New Perspectives on Growing Local Economies 2017
THE CRAFT BEER MARKET

• Explosive growth in the industry
  • Beer Market Share 12.2%
  • 5 year CAGR >12 %
  • > 4269 breweries and one opening every 16 hours

• The consumer
  • Aficionados vs. explorers vs. mainstream loyalists
  • Health, differentiation, technology, millennial

• Competitive landscape
  • National: Sierra Nevada, Lagunitas, Sam Adams
  • Regional: Three Floyds, Half Acre, New Glaris, Revolution, Founders, Bells...
  • Brewpubs

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US BEER MARKET STATISTICS 2015

<table>
<thead>
<tr>
<th>Year</th>
<th># of Breweries</th>
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<tbody>
<tr>
<td>1980</td>
<td>92</td>
</tr>
<tr>
<td>1990</td>
<td>284</td>
</tr>
<tr>
<td>2000</td>
<td>1566</td>
</tr>
<tr>
<td>2010</td>
<td>1813</td>
</tr>
<tr>
<td>2015</td>
<td>4269</td>
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The Opportunity

- Rural IL concept
  - Most IL brewers are city /industrial
  - WI, MI, OR, CO... very successful with rural/nature concepts
- Starved Rock Country
  - 3.4 Million visitors to park
  - Waterways & bikers
  - Tourism potential
- White Space
  - No substantial competition
  - Craft beer consumer in early stages
- Farm to foam / full craft beer experience
  - One of the first
  - Hops can grow
  - Barley with challenges but malting possible
Our Plan

• **Module 1:** Ottawa Brewery & Restaurant *(The Lone Buffalo)*
  - Brewery 12.5 barrel brew house 2500 barrels capacity annually expandable to 5000 barrels
  - Restaurant upscale farm to table

• **Module 2:** Market entry
  - Local -> Chicago -> IL -> Regional
  - Alternating proprietorship for additional volume cans and bottles

• **Module 3:** Commercial Brewery
  - Brew house 60 bbl with 120000 barrel annual capacity
  - Tap room and events

• **Module 4:** Hops, Barley & Malting
  - Painting 16 acres in 2016 plans for 150 – 200 acres
  - 40 acres of test barley

• **Module 5:** Chicago Brewery / Taproom
A Starved Rock Country Concept

• Starved Rock Concept will be the premier craft beer brewpub and brewery in Starved Rock Country, which will bring the craft beer scene to a new level.

• The natural surroundings of Starved Rock State Park will influence the theme of Starved Rock Concept. Starved Rock Concept will look to target the larger tourism business of the area, fun-seeking local consumers, as well as sophisticated business professionals looking for good food in a warm and inviting atmosphere.

• Starved Rock Concept will seek to earn 70% gross profit in the first year through an innovative setting, a world class farm to table menu, and experienced restaurateurs.
Demographic Discussion

- Starved Rock Concept will be targeting tourists, locals, business professionals and those who are active craft beer seekers.
- There will be a special focus on tourists with an average median home income in Illinois of $56,853k + (per US Census Bureau) looking for great food and a great time.
- Starved Rock Concept will also be targeting locals known to frequent the Ottawa, IL restaurant scene.
- The general demographics of LaSalle County, 54.8% are people ages 21-65 with a population of 112,937 in this age group.
- In addition to the previous information 3.4 million people visit Starved Rock State Park last year, making it one of the top rated tourist attractions in Illinois.
- Starved Rock Concept is also looking to serve private parties, corporate events, showers, and weddings with event spaces.
• “We all dream of the perfect sunset, on a perfect day, with the perfect setting of rushing rivers, deep hidden trails, and canyons.

In Starved Rock Country we have all of the elements of creating the perfect day and finishing it with the perfect beer.

Here at Tangled Roots Brewing Company we believe that we are in the heartland of America, with the best workers, and the best people.

Homegrown. Farm fresh. All natural. And we put in the long hours so you can enjoy our beer....Because at Tangled Roots... Craft Beer is in Our Nature...”
Geographic Market Entry Plan

2017 - 2018

Starved Rock Country (Illinois Valley)

Nearby: SW Suburbs, Bloomington, Peoria, Quad Cities

2018 - 2020

Rest of IL: Chicago focus

Mid west
“DISNEY” OF BEER

- Midwestern destination for tourists, agro-tourists & beer enthusiasts.
  - beer production and packaging
  - malting plant
  - hops processing
  - Beer & music
  - Beer & food
  - festivals and events
CL Hop Farms Discussion Points

• Marketing:
  • Packaging
  • Retail
    • Website
    • Merchandise
  • Educational Signage
  • Advertising
Hops Manufacturing Packaging Images

3 Types of packaging for hops

1. Pelletized Hops
2. Whole Dry Cone Hops
3. Wet Hops
Retail Sales

• Selling hops & specialty barley
• Selling through a CL Hop Farms representative
• TRBC Beer sales representative.
• Creation of a retail shop that has hops and specialty barley, beer, merchandise and more.
• Website sales – The majority of the business will come through this avenue after first two to three years in business.
• Merchandise sales – Tee shirts, Hats, bags, etc..
Educational Signage

- Educational signage at the CL Hop Farms by the shed.
- The signs will provide an educational information platform about hop farming
  - Hop Varieties
  - Trellises
  - Equipment used
  - Processing
  - Retail
Advertising

- Website Advertising
- Social Media Platforms
- Traditional Advertising
- Specialty Magazine Advertising
Economic Impact of TRBC

• Breweries attract people to the downtown shopping district.
• Combining forces for marketing of the area.
• Great experiences brings people back.
• 100 Employees
• Real Estate Sales
• Sales Tax
• Pillow Tax
• School Districts
Community Development

- Being a good corporate citizen
- Sponsorships of City events
- Developing Festivals
- Expanding current events
- Giving back through charitable actions
- Unique farm to table concept that encourages
  - Small farming opportunities
  - Agritourism
Thank you for coming!