

READY TO APPLY OR HAVE QUESTIONS? CONTACT:

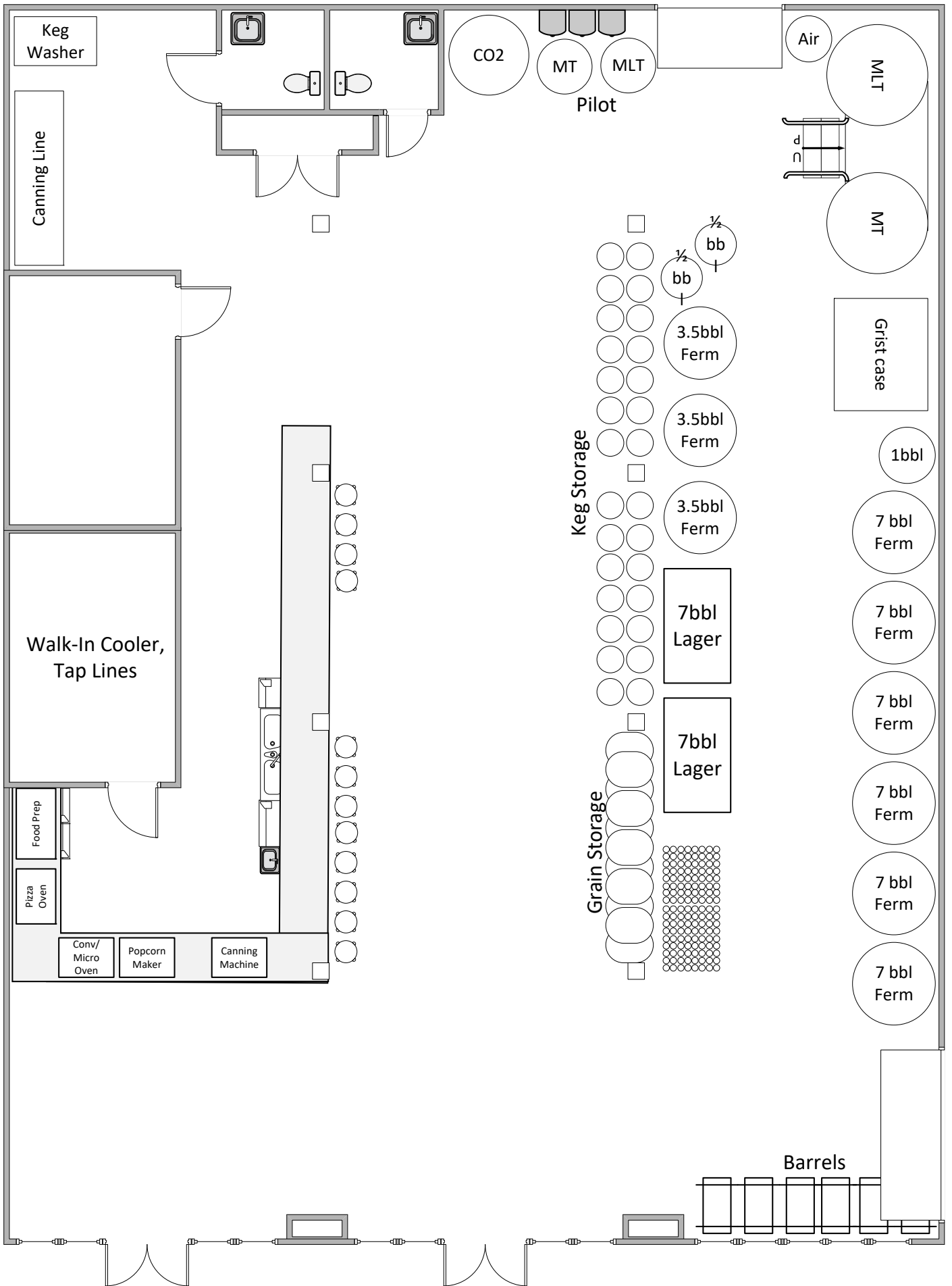
Brian Mykulyn, AICP
 Planning Manager
 Downtown Memphis Commission
 mykulyn@downtownmemphis.com
 (901) 575-0565

APPENDIX I: GRANT APPLICATION

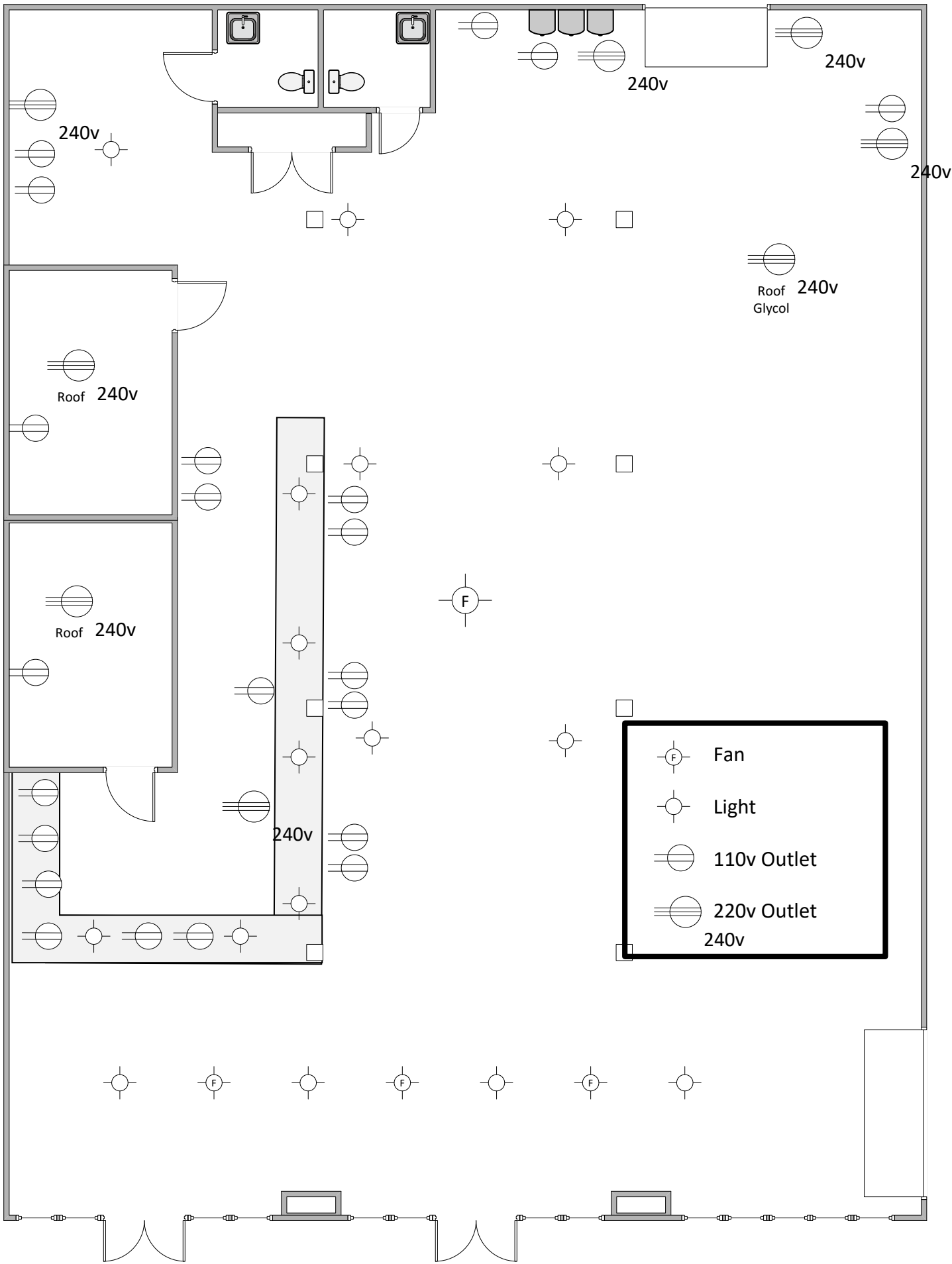
Date of Application:		
Building/Property Address:		
Applicant's Name:		
Name of the Business:		
Ownership Status:	<input type="checkbox"/> I own the property <input type="checkbox"/> I am purchasing the property <input type="checkbox"/> I will lease the property <input type="checkbox"/> Other _____	
Exact size of the space to be leased (sq. ft.)		
Describe the length and monthly rent of your proposed lease:		
Primary Project Contact:	Name:	
	Phone:	Email:
	Mailing Address:	
Proposed Improvements: (check all that apply)	<input type="checkbox"/> Hazardous material abatement <input type="checkbox"/> Interior demolition <input type="checkbox"/> ADA Compliance <input type="checkbox"/> Plumbing <input type="checkbox"/> Electrical <input type="checkbox"/> Mechanical/HVAC <input type="checkbox"/> Permanent Lighting	<input type="checkbox"/> Flooring <input type="checkbox"/> Windows/Doors <input type="checkbox"/> Permanent interior walls <input type="checkbox"/> Historic restoration <input type="checkbox"/> Cash wrap/bar/counter <input type="checkbox"/> Other (describe below)
If you listed <i>Other</i> above, Please briefly describe		

Architect (if applicable)	Name: _____ Phone: _____ Company: _____
Total Project Budget:	
Total Grant Requested:	
Property Owner: (If not the applicant)	Name: _____
	Phone: _____ Email: _____
	Mailing Address: _____
Legal Disclosure:	<i>Disclose in writing whether any applicant, guarantor, or any other person involved with the project is currently engaged in any civil or criminal proceeding or ever filed for bankruptcy.</i>
Board Relationship Disclosure:	<i>Disclose in writing whether the applicant or any guarantor has any previous or ongoing relationship with any Board member or legal counsel of the Board.</i>
Applicant's Certification:	<p>This application is made in order to induce the CCDC to grant financial incentives to the applicant. The applicant hereby represents that all statements contained herein are true and correct. All information materially significant to the CCDC in its consideration of the application is included. The applicant acknowledges that it has reviewed the descriptions of the CCDC financial program for which it is applying and agrees to comply with those policies. The applicant shall also be required to show best faith efforts with regard to the employment of minority and/or women contractors and subcontractors in the project development. The applicant specifically agrees to pay all reasonable costs, fees and expenses incurred by the CCDC whether or not the incentive is granted or project completed.</p> <p>_____</p> <p>Signature: _____ Date: _____</p>

Itemized Budget for Proposed Improvements	
Build out/ Repairs to space	\$ 50,000
Repair and seal floors, update bathrooms to meet ADA standards of accessibility, move door to mop closet to create a storage area, replace back rolltop door with security doors.	
Plumbing	\$ 100,000
Clean out and ensure current main drain will suffice for production needs, install tankless water heaters to feed brew system and bar, cut floors for installation of floor drains on production and service sides, install drains to coolers, sinks, and other needed areas, run water feeds to production and service sides, run gas service for water heaters and brew system.	
Electrical	\$ 50,000
Install new panel on NE wall by production side. Run service to brew equipment, roof top units for glycol chiller and coolers, circuits for ventilation fans, exterior signage and security lighting to help illuminate the area to deter crime and encourage customers to walk to our brewery.	
Build Bar	\$ 20,000
Build fixed bar in on service side of the brewery, complete with durable bartop, prep-kitchen area, bar appliances locations, bar top glass rinsers, etc.	
Buildout Cost Total	\$ 220,000









HEATHER REED, JESSE LARA,
SCOTT KLEY-CONTINI, BLAKE MARCUM,
BRYAN BERRETTA
OWNERS

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1. EXECUTIVE SUMMARY

1.1 Product

Memphis Filling Station, LLC (MFS Brewing) specializes in high quality, unique beers in a vibrant environment. MFS Brewing will offer a wide range of beers from traditional styles like our Belgian-inspired Hefeweizen and Saison, American-style Lemon Blonde Ale, our light and easy Cream Ale to our specialty batches like our Vanilla Latte Milk Stout, fruited beers like our Blood Orange Hefeweizen, and our rich, peaty Irish Stout. In addition to our daily tap list, we will offer seasonal, barrel-aged and blended specialty bottles as well as our



award-winning pastry and coffee milk stouts. While in the taproom, patrons can enjoy our beers from 4-oz tasters, 8-oz half pours, and 10 or 16 oz full pours, sure to fit every customer's size preference. To-go beers will also be available in 32-ounce cans, 16-ounce can four-packs, and select beers will be available in large format bottles with limited availability. Visitors to the brewery can also purchase branded wear such as branded shirts, twelve-ounce bags of our custom blended J Brooks coffee, and items such as custom bottle openers and other merchandise.

1.2 Customers

MFS Brewing's pedestrian customer base will come from the growing number of apartments, townhouses, single family residences, and new developments in the area surrounding the Brewery. Within a few-block walking distance MFS will have a built-in customer base coming from an ever increasing number of apartments and condos such as Second Street Flats, multi-use developments such as Butler Row, numerous hotels in the South Main and Downtown area, and houses in the South Bluff and nearby neighborhoods. MFS Brewing will serve as a gathering space for customers to relax, unwind, and build new memories and experiences with access to ride share services, biking paths, and walking distance to many homes, event spaces, restaurants, parks, a sports complex, and entertainment destinations.

For our commuting customers, the surrounding areas and suburbs are rich with excitement over the growing craft beer market in Memphis, and we plan to encourage safe and enjoyable experiences at the brewery as well as easy access to off-premises sales options in cans and bottles so that they may take beers home and continue to grow the MFS Brewing brand.



Our partnerships and collaborations with local businesses such as J Brooks Coffee Roasters, food trucks, as well as the current and growing local breweries will help to increase our name and brand recognition through creative and collaborative marketing strategies. We will distribute our daily beers such as our Ratchet Down Cream Ale, Left Handed Screwdriver Citrus Wheat, and our Within Tolerances Milk Stout to local bars and restaurants which will help to gain wider recognition at bars and grocery stores. Our small batch brewing will offer limited-release and innovative beers that will be unlike any establishment in Memphis. Lastly, our continued support of local charities and fundraisers will provide an additional outlet for creativity and innovation that will help draw customers back to MFS Brewing, time and time again.

1.3 What Drives Us

Our driving philosophy is “Quality and Collaboration.” As producers of high-quality beers who take great pride in the creativity and quality of our product, our brewing model is two-fold. The 7-barrel Brewhouse and 3.5 and 7-barrel unitank fermenters ensure we keep beer flowing and keep up with the demand for our beers. Secondly is the 1-barrel small batch system with 1-barrel unitanks (fermenter and brite tank in one) used to test new recipes, spotlight local brewers, and experiment with adjuncts such as fruits, coffee, chocolate, spices, and seasonal flavors in some of our everyday beers. To provide our customers with the styles they love while being able to push the Memphis craft beer scene in a similar direction to other markets, we will continue to foster a collaborative culture where creativity and innovation drive new and exciting styles of beer. At MFS Brewing, we want your first beer to be as good as your last beer, and we take pride in knowing that it will be by holding ourselves to the highest standards for our beer, our equipment, and our processes. Working with local small businesses to fuel the collaborative environment spells success for everyone involved. As we grow, we will continue to pair with bakeries, food trucks, breweries, and other businesses to foster a creative and collaborative environment from which participating small businesses can all benefit.



2. COMPANY DESCRIPTION

2.1 Mission Statement

“Quality and Collaboration.” Provide quality craft beers, seltzers and sodas in a relaxed and inviting atmosphere that promotes collaboration with other local small Memphis businesses and community-minded events.

2.2 Principal Members

Heather Reed — Owner/Partner and Business Manager, MFS Brewing; Business Operations.

Bryan Berretta — Owner/Partner and Head Brewer, MFS Brewing; Brewery Operations.

Scott Kley-Contini — Co-Head Brewer and Owner, MFS Brewing; Sales and Sustainability.

Blake Marcum — Owner/Partner, MFS Brewing; Marketing and Outreach management. Social media, web design, public relations, community outreach.

Jesse Lara — Owner/Partner and Systems Operations Management, MFS Brewing; Point of Sale, process control, internal and externally facing apps), Garage Club membership management, outreach and networking.

2.3 Organizational Structure

The organizational structure of Memphis Filling Station, LLC is broken down in five primary roles with Bryan Berretta as the primary Head of Brewery Operations. Each partner oversees a major role within the brewery to ensure that all facets of the brewery are carefully and efficiently run with regular team meetings and regular auditing of the processes to ensure that the focus remains in line with MFS Brewing’s community focused approach.



Each of the partners will maintain control of responsibility for their respective areas while reporting back to the leadership team where decisions will be voted on and enacted in line with the company vision. Partners are expected to also serve various roles within the brewery including production, service, and distribution responsibilities. The success of MFS is a collaborative effort and leadership works alongside hourly staff to ensure the company's success. MFS Brewing and its partners are primarily focused on the success of the business and the surrounding community.



3. MARKET RESEARCH

3.1 Industry & Competition

While overall US beer volume sales were only up 1% in 2021, craft brewers saw an 8% sales volume growth which raised the US market share of craft beer by volume to 13.1%. Retail dollar sales of craft beer increased 21% to \$26.8 Billion and now accounts for 27% of overall beer sales in the US. COVID-19 fueled the first dollar sales loss the beer market has seen in decades in 2020. Closed taprooms, breweries with little to no means to distribute off-site or in pre-packaged cans and bottles, and restrictive distribution and delivery laws led to this loss for some local craft breweries.

In 2021, craft beer sales growth overcame those declines from 2020 and brought about an estimated 6.5% growth over the 2019 pre-pandemic baseline. The craft beer market has expanded and trends toward seltzers, low and non-alcohol offerings (now making up 18% of the craft beer buyer's market), as well as pre-packaged, take home beers have become increasingly popular and those breweries that have shifted with the market have remained popular and successful. A post-pandemic "less but better" approach to moderation and quality has helped fuel a social reemergence of beer outside of the confines of the taproom as well as diversifying craft beer beyond the typical classification of a white, Millennial, male-dominant social activity.



The Memphis Business Journal has noted that the Memphis market is following national trends in brewery growth and beer sales. Our local breweries are expanding their offerings and their reach, and new breweries are looking to open in the coming years. Ghost River Brewing (2007) and Wiseacre Brewing (2013) have both expanded and opened second locations in the downtown area. Ghost River is the first brewery to establish a taproom on Beale Street (2021) a historic tourist destination. Wiseacre Brewing has grown to the point of needing a much larger facility for their growing popularity in distribution sales across the country and has opened a taproom and production facility near FedEx Forum sport and event center (2020). High Cotton (2014), Meddlesome (2017) and Crosstown (2018) Brewing Companies have all continued to thrive in their local regions, each with expanded production capacities and growing distribution sales. Amidst the COVID-19 pandemic, Hook Point (2019), Grind City (2019), Beale Street Brewing (2020), Hampline (2021) and Soul & Spirits (2022) Brewing Companies opened new facilities with a mixture of onsite and distribution sales models. In the past couple of years we've also seen new breweries like Cooper House Project (2023) in Cooper Young



and Maroon Brew Company (2024) in Collierville. Memphis Made Brewing (2014) in the Cooper Young District, has opened a second location in the Edge District and while their taproom may have been delayed, they are continuing to expand their distribution sales across the state. This growth is projected to increase for many years to come as the market continues to diversify and the Memphis beer scene defines itself. Similar to the Nashville Beer Scene, the Memphis market demands diversity and creativity while at the same time expecting ready access to staple beer styles from a number of local breweries. To ensure our place in this growing market we look to offer an extremely diverse selection and to produce small batch and collaborative beers unlike any others found in Memphis.

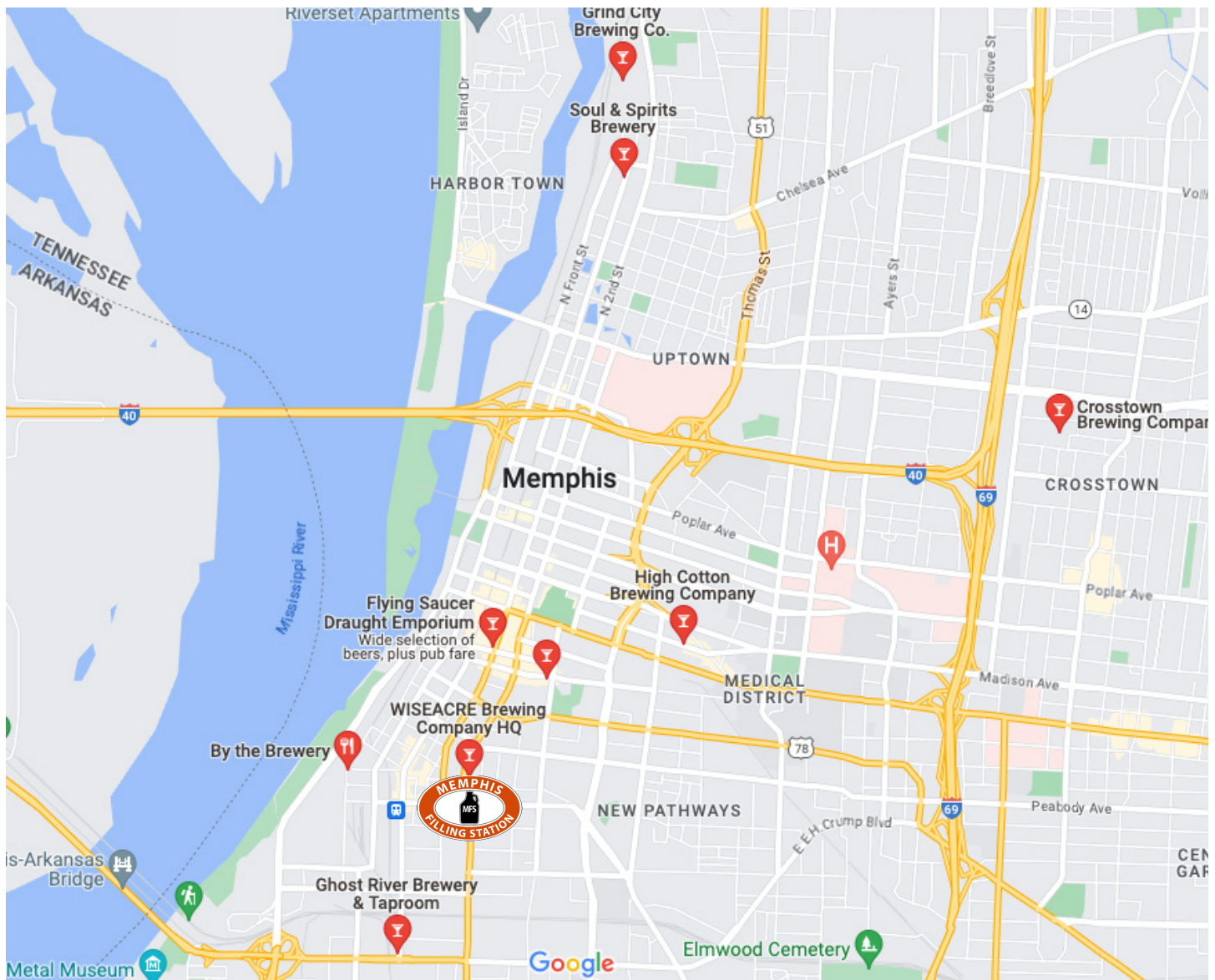


Table 2. MFS Potential location in relationship to surrounding breweries



3.2 Customers

3.2.1 Customer Research

According to a Mintel demographic study and national stats from the Brewers Association:

- Discovering new beers is popular with 93 percent of drinkers of imported beer, 88 percent of domestic fans, and 84 percent of craft beer consumers. Trends in beer styles shifted post-pandemic to dessert styles, non-alcoholic beers (less than 0.5% ABV), low gravity beers (lower than 3.5% ABV), seltzers, and cocktail-inspired drinks. Potential causes for this may be due to the socialization from home that occurred during shelter-in-place, and it has also influenced how people continue to drink when returning to taprooms. It is vital to the success of Memphis Filling Station to stay on top of trends and add new and exciting recipes to our menu.
- Craft beers have found a way to appeal to 49 percent of Millennials and 40 percent of Generation X, contrasted with 29 percent of Baby Boomers and 22 percent of Swing Generation/World War II. Our target demographic is comprised of a majority of Millennials, Generation X, and other young professionals who on average strongly support local small businesses and craft breweries.
- Forty-five percent of craft beer drinkers indicate that they would try more craft beers if they knew more about them.

With these and other studies in mind, our target demographics range from Millennials to Generation X (ages 25 to 54). These consumers have varying tastes and wish to see a range of styles that change regularly. For many of these consumers, they are young professionals and/or have young families. Over the past few years, the craft industry as a whole has begun to diversify including more women (+2-4%) and minorities (+1-3%) as both consumers and producers. Our marketing will promote MFS Brewing to the entire Memphis community and draw customers by foot, bike, and car to our location. By offering quality products among a variety of styles and innovative flavor experiences, we will draw in customers from the city and surrounding communities to our relaxed, welcoming and community “pub-like” atmosphere. With many unique establishments in Memphis, we will work to make Memphis Filling Station a “must stop” destination and become one of the foundational businesses to help promote growth in our area.

3.2.2 Competition

Coopetition, a concept which focuses on the collaborative competition leading to mutually beneficial relationships between businesses, is a key consideration for MFS Brewing. Close proximity to Wiseacre HQ



on BB King Blvd, Ghost River Brewing on S Main and Beale Street, Soul & Spirits and Grind City Brewing in the Snuff District, and easy access to bars and restaurants in South Main and the nearby Downtown areas creates a social atmosphere connected by walking and bike paths, trolley stops, and short ride-share drives. Regular collaboration between MFS Brewing and other local breweries will produce creative and unique beers that will only be found at the participating breweries' taprooms, thus driving business to everyone involved. Working closely with craft beer bars such as Lucchesi's Beer Garden and restaurant groups such as Tandem who own a number of restaurants and bars, we will be able to produce beers that meet their customer's needs and attract business to them and MFS Brewing by distributing exclusive beers to limited retail locations.



3.3 Competitive Advantage

Our competitive advantage is multi-faceted:

Our strong community involvement and collaborative work with the local small businesses has created a unique presence for us in the business community. By bringing high quality and creative beers to local events such as the Memphis Museum of Science & History (MoSH, formally The Pink Palace) Science of Beer, Brew Movement for MS, Memphis Brew Fest, Collierville Brew Fest, and more, we have developed a dedicated following where our beers are consistently asked for by name. We have used these opportunities to take advantage of the growing push in the Memphis small business community to create symbiotic marketing opportunities where collaborations with other breweries, bakeries, local farmers, and others to help spread the product name as well as generating long-lasting partnerships. Future projects such as our "Taste with the Brewer" events, educational events focused on brewing beer and food & beer pairings will continue to attract a diverse customer base. Providing educational opportunities for the community will help enhance the customer experience, helping customers better understand what flavors they look for in beers and why they enjoy certain flavors.

Our creative and innovative approach to brewing sets MFS Brewing apart from other breweries in the Memphis area. MFS Brewing has established a name for itself for brewing a few staple styles (such as our Saison, Cream Ale, and Milk Stout) while also staying on the cutting edge and ahead of many breweries by producing styles such as Milkshake IPAs, Pastry Stouts, New England IPAs, and more. MFS Brewing brings a creativity and willingness to push the boundaries that few local breweries are willing or able to do thus setting itself apart from others and establishing an expectation of excellence.

Event sponsorships such as the Evergreen Home Brew Festival, Memphis Craft Beer Week, MS Brew Movement, Collierville Brew Festival, the Bodine School's annual auction, the MoSH's Science of Beer, as well as competition team sponsorship at the world renowned Memphis in May World Championship Barbeque Cooking Contest have already established our name in the local beer community and will continue to keep us involved with our customers in new and exciting ways.



Close coordination with groups such as the Brewers Association, local Home Brew Clubs, our connections to breweries across the country, as well as our research into the consistently highest rated beers by beer enthusiasts on Untappd, Beer Advocate and RateBeer keep us informed of up-to-date trends and exciting beer styles that our customers want to see, and we can quickly turn around small batches of popular styles such as New England IPAs, Pastry Stouts, Dunkleweizen, and others. The partnerships and friendships we have established with other local and regional breweries allow collaborations and innovation unlike anywhere else. Our beers have already proven to be highly successful in the Memphis market and MFS Brewing has been voted “Best Brewery in Memphis” and the “People’s Choice” winner at the Science of Beer for four out of the past five years in addition to being the 2023 People’s Choice Best Brewery at Cooper Young Beer Fest.

3.4 Regulation

As of January 1, 2017, the state of Tennessee regulates the on premises and off premises sales of beer and alcohol and defines beer as containing a maximum of 8% ABW (Alcohol By Weight)/ 10.1% ABV (Alcohol By Volume). This resolution also removed the restriction from breweries to need a distiller license in order to brew higher gravity beers.

We are required to apply for all appropriate permits and display them in the store in a visible location. Any employee of MFS Brewing will be required to obtain an ABC card before being able to serve beer to customers. We are required to meet all restrictions and requirements as defined and enforced by the Shelby County Beer Board.

We will be required to meet and strive to exceed all health code requirements as well as be diligent regarding the sale of beer to only customers who are of legal age to consume (21 years of age).

As we continue to build and promote the MFS Brewing brand, we will continue to work with our legal representation and local lawmakers to ensure that all of our permits for the retail sale for both on- and off-premises beer as well as the on-premises production of our small batch brewing and self-distribution model are up to date and compliant with the latest legal policies.



4. PRODUCT LINE

4.1 Product

MFS Brewing will provide access to high quality craft beers and in-house specialties that have proven to be increasingly popular at events. In addition to a selection of craft beers on tap, we will also offer a selection of sodas and hard seltzers on tap and promote an environment that is inviting to families, locals, as well as a great spot for tourists to stop in to sample local flavors. The high quality and diverse beers will primarily be offered both on-premises as pints and off-premises in 16-ounce four pack cans. Large format bottles, and 32-ounce “Crowler” cans will also be available for on/off premises consumption for specialty selections and limited releases. Our goal is to promote a more complex palate among local beer consumers as well as provide access to hard-to-find flavors that many in the community desire.

4.2 Differential Strategy

To set MFS Brewing apart from other local breweries, we will take maximum advantage of our creativity and diverse knowledge and experience with styles to maintain a consistent supply of local favorites while also releasing new styles on a regular basis to meet demand.

4.2.1 Year-Round Daily Beers

Special releases may help a brewery garner popularity in the craft beer and secondary bottle sales market, but a brewery’s year-round staples are what make a brewery successful and keep the lights on. We have specifically chosen our year-round offerings as they are unique beers to MFS Brewing, and we have had tremendous success with them over many years of product testing and event participations. Our Left-Handed Screwdriver is a citrus honey wheat beer brewed with local honey and orange peel, and will appeal to the lighter beer crowd. Beers such as our Within Tolerances Coffee Milk Stout will be available for those who enjoy a dark, sweeter style beer no matter the season. Our Ratchet Down Cream Ale is a light and easy drinking beer with a Coffee & Cream variant that adds a nice touch of cold brew coffee and vanilla for a surprising porter-style flavor experience in this straw-pale colored beer. Our Bench Vice IPA series will be available with different hop combinations creating a different flavor experience every time you find it, while our staple Work Bench IPA consistently highlights a light bittering and strong stone fruit and pomegranate flavors of Azacca and Medusa hops.



4.2.2 Seasonal

Seasonal offerings allow a wide array of creativity (such as using fruits and flavors that are specific to a season) as well as styles that are specific to a season. Our holiday spiced Within Tolerances brings out the spices of the winter season while our Honeysuckle Blue Cream Ale takes our light and refreshing Ratchet Down Cream Ale and adds aroma of fresh honeysuckle, an all too familiar aroma for Memphis springtime. Our oil-can dark Dry Irish Stout, Pogmahone, and our malt-forward Pictish Prince Scottish Ale have a great hint of peat smoke to help push them through the fall and winter while our Crescent Wrench Rosé Saison with rose hips, hibiscus, and raspberry is a summertime treat.

4.2.3 Special Releases

Small batch specialties like our Roadside Fruitstand Milkshake IPA, fruited saison, and limited release versions of our daily beers such as the Vanilla Latte Milk Stout, Orange Creamsicle Wheat Ale, and many more will be produced on our half-barrel pilot system. Many of these will be taproom-only beers that will be released on our “Garage Club” nights with little to no off-premises sales therefore maximizing the potential profit and attracting customers by their exclusivity. Garage nights will be the testing ground for new styles and exciting trial runs of beers that could make it into the production lineup.

4.2.4 Barrel Aged Series

A few of the local breweries have dabbled in barrel aging beers in limited runs while only two consistently produce annual releases. These beers have a huge following and people stand in line for hours for the opportunity to purchase limited release bottles. Unlike any other local brewery, we are excited to release our cellaring, barrel aging and blending program that will push the market beyond simple one-offs and experimental local beers. Working with local distilleries and barrel brokers, we will age a selection of higher gravity beers such as barleywines, imperial stouts, wheatwines, imperial milk stouts, and others in a mixture of barrels: whiskey, port, wine, mezcal, bourbon, and more. These beers will be bottled and released in limited quantities throughout the year at special release events with priority access given to our Garage Club members and limited guests.

4.2.5 Non-Traditional

Non-traditional brewery beverages: flavored seltzers from our in-house proprietary extracts, low-gravity beers, and non-alcoholic beverages such as sodas and flavored seltzer water have continued to grow in popularity over the past couple of years. These styles appeal to those who want to participate in the socialization that breweries afford with an alternative to traditional alcohol offerings for those who choose not to drink for various reasons. MFS Brewing will be known for putting the same level of craft and creativity into our non-traditional options as we do our beers, providing a social atmosphere where everyone feels welcome to ensure that we continue to grow our customer base and meet our sales and social goals.



4.2.6 Collaborations

Memphis has many talented and creative brewers who do not work in the brewing industry. Many of these homebrewers are highly skilled but have no desire to run the day-to-day business side of a brewery. Using our pilot system, we will encourage these local and talented brewers to come and showcase their skills. Competitions will be held between the beers, and the most popular brewers will be invited back to brew their beers on the larger brewing system. In addition to local brewers and home brewers, we will work closely with the friends and connections we've made at breweries across the country to create collaborative beers that will be sold in both collaborators' breweries and expand our brand recognition outside of our distribution reach.



4.3 Pricing Structure

4.3.1 Beverage Pricing

Beverages will be priced per ounce based on the production cost (including a 10% wastage value due to product loss from foam, cleanings, loss during fermentation, and other factors.) Markup on beverages will be determined by calculating a percentage increase over the cost of production per ounce for each beer to reach a market standard level for pints (on-premises consumption sales), cans and Crowlers (off-premises consumption sales), and kegs for distribution. Pints, the majority of our taproom sales, will receive the largest markup of 875% (returning an 88% profit). As a brewery we are required to distribute a significant amount our production off-premises (including kegs, cans, and Crowlers). Cans will be sold in both 16 and 32-ounce sizes, with 16-ounce cans at 475% markup (83% profit) and 32-ounce Crowlers at 575% markup (84% profit). 16-ounce cans will also be sold primarily in 4-packs and will be the primary product in local beverage stores priced competitively with other craft products. 22-ounce bottles will be sold individually both in the taproom and specialty beer stores at 875% markup (91% profit). Kegged beers will be sold in 5-gallon (sixtel) and 15-gallon (half barrel) gallon sizes. Kegs return the lowest margin at 275% markup (68% profit) for a 5-gallon keg and 200% markup (40% profit) for half barrel (15 gallon) kegs. Keg sales will only be 57% of our overall sales in Year 1, but as the distribution sales increase with the increased production sizes, the percentages will begin to rise as the cost for production per ounce decreases

Why calculate based on ounces?

Ounces are the lowest common means of measurement for every vessel into which we will pour beer. By calculating per ounce we are able to adjust pricing per vessel with a common base price.

due to larger bulk purchases of grain and supplies as well as time and labor involved. Some beers, such as our barrel-aged high-gravity beers and pastry stouts are such high demand and high production cost beers that we will limit availability of 5-gallon kegs to specialty taprooms as well as keep all bottle and 16-ounce can sales in-house.

An additional custom crafted beverage available to customers will be JBrooks Coffee Roasters MFS Brewers Blend, cold-brew coffee. Kegged and nitrogenated (carbonated and poured using a nitrogen blended beer gas to create a thick, creamy head) cold brewed coffee will be available on draft as well as in 16-ounce cans. As evidenced by our dedication to community collaboration, MFS Brewing's blend is our custom coffee blend, produced and roasted by J Brooks Coffee Roasters. This custom blend is the same coffee we use in our increasingly popular Within Tolerances Milk Stout, Coffee and Cream Ale, and other coffee beers we produce. This coffee will be served as an in-house beverage and will be available to purchase as whole bean in our merchandise and off-premises sales (\$14 for a 12-ounce bag).

4.3.2 Merchandise Pricing

In addition to craft beer, seltzers, craft soda, and cold brewed coffee, we will be offering branded merchandise for sale. Items such as t-shirts, hats, and bottle openers are excellent for marketing as well as establishing brand loyalty. We will use a combination of local and market-specific manufacturers to provide custom specialty merchandise to customers. The general markup plan for merchandise sales is 15-20% above wholesale cost as well as staying in alignment with other local brewery merchandise pricing.

4.4 Product/Service Life Cycle

Our beers will have a very quick turnaround. Once tapped, a keg of beer should be emptied within two to three weeks in order to preserve its flavor integrity and overall quality (this depends heavily on the style- an IPA or Pale Ale begin to degrade much more quickly than a stout, which will age well over months and even years.) As such, when we get within a week of the freshness limit on certain kegs, we will offer sales in order to change it out with a new offering and can the

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remainder to be sold as discount packs. Beers such as the Milk Stout and Irish Stout will be transferred from the unitanks and into kegs to ensure that the turnaround time on tanks keeps on schedule with beers needing to be transferred from fermentation. This ensures a regular turn around on selection as well as appealing to customers' desire to try new selections and ensure seasonally appropriate offerings.

4.5 Intellectual Property Rights

We are in the process of trademarking our name and logo in the state of Tennessee. We have also registered our domain names and parked relevant domains and social media accounts for future use and to protect our branding.

4.6 Research & Development

4.6.1 Industry Research

MFS Brewing continually researches the latest products on the market by keeping close relationships with local, regional and national breweries as well as watching trends of sales to determine the best and most popular styles on the market. The national trends may be very different from local trends as Memphis tends to be far more of a "malty" and lighter style beer market as opposed to the hoppy IPA's that are popular along the East and West coasts and the lagers which are more popular in the north/central states. We will ensure that the beers we produce, and offer meet the needs of our customers and serves to maximize the customer traffic through our brewery.

We are working closely with the Tennessee Craft Brewers Association and their legal representatives to ensure that we stay on top of the changing legal dynamics of the beer and alcohol laws and permits that govern our business.

Online polling and communication with social media followers have given us insight on what our customers wish to see us carry and the atmosphere they want to experience. Constant communication with customers and vendors allows us to work with distributors to find the selection that will best sell in our store. Regular involvement at events allows us to test new recipes and styles so we can not only maintain a public frontage before we open, but we have also been able to establish MFS Brewing in the Memphis brewing community.



4.6.2 Consultants and Resources

Tony Pellicciotti of Looney Ricks Kiss Architectural firm has worked with us early in the planning process to help with the architectural planning of potential spaces. His experience with historical places such as the Hotel Chisca, Tennessee Brewery and the Crosstown Concourse has made him an invaluable resource in the design process.

Jess Ossorio of Crump Commercial, LLC has worked tirelessly as our agent helping us to find space that will meet our needs and to negotiate terms of the lease and expectations of the landlord.

John Raines with A Head for Profits, a company who specializes in tap wall and bar design, will collaborate with us to build our tap wall and create the most efficient design that will maximize our profits and best utilize the resources in our business.

David Sheets of Sixty-Four West brewery consulting has been instrumental in the development of a financial strategy, acquisition of equipment and vendors, and many of the nuts and bolts aspects of the operational management of the brewery to ensure we open efficiently and effectively.

Ben Pugh of Meddlesome Brewing has consulted on the design and build out of the brewing system. He has designed numerous systems ranging from single-barrel systems for brewpubs to larger 15- to 50- barrel systems for full scale breweries. His brewing expertise has also helped improve our brewing process to ensure the highest quality as well as the best turnaround time to maximize our equipment's potential for profit.

We have worked with local small business owners and leaders such as Kat Gordon at Muddy's Bake Shop, Collin Johnson of Control Alt Designs, and others to plan marketing and collaboration strategies that work best with local small businesses.

Before designing the business and during the design process, we met with several other growler shops, breweries, nanobreweries, and brew pub owners across Tennessee, Georgia, Florida, Michigan, Texas, Mississippi, Arizona, Missouri, North Carolina, South Carolina, California, Colorado, and Nevada to design the business plan in such a way to best meet the needs of customers and ensure the greatest degree of success and creativity.



4.6.3 Background and Experience

With many years of brewing success and involvement in the Memphis beer community, MFS Brewing's owners have established a reputation for quality, creativity, and collaboration that would rival any other brewery in the region. Over the past twenty-five plus years, the leadership team has also focused on administration & management, large scale budget maintenance, communications & social media marketing for breweries, independent schools, private businesses, and technology retailers, as well as project management, event coordination & marketing, international business relations, risk management, and education.



5. MARKETING & SALES

5.1 Growth Strategy

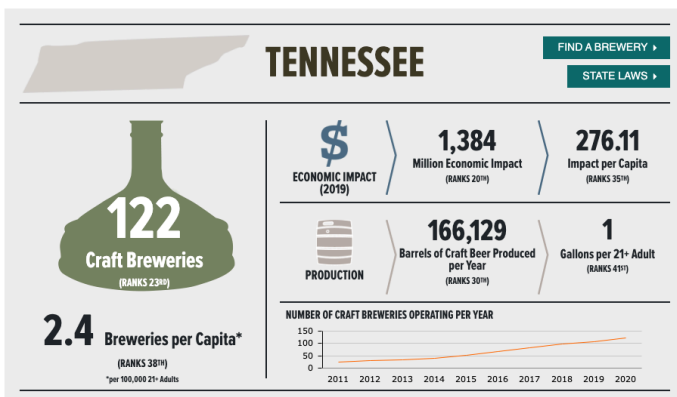
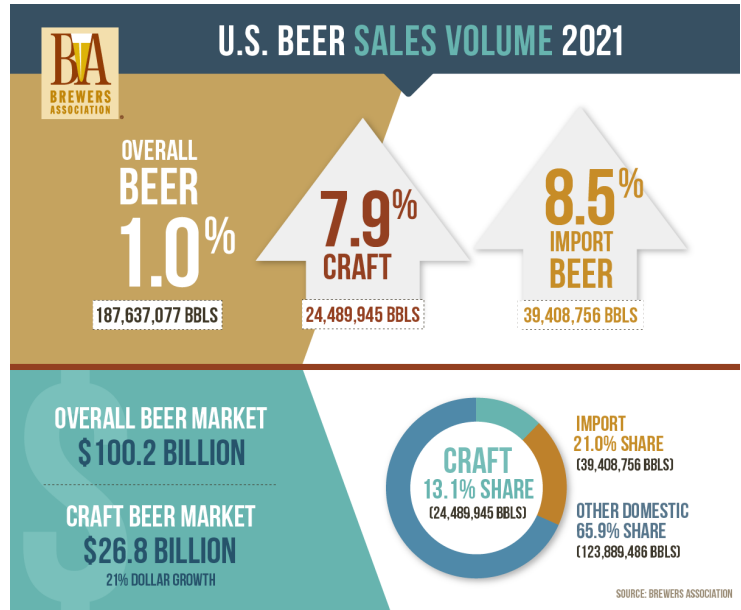
Factors calculated in the growth of MFS Brewing:

Growth in popularity of the craft beer market has steadily increased over the last decade. Even with a steep decline during the height of the COVID-19 pandemic in 2020, the craft beer market has experienced an even faster recovery in 2021. Overall U.S. beer volume sales were up 1% in 2021, with craft beer experiencing an 8% increase in barrel production. Currently, small and independent craft brewers hold 26.8% of the overall beer market in the

United States of the overall \$100 billion dollar beer market. In the state of Tennessee alone, there are 122 craft breweries statewide (ranked 23rd in the nation in number of breweries and 38th in the country per capita). Craft beer in Tennessee is a \$1.4 billion industry, ranking our state 20th in the nation. In Tennessee, craft breweries have created nearly 6,400 full time positions and contributed nearly \$1 billion to the state economy according to 2020 statistics. With the addition of many breweries statewide and the increasing growth in the market, including the cooperative impact that breweries have on surrounding businesses, the total economic impact of MFS Brewing opening in its projected location will be beneficial to the community.

As part of our growth strategy, we will be using a 7-barrel brewhouse beginning with six 3.5-barrel and five 7-barrel Unitanks avoiding the problem that is plaguing many brewers that have to sit on extremely large batches. The flexibility of the 7-barrel system will allow us to produce faster, smaller batches and maintain

a diverse and exciting menu. The Unitanks (fermenter and brite tank in one unit) affords us the ability to do pressurized fermentations (where you use the CO2 that is naturally produced during the fermentation process to naturally carbonate the beer) which will save us money in the long run on CO2 and maintains many of the natural aromas that could normally be vented off during the active fermentation process and to take advantage of traditional German spunding (natural carbonation) techniques that create softer feeling



carbonation. This will be in addition to the 1-barrel small batch system with one 1-barrel unitanks and two half-barrel unitanks (so we can do split batches for testing multiple adjuncts and hop combinations.) At the end of Year 1 we will begin to release our barrel aged series, which will have limited production runs. Limited production coupled with the increased demands for our beer will create excitement surrounding our beers and add a new market outside of taproom sales and limited distribution. In year 3 we will add additional 7 barrel unitanks to help with increased production and demand. By Year 4, we will have six stacked 3.5 barrel unitanks (stacked two-high) and ten 7-barrel unitanks, producing 1,954 barrels a year as we maximize the potential production capacity of our brewhouse.

The following chart shows the production increase over the first 5 years. This chart is based off a calculation that each of the unitanks can be used to ferment beer for an average of 17 days, leading to each unitank being used approximately 21 times per year. Many unfiltered beers will be able to move directly from the unitanks to kegs while certain styles will need to sit in a brite tank for clarification.



	Year 1	Year 2	Year 3	Year 4	Year 5
Barrels Produced	1,202	1,202	1,653	1,954	1,954
Gallon Produced	37,273	37,273	51,250	60,569	60,569
Ounces Produced	4,770,936	4,770,936	6,560,038	7,752,772	7,752,772
Loss (20%)	954,187	954,187	1,312,008	1,550,554	1,550,554
Available for consumption	3,816,749	3,816,749	5,248,030	6,202,217	6,202,217

Table 3. Barrel production by year

Leading up to our opening:

- Continue to utilize our large following on Facebook, Twitter, and Instagram to advertise our business, promote growth in online interactions, and remain involved in community events and discussions.
- Continue to sponsor and be involved with organizations such as the Science of Beer at the Memphis Museum of Science and History (MoSH), work with various homebrew festivals, beer events, and contests around town and the region, and work with other organizations to keep our name synonymous with community involvement and innovative design with an experience unlike any other Memphis establishment.
- Work with Craft Brewers Association, at the local (Tennessee Craft Brewers Association) and national level to establish our place in the brewing community.
- Establish accounts with Oznr, Untappd, and other beer/brewing social technologies to help manage our Garage Club membership, digital taplists that are connected to our website, and promote the brewery before it opens.

To grow our company, we will do the following:

Immediate:

- After we open our brewery and tasting room where we offer our high demand craft beers, seltzers, and sodas on tap, we will use our location to help establish MFS Brewing as a premiere location for locals and tourists to visit for a taste of local beer styles and flavors.
- Utilize our company website and the technologies afforded therein to provide detailed and up-to-date information such as current tap selections, menu, news, and upcoming events in the area.
- Advertise on local media and social media outlets as well as maintain a presence at festivals which will push us to the forefront of their marketing campaigns.
- Collaborate with local craft breweries, restaurants, bakeries, and other businesses to create an amazing culture of collaboration where small businesses such as our own, work with one another to ensure success across the board.
- Continue to grow our collection of unique recipes using locally sourced adjuncts like fresh fruit, honey, and locally roasted coffees as well as herbs and flavorings that we use for the extract syrups we create in-house for sodas and seltzers (both alcoholic and non-alcoholic).
- Apply for a distiller's license in order to produce much higher gravity beers, greater than 10.1% ABV, and expand our barreling and blending program.



Future Growth Plans:

- Add brewing staff to help handle the increased production rate as well as sales staff to handle outside sales and contracts for distribution as we begin to push for more taps in local bars and restaurants.
- As we reach year four and we maximize production capacity, we will also evaluate the feasibility of opening additional taprooms and brewing facilities that will serve as extensions of the brewery as well as expanding our reach across the surrounding areas or adding additional equipment, brewing shifts, and staff to handle an increased production schedule. MFS Brewing would continue to be the main producer of MFS beers, and we could extend production into the suburbs where each taproom becomes a specialized production facility. Intra-brewery transfers of kegs would provide access to each unique location's specialties amongst each MFS Brewing location.

5.2 Communication

The primary means of communications will be digital and social, utilizing our strong social network following as well as the technologies we have available through our website and our partners. MFS Brewing built a large social media following and is consistently staying in contact with potential partners and customers.

Involvement with social “check-in” apps like Untappd will get customers talking about their experiences and sharing selections with their friends.

We will work with neighboring restaurants and bars to create events such as pub crawls, new beer releases, food pairings, and more.

We will work to promote the brewery to the public through print and digital media like The Memphis Flyer, The Daily Memphian, The Memphis Beer Blog. We will also partner with and update the Memphis Tourism social media group, including updates through the I Love Memphis blog's email newsletter, event calendar, continuous blog posts and large social media following.



6. Location

6.1 The Location

Located at the crossroads of the vibrant South Main Arts District and the South City Neighborhood, MFS Brewing will bring its community driven and focused brewery to Memphis's most unique, historical and fastest growing neighborhoods. South Main is an eclectic blend of historic restaurants, converted warehouses, hotels, and new multi-use construction with an abundant supply of pedestrian traffic and a ton of history to draw in tourism. MFS Brewing will serve as a connection between the two neighborhoods and push for community involvement and growth for the greater Memphis community.



Within an easy walking distance of our location there are an array of diverse food offerings. From the historic Arcade Restaurant to local favorites like Central BBQ and Happy Mexican to a plethora of pizza, pasta, sushi, sandwiches, dessert, and more, South Main provides ready access to food to meet anyone's appetite! Multiple brewery and pub/bar options in the neighborhood create a walkable tour of creativity and with a brewery tour bus starting on South Main, MFS Brewing will make a great addition to the tour.

Projected growth in the area includes a number of housing and commercial developments in the nearby blocks in addition to the growth that has made downtown the fastest growing neighborhood in Memphis. Surrounding our location on GE Patterson will be the \$65 million Butler Row mixed use development project. The project will include a 300 car parking garage, nearly 300 apartments, and over 10,000 square feet of retail and food options, all feeding into our small batch brewery as a centerpiece of the South Main community. In addition to the Butler Row development, pedestrian friendly roadways will connect the development to GE Patterson and will help create a safer walkway between MFS Brewing and other locations including neighboring breweries.



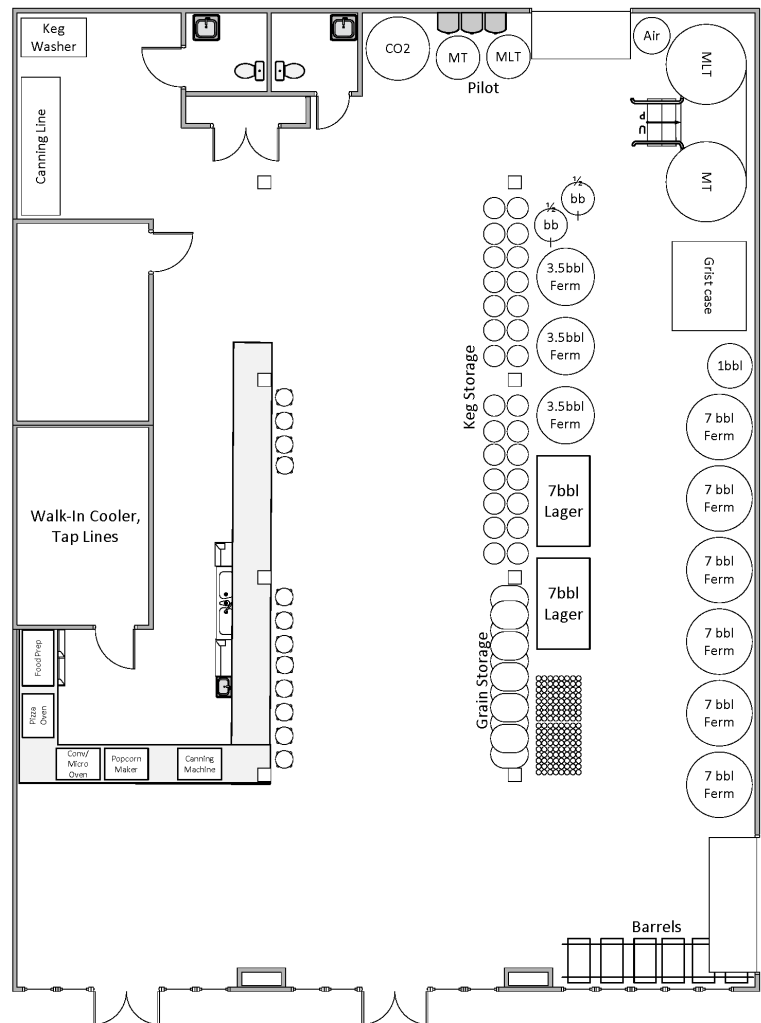


6.2 The Brewery Buildout

MFS Brewing is establishing their downtown presence at 206 GE Patterson. The small batch brewery will provide high quality, diverse, and creative craft beers, sodas, and food in a cozy industrial feel. The space will be divided into three areas:

- **Service Space.** Stationary bar, tapwall, prep kitchen, bathrooms, and storage.
- **Flex Space.** Movable tables and storage that can be utilized during production times to make better use of space during both production and service times.
- **Production Space.** Brewing equipment, kegs, barrels, and other production needs.

Converting a space that has been used for non-profits, gyms, and retail will be a laborious task that will focus on ensuring the historicity of the century old building is respected while creating a modular space which is used effectively and efficiently. Updated unisex bathrooms with ADA accessibility, improved storage, and better airflow using a centralized large ceiling fan are minor changes to the existing



space that will dramatically improve the overall use of the dynamic taproom space. By utilizing sacks of grain, kegs, and barrels to create division between the spaces, customers will be immersed in the brewery and the industrial atmosphere. The MFS Brewing taproom and brewhouse experience embodies hard working, grit, and grind that makes Memphis unique.

Future expansion into the back parking lot to create a large beer garden and patio will be completed before the second year and will include large communal seating, fire pits, performance area, space for a food truck power hookup, and more.

6.3 The Taproom by the Numbers

The following projections are based off seating potential for both an interior and patio buildout at 206 G E Patterson. To estimate potential customer numbers, we look at the number of seats (calculated based on the average of 12 to 15 sq ft per customer in the flex space that measures roughly 1000 square feet resulting in an average of 75 maximum guests plus the estimated patio space that will seat another 50 guests), estimated occupancy percentages based on Memphis area averages, standard estimate of turnover time for craft breweries (three hours), and the number of hours the taproom will be open. The first year we will be open Tuesday to Sunday and will extend our hours of operation in the second year. We will also routinely evaluate our operating hours to determine if we need to adjust those times to meet with the needs of the area. For example, extended hours on nights where Wisecre or another business is holding an event and during Trolley Nights will in turn extend our hours and increase our potential customer numbers. We have conservatively estimated our hours of operation and sales figures to allow for adaptability to meet production demand. We have also not factored in additional revenue created by special events that can nearly double sales of a traditional evening. With all of these factors, our projected customer volume for year one is:

Days Open	Projected Occupancy	Occupied Seats	Hours opened	Turn Over Rate	Taproom Daily Customers
Closed Monday	0%	0	0	0.00	0.00
Tuesday (4pm-9pm)	40%	50	5	1.67	83.33
Wednesday (4pm-9pm)	40%	50	5	1.67	83.33
Thursday (4pm-12am)	50%	62.5	8	2.67	216.67
Friday (4pm-12am)	75%	93.75	8	2.67	300.00
Saturday 10am-12am)	75%	93.75	14	4.67	487.50
Sunday (12pm-9pm)	50%	62.5	9	3.00	187.50
		Total	49		
				Total:	1358

Table 4. Maximum seating based on days/hours open (Year 1)

Estimating taproom sales based on the number of potential customers multiplied by an average of 2.5 drinks (40 ounces total) per customer based on the average cost of a 16-ounce pint, we are then able to estimate our taproom sales. Once the potential taproom sales numbers are deducted from our overall production capability, we are then left with a breakdown of how much beer we have left from production to dedicate to outside sales and distribution. Sales numbers could increase with added seating, expanded hours, as well as additional increases driven local events events and taproom events such as bottle releases, anniversary parties, and more.



8. Funding Opportunities

8.1 Outside Funding Opportunities

Funding opportunities for the public will include three options depending on the level of the financial involvement, the interest in brewery benefits, and the length of the involvement desired. Portal management of the Garage Club and many of the bottle sales and benefits will be done using the Oznr app. The below benefits are preliminary and subject to change and do not constitute a legally binding agreement. These options are preliminary workups and are not to be considered legally binding agreements. All financial agreements will be established through contracts written up and agreed upon by our legal representation.

8.2 Investment Opportunities

For those individuals who want to support the brewery and may not be able to take advantage of the local perks offered (see 8.3), we have an investment focused opportunity available. We will be offering an investment package with a minimum investment of \$10k and for a maximum total of \$750k in involvement. Those supporters that select this type of investment will be considered limited partners with no governing control or business decision-making. It is the intent that financial returns on this type of support are an attractive alternative to the local benefits seen by those individuals who can take advantage of visiting the brewery frequently to redeem their benefits. While it is possible for an individual to join at multiple levels (ex: \$10k financial investment, \$5k for supporter) to receive both types of investment, we expect this to be the exception and not the norm for investment choices.

8.2.1 Valuation of MFS Brewing

Using modeling generated for the beverage industry, MFS Brewing would be valued at \$3.5 million. We factor the valuation over the first five years projections due to the initial investment cycle covering the first five years. Instead of basing valuation on the EBITDA (Earnings Before Interest, Taxes, Depreciation, and Amortization) we use total net profit for the first 5 years as a basis for valuation.

8.2.2 Investors Opportunity

Returns will be paid annually based on Net profits. The percentage return may vary based on business performance and will pay up to a maximum of 8% of the capital investment annually. Invested capital may not be withdrawn or modified in any way during the 5-year investment cycle.



At the end of the five-year period investors will be given the opportunity to “cash out” their initial investment in the brewery or to renew their investment and be a part of an expansion cycle for a second five years. The investment terms of the second cycle will be determined after further valuation of business progress and investment need.

Included in the investment package would be:

- Investors receive a return on their initial investment based on the declared annual cycle.
- Invite to “Supporter” opening night. Before the soft opening we will have two pre-openings. One for Supporters and Investors, and one for the service industry and friends.
- Anniversary Party invites. We will hold yearly “anniversary parties” where we invite supporters to come and try samples of different beers that have been aging in barrels. Those individual beers will be blended at different ratios in order to create our anniversary beer as well as a couple of our barrel aged bottle series.

8.3 Supporters Opportunity

At the Supporters’ level we will be offering 30 spaces at \$5k each, with each Supporter receiving the following for the first ten years. In addition to having their name on a plaque for having helped open the brewery as an initial supporter, the Support tier includes:

- In house 10% discount on all brewery purchases including bar tab, pre-packaged beer, bottles, shirts and other merchandise.
- Invite to “Supporter” opening night. Before the soft opening we will have two pre-openings. One for Supporters and Investors, and one for the service industry and friends.
- Pre-Anniversary Party invites. We will hold yearly “pre-anniversary parties” where we invite supporters to come and try samples of different beers that have been aging in barrels. Those individual beers will be blended at different ratios in order to create our anniversary beer as well as a couple of our barrel aged bottle series. The anniversary party will coincide with the release of the anniversary beer, tickets will be sold to the general public with priority given to Supporters and Garage club members.
- Priority access to bottle and can releases. Supporters will be able to pre-order a limited number of bottles and specialty can releases that will be held at the brewery for them to pick up. Bottles and cans will then go to Garage Club members to purchase and then opened to the general public.



- Included Garage Club membership and all included benefits for ten years. Garage Club membership will not open until the second year MFS Brewing is open so the only people included in Garage Club benefits the first year will be Supporters.

8.4 The Garage Club

The Garage Club will be open to 100 members beginning the second year of operation with limited additional spots becoming available over subsequent years. Membership will cost \$300 annually per person and offer the below benefits:

- 10% off bar tabs on Thursday Night Garage Club nights.
- Early access to bottle and can releases through the Oznr app. Orders will be held at the brewery for pickup on release days. On release days, any beers that are not pre-purchased through the Oznr app will be released to the public.
- A four pack of 16 oz cans chosen from our can cooler every month. There will be limitations on what beers will be included since we will not crowler or can all tapped beers due to limited production and some beer will be released in limited four packs and sold at special releases. These cans will be kept in a cooler in the taproom for customers to “build your own 4-pack.”
- Priority access to any ticket sales for on-site events such as bottle release parties, collaborations, fundraisers, and more.



