

# THE CHARLOTTE CLUB®

*“Own Your Experience”*

## MARKETING & SALES PLAN SUMMARY



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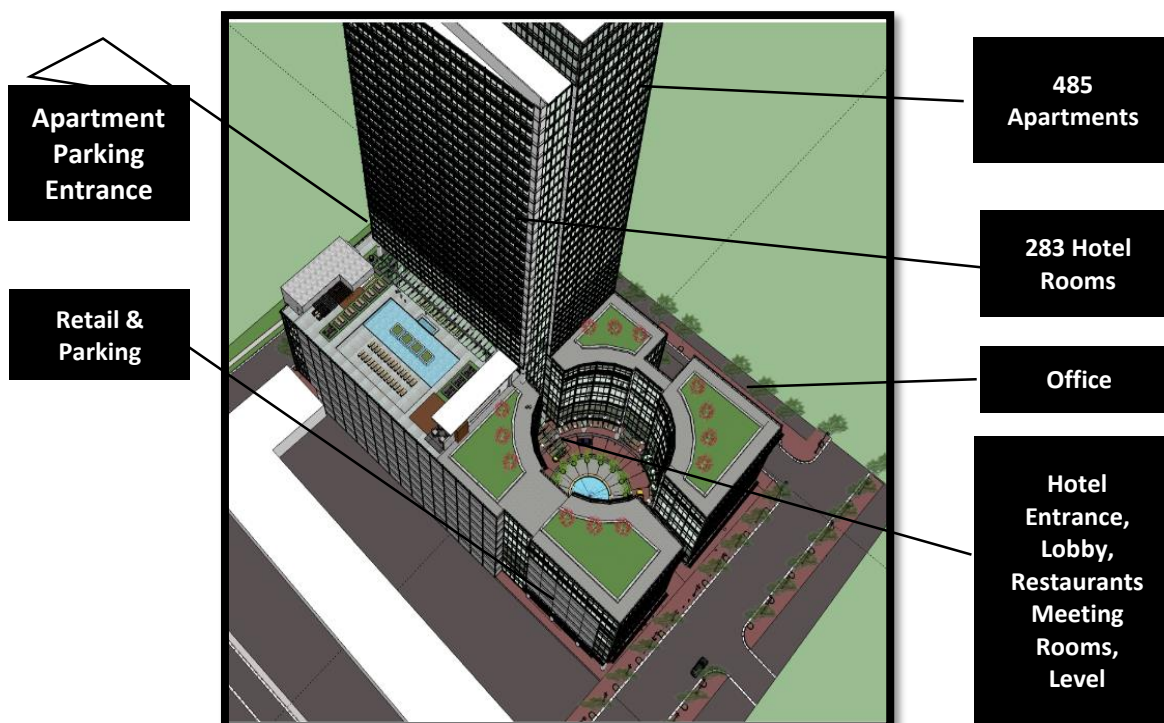
## I. PROJECT INTRODUCTION

The Charlotte Club is a planned “Lifestyle” mixed-use development real estate project with planned integration combination of hotel, multifamily apartments, office, retail and “LIVE” entertainment venue. It is in a pedestrian-oriented area and contains these elements of a live-work-play-visit environment. This development maximizes space usage, has amenities, architectural expressions and tends to mitigate traffic and sprawl.

This development of mixed-use development contrasts to a multi-use development that has two or more land uses on a single site but does not have the degree of project planning and integration posited for a mixed-use development. In fact, integration of the uses may be totally lacking. The live-work-play-visit element is not present in the direct competitor’s projects. A classic example of a multi-use project is a single site developed with an unanchored brand inclusive office, retail that have some pedestrian traffic. Some of these type buildings who are marked as direct competitors will have hospitality, office and some retail. Marriott, Omni, Hilton, Vantage SouthEnd and Legacy Union Uptown to name a few.

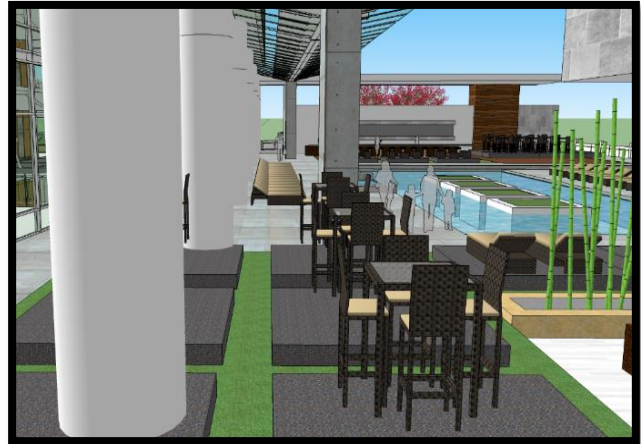
Our planned “Lifestyle” mixed-use development is not the standardized product offered buy these Uptown products. This development is designed specifically for this location and market. The density level is high in this urban setting. It’s designed and planned in relation to its surroundings. It is a high density infill project in the established SouthEnd setting neighborhood and can carve out its position in this growing corridor known as the southern Gateway to Uptown.

The Charlotte Club project’s “Lifestyle” mixed-use development takes four forms. It’s designed will be a single high-rise structure on a single site that contains four uses integrated into the structure. They will form the structure layout as having retail on the street level with offices over the retail and hotel and apartment units over the office space.



## II. EXECUTIVE SUMMARY

**The Charlotte Club** is McClain Real Estate Development's (MRED) premier "Lifestyle" mixed-use development project that includes a 283 hotel rooms, 485 eco-friendly apartments that will include **20 corporate apartment's memberships** to this targeted market. The hotel's amenities will include a multi-purpose and specialty restaurants, lobby lounge bar, spa and wellness center with health club, ballroom and conference rooms. All these amenities are accessible to the corporate members. The office/ retail, live entertainment event facility (over 10,000 sq.-ft.) with its recording studio are include as well.



The developer has embrace this opportunity to create an additional income stream within the overall goal and vision for The Charlotte Club project. The additional income stream will accomplish for the developer and investors to maximize the potential of the overall income segment through alignment with Charlotte Club Hotel as part of the Tribute Portfolio by Marriott brand. The developer group is confident that this plan yields high rate of returns for our investment stakeholders. This plan will lay out the "how, who and projected results. The "LIFESTYLE" mixed us project is the best placed to provide the branding solution and hospitality operational support that will assist in maximizing the value for our group's investor.

Charlotte Club Hotel intends to create a presence in North Carolina, and gives The Charlotte Club project the opportunity to launch in Uptown. The Marriott's Tribute Portfolio soft brand aligns almost perfectly with the branding position of the Charlotte Club Hotel.

We seek nothing less than to transport renters, visitors and guests to an upper upscale hotel setting, crave a demand for our apartment tenants, attract potential corporate apartment memberships and provide a high level synergy for our commercial tenants. Unlike anything that can be found in Uptown or elsewhere in the region; adding meaning to Live-Work-Play-Visit. Lifestyle, aesthetics, and customer service (our customers are royalty here) are hallmarks for The Charlotte Club.

## III. GOALS

### a.) Personal Goals (for Managing Director)

- Speak or take part in a panel discussion at (AHLA) American Hotel and Lodging Association conference plus (ARDA) American Resort Development Association.
- Be asked to speak at more than 3 events in 2022-2024

### b.) Business Goals:

- Achieve \$37 million in pre-memberships (260 shares) during the 36 months of development/construction period
- Achieve 40% pre-leased apartment at an average rate of \$2,000++ during the 36 months of development/construction period

- Achieve 50% pre-leased retail/office space at an average rate of \$43/sq. ft. during the 36 months of development/construction period
- Implement the apartment conversion to condo sales strategy starting in 2022 through 2023. This will have implemented 5% in 2022, 5% in 2023 and 5% in 2024. Over this three-year period 42 apartments will be converted to condo sales yielding revenues of approximately \$18.0 million. From the pre-rental process, the offering our “Rent-To-Buy” program will be introducing to each potential renter.
- Full commitment and lease out Charlotte Club “LIVE” the entertainment venue facility with third party entertainment company.

**c.) Strategic Goals:**

- To obtain a 95% "highly satisfactory" or higher rating on customer surveys
- To achieve hotel four-diamond rating by 2023 - 2024

**d.) Tactical Goals:**

- Hire new blog/social media editor in 2021
- Hire new PR agency in 2021
- Target 300,000 individuals per year with social media including some direct mail
- Hold 3 focus groups in 2022, 18 in 2023, 25 in 2024.

## IV. MARKETING & SALES APPROACH

There are several things to consider in marketing and selling Corporate Memberships in this “Lifestyle” Mixed Use Project: **The Charlotte Club** has a total 485 apartments. Twenty (20) of these apartment will be allocated for the corporate membership offerings. The offering will be the first in the marketplace and the business model will require a specialized approach to its marketing & sales from a relationship approach. The project appointed project

operator must be trained and have a full understanding of this plan for marketing and selling “**Own Your Experience**” to each and every potentially guest, local/international visitor and renter. **The Charlotte Club** hotel guest, visitors and renters are all potential lead generators to the offering interest. Their membership is marketed as a real estate investment; especially the membership should not be perceived as timeshare. The emphasis is on “relationship selling”, rather than “mass merchandising”. The targeted market may have a negative impression of timeshare and will not respond to high-pressure sales tactics or sales gimmicks. This task is achieved through market research, advertising, public relations, sales promotions, merchandising, and direct selling; which are described in our 2021 detail Marketing & Sales Plan.



- a.) **Timing, Launch and Continuing Sales Momentum:** As we all realize, the timing of the announcement of **The Charlotte Club**, the launch of sales and our ability to continue sales momentum is critical to the success of the project and corporate membership sales drive. Luxury apartments membership unit offerings are particularly sensitive to conditions because of the premium we are placing on the product. For that reason, it is very important that we fully exploit the promotional event we can manage as part of the campaign. Let's lay out our ideal scenario when the city hosts the NFL - Carolina Panthers, NBA - Charlotte Hornets, NASCAR - Bank of America Royal 400 and MLS – Charlotte Football Club when the eyes of the sport world will be on Charlotte:



**We win both ways:**

- a) **The Charlotte Club** can be explained in its best light with full press kits, media contact for current and future interviews, ground laid for further stories as the building progresses, prepackaged materials handed out to media personnel (animated building renderings, etc.) which will be used as part of their same day coverage and retained for future stories which can only reinforce our effort.
- b) **The Charlotte Club** project shares the spotlight with annual major sport's league, NFL, NBA, MLB, NASCAR and MLS is being promoted and played. These sporting events bring hundreds of thousands of fans, corporate sponsors, media industry, event planners; as well as international visitors annually.
- 1) Our next event is scheduled around the week before the event starts, during which all eyes of the sport world is focused on Charlotte, North Carolina a press event marking milestones for the progress of **The Charlotte Club**. This time the focus is on the latest details of the building, sales results, notables who have joined as members, and a further fleshed out media kit covering the trend of Corporate Memberships offering and benefits these members have access to. Chief among the comparisons is the fact that only the top hotel brands are doing corporate memberships and **The Charlotte Club** is on par with any of them, while keeping our flavor decidedly local and boutique. More details of club benefits, membership privileges, etc. are revealed and we again have the tie in the Uptown community. The event this time is held in our sales center (assuming it is presentable) with the wall tour, flat panel TVs, posh furnishings, etc., giving the news people the opportunity to focus on a new and different set of criteria for their next round of stories.

- 2) Media events such as these are important to the legitimization of **The Charlotte Club** project. Everyone knows that if they see it on the news (and a remarkable number of people get their news through TV and their associated station websites) it has to be the truth. We have to use these springboard opportunities wisely and remain in public view. We will do this by making speeches before local service clubs extolling the virtues of our concept, providing sustained PR and advertising along with social media, promotional events for potential members, possible airport displays, a fully interactive website, regular email newsletters with project updates, etc.
- 3) As we get continue to sell memberships, we will continue to release updated figures to the media and concentrate on high profile owner potentials such as sports figure, Michael Jordan, owner of the Charlotte Hornets NBA Basketball team. Other local high profile owner potentials are:

David Tepper, Owner of Carolina Panthers – NFL Team and Charlotte Football Club – MLS Team  
 Marcus G Smith, Owner Speedway Motorsport, Charlotte Motor Speedway  
 Dr. Claude R. Alexander, Jr. Senior Pastor, The Park Ministries Church  
 Harvey Gantt, Center for Harvey B. Gantt African American Art + Culture  
 Dale Earnhardt Jr., NASCAR Racing

To retain momentum, we will have to constantly look for additional media opportunities as well as maintain an effective paid marketing campaign. Whenever significant opportunities occur during construction we need to leap on them with full publicity potential and work to stay in front of the local community. Momentum is a creature of effort enhanced by opportunity and triggered by timing. It is vital to our success.

#### **b.) Development of our Strategy**

The developer's strategy for **The Charlotte Club's** corporate membership success will be to create an environment for **"Lifestyle"**. This environment includes a sense of belonging and caters to the corporate members that see this product as a marketing tool in terms of benefit and cost. The competition is condos, hotel rental units and apartments. Creation of **"Lifestyle"** concept especially from our corporate membership business model with rental pools and lock off would detract from the **"Lifestyle"** goal. The rational approach to our corporate membership model is:



Successful whole ownership real estate developments all have certain common elements:

- 1) Desirable location
- 2) Unique appeal
- 3) Competitive pricing
- 4) Qualified buyers
- 5) Intrinsic value

Now, add the appeal of membership-purchase and you have:

- 1) Income potential
- 2) Residential use matching need
- 3) Investment appreciation

And, with an overlay of membership ownership:

- 1) Experiential benefits
- 2) Monetary commitment reduction

**The Charlotte Club** has each of these. **Vision & Mission:** The developer's marketing & sales plan creates excitement leading to membership momentum for the project. **Vision & Mission:** Worthy of business/leisure community discussion leading to potential member's desire to explore more deeply. **Vision & Mission:** Accrue awareness to the membership concept and benefits for each member, and is seen as a positive addition to its surroundings. **Vision & Mission:** Provides unique appeal and allows the business model to achieve leadership in the process. **Vision & Mission:** Provides constant draw for prospects that have a desire to be associated with overall **"LIFESTYLE"** LIVE-WORK-PLAY-VISIT environment. This approach to creating and fulfilling the **Vision & Mission** of **"Own Your Experience"**. The **Vision & Mission** for successfully marketing are The Charlotte Project:



***Just as ripples spread out when a single pebble is dropped into water, the actions of individuals can have far-reaching effects.***

***Dalai Lama***

### **c.) Vision & Mission Statements**

**"Make sure our product is seen as a good value, an alternative choice to their lifestyle by having much more in benefits, amenities and services"**

**"Create a market niche"**

**"Develop marketing programs"**

**"Think long term"**

**"Continuously improve communication with our customers"**

**"Let our customers know that we appreciate their business"**

**"View marketing and sales as an investment in the future of our business"**

**"Be consistent in our marketing"**

**"Create some excitement! "**

**"Organize and track all leads"**

**"Not being visible in the marketplace"**

**"Polish our company and industry image"**

"Constantly looking for every opportunity to communicate why it's prudent to do business with us."

"We will be the only product in this marketplace for now, so we are the experts. We must continue to develop new market segments and remain a leader."

"Our marketing power must thrive every day, so each program must be zero developed for each segment of our business."

"We must continue to think who our customers are today and who they will be four to five years from today."

"Constantly review communications that are sent out and think about the communications we could be sending. We should always create conversational communication using the word "you" more often the "we".

"We must dramatize our commitment to each customer"

"A constant flow of new leads who want to do business with us as a direct result of investing in marketing and sales effort."

"Out of sight; out of mind. Aggressive marketing strategy to remain in the mind of prospective leads."

"It's time to beat the drums, turn up the music, and let it roll! If we're not making prospect's heart go pitter-pat, then we're not doing our jobs."

"Make certain all leads are in the system, rated, adequately cultivated and follow up is completed."

"No one will know us, so we must work on ways to be seen in the market place – PR will bring attention."

As a company we must project the right message with logos and printed material. Our company must have the look to get the potential customers to notice us."

## V. MARKET ANALYSIS

### a.) Five C's of Marketing "LIFESTYLE" Project

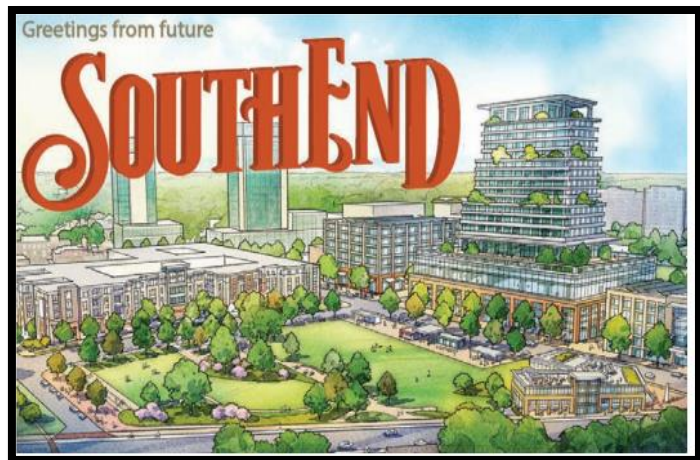
**Company's "LIFESTYLE" Project** – Convenience of live-work-play-visit options in a single location and satisfying the desire to live in more of a small-town environment within the city.

**Competitors "LIFESTYLE" Project** – The key direct competitors are listed in the SAM TAM SOM report that takes into account of demographics and psychographics favoring the project type, value and location.

**Customers "LIFESTYLE" Project** - The ever increasing demographics are not the customers their parents were. They are looking for "something extra" in lifestyle living selection and even in a hotel, they reject cookie-cutters! They see luxury more and more in the storytelling of having an experience rather than in luxury items. When working from home or traveling for business, they are incorporating leisure time to maintain a healthy balance between their work and personal lives. Modern customers are connected to the destination and they look for local experiences.

**Collaborators "LIFESTYLE" Project** - Charlotte Regional Visitor Authority (CRVA) Partners, Charlotte Chamber of Commerce, Charlotte Area Hotel Association (CAHA), Greater Charlotte Apartment Association, Charlotte Visitors & Convention Bureau, First in Promotions Inc., National Apartment Association and Rolling Stone Magazine.

**Climate "LIFESTYLE" Project** – The Charlotte market continued to benefit from diversification and revitalization efforts in 2019. The city, which is home to the University of North Carolina Charlotte (UNCC) and six Fortune 500 company headquarters, enjoys robust financial, healthcare, and retail sectors, as well as strengthening manufacturing, energy, and technology industries. In November 2018, Honeywell officials announced plans to relocate company headquarters to Charlotte. In February 2019, SunTrust announced its acquisition of BB&T, with the new headquarters office to be located in Charlotte. Despite the recent increase in real estate values, the Charlotte market still offers a considerably affordable cost of living, which, coupled with relatively low unemployment figures and a diverse economy, makes the area attractive for companies, business professionals, and families. Mixed-use development projects boasting office and retail components continue to be prevalent throughout the city in an effort to create convenient shop-work-play communities to accommodate the commercial and population growth.



## VI. TAM, SAM & SOM ANALYSIS

### a.) What is TAM?

**TAM = Total Addressable/Available Market** is the total market for our multifamily and hospitality product. This is everyone in our direct competitor market who compete with our business product.

### What is SAM?

**SAM = Serviceable Available Market** is the portion of the market that we can acquire. For example, our product may speak the appeal to attract current/future customers, so our SAM would be the subset of the TAM that speaks the language that our product is developed for.

### What is SOM?

**SOM = Service Obtainable Market** is the subset of your SAM that you will realistically get to use your product. This is effectively our target market that we will initially try to sell to.

### Exhibit A: Multifamily Sector

No#	PROPERTY	ADDRESS	YOC/UC	MARKET	MARKET SHARES	TAM	MARKET	SAM	MARKET	SOM	MARKET
0	The Charlotte Club (Proposed)	800 West Morehead St	2024	485	9.4%	0	0.0%	0	0.0%	0	0.0%
1	Loft One35	135 W Morehead St	2015	298	5.8%	298	6.4%	298	9.9%	298	11.6%
2	Circa Uptown	360 S Graham St	2016	243	4.7%	243	5.2%	0	0.0%	0	0.0%
3	Element Uptown	355 W Martin Luther King Jr Blvd	2014	352	6.9%	352	7.6%	352	11.7%	352	13.6%
4	Catalyst	255 W Martin Luther King Jr Blvd	2009	462	9.0%	462	9.9%	462	15.4%	462	17.9%
5	Arlo	1331 W Morehead St	2018	286	5.6%	286	6.2%	286	9.5%	286	11.1%
6	SkyHouse	640 North Tryon St	2017	672	13.1%	672	14.5%	0	0.0%	0	0.0%
7	Novel Stonewall Station	400 E Stonewall St	2018	459	8.9%	459	9.9%	459	15.3%	459	17.8%
8	The Mint	425 W Trade St	2015	177	3.4%	177	3.8%	0	0.0%	0	0.0%
9	2 First Ward Urban Village	Brevard & 10th Streets	UC	428	8.3%	428	9.2%	428	14.2%	0	0.0%
10	The Ellis	512 North College St	2021	549	10.7%	549	11.8%	0	0.0%	0	0.0%
11	Savoy	650 East Stonewall Street	2019	302	5.9%	302	6.5%	302	10.0%	302	11.7%
12	Uptown 550	East Stonewall Street	2018	421	8.2%	421	9.1%	421	14.0%	421	16.3%
Totals				5,134	100.0%	4,649	100.0%	3,008	100.0%	2,580	100.0%

### Exhibit B: Hospitality Sector

Comp #	Name of Establishment	City & State	Rooms	Market Share	Market	TAM	Market	SAM	Market	SOM
1	Hilton Charlotte Center City	Charlotte, NC	400	9.8%	10.5%	400	13.3%	400	16.7%	400
2	Ivey Hotel - Charlotte	Charlotte, NC	42	1.0%	1.1%	42	0.0%	0	0.0%	0
3	Kimpton Tryon Park Hotel	Charlotte, NC	217	5.3%	5.7%	217	7.2%	217	9.1%	217
4	Westin Charlotte	Charlotte, NC	700	17.1%	18.3%	700	23.3%	700	29.3%	700
5	Omni Charlotte Hotel	Charlotte, NC	374	9.1%	9.8%	374	12.5%	374	15.6%	374
6	Grand Bohemian Hotel	Charlotte, NC	254	6.2%	6.7%	254	8.5%	254	10.6%	254
7	Marriott Charlotte City Center	Charlotte, NC	446	10.9%	11.7%	446	14.9%	446	18.7%	446
8	Le Meridien Charlotte	Charlotte, NC	300	7.3%	7.9%	300	10.0%	300	0.0%	0
9	Sheraton Charlotte Hotel	Charlotte, NC	308	7.5%	8.1%	308	10.3%	308	0.0%	0
10	JW Marriott Charlotte	Charlotte, NC	381	9.3%	10.0%	381	0.0%	0	0.0%	0
11	Ritz Carlton - Charlotte	Charlotte, NC	147	3.6%	3.8%	147	0.0%	0	0.0%	0
12	InterContinental Hotel - Carolina Theater	Charlotte, NC	250	6.1%	6.5%	250	0.0%	0	0.0%	0
0	Charlotte Club Hotel (New)	Charlotte, NC	283	6.9%	0.0%	0	0.0%	0	0.0%	0
Totals			4,102	100.0%	100.0%	3,819	100.0%	2,999	100%	2,391

## VII. SWOT ANALYSIS

### Strengths:

- ❖ Located in the heart of uptown Charlotte 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-visit “LIFESTYLE” concept.
- ❖ Connected to Charlotte’s light rail system
- ❖ Strong development team
- ❖ High pedestrian activity
- ❖ CBD Location
- ❖ Proximity to cultural amenities (Bank of America Stadium, Truist Field, Spectrum Center, NASCAR Hall of Fame)
- ❖ Proximity to growing and established residential areas
- ❖ Ideal location in 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 apartment 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/Uptown, 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, shop appeal.
- ❖ Emerging markets and expansion abroad
- ❖ Wedding, corporate convention, live entertainment venue and event hosting
- ❖ Estimated to create a total of approximately 3,500+ direct and indirect jobs during the development and operational stages building community relationships.
- ❖ Expansion of services and products
- ❖ Desires for Charlotte to attract companies create a need for new development
- ❖ Planned infrastructure upgrades
- ❖ Opportunity to develop a unique hotel, retail/office and event/entertainment mix in a soft market
- ❖ Construction of mass transportation
- ❖ 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

## **VIII. PANDEMIC IMPACT SUMMARY - “LIFESTYLE” 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.



1. Hotel Component
2. Office, Retail & Entertainment Component
3. Apartment Component
4. Back of the House Component
5. Construction
6. Pandemic Impact Costs  
*(Ref: Project Impact Report)*

## IX. THE CHARLOTTE CLUB PROJECT REPRESENT THE FUTURE

Our mixed-use project is defined as urban plan that blends apartments, hotel, commercial, entertainment, cultural, and institutional uses into one space. In doing so, this type of community enables citizens to seamlessly integrate their work, home, and social lives to promote balance. Interestingly, it supports the building of community in the traditional sense – that is as defined by a physical space – and equally, the more contemporary concept of community as characterized by the coming together of people for personal fulfillment.

### Exhibit C: Charlotte Center City 2020 Plan



This diverse project of revenue streams within this development means that many investors are attracted to the diversity of risk. With the future still uncertain for many industries, including food and beverage, retail, entertainment and commercial entities, mixed-use buildings go beyond offering a desirable mix of amenities for residents; they too offer a safer option for property owners in an unpredictable rental market.

The project's development has the power to add immense value to all stakeholders – from hotel guest, residents, to small business owners, to real estate developers to investors. While mixed use have certainly been growing in popularity for several years, the Covid-19 pandemic has only served to further illustrate the strength of their offering. Our very notion of what makes a strong community has been challenged in the past year, and as such, it is vital that we find such solutions in our urban planning. This project presents a great option, and in many ways represent the future of the community, not just in SouthEnd neighborhood but for other major developing areas of Charlotte.

### a.) Pricing – “LIFESTYLE Project

The Charlotte Club project can increase office and retail prices, residential rent, hotel occupancy and rates as well as accelerate absorption rates. Retail tenants may be willing to pay higher rents because of the increased customer traffic generated by the compatible and complementary uses. Residential tenants and/or owners of the 20-corporate apartment/ fractional component along with hotel guests will be attracted to urban community “live-work-play-visit” that the development offers. Walkability, vibrancy, community, all traits of mixed-use developments that have been called a trend to watch in 2021, as the demand to live, work, play and shop in one location continues to grow at remarkable rates.

### Exhibit C. Multifamily Pricing

No#	PROPERTY	ADDRESS	YOC/UC	MARKET	MONTHLY RENT		BEDROOMS	BATHROOM	Sq. - Ft.		PRICE/SQ. - FT.		AVG /SF
0	The Charlotte Club	800 West Morehead St	2024	485	\$1,218	\$5,508	Studio - 3BR	1 - 3 BR	525	2,210	\$2.32	\$2.49	\$2.40
1	Loft One35	135 W Morehead St	2015	298	\$1,096	\$2,783	Studio-2BR	1-2.5 BR	465	1,069	\$2.36	\$2.60	\$2.48
2	Circa Uptown	360 S Graham St	2016	243	\$1,277	\$3,197	Studio-2BR	1-2 BR	625	1,396	\$2.04	\$2.29	\$2.17
3	Element Uptown	355 W Martin Luther King Jr Blvd	2014	352	\$1,507	\$6,856	Studio-2BR	1-2.5 BR	625	1,309	\$2.41	\$5.24	\$3.82
4	Catalyst	255 W Martin Luther King Jr Blvd	2009	462	\$1,370	\$2,455	One - 2BR	1-2 BR	690	1,130	\$1.99	\$2.17	\$2.08
5	Arlo	1331 W Morehead St	2018	286	\$1,173	\$2,226	Studio-3BR	1-2 BR	549	1,480	\$2.14	\$1.50	\$1.82
6	SkyHouse	640 North Tryon St	2017	672	\$967	\$9,197	Studio-3BR	1-3 BR	546	1,510	\$1.77	\$6.09	\$3.93
7	Novel Stonewall/Francis	400 E Stonewall St	2018	459	\$1,297	\$8,250	Studio-3BR	1-3 BR	469	2,563	\$2.77	\$3.22	\$2.99
8	The Mint	425 W Trade St	2015	177	\$1,656	\$2,601	Studio-2BR	1-2 BR	672	1,393	\$2.46	\$1.87	\$2.17
9	2 First Ward Urban Village	Brevard & 10th Streets	UC	428	\$0	\$0	N/A	N/A	0	0	\$0.00	\$0.00	\$0.00
10	The Ellis	512 North College St	2021	549	\$1,226	\$9,250	Studio-3BR	1-2.5 BR	533	2,778	\$2.30	\$3.33	\$2.81
11	Savoy	650 East Stonewall Street	2019	302	\$1,335	\$3,349	Studio-3BR	1-2 BR	558	1,460	\$2.39	\$2.29	\$2.34
12	Uptown 550	East Stonewall Street	2018	421	\$1,434	\$5,200	Studio-3BR	1-2 BR	558	1,840	\$2.57	\$2.83	\$2.70
				Totals w/o 800 W Morehead	4,649	\$1,195	\$4,614		524	1,494	\$2.28	\$3.09	\$2.68

### Exhibit D. Published Hotel Rates, Occupancy and RevPar

Comp #	Name of Establishment	Address	Zip Code	Class	Occupancy Projection	Published Rate	RevPAR
1	Hilton Charlotte Center City	222 E 3rd St	28202	Upper Upscale Class	86%	\$250	\$175
2	Ivey Hotel - Charlotte	127 N Tryon St	28202	Luxury	59%	\$258	\$181
3	Kimpton Tryon Park Hotel	303 S Church St	28208	Upper Upscale Class	68%	\$222	\$155
4	Westin Charlotte	601 S College St	28202	Upper Upscale Class	79%	\$245	\$172
5	Omni Charlotte Hotel	132 E Trade St	28202	Upper Upscale Class	71%	\$201	\$141
6	Grand Bohemian Hotel	201 W Trade St	28202	Luxury	65%	\$269	\$188
7	Marriott Charlotte City Center	100 W Trade St	28202	Upper Upscale Class	87%	\$246	\$172
8	Le Meridien Charlotte	555 S McDowell St	28204	Upper Upscale Class	70%	\$189	\$132
9	Sheraton Charlotte Hotel	555 S McDowell St	28202	Upper Upscale Class	62%	\$164	\$115
10	JW Marriott Charlotte	600 S College St	28202	Luxury	61%	\$210	\$145
11	Ritz Carlton - Charlotte	201 E Trade St	28204	Luxury	64%	\$569	\$398
12	InterContinental Hotel - Carolina Theater	220 N Tryon St	28202	Upper Upscale Class	TBD	TDB	TBD
0	Charlotte Club Hotel (New)	800 W Morehead St	28206	Upper Upscale Class	69%	\$242	\$169

## X. DEMOGRAPHIC MOMENTUM & QUALITY OF LIFE

Charlotte has a median age of 34, several years younger than the national average. That is because many people are moving here for work. This means the Charlotte real estate market is going to see demand from both people moving here for work and young adults who stay and raise families here; young adults who come here for school and work will eventually move up in the Charlotte housing market, whether in the city or the suburbs. The fact that the city is a top destination for Millennials guarantees long-term growth for the Charlotte real estate market.

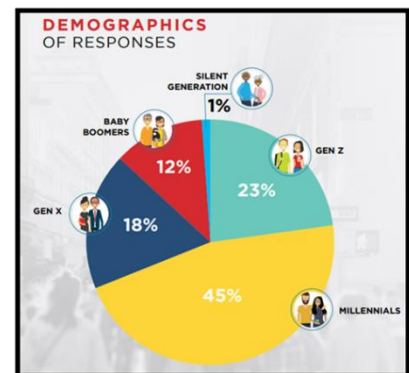
## XI. DEMOGRAPHICS

**Marketplace:** Charlotte general economic precondition for the financial success for **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 additional the mixed-use development of retail, office and apartments units. Charlotte and this project are greatly suitable to meet the demand. **Live – Work – Play – Visit** here are the current facts:

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

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 2007-19 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.



### **a.) Millennial Attracted to Charlotte**

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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%.

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.

In the future, good jobs and strong wage growth will remain key factors for millennials deciding where to move. Ref: [www.apartmentlist.com](http://www.apartmentlist.com)

### **b.) Three Reasons for Charlotte's Booming Apartment Market**

1. The average apartment sits empty for barely more the 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 5<sup>th</sup> 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 2<sup>nd</sup> quarter this year.

## XII. DRIVERS FOR “LIFESTYLE” MIXED USE PROJECT

Professional sporting events such as the ACC National Football Championship returned to the city, as did the All-Star championship game in February 2019. Although the NBA All-Star Games for 2020–2022 will be held outside of North Carolina, Charlotte officials will continue to aggressively seek to attract future games. The commercial segment remains a vital demand driver. Class-A office towers and build-to-suit office buildings are being erected throughout the city, most notably in Uptown.

Mixed-use development projects boasting office, retail, and residential components continue to be prevalent throughout the city in an effort to create convenient live-work-play-visit communities to accommodate the commercial and population growth. The live-work-play-visit focus in Uptown upscale developments; the redevelopment of communities such as SouthEnd, Optimist Park, and Plaza Midwood; and the increased beautification efforts in University City are anticipated to help spur growth within the entire Charlotte market. In 2021, the Charlotte hotel market realized slight average rate (ADR) gains, while market-wide occupancy remained relatively stable, increasing by almost 0.5% to nearly 70%, as the continued influx of new supply affected market-wide performance.

### Exhibit E: Charlotte Professional Sport Market

SPORT TEAM	SPORT LEAGUE	SPORT STADIUM NAME	SPORT STADIUM
			
			
			
			



## CHARLOTTE CLUB LIVE®

Charlotte, North Carolina, is home to a thriving film industry. Several Charlotte film unions and guilds are in place to support local film and television industry professionals in all aspects of production.

The Charlotte video production industry is robust. Several entertainment trade associations in Charlotte. The organizations of memberships that can support Charlotte filmmakers and offer protection throughout their journey towards productive careers in the local film industry.

The North Carolina Film Office works in conjunction with public and private locations to provide production services that assist those seeking to expedite production schedules in North Carolina. Filming in North Carolina with the support of entertainment trade associations in Charlotte, such as the North Carolina Film Office, can be a welcoming opportunity as their direct goal is to reduce red tape at state, county, and local levels. Additional resources available from the North Carolina Film Office, much like other Charlotte film unions and guilds, include incentives and rebates, project support, and contracting or permitting assistance.

## Exhibit G: Marketing Programs Costs

The variety of programs proposed for generating the necessary leads should be conducted in a manner that is consistent with the high quality established by the MRED for **The Charlotte Club**. Programs that use gimmicks or vague offers that do not clearly spell out the terms and conditions for previewing **The Charlotte Club** product offering will not be condoned or accepted. The marketing and sales plan leads generation programs and activities:

2. In-House Marketing Program
3. Corporate Marketing Program
4. Off-Site Marketing Program
5. Mini-Charlotte Marketing Program

(Ref. Marketing & Sales Plan)

	IN - HOUSE MARKETING PROGRAM	CORPORATE MARKETING PROGRAM	OFF - SITE MARKETING PROGRAM	MINI - CHARLOTTE MARKETING PROGRAM	TOTAL 2021
Number of Leads	328	531	245	770	1873
Number of Corporate Apartment's Membership Sold (20 Units)	74	114	53	19	260
Closing %	22.6%	21.5%	21.5%	2.5%	13.9%
Average Membership Price	\$142,760	\$142,760	\$142,760	\$142,760	\$142,760
Membership Income	\$10,574,815	\$16,285,215	\$7,508,119	\$2,749,421	\$37,117,569
Other Miscellaneous Income	\$105,748	\$162,852	\$75,081	\$27,494	\$371,176
<b>TOTAL REVENUES</b>	<b>\$10,680,563</b>	<b>\$16,448,067</b>	<b>\$7,583,200</b>	<b>\$2,776,915</b>	<b>\$37,488,745</b>
<b>DIRECT MARKETING &amp; SALES COSTS</b>					
Closing Cost	\$160,208	\$246,721	\$113,748	\$41,654	\$562,331
Closing Incentives	\$409,407	\$630,487	\$290,679	\$106,446	\$1,437,020
Membership Commission	\$320,417	\$493,442	\$227,496	\$83,307	\$1,124,662
Marketing & Sales Overrides	\$170,889	\$263,169	\$121,331	\$44,431	\$599,820
Marketing & Sales Management	\$370,370	\$570,370	\$262,963	\$96,296	\$1,300,000
Direct Marketing Program Costs	\$112,963	\$173,963	\$80,204	\$29,370	\$396,500
<b>Total Direct Marketing &amp; Sales Costs</b>	<b>\$1,544,255</b>	<b>\$2,378,153</b>	<b>\$1,096,421</b>	<b>\$401,504</b>	<b>\$5,420,333</b>
<b>GENERAL &amp; ADMINISTRATIVE COSTS</b>					
Direct G&A Operation Costs	\$331,097	\$509,890	\$235,079	\$86,084	\$1,162,151
Legal - Registration/Member's Document Costs	\$128,167	\$197,377	\$90,998	\$33,323	\$449,865
Other Marketing Admin Costs	\$160,208	\$246,721	\$113,748	\$41,654	\$562,331
Contingency & Other Overhead	\$213,611	\$328,961	\$151,664	\$55,538	\$749,775
<b>Total General &amp; Administrative Costs</b>	<b>\$833,084</b>	<b>\$1,282,949</b>	<b>\$591,490</b>	<b>\$216,599</b>	<b>\$2,924,122</b>
<b>TOTAL MARKETING PROGRAM COSTS</b>	<b>\$2,377,339</b>	<b>\$3,661,102</b>	<b>\$1,687,911</b>	<b>\$618,104</b>	<b>\$8,344,456</b>
<b>PERCENT TO REVENUES</b>	<b>22.3%</b>	<b>22.3%</b>	<b>22.3%</b>	<b>22.3%</b>	<b>22.3%</b>
Profit/Program	\$8,303,224	\$15,165,118	\$6,991,710	\$2,560,316	\$29,144,289
Profit %	77.7%	92.2%	92.2%	92.2%	77.7%

## Exhibit H: Pro Forma – Corporate Membership

<b>Number of Units</b>	<b>20</b>		
<b>APARTMENT - MEMBERSHIPS/UNITS</b>			
Number of 2 BR Units	20		
Total Units	20		
Total Units Sq. Ft.	23,460		
Average Unit Sq. Ft.	1,173		
<b>LAND</b>			
Total Acres	2.269		
Total Land Sq. Fe.	98,838		
Density (units/acre)	9		
<b>Sellout in Months including Pre-Sales</b>	<b>36</b>		
<b>INCOME</b>			
	Price/SF	Total	Per Sq. Ft.
Price Per Membership - 2BR	\$142,760	\$37,117,500	
Membership - 2BR (1 share = 4 weeks)	260		
Total Corporate Apartment - Membership Shares	260		
Corporate Apartment - Membership Income		\$37,117,500	\$1,582
Other Miscellance Income		\$371,176	\$16
<b>TOTAL NET REVENUES</b>		<b>\$37,488,676</b>	<b>\$1,598</b>
<b>MARKETING &amp; SALES COSTS</b>			
<b>Direct Marketing &amp; Sales Costs</b>	Factor		
Closing Cost	1.5%	\$562,330	
Closing Incentives	\$5,527	\$1,437,020	
Sales Commission	3.0%	\$1,124,660	
Marketing & Sales Overrides	1.6%	\$599,819	
Marketing & Sales Management	\$5,000	\$1,300,000	
Direct Marketing Program Costs	\$1,525	\$396,500	
<b>Total Direct Marketing &amp; Sales Costs</b>	<b>14.5%</b>	<b>\$5,420,329</b>	
<b>General &amp; Administrative Costs</b>			
Direct G&A Operation Costs	3.1%	\$1,162,149	
Legal - Registration/Owners Documents Costs	1.2%	\$449,864	
Other Marketing Admin Costs	1.5%	\$562,330	
Contingency & Other Overhead	2.0%	\$749,774	
<b>Total General &amp; Administrative Costs</b>	<b>7.8%</b>	<b>\$2,924,117</b>	
<b>Total Marketing &amp; Sales/General &amp; Administrative</b>	<b>22.3%</b>	<b>\$8,344,446</b>	
<b>COMPONENT OPERATING PROFIT</b>	<b>77.7%</b>	<b>\$29,144,230</b>	
<b>Profit Per Unit</b>		<b>\$1,457,212</b>	