

GORRGES BEER COMPANY

Scalable Brand. Unparalleled Location.

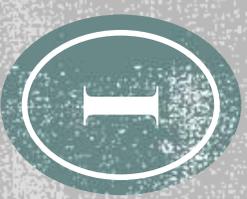
PRESSENTATION OUTLINE

- I. INDUSTRY SNAPSHOT
- II. MARKETING STRATEGY
- III. DEVELOPMENT PLAN
- IV. RETURN ON INVESTMENT

Today we'll summarize how we plan to generate exceptional returns with low operational costs. We will do this by building a self-sustained, vertically-integrated business: We own and construct our own property, and make and sell products directly to consumers.

CRAFT BEER INDUSTRY SNAPS HOT

Craft Beer Demand Grows, but Slows
Competition Has Peaked
Beer Tourism: The Next Frontier



OREGON CRAFT DEMAND GROWS

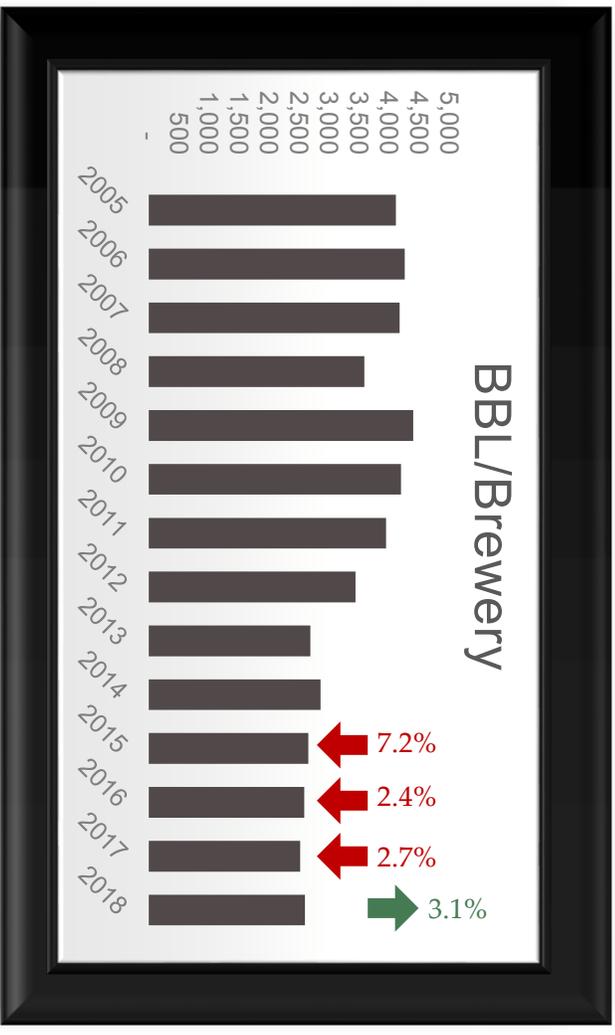
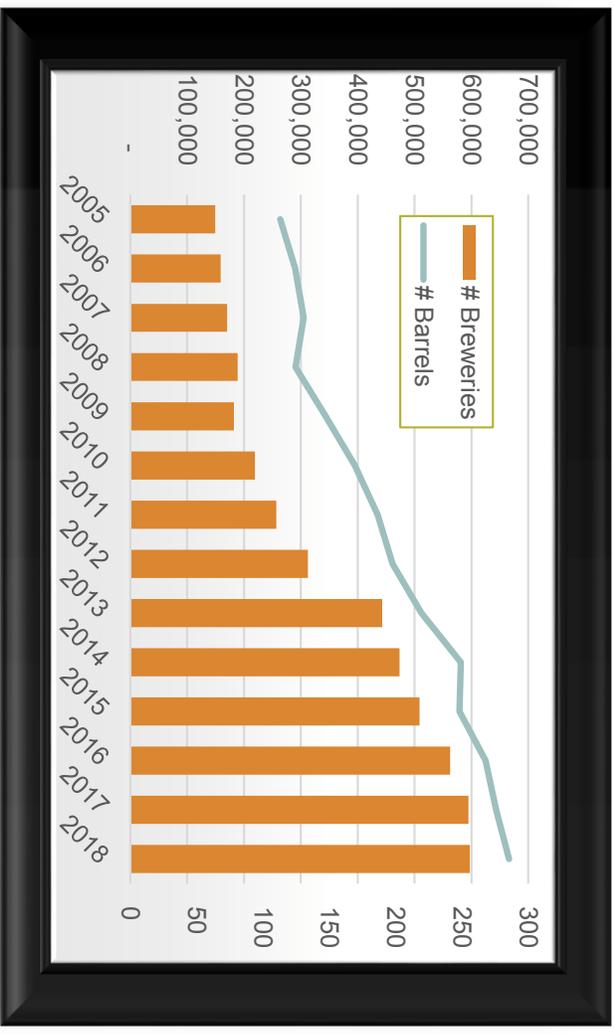
Consumption Grows - Oregon

- ▶ Barrels sold in-state up 3.5% 2018 YoY
- ▶ # of breweries leveling off

**2019-20 numbers are skewed, as AB Inbev & Miller-Coors began reporting. Q1 2019 up 3% vs 2018, before these two giants added 80kimo sales.*

Barrels per Brewery Increase

- ▶ Competitors are closing doors, opportunity will present
- ▶ Post-Covid world means fewer locally-owned craft breweries
- ▶ Cream will rise to the top



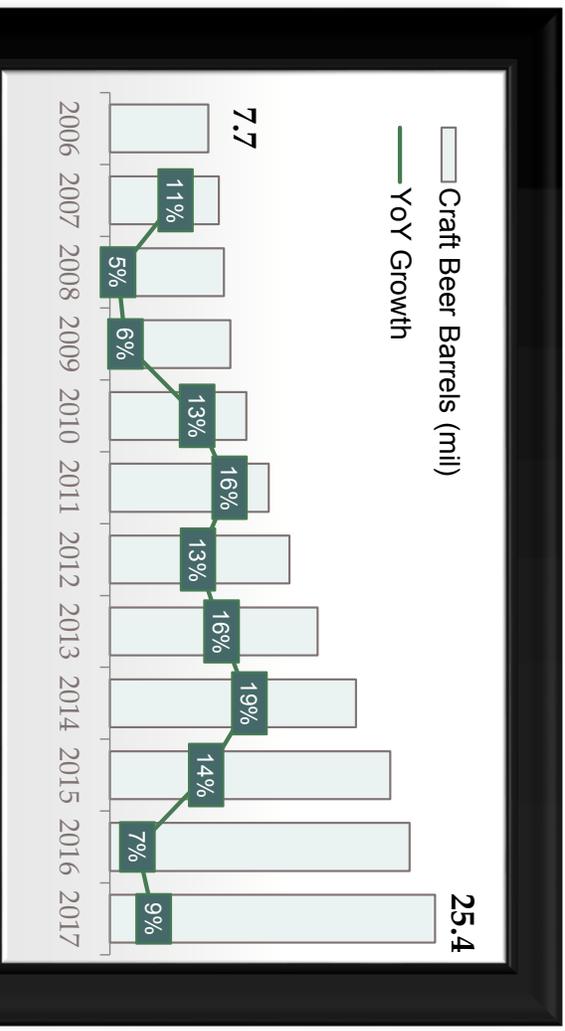
US DEMAND STILL GROWS

Production Tripled in 10 yrs

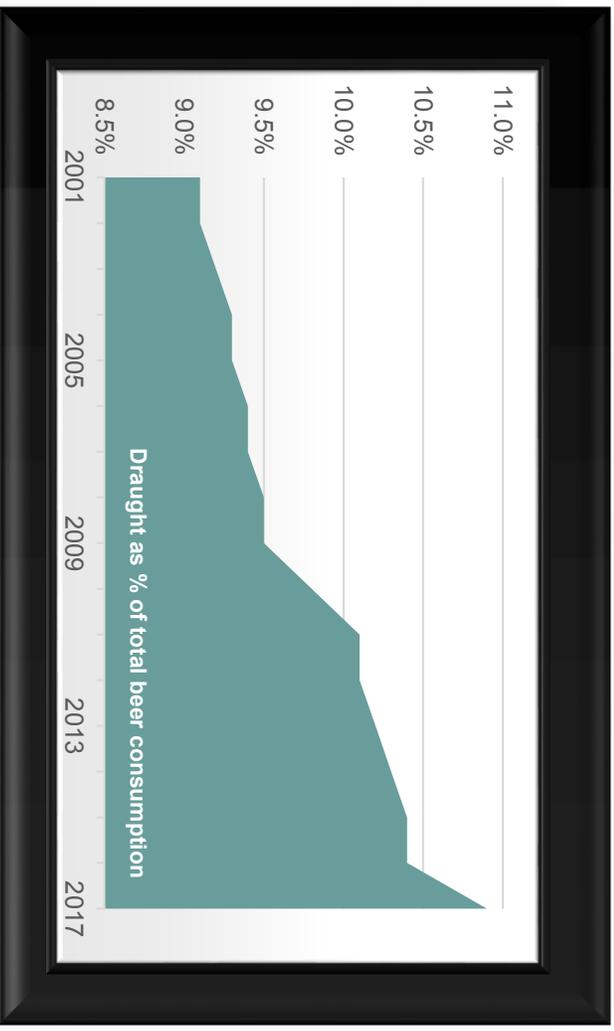
- ▶ Consumption continues shift from Macro to Micro
- ▶ ...but Big Beer making acquisitions
- ▶ # of Craft Breweries shrinking

Draught beer sales up since '01

- ▶ Consumers switching from grocery stores to taprooms
- ▶ 46% reported more brewpub visits than prior year - Nielsen 2017



Source: Craft Brew News, 2017 Craft Brew Guide



Source: Bureau of Labor Statistics

OREGON DOMINATES "BEER TOURISM"

Comparing top beer towns

- ▶ **Bend**
 - 162 miles to Portland
 - Not on a major highway
- ▶ **Hood River**
 - 64 miles to Portland
 - Major stop on I-84
- ▶ **Astoria**
 - 97 miles to Portland
 - Not on a major highway

Cascade Locks: "the next beer town"

- ▶ 40 minutes from Portland
- ▶ Multnomah Falls: Oegon's most popular tourist destination is 10 min away
- ▶ Hiking/Outdoors Mecca: 18 trailheads & 26 waterfalls within 20 minutes
- ▶ On Interstate 84, with the only post office & lodging on PCT



BRAND STRATEGY

Logo

Brand Direction

Merchandise



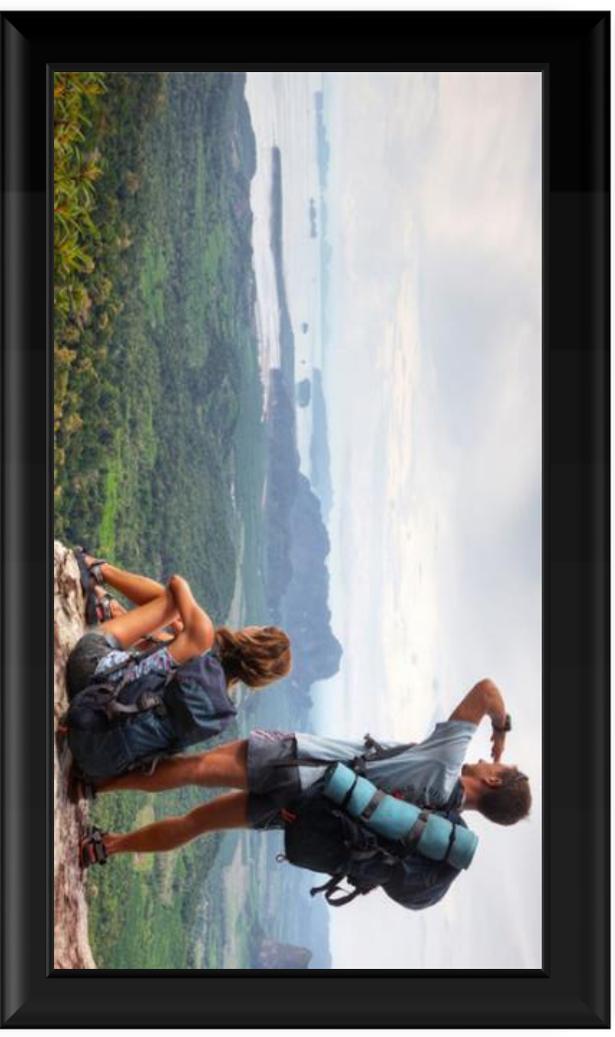
POSITIONING

Brand Attributes

- ▶ **Active** *Adventurous, Energetic, Bright, Positive, Passionate*
- ▶ **Natural** *Organic, authentic, warm & welcoming, rooted-in-place*
- ▶ **Creative, Forward-thinking** *Smart design, passionate with purpose, vibrant, imaginative*

Gorges Beer Co is...

For people interested in visiting the Columbia River Gorge, Gorges Beer Co. is the destination that offers exceptional, accessible craft beer, food and hospitality in a comfortable, relaxing and awe-inspiring nature setting. Unlike other options, GBC's multi-purpose curated environment is thoughtfully designed to provide an immersive relaxation and celebration experience worthy of a visit post-adventure or as the focus of your trip.



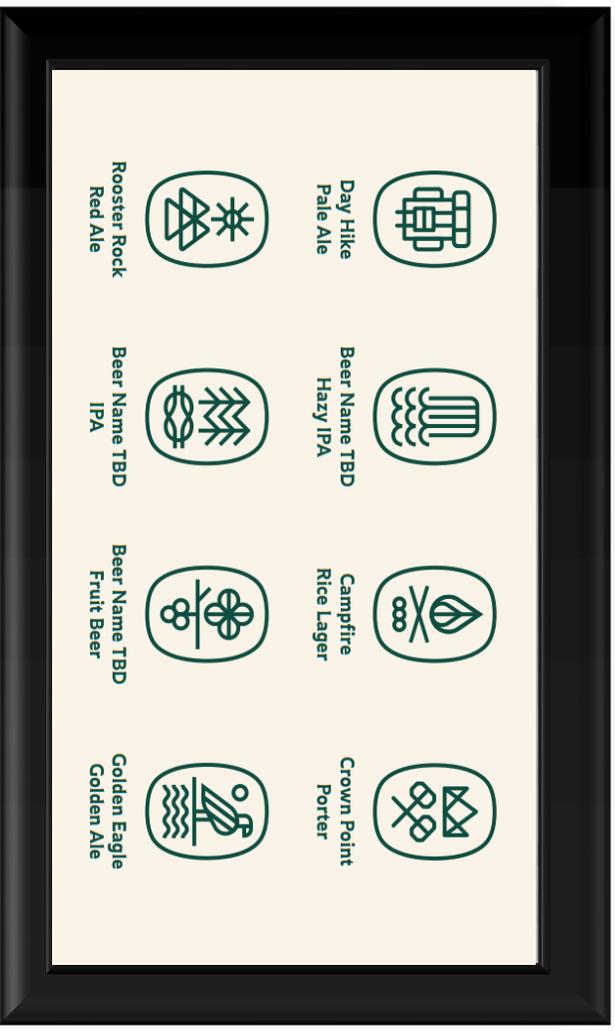
BRAND & LOGO

Logo Creation

- ▶ **Helms Workshop** is a prestigious Austin-based brand agency, and has done fantastic work in creating our brand and iconography
- ▶ **Brand captures nature focus** provides a schematic for consistency and brand discipline

Versatility

- ▶ Primary colors are green and cream
- ▶ Accent colors allow us to show bursts of creativity, excitement
- ▶ Icons & oval shape are unique, consistent, and memorable



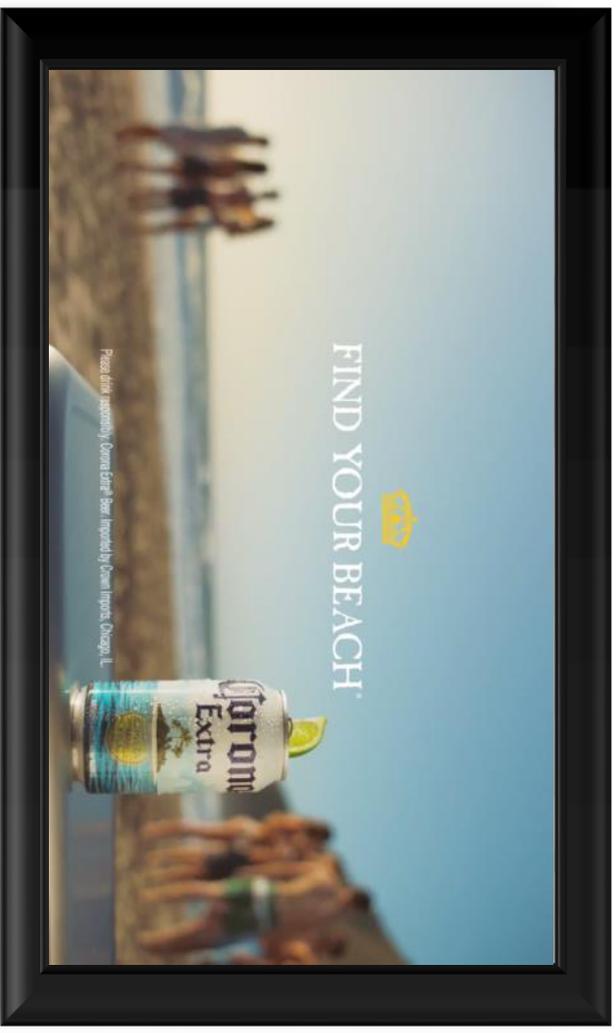
DIFFERENTIATION

Emotional connection

- ▶ “A vacation for the afternoon”
- ▶ Relaxing, Outdoor Association
(Think Corona’s “find your beach”)
- ▶ Gorges Beer Co is:
 - ▶ A getaway: A new state of mind, just a quick hop from work and home
 - ▶ Accessible beer; something for everyone
 - ▶ A curated environment in an unparalleled location

Focus on lighter beer styles

- ▶ Thirst-quenching: post-hike “patio” or “rooftop” beers like Pilsner and Golden Ale
- ▶ Fruit Beers: Locally-sourced in the Hood River County “Fruit Loop”
- ▶ Low ABV Core: NW IPAs and Pales, Hazy & low-ABV session IPAs



MARKETING STRATEGY

Segmentation

Differentiation

Positioning



SEGMENTATION

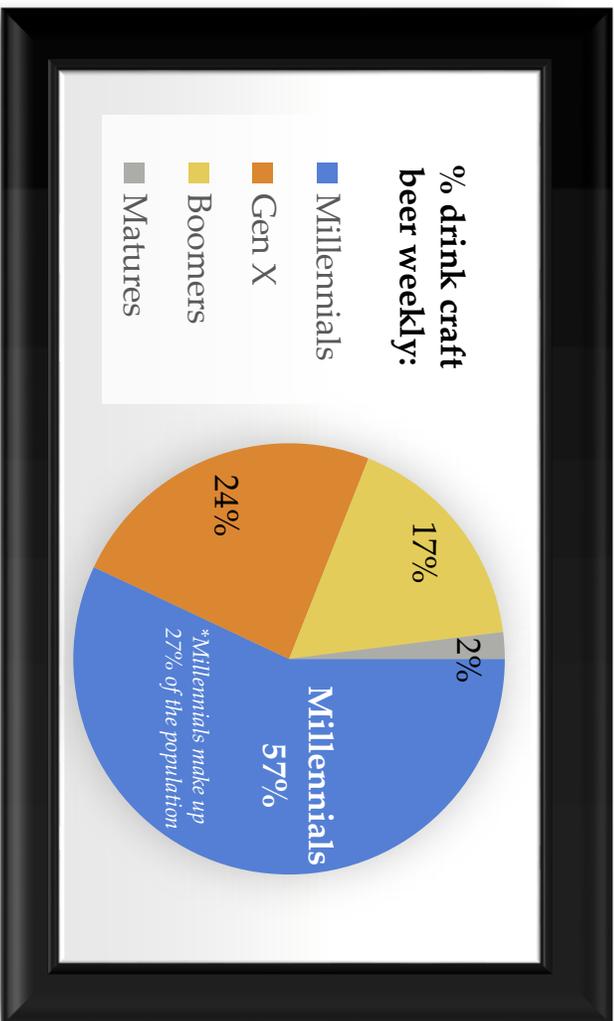
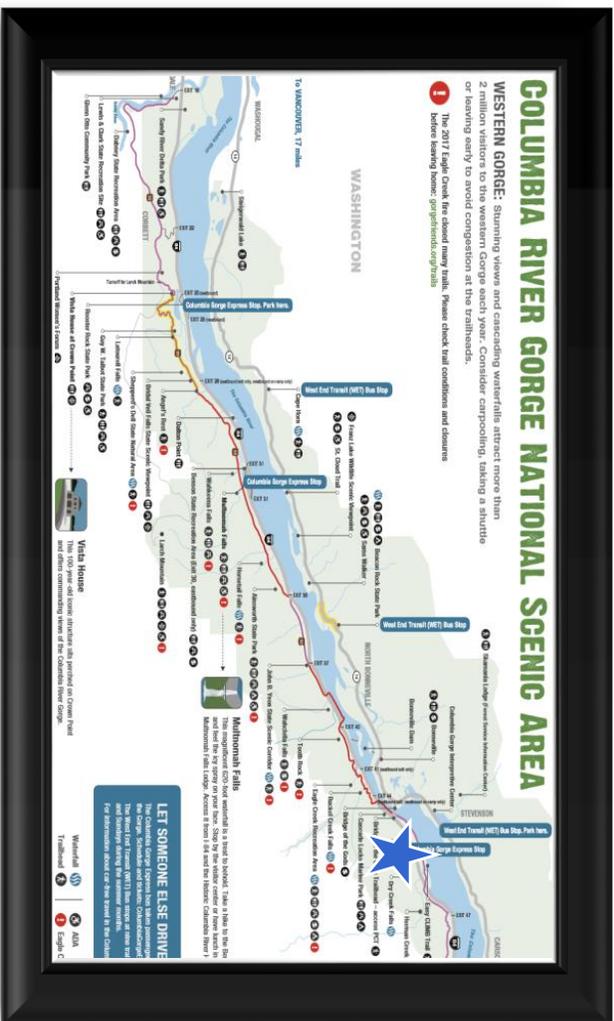
Target: Active Lifestyles

- ▶ The Gorge is a hiking & biking paradise
- ▶ GORGES is a lifestyle brand, geared towards “outdoors-y” fitness junkies

Target: Millennials & Gen X

- ▶ Want work-life balance*
- ▶ Love the outdoors
- ▶ Live away from metro area**

*82% are more loyal to employers if they had flexible work options
 **60% believe they would be more productive working from home



THE TRAILHEAD

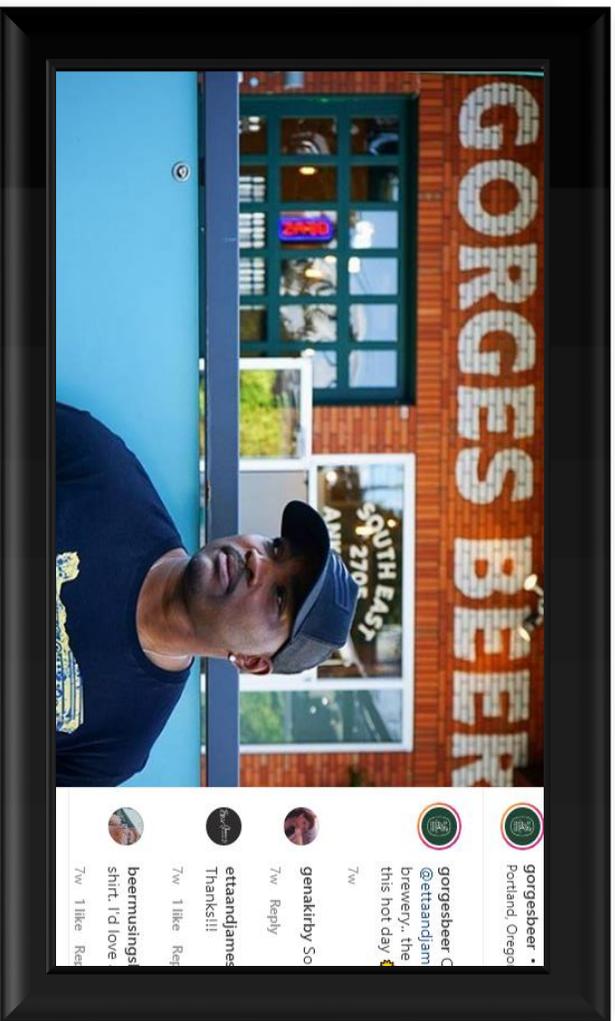
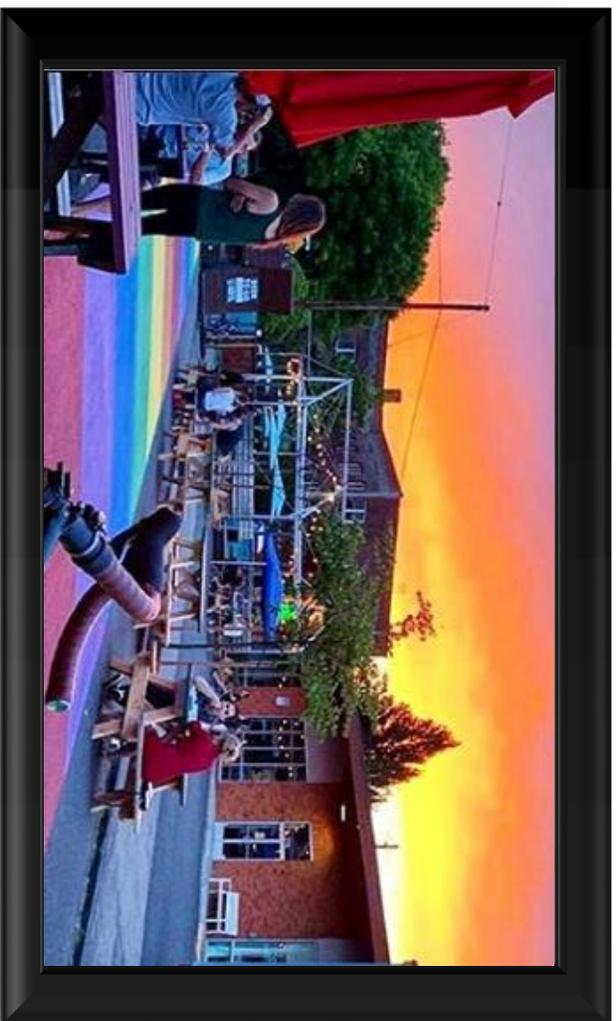
Pilot Brewery in Portland

- ▶ Jump-start on brand building & Product Testing
- ▶ Access to larger metro market
- ▶ On-site sales grow rapidly:



Great Press Thus far

- ▶ “Portland’s Most Impressive Street Plaza to Date...” - The Oregonian, 7/9/20
- ▶ “6 beers the new school staff is enjoying at home” – The New School Beer Blog, 6/23/20
- ▶ “Portland’s best distanced-dining street plaza” – Bike Portland.org 6/26/20
- ▶ “Pineapple Beer and Cider Captures Hearts and Tropics” – The New School Beer Blog, 8/25/20



VOLUME GROWTH PLAN

1

Drive traffic to Cascade Locks

- ▶ Unique Brewery experience
- ▶ Beer only available on-site

Details: Flagship Brewery & Pub

- Breweries generate greater “pull”
- Test market for new beer products
- Event Venue & Property are a huge draw, cross-sell opportunity

2

Build in desirable, gorgeous locations

- ▶ Mid-sized, suburban towns for expansion
- ▶ Own property, build from ground-up

Details: Property Expansion

- Open suburban locations every 2nd year
- Drive brand awareness, reach, volume
- *Each pub should consume 500-1000+ bbl/year**

*Top Portland Craft Brewpubs do up to 2000 bbl/year

3

Leverage strong brand

- ▶ When demand peaks, we target key accounts for external growth
- ▶ Merchandise, sauces and more sold under “Gorges” name

Off-Site Sales: Key Accounts

- Outstanding sales team targets permanent taps
- Prominent bottle/can facings at retail outlets
- *Four permanent taps = 100 bbl/year*

REAL ESTATE DEVELOPMENT

Property Overview

Phase 1: Brewery & Restaurant

Phases 2&3: Event Space, Retail

12-month Plan & Budget

Long-Term Growth



PROPERTY OVERVIEW: 1.8 ACRES



PHASE 1: BREWERY & RESTAURANT

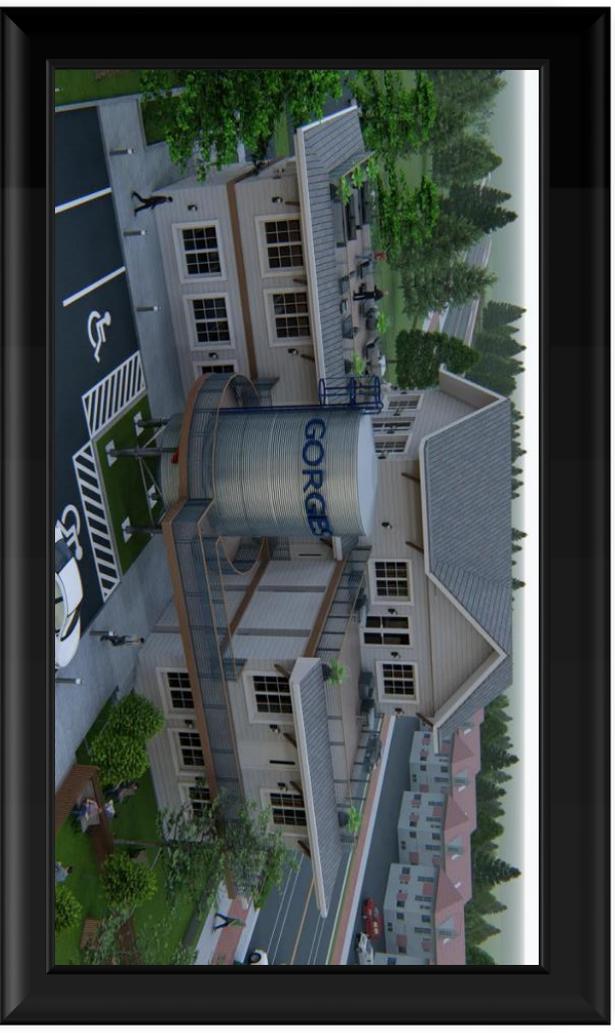
The Flagship Building

- ▶ **Tons of outdoor seating:**
 - ▶ Two rooftop seating areas
 - ▶ Two ground-floor patios
- ▶ **Brewery** 1100-sf Capacity for on-site and significant off-site sales

Opening Q3 2021

Building Features

- ▶ Indoor areas inviting for winter business
- ▶ Amazing views from patios
- ▶ Brewery Mezzanine Seating
- ▶ Huge kitchen, office & storage



Property overview video: <https://youtu.be/D2mhRG43d-s>

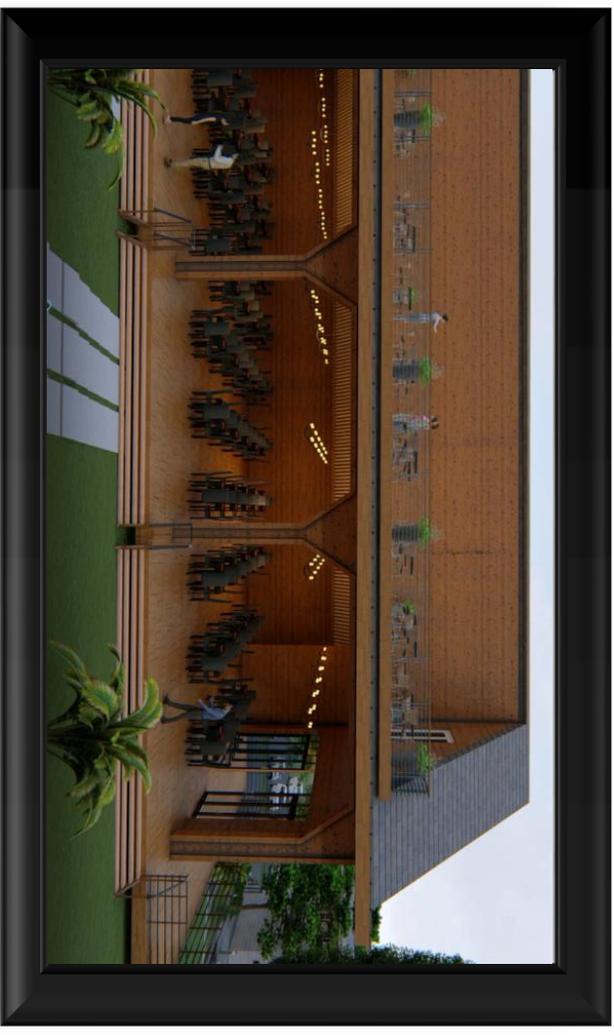
PHASE 2/3: EVENT SPACE & RETAIL

Event Space

- ▶ Build out planned for 2022
- ▶ No Event Space like this in Craft Beer
- ▶ \$685k net income year 5
- ▶ Weddings on-site help build fierce brand loyalty

Add'l Property Features

- ▶ NE corner expected to be hotel, B&B, tiny home village
- ▶ Amphitheater to host concerts or weddings
- ▶ Outdoor spaces provide additional seating, games, and dog areas



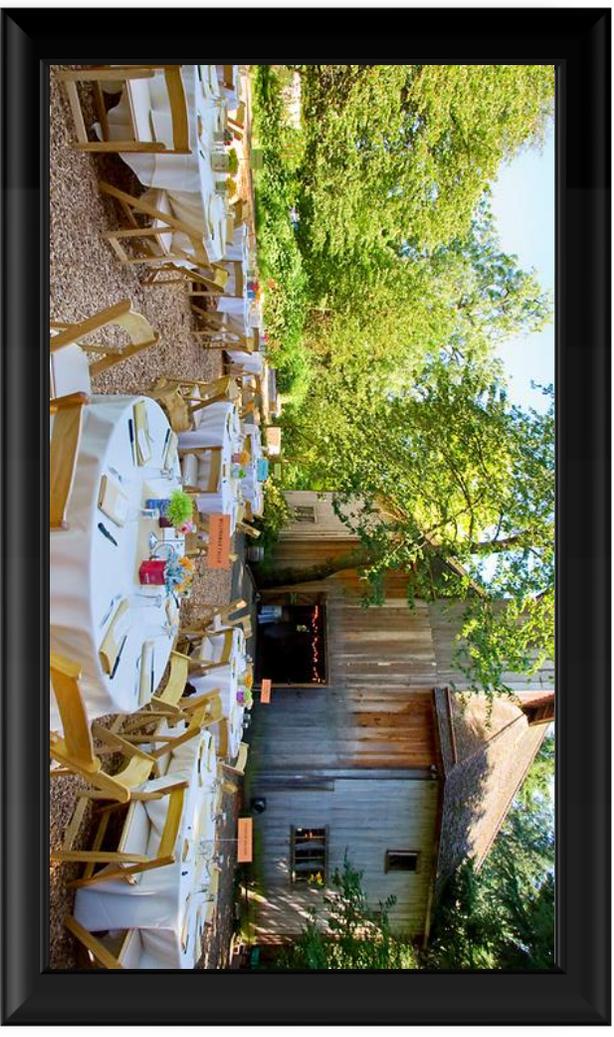
POST-12 MOS: EXPANSION

The “McMenamin’s” Model

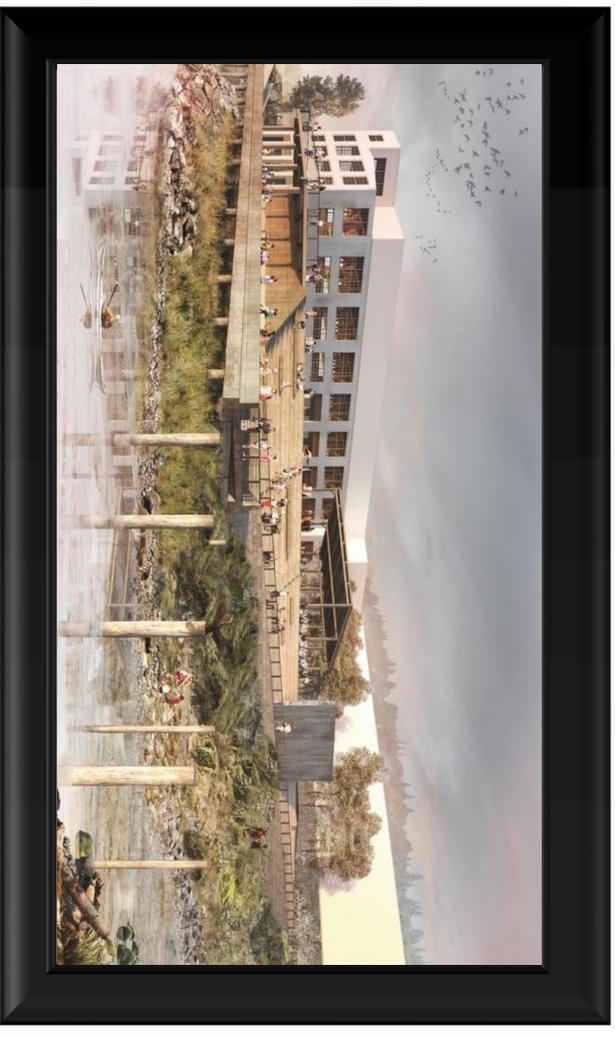
- ▶ New Location in 2023, '25, '27
- ▶ Find underpriced land
- ▶ Develop interesting projects with unique draw
- ▶ Difficult for competitors to duplicate

Out-of-state growth

- ▶ “Gorges” to be a lifestyle brand in beautiful locations
- ▶ Not Oregon-specific
- ▶ Expand out-of-state after first 3 taprooms



Cornelius Pass Roadhouse



Willamette Falls Redevelopment Project

RETURNS ON INVESTMENT

How the Business Makes Money

How We Mitigate Risk

The Pro-Forma

Ownership & Equity

How Investors Make Money



HOW THE BUSINESS MAKES MONEY

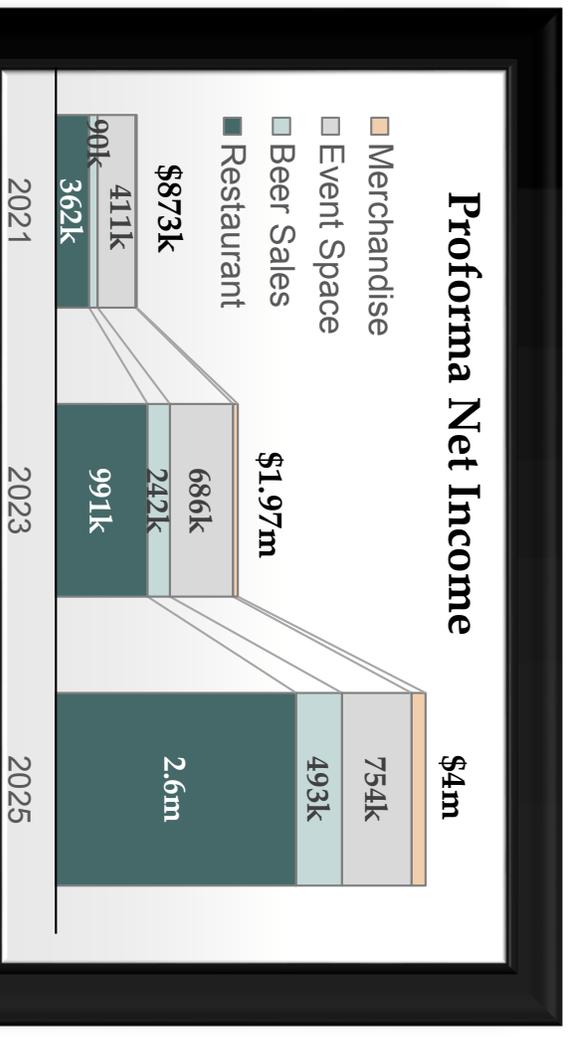
Income Streams

- ▶ Beer Sales, Event space are both very high-margin
- ▶ Sell food and beer largely on-site, cater our own events
- ▶ Drive consumers to our site, vs. low-margin channels

**More financial detail available by request*

YoY Gains by Revenue Stream

- ▶ Land Value \$3,000,000
- ▶ 5% growth = \$150k/year gain
- ▶ \$72k in lease income*
- ▶ Assumptions:
 - ▶ 4,000 sf Commercial
 - ▶ \$18/SF, 6.9% Cap Rate
 - ▶ \$1.1 Million Value



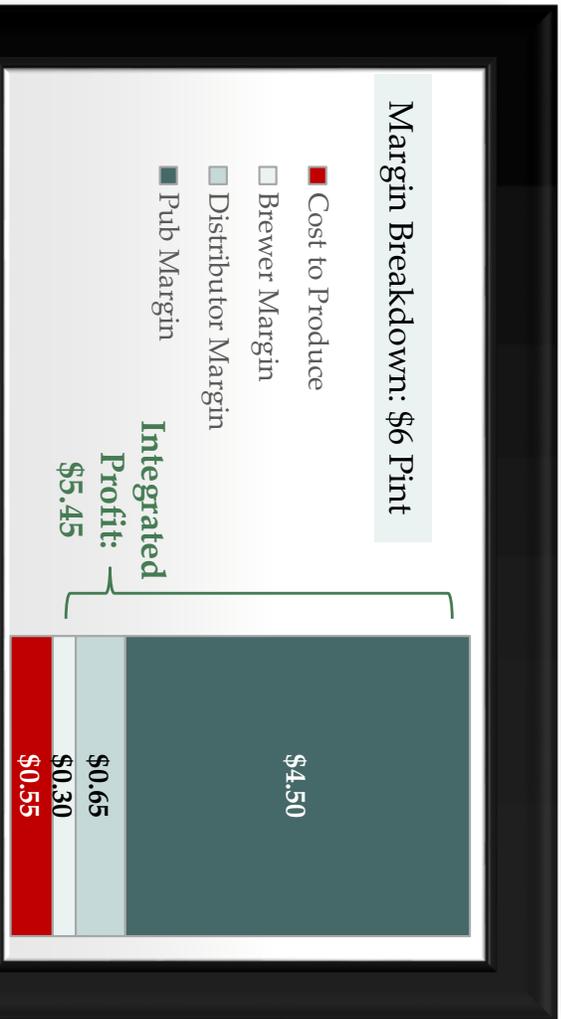
MITTIGATED INVESTOR RISK

Real Assets

- ▶ We build ourselves, adding ~\$500k to equity
- ▶ No rent payment: Debt service of <\$10k/mo

Vertical Integration

- ▶ Pub makes 75% margin (\$4.50)
 - ▶ Distributor makes 43% (\$1.50)
 - ▶ Brewer makes 35% (\$0.30)
 - ▶ **Integrated margin 91% (\$5.45)**
- We favor on-site sales because we make \$654/keg, vs \$95/keg we distribute*



*Seven local craft breweries were interviewed for cost estimates. May vary depending on style.

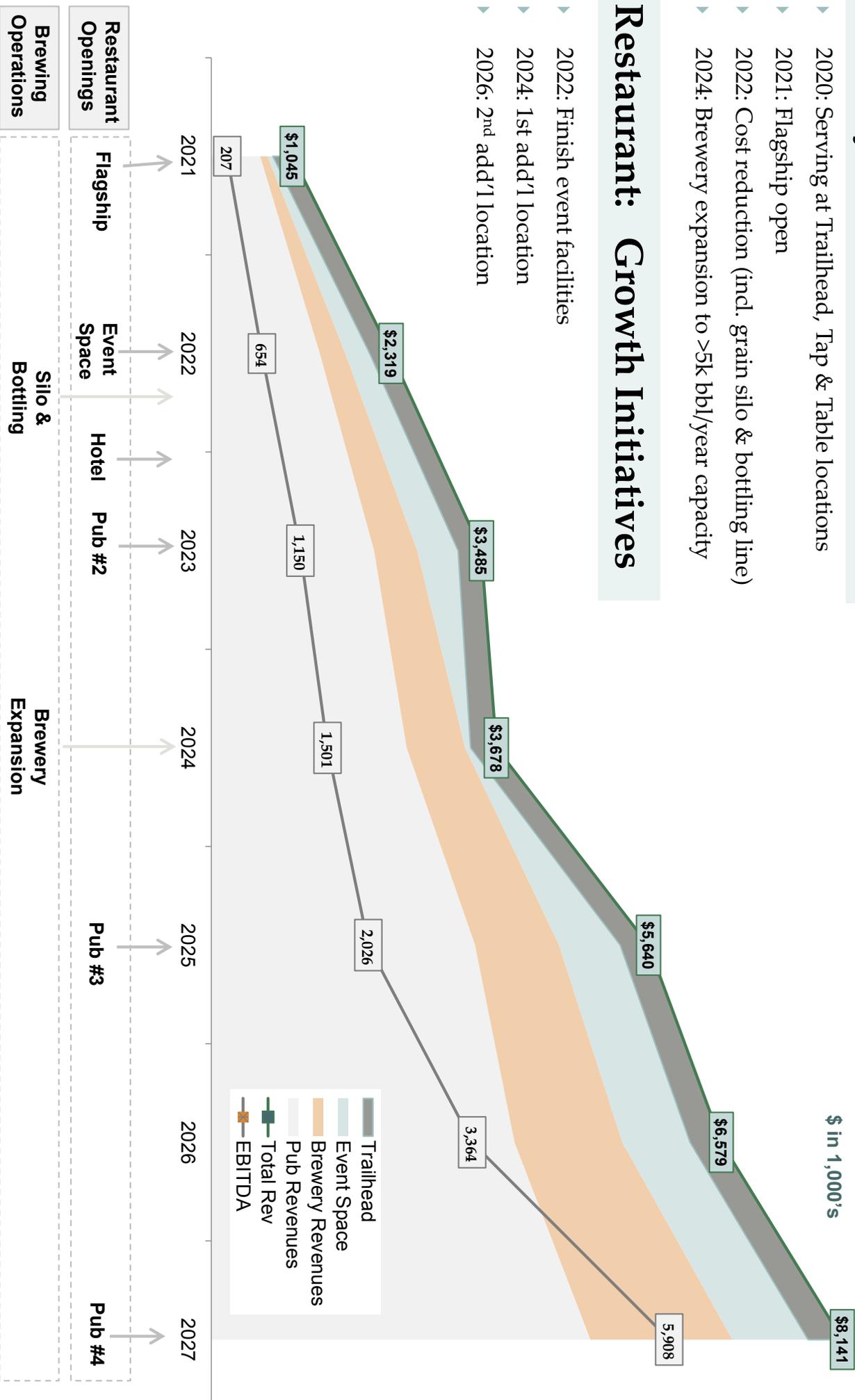
THE PRO FORMA

Brewery: Growth Initiatives

- ▶ 2020: Serving at Trailhead, Tap & Table locations
- ▶ 2021: Flagship open
- ▶ 2022: Cost reduction (incl. grain silo & bottling line)
- ▶ 2024: Brewery expansion to >5k bbl/year capacity

Restaurant: Growth Initiatives

- ▶ 2022: Finish event facilities
- ▶ 2024: 1st add'l location
- ▶ 2026: 2nd add'l location





TEAM



BALANCED, EXPERIENCED TEAM



Travis Preece
Chief Executive Officer

- ▶ 5 years Restaurant Ownership
- ▶ 5 years Shell Global Strategy
- ▶ 3 years sales, 4 years Real Estate
- ▶ MBA in Global Finance *University of Texas, 2010*

Travis has driven sales growth and delivered value at every point in his career. He does so by applying an analytical approach to strategic decision-making. He has used his restaurant sales figures to compile data on the Portland Beer Drinker's behavior and preferences.

Travis was married at nearby Wahdella falls, and enjoys hiking with his wife and two sons, Asher (2) and Jett (4)



Willis Boyer
Director of Development

- ▶ 17 years Construction *Principal, Ravenwood Group*
- ▶ 20% annual revenue growth
- ▶ Certified EarthAdvantage Builder & City of Portland Preferred

Willis is extremely creative and knows how to maximize “bang for the buck.” He provides a strategic advantage for Gorges to build or renovate properties at cost with our own team.

Willis is a Portland Native who has lived with his fiancée and two children part-time in Cascade Locks for several years.



Bryan Keilty
Head Brewer

- ▶ 12 years Brewing @ **Lompoc** *Recent wins at the Great American Beer Fest in Denver, CO: 2018 GOLD – Best Porter 2015 SILVER – Best Amber/Red*
- ▶ 2 years Brewing @ **McMenamins**
- ▶ Culinary degree & 6 years as chef

After a successful career as a chef, Bryan moved to Portland to learn brewing in the hopes of opening his own brewery and restaurant. Bryan has a tireless work ethic, has won national awards, built breweries, and grown sales in the US, Japan and Holland.

Bryan's passion for craft, and ability to build relationships in the industry, serve us well!



Steven Denio
Director of Operations

- ▶ **Good Life** Brewing 8 years Brewery Marketing & Sales experience
- ▶ **Bend Brewing** 4 years GM
- ▶ 3 years Real Estate Investment

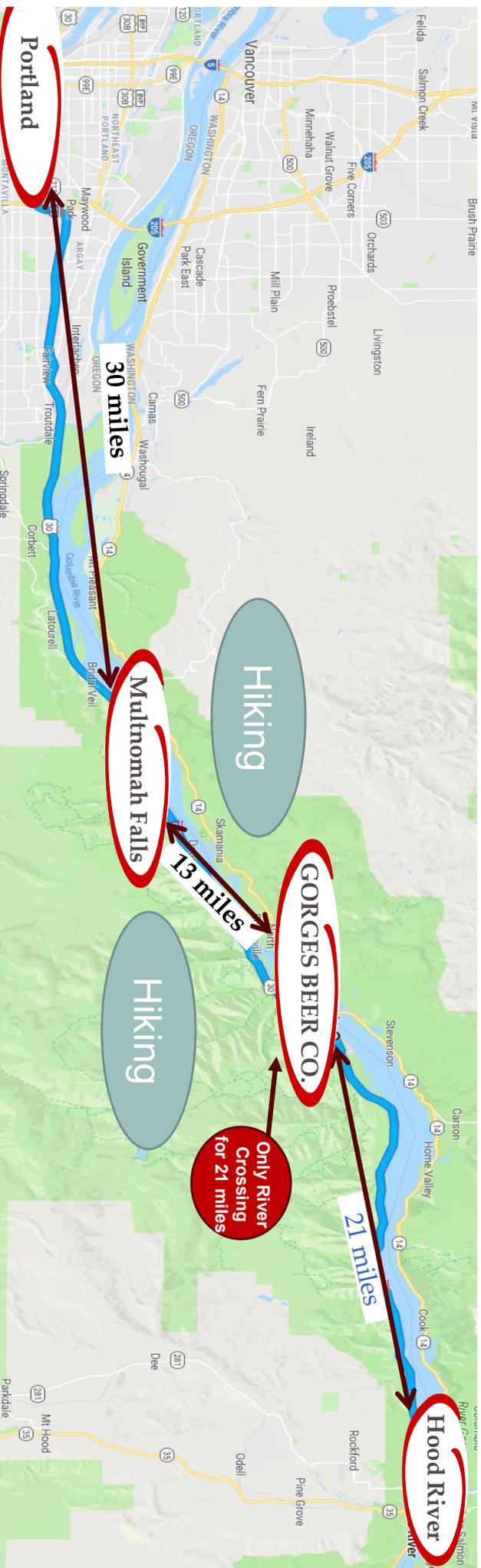
Steve Led Bend Brewing (as General Manager) to 22% growth annually, then became a founding member of GoodLife in 2011. As Marketing & Sales Manager, he helped grow GoodLife to #9 volume in the state of Oregon in 2017.

Steve and wife Heather met in the Bend beer industry, and just welcomed a future beer-lover to the fam.

BACKUP SLIDES

THIS LOCATION NEEDS US!

For hikers & tourists..this is THE place to stop for a beer



- ▶ Hood River Median home price grew 58% since 2013*
- ▶ We believe local property growth will accelerate, adding to Property IRR

*Zillow Data from 4/2013 – 4/2018

Home Prices *source: Zillow	2017 Median	2-yr Growth	\$\$ / SF	Income / Price
Portland	416k	28%	344	15.3%
Hood River	424k	32%	246	11.8%
Stevenson	381k	31%	262	13.3%
Cascade Locks	172k	7%	153	25.4%

12-MONTH PLAN & BUDGET

Construction Plan

- ▶ Land Cost = \$485,000
 - ▶ Broke Ground May 2020
 - ▶ Completed Summer 2021
 - ▶ Construction Budget = \$1.9M
- ...we have an add'l 274k contingency

Business CapEx Plan

- ▶ Brand & Comms = \$69,200
 - ▶ Brewery Equip = \$160,000*
- *purchased 20-barrel system 11/19 used for \$160k, against budget of \$343k
- ▶ Opex Cushion = \$119k
 - ▶ Interest Reserve = \$62k

OPENING Q2 2021

