

**AKGI**



**Feasibility for Mixed Use Development  
Proposed "Lifestyle" Mixed Use Project  
Charlotte, North Carolina**



Prepared for  
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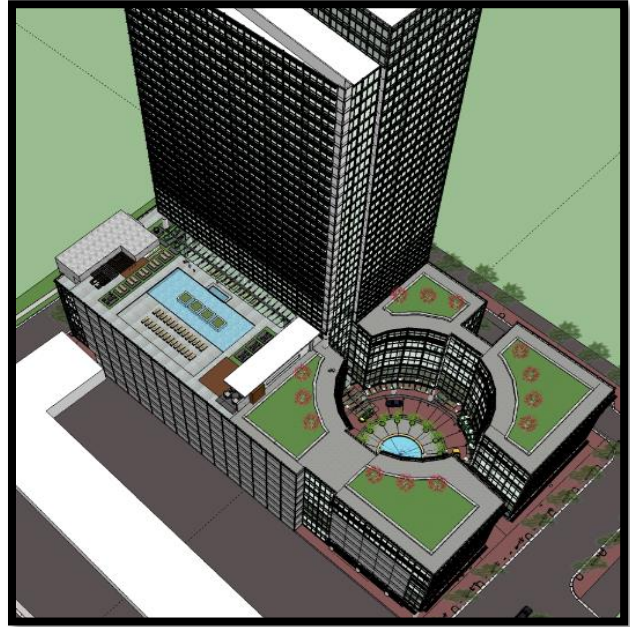
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## 1. INTRODUCTION

The Charlotte Club is a planned “Lifestyle” mixed-use development real estate project with planned integration combination of retail, office, residential, hotel, recreation and entertainment. It is pedestrian-oriented and contains these elements of a live-work-play-visit environment. This development maximizes space usage, has amenities and architectural expression 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 and the project is not pedestrian

oriented. A classic example of a multi-use project is a single site developed with an unanchored strip center next to a small office building for tenants such as insurance agents, dentists, doctors, etc.



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

The Charlotte Club proposed project “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. These forms of the mixed-use development have retail on the street level with offices over the retail and residential units or hotel space over the office space.

## 2. FACTORS MAKING MIXED USE DEVELOPMENT POPULAR

- Convenience of live-work-play-visit options in a single location
- Satisfying the desire to live in more of a small-town (“West Morehead Street”) environment.

This desire is brought about by changing demographics and psychographics favoring the property type:

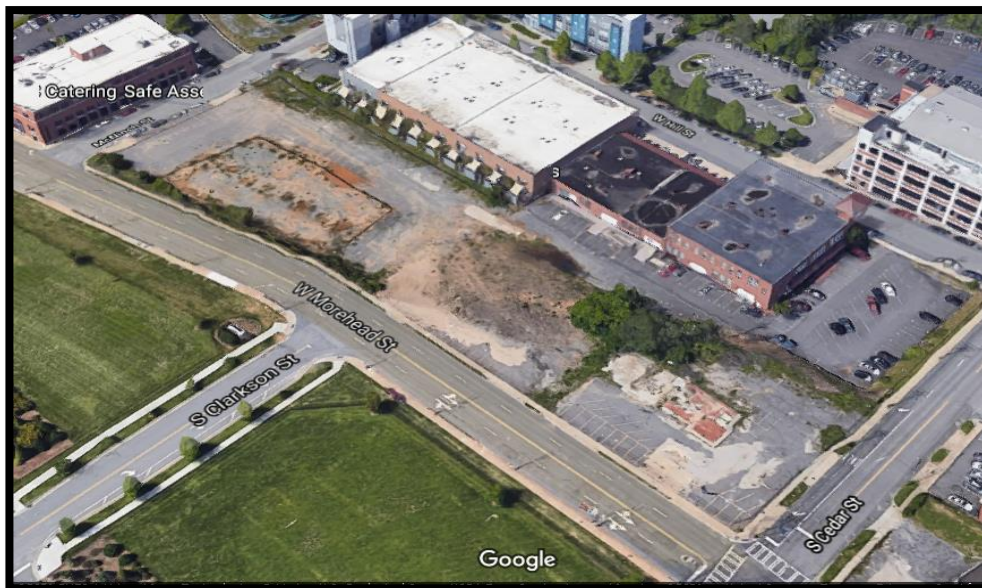
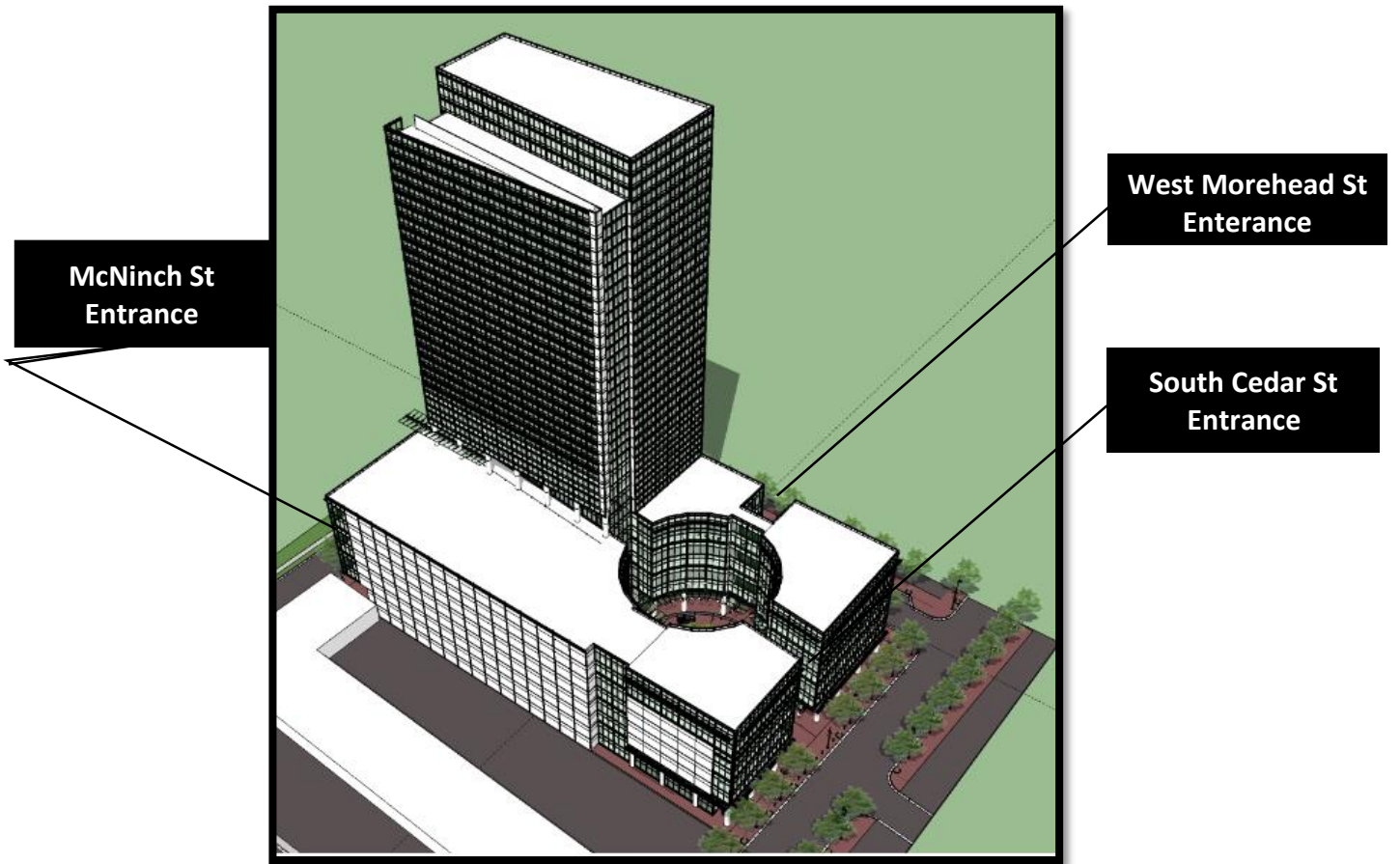
- Reducing traffic congestion again from the developer’s perspective The Charlotte Club development is fostered by the following occurrences:
- Rising land prices
- Encouragement by City of Charlotte (economic development, planning, zoning board, etc.)

Finally, MRED “optimal land use plan” for a “Lifestyle” mixed-use development has been stated as:

- Highest land density
- Most rapid absorption of finished sites at the highest price
- Highest present value of the project



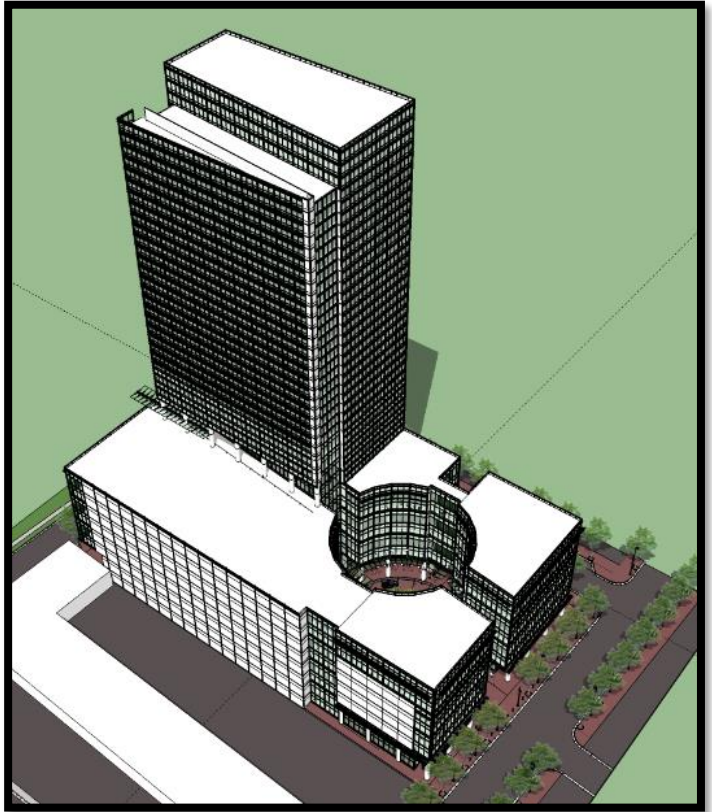
Exhibit A: On-Site Layout - Aerial West Morehead Street



800 West Morehead Street

### 3. CHARLOTTE ECONOMIC OUTLOOK

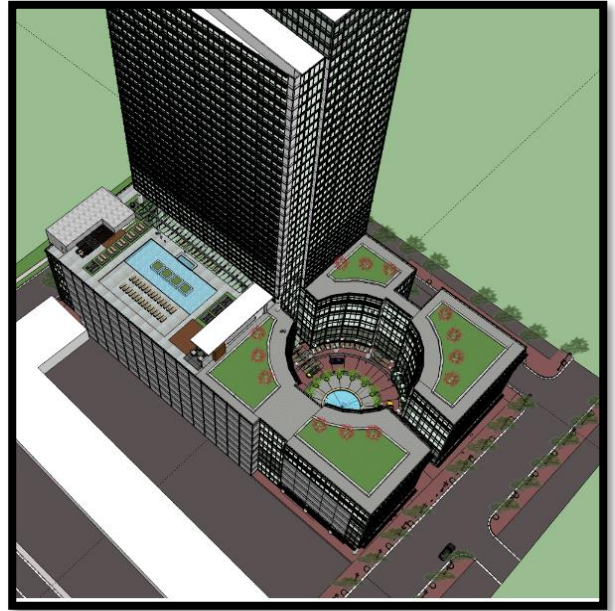
The Charlotte market continued to benefit from diversification and revitalization efforts in 2019. The city, which is home to the University of North Carolina Charlotte (UNCC) and six Fortune 500 company headquarters, enjoys robust financial, healthcare, and retail sectors, as well as strengthening manufacturing, 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, retail, and residential components continue to be prevalent throughout the city in an effort to create convenient live-work-play communities to accommodate the commercial and population growth.



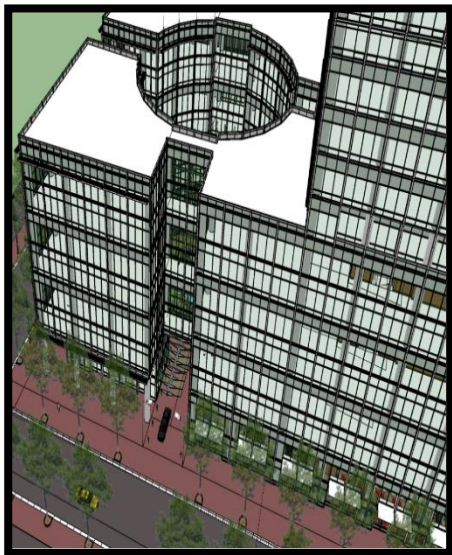
The live-work-play focus in Uptown upscale developments; the redevelopment of communities such as SouthEnd, Optimist Park, and Plaza Midwood; and the increased beautification efforts in University City are anticipated to help spur growth within the entire Charlotte market. In 2018, the Charlotte hotel 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.



According to the Charlotte Regional Visitors Authority, the enactment of House Bill 142 on March 30, 2017, which repealed HB2 (House Bill 2, aka the "Bathroom Bill"), had immediate positive impact on all market segments. Companies, organizations, and associations have returned to Charlotte for corporate travel, as well as for meeting and group events. 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.



The Lincoln Harris and Goldman Sachs mixed-use development on the former Charlotte Observer site in Uptown will feature an 845,000-square-foot office tower, of which 500,000 square feet has been leased to Bank of America; this project is slated for completion in late 2019. Crescent Communities' 26-story, 742,000-square-foot Ally Charlotte Center is currently under construction and is slated for completion in 2021. The anchor tenant, Ally Financial, will consolidate all of its Charlotte-area offices to this prime Uptown location. It is important to note that the extension of Charlotte's light-rail service, the LYNX Blue Line spanning from Uptown to the University of North Carolina at Charlotte (UNCC), was completed in March 2018 and will help increase connectivity between submarkets and ease traffic congestion.



Supply growth has remained moderate in recent years, increasing inventory in each of the submarkets. Approximately 55 hotel projects (roughly 10,000 rooms) are proposed for the Charlotte market, with nearly half currently under construction or in the active planning phases; the more speculative projects may take several years to come to fruition. It is important to note that further discussions have not taken place regarding the proposed hotel to be situated at Charlotte Douglas International Airport. Additionally, discussions regarding the proposed 800- to 1,000-key convention center hotel are on hold for at least another one to two years, as city and county officials shift focus toward the Charlotte Convention Center expansion and renovation project (completion anticipated for Q4 2020/Q1 2021), the Carolina Panthers, and a potential Major League Soccer team.

Seven new hotels opened in 2018, adding nearly 850 guestrooms to the market, of which roughly 35% are concentrated in the Uptown submarket. In November 2018, White Lodging announced the development of a 381-key JW Marriott as the hotel component of the Ally Charlotte Center. This hotel will join the Grand Bohemian Hotel and the InterContinental Hotel as luxury lodging offerings in Uptown Charlotte. Much of the new hotel supply in the pipeline will enter the Southwest Charlotte, Uptown, South End, SouthPark, and Ballantyne submarkets, which are also experiencing an increase in office and multi-family residential developments.

As such, the anticipated demand growth should allow the market to absorb a portion of the additional guestroom inventory in the near term.

Transaction activity in the Charlotte market continued in 2018 at a less robust pace than that of the 2017 calendar year. Nationally branded limited- and select-service assets traded in 2018, of which a majority are located in the airport and the University City neighborhoods, two submarkets that continue to experience gradual growth and undergo beautification efforts. The most notable transaction was the Fairfield Inn & Suites by Marriott Charlotte Airport, which traded at a per-key value of over \$150,000.

*Ref. HVS Consultants*







#### 4. EXECUTIVE SUMMARY - PROJECT

McClain Real Estate Development ("MRED") has been embarked on ground up "Lifestyle" hotel, multi-family apartment mixed use development project in Uptown Charlotte, North Carolina. The developer 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) but will be rezoned to Uptown Mixed Use District UMUD with is the highest and best use for the site. The property will be utilized for the development/construction of a 485-multifamily apartments, 283-keys **Charlotte Club 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 one of Charlotte's main street, West Morehead Street.

**The Charlotte Club** project is a planned 42-story tower mixed use development project. The hotel component will be a **Soft Brand & Collection** in the upper upscale segment, named "**Charlotte Club Hotel**". Soft branding for the hotel will allow it to maintain an affiliation with this larger hospitality company Marriott and part of their Tribute Portfolio brand. The connection with this leading hotel company allows travelers to earn and redeem points via a global loyalty program. This allows the hotel to be unique in the marketplace.

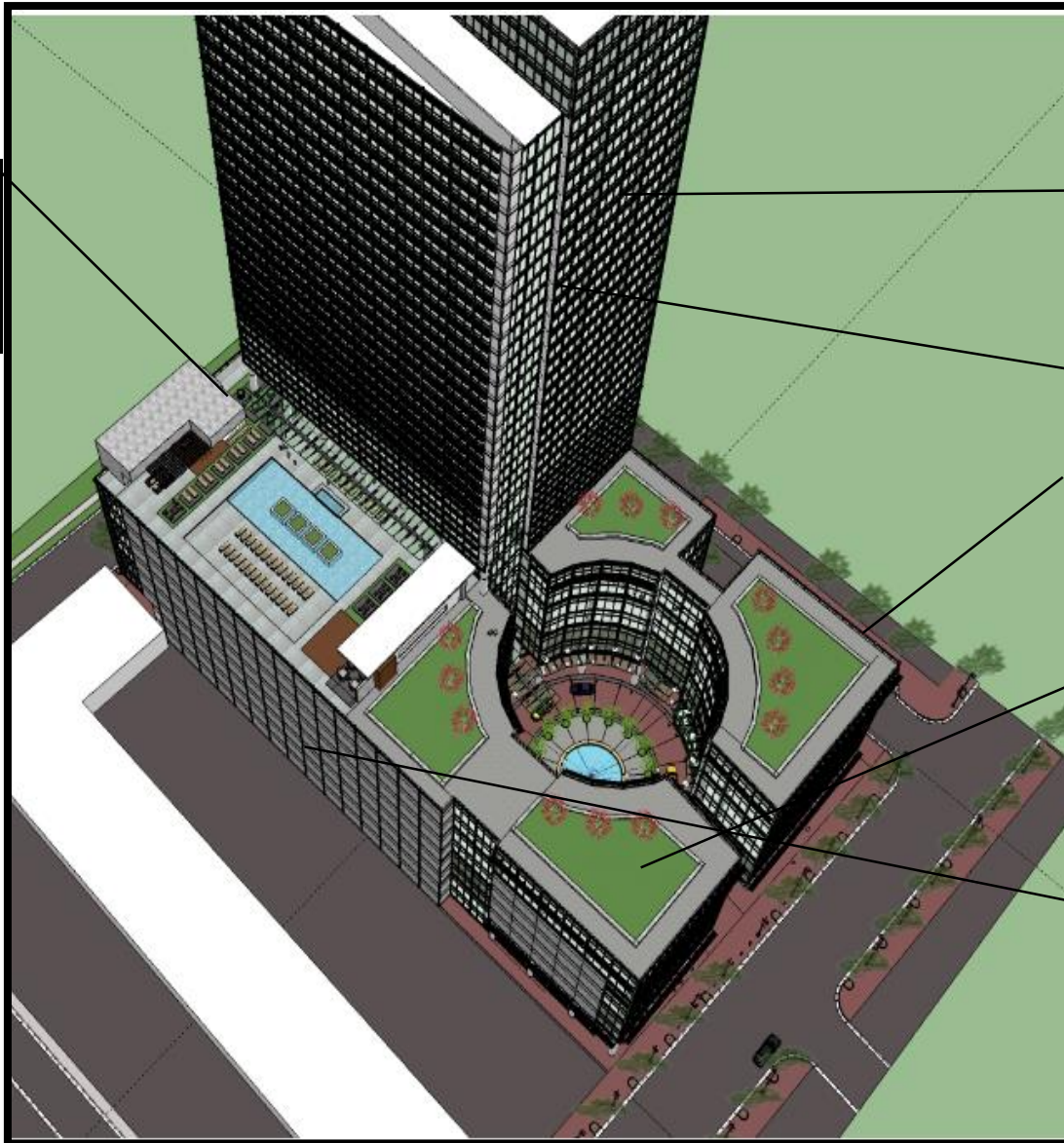
**Exhibit B: On-Site Project Program**

<b>On-Site Project Program</b>					
PROPERTY ADDRESS	800 West Morehead Street (Stadium Terraces Site)				
PROJECT TYPE	"Lifestyle" Mixed-Use Development Project				
APARTMENT BRAND	<b>The Charlotte Club</b>				
HOTEL BRAND	<b>Charlotte Club Hotel (New)</b>				
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	2.269				
LAND TOTAL GSF SQ. FT.	98,838				
PROJECTED FAR	12				
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
<b>Hotel</b>					
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
<b>Total Hotel Rooms</b>	<b>283</b>			<b>108,206</b>	<b>110,371</b>
<b>Average Space per Hotel Room HR Standard</b>				<b>382</b>	
<b>Apartments</b>					
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
<b>Total Apartments</b>	<b>485</b>			<b>410,436</b>	<b>418,645</b>
<b>Average Rentable Space per Apartment Units</b>				<b>846</b>	
<b>Sub-Total</b>	<b>768</b>			<b>518,643</b>	<b>529,015</b>
Description				NRA	GSF
<b>Hotel/Office/Retail/Parking/Entertainment</b>					
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
<b>Sub-Total</b>				<b>687,675</b>	<b>703,017</b>
<b>Grand Total</b>	<b>768</b>			<b>1,206,317</b>	<b>1,232,032</b>



## Exhibit C: Aerial Layout Building Program

Apartment  
Parking  
Entrance



485  
Apartments

283 Hotel  
Rooms

Office

Hotel  
Entrance,  
Lobby,  
Restaurants  
Meeting  
Rooms,  
Level

Parking



## 5. OPPORTUNITY

Sometimes, in the long history of brilliant development, an opportunity comes along that is monumental, historical, ecological, beneficial and financially rewarding. This 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 SouthEnd Uptown, these parcels are Gateway to Uptown. The parcels, commanding a fabulous view of Uptown, has the potential to make an impressive architectural and significant identity statement as well to achieve excellent return on investment.

## 6. CENTER CITY

Center City's population has grown by more than 600% since 1998; Charlotte grew by 68% Center City has seen tremendous growth since 2000. The return to urban living is well underway as all ages of residents see the benefits. South End has surged alongside Uptown as light rail set off a housing construction boom in the district. This growth demonstrates the attractiveness of the area's quality of life, walkability, entertainment and neighborhoods. In 2017, Charlotte had the third fastest growing inventory of apartments nationally; 25% of the units built in the last five years were in Center City. The growing population continues to attract more services and retailers, including five full service grocers, with three opening in the past two years; in turn making the neighborhoods more livable.

*Ref. 2018 State of the Center City Report*

### Exhibit D: Center City – SouthEnd Gateway to Uptown



**Exhibit E: 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-shop “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 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 3,800+ 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

## 7. FINANCIAL FEASIBILITY MIXED USE DEVELOPMENT

The Charlotte Club's financial feasibility occurs when the return on the investment meets or exceeds the required return of the investor. On the other hand, the synergy of complementary uses can increase cash flow. A measurement tools for such financial success are expressed in different ways within the pro forma. Discounted cash flow analysis generating a **Modified Internal Rate of Return** is one important tool. Hence the developer's pro forma model reflects a 40% Equity Investment Program with 4% interest rate for 5 years as debt service that would not be cover in conventional funding and cash-on-cash are not considered a useful tool in this model. Factors influencing the financial success of the project will be grouped in the following categories the local economic and market factors, market analysis and on-sit synergy, financial feasibility, physical factors, design and public issues. Discounted cash flow analysis generating an IRR is an important tool. The rates of return such as cash on cash return are also considered useful tools.

## 8. FINANCIAL FEASIBILITY FOR "LIFESTYLE" MIXED USE DEVELOPMENT IN UPTOWN

The developers' outlook for financial feasibility is defined when the return on the investment in a 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 different ways. Discounted cash flow analysis generating an MIRR is an important tool. The rates of return such as cash on cash return are also considered useful tools. (See MIRR attachment)

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 initial capital is minimized by investors willing to provide higher investment to value ratios. Also 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..."**

Using financial feasibility in a retrospective view, a comparison between the expected pro forma and the actual performance of The Charlotte Club will be the best measurement of financial success.

While the internal rate of return (IRR) assumes the cash flows from The Charlotte Club are reinvested at the IRR, the modified IRR assumes that positive cash flows are reinvested at the firm's cost of capital, and the initial outlays are financed at the project's financing cost. Therefore, MIRR more accurately reflects the cost and profitability of a project.



**Exhibit F: DSCR**

<b>DEBIT SERVICE COVERAGE RATIO (DSCR)</b>					
<b>Net Operating Income</b>	<b>\$8,361,349</b>	<b>\$11,410,178</b>	<b>\$15,090,158</b>	<b>\$17,520,735</b>	<b>\$18,489,205</b>
<b>Add - In</b>					
Depreciation/Amortization Expense	\$1,496,782	\$1,496,782	\$1,496,782	\$1,496,782	\$1,496,782
<b>Ending Cash-Flow Balance</b>	<b>\$9,858,131</b>	<b>\$12,906,960</b>	<b>\$16,586,940</b>	<b>\$19,017,517</b>	<b>\$19,985,987</b>
Debt: Principal X 4 (see AZ600)	\$9,082,374	\$9,265,696	\$9,452,718	\$9,643,515	\$9,838,163
<b>DSCR %</b>	<b>1.09</b>	<b>1.39</b>	<b>1.75</b>	<b>1.97</b>	<b>2.03</b>

The geographic extent for the commercial retail, office and entertainment space in the project having anchor tenants and the majority of the non-anchor tenants are a large consideration. The developer can ill afford to mistake the assumption that the retail, office and entertainment are all the same. Some of the shops and offices will attract customers from a greater distance than others. A three-mile ring could be too much geography for some stores and not enough for other stores. Another mistake this developer wishes to avoid is assuming that the retail and office space trade area for the most prestigious retail store and office space is the trade area for the project. "Lifestyle" mixed-use development will have phasing and timing issues that go beyond those typically experienced in single use development such as:

- Each phase should be able to survive on its own if subsequent phases are not built
- The first phase sets the theme, the tone and the quality level of the project
- Each phase need not have the same length of time or mass
- The financial feasibility of the next phase need not reflect that of the earlier phase(s).
- Phasing is more difficult because enough critical mass has to be created at the beginning.

**Exhibit G: Modified Internal Rate of Return****Modified Internal Rate of Return (MIRR)**

(\$128,693,200) 40% Equity Investment

\$8,361,349 Net Cash Flow Year 1

\$11,410,178 Net Cash Flow Year 2

\$15,090,158 Net Cash Flow Year 3

\$17,520,735 Net Cash Flow Year 4

\$18,489,205 Net Cash Flow Year 5

\$22,733,068 Net Cash Flow Year 6

\$25,537,883 Net Cash Flow Year 7

\$25,876,064 Net Cash Flow Year 8

\$27,035,672 Net Cash Flow Year 9

\$26,079,800 Net Cash Flow Year 10

25.00% Annual Interest Rate for the \$128,693,200 Equity Investment

20.00% Annual Interest Rate for the Reinvested Profits

13% Investment's Modified Rate of Return after 10 years

13% Modified Rate of Return after 10 years

11% Ten-year Modified Rate of Return Based on a Reinvest Rate of 20%

Note: Net Cash Reflects No Pay-Out of Profit Contributions



## Exhibit H: Internal Rate of Return (IRR)

**Location: 800 West Morehead Street**

**Property Type: "Lifestyle" Mixed-Use Development**

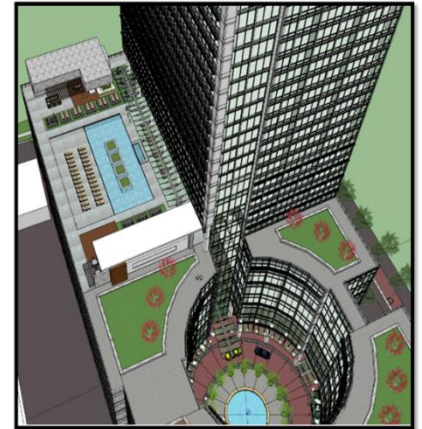
**Summary: Cash-Flow Analysis May 2021**

Total Square Footage Acquired	98,838
Acquisition Cost	\$12,000,000
<b>Developed ft<sup>2</sup></b>	
Hotel	158,545
Apartments	425,706
Parking	468,730
Office/Retail/Entertainment Venue	179,050
<b>Total Square Footage Developed</b>	<b>1,232,032</b>
Parking ft <sup>2</sup>	468,470
<b>Sources of Funds</b>	
Debt	\$193,039,800
Equity	\$128,693,200
<b>Total Funds</b>	<b>\$321,733,000</b>
<b>Uses of Funds</b>	
<i>Construction Costs</i>	
Hard Costs	\$199,534,000
Soft Costs	\$97,023,210
Contingency	\$0
	<b>\$296,557,210</b>
<i>Financing Costs</i>	
Brokers Fees (included in soft costs)	\$0
Interest on Debt	\$13,175,790
	<b>\$13,175,790</b>
<b>Performance Indicators</b>	
<b>Unlevered</b>	
Net Cash Flow	\$763,830,000
Equity Multiple	3.37
IRR	19.4%
<b>Levered</b>	
Net Cash Flow	\$697,926,766
Equity Multiple	4.6
IRR	17.1%



## 9. ECONOMIC COMMUNITY IMPACT

**IMPLAN** analysis measures job, economic output, and tax revenue growth of investments in industries, based on “Input-Output” analysis. Input-Output analysis measures the impact that increased production in one sector of the economy has on other sectors of the economy. **IMPLAN** combines this framework with detailed economic data sets to generate in-depth economic analysis of a given investment in a given location, in this case, the proposed Charlotte Club Development a mixed-use development project. Capital Investment Plan (CIP) City of Charlotte Infrastructure Plan



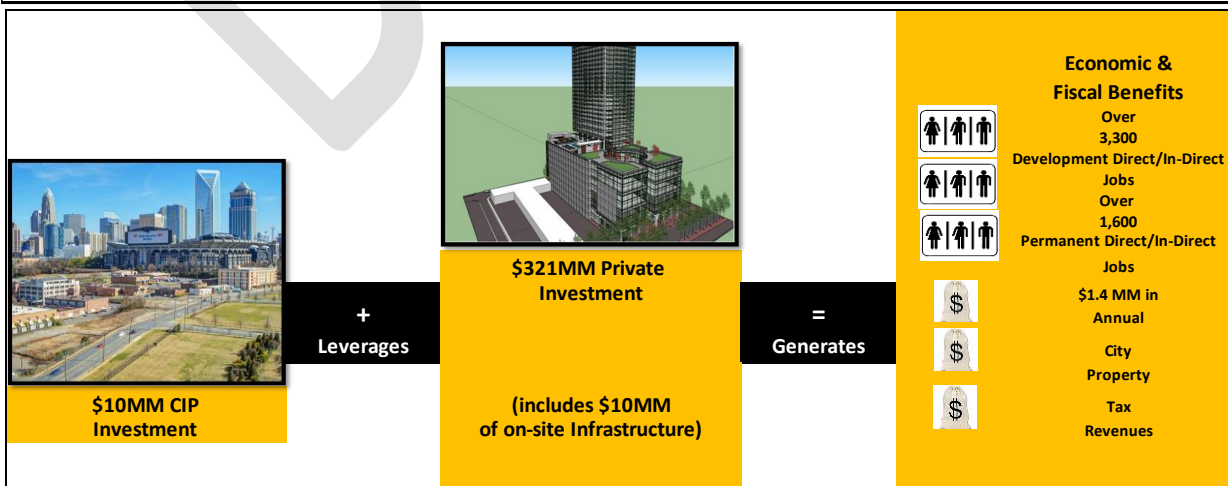
**The results are displayed in three sections:**

- 1) Construction Phase Job Impact
- 2) Construction Phase Financial Impact
- 3) Estimated Permanent Job Impact

The 3,368 job estimate is based on the \$321.5 million three years-of-expenditure project budget likely to be spent in the Charlotte Region, minus costs for these items: right-of-way, insurance and financing. The estimate includes temporary and full-time jobs during the design and construction period (FY2021-FY2023). As is typical with construction-related jobs, these jobs will dissipate as construction ends. These jobs are to last between 5 to 36 months. This estimate includes all jobs created by the project. In this calculation, some jobs will last all three years while others last a several months.

### Exhibit I: Economic & Job Impact

Summary	Direct	Indirect	Induced
Major capital projects require the work of planners, engineers, construction workers. And many others, and have the potential of generating many jobs. As part of the Final Environmental Impact Statement, The estimated that 3,386 direct, indirect and induced jobs will be generated by this Hotel Mixed-Use Development Project.	Direct jobs are occupations that work directly on the hotel mixed use project, such as project planners, designers, engineers and construction workers.	Indirect jobs means positions at suppliers of materials for the project, such as steel, concrete, wood, and more.	Induced jobs are jobs created by the spending of monies provided as project salaries for items such as groceries, gas, entertainment, etc.





**Exhibit J: Mixed-Use vs. Single-Use**

Phases of Development Process	Mixed-Use Development	Single-Use Development
Project Initiation	<ul style="list-style-type: none"> <li>Experienced and diverse project development team</li> <li>Involvement of City of Charlotte, Mecklenburg County &amp; State of North Carolina crucial</li> <li>Both financial and non-financial development objectives must be well defined</li> <li>Analyzing multiple markets / development potential and evaluating the overall market synergy</li> </ul>	<ul style="list-style-type: none"> <li>Single experienced architect/project manager acting as project team leader</li> <li>Relatively minor/routine involvement of public sector agencies</li> <li>Common and obvious development objectives</li> <li>Analyzing only a specific market potential; there is little concern on synergy since it is meant for single-use</li> </ul>
Planning and Design	<ul style="list-style-type: none"> <li>Complex planning and design issues involving urban considerations</li> <li>Creation of interrelationships among design elements and also between project and the surrounding environment</li> <li>Significant involvement of specialists</li> </ul>	<ul style="list-style-type: none"> <li>Conventional architectural and structural design process</li> <li>Urban considerations play a more limited role in overall project planning and design</li> <li>Involvement of specialists is less profound due to simplicity of design</li> </ul>
Construction	<ul style="list-style-type: none"> <li>Multiple contractors working in different phases; interfacing is critical</li> <li>Interaction with more specialists/designers</li> </ul>	<ul style="list-style-type: none"> <li>Usually single contractor who has sole control of planning and coordination of site works</li> <li>Fewer number of architects/design engineers</li> </ul>
Marketing and Operational Management	<ul style="list-style-type: none"> <li>More varied and innovative approaches on marketing strategies for numerous uses</li> <li>Long term promotion is necessary to continue building interests among general public</li> <li>Centralized control management systems for multiple uses</li> </ul>	<ul style="list-style-type: none"> <li>Marketing approaches targeting specific use only</li> <li>More effort on promotion before project completion and relatively less thereafter</li> <li>Single responsibility for property management agency</li> </ul>

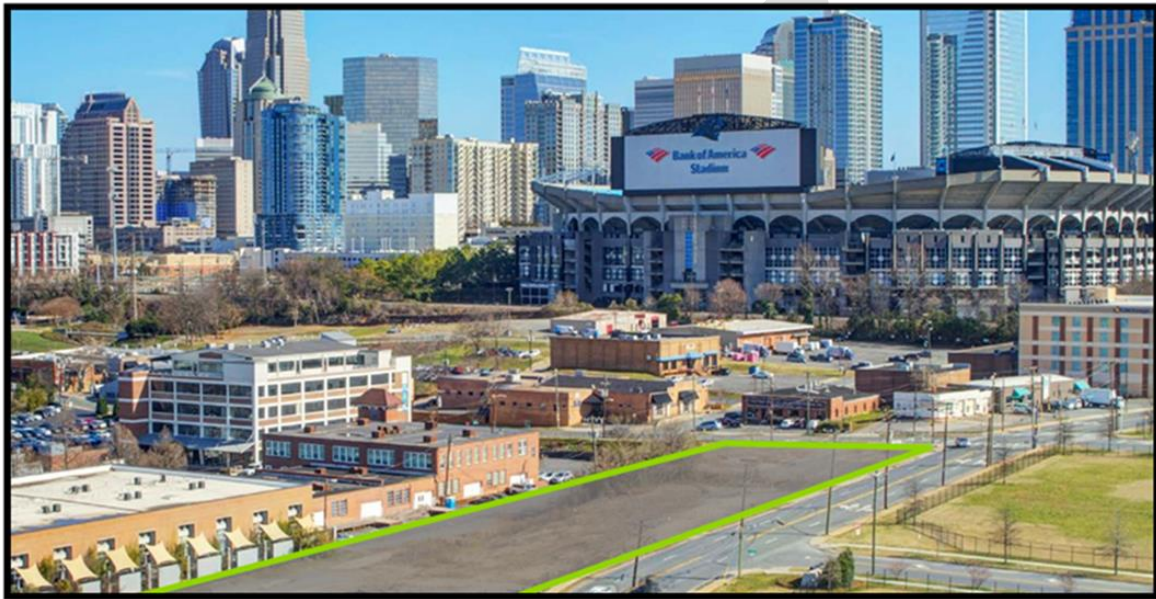
Some of the key differences between The Charlotte Club project and a single-use development process are summarized in table above. It is evident that some of these differences could affect the functioning of the role of many parties, including design and engineering professionals. For example, while a Design- Build contractor may position itself as the single party responsible for both design and construction in a single-use project, the contractual arrangement for this mixed use project can be more segmented especially when there a single parcel. Consequently, the aforesaid contractor may need to work closely with other consultants/contractors and would have less flexibility in controlling its own scope of the work.

## 10. SITE FACTOR MAKING MIXED USE POPULAR

The developers' perspective for mixed-use development is identified to be popular because of these important benefits:

### "Stadium Terraces" Site - 800 West Morehead Streets

The location is environmentally pedestrian friendly to multi-family, hotel, office spaces, retail establishments and an entertainment venue. The design creates the perfect live, work, play and shop atmosphere, giving residents and consumers alike the feeling of ultimate urban living feeling and convenience, all within a short walk.



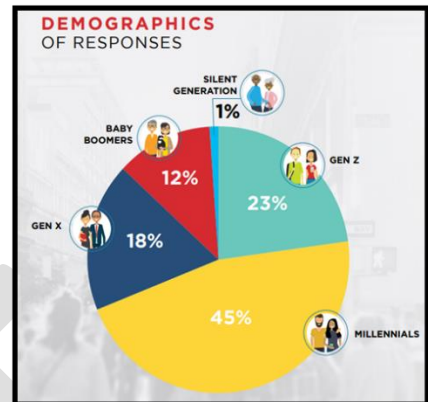
800 West Morehead Street

Exhibit K: Land Comps

Land Comps vs 800 West Morehead St - UMUD										
No#	Address	City	Property Info	Acres	Sq. - Ft.	Price/Sq. - Ft.	Sale Info	Sale Price	Price per Sq.-Ft.	Price per A/C
1	800 W Morehead St	Charlotte	2.269 A/C Land	2.2690	98,838	\$121.41	Ask Price/Seller - \$12,000,000 (\$5,288,673.42/AC)	\$ 12,000,000	\$121.41	\$ 5,288,673
3	806 S Church St	Charlotte	5.23 A/C Land	5.2300	227,819	\$48.28	Sold: \$11,000,000 (\$2,103,250.48/AC)	\$ 11,000,000	\$48.28	\$ 2,103,250
4	615 S College St	Charlotte	1.15 AC Land	1.1500	50,094	\$291.45	Sold: \$14,600,000 (\$12,695,652.17)/AC	\$ 14,600,000	\$291.45	\$12,695,652
5	401 S Graham St	Charlotte	.67 AC Land	0.6700	29,185	\$179.89	Sold: \$5,250,000 (\$7,835,820.90)/AC	\$ 5,250,000	\$179.89	\$ 7,835,821
7	650 Stonewall St	Charlotte	.20955 AC Land	0.2096	9,128	\$492.99	Sold: \$4,500,000 (\$492.99/SF)	\$ 4,500,000	\$492.99	\$ -
8	650 Stonewall St	Charlotte	.19904 AC Land	0.1990	8,670	\$1,528.26	Sold: \$13,250,000 (\$1,528.26/SF)	\$ 13,250,000	\$1,528.26	\$ -
9	400 E Stonewall St	Charlotte	3.68 AC Land	3.6800	160,301	\$64.25	Sold: \$10,300,000 (\$2,798,913.04/AC)	\$ 10,300,000	\$64.25	\$ 2,798,913
10	510 E Stonewall St	Charlotte	3.76 AC Land	3.7600	163,786	\$86.39	Sold: \$14,150,000 (\$3,763,297.87/AC)	\$ 14,150,000	\$86.39	\$ 3,763,298
11	500 S Tryon St	Charlotte	.47 AC Land	0.4700	20,591	\$879.03	Sold: \$18,100,000 (\$38,290,670.62/AC)	\$ 18,100,000	\$879.03	\$38,510,638
12	600 S Tryon St	Charlotte	4.24 AC Land	4.2400	184,694	\$63.71	Sold: \$12,125,000 (\$65.65/SF)	\$ 12,125,000	\$65.65	\$ 2,859,670
13	112 S Brevard St	Charlotte	2.571 AC Land	2.5710	111,993	\$205.28	Sold: \$22,990,000 (\$6,533,994.55)/AC	\$ 16,798,900	\$150.00	\$ 6,533,995
14	600 S College St	Charlotte	.555 AC Land	0.5550	24,176	\$260.59	Sold: \$6,300,000 (\$11,351,351.35/AC)	\$ 6,300,000	\$260.59	\$11,351,351
15	1017-1117 S Tryon St	Charlotte	2.7353 AC Land	2.7353	119,150	\$268.57	Ask Price/Seller - \$32,000,000 (\$11,698,624.42/AC)	\$ 32,000,000	\$268.57	\$11,698,900
16	109 W Morehead St	Charlotte	1.943 AC Land	1.9429	84,633	\$1,063.36	Sold: \$8,305,700 - (\$4,274,678.33/AC)	\$ 8,305,700	\$98.14	\$ 4,274,880
17	1225 Winnifred St	Charlotte	4.893 AC Land	4.8930	213,117	\$70.30	Sold: \$7,719,500 - (\$10,781,895.30/AC)	\$ 14,984,300	\$70.31	\$ 3,062,395
Market Value/Comps(w/o 800 W Morehead)				32.3058	1,407,336			\$181,663,900	\$129.08	\$ 5,623,260
800 W Morehead St Comp Value					98,838				\$129.08	\$12,758,308

## 11. ACTIVE LIFESTYLE

Upscale lifestyle boutiques and nationally recognized “healthy” retailers, restaurants and grocers, are moving out of strip malls and into mixed-use developments. These health conscious retailers have done exceptionally well since the recession of 2008 and are attracting a younger, more affluent crowd. Successful developments include at least an “anchor” grocery store, health club, farm-to-table restaurant and a few lifestyle hotel brand. This rising trend leads to the overall appeal of the property by fulfilling active lifestyle needs.



## 12. LIVE ENTERTAINMENT VENUE DESTINATION MAKING MUXED USE POPULAR

Entertainment venues such as an event based live entertainment center that combines a destination style entertainment center with live performance venue, dance floor, lounge concept, small-plate food, and beverages, merchandising and broadcast capabilities. This type venue creates a thriving attraction in mixed-use development. The venue appeals to residents and tenants as they are to neighboring communities and serve as a place to meet and mingle. In addition, it's adding to social interest of the developments, this venue will be driving incredible amounts of traffic to on-site retailers.

**Charlotte Club “LIVE”** will be a destination for the best in live entertainment. Jammin' concerts, hilarious comedy shows, dance performances—we will host it all in our state-of-the-art concert and event venues. **Charlotte Club “LIVE”** will fill the houses in with locally, nationally and internationally known artists.



In addition to concerts, the **Charlotte Club “LIVE”** venue will be 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. No matter what the celebration, the will staff ensures a special event is an exceptional experience worthy of an encore.



The Premises a recording studio will be located at The Charlotte Club. Offering recording services at highest quality for every client Contemporary Christian, Gospel, Rock'n-Roll, R&B and Country music industry. This new facility is designed with the performer in mind and features a host of luxuries that make recording here a pleasurable experience. All rooms will be tuned for optimal sound

enhancement and all climate controlled. Lines of sight ensure that multiple band members can play live simultaneously in separate rooms while maintaining constant visual and verbal contact with each other. This is a feature that makes live recording quick and painless while preventing bleed over.

## Exhibit L: 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 Charlotte Club Hotel in the respect of the brand DNA.

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

#### *1 place / 1 destination / 4 experiences*

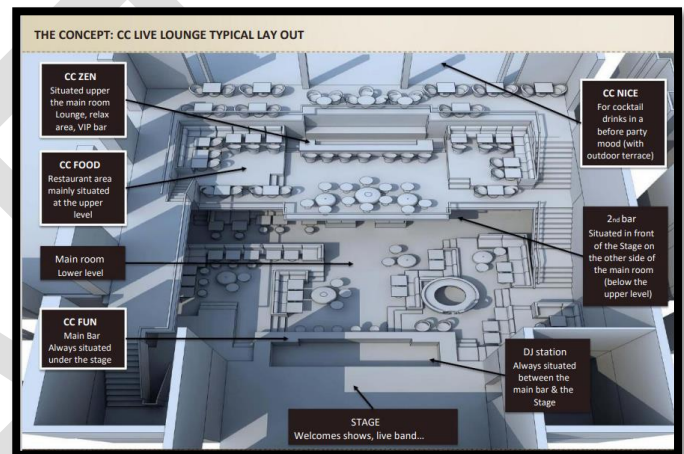
**CC Nice:** Cocktail bar with outdoor terrace

**CC Good:** Trendy restaurant mixing local cuisine

**CC Fun:** For live shows, live band, dance and parties

**CC 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 LIVE Night Club Proposed Layout

Approximately 10,000++ SF of space to generate, F&B, admission, room rental income, recording studio, etc. Seating capacity: 500 +/-

### 13. HOTEL PARTNERSHIPS INCLUDED IN MIXED USE DEVELOPMENT

When hotels collaborate with office, multi-family and retail within a mixed-use development, they experience increased market share, potentially 20%-40% sales increases, reports Global Hospitality. And hotels in these developments can demand 30%-40% rate increases per room compared to hotels not associated with or located within a property that offers variety and convenience for shopping and eating.

The developer is very excited to have the opportunity for Charlotte Club Hotel component being associated with the Marriott's Tribute Portfolio brand. The brand will assist the project in maximizing the potential of the hotel through alignment with global Marriott Tribute Portfolio hotel soft brand, an upper-upscale lifestyle brand. As one of the large 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.




**Exhibit M: Direct Hotel Comps – Development Use, Zoning & Tax Assessment**

Comp #	Name of Establishment	Number of Floors	Meeting Room Sqft.	Single Use/Mixed Use	Acres	Sf. - Ft. Acre	Tax Appraisal Assessment	Zone	Tax Appraisal Assessment Value Per Room
1	Hilton Charlotte Center City	22	30,000	Single Use	0.718	31,276	\$284,000,000	UMUD	\$710,000
2	Ivey Hotel - Charlotte	10	N/A	Single Use	0.861	37,505	\$389,000	UMUD	\$9,262
3	Kimpton Tryon Park Hotel	18	13,000	Single Use	1.619	70,524	\$180,900,000	UMUD	\$833,641
4	Westin Charlotte	25	32,411	Single Use	1.128	49,136	\$141,300,000	UMUD-O	\$201,857
5	Omni Charlotte Hotel	20	16,000	Multi Use	2.798	121,881	\$75,300,000	UMUD-O	\$201,337
6	Grand Bohemian Hotel	16	16,225	Single Use	0.587	25,570	\$51,900,000	UMUD	\$204,331
7	Marriott Charlotte City Center	19	20,000	Single Use	0.920	40,075	\$133,300,000	UMUD	\$298,879
8	Le Meridien Charlotte	18	33,108	Single Use	9.792	426,540	\$68,400,000	UMUD	\$228,000
9	Sheraton Charlotte Hotel	19	32,855	Single Use	N/A	0	N/A	UMUD	\$0
10	JW Marriott Charlotte	21	32,855	Single Use	0.555	24,176	\$24,900,000	UMUD	\$65,354
11	Ritz Carlton - Charlotte	17	12,000	Multi Use	3.200	139,392	\$298,200,000	UMUD-O	\$2,028,571
12	InterContinental Hotel - Carolina Theater	25	UC	Single Use	0.378	16,466	\$13,900,000	UMUD-O	\$55,600
0	Charlotte Club Hotel (New)	42	19,400	Mixed Use	2.269	98,838	\$9,623,400	MUDD	\$34,005
<b>Market Value - Comps (w/o Charlotte Club Hotel)</b>							<b>\$106,040,750</b>		<b>\$403,069</b>
<b>Charlotte Club Hotel Projected Value</b>									<b>\$114,068,619</b>

**Exhibit N: Direct Hotel Comps – Class, Occupancy & Room Rates**

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


**Exhibit O: Direct Hotel Comps – Uptown Market Share**

Comp #	Name of Establishment	City & State	Zip Code	Class	Aff Date	Open Date	Rooms	Market Share
1	Hilton Charlotte Center City	Charlotte, NC	28202	Upper Upscale Class	Apr 1998	Oct 1990	400	9.8%
2	Ivey Hotel - Charlotte	Charlotte, NC	28202	Luxury	Jul 2017	Jun 2022	42	1.0%
3	Kimpton Tryon Park Hotel	Charlotte, NC	28208	Upper Upscale Class	Aug 2017	Dec 2017	217	5.3%
4	Westin Charlotte	Charlotte, NC	28202	Upper Upscale Class	May 2003	May 2003	700	17.1%
5	Omni Charlotte Hotel	Charlotte, NC	28202	Upper Upscale Class	Dec 1998	Feb 1977	374	9.1%
6	Grand Bohemian Hotel	Charlotte, NC	28202	Luxury	Sep 2017	Aug 2021	254	6.2%
7	Marriott Charlotte City Center	Charlotte, NC	28202	Upper Upscale Class	Apr 1984	Apr 1984	446	10.9%
8	Le Meridien Charlotte	Charlotte, NC	28204	Upper Upscale Class	Dec 2014	Jun 1975	300	7.3%
9	Sheraton Charlotte Hotel	Charlotte, NC	28202	Upper Upscale Class	Jul 2017	Feb 1970	308	7.5%
10	JW Marriott Charlotte	Charlotte, NC	28202	Luxury	Sep 2017	Aug 2021	381	9.3%
11	Ritz Carlton - Charlotte	Charlotte, NC	28204	Luxury	May 1984	Aug 1983	147	3.6%
12	InterContinental Hotel - Carolina Theater	Charlotte, NC	28202	Upper Upscale Class	Jul 2017	TBD	250	6.1%
0	<b>Charlotte Club Hotel (New)</b>	<b>Charlotte, NC</b>	<b>28206</b>	<b>Upper Upscale Class</b>	<b>Sep 2021</b>	<b>Sep 2024</b>	<b>283</b>	<b>6.9%</b>
<b>Total Properties:</b>						<b>14</b>	<b>4,102</b>	<b>100.0%</b>

**Exhibit P: Definition from Smith Travel Research(STR) Class Scale Categories:**

Luxury Hotel Brands  
 Upper Upscale Hotel Brands  
 Upscale Hotel Brands  
 Upper Midscale Hotel Brands  
 Economy Hotel Brands  
 Soft Brands (usually upper upscale)

**Luxury Hotel Brands**

Luxury hotels are known for their exceptional service, high-end finishes, premium amenities, and well-appointed rooms in notable locations around the world.

**Luxury Brands – Hotel Chains**

Brands like Ritz-Carlton (Marriott), St. Regis (Marriott), Park Hyatt (Hyatt), Bulgari (Marriott), and Regent (IHG) offer truly unique experiences.

**Upper Upscale Hotel Brands**

Positioned slightly under the “luxury” category, upper upscale hotels are full-service properties with premium amenities and notable designs that cater to affluent travelers. They’re usually located in major cities and resort destinations worldwide. Upper Upscale isn’t a one-size-fits-all category, though.

**Traditional Upper Upscale Brands**

Upper Upscale brands are ideal for business and leisure travelers who want the best, but also want a good value. Brands like InterContinental Hotels and Resorts (IHG), Hyatt Regency (Hyatt), Wyndham Grand (Wyndham), Westin (Marriott), Sheraton (Marriott), Le Meridien (Marriott), Renaissance (Marriott), Hotel Indigo (IHG), and Alila (Hyatt).

**Modern Upper Upscale Brands**

Brands like Hyatt Centric (Hyatt), Moxy (Marriott), Tempo (Hilton), and Kimpton (IHG) offer the same high-quality amenities and service but with a dash of personality. These brands are also forward-thinking in their design; some offer co-working spaces and tech features that make them more attractive to a younger demographic.

**Upscale Hotel Brands**

The Upscale category includes full-service hotels with premium amenities that cater to leisure travelers and business professionals. Guests at upscale properties are willing to spend more to stay comfortably in a convenient location or remarkable destination -- but without splurging on over-the-top amenities.

**Traditional Upscale Brands**

Traditional Upscale brands include Crowne Plaza (IHG), Wyndham Hotels (Wyndham), DoubleTree (Hilton), Courtyard (Marriott), Hilton Garden Inn (Hilton), Hyatt Place (Hyatt), and Delta Hotels (Marriott).

**Modern Upscale Brands**

Brands like Signia (Hilton), Caption (Hyatt), EVEN Hotels (IHG), Voco (IHG), Dazzler (Wyndham), and Esplendor (Wyndham) provide stylish, communal spaces for working and socializing, refreshing dining options.

**Extended-Stay Upscale Brands**

Extended-stay Upscale brands like Homewood Suites (Hilton), Hyatt House (Hyatt), Residence Inn (Marriott), and Element (Marriott) offer apartment-style rooms that have everything you need to feel at home.

**Upper Midscale Hotel Brands**

Upper Midscale hotels offer spacious accommodations while catering often to extended stays for both business and leisure. Standard Upper Midscale hotel brands specifically include Hampton (Hilton), Fairfield (Marriott), La Quinta (Wyndham), Atwell (IHG), TRYP (Wyndham), Wyndham Garden (Wyndham), and Protea (Marriott).

**Extended-Stay Upper Midscale Brands**

Staybridge Suites (IHG) and TownePlace Suites (Marriott) offer two wallet-friendly solutions for extended stays that don't compromise on quality.

**Midscale Hotel Brands**

Upper Midscale, Midscale hotels are found in urban areas as well as on highways and other transportation hubs. This segment is dominated by Wyndham brands.

**Economy Hotel Brands**

Economy hotels target the most budget-conscious travelers. These hotels are often found on highways and near airports. The rooms are simple and amenities sparse, although the hotel usually provides a basic self-service breakfast. Economy brands include Days Inn (Wyndham), Howard Johnson (Wyndham), Microtel (Wyndham), Super 8 (Wyndham), and Travelodge (Wyndham).



### Soft Brands & Collections

What is a “soft brand” exactly? Having become a popular trend in recent years, soft brands are collections of independent hotels that maintain an affiliation with a larger hospitality company. These collections bring together boutiques and other independent hotels into a distinctive portfolio under one brand umbrella. Their connections to leading hotel companies allow travelers to earn or redeem points via a global loyalty program. While the hotels that make up each soft brand are unique, the soft brands themselves have their own characteristics.

### Exhibit Q: Hotel On Site Program

On-Site Project Program					
PROPERTY ADDRESS	800 West Morehead Street (Stadium Terraces Site)				
PROJECT TYPE	"Lifestyle" Mixed-Use Development Project				
APARTMENT BRAND	<b>The Charlotte Club</b>				
HOTEL BRAND	<b>Charlotte Club Hotel (New)</b>				
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	2.269				
LAND TOTAL GSF SQ. FT.	98,838				
PROJECTED FAR	12				
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
<b>Hotel</b>					
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
<b>Total Hotel Rooms</b>	<b>283</b>			<b>108,206</b>	<b>110,371</b>
<b>Hotel/Office/Retail/Parking/Entertainment</b>					
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
<b>Grand Total - Hotel</b>	<b>283</b>			<b>155,417</b>	<b>158,544</b>





#### 14. MULTI-FAMILY PARTNERSHIP WITHIN MIXED USE DEVELOPMENT

A new Hoyt Advisory Services Study commissioned by the National Apartment Association (NAA) and National Multifamily Housing Council (NMHC) reveals that the apartment industry and its residents annually contribute \$20.3 billion to Charlotte's economy, \$72.1 billion to North Carolina's, and more than \$3.4 trillion – or \$9.3 billion daily – to the national economy.

In Charlotte, the apartment industry supports 88,132 jobs. Other financial contributions break down as follows: resident spending contributes \$17.1 billion to the local economy, operations add \$900 million, new construction contributes \$2 billion, and renovation and repair add \$360 million.



As demand for apartments continues to grow locally and nationally, the significant contributions to Charlotte's economy also increase. Apartments drive our local economy by adding employment opportunities, as well as revenue from resident spending, new construction, renovation and repair, and operations, all of which are positively impacting Charlotte.

Apartments are an ideal solution for many, including students, recent graduates, young professionals, families, singles, and empty nesters. Therefore, the apartment industry will continue to work with elected and appointed officials at all levels of government to expand the apartment housing supply to meet demand. Also renovate and repair existing units in Charlotte to help meet the growing demand, which will enhance the local economy for years to come.

The study also determined that the apartment industry has a major impact on local, state and national tax economies. Locally, tax payments associated with local apartment operations added \$240 million and their residents contributed more than \$1.8 billion in taxes to the Charlotte metro economy. These taxes support schools, improvements to local infrastructure, and other critical services in Charlotte.

#### Exhibit R: Multi-Family Comps

No#	PROPERTY	ADDRESS	YOC/UC	MARKET	OCCUPANCY	RENT PSF	PURCHASE DATE	PURCHASE AMOUNT	TAX APPRAISED VALUE	TAX APPRAISED VALUE PER UNIT
0	The Charlotte Club	800 West Morehead St	2024	485	25% Projected	\$2.40	TBD	\$0	\$99,243,936	\$204,627
1	Loft One35	135 W Morehead St	2015	298	94.6%	\$1.89	12/02/16	\$78,500,000	\$69,208,800	\$232,244
2	Circa Uptown	360 S Graham St	2016	243	93.4%	\$2.12	07/29/19	\$66,217,500	\$54,378,300	\$223,779
3	Element Uptown	355 W Martin Luther King Jr Blvd	2014	352	91.2%	\$2.30	03/31/11	\$103,375,000	\$95,432,300	\$271,114
4	Catalyst	255 W Martin Luther King Jr Blvd	2009	462	95.2%	\$1.99	01/00/00	\$4,000,000	\$80,227,000	\$173,652
5	Arlo	1331 W Morehead St	2018	286	37.8% (Lease-Up)	\$1.77	12/27/18	\$79,500,000	\$48,851,900	\$170,811
6	SkyHouse	640 North Tryon St	2017	672	90.0%	\$1.96	12/27/18	\$93,100,000	\$169,619,500	\$252,410
7	Novel Stonewall/Francis	400 E Stonewall St	2018	459	75.8% (Lease-Up)	\$2.50	06/21/18	\$38,550,000	\$64,583,000	\$140,704
8	The Mint	425 W Trade St	2015	177	96.1%	\$2.08	01/23/14	\$6,000,000	\$35,331,500	\$199,613
9	2 First Ward Urban Village	Brevard & 10th Streets	UC	428	N/A	N/A	03/09/15	\$4,818,000	\$45,339,700	\$105,934
10	The Ellis	512 North College St	2021	549	N/A	N/A	04/20/17	\$57,969,000	\$77,734,300	\$141,593
11	Savoy	650 East Stonewall Street	2019	302	N/A	N/A	01/17/17	\$4,500,000	\$93,266,300	\$308,829
12	Uptown 550	East Stonewall Street	2018	421	N/A	N/A	01/00/00	\$0	\$117,336,800	\$278,710
Totals w/o 800 W Morehead				4,649				\$536,529,500	\$951,309,400	\$204,627
800 W Morehead St				Comps Value	485				\$99,243,936	\$204,627



## 15. OFFICE/RETAIL PARTNERSHIP MIXED USE DEVELOPMENT

The Charlotte office market spend 2020 adrift waiting for market and health conditions to give it direction.

The downturn in COVID-19 cases and increased availability of vaccines has made occupants and investors more optimistic about the region's office market. Office re-entry in the Charlotte region is no longer of a question of if employees will return to the office, but rather how and, moreover, how soon?

Fundamentals	Forecast
YTD net absorption -59,691 s.f. ▼	
Under construction 5,955,714 s.f. ▲	
Total vacancy 13.3% ►	
Sublease vacancy 1,114,966 s.f. ►	
Direct asking rent \$32.56 p.s.f. ►	
Sublease asking rent \$29.54 p.s.f. ►	
Concessions Rising ▲	

The office market gained additional stability after a steep downturn in 2020. The region's office market had 59,691 s.f. of net absorption in 2021 year-to-date. After losing more than 3 million s.f. of occupancy in 2021, this narrowing decline is a strong sign of positive momentum. Vacancy continues to rise gradually and closed the quarter at 13.3%. Average asking rents remain nearly flat as landlords await new demand. However, recent leases have been inked with increased amounts of free rent and tenant improvement concessions.

2021 will be a transformative year as more than 2 million s.f. enter the Charlotte office market. Uptown will be reshaped by the addition of 650,000 s.f. at Legacy Union, the completion of the 742,000-s.f. Ally Center and the 146,000-s.f. FNB Tower. New construction in Uptown is more than 82% preleased. As more tenants seek out highly amenities space in new construction is expected to be the primary beneficiary.

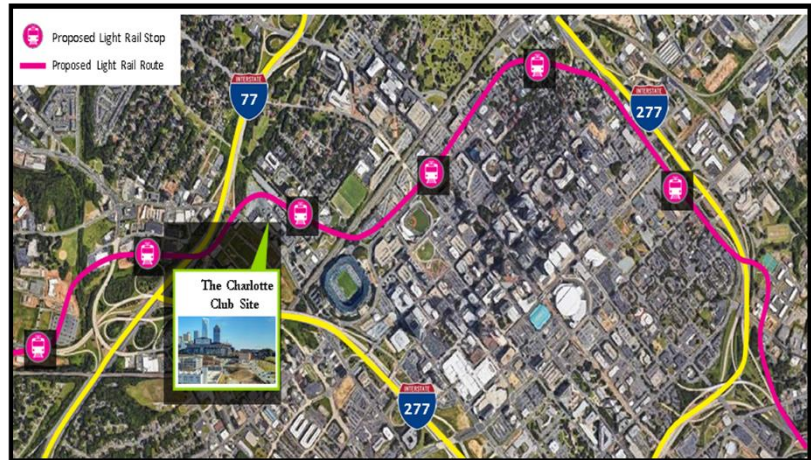
With vaccine rollout acceleration firmly in place, office re-entry is expected to accelerate throughout the remainder of 2021. The Charlotte office market retains the intangibles that made it a vibrant economic destination before the pandemic. Charlotte will thrive in a post pandemic environment as its access to talent, high quality of life, low business cost and affordable cost of living drive growth. The light at the end of the tunnel gets brighter as more occupants plan fall re-entry.

### Exhibit S: Office/Retail Comps

Office/Retail Comps vs 800 West Morehead St - UMUD						
No#	PROPERTY	ADDRESS	YOC/UC	BUILDING S.F.	AVG. LEASE PRICE	RENT PSF
0	The Charlotte Club (Proposed)	800 West Morehead St	2024	151,900	\$35.50	\$35.50
Office Comps						
1	The Boxer Building	1000 W Morehead St	2000	40,000	\$31 - \$33/Sqft	\$32.00
2	Carolina School Supply Building	1023 W Morehead St	1930	27,142	\$32	\$32.00
3	NASCAR Plaza	550 S Caldwell St	2008	77,408	\$33 - \$36.50/Sqft	\$34.70
4	Vantage SouthEnd	1120 S Tryon St	2021	347,555	\$44 - \$45/Sqft	\$44.50
5	Legacy Union PH II	650 S Tryon St	2021	367,000	\$46 - \$47/Sqft	\$46.50
Average/PSF						\$37.94
Retail Comps						
0	The Charlotte Club (Proposed)	800 West Morehead St	2024	10,290	\$27.57	\$27.57
1	The Refinery	1213 W Morehead St	2019	3,162	\$35	\$35.00
2	Wesley Heights	1227-1231 W Morehead St	1928	1,766	\$35	\$35.00
3	Legacy Union PH II	650 S Tryon St	2021	2,000 - 10,500	\$23 - \$25/Sqft	\$24.00
4	The Square	200 West Blvd	2021	10,163	\$28.00	\$28.00
Average/PSF						\$30.50

## 16. TRANSPORTATION CONVENIENCE

Consumers and tenants alike agree that the proximity to public transportation is a huge benefactor in the decision to move into a mixed-use development. Multi-Housing News reported in their Apartment Market Statistics that the majority of people would rather live in a smaller home with a smaller commute over a bigger home with a longer commute. Location continues to be key.



The Charlotte Area Transit System (CATS) received approval for the LYNX Silver Line light rail system in November 2016, and in a recent meeting, city officials outlined the proposed route of the light rail service. The route includes a dedicated station one block, just a 3-minute walk, from the future site of The Charlotte Club project. Once complete, the LYNX Silver Line will connect the future development site to the Charlotte International Airport, all facets Uptown, South End, NoDa, Plaza Midwood, and Matthews via public transportation.

Consumers and tenants alike agree that the proximity to public transportation is a huge benefactor in the decision to move into a mixed-use development. Multi-Housing News reported in their Apartment Market Statistics that the majority of people would rather live in a smaller home with a smaller commute over a bigger home with a longer commute. Location continues to be key.

The LYNX Blue Line Train runs at the side of the South Tryon Street parcels. This train is running in 2018. The closest station is a short brief walk to the Bank of America Stadium, NASCAR Hall of Fame, Charlotte Convention Center, Truist Field, Blue Line Train and Spectrum Center.

### Exhibit T: Carson Street Station



## Carson Street Station





## 17. PHYSICAL FACTORS

The site is located just blocks from the Bank of America Stadium, Truist Field, Spectrum Arena and four blocks from the Charlotte Convention Center. "Stadium Terraces" site is just four blocks from Carson Street Station (LYNX) Charlotte public rail system. Physical site factors suitable for a vertical "Lifestyle" mixed-use development containing multi-family, hotel, retail, office and entertainment venue includes the following:

- "Stadium Terraces" site (West Morehead & South Cedar Streets) is the appropriate size and shape to hold all the elements of this "Lifestyle" mixed use development project (2.3+ acres or 98,830 +/-sq. ft.)
- Has high visibility for the project but not necessarily of the entire component uses also highly visible and its attractive street or monument signage
- Will have attractive visual orientation internal to the project, attractive streetscapes.
- Vehicle circulation that is unobtrusive for both drivers and pedestrians.
- Has access to modes of transportation other than automobile.
- Has easy access onto, and exit from the site and its parking area.
- Is convenient and can attractive pedestrian circulation among the uses.
- Proper topography, flat acreage for the retail is preferred. Structures not directly linked to the retail can be on elevated ground.
- Attractive landscape and streetscape.
- Easily readable and clear internal signage for both drivers and pedestrians.
- Storm water drainage capability.



Outdoor Pool Bar Patio

CHARLOTTE  CLUB HOTEL®



## Exhibit U: Bank of America Stadium- Land Sale

### Land sale could yield new Carolina Panthers Stadium

by Kevin Reichard on May 10, 2020 in Carolina Panthers, NFL



A potential move of an Uptown Charlotte foundry to suburban Stanly County could free up 55 acres for a **new Charlotte Panthers stadium** down the road.

Though improvements on Bank of America Stadium to host MLS soccer are in the works, it's no secret Panthers owner David Tepper and local leaders have talked up the prospect of a new Uptown domed stadium a la Mercedes-Benz Stadium in Atlanta: a multipurpose facility that can also host big events like Final Four tournaments and Super

Bowls. And the **Charlotte Pipe and Foundry site** has been mentioned in the past as a potential site for such a new Charlotte Panthers stadium.

With Stanly County offering \$35 million to lure Charlotte Pipe and Foundry outside of Charlotte, a move would free up 55 acres on South Clarkson Street, a few blocks from Bank of America Stadium.

If the land sale happens, the next step in the discussions will be whether to move forward on a new stadium, who would pay for it and how it fits into a larger entertainment district. The Charlotte Pipe foundry site is across I-277 from Bank of America Stadium, right on the edge of the trendy SouthEnd area and adjacent to the Gateway District and Uptown. **From the Charlotte Observer:**





## Exhibit V: Major League Sport's Team Uptown

SPORT TEAM	SPORT LEAGUE	SPORT STADIUM NAME	SPORT STADIUM
			
			
			
			

## 18. MARKET ANALYSIS

This market analysis for a “Lifestyle” hotel mixed-use development is important for determining the demand and supply of each use on the site. The analysis has demonstrated sufficient net demand from both on-site and off-site consumers for each use that comprises the development plans. This is because “many office and retail tenants’ businesses will depend on demand from the surrounding area. In addition, there are other matters that this mixed-use market analysis has considered. Market factors are not static; they change with time and other influences. The keys to success are to do homework upfront, and to revisit it regularly at every phase and after build-out. This market analyzes be refine-grained and tailored enough to the Charlotte market for the developer to identify both shifts in preferences and niches that aren’t served.

### Exhibit W: 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 though market research, advertising, public relations, sales promotions, merchandising, and direct selling; which are described in our 2021 detail Marketing & Sales Plan

**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, is it 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:





## 19. ON-SITE SYNERGY

On-site uses must be compatible, complementary and mutually supportive for synergy to exist. When synergy is achieved, it increases customer patronage, rent levels, sales volumes, and both the investment value and the market value of The Charlotte Club; thus, the project now has the potential for creating greater total value than if each of the uses were developed in separate locations. Generating this synergy in this project requires that each on-site use serve as an amenity for the other uses and the office and retail tenants add to the revenue the uses would otherwise generate. Office tenants are likely to use the hotel located in close proximity to service their clients. Office and retail workers can speed lease-up of the residential units. To encourage this synergy, the price mix of residential units can provide options for the categories of workers expected in and near our project.



Some of the financial benefits of The Charlotte Club's development will emanate from the close proximity of a variety of uses with different peak demand times, increasing the hours that the facility is generating income. The challenge going forward will be determining the needs to balance night and day activities so that everything on the site does not shut down at the end of the workday. With a "24/7" vitality as an ideal goal, bringing together users who will use facilities at different times of the day or days of the week increases the potential revenue tenants can generate. While office workers might dominate the weekday luncheon crowd at restaurants, residents and hotel guests could form the majority of the dinner and weekend trade. A clear relationship exists between the prospect of synergy and the size the developer has planned for their "Lifestyle" hotel mixed-use project. This can be a definite direct or positive relationship but it is not known whether the relationship is a straight line yet, a curve that increases at a decreasing rate, or a curve that increases at an increasing rate. At the low end of the spectrum there is very little or no synergy in the project consisting of a single residential unit, a single small-scale retail store and a small-scale office structure located adjacent to each other on a single site. However, as the number of residential units' increases, a synergistic effect can benefit the retail store. Then, if the most desired office tenant mix in the retail space is achieved, it will benefit the residential units by generating higher rents.



## 20. SYNERGY AND APPEAL

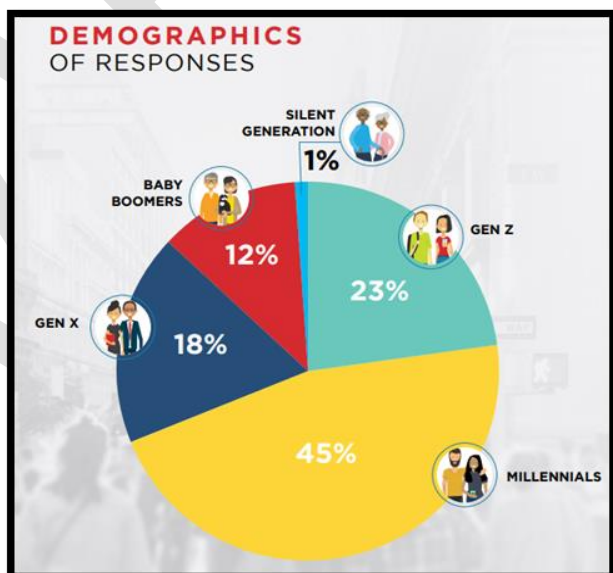
The Charlotte Club project can increase office and retail prices, residential rent, hotel occupancy and rates as well as accelerate absorption rates. Retail tenants may be willing to pay higher rents because of the increased customer traffic generated by the compatible and complementary uses. Residential tenants and/or owners of the apartment - fractional components along with hotel guests will be attracted to urban community “live-work-play-shop” 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. A large portion of this increasing demand is driven by the Millennials, Gen Z and Gen X making up the largest demographic in this marketplace who are moving, transferring, graduating or still in school and want to live close to where they work and play. Others who desire more variety within their community and who are not ready to settle down in suburban neighborhoods to support their “Lifestyle” demands.



## 21. MILLENNIALS 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.



Other economic and the Uptown market factors for the project will be achieving “SYNERGY” for the overall project success. Each use on the site must attract a significant level of market demand in its own right. This is often stated as attracting an adequate or threshold demand in the market for each use on the site. The uses need to be compatible and complementary. They need to be mutually supportive, and they need to achieve “SYNERGY” among themselves. When this “SYNERGY” is achieved, it increases both the investment value and projected “as-completed” valuation of +\$510 Million for The Charlotte Club project.

## 22. HOW “SYNERGY” IS ACHIEVED “LIFESTYLE” MIXED USE DEVELOPMENT:

- Each use is able to generate revenue from the other uses on the site. The occupants, residential and office uses shop at the on-site retail facilities. Office and retail space users live in the residential units.
- Each use is an amenity for the other uses. Office users need restaurants and a hotel that is on-site attracts office and retail tenants. The hotel benefits from visitors to the office space.
- This combination of uses provides a place for supply to meet existing, unfulfilled demand on West Morehead Street (SouthEnd) area of Uptown.



Moreover, it lays the foundation to be a catalyst to develop an area which increases the future level of demand. It could be “the spot” for SouthEnd to attract consumers from further distances. Also be a starting point for additional development in the SouthEnd area.

Generating and maintaining strong linkages to other land users external to proposed The Charlotte Club Development project is also important market factors. The on-site restaurants also need to serve potential customers (residential users and office space users) living or working in close proximity to the project. Retail establishments should also be able to do the same.

Competition with external projects is a larger consideration in planning this project. For example, building retail space near a highly successful super-Uptown market surrounded by business centers, art community centers, sport center and a lifestyle center may lead to high retail space vacancy when the office and residential components are successful. Similarly, the hotel space on the same site that will be 6.9% of the Upper Upscale Class market shares in Uptown. The existing economic node has not exceeded hotel space.

## 23. DEFINATION: UPPER UPSCALE UPTOWN

### Upper Upscale Hotel Brands

Positioned slightly under the “luxury” category, upper upscale hotels are full-service properties with premium amenities and notable designs that cater to affluent travelers. They’re usually located in major cities and resort destinations worldwide. Upper Upscale isn’t a one-size-fits-all category, though.

### Traditional Upper Upscale Brands

Upper Upscale brands are ideal for business and leisure travelers who want the best, but also want a good value. Brands like InterContinental Hotels and Resorts (IHG), Hyatt Regency (Hyatt), Wyndham Grand (Wyndham), Westin (Marriott), Sheraton (Marriott), Le Meridien (Marriott), Renaissance (Marriott), Hotel Indigo (IHG), and Alila (Hyatt).

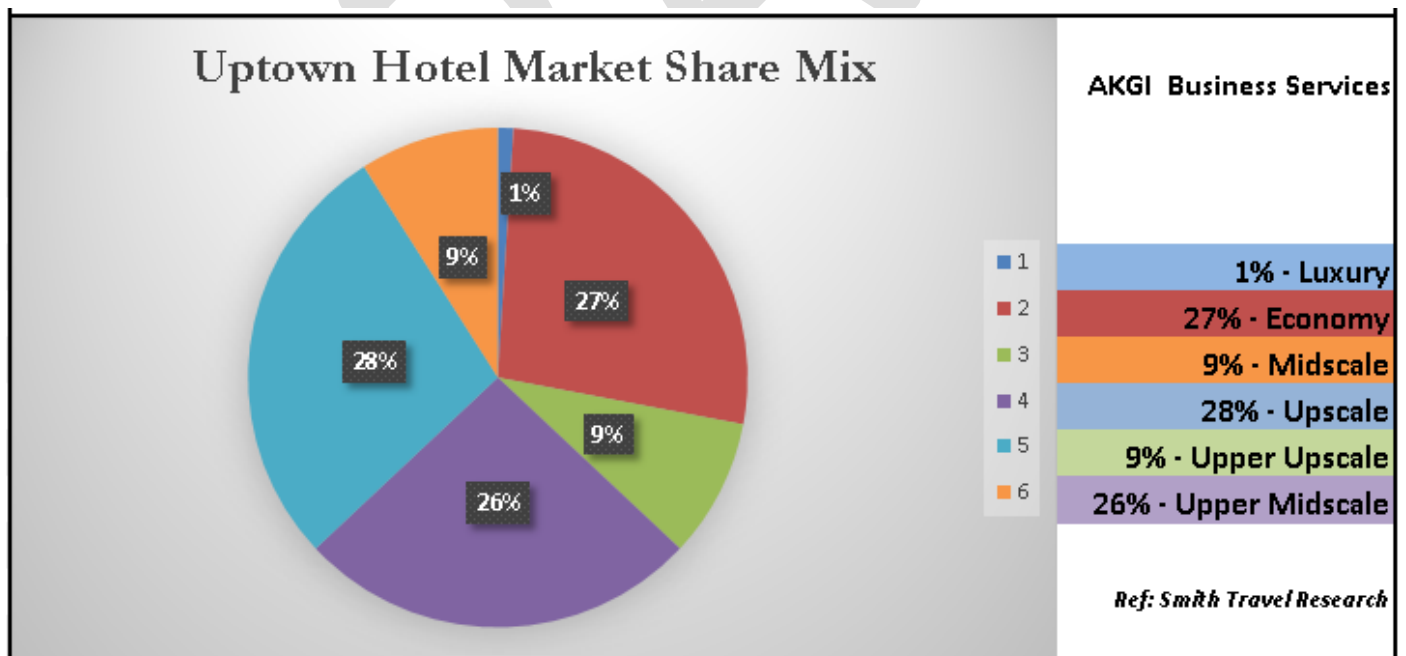


### Modern Upper Upscale Brands

Brands like Hyatt Centric (Hyatt), Moxy (Marriott), Tempo (Hilton), and Kimpton (IHG) offer the same high-quality amenities and service but with a dash of personality. These brands are also forward-thinking in their design; some offer co-working spaces and tech features that make them more attractive to a younger demographic.

### Exhibit X: Uptown Market Share

Comp #	Name of Establishment	City & State	Zip Code	Class	Aff Date	Open Date	Rooms	Market Share
1	Hilton Charlotte Center City	Charlotte, NC	28202	Upper Upscale Class	Apr 1998	Oct 1990	400	9.8%
2	Ivey Hotel - Charlotte	Charlotte, NC	28202	Luxury	Jul 2017	Jun 2022	42	1.0%
3	Kimpton Tryon Park Hotel	Charlotte, NC	28208	Upper Upscale Class	Aug 2017	Dec 2017	217	5.3%
4	Westin Charlotte	Charlotte, NC	28202	Upper Upscale Class	May 2003	May 2003	700	17.1%
5	Omni Charlotte Hotel	Charlotte, NC	28202	Upper Upscale Class	Dec 1998	Feb 1977	374	9.1%
6	Grand Bohemian Hotel	Charlotte, NC	28202	Luxury	Sep 2017	Aug 2021	254	6.2%
7	Marriott Charlotte City Center	Charlotte, NC	28202	Upper Upscale Class	Apr 1984	Apr 1984	446	10.9%
8	Le Meridien Charlotte	Charlotte, NC	28204	Upper Upscale Class	Dec 2014	Jun 1975	300	7.3%
9	Sheraton Charlotte Hotel	Charlotte, NC	28202	Upper Upscale Class	Jul 2017	Feb 1970	308	7.5%
10	JW Marriott Charlotte	Charlotte, NC	28202	Luxury	Sep 2017	Aug 2021	381	9.3%
11	Ritz Carlton - Charlotte	Charlotte, NC	28204	Luxury	May 1984	Aug 1983	147	3.6%
12	InterContinental Hotel - Carolina Theater	Charlotte, NC	28202	Upper Upscale Class	Jul 2017	TBD	250	6.1%
0	Charlotte Club Hotel (New)	Charlotte, NC	28206	Upper Upscale Class	Sep 2021	Sep 2024	283	6.9%
Total Properties:						14	4,102	100.0%





## Exhibit Y: As "Completed" Valuation – Projection

**The Charlotte Club**  
**Projected Income Analysis - "As Completed" Value (Consolidated)**

**Pro Forma Cash Flow Statement**  
**Omitted \$(000)**

	Year 1	Year 2	Year 3	Year 4	Year 5	Total
<b>Income</b>						
Apartment	\$3,134	\$3,495	\$3,881	\$5,980	\$6,644	\$23,134
Net: Retail & Office	\$1,174	\$2,544	\$5,093	\$5,086	\$5,081	\$18,978
Hotel	\$25,796	\$28,434	\$30,121	\$31,031	\$31,783	\$147,165
Entertainment Venue	\$2,460	\$2,523	\$2,750	\$2,807	\$2,864	\$13,404
<b>Total Income</b>	<b>\$32,564</b>	<b>\$36,996</b>	<b>\$41,845</b>	<b>\$44,904</b>	<b>\$46,372</b>	<b>\$202,681</b>
<b>Expenses</b>						
Hotel	\$15,723	\$17,072	\$18,152	\$18,576	\$18,987	\$88,510
Apartment Expenses	\$724	\$553	\$579	\$724	\$769	\$3,349
Entertainment Venue	\$1,685	\$1,751	\$1,839	\$1,924	\$1,988	\$9,187
<b>Total Direct Costs</b>	<b>\$18,132</b>	<b>\$19,376</b>	<b>\$20,570</b>	<b>\$21,224</b>	<b>\$21,744</b>	<b>\$101,046</b>
<b>Total Gross Profit</b>	<b>\$14,432</b>	<b>\$17,620</b>	<b>\$21,275</b>	<b>\$23,680</b>	<b>\$24,628</b>	<b>\$101,635</b>
Property Taxes	\$722	\$910	\$931	\$952	\$975	\$4,490
Depreciation/Amortization Expense	\$1,497	\$1,497	\$1,497	\$1,497	\$1,497	\$7,485
Interest Expense	\$3,852	\$3,803	\$3,757	\$3,711	\$3,667	\$18,790
<b>Total All Costs &amp; Expenses</b>	<b>\$6,071</b>	<b>\$6,210</b>	<b>\$6,185</b>	<b>\$6,160</b>	<b>\$6,139</b>	<b>\$30,765</b>
<b>Net Income</b>	<b>\$8,361</b>	<b>\$11,410</b>	<b>\$15,090</b>	<b>\$17,520</b>	<b>\$18,489</b>	<b>\$70,870</b>
<b>NOI %</b>	25.7%	30.8%	36.1%	39.0%	39.9%	35.0%
<b>EBITDA</b>	\$15,203	\$18,431	\$22,106	\$24,531	\$25,498	\$105,769
<b>EBITDA - %</b>	46.7%	49.8%	52.8%	54.6%	55.0%	52.2%
<b>Sale Valuation at NOI Multiple</b>	<b>3%</b>	<b>Cap Rate</b>				
<b>Total Project Costs</b>	<b>\$245,912</b>	<b>\$335,588</b>	<b>\$443,824</b>	<b>\$515,294</b>	<b>\$543,794</b>	<b>\$2,084,412</b>

## Projected value of completed project:

at 3% annual discount (year 4 post closing)

\$499,835

at 3% annual discount (year 5 post closing)

\$527,480

## Average of year 1 and year 5

\$513,658

**Pro Forma Income Statement**  
**Omitted \$(000)**

	Year 1	Year 2	Year 3	Year 4	Year 5	Total
<b>DEPARTMENTAL REVENUE &amp; EXPENSES</b>						
Total Operating Revenue	\$32,564	\$36,996	\$41,845	\$44,904	\$46,372	\$202,681
Total Direct Costs & Expenses	\$24,203	\$25,586	\$26,755	\$27,384	\$27,883	\$101,046
<b>NET INCOME</b>	<b>\$8,361</b>	<b>\$11,410</b>	<b>\$15,090</b>	<b>\$17,520</b>	<b>\$18,489</b>	<b>\$70,870</b>
<b>DEBT SERVICE</b>	\$0	\$0	\$0	\$0	\$0	\$0
<b>NET OPERATING INCOME</b>	<b>\$8,361</b>	<b>\$11,410</b>	<b>\$15,090</b>	<b>\$17,520</b>	<b>\$18,489</b>	<b>\$70,870</b>
<b>Sale Valuation at Multiple</b>	<b>3%</b>	<b>Cap Rate</b>				
<b>Total Project Costs</b>	<b>\$245,912</b>	<b>\$335,588</b>	<b>\$443,824</b>	<b>\$515,294</b>	<b>\$543,794</b>	<b>\$2,084,412</b>

## Projected value of completed project:

at 3% annual discount (year 4 post closing)

\$499,835

at 3% annual discount (year 5 post closing)

\$527,480

## Average of year 4 and year 5

\$513,658

## Projected "As Completed Value"

\$513,658

Investment

\$321,733

ROI

\$191,925

%

37.4%

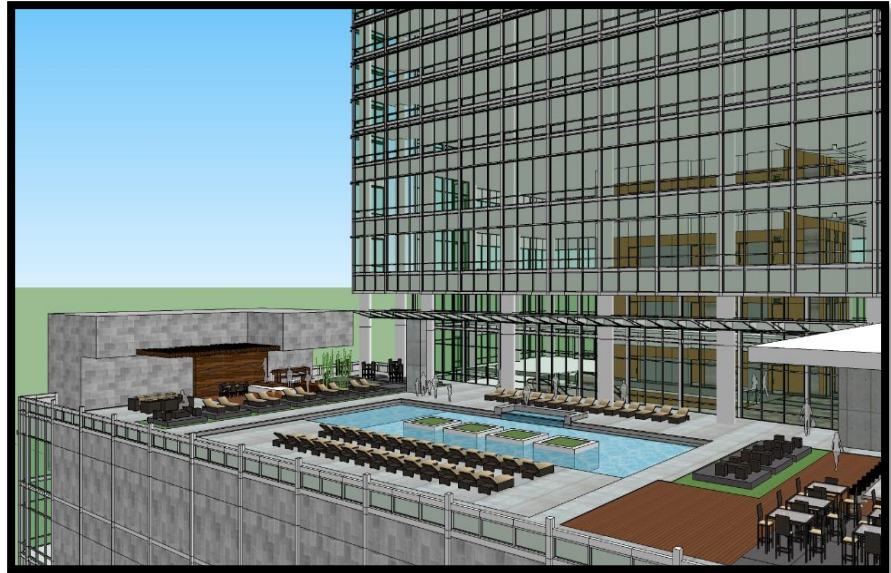
Investment to Value Ratio

63%



## 24. DESIGN FACTORS

The Charlotte Club's "Lifestyle" Mixed-Use Development is based on a master plan design. In the master plan, the biggest issue associated with the design of the development is parking that provides benefits to the project development but also creates additional costs for the project. In addressing this developer has collaborated and will retain the firm HOK ([www.hok.com](http://www.hok.com)) or Smallwood Design Firm ([www.smallwood-us.com](http://www.smallwood-us.com)).



In a "Lifestyle" hotel mixed-use development you can reduce the total amount of parking and since parking demand peaks at different times during the day for different uses, shared parking is important because it is a very expensive item in the total construction costs. However, many big issues underlie the concept of shared parking. Space users want the standard parking ratios; retailers want five spaces per 1,000 square feet of gross leasable area. Residential users want their parking area separated from the commercial parking areas even in a shared structure, and they want their own entrance and exit separated from the commercial entrances and exits. The other big issue in the design of the site is that "mixed-use is all about place making." The best definition in our way for place making is "the creation of vibrant, pedestrian-friendly areas with a mix of complementary land uses. In terms of retail, place making mean shopping, dining and office workers that are less about selling and more about creating an experience." Some thoughts on making this happen are:

- "Lifestyle" hotel mixed-use development project should be sensitive to the market area's history and its future outlook and tie the design features into it. The mixed-use needs to be high quality in all of its aspects; it could be moderate quality in some aspects but not all.
- Often made mistakes of making the buildings look all the same when they should go out of way to make the buildings look eclectic. The developer wants the project to look like it was built over multiple decades and designed by different architects. Look and feel like a 21<sup>st</sup> century which it is, HOK will be committee to this approach.
- There needs to be a successful integration of open spaces with the buildings and the buildings should also be integrated.
- The common area or areas are important design features to make a "place."
- Even though parks and squares do not pay rent, stores near them have increased sales volumes.

Critical on-site design elements that need to be incorporated in this “Lifestyle” hotel mixed-use development include:

- Noise abatement by separation or soundproofing between uses.
- Fire retardation measures through construction techniques.
- Odor suppression by separation or proper venting of the odors.
- Loading areas for commercial uses hidden from sight.
- Connectivity of pedestrian and cycling among the uses.
- Transition areas – separate uses with landscaping, screening, buffer zones, setbacks, etc.<sup>35</sup>
- Open space

Integrating The Charlotte Club project within SouthEnd is essential to winning community approval. Create points of connection between the development and the surrounding areas. Consider the development’s density related to that of the surrounding area.

Finally, one key to success in this The Charlotte Club project is the proper incorporation of all components to create a seamless whole. And, the “Lifestyle” mixed-use development needs to balance night and day activities so that everything on the site does not shut down at the end of the workday. Build a day-night balance.





## 25. PUBLIC ISSUES

The policy issues needed for the financial success for this “Lifestyle” mixed-use development include the following statements taken from various sources for “Lifestyle” mix use development projects.

- Development plans for “Lifestyle” mixed-use development should highlight transportation and infrastructure use (water, waste treatment, school capacity, etc).
- Development plans should highlight economic benefits for the project’s (economic and fiscal impact studies).
- The zoning ordinance should allow multiple uses on a single integrated site. Most zoning ordinances are geared to a single use on a single site.
- The zoning ordinance should allow higher density development in the project than in surrounding areas.
- Availability of tax increment financing (TIF)
- Assistance with land assembly
- Property tax abatements
- Transfer of development rights

## 26. RELATIONSHIPS WITH THE SURROUNDING MARKET

The success of this “Lifestyle” mixed-use project must be compatible with Second Ward neighbor and integrated into the community to maximize its economic effect. Strong linkages among onsite and off-site land users will be important. Off-site residential growth leads to an increased demand for onsite commercial activity such as retail stores, restaurants and personal service establishments. The on-site users such as restaurants need to serve potential customers (residential users and office space users) living or working in close proximity to the project.

## 27. SITE EVALUATION

This site has the potential for a “Lifestyle” Mixed-Use Development Project. This assessment helps gain a better overall understanding for the scope of the project. After this assessment the determination is that the West Morehead Streets would be the best site for **The Charlotte Club** project.

## 28. SITE AMENITIES

The site is off south of I-277 Beltline on South Boulevard and Caldwell Street the gateway to Historic South End Charlotte and to center city. Charlotte’s transportation plan will bring the city’s infrastructure to an unprecedented level. The trolley and Carson Street Rail Station, only several blocks away will greatly enhance this development project site. The site is within minutes of major shopping centers, cinemas, live entertainment, and lounges in Uptown Charlotte. The site is also within minutes of the Charlotte-Douglas Airport, just blocks from NASCAR Hall of Fame, Convention Center, several blocks from Charlotte’s Financial Center and a block from the Bank of America Stadium (Carolina Panthers) and 6 blocks from Time Warner Arena (Charlotte Hornets)



## 29. CONVENTION CENTER EXPANSION



### EXPANSION HIGHLIGHTS

- \$126.9 million expansion beginning in fall 2019
- Project completed and ribbon cutting late summer 2021
- Total leasable space increasing from 550,000 square feet to 600,000 square feet
- Adding approximately 50,000 square feet of meeting room and pre-function space
- Total meeting spaces will increase from 41 to 55
- Includes two 10,000-square-foot spaces each divisible into 19 configurations
- Creates an over street pedestrian walkway to the 700-room Westin Charlotte hotel and a light rail station stop, which provides connectivity to a Whole Foods Market, Center City's 200-plus restaurants, 5,600 hotel rooms, and plenty more retail and nightlife options in other popular Charlotte neighborhoods





### 30. CHARLOTTE INTERNATIONAL AIRPORT FACTS

The most important infrastructure in the region is Charlotte Douglas International Airport. As the second largest hub of the world's largest airline, American Airlines, Charlotte Douglas International Airport has over 750 daily flights, and is the 7th busiest airport in the world. Whether by car, truck, train, or plane, the Charlotte Region will allow you to get where you need to go quickly and efficiently.

Charlotte Douglas International Airport CLT is the largest airport in the Carolinas with direct International flights to business destinations such as London, Frankfurt, Munich, Paris, Toronto and Mexico City.

**Daily 750+**

**Daily Flights 175+**

**Destinations International Destinations 35+**



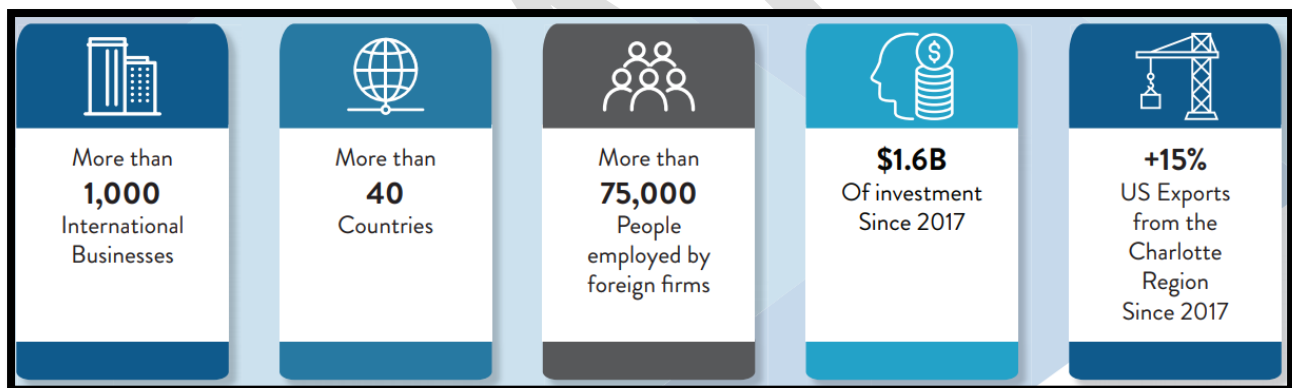
### 31. INTERNATIONAL BUSINESS AND FOREIGN INVESTMENTS

The Charlotte Region is global. More than 1,000 international companies representing more than 40 countries and 250,000 foreign-born individuals and families call the region home. The continuing relocation and expansion of businesses and people contributes to increasing international connections and partnerships.

Foreign Direct Investment (FDI) remains crucial for the prosperity of the Charlotte Region. The strategic location of the Charlotte Douglas International Airport coupled with an intermodal facility and proximity to the ports of Wilmington and Charleston, connect the region to major global business hubs including London, Munich, Frankfurt, and Toronto.

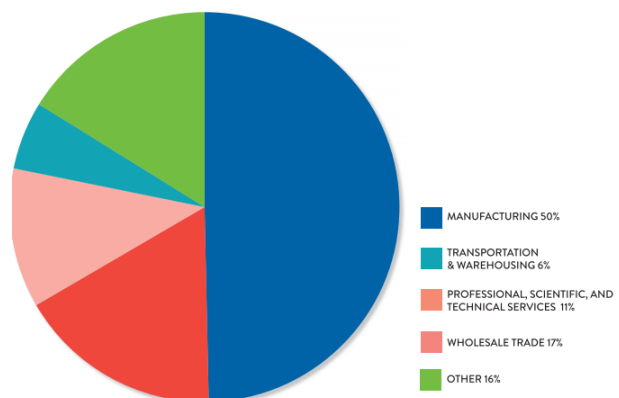
COUNTRY	# OF COMPANIES	TOTAL REGIONAL EMPLOYMENT
Germany	215	19,941
United Kingdom	123	7,914
Canada	99	4,735
Japan	86	8,582
Italy	61	2,329
Switzerland	60	4,168
France	56	4,301
China	48	2,527
The Netherlands	45	4,554
Sweden	37	3,462
<b>TOTAL</b>	<b>1,019</b>	<b>78,217</b>

The Charlotte Region is ready to welcome more international companies for ongoing global engagement and economic growth within a culturally diverse environment.



### INTERNATIONAL COMPANIES BY INDUSTRY

About half of international companies in the Charlotte Region are in manufacturing, the remainder cover a range of diverse sectors such as wholesale trade, construction, and food service. FDI is feeding and growing the manufacturing sector in the Charlotte Region. This mix of international companies is helping to grow domestic companies in the areas of distribution, technology and other goods and services





## Attachment I: 10-Year Pro-Forma Stats

Year	Vacancy Rate %	Vacancy Rate %	Per Occupied Room	HOTEL STATS		
				Occupancy	ADR	Revpar
	Apartment	Office/Retail	Entertainment			
1	-75.1%	-67.5%	\$34.27	69.5%	\$241.50	\$167.84
2	-72.0%	-50.0%	\$33.93	72.0%	\$260.40	\$187.49
3	-68.9%	-5.0%	\$36.23	73.5%	\$270.82	\$199.05
4	-53.4%	-5.0%	\$36.97	73.5%	\$278.94	\$205.02
5	-48.2%	-5.0%	\$37.72	73.5%	\$287.31	\$211.17
6	-27.6%	-5.0%	\$37.72	75.0%	\$295.93	\$221.95
7	-12.2%	-5.0%	\$37.74	76.5%	\$304.81	\$233.18
8	-10.5%	-5.0%	\$38.02	77.5%	\$313.95	\$243.31
9	-9.9%	-5.0%	\$38.55	78.0%	\$317.09	\$247.33
10	-7.4%	-5.0%	\$39.09	78.5%	\$323.43	\$253.89

## Attachment II: 10-Year Pro-Forma Operating Earnings

Year	Apartment Rental Income	Office/Retail Net Income	Entertainment Venue	Hotel Income	Total Income	Total Expenses	Net Operating Profit	Net Operating Profit %	EBITDA	EBITDA %
1	\$3,134,439	\$1,173,642	\$2,460,000	\$25,796,196	\$32,564,277	(\$24,202,927)	\$8,361,349	25.7%	\$15,141,631	46.5%
2	\$3,495,126	\$2,544,365	\$2,523,300	\$28,433,608	\$36,996,399	(\$25,586,222)	\$11,410,178	30.8%	\$18,520,713	50.1%
3	\$3,880,618	\$5,092,756	\$2,750,397	\$30,121,207	\$41,844,977	(\$26,754,819)	\$15,090,158	36.1%	\$22,195,490	53.0%
4	\$5,980,310	\$5,086,764	\$2,806,545	\$31,031,260	\$44,904,879	(\$27,384,143)	\$17,520,735	39.0%	\$24,621,976	54.8%
5	\$6,643,742	\$5,080,653	\$2,863,907	\$31,782,459	\$46,370,760	(\$27,881,555)	\$18,489,205	39.9%	\$25,587,547	55.2%
6	\$9,754,394	\$5,074,419	\$2,922,511	\$33,165,736	\$50,917,060	(\$28,183,992)	\$22,733,068	44.6%	\$29,829,794	58.6%
7	\$11,838,666	\$5,068,061	\$2,982,385	\$34,600,632	\$54,489,743	(\$28,951,860)	\$25,537,883	46.9%	\$32,634,366	59.9%
8	\$12,422,232	\$5,061,575	\$3,043,558	\$35,955,775	\$56,483,140	(\$30,607,076)	\$25,876,064	45.8%	\$32,973,778	58.4%
9	\$12,508,100	\$5,054,960	\$3,106,060	\$36,631,668	\$57,300,788	(\$30,265,116)	\$27,035,672	47.2%	\$34,136,192	59.6%
10	\$12,851,572	\$5,048,212	\$3,169,921	\$37,664,007	\$58,733,712	(\$32,653,912)	\$26,079,800	44.4%	\$33,184,812	56.5%
Total	\$82,509,198	\$44,285,405	\$28,628,582	\$325,182,548	\$480,605,734	(\$282,471,622)	\$198,134,112	41.2%	\$268,826,299	55.9%



## Attachment III: Development Budget by Components

Project Budget - 2021	Land Acquisition	Site Improvement	Hotel	Apartments	Office/Retail/E ntertainment	Parking	Total
2.269 AC West Morehead Street	\$11,316,000	\$0	\$0	\$0	\$0	\$0	\$11,316,000
Closing Costs	\$228,000	\$0	\$0	\$0	\$0	\$0	\$228,000
Legal Fees	\$456,000	\$0	\$0	\$0	\$0	\$0	\$456,000
Site Improvements	\$0	\$584,000	\$0	\$0	\$0	\$0	\$584,000
Other Site Costs/Demolition	\$0	\$784,000	\$0	\$0	\$0	\$0	\$784,000
Hotel Construction 158,545 SF @ \$223.28/SF	\$0	\$0	\$35,400,607	\$0	\$0	\$0	\$35,400,607
Apartment Construction 425,705 SF @ \$142.69 SF	\$0	\$0	\$0	\$60,742,940	\$0	\$0	\$60,742,940
Office/Retail/Entertainment Construction 179,052 SF @ \$104.87 SF	\$0	\$0	\$0	\$0	\$18,776,949	\$0	\$18,776,949
Parking Deck 468,730 SF @ \$54.29 SF (1,339 Parking Spaces)	\$0	\$0	\$0	\$0	\$0	\$25,445,856	\$25,445,856
Contractor's Overhead	\$0	\$0	\$1,062,018	\$1,822,288	\$563,308	\$763,376	\$4,210,990
G/L Insurance	\$0	\$0	\$853,155	\$1,463,905	\$452,524	\$613,245	\$3,382,829
Project Cost & Management	\$0	\$0	\$1,239,021	\$2,126,003	\$657,193	\$890,605	\$4,912,822
General Condition	\$0	\$0	\$354,006	\$607,429	\$187,769	\$254,459	\$1,403,663
Contingency	\$0	\$0	\$3,540,058	\$6,074,295	\$1,877,697	\$2,544,586	\$14,036,636
Pandemic Impact (COVID-19) Contingency	\$0	\$0	\$4,375,000	\$4,375,000	\$4,375,000	\$4,375,000	\$17,500,000
Parking Facility Contingency	\$0	\$0	\$0	\$0	\$0	\$5,486,203	\$5,486,203
Other Pre-Development Costs	\$0	\$0	\$2,078,016	\$3,560,893	\$1,101,925	\$1,493,670	\$8,234,504
Program Management Costs 3%	\$0	\$0	\$1,467,056	\$2,423,183	\$839,771	\$1,256,010	\$5,986,020
Architect, design for submission, 6% of hard cost	\$0	\$0	\$2,934,113	\$4,846,365	\$1,679,542	\$2,512,020	\$11,972,040
Developer's Fee 5% Hard Cost	\$0	\$0	\$2,445,094	\$4,038,638	\$1,399,618	\$2,093,350	\$9,976,700
Legal	\$0	\$0	\$202,750	\$202,750	\$202,750	\$202,750	\$811,000
Consultant Fee	\$0	\$0	\$237,500	\$237,500	\$237,500	\$237,500	\$950,000
Title & Recording	\$0	\$0	\$87,500	\$87,500	\$87,500	\$87,500	\$350,000
Surety Bond - City of Charlotte	\$0	\$0	\$15,000	\$15,000	\$15,000	\$15,000	\$60,000
Planning & Consultant Fees	\$0	\$0	\$198,750	\$198,750	\$198,750	\$198,750	\$795,000
Permits/Licenses & Other Start Up Fees	\$0	\$0	\$87,500	\$87,500	\$87,500	\$87,500	\$350,000
Market, Risk Assessment & Traffic Feasibility Studies	\$0	\$0	\$70,000	\$70,000	\$70,000	\$70,000	\$280,000
Management Fee - Price Waterhouse	\$0	\$0	\$45,000	\$45,000	\$45,000	\$45,000	\$180,000
Soft cost Contingency @ 4.9% hard cost	\$0	\$0	\$2,385,417	\$3,940,067	\$1,365,458	\$2,042,258	\$9,733,200
Contingency @ 4.5% Hard Cost	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Wages & Salaries	\$0	\$0	\$300,000	\$300,000	\$300,000	\$300,000	\$1,200,000
Fringe Benefits & Taxes	\$0	\$0	\$105,000	\$105,000	\$105,000	\$105,000	\$420,000
Accounting/Audit Fees	\$0	\$0	\$70,500	\$70,500	\$70,500	\$70,500	\$282,000
Public Relations, Advertising & Marketing	\$0	\$0	\$203,000	\$203,000	\$203,000	\$203,000	\$812,000
Hotel Branding Related Start-up Costs	\$0	\$0	\$2,470,000	\$500,000	\$0	\$0	\$2,970,000
Travel/Exp	\$0	\$0	\$55,000	\$55,000	\$55,000	\$55,000	\$220,000
Local Office, Rent, Utilities, FF&E	\$0	\$0	\$211,091	\$211,091	\$211,091	\$211,091	\$844,364
Hotel FF&E	\$0	\$0	\$8,914,500	\$0	\$0	\$0	\$8,914,500
Hotel OS&E	\$0	\$0	\$3,183,750	\$0	\$0	\$0	\$3,183,750
Apartment FF&E	\$0	\$0	\$0	\$550,000	\$0	\$0	\$550,000
Apartment OS&E	\$0	\$0	\$0	\$136,640	\$0	\$0	\$136,640
Entertainment Venue FF&E	\$0	\$0	\$0	\$0	\$4,743,550	\$0	\$4,743,550
Retail FF&E	\$0	\$0	\$0	\$0	\$1,625,000	\$0	\$1,625,000
Office FF&E	\$0	\$0	\$0	\$0	\$906,750	\$0	\$906,750
Parking FF&E	\$0	\$0	\$0	\$0	\$0	\$700,278	\$700,278
IT Systems	\$0	\$0	\$111,180	\$111,180	\$111,180	\$111,180	\$444,720
Developer's Startup Costs - McClain Real Estate	\$0	\$0	\$212,500	\$212,500	\$212,500	\$212,500	\$850,000
RE Tax Escrow	\$0	\$0	\$118,500	\$118,500	\$118,500	\$118,500	\$474,000
Success Fee - 6%	\$0	\$0	\$4,605,975	\$4,605,975	\$4,605,975	\$4,605,975	\$18,423,900
Success Fee Equity - 5%	\$0	\$0	\$1,627,450	\$1,627,450	\$1,627,450	\$1,627,450	\$6,509,800
Interest Reserve - 4%	\$0	\$0	\$3,293,948	\$3,293,948	\$3,293,945	\$3,293,948	\$13,175,789
<b>Grand Total</b>	<b>\$12,000,000</b>	<b>\$1,368,000</b>	<b>\$84,559,955</b>	<b>\$109,065,790</b>	<b>\$52,410,195</b>	<b>\$62,329,060</b>	<b>\$321,733,000</b>