



\$321 Million (Mixed Use Development Project)
Business Plan
June 2021



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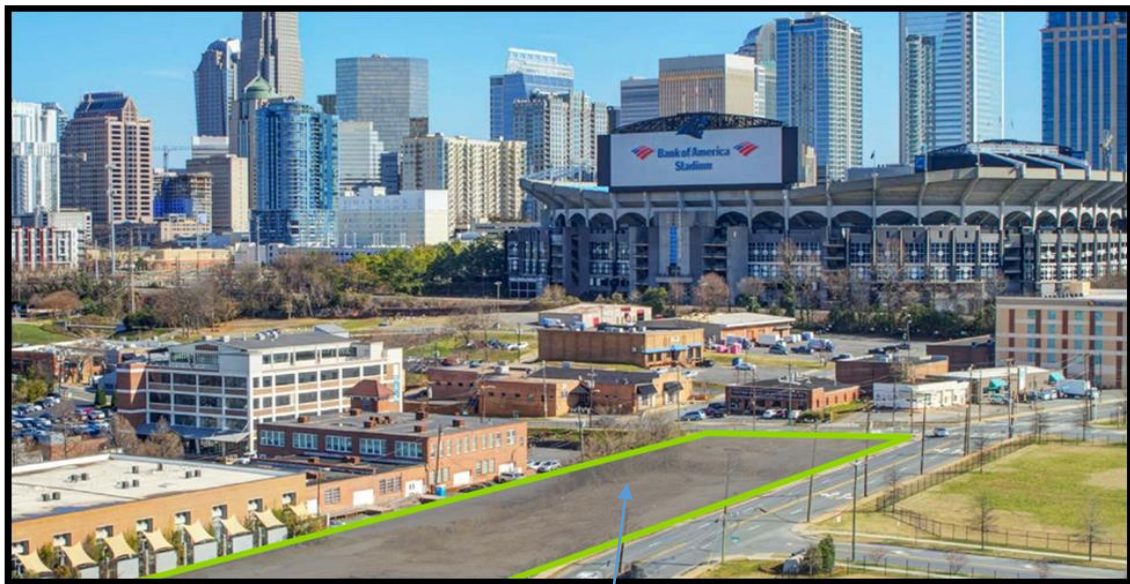
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1. EXECUTIVE SUMMARY

McClain Real Estate Development (“MRED”) has been embarked on ground up “Lifestyle” multifamily apartment and hotel mixed use development Project in Uptown Charlotte, North Carolina. On an exclusive basis MRED is seeking \$321 million for the purpose of development and construction of The Charlotte Club (the “Project”). MRED is positioning to enter into a purchase sale agreement (PSA) with the property owners for the 2.3++ acres for property that’s zoned MUDD (mixed-use development district). The property will be utilized for the development/construction of a 485-multifamily apartments, 283-keys Hard Rock Hotel, commercial office/retail space and entertainment venue facility. The property located at the intersection of West Morehead and South Cedar Streets. The parcels are directly across the street and close proximity of each other on Charlotte’s main street, South Tryon Street. MRED has requested RFP for pre-development team services. We are planning the process to negotiate full development service contracts. MRED has obtained a draft LOI from Hard Rock Hotels to be the hotel management company. The Economic Development sector for The City of Charlotte have accessed this Project and concluded that it can qualify for its Infrastructure Investment Reimbursement Program. The program is designed to reimburse the project up to \$10 million in public funds for infrastructure costs incurred by the developer.

Opportunity: Sometimes, in the long history of brilliant development, an opportunity comes along that is monumental, historical, ecological, beneficial and financially rewarding. The Project is an outstanding opportunity to make a statement in one of the top cities for growth and financial reward in the country. Additionally, this opportunity presents the promise of enormous future reward. Located at the Western Gateway to Uptown, these parcels are the Gateway to Uptown Charlotte. The parcels, commanding a fabulous view from the high point of Charlotte, have the potential to make an impressive architectural and significant identity statement as well to achieve excellent return on investment.



“Stadium Terraces” Uptown Development Site

Exhibit A. Executive Summary (subject to change)

Borrower	Charlotte Club Development, LLC, a single-purpose entity controlled by Jerry Johnson
Developer	McClain Real Estate Development LLC, a single-purpose entity controlled by Jerry Johnson
Development Team	See McClain Real Estate Organization Chart File
General Contractor/Builder	Turner Construction
Hotel Manager	Hard Rock International (Hotel Division)
Multi Family Leasing Firm	Marcus & Millichap
Retail & Office Leasing Firm	Marcus & Millichap
Collateral	Debt/Equity 60/40 Profit (TBD)
Total Project Costs	\$321,733,000
McClain Real Estate (Developer/GP)	\$900,000
JV Partner (Co-GP) (40/60 Profit)	\$31,273,300
Preferred Equity	\$96,519,900
Construction Loan	\$193,039,800
Loan-to-Cost	60%
Interest Rate	TBD
Amortization	TBD
Funding Date	3rd Quarter 2021
Guarantees	TBD
Prepayment	TBD
Use of Proceeds	Proceeds will be used to fund the development/construction of the privately held Charlotte Club Development (see detail budget)

Exhibit B. Executive Summary (subject to change)

On-Site Project Program					
PROPERTY ADDRESS	800 West Morehead Street (Stadium Terraces Site)				
PROJECT TYPE	"Lifestyle" Mixed-Use Development Project				
APARTMENT BRAND	The Charlotte Club				
HOTEL BRAND	Hard Rock Hotel - Charlotte				
PROPOSED DEVELOPMENT	Mixed Use Development				
ZONING	(UMUD) Uptown Mixed Use District				
SQ FOOTAGE LOSS FACTOR	1.02				
PROPOSED HOTEL KEYS	283				
LAND TOTAL A/C	2,217				
LAND TOTAL GSF SQ. FT.	96,586				
PROJECTED FAR	13				
PROPOSED APARTMENT UNITS	485				
PROPOSED PARKING SPACES	1,339				
PROPOSED PARKING GSF SQ FT	468,730				
PROPOSED RETAIL GSF SQ FT	10,500				
PROPOSED OFFICE GSF SQ FT	155,000				
EVENT: LIVE VENUE/NIGHT CLUB GSF SQ FT	13,553				
Description	# Units	Unit Type	S.F./Unit	NRA	GSF
Hotel					
Hotel - Kings	125	King	350	43,582	44,454
Hotel - Double/Double	147	DD	375	55,185	56,289
Hotel - Jr. Suites	6	Suite	800	5,026	5,127
Hotel - Executive Suite	4	Suite	850	3,199	3,263
Hotel - Presidential Suites	1	Suite	975	1,214	1,238
Total Hotel Rooms	283			108,206	110,371
Average Space per Hotel Room HR Standard				382	
Apartments					
Apartment - Studio	82	Studio	525	43,286	44,152
Apartment - One Bedroom w/1BA	247	1-BR	728	180,071	183,672
Apartment - Two Bedroom w/2BA	150	2-BR	1,173	176,361	179,888
Apartment - Three Bedroom w/2BA	5	3-BR	2,210	10,719	10,933
Total Apartments	485			410,436	418,645
Average Rentable Space per Apartment Units				846	
Sub-Total	768			518,643	529,015
Description				NRA	GSF
Hotel/Office/Retail/Parking/Entertainment					
Hotel - Club Lounge, Board Room & Pantry				6,101	6,225
Hotel - Ballroom, Meeting & Banquet/BOH				19,412	19,808
Hotel - Lobby Lounge				3,328	3,396
Hotel - Restaurants				5,885	6,005
Hotel - Bar				2,685	2,739
Hotel - Spa				6,370	6,500
Hotel - Health Club				3,430	3,500
Apartment - Fitness Center				1,823	1,860
Apartment - Business Center				931	950
Apartment - Club House				1,862	1,900
Apartment - Deck /w Outdoor Pool				1,842	1,880
Apartment - Delivery Package Center				461	470
Commercial Office Space				151,900	155,000
Commercial Retail Space				10,290	10,500
Parking				459,355	468,730
Entertainment: Live Venue/Nightclub				12,000	13,553
Sub-Total				687,675	703,017
Grand Total	768			1,206,317	1,232,032

Exhibit C. Executive Summary Use and Source of Funds (subject to change)

Sources	\$	Uses	\$
Equity: Developer/JV Partner (TBD) 10%	\$32,173,300	Development Cost (see detail budget)	\$321,733,000
Preferred Equity - (TBD) 30%	\$96,519,900		\$0
Construction Loan: (TBD) 60%	\$193,039,800		\$0
Total	\$321,733,000	Total	\$321,733,000

2. PANDEMIC IMPACT SUMMARY ON “THE PROJECT”

The Covid 19 virus has affected all aspects of life, both domestically and globally. This pandemic has demonstrated the devastation that can occur when superbugs spread without proactive actions to curb the outbreak. It has highlighted the impact on commercial real estate, hospitality, entertainment, dining, retail developers and the need to address not only this occurrence, but the potential of future pandemic outbreaks. Although the CDC has issued guidelines for the current pandemic, it is our position that we address the post pandemic issues in the design and construction of the Charlotte Club project.

a.) Hotel Component

Hotels must consider not only the safety and cleanliness of the facility but how to maintain the hotel experience from arrival through checkout. It is expected that the curbside services such as valet and bellhop, breakfast buffets, mini-bars, room service, and other such luxuries will be eliminated and/or modified and that the programming, design and engineering will have to consider all implications resulting therefrom.

Secured electronic systems will be installed that allow contact-free check in via mobile phone registration whereby a “key” is transmitted to the guest’s phone; upon arrival exterior sensors and security apparatus will recognize the guest once within proximity. This “key” allows the guest entry into the cleaned and sealed room without having to touch the doors; the lights, thermostat, TV remote and security of the room will all be controlled with the mobile device/app. Preliminary estimates for the design, engineering, installation, implementation, and training of these systems is \$35.00 per square foot for the hotel. (\$5,549,075)

The corridors will have to be widened to allow safe distance cross traffic which will result in increasing the footprint of each floor. Consultants are advising that corridors should be a minimum of eight feet wide in lieu of the current standard, five feet. Consequently, there are increased costs per square foot of construction.

Housekeeping staff will have to be fully trained to not only clean but to sanitize each room and to seal the doors upon leaving. It has been suggested that rooms be cleaned only after a guest has departed which will result in operational savings but will diminish the guest experience.

There is speculation that modifications will be required to the HVAC filter systems. This may require that in-room filters be changed as each room is cleaned and sanitized. Modifications to the supply registers allowing for ease of filter exchange and return air grille are included in the budget discussed below.

Elevators pose a unique problem as standard sized elevators do not allow for social distancing. Elevators are one of the most costly and longest duration of fabrication in construction line items. Elevators serving the Hotel need to accommodate both guests and baggage. We propose to incorporate sensors in the elevators that would alarm if more than the allowed number of persons were in the elevator. These would be used in lieu of the currently used weight limit alarms.

The Meeting/Convention rooms and pre-function areas will require thermal entry units, air filtration units, and event programming that ensures required distancing.

b.) Office, Retail & Entertainment Component

Lobby and public areas serving the office spaces will have to be designed to allow for appropriate distancing as per guidelines. Consideration will be made to increase the slab to ceiling heights to allow for installation of a raised floor system. This allows for total flexibility within the tenant space. It is envisioned that tenants install modular wall systems both for office and cubicle space.

Retail tenants will be responsible for the design and construction within their space. Developer oversight and review/approval of tenant plans will ensure that all codes and guidelines are adhered to.

Dining and bar venues will have to consider new space requirements and service requirements

c.) Apartment Component

As previously mentioned, the lobby and public areas serving the apartments will have to be designed to allow for appropriate distancing as per guidelines. It is envisioned that the corridors be widened to eight feet consistent with the hotel floors.

The HVAC filtration system will require modification to the registers in each of the 485 units. Modifications to the supply registers allowing for ease of filter exchange and return air grille are included in the budget discussed below.

d.) Back of the House Component

Consideration must be given to allow for the increased requirement for security/electronic systems space. There will be electronic equipment including servers, monitors and control panels to be housed in the back of house.

An on-site medical room will be required for supplies and testing of employees; and guests if required.

e.) Construction

Construction sites have been found to be hotspots for the transmission of the virus. Consequently, the construction operation must implement and enforce the CDC guidelines to ensure the safety of construction workers, architects, engineers, project management team, testing technicians, and others working on the site. This will require additional staff to check temperatures, enforce wearing of face masks, and providing areas where the employees can wash their hands throughout the day.

Current guidelines address cleaning of tools and equipment. It may, however, be more cost effective to provide the tools to an individual in lieu of cleaning each one after use between co-workers which would impact work productivity.

High rise construction requires man lifts and the number of lifts and trips per day may be impacted if distancing is required on said lifts. Assuming workers are properly clothed, masked, and have been checked on entry to the site the distancing requirements may be lessened.

Wash stations will be required throughout the site so that workers can wash their hands. These are not commonly provided.

f.) Pandemic Impact Costs

To address the potential impact to the Charlotte Club project we have included the following contingencies in the project budget. The Pandemic Impact Contingency has been rounded to \$17,500,000.00.

Projected Pademic Impact Contingency

Component Description		Square Footage	Return Air	Supply (room and bath)	Units	Cost /Unit	Subtotal	Total Costs
Hotel Construction - 158,545 Square Feet								
Hotel Kings	350		1	2		\$ 1,000.00	\$ 350,000.00	
Hotel Double/Double	147		1	2		\$ 1,000.00	\$ 147,000.00	
Hotel - Jr Suites	6		1	2		\$ 1,000.00	\$ 6,000.00	
Hotel Executive Suites	4		1	4		\$ 1,250.00	\$ 5,000.00	
Hotel Presidential Suites	1		1	5		\$ 1,500.00	\$ 1,500.00	
Medical Room	1	150				\$ 131.00	\$ 19,650.00	
Electronic Control Room	1	1,000				\$ 175.00	\$ 175,000.00	
Integrated Electronic Control System		158,545				\$ 35.00	\$ 5,549,075.00	
								\$ 6,253,225.00
Apartment Construction 425,705 SF @ \$179.46 SF								
Studio	82		1	2		\$ 1,000.00	\$ 82,000.00	
One Bedroom /1BA	247		1	4		\$ 1,500.00	\$ 370,500.00	
Two Bedroomw /2BA	150		1	6		\$ 2,000.00	\$ 300,000.00	
Three Bedroomw /2BA	5		1	7		\$ 2,500.00	\$ 12,500.00	
								\$ 765,000.00
Office/Retail/Entertainment Construction 179,052 Square Feet								
Elevator - Contingency for Sensor System Integration Allow					16	\$ 7,500.00	\$ 120,000.00	
								\$ 120,000.00
Conference Room Air Filtration	19,808					\$ 40.00	\$ 792,320.00	
								\$ 792,320.00
Public Corridor - Widen to 8'0" wide								
Hotel	20,680					\$ 125.00	\$ 2,584,972.83	
Apartment	55,527					\$ 125.00	\$ 6,940,842.39	
								\$ 9,525,815.22
Projected Pademic Impact Contingency								\$ 17,456,360.22

3. PROJECT SITE OVERVIEW

a.) West Morehead Street the Gateway to Uptown Charlotte

The SouthEnd Focus Area is poised to experience dramatic change in the coming years. Originally identified in the Charlotte 2040 Comprehensive Plan and strategically located along the southern part of Center City’s premier business corridor, this area has a large amount of redevelopment potential, both within Uptown and along its connection southward to the surrounding neighborhoods.

The SouthEnd Focus Area will be a dense mixed-use neighborhood with strong linkages that connect Uptown with SouthEnd’s newest employment centers. The area will feature a range of urban uses and spaces, including offices, high-tech laboratories, retail, housing, cultural venues, education facilities, parks and retail shops. With this range of uses comes a diverse mix of people—including researchers, office workers, students, artists and families—that will activate the streets and spaces and make South Tryon one of Center City’s most dynamic areas.

Building upon the energy of the dense development and pedestrian-friendly streetscape of West Morehead Street, the South Cedar Street strategy focuses on the area generally bounded by Morehead Street. The strategy leverages existing assets and future plans—including Vantage SouthEnd’s new building headquarters to Lending Tree, Bank of America Stadium and BofA SouthEnd office tower, and future home of the Charlotte Convention Center development opportunity at the uptown site and in SouthEnd—while establishing further direction to “stitch together” the elements of this key area.



b.) City of Charlotte - SouthEnd Vision Plan

South End is located immediately south of Uptown and is well-served by the LYNX Blue Line light rail line, including four stations at the heart of the neighborhood. Initially it a bustling industrial zone trafficked by multiple freight lines and populated with textile factories and other warehouses, today SouthEnd is a dynamic urban neighborhood with a mix of rehabbed historic structures and new transit-oriented development spurred by the re-introduction of the Charlotte Trolley in 1990’s and subsequent opening of the light rail line in 2007. SouthEnd is home to a burgeoning craft brewery scene, multiple music venues, art galleries and beloved local shops and restaurants.

The SouthEnd Focus Area is poised to experience dramatic change in the coming years. Originally identified in the 2020 Vision Plan and strategically located along the southern part of Center City’s premier business corridor, this area has a large amount of development potential, both within Uptown and along its connection southward to the surrounding neighborhoods.

The SouthEnd Focus Area will be a dense mixed use neighborhood with strong linkages that connect Uptown with SouthEnd’s newest employment centers. The area will feature a range of urban uses and spaces, including offices, high-tech laboratories, retail, housing, cultural venues, education facilities, parks and retail shops. With this range of uses comes a diverse mix of people—including researchers, office workers, students, artists and families—that will activate the streets and spaces and make SouthEnd one of Center City’s most dynamic areas.

Building upon the energy of the dense development and pedestrian-friendly streetscape of Morehead Street, the South Cedar strategy focuses on the area generally bounded by West Morehead Street on the South, Cedar Street on the south. The development and construction has a timeline of 36-months.

SouthEnd is located immediately south of Uptown and is well-served by the Blue Line light rail line with four stations at the heart of the neighborhood. Initially a bustling industrial zone trafficked by multiple freight lines and populated with textile factories and other warehouses, today South End is a dynamic urban neighborhood with a mix of rehabbed historic structures and new transit-oriented development first sparked by the re-introduction of the Charlotte Trolley in the 90's and subsequent opening of the light rail line in 2007. SouthEnd is home to a burgeoning craft brewery scene, multiple art galleries and beloved local shops, restaurants and is emerging as a regional employment center.

c.) Exceptional Branding Opportunity

The branding opportunity here is second to none. The site, straddling South Tryon Street and located beside the I-277 Freeway, and on the highest point in south Charlotte, presents an opportunity for a highly visible signature building. There is outstanding visibility from all directions, including clear and close visibility from air traffic entering the flight pattern at Charlotte Douglas International. It also will present dramatic uninterrupted views of Uptown Charlotte Center City for all tenants.

d.) Special Aspects

These parcels offer some aspects not available in other offerings which may be available. Starting with a spectacular commercial situation due to its superior access, the property is oriented in an East-West direction that allows the entire South side to be solar oriented, offering enormous “Green Credits”, and real tax incentives as well as huge energy savings. Sustainable design will result in increasing return as rates rise in the future. This site is oriented for this benefit more than any other available site.

The views will be protected due to the location of I-277 which offers a wide expanse of open space. No building can be built that can obscure the Central City views.

e.) Commuter Access

The Blue Line Train runs at the side of the West Morehead Street parcels. This train is started running in 2018. The closest station is a short brief walk to the Bank of America Stadium at Charlotte's Uptown. If development follows the train as it has on the South End the opportunity to purchase a substantial amount of property at an attractive price in such a commanding location offers the promise of escalating values into the future.

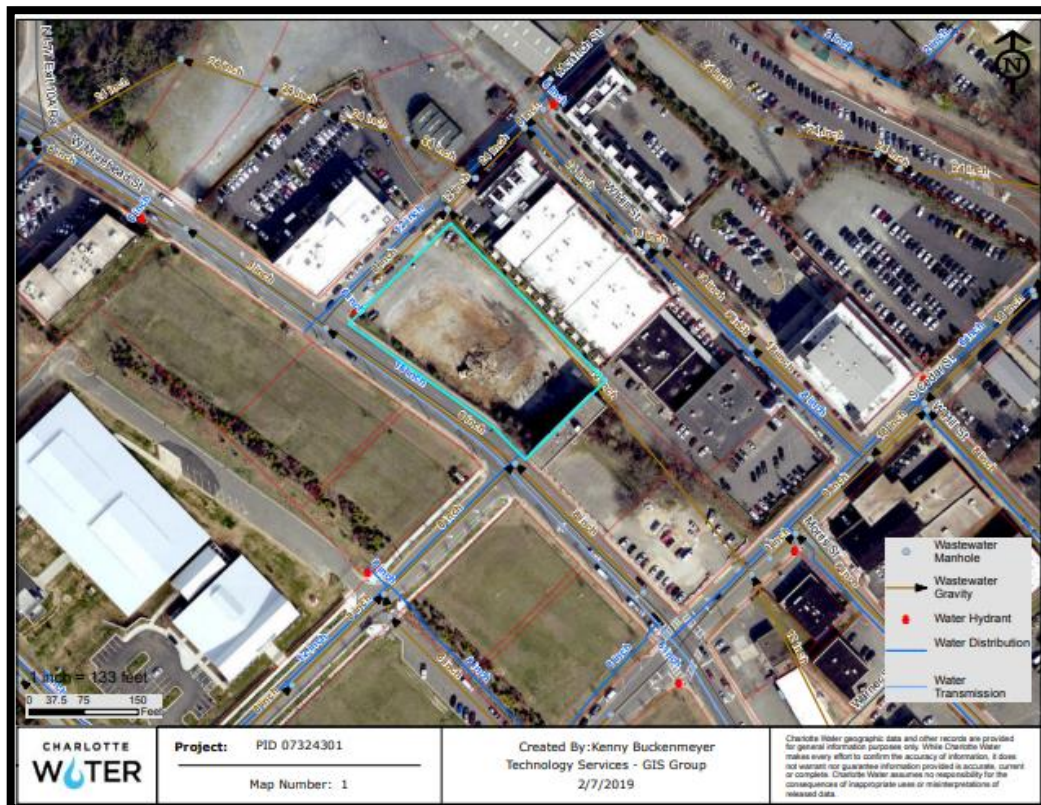
f.) Key Strengths of the “Lifestyle” Mixed-Use Project for South Tryon Street includes:

- It has access to every major road and highway coming through Charlotte, including access from I-277, the Brookshire Freeway, Highways 29, 49, 16, 74, 24-27, I-85, and I-277. The “Exits” from these highways are located beside these parcels and are readily accessible to/from the parcels.

- The branding opportunity here is second to none. The site, straddling South Tryon Street and located beside the I-277 Freeway, and on the highest point in south Charlotte, presents an opportunity for a highly visible signature building. There is outstanding visibility from all directions, including clear and close visibility from air traffic entering the flight pattern at Charlotte Douglas International. It also will present dramatic uninterrupted views of Uptown Charlotte Center City for all tenants.
- Right now, the sidewalk ends just past Carson and Morehead Station in SouthEnd. The two bridge designs under consideration are a single span bridge and a double span. The double span would be wider and slightly cheaper with a pillar in the middle of I-277. Located on the high point in Uptown Charlotte, and just a few blocks from the Center City, it has a commanding view of Uptown and the entire surrounding city. It, therefore, also offers a site visible from almost any point for miles around. (*View from ground level South Tryon Street*)



Exhibit D. Project Site Master Plan





"THE CHARLOTTE CLUB"
"LIFESTYLE" Mixed Use Development Project
MASTER PLAN 2021
CONCEPTUAL YIELD STUDIES

PARCELS "Stadium Terraces": Hotel, Apartments, Office/Retail

Acreage: ± 2.7353 AC

Hotel Keys: 283

Apartments: 485 Units

Office GSF: 155,000

Retail/Entertainment Venue GSF: 24,053

Hotel Parking Spaces: 142 (283 X .5/Key) 142

Apartment Parking Spaces 582 (485 X 1.2 Unit) 582

Office, Retail, Entertainment Parking Spaces: 616 (179,053 X 616

Total Parking Spaces: 1,339 (P/Deck)

3.5 LEVEL STRUCTURED PARKING BELOW 1,339

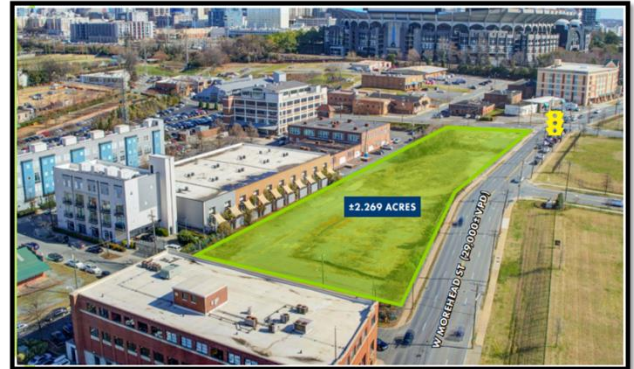
Total Stories Tower: 42

Total 468,730 GSF for Parking (1,339 X 350) 468,730

4. WEST MOREHEAD STREET PARCEL ASSEMBLAGE

The owner of the West Morehead Street parcels will agree to the concept of assemblage that is based on combining parcels for the purpose of establishing the highest and best use of a single parcel. The Offer Letter detailing the terms and conditions for owner is attached. Using the assemblage theory can significantly alter the outcome of an appraisal. Even though there are different property owners, the assemblage process helps demonstrate that the combination of parcels can result in a higher use with greater value than a single parcel valued by itself.

In North Carolina, the assemblage of parcels or “plottage” theory of valuation can be an important consideration in the eminent domain process. Although limited in terms of utilization, it can dramatically affect the highest and best uses to be considered during the appraiser’s land valuation.



PROPERTY SUMMARY

Address: 800 West Morehead Street

Acreage: 2.269 (98,838 Sq. Ft.)

Zoning: MUDD (Mixed-Use Development District)

a.) Combining Parcels – West Morehead Street

The South Tryon Street assemblage expands the range of potential highest and best uses because the increased size results in more benefits. It helps lessen the impact of local development standards, takes advantage of any physical opportunities specific to the particular properties and can work to overcome certain types of site constraints that impact future development.

In general, applying the assemblage theory may be appropriate when the following conditions exist in the before condition:

1. The costs required to assemble the land are financially feasible.
2. The assemblage of parcels can be accomplished in the reasonably near future.
3. The owners of the subject properties are willing to participate in the assemblage.
4. It is physically possible, legally permissible, and financially feasible to achieve the highest and best use which is the development of a “Lifestyle” hotel mixed use project.
5. The highest and best use from assemblage will result in the highest value for The Charlotte Club project.

b.) Leveraging the Physical Opportunity – West Morehead Street Site

The West Morehead Street assemblage will possess certain advantages to physical site characteristics that will be warranted for the development for The Charlotte Club project. Improvements such as those relating to vehicular access, visual exposure and more buildable site configuration can significantly improve the developmental potential of land through assemblage.

Assemblage of an interior parcel, with a corner parcel for 800 West Morehead Streets for example, can create the potential for improved vehicular access to either or both parcels depending upon the site-specific conditions. Reasons for this include:

- The interior parcel will gain access to the second street that a corner parcel fronts onto, thus connecting it to a higher volume of traffic.
- The corner parcel fronting onto a busy street intersection containing medians that preclude left-turn vehicular access may be able to gain left-turn access through assemblage with an adjacent interior parcel that is not restricted by left-turn medians.
- Both interior and corner parcels may gain improved visual exposure to the motorists through greater combined street frontage.

c.) Size Matters for The Charlotte Club Project

The decision to utilize the assemblage concept is the reasonable probability that an assemblage would actually result in a higher use scenario that would benefit the overall development of the “Lifestyle hotel mixed use project. There are several important factors considered in this regard that relate specifically to physical possibility and legal permissibility. The first is expanding the range of potential highest and best uses resulting from the increase in acreage. These parcels acreage play a major role in determining the range of potential land uses and developmental intensities that are reasonably probable to achieve. The greater the acreage, the more types and intensities of use local jurisdictions will allow. The likelihood of a correspondingly higher market value also increases.

Therefore, the assemblage of parcels and the resulting increased acreage creates opportunity build 42 story tower. Commercial parcels containing less than a half-acre are often restricted to uses requiring limited building floor area and parking, such as retail and office. However, if assembled with land, the combined acreage now reaches an area threshold that allows for additional uses, such as The Charlotte Club project. This acreage allows for the construction of a parking structure. From a highest and best use standpoint, parking structures allow much greater building floor area to be constructed, thus further increasing the number of potential highest and best use for hotel, apartments, office/retail commercial space and entertainment venue. Constructing a parking structure involves many factors of which adequate acreage is an essential one.

5. MIXED USE MARKET OVERVIEW

a. HVS Market Overview 2020 – Charlotte

Charlotte, North Carolina, is one of the biggest cities in the southeast, second only to Jacksonville, Florida, by population, and among the top three fastest-growing metro areas in the U.S. Home to two professional sports franchises (the NBA's Charlotte Hornets and the NFL's Carolina Panthers), NASCAR's Sprint Cup and All-Star stock car races, and numerous museums, Charlotte enjoys a strong base of leisure demand. Commercial and meeting/group demands are strong in the city, as well.



The following **HVS Market Study** details some of the major developments in Charlotte and their impact on the area's hotel industry.

b. Charlotte Economic Drivers

Finance, technology, and manufacturing, alongside health care and education, serve as the chief economic drivers in Charlotte. Bank of America is headquartered here, and several major entities related to financial services and other industries have projects in the works. Dimensional Fund Advisors will construct its East Coast regional headquarters in South End, a project expected to bring roughly 300 new jobs. Bank of America Legacy Union Building recently constructed its 200,000++ office-square-foot global headquarters campus in Uptown Charlotte, and Sealed Air Corporation's \$58-million, 380,000-square-foot global headquarter campus just went up near the Charlotte Douglas International Airport. Additionally, JELD-WEN, which already operates an executive office in Uptown Charlotte, will expand to its new, 120,000-square-foot headquarters and training facility in Ayrshire, a mixed-use community located in Steele Creek, just a few minutes southwest of Uptown Charlotte; the build-to-suit development is slated for completion later this year. Expansion projects are also underway or in the planning stages at the University of North Carolina-Charlotte in response to the continued increases in enrollment.

c. Repeal of House Bill 2 (HB2)

North Carolina House Bill 2 (HB2 or the "Bathroom Bill"), which passed into law in March 2016, took a heavy toll on Charlotte's economy and pipeline of projects and events. In April 2016, PayPal withdrew plans to open a global operations center in Charlotte. Additionally, the Atlantic Coast Conference (ACC) relocated its December 2016 ACC Championship Game, and the NBA relocated the February 2017 All-Star Game, both of which were planned to take place in Charlotte. The bill was repealed on March 30, 2017. As a result, the ACC Football Championship Game will return to Charlotte in December 2017; moreover, the NBA's 2019 All-Star Game will return to Charlotte, as well. Going forward, the repeal of HB2 is anticipated to contribute to commercial, leisure, and meeting/group demand growth in markets across North Carolina.

d. Charlotte's Lodging Market Performance

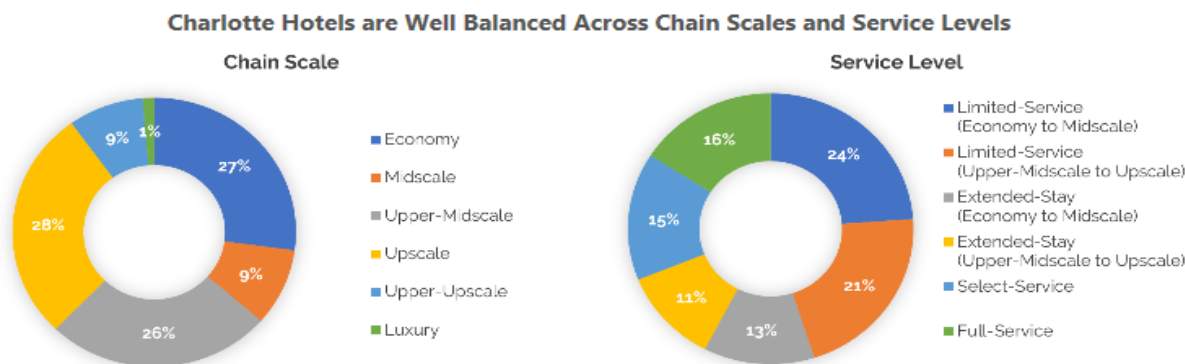
During the past three years, hotels in the greater Charlotte area have achieved occupancy levels from the low-to-high 70s. Average daily rates (ADRs) have ranged between \$95 and \$110, with premium rates in the Uptown and SouthPark submarkets, as well as the Ayrley and Ballantyne neighborhoods, averaging between \$125 and \$160.

Robust demand from transient corporate travelers and government contractors, as well as strong meeting and group demand growth and a gradual increase in leisure and tourism, boosted occupancy levels and produced healthy ADR gains from 2017 through late 2018. The overall strong performance of Charlotte's hospitality industry has been primarily attributed to the continual diversification of other industries in the area, which has produced varied pillars of demand.

e. Hotel Supply in Charlotte

As of May 31, 2018, the Charlotte lodging market comprised 175 hotels totaling 23,184 rooms; 92% of hotel rooms are affiliated with a brand or a major parent company, while the remaining 8% operate as independent hotels (including the Dunhill Hotel, the Duke Mansion, and the Ivey's Hotel).

Of the 21,289 branded hotel rooms, Marriott International (including the recently merged Starwood Hotels & Resorts' brands) operates approximately 29% of the inventory. Hilton Inc., Wyndham Hotel Group, Choice Hotels International, and InterContinental Hotels Group also have substantial representation in this market, ranging between 7% and 19% market share.



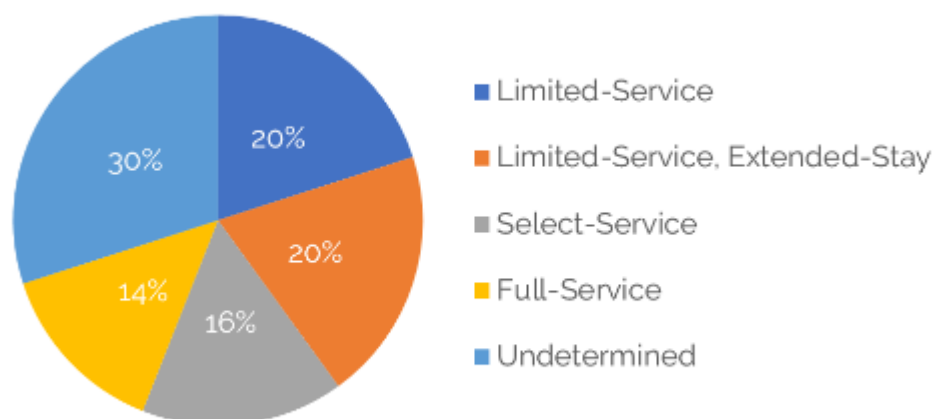
Source: STR

f. New Supply

Six nationally branded lodging facilities opened in the Charlotte market in 2018, adding 713 guestrooms to the city's hotel inventory, including the Home2 Suites by Hilton Charlotte Airport, the Holiday Inn Express Hotel & Suites Charlotte Airport, the dual-branded Residence Inn by Marriott and Fairfield Inn & Suites by Marriott Charlotte Airport, the Drury Inn & Suites Charlotte Arrowood, and the Home2 Suites by Hilton Charlotte University Area. The Embassy Suites by Hilton Charlotte Uptown, the SpringHill Suites by Marriott Charlotte Uptown, the Hampton Inn & Suites Charlotte/Ballantyne, and the Holiday Inn Express Hotel & Suites Charlotte NE-University Area have opened to-date in 2018, bringing an additional 664 guestrooms to the market.

Of the currently 48 proposed hotel development projects in Charlotte, most are anticipated to feature limited-service offerings.

Majority of Incoming Hotels to be Limited-Service⁽¹⁾



Source: HVS

While the full-service hotel developments are concentrated in Charlotte's Uptown, South End, and SouthPark submarkets, the proposed limited- and select-service hotels are being planned and developed in submarkets throughout the city. Of the total proposed new supply, three lodging facilities are slated to open in 2018, boosting inventory in Uptown and SouthPark by 486 total guestrooms. Meanwhile, site work or construction is underway on nine hotels, which will contribute an additional 1,092 guestrooms to Charlotte's hotel inventory between 2018 and 2019. The remaining 36 projects are in various stages of planning.

Submarkets	Economy	Midscale	Upper-Midscale	Upscale	Upper-Upscale	Luxury	Unknown
Northlake/North Charlotte	1	—	2	3	—	—	—
Southwest Charlotte	—	1	1	2	—	—	2
Airport/Northwest Charlotte	—	1	1	—	—	—	2
University City/East Charlotte	—	—	1	1	—	—	2
Uptown	—	—	1	4	3	1	4
Midtown	—	—	—	—	—	—	1
Historic South End	—	—	1	—	1	—	2
SouthPark	—	—	—	3	—	—	3
Ballantyne/Pineville	—	—	3	1	—	—	—
Grand Total =	1	2	10	14	4	1	16

g. Commercial and Residential Development

Mixed-use developments featuring office and retail components are currently underway or in the planning stages across Charlotte. These developments are anticipated to generate not only transient corporate hotel demand but also leisure and meeting/group demand for area hotels.

City and county officials have focused aggressively on creating a “live-work-play” environment in Uptown Charlotte, which currently boasts the Charlotte Convention Center, a variety of entertainment venues, and corporate anchors such as Bank of America and Duke Energy.

The 365,000-square-foot 615 South College high-rise office building, adjacent to the Westin Hotel, opened in late May, while the 630,000-square-foot 300 South Tryon office tower in Uptown is scheduled for completion in 2018.

Highly anticipated projects in the planning stages include the 17-acre, multi-phase Brooklyn Village master-planned community in Uptown, which will feature residential and retail components, as well as office towers. The Railyard is a 3.5-acre block in South End that Beacon Partners plans to redevelop into roughly 290,000 square feet of office space and 100 multi-family residential units, with 30,000 square feet of ground-level retail. The 115-acre Riverbend Village mixed-use development is planned for construction in three phases in Northwest Charlotte. Riverbend Village will be anchored by the 78,000-square-foot Harris Teeter grocery store and will boast the \$38-million Corning Optical Communications headquarters office, both anticipated to open next year.

Charlotte’s increasing popularity and career opportunities have also spurred residential growth. Multi-family residential developments are in the works in all four wards (neighborhoods) within Uptown Charlotte. These include Crescent Stonewall Station, which will be anchored by Whole Foods and offer the convenience of the LYNX Stonewall Light Rail Station. This development is expected to feature one twelve-story, 110-unit apartment tower and one five-story, 340-unit apartment building.

The Ballantyne neighborhood will boast the Waverly, a mixed-use development featuring both single- and multi-family residential units, as well as a variety of retail venues. Meanwhile, the Steele Creek area continues to experience a boom in single-family residential developments.

h. The Future

Prospects appear favorable for the Charlotte hotel market over the next several years. The city’s commercial and residential developments are anticipated to fuel continued demand growth from the transient corporate and meeting/group segments, alongside an expected rise in leisure demand.

The ongoing diversification of industries within the Charlotte area should continue to strengthen the local economy. Although overall occupancy is anticipated to decline modestly in the near term with the entrance of new supply in 2017 and 2018, ADR growth is expected to remain strong, thereby maintaining RevPAR growth and strengthening demand fundamentals for the area’s hotels.



6. CHARLOTTE OVERVIEW

Key Points

- Strategic location
- Workforce availability
- Exceptional business environment
- Convenient market access
- International business community
- Quality of life



Strategic Location

- Charlotte is the center of the East Coast market
- Charlotte businesses can reach 53 percent of the U.S. population within two hours by air

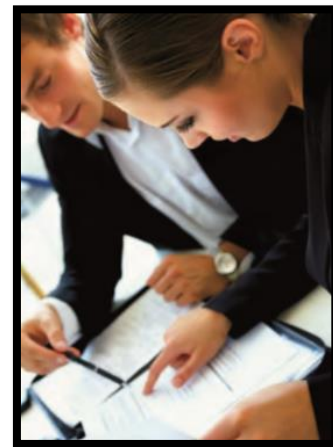
Business Environment

- Major headquarters city
- Second-largest U.S. banking center behind NYC (BoFA, Wells Fargo)
- Telecommunications and IT center (Microsoft East)
- Multiple back office operations
- Rapidly emerging health care industry center: CHS, Novant and Premier
- Energy and power generation technology center
- Largest manufacturing county in North Carolina



Pro-Business Culture

- Open to new people and ideas
- Business leadership active in community
- Tradition of public-private initiatives
- Good maintenance of public assets
- High architectural standards
- Productive workforce



Headquarters City

- 971 company headquarters
- 14 Fortune 1000 headquarters
- 8 Fortune 500 headquarters in Charlotte region (including three that relocated to Charlotte within the last decade: SPX Corporation, Domtar and Lowe's)

Excellent Access to Markets

- International airport with 682 daily flights 142 destinations
- Daily nonstop flights to London, Frankfurt, Rome, Paris, Madrid, Dublin, Toronto, Ottawa, Montreal, Mexico City, Rio de Janeiro and numerous Caribbean destinations
- Sao Paulo flight is pending
- 6-hour time difference with Central Europe
- Central Mid-Atlantic location
- Superb interstate highways and rail
- Charlotte-Douglas International Airport is only 10 to 15 minutes from Uptown



Commitment to Public Transit

- Light rail line to Pineville in operation since November 2007
- Additional transit corridors in planning and development
- Recent funding accelerated the operational date of the Blue Line extension to 2017

Growing number of foreign-owned firms

950 foreign-owned companies in Charlotte (only 325 in 1990)

- Germany 194 • United Kingdom 128 • Canada 90 • Japan 84 • France 65 • Switzerland 55
- Netherlands 50 • Italy 50 • Sweden 37 • Australia 22 • Ireland 19

https://charlottebusinessresources.com/wp-content/uploads/2020/01/Charlotte_Overview_Presentation.pdf

7. DEMOGRAPHICS – CHARLOTTE

Marketplace: Charlotte general economic precondition for the financial success of **The Charlotte Club** project reflects a strong local economy. Employment, population and consumer disposable income continues to grow. This growth benefits both tenants and customers for the uses on the site. There is a high-income geographic market area within a strong local economy. The population base of high-income consumers underserved (excess demand) for high quality retail goods and convenient personal services such as medical and dental services, accountants, insurance agents and attorneys. In addition, the “empty-nester” portion of the population base desires to remain in the area but also wants to downsize to luxury residential units. This situation adds the mixed-use development of retail, office and apartments and hotel units. A strong corporate and leisure hotel component will offset some lack of local economic vitality, especially that this convention hotel concept and entertainment venues are incorporated into this development. Charlotte and this project are greatly suitable to meet the demand. Live – Work – Play – Shop here are the current facts:

	Uptown	Charlotte	North Carolina
Population	16,500	791,327	9,870,282
Median Household Income	\$54,307	\$60,595	\$46,237
Average Household Net Worth	\$520,093	\$503,075	\$423,614
Long-term Residents (5+ years)	19%	32%	30%
Annual Turnover	33%	24%	20%
Median Age	28 years	34 years	37 years

8. APARTMENT MARKET OVERVIEW

Across Uptown Charlotte apartment development is up and they remain full. It's a cycle – high demand is translating to higher occupancy rates, driving rent higher and spurring more people to develop apartments. The Charlotte Club project is positioned to be at the forefront to the SouthEnd Gateway to Uptown. There is an ongoing influx of millennials and Charlotte's growing population to fill new units.



a.) Three Reasons for Charlotte's Booming Apartment Market

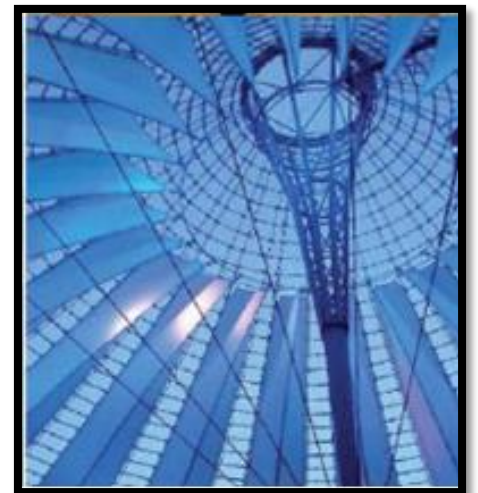
1. The average apartment sits empty for barely more than three weeks in Charlotte. The average vacant apartment is on the market for 24 days in Charlotte, one day less than the national average. A strong local job market is driving the increase, with 2.7% growth rate over the past five years vs. a national rate of 1.8%.
2. Higher Demand Means Higher Rents. As long as people keep filling expensive new apartments, rents aren't going to come down.
3. The wave of new construction of apartments is building. Charlotte ranks 5th nationally in the percentage of new apartment units added to the market (behind Austin, San Antonio, Salt Lake City and Nashville), with 3.3% annual growth through the 2nd quarter this year.

b.) Apartment Features

These 485 apartments have studios, two and three-bedroom floor plans that range from 525 gross square feet to 2,210 square feet. Contemporary kitchens, ceiling fans, decorative glass pendant lighting, select apartments feature oversized patio balcony with spectacular views and walk-in closets, and secured building access. **THE CHARLOTTE CLUB** apartments to be some of the most sustainable in Charlotte designed to U.S. Green Building/LEED® Silver Standards, featuring energy-star appliances, energy-efficient lighting and mechanical system, storm windows and doors and high-efficiency plumbing fixtures, equipment and materials.

c.) Driving the Apartment Demand

A growing population and uncertainty in the Uptown condo market will sustain demand for apartments. Charlotte is one of the fastest-growing metros in the nation, gaining an average of 90 new residents a day in the last year. A large portion of the population falls into the prime renter cohort, or those aged 20 to 34 years old. Many of these young professionals will forgo purchasing a home and choose to live in high-end, urban apartment communities that offer modern amenities as well as access to work and entertainment options. In the single-family housing market, meanwhile, 16 percent of the residential properties with a mortgage in Charlotte remain underwater. A few of these homeowners may opt for a strategic default and return to the rental market, while potential buyers will remain on the sidelines until the single-family market finds equilibrium. As a result, apartment demand will outpace new supply by more than triple this year, while already tight vacancy will allow operators to boost rents to all-time highs.



d.) Millennial Attracted to Charlotte

Millennials' migration to the Queen City is no secret, as most-recently evidenced by a local symposium covering population patterns in metro Charlotte.

And now a report released earlier this month by West Coast-based Apartment List adds more data-backed credence to Charlotte's title as a millennial hub. The apartment-rental site analyzed U.S. Census data from 2007-18 for the nation's largest 50 metro areas to determine where young Americans between the ages of 18 and 34 are choosing to call home.

Topping the list at No. 1 for most millennial growth is Charlotte, and it isn't even close.



Charlotte's young-adult population grew by just over 30% within the 10-year timespan. The Texan cities of Houston and Austin, respectively, trail Charlotte in adding the most millennials, with both posting increases of between 15% and 20%.

On the flip side, Detroit, Riverside, Calif., Los Angeles, Atlanta and Phoenix all logged decreases of at least 6%.

For many metro areas that attracted a high percentage of millennials in the past decade, such as Houston, Austin and Seattle, wage increases go hand-in-hand. Charlotte's ability to entice millennials occurred despite experiencing a 4% dip in median income, said Apartment List, noting that recent data shows wages are now strongly growing locally.

In Charlotte, home ownership in the 18-to-34 age bracket rose about 45% from 2015 to 2020, compared with a national average of 32%, which decreased by seven percentage points. That indicates to Apartment List that millennials are setting down roots in the Queen City and more home affordability exists in the local market versus other metros.

The Atlanta area, on the other hand, saw the largest drop in millennial homeownership, decreasing from 44% in 2015 to 29.9% in 2019, which could be blamed on its 8% decline in inflation-adjusted income, said Apartment List.

And while many studies have pointed to millennials favoring walkable cities with easy access to recreation and amenities, Apartment List found that millennials are flocking more to metro areas located in the interior portion of the U.S.

In the future, good jobs and strong wage growth will remain key factors for millennials deciding where to move.

Ref: www.apartmentlist.com

Exhibit E: 1st Multifamily Year Pro Forma

Multifamily - Projected First Year						
PROPERTY ADDRESS	800 West Morehead Street - "Stadium Terraces Site"					
PROPERTY TYPE	"Lifestyle" Hotel Mixed Use Development					
PROPOSED DEVELOPMENT	Mixed Use Development					
ZONING	(UMUD) Urban Multi Use District					
PROPOSED APARTMENT UNITS	485					
RENTABLE SQ. FT.	410,436					
LAND ACRES	2.735					
LAND SQ. FT.	119,150					
DENSITY (units/acre)	177					
Unit Mix	# Units	Unit Type	Mix %	S.F./Unit	NRA	GSF
Apartments						
Apartment - Studio	82	Studio	17.0%	525	43,286	44,152
Apartment - One Bedroom	247	1-BR	51.0%	728	180,071	183,672
Apartment - Two Bedroom w/1BA	150	2-BR	31.0%	1,173	176,361	179,888
Apartment - Three Bedroom w/2BA	5	3-BR	1.0%	2,210	10,719	10,933
Average Sq. Ft. per Unit					846	
Total Unit Mix	485		100.0%		410,436	418,645
Unit Rent	# Units	Unit Type	Monthly Rent	Rent Per SF	Total SF	Total Mo. Rent
Apartments						
Apartment - Studio	82	Studio	\$1,218	\$2.319	43,286	\$100,384
Apartment - One Bedroom w/1BA	247	1-BR	\$1,835	\$2.520	180,071	\$453,778
Apartment - Two Bedroom w/2BA	150	1-BR	\$3,015	\$2.570	176,361	\$453,247
Apartment - Three Bedroom w/2BA	5	2-BR	\$6,608	\$2.990	10,719	\$32,048
Total Unit Rent	485		\$2,137.87	\$2.400	410,436	\$1,036,868
Stabilized Cash Flow (3 Years)	Factors		%	Per Unit	Per SF	
INCOME						
Apartment Rented	121					
# of Months	12					
Rent Income	\$2,137.87/Mo		\$12,442,412	397.0%	\$25,654	\$30.32
Parking Income	\$250		\$30,250	1.0%	\$62	\$0.07
Vacancy & Loss	75.1%		(\$9,338,222)	-297.9%	(\$19,254)	-\$22.75
Effective Gross Income			\$3,134,439	100.0%	\$6,463	\$7.64
EXPENSES						
Property Tax	10.1%		\$316,578	10.1%	\$653	\$0.77
General & Administrative	0.8%		\$25,076	0.8%	\$52	\$0.06
Utilities	1.4%		\$43,882	1.4%	\$90	\$0.11
Repairs & Maintenance	1.0%		\$31,344	1.0%	\$65	\$0.08
Marketing & Leasing	5.5%		\$172,394	5.5%	\$355	\$0.42
Insurance	0.5%		\$15,672	0.5%	\$32	\$0.04
Other (Contract Services)	0.8%		\$25,076	0.8%	\$52	\$0.06
Management Fee	5.0%		\$156,722	5.0%	\$323	\$0.38
Salaries & Personnel	8.5%		\$266,427	8.5%	\$549	\$0.65
TOTAL EXPENSES			\$1,053,172	33.6%	\$2,171	\$2.57
NET OPERATING INCOME			\$2,081,268	66.4%	\$4,291	\$5.07

Exhibit F: Direct Multifamily Comps

PROPERTY	ADDRESS	YOC	UNITS	OCCUPANCY	RENT PSF
The Charlotte Club (Proposed)	900 North Tryon St	2021	±485	0%	\$2.40
Loft One35	135 W Morehead St	2015	298	94.6%	\$1.89
Circa Uptown	360 S Graham St	2016	243	93.4%	\$2.12
Element Uptown	355 W Martin Luther King Jr Blvd	2014	352	91.2%	\$2.30
Catalyst	255 W Martin Luther King Jr Blvd	2009	462	95.2%	\$1.99
Arlo	1331 W Morehead St	2018	286	37.8% (Lease-Up)	\$1.77
SkyHouse	640 North Tryon Street	2017	672	90%	\$1.96
Novel Stonewall Station	400 E Stonewall St	2018	459	75.8% (Lease-Up)	\$2.50
The Mint	425 W Trade St	2015	177	96.1%	\$2.08
Averages			325	94.1%*	\$2.09

NOVEL STONEWALL STATION

DESCRIPTION		RENTAL RATES & UNIT MIX SUMMARY					
Address	400 E Stonewall St	UNIT TYPE	# UNITS	SF / UNIT	TOTAL SF	RENT / UNIT	RENT / SF
City / State	Charlotte, NC	Studio	78	525	40,950	\$1,413	\$2.69
Management	Greystar	1 BR / 1 BA	232	728	168,896	\$1,868	\$2.57
Year Built	2018	2 BR / 2 BA	147	1,173	172,431	\$2,740	\$2.34
# of Units	459	3 BR / 2 BA	2	2,210	4,420	\$9,513	\$4.30
Occupancy	75.8% (Lease-Up)	Totals / Average	459	842	386,697	\$2,103	\$2.50
Acres	3.60						
Utilities	None Included						

9. HOTEL BRAND OVERVIEW

McClain Real Estate Development is very excited to have the opportunity for The Charlotte Club hotel component being associated with the Hard Rock International brand. The brand will assist the project in maximizing the potential of the hotel through alignment with global Hard Rock International hotel, an upper-upscale lifestyle brand. As one of the largest managers of hotels globally, we are confident that this brand is best placed to provide the branding solution and operational support that will assist this project in maximizing the value of our investment.



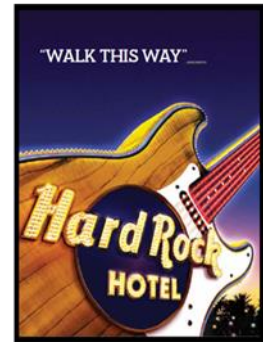
As developer/owner, we believe that modern travelers are not the travelers their parents were. They are looking for “something extra” in a hotel and they reject cookie-cutter hotels. They see luxury more and more in the storytelling of having an experience rather than in luxury items. When traveling for business, they are incorporating leisure time to maintain a healthy balance between their work and personal lives.

Modern travelers try to connect to the destination and look for local experiences. Hard Rock’s approach aims at creating hotels with their own individuality, authenticity and philosophy that reflect the best of their location. Inspired by the cultural and social life of the locale, each Hard Rock hotel is unique in design, amenities and cuisine, but all share a friendly attitude and warm, personal service. Given the superior amenities of the property and its innovative positioning in Charlotte, we think the brand will fit extremely well and create tremendous value through its unique lifestyle approach of design, F&B and wellness.

A.) HARD ROCK HOTEL INTERNATIONAL DEVELOPMENT

Hard Rock International maintains over 80% favorable global brand recognition and has venues in over 70 countries in nearly 250 communities. Hard Rock’s prestigious hotel portfolio was honored with 75 industry awards in 2018. Since 2015, Hard Rock has seen 250% in hotel portfolio growth.

The Hard Rock brand delivers remarkable RevPAR premiums and a range of development options globally. Differentiated by signature design and music-centric programming and services, our portfolio offers guests and owners the right brand in the right place worldwide. From Design and Development to Brand Marketing, Operations Support to Technology Integration, we’ve come up with a plan that ensures that each and every property hit pure platinum.



Internationally recognized as a world-class entertainment and lifestyle brand, Hard Rock Hotels offer stylish and contemporary design, unparalleled service and the thread that unites them all – music. Hard Rock Hotels cater to the evolving and distinctive needs of today’s cosmopolitan, modern travelers, who seek a reprieve from traditional, predictable properties, whether for business or leisure travel.

With passion, authenticity and unpredictability taking center stage, every Hard Rock Hotel adds character to the iconic brand, a global institution of music culture. Through music appreciation and an imaginative environment, Hard Rock Hotels delivers products for the varied aspects of life – work, play and personal sanctuary.

At the Hard Rock Residences, our designers are composers, arrangers, storytellers and lyricists who invite our inner music to play freely in the visual rhythms, tones, and colors of our homes.

Here every note is artfully chosen; textures, lighting, architecture and artifacts are dynamically composed and arranged. These are homes where the passion, vitality and realness of music is expressed in our every design gesture and consideration. Our inner music is never more present than when we are at home. It's here, among the things we love, in the rooms that reflect who we are, we can hear our inner music at its clearest. It's here we can truly listen.

The hotels are rooted in the spirit of music that all began with a guitar donated by rock legend Eric Clapton to London's original Hard Rock Cafe. They offer a suite of services for guests that value the VIP treatment. For managed properties, they offer centralized and regionalized support services, brand resources, programs, technology and more.

1.) CHARLOTTE HOTEL DEVELOPMENT

As one of the fastest-growing cities in the U.S. and with an increase in business and leisure travel each year, the hotel market in Charlotte—the largest city in the Carolinas—is one of the most active in the country.

2.) CHARLOTTE IS BUILDING FOR BETTER MEETINGS

With over 5,600 hotel rooms in Center City, and an additional 1,274 more rooms scheduled to open in Uptown through 2022, attendees will be within walking distance to the Charlotte Convention Center. In the Queen City's diverse neighborhoods, there are approximately 27,000-plus hotel rooms that will accompany any group's needs.

3.) CURRENT CONDITIONS

Charlotte RevPAR has taken a precipitous decline, falling from 14.1% in 2014 to -0.3 in 2017. Current predictions for 2018 have RevPAR increasing just 1.0% in 2018. This drop in RevPAR growth has coincided with a large jump in supply changes, increasing from 1.1% year-over-year growth in 2016 to 5.7% in 2017. On the other hand, the current drop in RevPAR has been driven entirely by declines in occupancy, with ADR growth remaining strong, 3.4% in 2017.

4.) CONSTRUCTION ACTIVITY

Construction remains strong in Charlotte, with 44 properties representing 5,374 rooms in the final planning stage or under construction as of September 2018. This is a little more than 15% of the current Charlotte inventory. Of these properties, 31 are in either the Upper-Midscale or Upscale STR chain scales. The largest of these currently under construction is the Grand Bohemian, a 254-room property in Charlotte's Third Ward.

5.) INVESTMENT ACTIVITY

Trading activity over the past year was somewhat muted compared to construction with 17 hotels representing 1,512 rooms traded at a total volume of \$150 million. This produced an average per-room price of approximately \$100,000.

6.) OUTLOOK

Although demand, driven by a growing population and tech sector economy, will remain strong in Charlotte, the market is forecast to weather even higher supply growth and declining occupancy for the foreseeable future. Supply will grow by 3.9% in 2018 and by 5.6% in 2019 amid a national economic slowdown that will likely dampen demand. As a result, RevPAR forecasts are low or negative.

Exhibit E. Direct Hotel Competitions – Uptown Charlotte

Tab 10 - STR Response Report

Charlotte, NC Selected Properties (Proposed HRH)

Job Number: 733407_SADIM Staff: MB Created: November 11, 2019

STR Code	Name of Establishment	City & State	Zip Code	Class	Aff Date	Open Date	Rooms	Market Share
43001	Westin Charlotte	Charlotte, NC	28202	Upper Upscale Class	May 2003	May 2003	700	17.0%
16182	Hilton Charlotte Center City	Charlotte, NC	28202	Upper Upscale Class	Apr 1998	Oct 1990	400	9.7%
9608	Omni Charlotte Hotel	Charlotte, NC	28202	Upper Upscale Class	Dec 1998	Feb 1977	374	9.1%
6855	Marriott Charlotte City Center	Charlotte, NC	28202	Upper Upscale Class	Apr 1984	Apr 1984	446	10.8%
5736	Le Meridien Charlotte	Charlotte, NC	28204	Upper Upscale Class	Dec 2014	Jun 1975	300	7.3%
New	Kimpton Tryon Park Hotel	Charlotte, NC	28208	Upper Upscale Class	Aug 2017	Dec 2017	217	5.3%
New	Grand Bohemian Hotel	Charlotte, NC	28202	Luxury	Sep 2017	Aug 2020	254	6.2%
New	InterContinental Hotel - Carolina Theater	Charlotte, NC	28202	Upper Upscale Class	Jul 2017	Dec 2022	270	6.6%
New	JW Marriott Charlotte	Charlotte, NC	28202	Luxury	Sep 2017	Aug 2021	381	9.2%
Open	Ivey Hotel - Charlotte	Charlotte, NC	28202	Luxury	Jul 2017	Jun 2022	42	1.0%
Open	Ritz Carlton - Charlotte	Charlotte, NC	28204	Luxury	May 1984	Aug 1983	147	3.6%
Open	Shearton Charlotte Hotel	Charlotte, NC	28202	Upper Upscale Class	Jul 2017	Feb 1970	308	7.5%
New	Hard Rock Hotel - Charlotte	Charlotte, NC	28206	Upper Upscale Class	Sep 2020	Sep 2023	283	6.9%
				Total Properties:		13	4122	100.0%

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Exhibit F. Direct Hotel Competition:

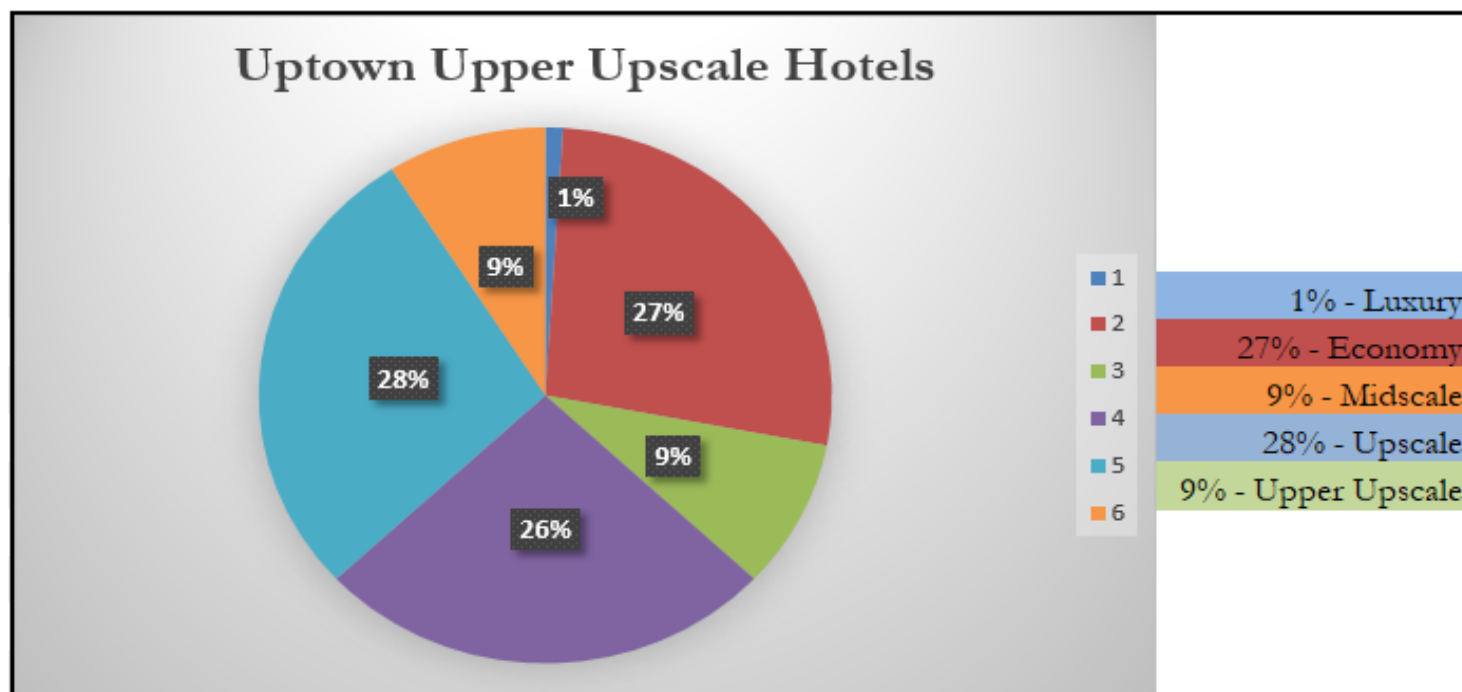


Exhibit G. Direct Hotel Competition – Uptown Upper Upscale Hotel

Tab 11 - STR Response Report

Charlotte, NC Selected Properties (Proposed HRH)

Job Number: 733407_SADIM Staff: MB Created: November 11, 2019

STR Code	Name of Establishment	City & State	Zip Code	Class	Occupancy	ADR	RevPar
43001	Westin Charlotte	Charlotte, NC	28202	Upper Upscale Class	79%	\$245	\$172
16182	Hilton Charlotte Center City	Charlotte, NC	28202	Upper Upscale Class	86%	\$250	\$175
9608	Omni Charlotte Hotel	Charlotte, NC	28202	Upper Upscale Class	71%	\$201	\$141
6855	Marriott Charlotte City Center	Charlotte, NC	28202	Upper Upscale Class	87%	\$246	\$172
5736	Le Meridien Charlotte	Charlotte, NC	28204	Upper Upscale Class	70%	\$189	\$132
5794	Kimpton Tryon Park Hotel	Charlotte, NC	28208	Upper Upscale Class	68%	\$222	\$155
New	Grand Bohemian Hotel	Charlotte, NC	28202	Luxury	0%	\$0	\$0
New	InterContinental Hotel - Carolina Theater	Charlotte, NC	28202	Upper Upscale Class	0%	\$0	\$0
New	Hard Rock Hotel - Charlotte	Charlotte, NC	28206	Upper Upscale Class	61%	\$210	\$145

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10. OFFICE OVERVIEW

1.) CURRENT CONDITIONS

Consistent tenant demand has helped bring vacancy rates to pre-recession lows and asking rates to record highs. With new construction failing to keep pace with absorption levels, the Charlotte office is in expansion mode. This is being driven by the region's rapid job creation, both from tenants expanding within the market and new companies relocating to the area. Features such as a low cost of living, an educated workforce, a business-friendly climate, and the presence of a hub airport should continue to draw companies from across the country to Charlotte.

2.) CONSTRUCTION ACTIVITY

More speculative office construction will continue to hit the market in 2019. As this new construction delivers, asking rates will continue to rise and spread to suburban submarkets, making the Charlotte market even more attractive to potential investors. While a lack of new product is currently a challenge for tenants in search of space, relief is on the horizon as a substantial amount of product is under construction and proposed.

3.) INVESTMENT ACTIVITY

Charlotte's strong market conditions have produced increased investment sales activity - particularly in the premier submarkets of SouthPark, the CBD and Midtown. As competition for assets in primary markets gets hotter, investors are seeking out assets in secondary markets like Charlotte where higher returns are possible. The influx of new ownership entities into the market helps provide proof-of-concept for investors that have not yet entered the market. Consequently, more capital will continue to flow into Charlotte, resulting in a larger and more diverse buyer pool.

4.) OUTLOOK

While there are many positives in the market, the dwindling supply of available space is beginning to have an impact on leasing activity. Larger tenants in need of contiguous blocks of space are faced with only a handful of options, driving speculative construction activity. While we expect much of the under-construction space is expected to be successfully pre-leased, the vacancy rate may see a temporary increase in 2019. However, the high rates of job creation, population growth and attractiveness of the market to corporate users will keep activity high and fundamentals strong.

Exhibit G. First Year Office Pro Forma

First Year Office & Retail Pro Forma					
PROPERTY ADDRESS	1017 - 1117 South Tryon Street "Skyline"				
PROPERTY TYPE	"Lifestyle" Hotel Mixed-Use Development				
PARCEL NUMBERS	See South Tryon Comps Reach "Skyline" 2021				
PROPOSED DEVELOPMENT	Mixed Use Development				
ZONING	(UMUD) Urban Multi Use District				
RENTABLE SQ. FT.	162,190				
LAND ACRES	2.735				
LAND SQ. FT.	119,150				
Retail Space	Lease Type	Class	Subtype	NRA	GSF
Commercial Office Space	Full Service	A	Standard	151,900	155,000
Commercial Retail Space	NRA	A	Standard	10,290	10,500
Total Entertainment, Office & Retail Spac				162,190	165,500
Income					
Factors					
INCOME					
Potential Office Income	\$35.50			\$5,392,450	
Other Income	\$0			\$0.00	
Less: Vacancy & Loss	75%			-\$4,044,338	
Effective Gross Income				\$1,348,113	92.2%
Potential Retail Income	\$27.57			\$283,695	
Other Income	\$0			\$0.00	
Vacancy & Loss	60%			-\$170,217	
Effective Gross Income				\$113,478	7.8%
TOTAL INCOME				\$1,461,591	100.0%
EXPENSES					
	Office	Retail	Total		
Maintenance	\$36,000	\$9,000	\$45,000		
Insurance	\$7,680	\$1,920	\$9,600		
Property Taxes	\$42,400	\$10,600	\$53,000		
Security	\$60,000	\$15,000	\$75,000		
Utilities	\$24,000	\$6,000	\$30,000		
Management Fee	\$40,443	\$5,674	\$46,117		
Reserves	\$26,962	\$2,270	\$29,232		
TOTAL EXPENSES	\$237,486	\$50,463	\$287,949		
OPERATING INCOME	\$1,110,627	\$63,015	\$1,173,642		80.3%

11. RETAIL MARKET OVERVIEW

A.) CURRENT CONDITIONS

Retail growth in the Charlotte market is occurring at a rapid pace. Vibrant economic expansion, population growth, solid retail leasing dynamics and strong investment returns have combined to make Charlotte one of the most sought-after retail markets in the Southeast. While the growth and fundamentals of Charlotte are mirrored in many of the markets in the Southeast, Charlotte is able to mitigate investment risk due to its size. As a result, Charlotte exhibits strong market dynamics and is also very attractive to most investment groups.

B.) CONSTRUCTION ACTIVITY

Development is occurring throughout the market, in both urban and suburban locations. The continued strength of the Charlotte multifamily market has created new retail opportunities in multiple infill locations throughout the metro area. Grocery users are driving a lot of the new, larger projects.

C.) INVESTMENT ACTIVITY

Investment activity has hit pre-recession highs. Of particular appeal to institutional investors are grocery anchored neighborhood and community centers located in the mature infill neighborhoods of Charlotte inside the I-485 loop, or new growth markets south of Charlotte along the Union County line and north of the city along the Lake Norman/I-77 corridor.

D.) OUTLOOK

Charlotte's vacancy and availability rates are projected to remain firmly in the single digits over the next two years. Cap rates for investment-grade retail product have come in-line with national averages, indicating the market's attractiveness to investors. Cap rates for Class A neighborhood and power centers are expected to remain in their current record territory as investor appetite far outweighs supply. Additional pricing improvements in Class B product can be expected as investors broaden their parameters outside of the thinly traded Class A market.

Exhibit H. First Year Retail Pro Forma

First Year Office & Retail Pro Forma					
PROPERTY ADDRESS	1017 - 1117 South Tryon Street "Skyline"				
PROPERTY TYPE	"Lifestyle" Hotel Mixed-Use Development				
PARCEL NUMBERS	See South Tryon Comps Reach "Skyline" 2021				
PROPOSED DEVELOPMENT	Mixed Use Development				
ZONING	(UMUD) Urban Multi Use District				
RENTABLE SQ. FT.	162,190				
LAND ACRES	2.735				
LAND SQ. FT.	119,150				
Commercial Office Space	Full Service	A	Standard	151,900	155,000
Commercial Retail Space	NRA	A	Standard	10,290	10,500
Total Office & Retail Space				162,190	165,500

Income	Factors			
INCOME				
Potential Office Income	\$35.50		\$5,392,450	
Other Income	\$0		\$0.00	
Less: Vacancy & Loss	75%		<u>-\$4,044,338</u>	
Effective Gross Income			\$1,348,113	92.2%
Potential Retail Income	\$27.57		\$283,695	
Other Income	\$0		\$0.00	
Vacancy & Loss	60%		<u>-\$170,217</u>	
Effective Gross Income			\$113,478	7.8%
TOTAL INCOME			\$1,461,591	100.0%
EXPENSES		Office	Retail	Total
Maintenance		\$36,000	\$9,000	\$45,000
Insurance		\$7,680	\$1,920	\$9,600
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Management Fee		\$40,443	\$5,674	\$46,117
Reserves		\$26,962	\$2,270	\$29,232
TOTAL EXPENSES		\$237,486	\$50,463	\$287,949
OPERATING INCOME		\$1,110,627	\$63,015	\$1,173,642
				80.3%

12. ENTERTAINMENT MARKET OFFERING – “HR LIVE”

Hard Rock “LIVE” - Charlotte



Hard Rock “LIVE” is a destination for the best in live entertainment. Jamming' concerts, hilarious comedy shows, dance performances— hosting it all in a state-of-the-art concert and event venues. Hard Rock “LIVE” packs the houses in other venues in their portfolios with locally and internationally known artists. It is expected to attract performers to the entertainment area of Uptown Charlotte. In addition to concerts, the LIVE” venues are the perfect option to host large events. Each venue features the latest in sound, lighting, and audio technology, as well as ample seating capacity, making them ideal for everything from corporate functions and birthday parties to bar/bat mitzvahs and wedding receptions.

Entertainment Venue - Ambition & Concept

AMBITION...

Create a unique lifestyle experience where entertainment & conviviality combines with art & culture.

Increase the hotel profitability focusing on F&B by creating an address - the place to be!

Contribute to the artistic and cultural dynamism of the City of Charlotte.

Attract top people and major events.

Contribute to awareness and notoriety of Hard Rock Hotel in the respect of the brands DNA.

HR Night Club concept.....a Day & Night experience

1 place / 1 destination / 4 experiences

HR Nice: Cocktail bar with outdoor terrace

HR Good: Trendy restaurant mixing local cuisine

HR Fun: For live shows, live band, dance and parties

HR Own: Champagne Bar with exclusive area (VIP)

From 7 pm till late in the morning, the most entertaining and unique combination of happenings with live band, fashion and spectacular shows, DJ Set & Dance. Where the guests are part of the show thanks to the concept configuration design & lay-out, completed by trendy meals and cocktails!

CONCEPT: HR NIGHT CLUB PROPOSED LAY OUT

Approximately 10,000++ SF of space to generate, F&B, admission, room rental income, etc.

Seating capacity: 500 +/-

Projected Year One Revenues: \$2.0 million

Recording Studio:

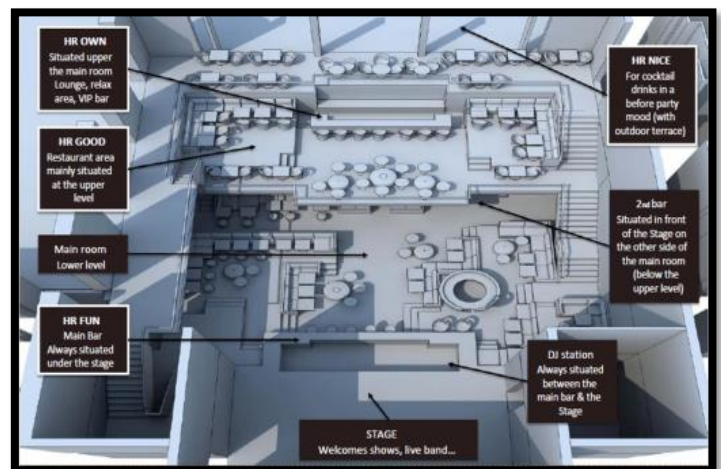


Exhibit I. HR “LIVE” – Comps

Hard Rock Hotel - Charlotte
Hard Rock Live (HR Live) - Projections



HR Live Venue	2016 Revenue	SF	Revenue PSF	Seated Capacity Standing GA Capacity		# of Events		Type of Events	Average Number of Attendees
						Live Shows	Banq & Catering		
Orlando	\$6,141,646	14,276	\$430	1,853	2,900	100	75	concerts, live entertainment, comedy shows, banquets and tradeshow	2,245
Hollywood, FL	11,070,000	55,272	\$200	-----	±6,200	-----	60 - 80	concerts, live entertainment, comedy shows, banquets and tradeshow	3,286
Northfield Park	2,161,934	20,000	\$108	-----	±1,822	-----	±75	concerts, live entertainment, comedy shows and banquets	1,488
Biloxi	N/A*	20,452	—	1,550	2,057	38	7 - 9	national acts, tribute acts, boxing events and banquets	1,250 for seated shows and 1,850 for standing GA
Las Vegas	N/A*	12,278	—	300	1,200	-----	±120	concerts, live entertainment, comedy shows, banquets and tradeshow	700
HR Live Venue	2017 Revenue Projection	SF	Revenue PSF	Seated Capacity Standing GA Capacity		# of Events		Type of Events	Average Number of Attendees
						Live Shows	Banq & Catering		
Charlotte - Plan		13,500		1,000				concerts, live entertainment, XXXXXXX, banquets and tradeshow	

*N/A = not available.

Orlando Live

	2016	2017
Gross Revenue	\$6,141,646	\$7,095,882
Net Income	\$1,219,949	\$1,578,983
Net Income %	19.9%	22.3%

13. FINANCIAL SUMMARY OVERVIEW

These financial pro forma for future financial position are the results of the company's projected operations, and cash flow, assuming 40%/60% equity/debt financing of approximately \$321 Million in 3rd Qtr. 2021. Assuming the terms of financing can be suggested and implemented. These pro forma represent the best of management's belief, the expected results of operations and cash flow for the projected period if said alternative were to commence on or about 3qt Qtr. 2023. Accordingly, this projection reflects management's judgment as of June 2021, the date of this pro forma, the expected conditions and its expected course of action. The

assumptions disclosed herein are those that management believes are significant to the projections. There will usually be differences between projected and actual results, because events and circumstances frequently do not occur as expected, and those differences may be material.

This projection represents the assumptions of the financial analysis for The Charlotte Club that will be branded with Hard Rock Hotels & Resorts "Lifestyle" Apartments and Hotel Mixed Use Development included in the project. Included are apartments, hotel, commercial office/retail and event/entertainment facility within the assumptions. The project is projected to have an "as complete" valuation over \$624+ million.



PROPERTY SUMMARY

Address: 800 West Morehead Street

Assemblage

Acreage: .2269 (98,838 Sq. Ft.)

Summary of Significant Accounting Policy

Basis of Accounting: The projections have been prepared using generally accepted accounting principles that the MRED expects to use when preparing its financial statements. Hypothetical Assumption – debt/equity structure financing of \$341 Million in exchange for Equity Ownership position in project with a "put option" can be exercised upon project completion if desired. (See exit plan)

Financial Feasibility for "LIFESTYLE" Hotel Mixed-Use Development – SouthEnd Gateway

The outlook for financial feasibility is defined when the return on the investment in this hotel mixed-use development meets or exceeds the expected or the required return for the developer and our investors in the project. The measurement tool for financial success is expressed in these projections in different ways. Discounted cash flow analysis generating high EBITDA, Debt Coverage Ratio and Loan to Value analysis all are important tools. The rates of return such as cash on cash return are also considered useful tools.

Feasibility analysis can be adapted to a prospective view asking the question, "What will The Charlotte Club earn if it is developed," and a retrospective view asking the question, "What did The Charlotte Club earn?" Regarding the prospective view, three insights are shared we looked at are:

- **Financial success depends on a faster time to build out and lease up the project.** The shorter the construction phase and the higher the initial occupancy, the better the prospects are for achieving feasibility objectives. Because the optimal land use plan is rarely the plan that provides the greatest possible density. ... Rather, it is the plan that provides for the most rapid absorption of finished sites (driven by end-user demand for space) at the highest price.

- ***Financial success depends on minimizing the outflow of funds.*** This is not to say that the project is done on the cheap but that investors willing to provide higher investment to value ratios minimize initial capital. In addition, the ability to obtain development incentives from the City of Charlotte, Mecklenburg County and State of North Carolina jurisdiction will be an important aspect of minimizing the outflow of funds.

- ***Financial success depends on “being able to maximize and mix the uses in a way that responds to market conditions, opportunities and economics...”***

14. SWOT ANALYSIS

Strengths:

- ❖ Located to the Gateway to Uptown Charlotte is 283 guest rooms and suites
- ❖ 19,000++ square foot of Ballroom, meeting & Banquet space
- ❖ Encouragement from the City of Charlotte, Mecklenburg county, and the State of North Carolina
- ❖ Satisfying the desire to live in more of a professional/leisure environment for changing demographics favoring the live-work-play “lifestyle” concept.
- ❖ One blocks from Charlotte’s light rail system Carson Street Station
- ❖ Potential high pedestrian activity
- ❖ CBD Location
- ❖ Proximity to cultural amenities (SouthEnd Gateway to Uptown)
- ❖ Potential growing and established residential areas
- ❖ Ideal location for Gateway to Uptown Charlotte, one of the strongest hotel, apartment and retail markets in the US
- ❖ Renewed popularity of large projects mixing hospitality, residential, workplace, entertainment, sports, and other functions

Weaknesses:

- ❖ Pricing and value appraising of fractional components in the absence of comparable sales in Charlotte can be problematic
- ❖ Inadequate parking for all traffic streams coming into The Charlotte Club i.e. residence, hotel guests, retail, entertainment traffic, etc.
- ❖ While connectivity within The Charlotte Club is excellent, the existing retail development that surrounds the project stands apart, visually and functionally.
- ❖ Stroll District identified in SouthEnd, but has few amenities
- ❖ The existing facilities are inadequate for the higher density residential, office, entertainment, and retail uses planned or under construction

- ❖ Renovation of existing hotel properties to meet pent-up demand and rising consumer expectations

Opportunities:

- ❖ Potential to increase commercial rental prices, occupancy rates and accelerate absorption rates by tenants and guests willing to pay high prices for the live, work, play appeal.
- ❖ Emerging markets and expansion abroad
- ❖ Wedding, corporate convention, live entertainment venue and event hosting
- ❖ Estimated to create approximately 3,000+ direct and indirect jobs during the development and operational stages building community relationships.
- ❖ Expansion of services and products
- ❖ Desires for Charlotte to attract companies creates a need for new development to SouthEnd
- ❖ Planned infrastructure upgrades project
- ❖ Opportunity to develop a unique apartment, hotel, retail/office and event/entertainment mix in a soft market
- ❖ Construction of mass transportation (SouthEnd)
- ❖ Rise of the value-oriented “select-service” category, bridging the gap between luxury and economy

Threats:

- ❖ Neighboring competitors
- ❖ Economic slow down
- ❖ Exchange rate fluctuation
- ❖ Lower cost competitors
- ❖ Rapidly advancing technology
- ❖ External changes (government, politics, taxes, etc.)
- ❖ High commercial vacancy rates
- ❖ Slow job growth
- ❖ Lack of a sound mass transportation system
- ❖ Access to financing due to pre- leasing thresholds by lenders

15. MRED DEVELOPMENT TEAM PROFILE

Jerry M. Johnson: CEO/Managing Director

Versatile, dynamic, entrepreneur, and developer who provides leadership, management and guidance with his ability and talents to dramatically develop a niche product where revenues can intensely compete within marketplaces. Mr. Johnson is the visionary behind this project and a strong organizer, motivator and team builder with established success in identifying new business models in emerging business opportunity zones. He is highly skilled in developing operational strategies and directing a major start-up project from original concept through implementation, successful leadership in the development of The Westin Vacation Club, 80 timeshare units in St John USVI. His experience encompasses 37+ years within the hotel industry in areas of operation, finance and accounting. His experience includes service with **Omni Hotels & Resorts, Panos Hotel Group, Sunterra Resorts, Marriott Hotels & Resorts, Dawn Beach Hotel (SXM) and other hotel management companies**, all brand names within the hotel, timeshare & fractional segments. www.mcclain-realestate.com

Alberto Washington VP of Finance

An experienced Finance executive who has previously worked in senior finance positions at both Investment Banks and Investment Management firms. The scope of his experience in the diverse world of financial markets and environments includes offering clients tailored solutions to solve complex financial challenges. He has advised companies and startups in a wide array of corporate finance initiatives. Previously as a Managing Director of Oberon Securities, he offered capital advisory services to corporations across a variety of industry verticals and offered corporate finance advice in capital funding, strategic M&A, recapitalization, restructuring, private equity and other funding alternatives. Clients benefit through his strong network of broker dealers and funding institutions in the U.S. and Europe, which includes investment banking firms and financial institutions, hedge funds, private equity and venture capital firms.

Alberto Washington has considerable amounts of investment management experience. He worked as a senior portfolio manager at a top quantitative hedge fund. Among his many roles, he acted as the portfolio manager in the stock selection group managing billions for top institutional clients and investors. He also focused building the technology infrastructure required to scale the company's AUM by managing the technology group, eventually achieving a scalable model that allowed growth from \$3BN to \$40BN of AUM under his tenure.

Gloria Boatwright – VP of Development

Self-motivated development executive with thirty (30) years of hands-on experience in commercial, healthcare, retail, dining, amusement park, entertainment, casino, high end electronic, and infrastructure projects ranging in value from \$500,000 to \$260 million seeking opportunity with end-user owner or real estate developer. A successful team leader, my expertise includes all facets of real estate and project management including planning, project budgeting, design, construction, FF&E, occupancy and project close-out.

- Review project requirements and develop strategy for achieving stated goals. Prepare project management plan including projected goals and objectives, project cost model, and development milestone schedule.
- Assist owner in submission of lender required documentation. Review loan documents for impact on project design and construction process.

- Identify requirements for and manage process for required federal, state, and local permits, and environmental studies such as Phase I and II and remediation if required, EPA, DOT, land disturbance, and building permits.
- Develop project scope of work, cost estimate & budget, cash flow schedule, schedule & milestones, quality control, and risk identification. The project schedule identifies work required of all stakeholders, consultants, contractors, utility service providers, and vendors.

Terry E. Fortune VP of Construction

Starting his career with Turner Construction in the mid 1980's as a Civil Engineer, Terry has vast experience in Development and Construction. Experienced in general contracting (Turner Construction) and development (Manor Care Health Services, Monument Realty and The Peebles Corporation), he has experience in ground up construction as well as phased renovations. Diversified experience in numerous sectors includes healthcare, office, multi- family rental, condominium, life sciences, hotel, industrial and tenant fit out. Projects valued from \$500k to \$1.5B.

See Proposed Development Team Profile File for More Detail