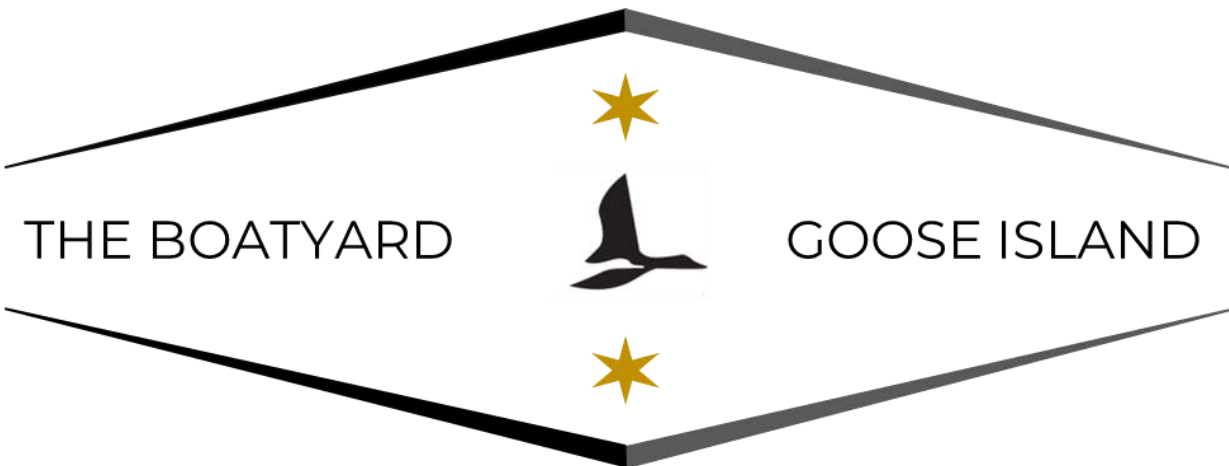


March 31, 2023

Investment Proposal Report



13th Annual Student Real Estate Challenge

CATALYST DEVELOPMENT LLC

MEET OUR TEAM



NICOLAS PAVIET

Head of Finance



NICK ROSS

Head of Development



MORITZ SEBAN

Head of Operations



SHAWN GREGOIRE

Project Manager



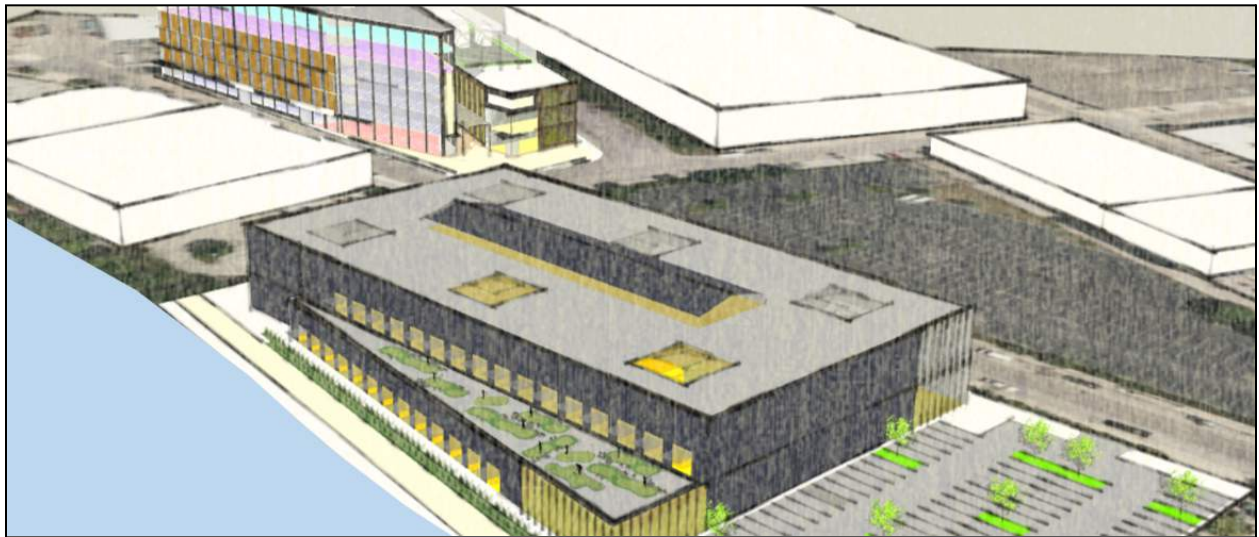
PATRICK SINWELSKI

Project Manager

EXECUTIVE SUMMARY

Catalyst Development Group, LLC is proposing to redevelop two sites located on Goose Island in Chicago. The combined \$140 million development project will consist of a high end mixed-use building with first class amenities and a best-in-class entertainment venue with parking. The plan will also incorporate enhancing the existing riverwalk and natural habitat.

Our plan has started to attract the interest of a handful of companies that wish to occupy the two sites and want to add the vision of Goose Island. We have had conversations with Lettuce Entertain you, Club Studio Fitness, Lucid motors, Live! Entertainment, Yellowhammer Farms, Cloud Kitchens, and Self-Storage and they have expressed their interest in being pioneers in this amazing location of the city.

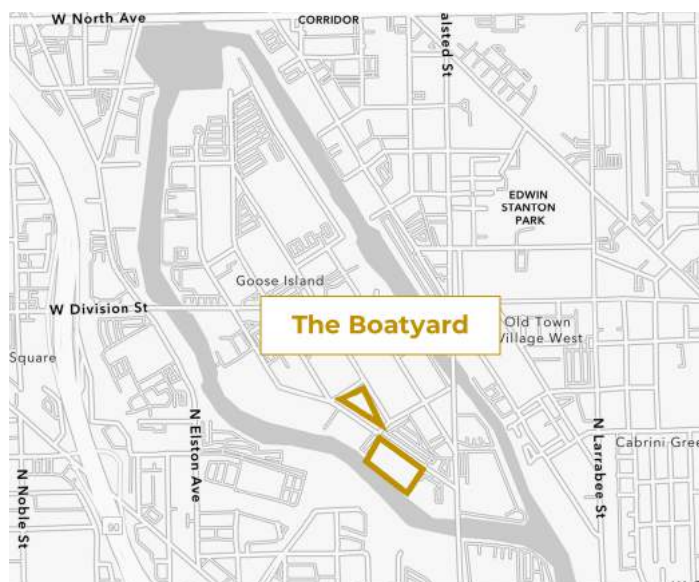


Our plans for the sites is to utilize the existing core and shell of 1001 North Branch by stripping it down to its core to keep the historic look of the space, while putting modern amenities and construction to appeal to the vision the stakeholders have for the island. With 934 North Branch, we plan to tear down the existing structure that is on the site, and initiate a ground up development that will be a build to suite 105,000 SF entertainment/restaurant space for Live! To fully lease up for the next 15 years.

While the 934 North Branch development process is a little more simple. 1001 North Branch has been divided into two phases in order to tailor to the current market conditions of the island. Phase one will consist of getting the entire building to a white box condition. During this phase, we will be developing a top of the line exercise facility occupied by Club Studio Fitness, and having Ghost Kitchens, and Summerhouse (a Lettuce Entertain You concept) will be occupying the first floor to ultimately attract consumer traffic to the island. The remainder of the floors on the six story will be used as self-storage space in order to have some supplemental income to keep the project afloat long enough for phase two.

Phase two of the project will commence in 2028 with the conversion of the self-storage space to office. The reason why we broke this up into two phases instead of having office immediately in phase one is due to the over saturation of available office space in 2023 and for the next couple of years. After talking with brokers who specialize in office space. We have concluded that it is better to wait for the addition of office into our site until 2028 to allow for the market demand to catch back up post covid, and to allow for the Onni development, the casino, and the Lincoln Yards projects to organically drive demand for commercial space in the area.

The redevelopment of the two sites will positively impact the community. Increased property values and creating entertainment options will add value to the community. Letter of Intents have been secured from the entertainment vendor Live! who will lease 934 N. Branch and Yellow Hammer who will lease space at 1001 N. Branch.



Goose Island and the neighboring communities are transforming and seeing tremendous growth with office and lab space, entertainment and residential projects. After conducting thorough market research, developing, and analyzing our proforma, we have determined that developing a multi-phase mixed-use building at 1001 N. Branch and redeveloping the site at 934 N. Branch to house a high end entertainment venue would be the highest and best use for this project.



SITE ANALYSIS

Property Analysis

The two sites are in the heart of Goose Island. This “donut in the city” is centrally located around some of the most popular and thriving neighborhoods within the entire city. Lincoln Park, Wicker Park, Fulton Market, and River North are all within a mile of Goose Island, providing a young and vibrant population to target for retail, hospitality, and entertainment business opportunities.

The site is situated within the 27th Ward led by Alderman Walter Burnett, which includes the West Loop, Greektown, East Garfield Park, Near North Side, Old Town, West Humboldt Park, West Town, Goose Island and the Illinois Medical District. The site was rezoned to PMD-3 in 2017 which allowed for new uses to be implemented that included office, retail, and restaurant. Being that 934 is a riverfront property, any redevelopment will require preserving open riverwalk opportunities as well as maintaining sanitary standards to avoid pollution of the river.

After speaking with Richard Whitney at Fitzgerald and Associates, he gave us tremendous insight to the proposed plans and requirements the city has for the Riverwalk around and through Goose Island. We took into account the emphasis on being in agreement with the proposed plan, so we decided to plan for a 40 foot setback to accommodate for the construction of a beautiful riverwalk. This proposed plan will cost \$30 SF to build, however, this will allow for more foot traffic to enter not only The Boatyard, but also Goose Island as well.



Goose Island Development Pros:

- The artificial island is a donut in the city, being centrally located around some of the city's hottest neighborhoods like Lincoln Park and River North
- The area is currently an industrial hub that house companies such as furniture and home goods maker CB2, confectionery conglomerate Mars Wrigley, luxury electric car manufacturer Lucid, and logistics giant FedEx
- As companies move away from high-rise office buildings during this post-pandemic restructure, Goose Island offers the newly-desired neighborhood style office space with parking, ease of access, and outdoor amenity space



Very Walkable

Most errands can be accomplished on foot



Excellent Transit

Transit is convenient for most trips



Very Bikeable

Biking is convenient for most trips

Goose Island Development Cons:

- Although Goose Island went through expanded zoning allowances, it is still primarily an industrial hub and could prove difficult to bring a wider variety of businesses into the area
- While there are riverfront opportunities, they are limited and have no open green space
- Currently a raw space that could be difficult to establish a new vision and feel to

SWOT ANALYSIS

Strengths: The nearby neighborhoods to Goose Island are some of the wealthiest parts of the city, with better than average walking and transportation scores. One of the two buildings we are redeveloping has a good structure in place, limiting the amount of foundational construction needed. Another tremendous strength about our two sites and Goose Island in general is the great and central location. Having a river right by one of the two sites provides great build out opportunities.

Weaknesses: Limited development opportunities exist due to current zoning regulations, which impose restrictions on the development of more financially attractive usages such as residential. As a result, investment and development prospects may be limited. Developers and investors must navigate regulations carefully to ensure compliance and optimize the potential for investment and development opportunities.

Opportunities: Great opportunities are being built in Goose Island and nearby, which will add value to the area and draw further demand, turning Goose Island into an organic, niche neighborhood. Hundreds of Millions of dollars are going to be put into surrounding projects in which 2,700 new apartments or new office space right next to our sites is going to be developed. These projects also create a need for entertainment and jobs especially close to a river.

Threats: With some limiting zoning restrictions, there is no timetable for how much leniency there is for future development ideas. Additionally to an overall difficult real estate market in terms of financing and construction costs there is also an uncertain need for office space as we operate in post-pandemic times.



DEMOGRAPHICS

Analyzing the demographics surrounding Goose Island can be a difficult task, being that it is surrounded by several large neighborhoods with a wide demographic base. There are 12 distinct neighborhoods that surround Goose Island: Bucktown, Gold Coast, Lincoln Park, Noble Square, Old Town, Pulaski Park, River North, River West, Streeterville, Ukrainian Village, West Loop, and Wicker Park. According to the latest STDB demographic reports, the total population within a two-mile radius is 302,366 people. There are a total of 168,634 households in the area owned and rented by users with a median age of 36.3 and an average household income of \$184,389. Over the next five years, the population growth is projected to increase about 1%. The target audience for the neighborhood are primarily educated: 46% have a BA/ Graduate /Ph.D. Current per capita income is \$103,638.

This ultimately benefits Goose Island and our proposed project because our projects are in the middle of two highly affluent, densely populated, and highly sought after locations to be in the city. With the entertainment value we will be creating with our sites on top of the massive ONNI development introducing housing opportunities, these key demographics would be funneled into our market and drive up value for our sites.

In terms of employment, 88% are white-collar workers, 8% blue-collar workers and 4% are working in the service industry. Twenty-four percent of the residents in the area are working in a professional scientific or technology field. The second category of the labor force 13.0% represents health care and social assistance services. The current unemployment rate is 7.1%.

Tapestry Segmentation

Metro Renters (50.97%)	Laptops and Latte's (28.08%)	Trendsetters (11.33%)
Our Neighborhood	Our Neighborhood	Our Neighborhood

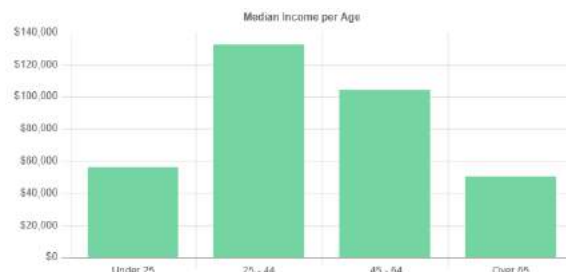
<ul style="list-style-type: none"> Over half of all households are occupied by singles, resulting in the smallest average household size among the market at 1.67 	<ul style="list-style-type: none"> 30-something single householders with an average household size of 1.87 	<ul style="list-style-type: none"> Trendsetters residents are singles - living alone or with roommates or partners
<ul style="list-style-type: none"> Neighborhoods feature 20+ unit apartment buildings, typically surrounded by offices and businesses 	<ul style="list-style-type: none"> City dwellers, primarily in apartment buildings 	<ul style="list-style-type: none"> More than 75% rent in upscale, multi-unit structures
<ul style="list-style-type: none"> Renters occupy close to 80% of all households 	<ul style="list-style-type: none"> Older housing, two out of three homes built before 1970; 40% built before 1940 	<ul style="list-style-type: none"> High-rent cities like New York; San Francisco; Chicago; and Washington, DC, are popular among renters willing to pay well above US average rent
<ul style="list-style-type: none"> Public transportation, taxis, walking, and biking are popular ways to navigate the city 	<ul style="list-style-type: none"> Most households are renter occupied, with average rent close to \$1,970 monthly 	<ul style="list-style-type: none"> Commuting can take up to an hour; public transportation, walking, and biking are popular; many own no vehicle
	<ul style="list-style-type: none"> Many owner-occupied homes valued at \$500,000+ 	
	<ul style="list-style-type: none"> Majority of households own no vehicle at 36% or one vehicle at 41% 	
Socioeconomic Traits	Socioeconomic Traits	Socioeconomic Traits

<ul style="list-style-type: none"> Well-educated consumers, many currently enrolled in college 	<ul style="list-style-type: none"> More than three out of four have a bachelor's degree or higher 	<ul style="list-style-type: none"> Residents are young and well educated; more than half have a bachelor's degree or more
<ul style="list-style-type: none"> Very interested in the fine arts and strive to be sophisticated; value education and creativity 	<ul style="list-style-type: none"> Labor force participation is high, more than 75% 	<ul style="list-style-type: none"> Well paid, with little financial responsibility, these consumers are spenders rather than savers. They seek financial advice and are already building their stock portfolios
<ul style="list-style-type: none"> Willing to take risks and work long hours to get to the top of their profession 	<ul style="list-style-type: none"> Salaries are the primary source of income for most households, but self-employment income and investment income complement the salaries in this market 	<ul style="list-style-type: none"> Image is important to these consumers. They use the internet to keep up with the latest styles and trends and shop around from good deals
<ul style="list-style-type: none"> Become well informed before purchasing the newest technology 	<ul style="list-style-type: none"> These are health-conscious consumers, who exercise regularly and pay attention to the nutritional value of the food they purchase 	<ul style="list-style-type: none"> Trendsetters residents travel often, exploring new destinations and experiences
<ul style="list-style-type: none"> Prefer environmentally safe products 	<ul style="list-style-type: none"> Environmentally conscientious but also image-conscious: both impact their purchasing 	<ul style="list-style-type: none"> Socially and environmentally conscious, they are willing to pay more for products that support their causes

· Socializing and social status very important		· Up to date on technology, they explore and exploit all the features of their smartphones
		· They are attentive to good health and nutrition

This tapestry segmentation gives us a more clear direction of where our target demographic lies: early to mid 30s, well educated, and above city average for household income. These individuals place priority on health, technology, and their social lives. Our development plan fits right into this wheelhouse, with the Live! entertainment venue being at the center of attention. Nearby residents will get their health fix at Club Studio Fitness, while Lettuce Entertain you satisfies the socialites. Being in the center of many prominent neighborhoods, we are poised for success as we are at the forefront of the revitalization of Goose Island.

		Y-o-Y Change
Average Household Income	\$153,734	6.6%
Median Household Income	\$115,224	6.5%
People below Poverty Level	1,373	13.6%
People above Poverty Level	12,722	3.8%



		Y-o-Y Change
Total Households	7,701	4.9%
Average People Per Household	2	-1.0%
Family Households	2,406	2.9%
Non-family Households	5,294	5.8%



		Y-o-Y Change
Households with Children	821	6.2%
Households without Children	6,880	4.5%



MARKET ANALYSIS



SURROUNDING NEIGHBORHOODS



Old Town

20 Min
7 Min
14 Min
7 Min



River North

25 Min
9 Min
17 Min
7 Min



West Town

10 Min
5 Min
10 Min
4 Min



Fulton Market

20 Min
8 Min
12 Min
7 Min



West Loop

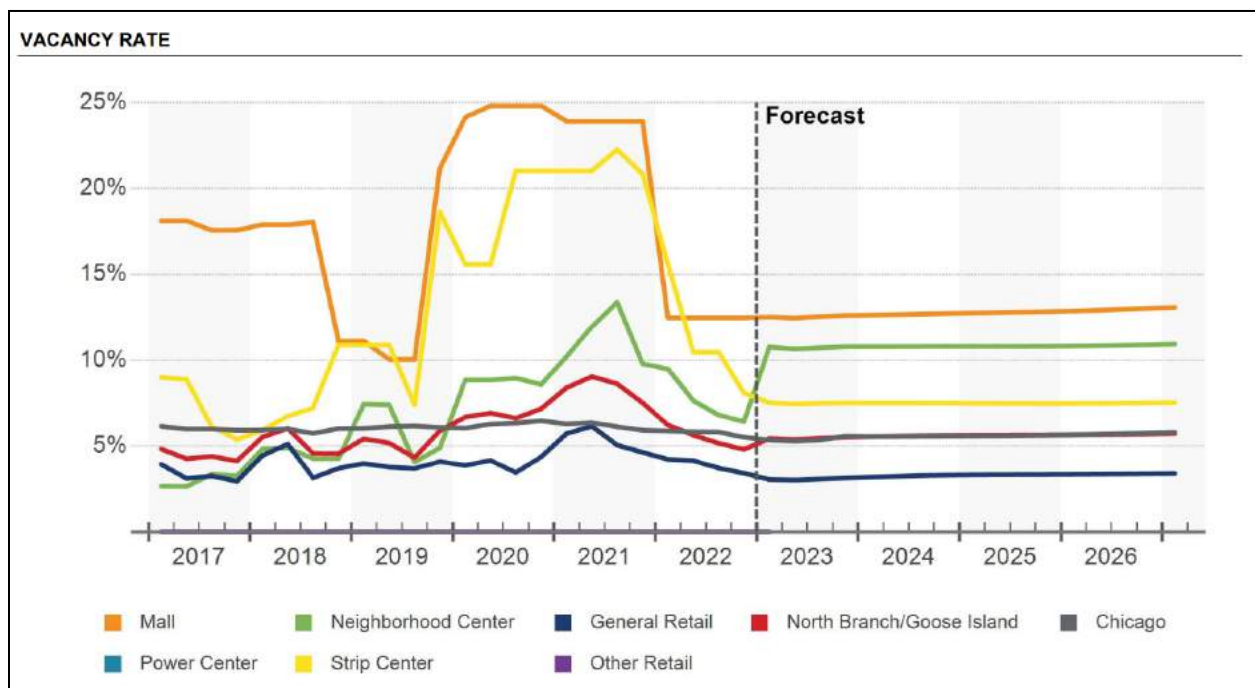
30 Min
10 Min
27 Min
8 Min

Chicago has a total of 77 recognized neighborhoods, each offering their own set of unique features and offerings. The Goose Island area is known for its industrial footprint, but recent zoning updates could allow for a facelift to the area, leaving developers chasing for available land and properties. Market Conditions for Retail and Office: Evaluating CoStar's latest data collected within radius of 1 mile from the site, the following can be observed:

Retail:

Vacancy Rates

12 Mo Deliveries in SF	12 Mo Net Absorption in SF	Vacancy Rate	12 Mo Rent Growth
0	66.4K	5.4%	3.6%



- Retail space in the Goose Island submarket runs for about \$37.00/SF triple net average
- Months on market is up: properties are taking longer to find a tenant
- Retail rents have risen by 2.9% in the past 12 months
- Market pricing sits at \$379/SF; well above the region's average pricing

Office:

- Office market rents near Goose Island Submarket are \$23.80/SF for 1-3 star properties and \$45.80/SF for 4-5 star properties
- Goose Island is traditionally an industrial hub, but several big projects are poised to transform the Southern tip, including a mass production of apartments and a casino that will cost over a billion dollars. Companies are inquiring by the masses to take advantage of the low-key neighborhood style office space as post-pandemic office preferences are shifting.

Former Kendall College Site:

- *Sold Mar 24th, 2023 and to be converted into office*
- *169,491 SF*
- *300 S Wacker Drive*
- *\$29.00/SF Market Rents (Class B)*



ONNI Development:



- *N Halsted Street Point*
- *2,700 Residential Apartments*
- *Four phase construction process*
- *Eight acres of total land*
- *56-story Highrise*
- *\$38 Million dollar land acquisition*

Bally's Casino:

- *650 W Chicago Ave*
- *Bally's \$1.7 Billion casino project*
- *Forecasted \$200 million in annual revenue*
- *Projected to create 3,000 permanent jobs and 3,000 construction jobs*



With the culmination of these surrounding projects that are being developed in the area. This will solidify our vision that Goose Island (“The Hole in the Doughnut”), will be the entertainment capital of Chicago. Kendall College, and the ONNI development will provide job demand, and housing opportunities to the site, which is in relation with the key plans for our site. The casino being built down the street will benefit from the Live! Entertainment venue we are building and vice versa. Overall, all of these developments are working harmoniously to ultimately benefit the stakeholders and the local communities on and around the Island.

Stakeholder Analysis

Stakeholders identified for the development include:

- 27th ward Alderman, Mr. Walter Burnett Jr.
- City of Chicago Department of Revenue
- City of Chicago Department of Planning and Development
- Neighborhood community organizations:
 - Urban Rivers
 - Lincoln Park Chamber of Commerce
 - Ranch Triangle Community Conservation Association
 - Wicker Park Committee
- Proposed tenants
- Environmental organizations for the river, Friends of the Chicago River

An analysis of how best to use the site was implemented and included:

- Running market analysis of Goose Island and surrounding neighborhoods
- Researching current and proposed development plans
- Reading neighborhood reports and news articles
- The direct engagement of the community organizations

ZONING & ENTITLEMENTS



The site is located in the North Branch Industrial Corridor which is a Planned Manufacturing District. The area is zoned as PMD-3. PMD's were designed to foster the city's industrial base and maintain the city's diversified economy. This particular zoning is aimed to shelter industrial firms and strengthen existing manufacturing areas. Allowed commercial/business uses in PMD-3 zoning include, but are not limited to: Indoor and rooftop farming, eating and drinking establishments, office space, vehicle storage and towing, parking, venue/ entertainment space, and indoor participant sports/recreation. Under "17-6-0405-E" of The Boatyard's zoning, we are allowed a maximum FAR of 3.0. The floor area ratio allowed by the "17-6-0405-E" is three feet per square feet of site area. This would allow for a theoretical building of up to a 375,000 SF building.

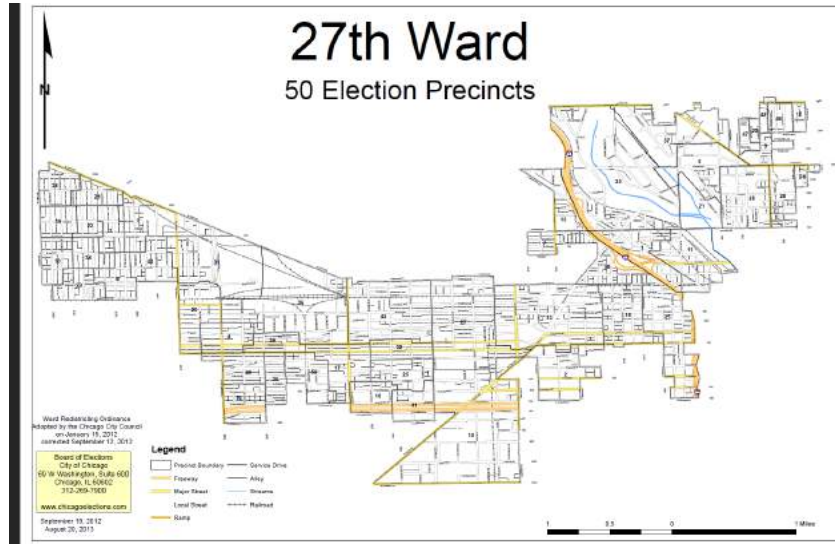
Under the current zoning, parking is not required for the first 1,000 SF however 2 spaces per 1,000 SF are required thereafter. Given these parameters the difference between the remaining square footage of the building and double the site area is 105,000 SF and 208 parking spaces are required. We have accommodated this issue and we have incorporated valet to Kendall College's off site parking during non peak hours. In 2019, the Chicago City Council passed an

ordinance amending the Zoning Ordinance to expand transit-served location eligibility to bus corridors. The minimum off-street automobile parking ratios for commercial uses may be further reduced by up to 100 percent from the otherwise applicable standards if the project is reviewed and approved under certain zoning approval processes. The nearest eligible bus corridor to the site is Halsted Street. The route is less than 200 feet away from the redevelopment and therefore qualifies for a reduction in the required parking.

The proposed development falls in line with the existing PMD zoning and does not require any changes with the City. Given the City's parking requirements there will be parking spaces created at both sites. Currently Goose Island has sufficient parking to sustain traffic until the addition of the onsite parking is completed. Catalyst Development Group, LLC has also entered into an easement agreement with Kendall College to utilize 200 parking spaces in the evening. We will promote the City's Green Recovery Agenda and encourage tenants and guests to utilize ride sharing, public transportation, walking etc. This plan will support and benefit the City and community group plans for Goose Island.



Ultimately, Our proposed plan fits in accordance with the current zoning, and our project isn't leveraged on hypothetical future zoning changes on the island. The current zoning allows for all of our intended uses, as well as fits into the current vision of the local community groups and river committees. We foresee no pushback from Walter Burnett or the city and we have accommodated and implemented a course of action to solve our current parking issues by reaching out to our neighbors on the Island to help solve the parking issue. Now that we have the blessing from the 27th ward and the city, let's discuss the vision.



27th Ward Map

DEVELOPMENT VISION

THE BOATYARD - YOUR PLACE TO BE!

The Boatyard concept should go along with all the other proposed projects in the near surrounding area. Our riverside property provides a perfect base for a market that seeks excitement and entertainment. Bringing in Live! as a proven operator in other states and cities will ensure the best experience possible. On the other hand we have a great existing building with attractive features such as a nice view on the Chicago skyline but also a bigger FAR than



what would be allowed in case of a completely new development. Our concept allows a usage that generates solid income with the potential to wait out market changes especially in the commercial office sector. With this concept we can offer a great and credible tenant mix that easily flows with the current and future aimed market.

EXCITING TENANTS!

Our exciting tenant mix will transform not only our two sites but also Goose Island in general place to be now and even more in the future! In order to understand the concept we have envisioned for both sites, it makes sense to take a look at both properties independently.

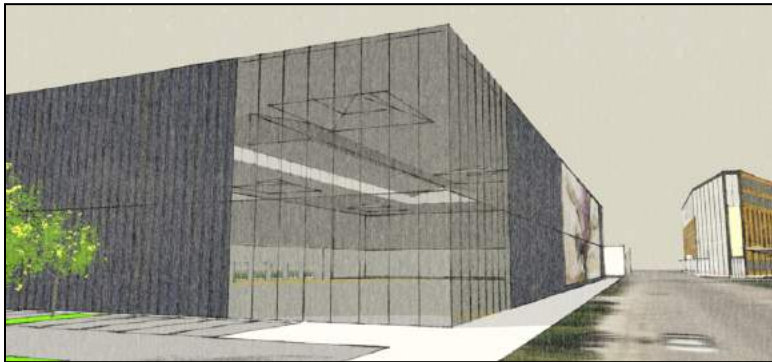


934 North Branch

On this property we plan on developing the entire site with a brand new building. The existing industrial building doesn't provide any useful shell or base on which we could have worked out our usage concept in a reasonable way. Therefore,



934 North Branch will contain a new 105,000 sf entertainment building with a stunning 6,000 sf



terrace, a 26,000 sf surface parking lot as well as a new designed 14,700 sf riverwalk that will perfectly fit with the city's vision of connecting the river and its nature with the properties nearby.

The Riverwalk plays an essential role in our concept that should be an eyecatcher and simply a welcoming environment that people want to spend time at. The city of Chicago made it clear that the river should play a significant role in any new development that is connected to it. The following pictures give a clearer picture of how we envision the riverwalk to look like. It should be a place to dock on



with little kayaks or water taxis but also a place where people can relax and enjoy a nice summer day. In combination with our entertainment tenant “Live!” this is a great contrast but also a good looking addition that makes the site even more attractive. Especially people that will soon live in one of the 2,700 new residential apartments in close proximity to our site, will be grateful to have such an opportunity where they can spend a relaxed or exciting time after their



choosing.

Live! destinations embody the unique culture and flair of each community, offering a mix of best-in-class local, regional, and national dining, entertainment, and hospitality options to residents and visitors. From electrifying concerts and in-person performances to festive community events and watch parties, Live! Invites people to revel in the energy and excitement of its vibrant environments.

Broadcasts of some of the world's most significant sporting events, such as the World Cup, the Super Bowl, and the World Series, have put Live! in the national and international spotlight.

The Cordish Companies' passion for creating exceptional guest experiences and making a positive impact in communities gave birth to Live! Their



first entertainment district, Baltimore's Power Plant Live!, opened in 1999 and quickly became the dominant entertainment destination in its region. Today, Live! projects nationwide serve as community assets that invigorate neighborhoods, drive economic development, and bring people together to celebrate the best of their cities, fostering connections across the country and around the world. At Live!, everything is better live!



934 N BRANCH
FLOOR 1

Parking 26,000 SF
Riverwalk & Access to Water Taxi 14,500 SF
Live! 1st Entertainment Floor 52,550 SF
Loading / Service / Lobby 9,500 SF

934 N BRANCH
FLOOR 2

Mini Golf / Terrace 5,950 SF
Live! 2nd Entertainment Floor 52,700 SF
Loading / Service / Lobby 900 SF



Live!

601 E. Pratt Street, 5th Floor
Baltimore, MD 21202

Dear Roosevelt University Development Team,

Thank you for reaching out concerning the location at 934 N North Branch, Chicago, IL. After reviewing the proposed deal fundamentals, including the pro forma and renderings with Live! occupying 105,000 square feet of new construction on 2 levels, we would like to provide our continued support for the project.

As you know, Live! Hospitality & Entertainment is one of the largest and most successful developers and operators of restaurant and entertainment concepts in the United States. Recognized as a leader in the food, beverage and entertainment industries, Live! Hospitality & Entertainment has created and developed multiple award-winning concepts including growth brands Sports & Social and PBR Cowboy Bar, branded concepts such as NBC Sports Arena and Budweiser Brew House, concert and special event venues such as Arlington Backyard and The Hall, and in partnership with premier chefs and celebrities like Guy Fieri and Troy Aikman. Its portfolio of over 100 concepts can be found at the front door of professional sports stadiums and arenas, high profile entertainment districts, and world-class casino resorts around the country. Live! Hospitality & Entertainment is a division of The Cordish Companies, one of the oldest and largest real estate development companies in the country now in its fourth generation of privately held family ownership. For more information, please visit www.visitlive.com.

With appreciation,



Scott Steenrod
Chief Operating Officer
ssteenrod@livehospitality.com

This letter is non-binding and solely for educational purposes. It in no way indicates a commitment, real or implied, for Live! Hospitality and Entertainment to develop, operate, invest, or otherwise partner at the indicated site.

1001 North Branch

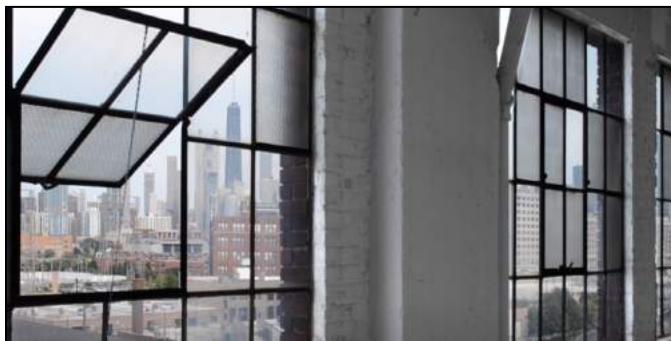


For 1001 we plan on using the shell of the building instead of redeveloping the entire property. This building provides an amazing view on the city of Chicago but also more space to rent out than a new development could provide. In addition to that we can save on construction costs since most of the

building is of solid structure that provides a solid base to build out the inside for our tenant mix. The idea of this property is to provide a usage that meets the current market needs. Therefore we have split up this building into two phases. In phase one we want to set the exterior and get the core of the building to a white box condition. m

Phase one:

In phase one we are beginning construction on the building by getting the property to a white box condition. Then we are leasing floor one to Lettuce Entertain You & Ghost kitchen, and floor six to Club Studio Fitness. The remainder of the stacking plan will be leased up by U Haul self storage until the market catches up.



Phase two:

Phase two begins with construction that will kick off in 2028. This will essentially remove the remainder of the floors on the six-story side, and allow for us to build out for office tenants to meet the needs of the market. Throughout both phases 1 & 2,

Yellow Hammer farm will be occupying floors two and three on the right side and floor one on the right side will be occupied by AceBounce, a small entertainment retail concept. This will provide a stream of income to support our transition of phases into disposition in 2029.



Floor 1-2:

Ghost Kitchen is a California based company that specializes in remote kitchen cooking for well known restaurants. This allows Uber delivery drivers to pick up foods for consumers that normally would not be able to be picked up.



For the restaurant we plan on bringing in Summer House which is the place where summer never ends. Bright and airy beach house decor fill the restaurant's aesthetic from top to bottom with warm, sunshine vibes around every corner. From retractable glass ceilings to private courtyards, dining rooms at Summer House are meant to be all-seasons-friendly all year round.

Ghost kitchens are commercial kitchens built for food delivery. They're located within the delivery radius of a high volume of online customers, rather than high foot traffic areas. With ghost kitchens, there's no physical storefront or dining area, so you only need a few back-of-house staff members to fulfill online orders.



FLOOR 3



24,100 SF

FLOOR 4



9,400 SF

Floor 3-4:

Uhaul Self Storage is a credit worthy tenant with thousands of locations nationwide. Yellow Hammer would be leasing up the other side of our building on floors 2+3.

Yellow Hammer Farms is paving a new way forward for the urban farming model in Birmingham, Alabama. Our community is hungry for fresh, nutritious, accessible produce. We're here to satisfy that hunger in a way that puts people and the planet first.





Yellow Hammer Farms
702 3rd Avenue N.
Birmingham, AL 35203

March 23, 2023

Roosevelt University Development Team,

We appreciate the conversation we had about the potential space of your facility at 1001 North Branch Street, Chicago, IL 60642. We had a meeting with our management team and have decided that it would be beneficial to form a partnership with your development team. Yellow Hammer Farms was established in 1993 in Tyler, North Carolina and has since relocated to Birmingham, Alabama while maintaining a strong presence in the Southwest with plans for expansion. We look forward to establishing our footprint in the great city of Chicago and teaming up with the Roosevelt University Development Team.

Sincerely,

Yellow Hammer Farms
(205) 820-9430

<https://www.yhfarms.com/>

FLOOR 5



31,200 SF

FLOOR 6

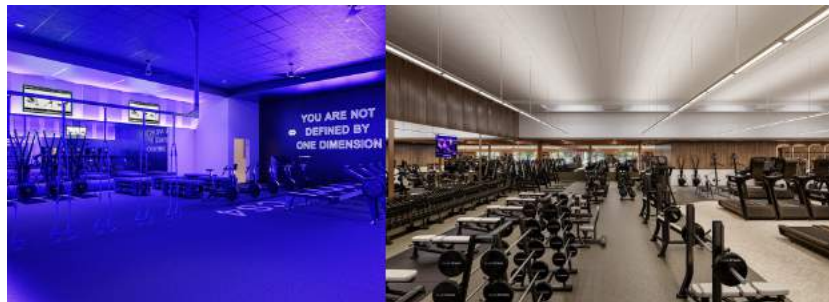


31,200 SF

Floor 5-6:

Floor 5 will be leased to Uhaul and floor six will be occupied by Club Studio Fitness. They are a Lifetime affiliate specializing in luxurious gym space.

Club Studio Fitness is a luxury fitness chain that is successfully established and wants to be a part of this exciting and developing area.

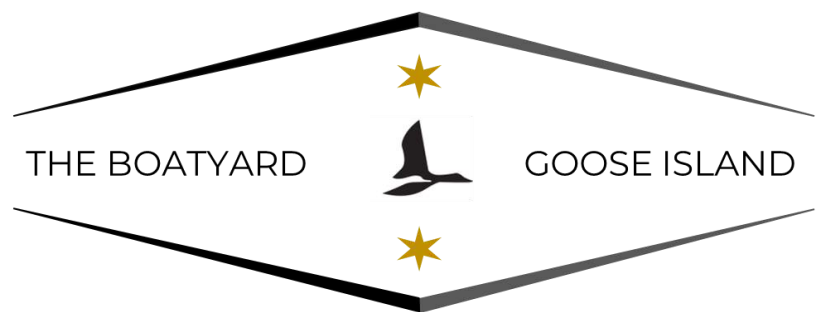
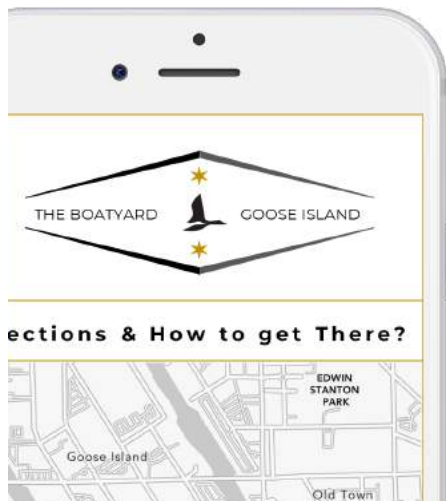


MARKETING

Project Name:

Evaluating the consumer market and the nature of the businesses going into the parcel, we have decided to call the overall project including both sites The Boatyard, with the slogan “Your Place to Be”. It perfectly transcribes our area vision of Goose Island transforming into a thriving and exciting neighborhood people want to be and live in. Our research brought us to the opinion that we are convinced that once bigger surrounding projects are taking off, the jobs, services and experiences our two sites offer will create tremendous value to consumers and citizens that are actively participating in the industries.

Brand Identity:



The Boatyard is more than just a place to dock your vessel - it's your ultimate destination for relaxation and adventure. Our brand identity is centered around the idea of providing a one-of-a-kind experience that exceeds your expectations.

From the moment you arrive, you'll be greeted with warm hospitality and a welcoming atmosphere that embodies the essence of Chicago living. Our concept is committed to ensuring that every detail of someone's visit is perfect, from the quality of services to the comfort of our facilities.

At The Boatyard, we understand that everyone's idea of the perfect day is different, and that's why we offer a variety of amenities and activities to suit every taste. Whether you're looking to experience an eventful day at "Live!" or simply unwind on our picturesque shores, you'll find everything you need to create unforgettable memories.

Our brand identity is built on a foundation of trust, reliability, and excellence. We strive to create a community of like-minded individuals who share our passion for the river, and who appreciate the finer things in life. The Boatyard is where the sun always shines, and the good times never end.

Target Group:

The target group for The Boatyard concept would be individuals and families who enjoy waterfront living and entertainment. This includes individuals who are looking for a unique riverfront experience, as well as those who are seeking a place to gather with friends and family for entertainment and recreation.

The target group may also include individuals who are interested in a range of activities such as dining, live performances, as well as those who appreciate the scenic beauty of waterfront locations.

The Boatyard may appeal to a diverse range of age groups, from young adults seeking a lively atmosphere to families with children looking for family-friendly entertainment. It may also attract individuals who value luxury amenities and services, as well as those who appreciate community and social connection.

Overall, The Boatyard is designed to appeal to individuals and families who share a love of waterfront living and a desire for a memorable entertainment and recreational experience that offers both relaxation and excitement.



FINANCIAL ANALYSIS

Financial Underwriting:

934 North Branch (The Boatyard)

Our financial analysis permitted us to pay \$11,000,000 or \$88 per square foot for the land. Catalyst Development Group, LLC is confident in our purchase price through the many conversations we have had with developers and brokers in the surrounding areas, as well as looking at what land has sold for in the surrounding market.

Looking at the overall development budget, significant investment in both hard and soft costs are needed to lease the building to Live. Between \$29,863,064.10 in Hard Costs and \$5,972,672.82 in Soft Costs. The all-in development costs, including purchase price, is \$49,631,063.18.

The next step was figuring out having the financial backing of an equity partner that supports our goal. This would ultimately provide the heavy lifting of the equity portion to fund the project. We have the financial underwriting of the deal at a 60% LTC leaving us with \$19,852,425.27 in equity we needed to come up with. We then decided to partner with Eisenberg Capital to provide 98% of the equity with a preferred return of 8%, while the Catalyst Development Group provided \$306,395.89 or 2% of the equity. We believe the best move for the deal was for our team to provide the sweat equity while having some skin in the game and leaving the Eisenberg foundation with a higher preferred return on the capital stack.

Sources & Uses		
<u>USES OF CASH</u>		
Site Acquisition		\$11,000,000.00
Transaction & Closing Costs	1%	\$110,000.00
Loan Origination Fee	0.50%	\$148,893.19
Hard Costs		\$29,863,064.10
Soft Costs		\$5,972,612.82
Developer Fee	5.00%	\$1,493,153.21
Carrying Costs -- Operating Expenses		\$25,000.00
Carrying Costs -- Interest Reserve		\$1,018,339.86
Total Acquisition and Renovation Cost:		\$49,631,063.18
<u>SOURCES OF CASH</u>		
Acquisition Debt:		\$29,778,637.91
Equity:		\$19,852,425.27
Total Cash Sources:		\$49,631,063.18

With that said, here is how we structured the construction loan based on a 24 month IO construction loan:

- 60% Loan to Cost on the Boatyard Development
- The construction loan is for 24 months with one-one-year extension option
- Our Interest rate is 300 basis point + one month floating SOFR
- Loan origination fee is 0.50%

Financially, this project underwrites to a very successful project. It took a lot of research and conversations with industry professionals to get a picture of what ideal rents per SF prices would be needed to comfortably move forward with development. Luckily, in the conversations we had with Live! to occupy the space, they were willing to pay more than adequate rents that would more secure our assumptions on our overall returns.

Cost Type	TI's or Build Out Cost per sf	Square Footage	Total Costs
Building Build Out	\$190.34	105,257.00	\$21,888,744.60
Live!	\$60.00	105,257.00	\$6,631,191.00
Parking	\$30.00	26,081.00	\$821,551.50
Exterior Terrace	\$10.00	5,964.00	\$62,622.00
Riverwalk	\$30.00	14,570.00	\$458,955.00
Total:	\$320.34		\$29,863,064.10

When figuring out a perfect tenant to represent the space, we wanted a credit-worthy tenant that fits the image Goose Island is aiming for. We then were able to speak with Scott Steenrod who represents Live's development projects and we then knew we had our ideal tenant. Scott was a huge resource for the proposed plan. He was able to share insight to what Live typically pays in rent, cost for buildout, lease terms. Live will lease the entire 105,257 sq ft warehouse shell proposed project on a 10 year lease term with two 5-year options. Live will pay \$38.00 NNN, and the landlord will contribute \$2,762,996.25 (\$25 SF) in tenant improvements to meet the requirements Live has for their space.

Based on a 6.5% disposition cap, the building will sell for \$58,800,400.50. After the Loan Payoff and Closing Costs, such as Title Fees and Brokerage Commissions, the net cash flow is \$32,176,422.85.

The levered IRR is 35.37%, cash-on-cash is 19.43% The plan is to hold the building for two years, and sell at the end of year two once the building is stabilized and delivered to the tenant.

Pro Forma Cash Flow						
			Sell After Year 2			
Income	Year 0	Year 1	Year 2	Year 3		
Live!		\$ -	\$1,999,883.00	\$ 4,059,762.49		Occupancy Rate
Gross Income		\$ -	\$ 1,999,883.00	\$ 4,059,762.49	Live!	95%
Adjustments for Vacancy		\$ -	\$ (99,994.15)	\$ (202,988.12)		
Effective Gross Income		\$ -	\$ 1,899,888.85	\$ 3,856,774.37		
Operating Expenses (All Leases are NNN)						
Insurance		\$ (10,000.00)	-\$2,500.00	\$0.00		
Property Taxes		\$ (15,000.00)	-\$3,750.00	\$0.00		
Total Expenses		-\$25,000.00	-\$6,250.00	\$0.00		
Net Operating Income		-\$25,000.00	\$1,893,638.85	\$3,856,774.37		
Cash Flow from Capital Event			\$58,800,400.50			
(Less Cost of Sale)			-\$617,404.21		Unleveraged IRR	
Net Cash Flow	-\$11,000,000.00	-\$25,779,042.12	\$47,224,614.09		20.86%	
Debt Service		\$0.00	\$0.00			
(Less Loan Payoff + early repayment fee?)			-\$27,900,212.30		Leveraged IRR	
Total Cash Flow After Debt Service	-\$11,000,000.00	-\$8,877,425.27	\$32,176,422.85		35.37%	

In summary here are the return metrics from the development project:

- LP IRR (Levered): 24.58%
- GP IRR (Levered): 101.47%
- Return on Cost: 7.77%
- LP Equity Multiple: 1.48x
- GP Equity Multiple: 3.57x

Here is the waterfall showing our investors indicated rates of return:

Equity Contributions		%	Amount
General Partner (GP)		8.0%	1,531,011
Limited Partner 1		92.0%	17,606,628
Total Equity		100.0%	19,137,640

Promote Structure				
Hurdle 1 (Preferred Return)		Up to 8.0% IRR to LP	Promote	Partnership
Hurdle 2	✔ > 8.0% IRR to LP	up to 12.0% IRR to LP	10.0%	90.0%
Hurdle 3	✔ > 12.0% IRR to LP	up to 15.0% IRR to LP	30.0%	70.0%
Hurdle 4	✔ > 15.0% IRR to LP		40.0%	60.0%

Returns	Contributions	Profit	Total	IRR	EM
General Partner (GP)	1,531,011	3,938,415	5,469,426	101.47%	3.57x
Limited Partner 1	17,606,628	8,522,337	26,128,966	24.58%	1.48x
Project Level	19,137,640	12,460,752	31,598,392	32.14%	1.65X

1001 North Branch (1001)

Our financial analysis permitted us to pay \$16,000,000 or \$63.24 per square foot for the land. Catalyst Development Group is confident in our purchase price through the many conversations we have had with developers and brokers in the surrounding areas, as well as looking at what land has sold for in the surrounding market.

Our biggest hurdle was understanding what was needed to give our investors a healthy return throughout our two phase process of development. Ultimately, given the location, energy, and the demand Goose Island will have in 2028 once the Onni development is complete as well as the beginning phases of Lincoln Yards, we felt like it was best to fill the floors two, three, and four with storage with storage units until the market is better suited for office. Below is the stacking plan we have for those two phases.

Tenancy/Space Assumptions					
Location	Tenant	Intended Use	Square Footage	% of total usable sf occupied	Rent NNN/sf/year
Phase 1					
3 Story - Floor 2-3-Rooftop	Yellow Hammer Farms	Urban Farming	43,000.00	17.00%	\$30.00
3 Story - Floor 1	Ace Bounce + Darts Concept	Entertainment	18,000.00	7.11%	\$40.00
6 Story - Floor 1	SummerHouse	Restaurant	6,000.00	2.37%	\$45.00
6 Story - Floor 1	Ghost Kitchen	Industrial Kitchens	26,000.00	10.28%	\$35.00
6 Story - Floors 2-3-4-5	Self-Storage	Storage	128,000.00	50.59%	\$25.00
6 Story - Floor 6	Collab Studio Fitness	Gym Space	32,000.00	12.65%	\$38.00
Phase 2					
3 Story - Floor 2-3-Rooftop	Yellow Hammer Farms	Urban Farming	43,000.00	17.00%	\$30.00
3 Story - Floor 1	Ace Bounce + Darts Concept	Entertainment	18,000.00	7.11%	\$40.00
6 Story - Floor 1	SummerHouse	Restaurant	6,000.00	2.37%	\$45.00
6 Story - Floor 1	Ghost Kitchen	Industrial Kitchens	26,000.00	10.28%	\$35.00
6 Story - Floors 2-3-4-5	Office Tenant	Office	128,000.00	50.59%	\$35.00
6 Story - Floor 6	Collab Studio Fitness	Gym Space	32,000.00	12.65%	\$38.00

Financially, this deal underwrites a very successful project. It took a lot of research and discussions with industry professionals to get comfortable with the revenues generated that would allow us to comfortably move forward with the development. Because of the unusual tenant mix, it was clear it was necessary to achieve a high development return on cost, as this proposed development would not trade for the same cap rate as a standard commercial office project. Since we have multiple phases we had to calculate the returns for both phases based on our five year hold strategy plan.

Phase 1 - Sources & Uses		
USES OF CASH		
Site Acquisition		\$ 16,000,000.00
Transaction & Closing Costs	1%	\$ 160,000.00
Loan Origination Fee	0.50%	\$ 251,449.49
Hard Costs		\$ 44,436,000.00
Soft Costs		\$ 12,957,537.60
Developer Fee	3.00%	\$ 1,333,080.00
Carrying Costs -- Interest Reserve		\$ 1,953,007.73
Carrying Costs -- Operating Expenses Reserve		\$ 278,000.00
Total Acquisition and Renovation Cost:		\$ 77,369,074.83
SOURCES OF CASH		
Acquisition Debt:		\$ 50,289,898.64
Equity:		\$ 27,079,176.19
Total Cash Sources:		\$ 77,369,074.83

The restaurant is 6,500 square feet. Rent is \$38 NNN, which is a significant discount to other restaurant rents in Fulton Market. Rents have been confirmed with retail brokers, including Phil Golding at CBRE. Tenants will be provided with \$175 per square foot in Tenant Improvement Allowance as well as a \$130 per square foot base building package. It will take just over 4 years to recuperate our investment in this use.

Floors two, three, and four are going to be occupied by Self-Storage for standard consumer storage. Based on a 6.8% disposition cap, the building will sell for \$137,777,356.39. After the loan payoff and closing costs, such as title fees and brokerage commissions, the net cash flow is \$84,435,702.28.

Phase two of the project will commence in 2028 with the conversion of the self-storage space to office. The reason why we broke this up into two phases instead of having office immediately in phase one is due to the over saturation of available office space in 2023 and for the next couple of years. After talking with brokers who specialize in office space. We have concluded that it is better to wait for the addition of office into our site until 2028 to allow for the market demand to catch back up post covid, and to allow for the Onni development, the casino, and the Lincoln Yards projects to organically drive demand for commercial space in the area.

The levered IRR is 27.44%, and yield on cost is 10.26%. The plan is to hold the building for 5 years, and selling and the end of year five

Pro Forma Cash Flow							
	Year 0	2024 Year 1	2025 Year 2	2026 Year 3	2027 Year 4	2028 Year 5	2029 Year 6
Income							
Yellow Hammer Farms			\$ 645,000.00	\$ 1,309,350.00	\$ 1,345,308.75	\$ 1,389,089.42	\$ 1,430,762.10
AceBounce			\$ 360,000.00	\$ 730,800.00	\$ 752,724.00	\$ 775,305.72	\$ 798,564.89
SummerHouse		\$ -	\$ 135,000.00	\$ 274,050.00	\$ 282,271.50	\$ 290,739.65	\$ 299,461.83
Ghost Kitchen		\$ -	\$ 910,000.00	\$ 937,300.00	\$ 965,419.00	\$ 994,381.57	\$ 1,024,213.02
Self-Storage		\$ -	\$ 3,200,000.00	\$ 3,296,000.00	\$ -	\$ -	\$ -
Collab Studio Fitness		\$ -	\$ 608,000.00	\$ 1,234,240.00	\$ 1,271,267.20	\$ 1,309,405.22	\$ 1,348,687.37
Office Tenant		\$ -	\$ -	\$ -	\$ 2,240,000.00	\$ 4,547,200.00	\$ 4,683,616.00
Gross Income		\$ -	\$ 4,853,000.00	\$ 5,741,590.00	\$ 4,758,957.70	\$ 7,141,726.43	\$ 9,585,305.21
Adjustments for Vacancy		\$ -	\$ (734,810.00)	\$ (806,164.30)	\$ (308,173.23)	\$ (474,218.43)	\$ (488,444.98)
Net Effective Rent		\$ -	\$ 4,118,190.00	\$ 4,935,425.70	\$ 4,450,784.47	\$ 6,667,508.01	\$ 9,096,860.23
Operating Expenses (All Leases are NNN)							
Insurance		\$ (88,000.00)	\$ (35,100.00)	\$ -	\$ (38,400.00)		\$ -
Property Taxes		\$ (190,000.00)	\$ (173,913.04)	\$ (57,806.32)	\$ -	\$ (75,889.33)	
CAM		\$ (10,000.00)	\$ (9,249.01)		\$ (11,383.40)		
Total Expenses		\$ (278,000.00)	\$ (209,013.04)	\$ (57,806.32)	\$ (38,400.00)	\$ (75,889.33)	\$ -
Net Operating Income		-\$278,000.00	\$3,909,176.96	\$4,877,619.38	\$4,412,384.47	\$6,591,618.68	\$9,096,860.23
Cash Flow from Capital Event (Less Cost of Sale)						\$ 133,777,356.39 \$ (1,404,662.24)	
Capital Investment for Construction	\$ (16,411,449.49)	\$ (38,262,358.40)	\$ (19,131,179.20)		\$ (11,283,417.60)		
Net Cash Flow	\$ (16,411,449.49)	\$ (38,540,358.40)	\$ (15,222,002.24)	\$ 4,877,619.38	\$ (6,871,033.13)	\$ 138,964,312.82	
Debt Service Refinancing Loan			\$ (1,386,466.32)	\$ (4,159,398.97)	\$ (4,159,398.97)	\$ (4,159,398.97)	
Refinancing Loan Payoff						\$ (50,369,211.58)	
Capital Investment for Construction	\$ (16,411,449.49)	\$ (10,667,726.70)			\$ (11,283,417.60)		
Profit from Refinancing			\$ 3,507,373.89				
Total Cash Flow After Debt Service	\$ (16,411,449.49)	\$ (10,945,726.70)	\$ 6,030,084.52	\$ 718,220.41	\$ (11,030,432.10)	\$ 84,435,702.28	
			Phase 1	Phase 2		2026-Refinancing	2028-Sale
		Yield on Cost	6.30%	10.26%		Exit Cap Rates	7% 6.80%

In summary here are the return metrics from the development project:

- LP IRR (Levered): 21.53%
- GP IRR (Levered): 58.05%
- Return on Cost: 10.26%
- LP Equity Multiple: 6.29x
- GP Equity Multiple: 2.03x

Here is the waterfall showing our investors indicated rates of return:

Equity Contributions		%	Amount
General Partner (GP)		8.2%	3,137,413
Limited Partner 1		91.8%	35,241,079
Total Equity		100.0%	38,378,493

Promote Structure				
Hurdle 1 (Preferred Return)		Up to 8.0% IRR to LP	Promote	Partnership
Hurdle 2	✔ > 8.0% IRR to LP	up to 12.0% IRR to LP	10.0%	90.0%
Hurdle 3	✔ > 12.0% IRR to LP	up to 15.0% IRR to LP	30.0%	70.0%
Hurdle 4	✔ > 15.0% IRR to LP		40.0%	60.0%

Returns	Contributions	Profit	Total	IRR	EM
General Partner (GP)	3,137,413	16,607,203	19,744,616	58.05%	6.29x
Limited Partner 1	35,241,079	36,275,201	71,516,280	21.53%	2.03x
Project Level	38,378,493	52,882,403	91,260,896	26.36%	2.38X

We decided to select option 2, which consisted in purchasing the land from R2 and the single waterfall. We believe this is the best approach for our sponsorship and investment group and for the Seller (R2.) We have several tenants on board and we can offer the Seller (R2) certainty of closing with a great market value being paid for the properties (934 & 1001 N North Branch.) We are willing to accept the risk for the development, lease up, operations, and ultimate sale of the completed properties. The Seller can exit now at a great price for the land without waiting 5 years for us to complete our business plan and we can earn greater returns for the sponsor and our investors through a simple purchase of the land.

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