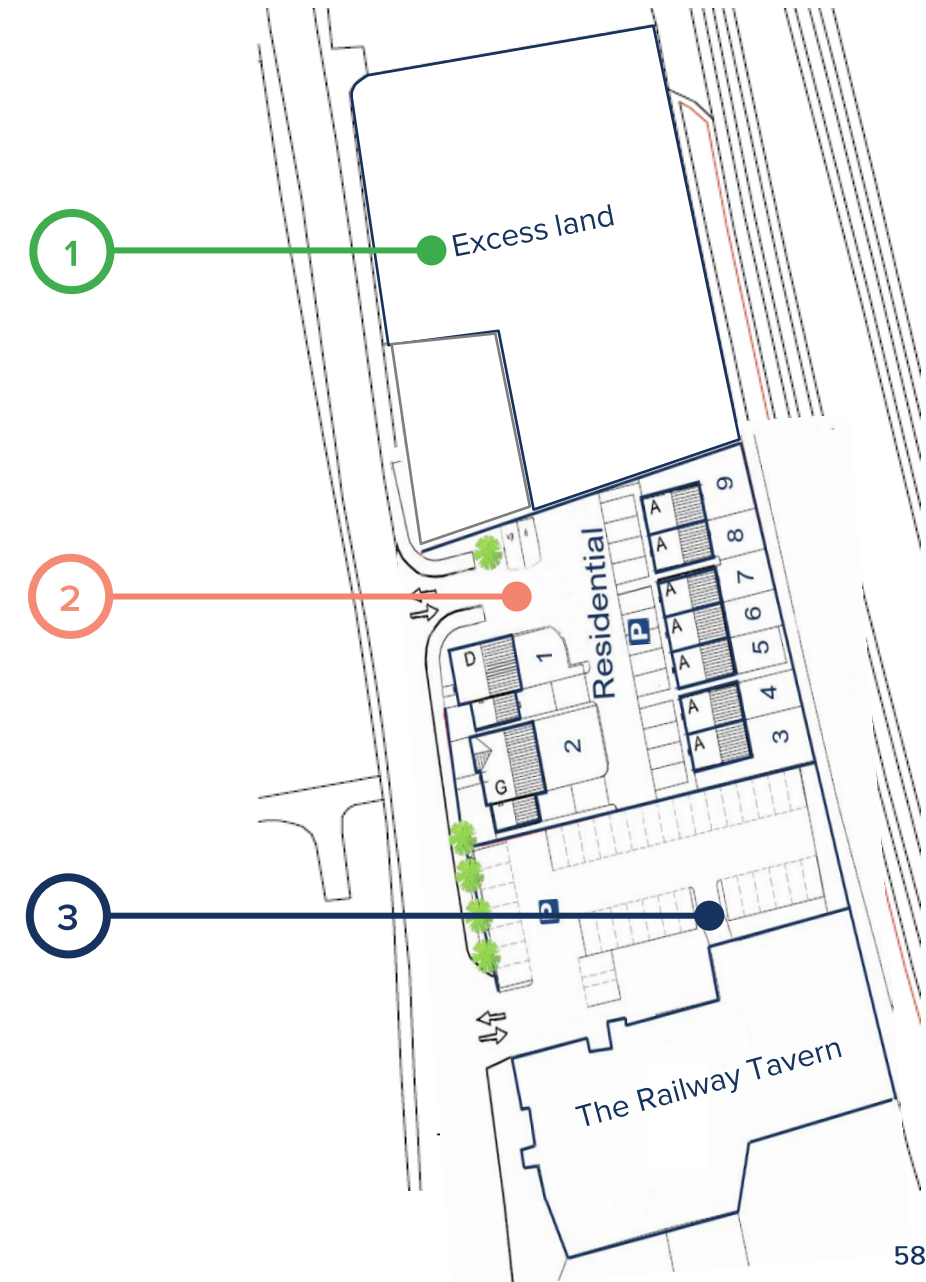
Development at White Elephant, Glasgow

- Site acquired from Marston's in December 2013 as part of the Trent portfolio
- Acquisition cost of £284k (12.8% yield)
- Sold excess land with limited redevelopment potential for £36k
- Secured planning consent to build 9 residential units on surplus car park and sold to a local developer for £450k
- Pub sold post to a private nursery operator for £450k
- Total sales proceeds of £936k, representing a capital profit of £631k

Land sold to neighbour for £36,000 in November 2017. Land is outside residential catchment boundary so would have been difficult to obtain consent for residential

Land with planning sold to a residential developer for £450,000. Planning consent contains provision for nine units and was obtained for £21k

Pub sold to a private nursery operator for £450k



- The Wheatsheaf benefited from a large plot of land to the rear that was used as a caravan park generating little revenue
- Following a change in tenant at the pub we were able to facilitate a surrender of the land back to Hawthorn at nil cost
- The land was sold for £342,500 to a local housing developer, upon securing planning permission for the construction of nine new homes
- Following the sale, we invested in a refurbishment of the pub by Hawthorn and the pub partner, including the beer garden and covered outdoor space
- Most recent addition is a café to the rear of the pub with children’s play area, appealing to families and driving trade throughout the day



Proposed development at The Wheatsheaf, Hatfield Peverel

- The Horse and Harrow is based south of Dicot in Oxfordshire
- The pub had a disused 9 hole minigolf course to the rear
- An agreement was reached with tenant to surrender the mini golf course back to us in return for investment into the pub
- Planning consent was granted for 3 detached houses on this land and was sold for £357,000
- The pub retains a good size garden and ample car parking.



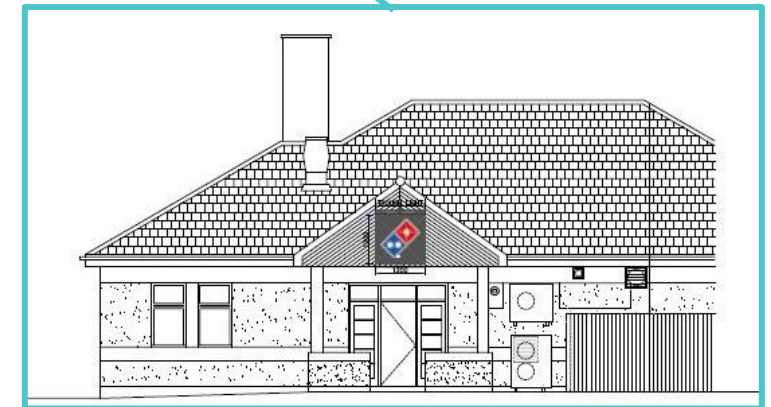
Development at The Horse and Harrow, West Hagbourne

- Social housing stands at 4.1m homes in England and Wales
- Need to build another 300,000 by 2025 – which the government are not on target for
- Land can be utilised from pub car parks and beer gardens, or if the economics are sound demolishing the pub
- Social housing use sits well alongside wet led community pubs
- The site plan shows the Old Springs in Orrell, the pub has an over sized garden which will be utilised for social housing
- Should planning be successful the disposal proceeds from selling the garden will be £280,000



Proposed development at The Old Springs, Orrell

- Dows Bar, Inverness is a large and popular Leased & Tenanted pub located on a busy arterial road to the south east of the city centre
- In 2017, lease surrender agreed with the tenant for under used space at the pub
- Agreement reached with Domino's for 10 year lease at £30,000 p.a.
- Domino's investment placed on market at £400,000 reflecting yield of 7.5%
- Pub Ebitda very stable at £80,000 plus p.a. and drives a book value of £600k



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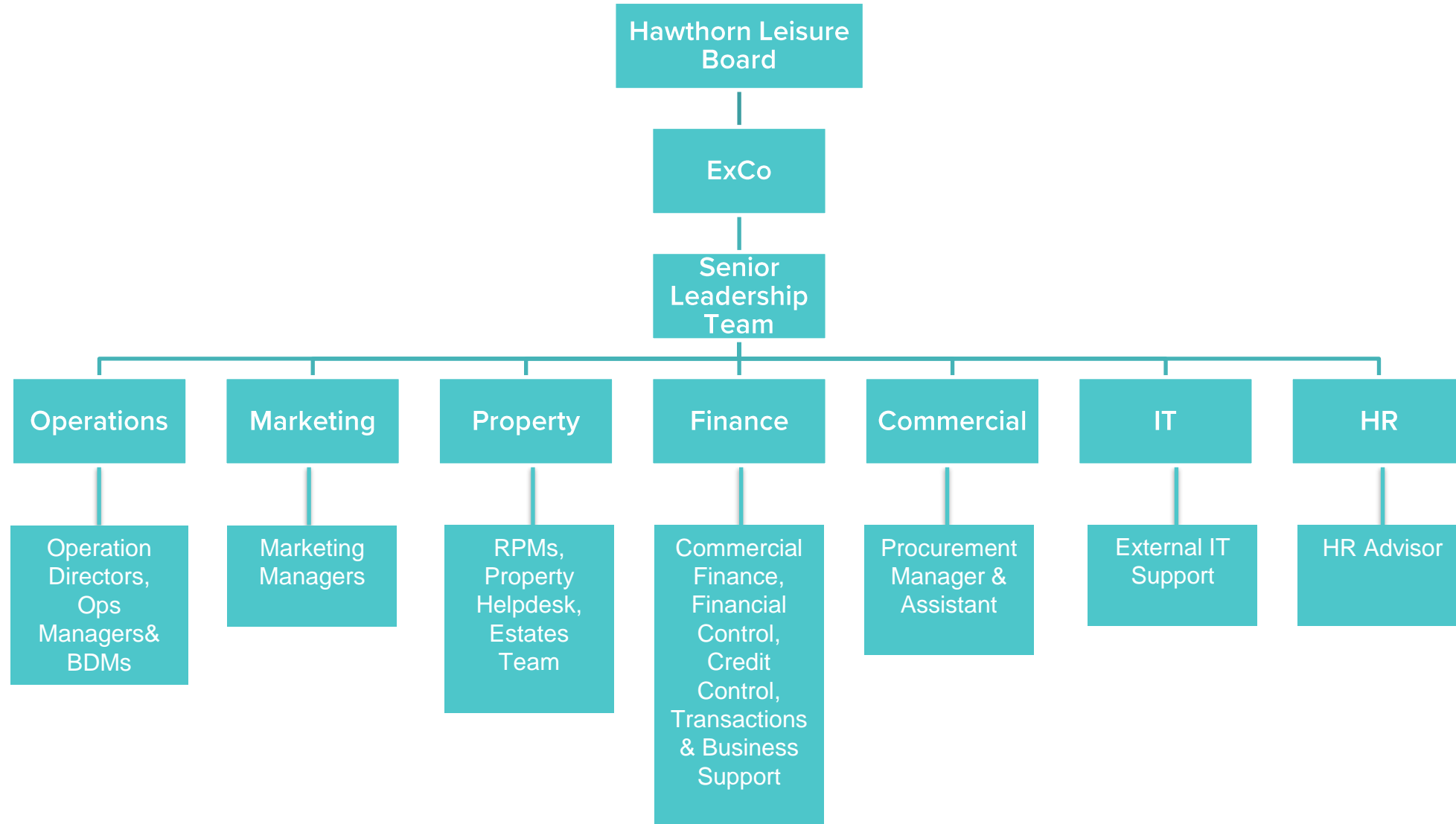


**HAWTHORN  
LEISURE**

# Hawthorn: Placing people at the heart of our business

Edith Monfries  
COO and Head of HR, Hawthorn







A STRONG PEOPLE CULTURE IS BUILT THROUGH OUR VALUES



**ENERGETIC**

We move at a fast pace and look for those that can keep up



**SMART**

We encourage development amongst our team and Partners.



**BRAVE**

We pride ourselves on allowing our Partners to use their entrepreneurial flair to make their business a success.



**WINNING TOGETHER**

We believe that good relationships foster good business



**TRUSTED & RESPECTED**

We encourage a culture that is respectful of individual and the value they bring

Attracting the right people

Building a high performance workforce

Creating a positive work environment

**CREATES A  
COMPETITIVE  
ADVANTAGE  
THROUGH OUR  
PEOPLE.**







## Q&A



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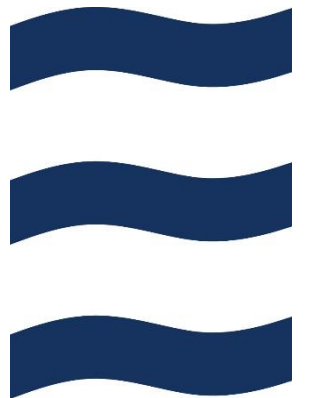
**NEW  
RIVER**



**HAWTHORN  
LEISURE**

# Conclusion

Mark Davies  
CEO, Hawthorn



MISSION: TO BE THE NUMBER 1 COMMUNITY PUB COMPANY IN THE UK



**Community and suburban locations**

Benefiting from the new normal of people working from home and staying local



**High income, asset-backed portfolio**

97% of sites are freehold



**Income growth**

Like-for-like EBITDA per pub +5.9% pre-Covid



**Scalable business model**

Synergies can be delivered and management have a strong track-record of accretive acquisitions



**Strong alternative use potential**

Surplus land can be developed into convenience stores, residential or other commercial uses



**Great relationships with pub partners and operators**

Generating trust and goodwill



**Best-in-class operating platform and highly-experienced management team**



**Strong balance sheet and capital structure**



- Investment into Community pubs has been a good investment for NewRiver delivering high returns
- Our investment into the sector gave NewRiver an opportunity to acquire assets at an attractive entry price and to acquire a best in class operating platform
- Our strategy has proven to be the right one focussing on wet led community pubs in neighbourhood locations, surrounded by chimney pots with roadside visibility and surplus land
- There is no one in the sector better than we are at creating property value through development and alternative uses
- People, Property and Performance will remain the focus of the senior leadership going forward
- There is huge potential to grow earnings further over the next 3 years both organically and through acquisitions



The information in this presentation may include forward-looking statements, which are based on current expectations and projections about future events. These forward-looking statements reflect the directors' beliefs and expectations and are subject to risks, uncertainties and assumptions about NewRiver REIT plc (the “Company”), including, amongst other things, the development of its business, trends in its operating industry, returns on investment and future capital expenditure and acquisitions, that could cause actual results and performance to differ materially from any expected future results or performance expressed or implied by the forward-looking statements.

None of the future projections, expectations, estimates or prospects in this document should be taken as forecasts or promises nor should they be taken as implying any indication, assurance or guarantee that the assumptions on which such future projections, expectations, estimates or prospects have been prepared are correct or exhaustive or, in the case of the assumptions, fully stated in the document. As a result, you are cautioned not to place reliance on such forward looking statements as a prediction of actual results or otherwise. The information and opinions contained in this document are provided as at the date of this document and are subject to change without notice. No one undertakes to update publicly or revise any such forward looking statements.

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