

CONVENIENCE & COMMUNITY

Capital Markets Day 2018

20 September 2018

THE ROYAL OAK, KINGS BROMLEY



In today's sessions we will cover:

- Our pub strategy
- The Hawthorn Leisure acquisition and an update on integration
- Pubs as an asset class:
 - Different pub operating models
 - How pub income works
 - How pub valuations work
- Development opportunities in our pub portfolio (residential and convenience stores)

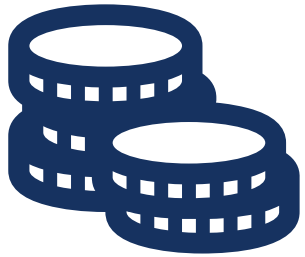


Time	Location	Session title	Speakers
10:50	The Royal Oak, Kings Bromley	Introduction by the NewRiver team	Allan Lockhart, CEO, NewRiver Mark Davies, CFO, NewRiver David Shipton, Corp Dev & Strategy Director, Hawthorn Leisure REIT Ltd
12:50	The Red Lion, Sandiacre	Introduction	Gerry Carroll, CEO, Hawthorn Leisure REIT Ltd
		The UK pub market	James Shorthouse, Head of Alternative Markets, Colliers International
14:50	The Reindeer Inn, Mansfield	Development opportunities in the pub portfolio	Mark Davies, CFO, NewRiver
		The convenience shopping market	Tony Hind, Head of Acquisitions, The Co-operative Group
16:30	The Cross Keys, Epperstone	Wrap-up	Mark Davies, CFO, NewRiver



- We target high yielding community assets with low risk characteristics, taking a disciplined approach
 - Our market experience means we are able to price risk appropriately
- We enhance and protect income returns through active asset management initiatives
- We create income and capital growth from within our existing portfolio through our risk-controlled development pipeline
- We regularly assess potential upside opportunities in disposing of assets and recycling capital into new opportunities
- We drive efficiencies to maximise cash returns and maintain a conservative balance sheet

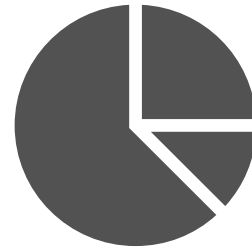




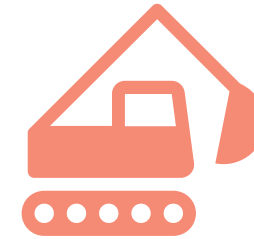
Generate strong cash flows; with an average yield of 13.3%



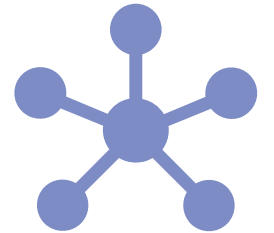
Community assets; located in residential areas with good roadside visibility



Diversification; cash flows are remarkably sustainable via range of different occupiers



Surplus land & developments; ability to create value by using surplus land or changing use



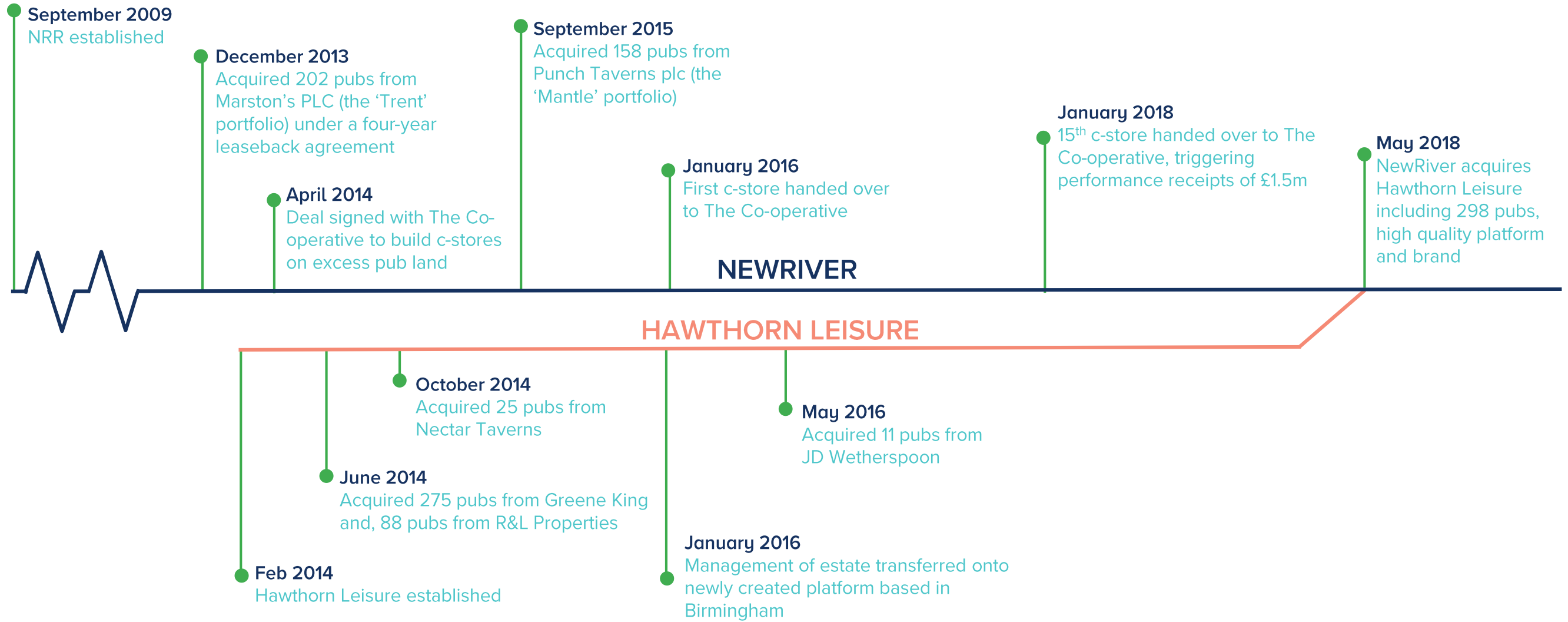
Scale benefits; economies of scale benefits are tangible and deliverable



Mark Davies

Chief Financial Officer, NewRiver
Executive Chairman, Hawthorn Leisure REIT Ltd





Deal rationale

- Accretive to FFO, dividend and NAV
- Scale benefits
- Synergies
- Attractive entry price – yield 13.6%
- Includes a high quality specialist management team and platform

Integration progress

- Dedicated committee established to involve all stakeholders in the process
- Integration completion expected in Q1 FY19

Acquisition highlights

Number of pubs	298
Property valuation	£114m
Net initial yield	13.6%
Synergies	+£3m PA



The Ship Inn, Sheffield

- Pubs now account for 20% of NRR portfolio
- 616 pubs, of which 567 (92%) operate under leased and tenanted model, with the remainder operating under managed model
- Geographically diverse portfolio, with pubs across England, Scotland and Wales
- Portfolio is predominantly wet-led
- Pubs are typically located in community / neighbourhood locations, surrounded by residential areas, and have good roadside visibility
- Many have excess land available for development
- Pub portfolio has been very profitable, delivering an unlevered IRR of 14% since acquisition

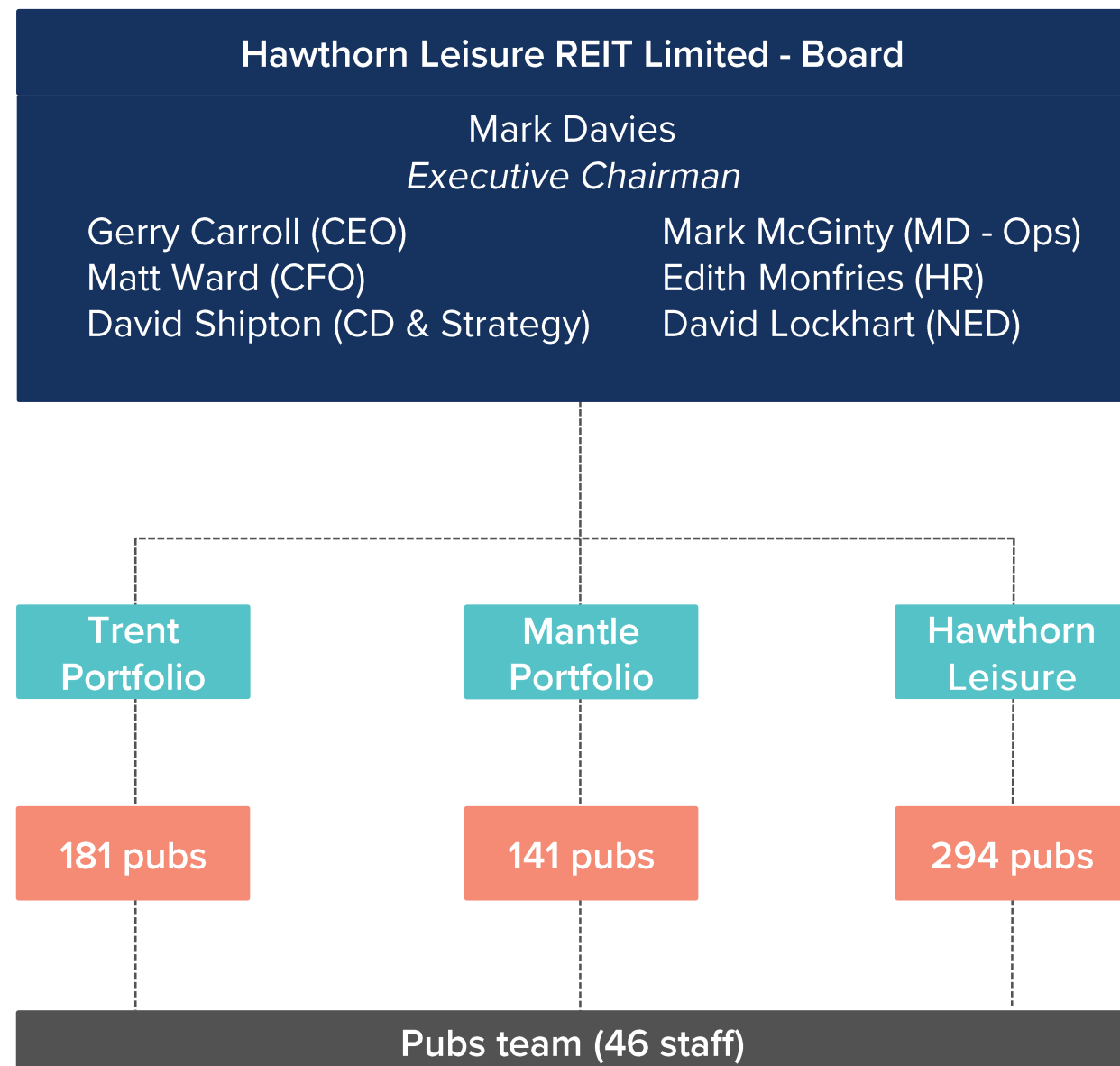
Portfolio key figures

Proportion of NRR portfolio by value	20%
Number of pubs	616
Blended acquisition yield	13.3%
Occupancy at 30 June 2018	99%
Proportion of pubs L&T	92%
Completed c-stores	21



The Dog & Duck, Walkington

- Hawthorn Leisure REIT Limited board chaired by Mark Davies, meeting on a monthly basis
- Board contains representation from NRR and Hawthorn Leisure
- High quality and specialist leadership team with experience of working for the largest pub companies in the UK
- Pub team below Board level includes 46 staff and a high quality management platform
- The management platform is scalable and has the ability to deliver growth and performance across a larger estate



- 567 NRR pubs are leased & tenanted
- Occupational lease in place with tenant, typically live above pub
- Tenant is self-employed and employs all pub employees
- Tenant incurs all operating costs of running the pub
- Tied tenants are required to purchase drinks from NRR and lease machines from NRR approved suppliers
- NRR receives rental income, a margin between wholesale price and sale price and, a share of machine profits

Example tenant P&L	£'000
Wet income (Beer, wine, spirits)	280
Wet cost of sales	(140)
Net food income	40
Total operating income	180
Machine income	15
Machine income – share to NRR	(7)
Gross Profit	188
Rent	(25)
Direct operating costs	(110)
Publican site profit	53
Notional benefit of free accommodation above pub	12

Example NRR P&L	£'000
Wet income to NRR	140
Wet cost of sales (from brewer)	(90)
Net wet income	50
Machine income (NRR share)	7
Rental income	25
Outlet EBITDA	82

- 45 NRR pubs are operator managed
- NRR incurs all operating costs of running the pub, except for staff costs which are borne by the Operator
- NRR supplies all products for sale to the Operator
- NRR retains ownership of products until sale to a customer
- NRR receives gross turnover generated by pub on a daily basis. NRR then pays a management fee to Operator (on average c.20% of net revenue)

Example NRR P&L	£'000
Wet income (Beer, wine, spirits)	477
Wet cost of sales	(180)
Net food income	-
Total operating income	297
Machine income	20
Gross Profit	317
Management fee	(70)
Direct operating & maintenance costs	(117)
Outlet EBITDA	130

Example operator P&L	£'000
Management fee from NRR	70
Staff costs	(29)
Operator profit	41



- We have now completed three significant community pub portfolio acquisitions
- Pubs & c-stores are an important and profitable part of our business
- We have a best-in-class Management team
- Cash flows and occupancy are remarkably strong and robust



David Shipton

Corporate Development & Strategy Director, Hawthorn Leisure REIT Ltd



- Spent majority of 32 year career in the retail and leisure sectors working for a number of large multi site retailers, including M&A on Tom Cobleigh, S&N Pub Enterprises and Punch and Millhouse.
- Latterly established own consultancy business specialising in pricing strategy and process improvements in the on and off trade licensed retail sector
 - Pub sector clients included Molson Coors, Stonegate, Novus Leisure and iNTERtain
- Joined NewRiver in 2017
- Corporate Development & Strategy Director of Hawthorn Leisure REIT Ltd following Hawthorn Leisure acquisition

Date	Company		Title
2018-	Hawthorn Leisure REIT Ltd		Corporate Development & Strategy Director
2017-2018	NewRiver		MD, Pubs
2008-2017	Barton Manor Consulting		Director
2006-2008	Punch Taverns		Central Operations Director
2003-2006	Spirit Group		Pricing, Insight & Logistics Director
1999-2003	Punch Retail		Pricing, Planning & Insight Executive
1997-1999	Allied Domecq		Planning & Research Manager
1993-1997	Allied Domecq Restaurants & Bars		Investment Manager

- Situated in the heart of Kings Bromley, serving as a coffee shop, pub and restaurant
- Pub acquired from Marston's in December 2013
- Prior to acquisition, pub had experienced a churn of operating models and tenants, who had alienated the community over time
- Current tenants Gill and Roger were chosen in May 2017 for their passion and vision to make the pub a focal point of the community once again
- £12,000 of NRR capex spent on refurbishment of interior, kitchen and toilet facilities, with significant investment from Gill & Roger
- Surplus land used to construct a Co-op c-store, which opened in March 2017. Pub & c-store now valued at £1.6m vs total cost of £1.0m



Key stats

Pub type	Community Local
Operating model	Leased & Tenanted
Acquisition date by NRR	18 December 2013
Acquisition price paid by NRR	£0.4m
Total capex spent since NRR acquisition ¹	£0.6m
Latest Valuation ^{1,2}	£1.6 m
Profit on cost	54%
Car park spaces	26

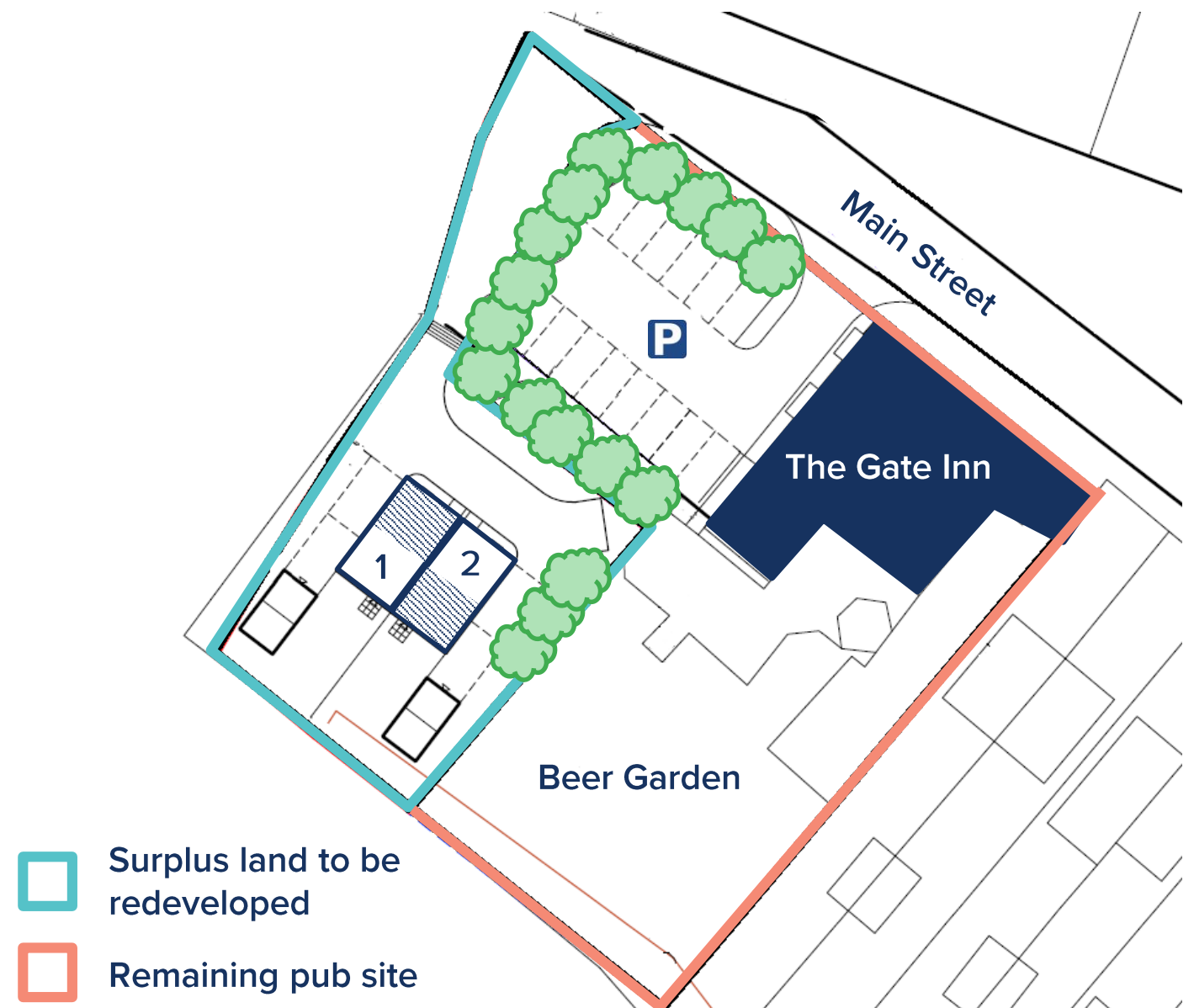
1. Including c-store

2. Valuation as at 31 March 2018

THE GATE INN, BRANSTON










- Pub acquired as part of the Trent portfolio in December 2013, originally providing rental income of £46k pa
- Pub moved from Marston's to our own platform in November 2016 and in the process of agreeing a 3 year Tenancy agreement excluding the surplus land in exchange for a £30k scheme of external / internal decorations
- In 2017 received detailed planning permission at a cost of £8k to build two houses on surplus land
- Sale of development plot expected to generate £150k
- Adjacent to 600-home regeneration development and minutes away from Staffordshire County Council's 2,700-home Branston Locks development



THE RED LION, SANDIACRE



- Over 30 years' experience in the leisure and hospitality sector, working for blue chip companies as well as private equity-backed businesses
 - Including Whitbread, Mitchells & Butlers, Little Chef and Warner Bros
 - At Ei responsible for 3,400 pubs & £200m of EBITDA
- After five years as a Managing Director at Enterprise Inns, co-founded Hawthorn Leisure in 2014
- CEO of Hawthorn Leisure until 2018, when HL was acquired by NRR
- Now CEO of Hawthorn Leisure REIT Ltd

Date	Company		Title
2018-	Hawthorn Leisure REIT Ltd		CEO
2014-2018	Hawthorn Leisure		CEO
2012-2014	Tor Consultancy & Management		Owner
2006-2012	Enterprise Inns plc.		Managing Director, West
2004-2005	Little Chef		Managing Director
2002-2004	Warner Bros.		Retail Services and Operations Director
1999-2002	Mitchells & Butlers		Operations Director
1998-1999	Crowded House Pub Company		Operations Director
1985-1998	Whitbread		Operations Director

- Loss-making site upon acquisition by HL
- Closed for two months whilst we recruited the right people and planned capex
- Current Partners Rob and Kelly Stewart were recruited in May 2015
- Pricing and retail offer was based around value to be in direct competition with Ei pub the White Lion
- The pub is classed as an ‘Operator Managed’ agreement
- Capex was spent at £127k in 2015
- The Pub has consistently delivered between £65-£70k EBITDA
- Weekly sales have consistently been around £5.5k (net) per week



Key stats

Pub type	Community Local
Operating model	Operator Managed
Operator agreement expiry	Open
Car park spaces	12
Acquisition date by NRR	24 May 2018
Acquisition price paid by NRR	£489,000



James Shorthouse

Head of Alternative Markets /

Head of Licensed & Leisure, Colliers International



The UK Pub Sector



Introduction - Colliers

- A Global Real Estate Advisor;
 - 15,000 Professionals
 - 69 Countries
 - \$2.7bn Revenues
- Over 40 years involvement in UK pub sector
 - Valuations
 - Transactions
 - Lease Advisory
 - Team of 20
 - 6 offices
- Circa 5,500 pubs appraised each year
 - Over £4bn
 - Managed & Leased / Tenanted
 - UK wide



Introduction – James Shorthouse

- 25 years experience in pub sector
 - Christie & Co
 - Head of Corporate Pub advisory
 - Colliers International
 - Head of Licensed & Leisure
 - Head of Alternative Markets

- Clients
 - Pubcos
 - PE investors
 - Banks
 - Landlords
 - Operators



Land & Property



UK Pubs – a British icon

- Diverse buildings, operating formats and customers
- Constantly evolving
- Loved and hated by politicians in equal measure
 - 1 million jobs
 - £11bn tax revenues
 - 1989 Beer Orders
 - 2007 (and 2006) Smoking Bans
 - Pubs Code
 - Minimum pricing
- Brexit resilient



Fir Tree Inn, Arley

Pubcos – a brief history

- A direct product of the Beer Orders
- Diverse in
 - Size
 - Nature
 - Ownership
- Pubco 1.0
 - New relationship with tenants
 - Aggressive Financing
 - Rapid growth, aggressive pricing – multiples reached 11x
 - Large scale deals



NECTAR
TAVERNS



PUNCH



Trust Inns
Better Pubs through Better People



Pulmaster
PUBMASTER
Limited



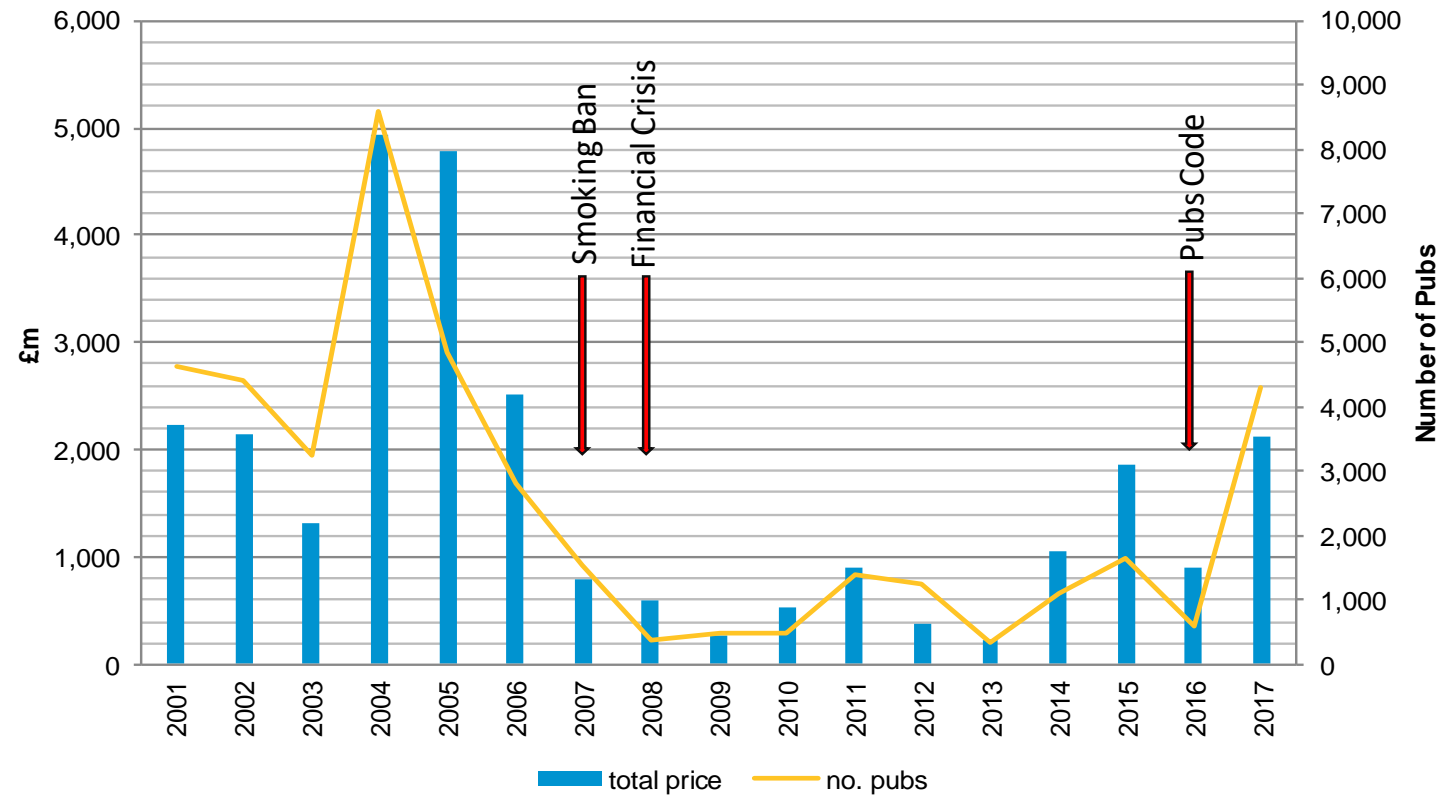
TADCASTER
PUB COMPANY



ENTERPRISE

Transaction Volumes

M&A / Corporate Sales



Post 2008 Market Activity

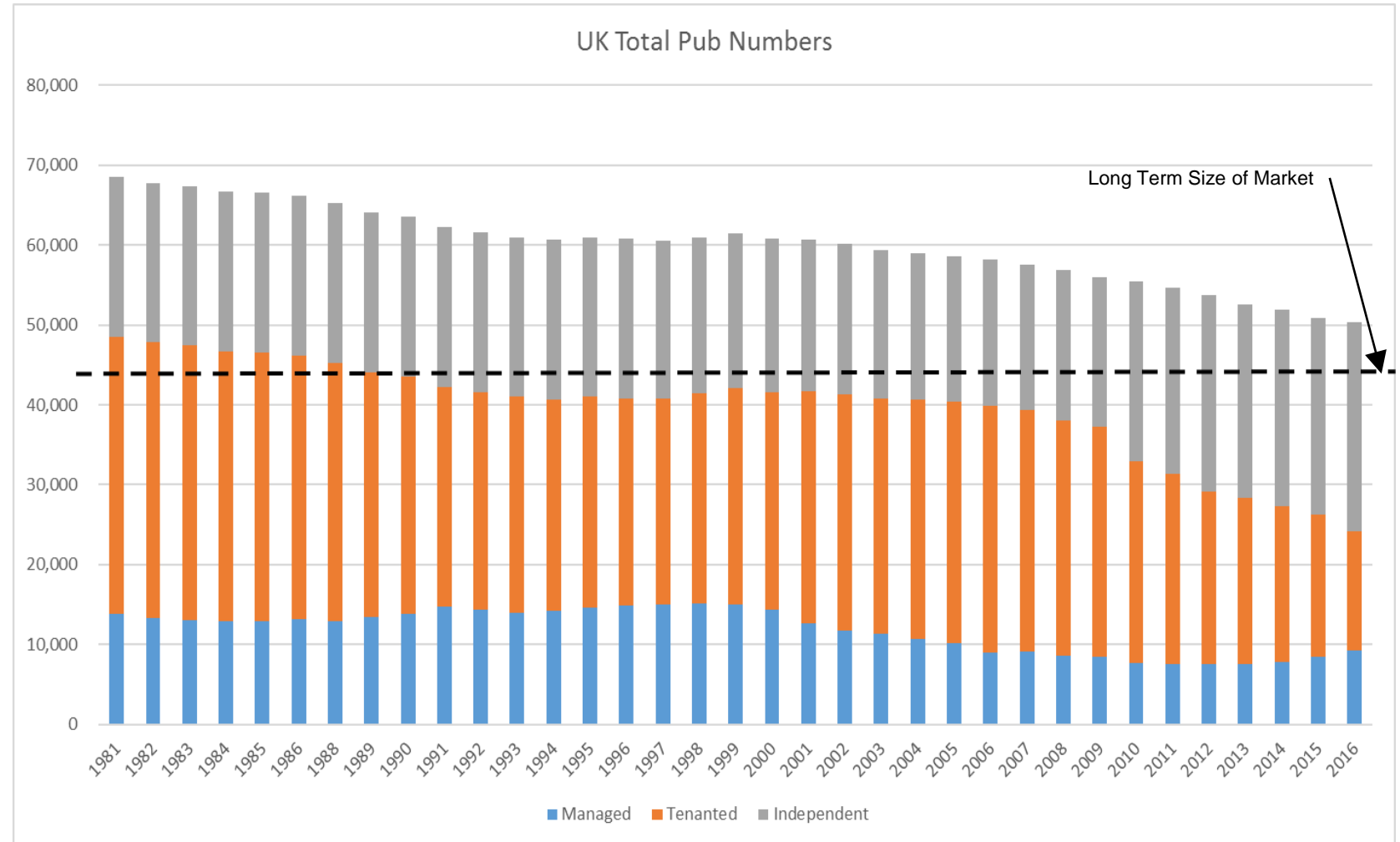
- 2008 – 2011
 - Hundreds of individual sales
 - Only 3 large managed and 2 leased / tenanted deals
- 2012 – the start of a recovery, but the world had changed
 - Fewer “mega deals”
 - New buyers
 - Brewers back in the market
 - Blurring of lines between Managed and Tenanted
 - Pubs becoming a more widely recognised class of investment property



The Black Bear Hotel, Wareham

Size of the Market

- Currently circa 48,000 pubs
 - 25% fewer than in 2000
 - 18.3% Managed
 - 29.8% Tenanted
 - 51.9% Independent
- Long term size?
 - Colliers view circa 45,000



Source: BBPA

2018 State of the Market

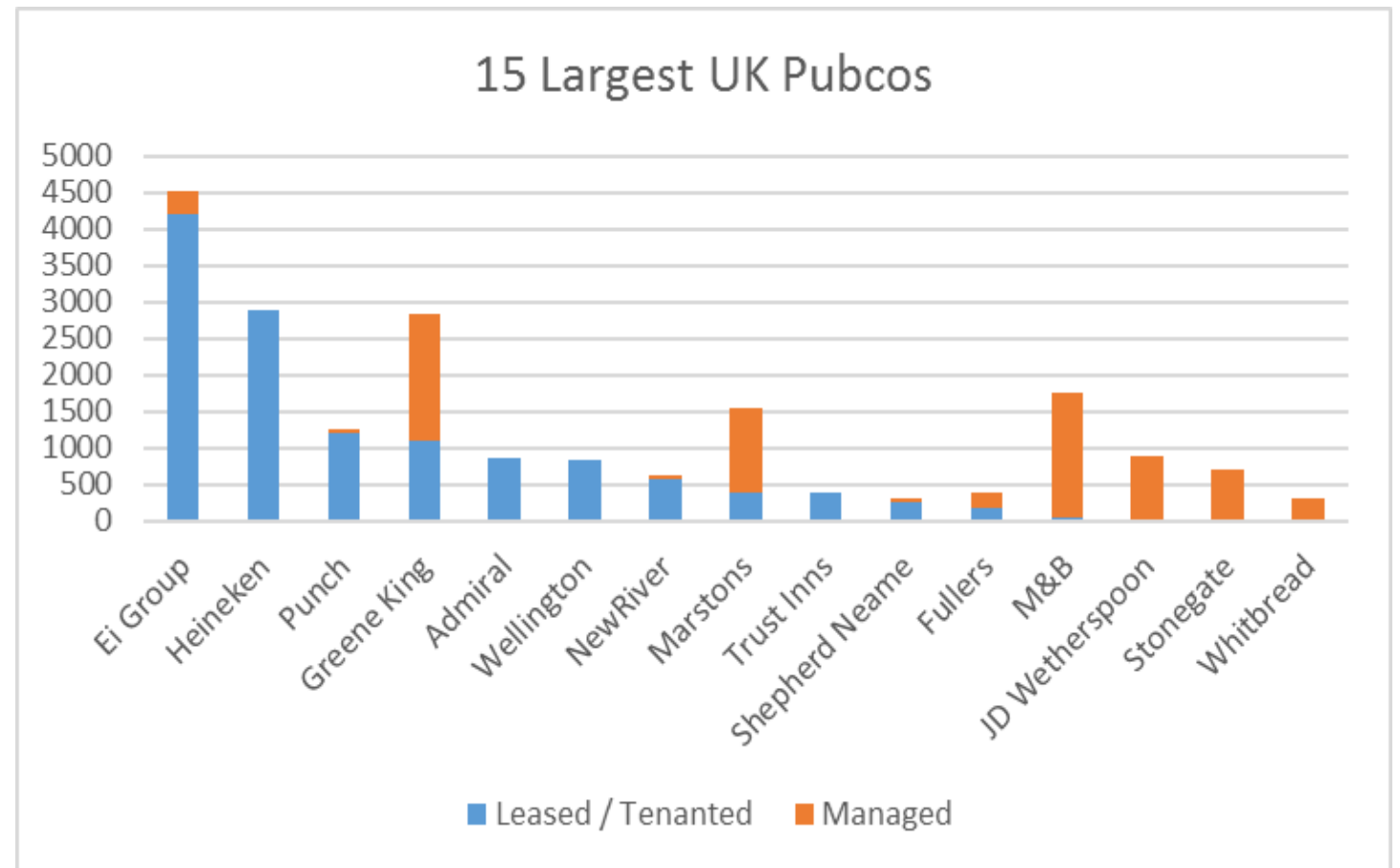
- Pubco 2.0
 - Smaller
 - More aligned with tenants
 - New (old) types of agreements
- Trading conditions
 - Generally positive
 - Wet led pubs proving to be resilient
- Investment characteristics
 - Better understanding from investors
 - Alternative uses still attractive
 - Prices stabilised
 - Deal numbers are picking up
 - Leased / Tenanted and Managed both in demand



The Blue Brick, Brierley Hill

UK Pub Ownership

- NewRiver are the 7th largest Leased / Tenanted Pubco
 - The 15 companies listed own circa 20,000 pubs, around 40% of the UK total
 - 10% are owned by smaller brewers and pubcos
 - 50% are independently owned



Source: Colliers International

Valuation Approach

- Red Book....but slightly different to valuations of many other property classes
- Multiple income streams
 - Rent
 - Margin
 - Machine share
- Multiple Tenants
- Lease types
 - Fully tied, part tied or free of tie
 - FRI leases, tenancies, Operator Managed
- Asset management opportunities – capex
- Alternative uses



The Bat & Ball, Cuddesdon

Valuation Approach

- Understanding the business as well as the asset
- Review of data
 - 3 years historic information
 - Forecasts and FMT
 - Leases and tenancies
 - Capex
- Inspection & interview
 - Reinspection on a triennial basis
 - Meeting the tenants
 - Desktop reviews
- Granular approach
- Comparables
 - Individual and portfolio level
 - Benchmarked against other pub estates



Hope & Anchor, Ross-on-Wye

Operator Managed – a 3rd way

- An operating agreement / contract, not a formal lease
- Pubco has much greater involvement in operating the asset
- Opportunity to add value – marketing, purchasing
- More flexibility on retail pricing
- Alignment of interests
- Increased management costs
- Valuation impact?



New Inn, Chesterfield

THE REINDEER INN, MANSFIELD



Welcome to Southwell Road's Co-op

The REINDEER



Open daily
7am - 11pm

- Meal ideas
- Instore bakery
- Fruit & Vegetables
- Wine & Beer
- Free cash machine



Use your card here



- Situated on the edge of Mansfield in a densely populated blue collar young family area
- Pub acquired from Marston's in December 2013
- Prior to acquisition, pub was taking c.£4,200 per week on a Marston's Operator Managed agreement.
- Leased & Tenanted pub, with the current tenant being a well known multi-site operator
- £240,000 of capex spent removing the end of the pub / toilet block to facilitate the c-store, constructing toilet block and complete internal / external redecoration
- Pub & c-store now valued at £1.9m vs total cost of £1.5m

THE REINDEER INN & SOUTHWELL ROAD C-STORE, MANSFIELD



Key stats

Pub type	Community Local
Operating model	Leased & Tenanted
Acquisition date by NRR	18 December 2013
Acquisition price paid by NRR	£0.5m
Total capex spent since NRR acquisition ¹	£1.0m
Latest Valuation ^{1,2}	£1.9m
Profit on cost	24%
Car park spaces	28

1. Including c-store

2. Valuation as at 31 March 2018



Mark Davies

Chief Financial Officer, NewRiver
Executive Chairman, Hawthorn Leisure REIT Ltd



C-Store developments

- Agreement to deliver up to 40 c-stores to the Co-op
- 21 handed over to date
- Received premium payments from the Co-op following delivery of 15th c-store in 2018
- Received £750k on delivery of 15th c-store, and then between £75-275k for each c-store thereafter
- Premium receipts of £1.5m recognised in FY18
- Hawthorn Leisure portfolio currently under review for c-store potential

Residential

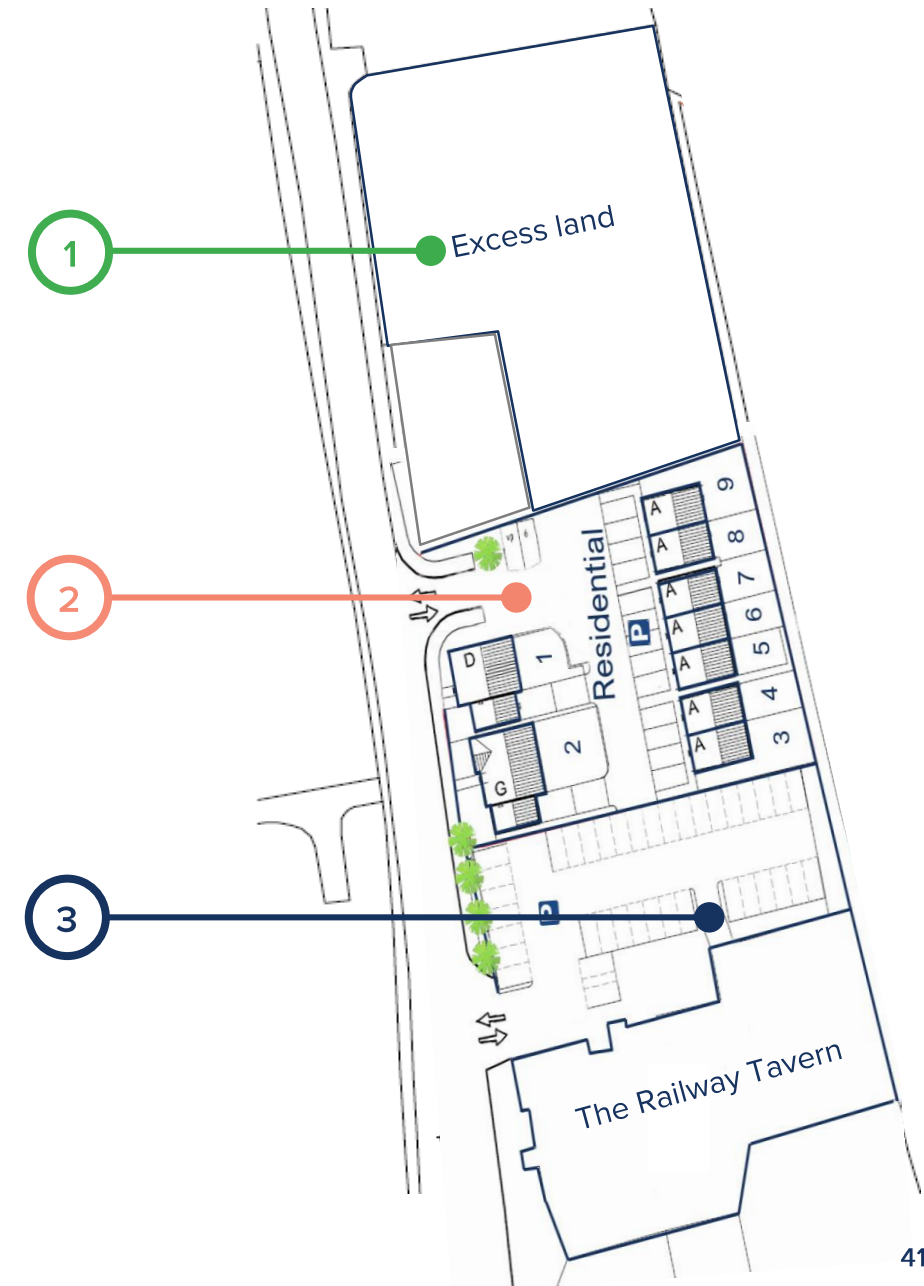
- Over 70 sites identified for residential development opportunities
- Gained planning permission for 130 residential units across 49 sites
- A further 22 sites currently under review, with potential to deliver 70 residential units
- Business plan to secure planning and sell to a local developer

- Site acquired from Marston's in December 2013 as part of the Trent portfolio
- Valuation at acquisition of £284k
- Sold excess land with limited redevelopment potential for £36k
- Secured planning consent to build 9 residential units on surplus car park and under offer to a local developer for £450k
- Pub under offer 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

Under offer to a residential developer for £450,000. Planning consent contains provision for nine units and was obtained for £21k

Pub under offer to a private nursery operator for £450k





Tony Hind

Head of Acquisitions, Co-op



THE FOX & ELM

A strategy for every community



The convenience market

Co-op deal could be a Nisa little earner

Morrisons and Rontec to open a further 40 c-stores

Tesco and Booker bosses defend tie-up while Costcutter considers deal

Co-op in hunt for local community causes that need funds

McColl's deal signals Morrisons' commitment to convenience retailing, says analyst

SAINSBURY'S/ASDA



The Co-op Half Year Results

26 weeks ended 1 July 2017 (unaudited & restated) (e)	Revenue from external customers	Underlying segment operating profit (b)	One-off items (b) (i)	Property and business disposals (b) (ii)	Change in value of investment properties	Operating profit
	£m	£m	£m	£m	£m	£m
Food	3,501	65	-	4	-	69
Wholesale (a)	-	-	-	-	-	-
Funeral and Life Planning (a)	166	29	-	-	-	29
Insurance	164	(1)	(10)	-	-	(11)
Other businesses (d)	27	(2)	-	-	-	(2)
Federal (f)	686	-	-	-	-	-
Costs from supporting functions (a)	-	(52)	-	-	7	(45)
Total	4,544	39	(10)	4	7	40

Food

£3.6bn 

revenue up 3% with like-for-like sales up 4.4%

£80m 

underlying operating profit up 23% driven by a market leading offer for the World Cup

2017: £65m

£35m

earned by members using their Co-op membership card. £29m for them and £6m for their communities



The Co-op

- £7bn turnover food business
- Consistent like-for-like sales growth
- Unique community credentials
- UK's most acquisitive food retailer
- A history to be proud of
- £202m Operating Profit
- 65,000 colleagues



Our strategy



What we look for

- Location, location, location
- Sites of up to 4,500 sq ft gross
- Existing businesses of over 1,500 sq ft net
- Leaseholds or freeholds
- 105 new food stores per annum



What makes a c-store tick

- Profitability of the shop is as sensitive to the margin as it is to sales
- Personnel and distribution two biggest cost drivers. Looking at Technology to drive savings in these areas.
- We aim to acquire stores into our top 2 quartiles, so when we churn the estate we are always driving profitability up.
- We have our energy buying in house, and also buy energy for big companies like NRR itself.



Our Development Pipeline



Year	Target	Open	NRR Sites	%
2016	105	112	9	8
2017	105	105	6	6
2018	105	61*/105	6/9	10/9
2019	105		3	



Our shops

	Everyday Convenience Urban	Everyday Convenience	Everyday Convenience Plus	Local supermarket
Location	City centre / urban residential locations	Suburban / rural areas	Rural towns	Isolated rural areas
Basket size	£5.30	£6.40	£8.80	£13.20
Key shopping missions	Food to go Meal for tonight	Top up	Stock up	Main shop

Questions?



THE CROSS KEYS, EPPERSTONE



- Site was abandoned in September 2014
- It then remained closed until July 2015 to ensure that the right Partner was recruited to match the vision. Des Sweeney and Trish Conway were identified as the perfect Operators and are currently in situ.
- Capex was drawn up in partnership between Hawthorn Leisure, Des and Trish. Hawthorn helped to develop ‘The Kitchen at...’ which is the new brand
- Total capex spend was c.£110k. Current ROI is 63%
- This pub has won several awards since it’s opening in July 2015, starting with the Nottinghamshire Pub and Bar Awards in September 2016 and 2017 and was also a finalist at the Great British Pub Awards in September 2018
- Since the investment EBITDA has stabilised around £55k



Key stats

Pub type	Destination Food
Operating model	Leased & Tenanted
Lease start	29 June 2015
Lease expiry	28 June 2021
Car park spaces	21
Acquisition date by NRR	24 May 2018
Acquisition price paid by NRR	£415,000

Appendices



	Leased & Tenanted	Operator Managed	Fully Managed
Number of NRR pubs	<ul style="list-style-type: none"> 567 	<ul style="list-style-type: none"> 45 	<ul style="list-style-type: none"> 4
Property Interest	<ul style="list-style-type: none"> Occupational lease with Tenant 	<ul style="list-style-type: none"> No landlord and tenant relationship established 	<ul style="list-style-type: none"> No landlord and tenant relationship established
Employees and pub management	<ul style="list-style-type: none"> Tenant is self-employed and employs all pub employees Tenant incurs all operating costs of running the pub 	<ul style="list-style-type: none"> Operator employs all pub employees NRR incurs all operating costs of running the pub, except for payroll which is borne by the Operator 	<ul style="list-style-type: none"> NRR fully manages the pub and directly employs all pub employees NRR incurs all operating costs of running the pub
Supply arrangements	<ul style="list-style-type: none"> Tied Tenants are required to purchase drinks from NRR and lease machines from NRR approved suppliers 	<ul style="list-style-type: none"> NRR sells all products for sale to the Operator NRR retains ownership of products until sale to a customer 	<ul style="list-style-type: none"> NRR supplies all drinks and food for sale at the pub. NRR retains ownership of products until sale to a customer
Components of NRR income	<ul style="list-style-type: none"> NRR receives: <ol style="list-style-type: none"> Rental income Margin between wholesale and sale price of drinks (if tied) A share of machine profits 	<ul style="list-style-type: none"> NRR receives gross turnover generated by pub on a daily basis. NRR then pays a management fee to Operator (on average c.20% of net revenue) 	<ul style="list-style-type: none"> NRR retains all turnover generated by the pub business

Leased & Tenanted	
Number of pubs	567
Property Interest	NRR enters into Occupational Lease Agreements on its standard terms with a Tenant. As is common in the L&T pub sector, the company uses a variety of Occupational Lease Agreements. These have either been granted by NRR or inherited by NRR from a previous landlord when NRR purchased a let Property.
Employees and pub management	The Tenant is self-employed. They employ all employees and manage the pub (or employ a manager to do so). The Tenant incurs all operating costs of running the pub (including, but not limited to, payroll costs).
Supply arrangements	Depending on the term of the Occupational Lease Agreement, the Tenant is required to: <ul style="list-style-type: none"> • Purchase drinks (either all or a variety) from NRR; and • Lease machines (e.g. amusement machines) from suppliers nominated by NRR These arrangements are known as tied agreements. “Free of tie” agreements mean the Tenant is under no obligation to purchase any products from NRR or its suppliers.
Components of NewRiver income	NRR receives rental income under the Occupational Lease Agreement, and, where specified in the Operational Lease Agreement, a share of AWP profits. NRR also receives margin on the difference between the wholesale purchase price it pays for tied drinks and the price at which it subsequently sells those drinks to its Tenants.

Operator Managed

<p>Number of pubs</p>	<p>45</p>
<p>Property Interest</p>	<p>NRR enters into an Operator Agreement on its standard terms with an Operator (a limited company) and a Principal (an individual who is involved in managing the Operator). The Operator Agreement grants a licence to occupy the pub to the Operator who manages the pub on behalf of NRR. NRR retains control and responsibility for managing and repairing the Property. No landlord and tenant relationship is created with the Operator.</p>
<p>Employees and pub management</p>	<p>The Operator employs all the employees and manages the pub as required by the Company (e.g. products to be stocked and pricing). NRR incurs all operating costs of running the pub, save the payroll costs which are borne by the Operator.</p>
<p>Supply arrangements</p>	<p>NRR supplies all products for sale at the pub to the Operator. The Operator Agreement requires that Operator Managed pubs only sell products specified by NRR. NRR retains ownership of those products until the point of sale to a customer within the pub.</p>
<p>Components of NewRiver income</p>	<p>The Operator pays NRR the gross turnover generated by the pub business on a daily basis. NRR then pays a management fee to the Operator, being a percentage (on average between c.20%) of net revenue of wet and dry sales at the pub (which includes income generated from rented accommodation).</p>

Fully Managed	
Number of pubs	4
Property Interest	Like the Operator Managed model, the pub manager has no proprietary interest in the pub.
Employees and pub management	NRR fully manages the pub and directly employs the pub managers and all other employees necessary for the running of the pub. NRR incurs all operating costs of running the pub.
Supply arrangements	NRR supplies all drinks and food for sale at the pub. Like the Operator Managed operating format, the Company retains ownership of all products until the point of sale to a customer within the business.
Components of NewRiver income	NRR retains all turnover generated by the pub business.

Overview

A leased and tenanted community local pub located in a prominent position at the junction of Litchfield Road, Yoxall Road, Alrewas Road and Manor Road in the centre of Kings Bromley, Staffordshire. The property is a part two storey and part single storey detached building, with the ground floor providing a split level trade area and the first floor providing private living accommodation. The property is surrounded by residential dwellings. A Co-op c-store also operates at the site.

Key stats

Pub type	Community Local
Operating model	Leased & Tenanted
Acquisition date by NRR	18 December 2013
Acquisition price paid by NRR	£408,000
Capex spent since NRR acquisition	£12,000
Site size	26,600 sq ft
Footprint	4,800 sq ft
Car park spaces	26

FACT FILE: THE ROYAL OAK, KINGS BROMLEY



Occupational

NRR Tenure	Freehold
Tenancy Start	8 May 2017
Tenancy Expiry	7 May 2022
Annual rent	£23,500

Kings Bromley - Manor Road Co-op c-store

Date of completion	6 March 2017
C-store construction costs	£592,000
Total area	3,000 sq ft
Car parking spaces (shared with pub)	26
Annual rent	£53,000
Lease length	15 years
Current valuation ¹	£1,000,000

1. Valuation as at 31 March 2018

FACT FILE: THE ROYAL OAK, KINGS BROMLEY



Overview

An operator managed community local pub operating under Hawthorn Leisure’s “Last Orders” brand, which focuses on value for money and a state-of-the-art sports offer. The pub occupies a three-storey red brick building, situated at the junction of Derby Road and Town Street in the centre of Sandiacre. The surrounding area is comprised of commercial and residential properties, and the Erewash canal runs close by.

Key stats

Pub type	Community Local
Operating model	Operator Managed
Acquisition date by NRR	24 May 2018
Acquisition price paid by NRR	£489,000
Capex spent since NRR acquisition	£2,400
Site size	12,600 sq ft
Footprint	3,400 sq ft
Car park spaces	12



Occupational

NRR Tenure	Freehold
Operator agreement start	18 May 2015
Operator agreement expiry	Open
EBITDA	£65-70k

Overview

A leased and tenanted community local pub in a prominent location on Southwell Road, one mile east of the town centre of Mansfield, Nottinghamshire. The property is a two store brick building with a split level trading space and kitchen on the ground floor and private accommodation on the first floor. Surrounding occupiers are predominantly residential. A Co-op c-store also operates at the site.

Key stats

Pub type	Community Local
Operating model	Leased & Tenanted
Acquisition date by NRR	18 December 2013
Acquisition price paid by NRR	£528,000
Capex spent since NRR acquisition	£240,000
Site size	25,300 sq ft
Footprint	7,100 sq ft
Car park spaces	28

FACT FILE: THE REINDEER INN, MANSFIELD



Occupational

NRR Tenure	Freehold
Tenancy start	9 February 2018
Tenancy expiry	Open
Annual rent	£56,500

Mansfield – Southwell Road West Co-op c-store

Date of completion	10 April 2017
C-store construction costs	£752,000
Total area	3,500 sq ft
Car parking spaces (shared with pub)	28
Annual rent	£61,400
Lease length	15 years
Current valuation ¹	£1,150,000

1. Valuation as at 31 March 2018

FACT FILE: THE REINDEER INN, MANSFIELD



Overview

A leased and tenanted destination food pub located on the Main Street of the village of Epperstone, Nottinghamshire. The pub occupies a two storey brick building, with the ground floor providing two-room trading space and bar servery, the first floor providing a private flat and the basement being used as a beer cellar. Externally, there is a large car park, beer terrace and garden. The surrounding area is comprised mainly of residential properties.

Key stats

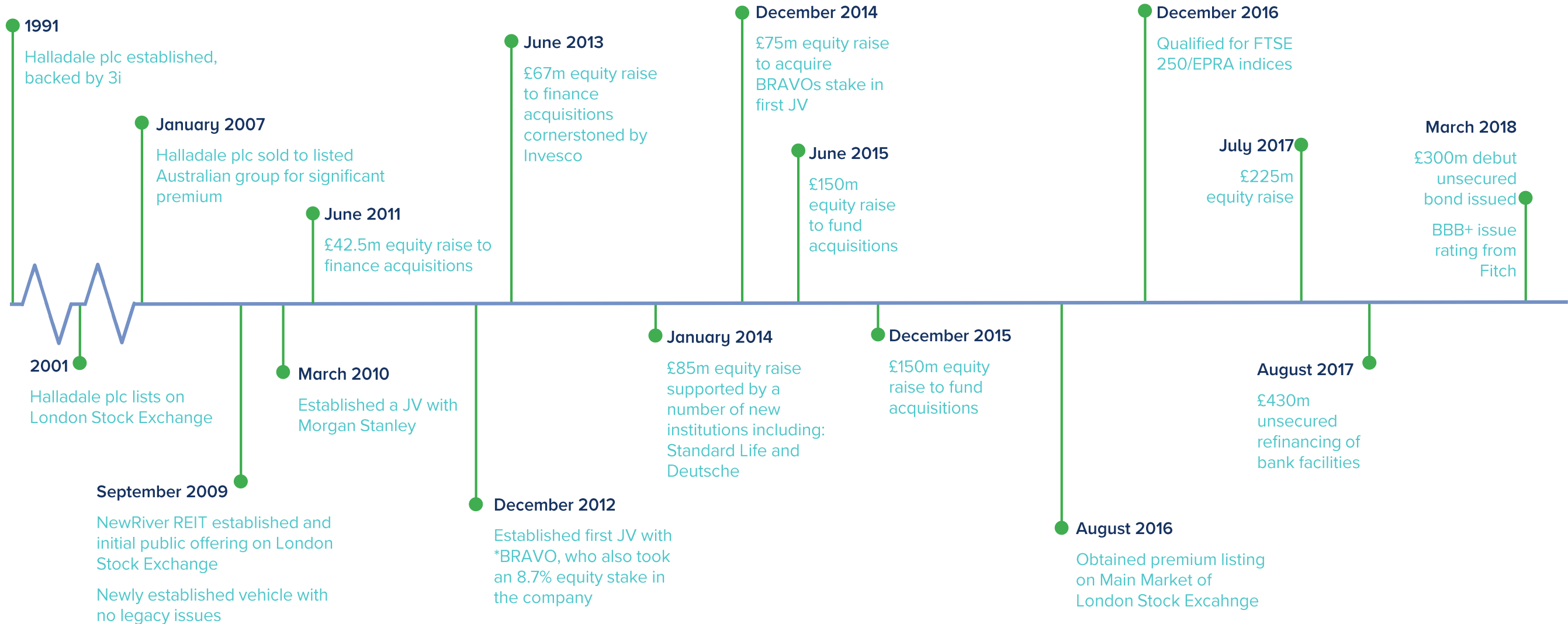
Pub type	Destination Food
Operating model	Leased & Tenanted
Acquisition date by NRR	24 May 2018
Acquisition price paid by NRR	£415,000
Site size	34,400 sq ft
Footprint	2,100 sq ft
Car park spaces	21

FACT FILE: THE CROSS KEYS, EPPERSTONE



Occupational

Tenure	Freehold
Start	29 June 2015
Expiry	28 June 2021
Annual rent	£30,000



Assets under Management (AUM)	a measure of the total market value of all properties managed by the Group.
AWP	Amusements with Prizes, also known as fruit machines - gambling devices provided at premises
Barrel	a unit of measurement equivalent to 36 imperial gallons, or 288 pints
BCF	Beer, Cider and Flavoured alcoholic beverages
Book value	the amount at which assets and liabilities are reported in the financial statements
Capital return	is calculated as the change in capital value less any capital expenditure expressed as a percentage of capital employed over the period
C-store	a convenience store
Dry sales	refers to all food sales at a pub
FMT	Fair Maintainable Trade, defined by the RICS as the level of trade that a 'reasonably efficient operator' would expect to achieve on the assumption that the property is in good repair and suitably equipped
Funds From Operations (FFO)	a measure of cash profits which includes realised recurring cash profits, realised cash profits or losses on the sale of properties and accounting profit or loss on disposal

Group	is NewRiver REIT plc, the Company and its subsidiaries and its share of joint ventures (accounted for on an equity basis)
Head lease	is a lease under which the Group holds an investment property
Mantle portfolio	the 158 pubs acquired by NewRiver from Punch Taverns plc in September 2015
Net Asset Value (NAV)	a proportionally consolidated measure, representing the IFRS net assets excluding the mark-to-market on derivatives and related debt adjustments, and deferred taxation on property and derivative valuations.
Net Initial Yield (NIY)	the current annualised rent, net of costs, expressed as a percentage of capital value, after allowing for purchaser's costs
Red Book valuation	a valuation conducted in compliance with the valuation standards of the Royal Institution of Chartered Surveyors
The Co-operative or The Co-op	trading names of Co-operative Group Limited
Trent portfolio	the 202 pubs acquired by NewRiver from Marston's PLC in December 2013

Wet sales	refers to all drinks sales
Wet-led	referring to a pub that derives more than 70% of its revenue from drinks sales
WSM	Wine, Spirits and Minerals (soft drinks)

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.

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