



GRAND HYATT MEMPHIS

Application to Center City Revenue Finance Corporation for PILOT Approval

December 1, 2020



DISCLAIMER

This application (this “Application”) has been prepared by Carlisle Development Company and its affiliates (“Carlisle”), One Beale LLC (“One Beale”), M&M Enterprises, LLC (“M&M”), and Stephen Kallaher (together with Carlisle, the “Developers”), and it does not constitute an offer to sell, or a solicitation of an offer to buy an interest in, or to participate in, any investment in the prospective Grand Hyatt hotel in Memphis (“Hyatt Hotel”). Recipients are cautioned not to place undue reliance on any projections, forecast information or estimates contained herein (the “Estimates”). The Estimates have been prepared solely to demonstrate using estimates and modeling the manner in which the Developers evaluate the current investment. While the Estimates are based on assumptions that the Developers believe are reasonable under the circumstances, the actual results will depend on, among other factors, future operating results, availability and terms of financing and government subsidies, the value of the assets and market conditions at the time of disposition, any related transaction costs and the timing and manner of any sales, all of which may differ from the assumptions on which the Estimates are based. The Estimates are not intended to represent actual or prospective returns on the investment nor are they intended as projections of the likely or expected actual or prospective returns to be earned by an investment related to the Grand Hyatt Memphis. Expected returns are based on the belief of the Developers about the returns that may be achievable in light of the Developers’ and their professionals’ experience with, among other factors, similar investments historically, their view of current market conditions, availability of financing and government subsidies, and certain assumptions about such factors. Expected returns are also based on models, estimates and assumptions about performance believed to be reasonable under the circumstances. There is no guarantee that the facts on which such assumptions are based will materialize as anticipated and will be applicable to Grand Hyatt Memphis. There can be no assurance that Grand Hyatt Memphis will achieve comparable results or that targeted performance returns will be met. None of the Developers or any of their respective affiliates make any representation or warranty, express or implied, as to the accuracy or completeness of the information contained herein and nothing contained herein shall be relied upon as a promise or representation as to the performance of Grand Hyatt Memphis. Certain information contained in the Presentation is based on information from third-party sources or that is otherwise publicly available and, while the Developers use reasonable efforts to ensure the information is accurate and up-to-date, no representations or warranties are given as to the reliability, accuracy or completeness of the information. The Developers do not accept any liability for any loss or damage that may arise directly or indirectly from any use of or reliance of such information. Unless otherwise indicated, the information provided herein is based on matters as they exist as of the date of preparation and not as of any future date.

APPLICANT BACKGROUND

Project Owner

Carlisle Development Company and its affiliates (“Carlisle”), One Beale LLC (“One Beale”), and M&M Enterprises, LLC (“M&M”)

Representatives

James Maclin, President / CEO, M&M Enterprises

Chance Carlisle, President, Carlisle Development Company

Stephen Kallaher, Co-Developer / Owner with Carlisle Development Company

Financial Guarantors

Carlisle Development Company, LLC

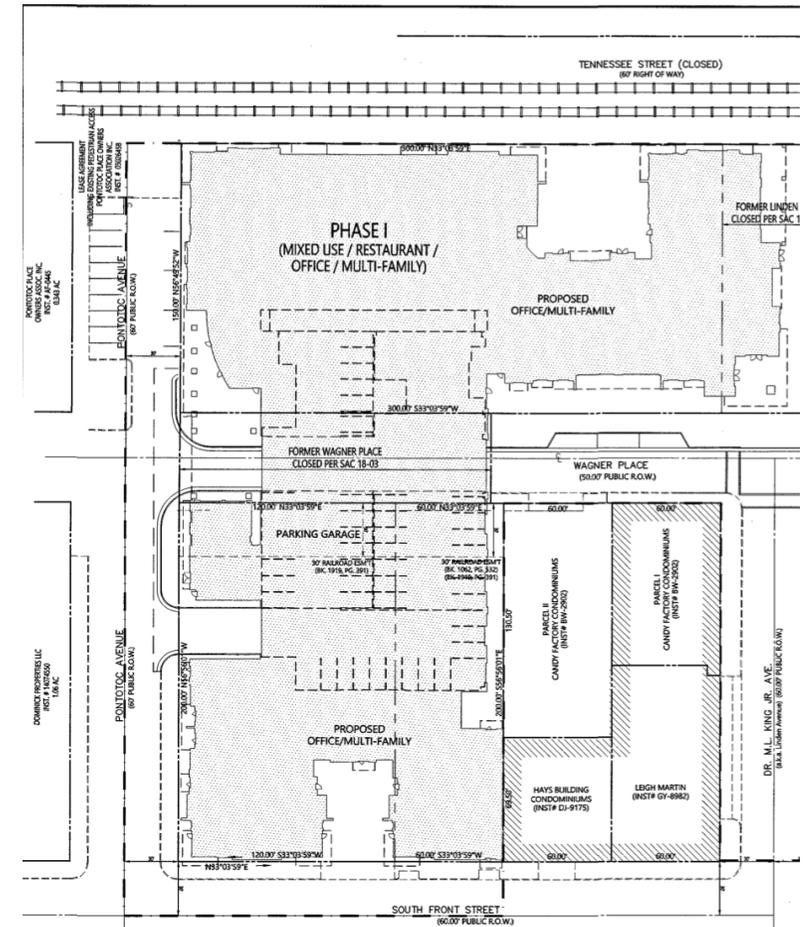




PHASE I - THE LANDING RESIDENCES



- 6-story, 232-unit luxury multifamily apartment development
- 465-space parking garage located at the southwest quadrant of Wagner and MLK
- 16,000 square feet of Class A office space
- 7,000 square feet of restaurant and retail space
- The Landing Residences has started preleasing and will be fully occupied by August 2021



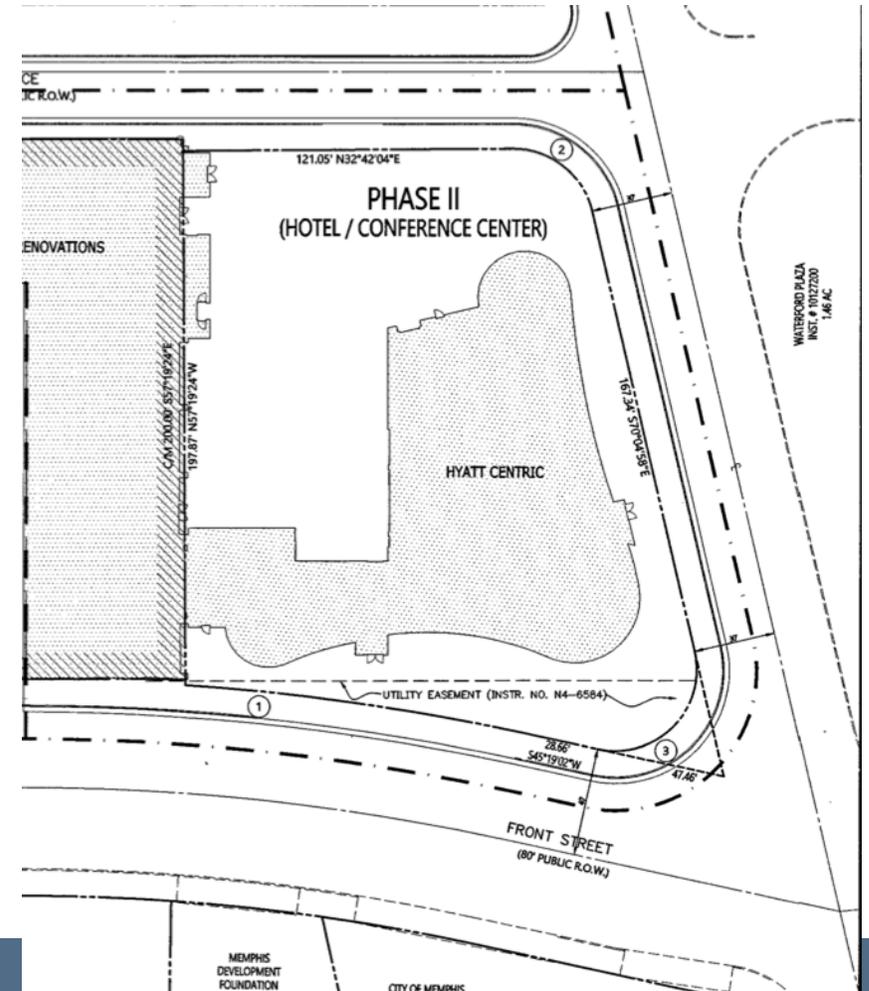
ONE BEALE

PHASE I
TODAY



PHASE II - HYATT CENTRIC

- Located at southwest quadrant of Beale Street and Front Street
- 8-story, 227-room hotel
- 11,000 square feet of meeting space in two of the Historic Ellis Machine Shop buildings
- Amenities: 1,408 square foot fitness center, outdoor swimming pool, lobby restaurant and bar, rooftop lounge
- Opens on March 3, 2021





HYATT CENTRIC

Beak St

TAXI

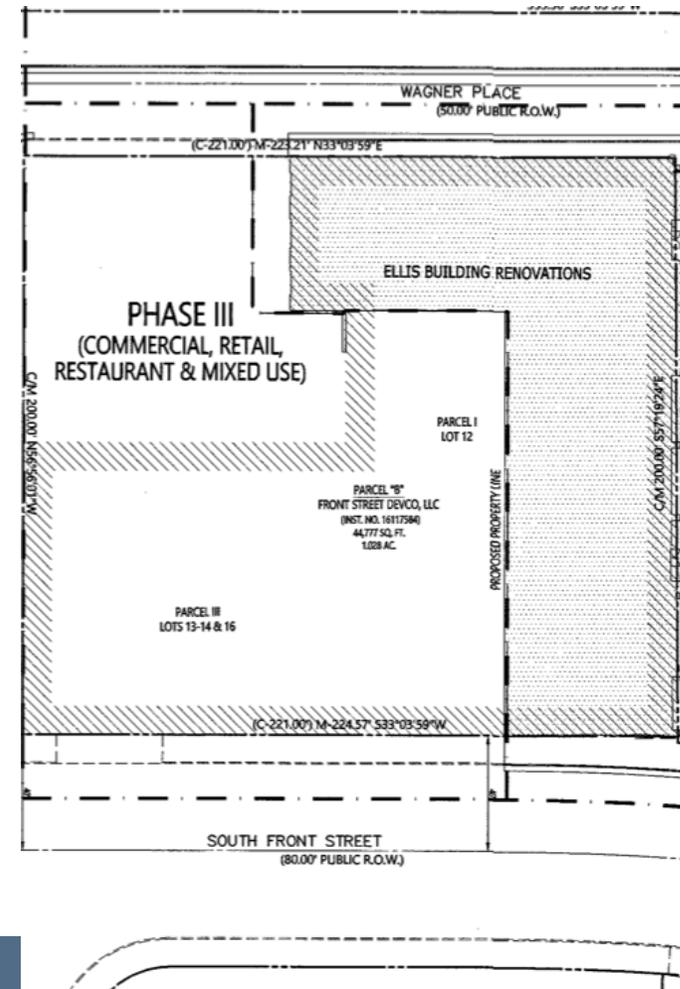
ONE BEALE

PHASE II
TODAY



PHASE III - CAPTION BY HYATT

- Located south and attached to the Hyatt Centric hotel
- 136 rooms housed in 10-story building
- Amenities: Fitness center, unique ground floor lobby food and beverage experience
- Construction will begin December 2020, opening anticipated 2nd quarter 2022





PHASE III - RESTAURANTS

A. **Amelia Gene's**

- Fine dining restaurant
- Housed in the historic Ellis & Sons Machine Shop
- Located at the northwest quadrant of MLK and Front St

B. **Charlotte's Sweet Shop and Speakeasy**

- Housed in the existing three-story Ellis & Sons Pattern Building
- Located at the northeast quadrant of MLK and Wagner



PROPOSED GRAND HYATT HOTEL



- Guestrooms and Suites: 350 Keys Total (including up to 30 Suites)
- Meeting and Event Facilities: 42,000 NSF total
 - 15,000 SF Grand Ballroom (divisible by 5)
 - 7,000 SF Junior Ballroom (divisible by 2)
 - 3,500 SF Meeting Room (divisible by 2)
 - 3,000 SF Meeting Room (divisible by 2)
 - 13,500 SF 6-7 rooms
- F&B Outlets
 - Three-meal Restaurant
 - Lobby Market / Bar
 - Elevated Pool Lounge
- Additional Amenities
 - Pool
 - Fitness Center – 6,200 SF
 - Administrative Offices / BOH / Employee Facilities

**ONE
BEALE**

PROPOSED
PHASE IV



ECONOMIC IMPACT

It is anticipated that the Grand Hyatt hotel will generate \$23.7M+ in new annual property tax revenue over the next 30 years

- **Project Impact on Memphis all Phases**

\$1.8B

30-year wages (direct and indirect) from operations and construction

\$99.3M

Additional local direct and indirect sales tax from operations and construction (30 years)

\$200M

Local other taxes including hotel and other fees/taxes (30 years)

\$792K+

Projected unique, new annual property tax revenue

- **Project impact on Memphis Phase IV**

\$23.7M

30-year PILOT (net new payments)

\$260.8M

One-time impact from Phase IV construction

\$208M

Total local taxes / fees generated from hotel rental

554

New permanent jobs

\$58,241

Projected average annual salary

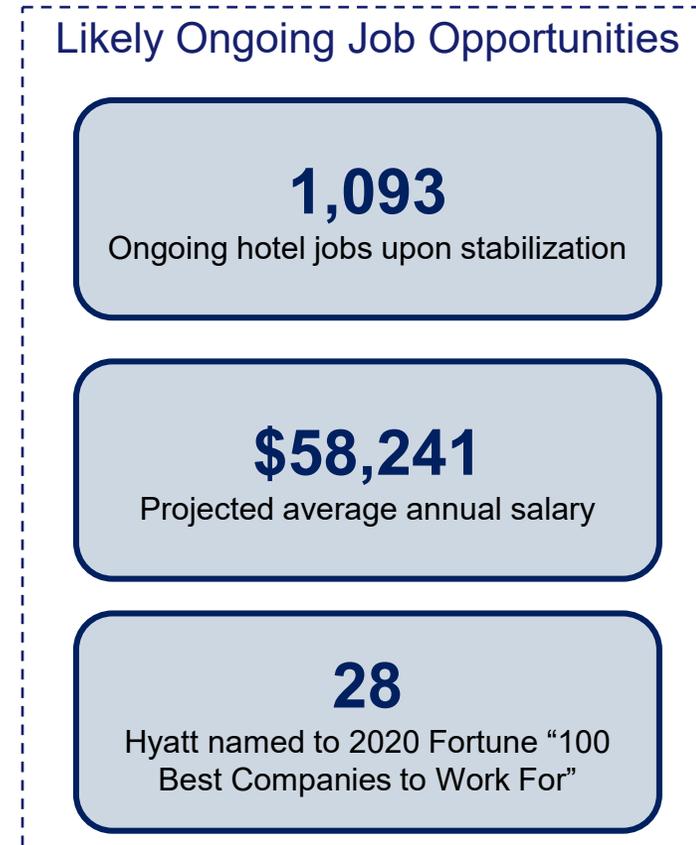


Preliminary – Subject to Change

Source: Younger & Associates

ECONOMIC IMPACT: QUALITY JOB CREATION

The Developers are committed to providing high-quality employment opportunities and benefits for the local community both during and after construction



Preliminary – Subject to Change

*Fortune 100 Best Companies to Work For 2020



ECONOMIC IMPACT: ANALYSIS SUMMARY

| Annual Impact from Operations - All Phases at Full Operation | | | | | | | | | |
|--|-----------------------|-----------------------------|------------------------------|---|--|---------------------|--------------------------|--|--|
| Development Type | Economic Impact | Direct/ Indirect Jobs | Wages (Direct & Indirect) | Local Direct & Indirect Sales Tax | Local Other Taxes (Includes Hotel and Other Fees/Taxes) | TDZ Surcharge | Indirect Property Tax | Payments Made in Lieu Property Tax (Net New) | Total Tax/Fees Designated to Project (Direct Sales Tax & TDZ Surcharge) |
| Retail | \$ 20,860,549 | 119 | \$ 6,910,894 | \$ 220,451 | \$ 17,253 | \$ 551,050 | \$ 135,273 | \$ 792,008 | \$ 648,385 |
| Hotels Phase I-II-II | \$ 69,744,021 | 420 | \$ 24,469,368 | \$ 1,432,438 | \$ 3,178,529 | \$ 1,951,100 | \$ 478,962 | Included Above | \$ 2,829,095 |
| Hotels Phase IV | \$ 91,949,436 | 554 | \$ 32,260,036 | \$ 1,888,504 | \$ 4,122,946 | \$ 2,572,300 | \$ 631,456 | | \$ 3,729,835 |
| Total | \$ 182,554,005 | 1,093 | \$ 63,640,298 | \$ 3,541,393 | \$ 7,318,728 | \$ 5,074,450 | \$ 1,245,691 | \$ 792,008 | \$ 7,207,315 |

| One-Time Impact from Construction - Phase IV (Total Impact During the Development Period) | | | | | | | | | |
|---|-----------------------|-----------------------------|------------------------------|---|--|---------------|--------------------------|--|--|
| Construction | Economic Impact | Direct/ Indirect Jobs | Wages (Direct & Indirect) | Local Direct & Indirect Sales Tax | Local Other Taxes (Includes Hotel and Other Fees/Taxes) | TDZ Surcharge | Indirect Property Tax | Payments Made in Lieu Property Tax (Net New) | Total Tax/Fees Designated to Project (Direct Sales Tax & TDZ Surcharge) |
| Total | \$ 260,817,388 | 1,051 | \$ 61,194,617 | \$ 2,479,920 | \$ 152,769 | N/A | N/A | N/A | N/A |

| 30-Year Impact from Operations and Construction | | | | | | | | | |
|---|-------------------------|-----------------------------|------------------------------|---|--|-----------------------|--------------------------|--|--|
| Development Type | Economic Impact | Direct/ Indirect Jobs | Wages (Direct & Indirect) | Local Direct & Indirect Sales Tax | Local Other Taxes (Includes Hotel and Other Fees/Taxes) | TDZ Surcharge | Indirect Property Tax | Payments Made in Lieu Property Tax (Net New) | Total Tax/Fees Designated to Project (Direct Sales Tax & TDZ Surcharge) |
| Retail | \$ 604,348,326 | 119 | \$ 200,214,639 | \$ 6,386,672 | \$ 499,826 | \$ 15,964,400 | \$ 3,918,989 | \$ 23,760,230 | \$ 18,784,280 |
| Hotels Phase I-II-II | \$ 2,022,662,361 | 420 | \$ 709,641,769 | \$ 41,542,454 | \$ 92,371,818 | \$ 56,584,299 | \$ 13,890,486 | Included above | \$ 82,047,234 |
| Hotels Phase IV | \$ 2,380,136,686 | 554 | \$ 835,059,988 | \$ 48,884,441 | \$ 106,928,656 | \$ 66,584,700 | \$ 16,345,415 | | \$ 96,547,815 |
| Construction | \$ 260,817,388 | N/A | \$ 61,194,617 | \$ 2,479,920 | \$ 152,769 | N/A | N/A | N/A | N/A |
| Total | \$ 5,267,964,761 | 1,093 | \$ 1,806,111,013 | \$ 99,293,487 | \$ 199,953,069 | \$ 139,133,399 | \$ 34,154,890 | \$ 23,760,230 | \$ 197,379,329 |

FINANCIAL ITEMS

Financing

- The Project will be financed with a conventional bank loan from institutional lender, or from a similar, commercial institutional lender with whom the Developers maintain a relationship.
- A Customary amount of first mortgage leverage between 40 to 50% at prevailing market (5-6%) is required to make the project feasible. Without the PILOT, as well as the City Surcharge and City & State TDZ rebates, loans proceeds would be prohibitively low due to lower available cash flow for debt service, requiring more equity from the Developers at lower than-market investment returns. The combination of substantially more equity risk and below-market investment returns renders the project infeasible.
- Therefore, the PILOT is required to make the project financially feasible, as it:
 - Adds additional predictable cash flow to the project that is necessary for the lender to underwrite market leverage & interest rate, and
 - The appropriate amount of loan proceeds allows there to be a normal and acceptable amount of at-risk cash invested in the project. Additionally, with the PILOT the corresponding return-of-equity (“ROE”) is at an acceptable level for an investment of this size. “Market” ROEs for a project of this type are typically 7-12%. Without the PILOT and TDZ rebates the ROE is not of an acceptable level to attract the investment needed as it is well below a reasonable return for the risk.

Sources and Uses

| PRELIMINARY SOURCES & USES | | | | | | | |
|-------------------------------|-----------------------|---------------|-------------------|--------------------------------|-----------------------|---------------|-------------------|
| Sources | | % | per key | Uses | | % | per key |
| WITH PILOT & TDZ | | | | | | | |
| Pre-Development Equity + Land | \$ 31,702,482 | 16.6% | \$ 90,579 | Land | \$ 10,500,000 | 5.5% | 30000 |
| Developer / Senior Debt | \$ 78,647,397 | 41.1% | \$ 224,707 | Construction Costs | \$ 143,269,643 | 74.9% | 409342 |
| Net TDZ Bond Proceeds | \$ 81,000,000 | 42.3% | \$ 231,429 | Professional Fees & Soft Costs | \$ 25,207,336 | 13.2% | 72021 |
| | | | | Financing & Working Capital | \$ 12,372,900 | 6.5% | 35351 |
| TOTAL | \$ 191,349,879 | 100.0% | \$ 546,714 | TOTAL | \$ 191,349,879 | 100.0% | \$ 546,714 |



PROJECT TIMELINE

Funding

- Senior mortgage financing anticipated to close in late Q1 2022, with PILOT approval (and full City Council approval to apply TDZ rebates) deemed to be a condition of such financing

First Expenditure of Funds

- Development expenditures started in October 2020

Construction Commencement

- Q1 2022

Construction Completion

- Construction scheduled to complete between end 2023 and beginning 2024

PROJECT TEAM

Counsel

- Butler Snow LLP
Attn: Don Campbell
6075 Poplar Ave., Ste. 500
Memphis, TN 38119
(901) 680-7315

Architects

- Cooper Carry

Engineers

- See Appendix A

General Contractor

- To be determined through a competitive bid process and in conjunction with the developer's commitment to following the CCRFC programs to maximize minority and women participation.

Interior Design

- TBD



