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PRIVATE PLACEMENT MEMORANDUM

Strongwater Viticultural Investments TP LLC

CONFIDENTIAL PRIVATE PLACEMENT MEMORANDUM
FOR ACRETRADER INVESTORS ONLY

UNITS: 282 units at a price of $35,000 per unit

TOTAL EQUITY RAISE	MINIMUM INVESTMENT	TARGET IRR	TARGET AVERAGE NET YIELD
$9,870,000	$35,000	9.3%	5.3%

COPY NUMBER _____

CONFIDENTIAL PRIVATE PLACEMENT MEMORANDUM

Private Placement of Membership Interests

Up to $9,870,000

Strongwater Viticultural Investments TP LLC,

a Delaware limited liability company

Offering of 282 Units

$35,000 Per Unit - Upon Subscription

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C O N F I D E N T I A L

THIS CONFIDENTIAL PRIVATE PLACEMENT MEMORANDUM IS INTENDED SOLELY FOR THE USE OF THE PROSPECTIVE PURCHASER TO WHOM IT HAS BEEN DELIVERED BY STRONGWATER VITICULTURAL INVESTMENTS LLC ("MANAGER"). THIS DOCUMENT MAY NOT BE COPIED OR GIVEN TO ANY OTHER PERSON. NO AUTHORIZATION IS OR WILL BE GIVEN TO COPY THIS DOCUMENT, OR ANY PORTION OF IT, OR TO DISTRIBUTE IT TO ANY OTHER PERSON. IF THE PROSPECTIVE PURCHASER DETERMINES NOT TO PARTICIPATE IN THE OFFERING, HE, SHE OR IT MUST PROMPTLY RETURN THIS MEMORANDUM TO MANAGER. ACCEPTANCE OF THIS MEMORANDUM CONSTITUTES YOUR AGREEMENT TO THESE RESTRICTIONS.

The date of this Confidential Private Placement Memorandum is March 27, 2023.

CONFIDENTIAL PRIVATE PLACEMENT MEMORANDUM

Strongwater Viticultural Investments TP LLC is a Delaware limited liability company (the "Company"), the manager of which is Strongwater Viticultural Investments LLC, a California limited liability company ("Manager"). The Company has a single class of investment interests, designated as "Units." This confidential private placement memorandum (this "Memorandum") offers membership interests for purchase as Units in the Company (the "Offering"). Purchasers of Units pursuant to the Offering will collectively become members of the Company ("Members").

THE OFFER AND SALE OF UNITS COVERED BY THIS MEMORANDUM HAS NOT BEEN REGISTERED WITH THE SECURITIES AND EXCHANGE COMMISSION UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "ACT" OR THE "SECURITIES ACT") IN RELIANCE UPON THE EXEMPTIONS AFFORDED BY THE ACT AND THE RULES AND REGULATIONS PROMULGATED BY THE SECURITIES AND EXCHANGE COMMISSION (THE "COMMISSION") THEREUNDER, NOR HAVE UNITS BEEN QUALIFIED UNDER CALIFORNIA CORPORATE SECURITIES LAWS NOR THE SECURITIES LAWS OR "BLUE SKY" LAWS OF ANY OTHER STATES OR JURISDICTIONS, IN RELIANCE UPON EXEMPTIONS AFFORDED THEREUNDER, AND THIS MEMORANDUM HAS NOT BEEN FILED WITH OR REVIEWED BY THE COMMISSION OR THE CALIFORNIA DEPARTMENT OF BUSINESS OVERSIGHT NOR THE CORRESPONDING BODY OF ANY OTHER STATE OR JURISDICTION. THE UNITS HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE COMMISSION OR THE SECURITIES REGULATORY AUTHORITY OF ANY STATE OR OF ANY OTHER JURISDICTION, NOR HAS THE COMMISSION PASSED UPON THE ACCURACY OR ADEQUACY OF THIS MEMORANDUM. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE. THE INTERESTS ARE OFFERED SUBJECT TO THE RIGHT OF MANAGER TO REJECT ANY SUBSCRIPTION IN WHOLE OR IN PART FOR ANY REASON OR NO REASON. IF MANAGER REJECTS A SUBSCRIPTION, THE PROSPECTIVE INVESTOR WILL BE NOTIFIED AS SOON AS PRACTICABLE.

UNITS MAY NOT BE OFFERED OR SOLD UNLESS (A) SUCH OFFER OR SALE IS ACCOMPLISHED PURSUANT TO A REGISTRATION STATEMENT THAT HAS BEEN FILED WITH THE COMMISSION UNDER THE ACT AND WHICH HAS BEEN DECLARED EFFECTIVE BY THE COMMISSION OR (B) PURSUANT TO A VALID EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE ACT ONLY IF THE COMPANY HAS RECEIVED AN OPINION OF COUNSEL IN FORM AND SUBSTANCE REASONABLY SATISFACTORY TO THE COMPANY THAT SUCH OFFER AND SALE MAY BE ACCOMPLISHED WITHOUT COMPLIANCE WITH THE REGISTRATION REQUIREMENTS OF THE ACT. DISTRIBUTIONS OF THIS MEMORANDUM AND THE OFFER FOR SALE OF UNITS HAVE BEEN STRICTLY LIMITED TO PERSONS WHO MEET CERTAIN REQUIREMENTS. NO UNITS WILL BE SOLD TO ANY PERSON WHO CANNOT DEMONSTRATE COMPLIANCE WITH THE SUITABILITY STANDARDS DESCRIBED IN THIS MEMORANDUM.

PROSPECTIVE INVESTORS ARE ENCOURAGED TO ASK QUESTIONS OF AND RECEIVE ANSWERS FROM MANAGER, TO CONTACT MANAGER IN ORDER TO

OBTAIN FURTHER INFORMATION REGARDING THIS INVESTMENT OR TO ANSWER ANY QUESTIONS REGARDING THIS MEMORANDUM OR ITS CONTENTS. OTHER THAN MANAGER, NO PERSON HAS BEEN AUTHORIZED TO GIVE ANY INFORMATION OR TO MAKE ANY REPRESENTATION NOT CONTAINED IN THIS MEMORANDUM. STATEMENTS IN THIS MEMORANDUM ARE MADE AS OF THE DATE OF THE INITIAL DISTRIBUTION OF THIS MEMORANDUM UNLESS STATED OTHERWISE AND NEITHER THE DELIVERY OF THIS MEMORANDUM AT ANY TIME, NOR ANY SALE HEREUNDER, SHALL UNDER ANY CIRCUMSTANCES CREATE AN IMPLICATION THAT THE INFORMATION CONTAINED HEREIN IS CORRECT AS OF ANY TIME SUBSEQUENT TO SUCH DATE. THE COMPANY, MANAGER AND ITS RESPECTIVE AFFILIATES RESERVE THE RIGHT TO MODIFY ANY OF THE TERMS OF THIS OFFERING UNDER THIS MEMORANDUM AT ANY TIME PRIOR TO THE CLOSING OF THIS OFFERING. UNITS ARE BEING OFFERED SOLELY BY MEANS OF THIS MEMORANDUM AND ARE SUBJECT TO PRIOR SALE. THIS MEMORANDUM DOES NOT CONSTITUTE AN OFFER TO SELL OR THE SOLICITATION OF AN OFFER TO BUY IN ANY STATE OR OTHER JURISDICTION TO ANY PERSON TO WHOM IT IS UNLAWFUL TO MAKE SUCH OFFER OR SOLICITATION IN SUCH STATE OR JURISDICTION. CERTAIN OF THE FINANCIAL AND ECONOMIC INFORMATION CONTAINED HEREIN (INCLUDING CERTAIN FORWARD LOOKING-STATEMENTS AND INFORMATION) HAS BEEN OBTAINED FROM PUBLISHED SOURCES AND IS BELIEVED TO BE RELIABLE. NONE OF THE COMPANY, MANAGER, OR THEIR AFFILIATES ASSUMES ANY RESPONSIBILITY FOR THE ACCURACY OF SUCH INFORMATION.

AN INVESTMENT IN THE COMPANY SHOULD BE CONSIDERED SPECULATIVE AND INVOLVES SIGNIFICANT RISK OF LOSS OF AN INVESTOR'S CAPITAL. INVESTORS SHOULD HAVE THE FINANCIAL ABILITY AND WILLINGNESS TO ACCEPT THE RISKS AND LACK OF LIQUIDITY WHICH ARE INHERENT AND CHARACTERISTIC OF THE INVESTMENTS DESCRIBED HEREIN. THERE WILL BE NO PUBLIC MARKET FOR UNITS AND THEY WILL NOT BE TRANSFERABLE EXCEPT IN LIMITED CIRCUMSTANCES. THE COMPANY WILL NOT BE REGISTERED AS AN INVESTMENT COMPANY UNDER THE INVESTMENT COMPANY ACT OF 1940, AS AMENDED, AND ACCORDINGLY, MEMBERS WILL NOT BE ENTITLED TO THE BENEFITS OF ANY OF THE PROVISIONS OF THAT ACT. SEE "*RISK FACTORS AND CERTAIN CONFLICTS OF INTEREST*" IN THIS MEMORANDUM FOR A DISCUSSION OF CERTAIN RISK FACTORS AND CONFLICTS OF INTEREST THAT SHOULD BE CONSIDERED IN CONNECTION WITH AN INVESTMENT IN UNITS BEING OFFERED.

PROSPECTIVE INVESTORS SHOULD NOT CONSTRUE THE CONTENTS OF THIS MEMORANDUM AS LEGAL, TAX, INVESTMENT OR OTHER ADVICE. EACH INVESTOR SHOULD MAKE HIS, HER OR ITS OWN INQUIRIES AND CONSULT HIS, HER OR ITS ADVISORS AS TO THE COMPANY AND OFFERING OF THE PURCHASE AND SALE OF UNITS AND AS TO LEGAL, TAX AND RELATED MATTERS CONCERNING THIS INVESTMENT.

THE FORWARD-LOOKING STATEMENTS INCLUDED IN THIS MEMORANDUM, INCLUDING ANY PROJECTIONS SET FORTH HEREIN, ARE NOT HISTORICAL FACTS

OR GUARANTEES OF PERFORMANCE, BUT RATHER ARE BASED UPON MANAGER'S CURRENT EXPECTATIONS, ESTIMATES AND PROJECTIONS ABOUT THE COMPANY. WORDS SUCH AS "ANTICIPATES," "EXPECTS," "INTENDS," "PLANS," "BELIEVES," "SEEKS," "HOPES," "ESTIMATES," "PROJECTS," AND SIMILAR EXPRESSIONS AND VARIATIONS OF THESE EXPRESSIONS, OR FUTURE OR CONDITIONAL WORDS SUCH AS "WILL," "WOULD," "SHOULD," "COULD," OR "MAY," ARE INTENDED TO IDENTIFY FORWARD-LOOKING STATEMENTS. FORWARD-LOOKING STATEMENTS ARE NOT GUARANTEES OF FUTURE PERFORMANCE AND ARE SUBJECT TO RISKS, UNCERTAINTIES AND OTHER FACTORS, MANY OF WHICH ARE BEYOND THE CONTROL OF THE COMPANY OR MANAGER, ARE DIFFICULT TO PREDICT, AND COULD CAUSE ACTUAL RESULTS TO DIFFER MATERIALLY FROM THOSE EXPRESSED OR FORECASTED IN THE FORWARD-LOOKING STATEMENTS. THESE RISKS AND UNCERTAINTIES INCLUDE THOSE DESCRIBED BELOW IN THE SECTION ENTITLED "*RISK FACTORS AND CERTAIN CONFLICTS OF INTEREST*." NO ASSURANCE CAN BE GIVEN THAT THE COMPANY'S INVESTMENT OBJECTIVES WILL BE ACHIEVED.

THIS MEMORANDUM IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO THE COMPANY'S AMENDED AND RESTATED LIMITED LIABILITY COMPANY OPERATING AGREEMENT (THE "COMPANY AGREEMENT") AND THE SUBSCRIPTION BOOKLET RELATED THERETO (THE "SUBSCRIPTION AGREEMENT"), COPIES OF WHICH ARE ATTACHED HERETO AS EXHIBITS AND SHOULD BE REVIEWED PRIOR TO SUBSCRIBING FOR ANY UNITS. IF DESCRIPTIONS OR TERMS IN THIS MEMORANDUM ARE CONTRARY TO THE DESCRIPTIONS OR TERMS IN THE COMPANY AGREEMENT OR THE SUBSCRIPTION AGREEMENT, THE COMPANY AGREEMENT OR SUBSCRIPTION AGREEMENT (AS APPLICABLE) SHALL CONTROL.

IN ACCORDANCE WITH TREASURY REGULATIONS THAT BECAME APPLICABLE AS OF JUNE 20, 2005, NOTE THAT ANY TAX INFORMATION PROVIDED HEREIN (AND IN ANY ATTACHMENTS OR SUPPLEMENTS) IS NOT INTENDED TO BE USED, AND CANNOT BE USED BY ANY TAXPAYER, FOR THE PURPOSE OF (1) AVOIDING TAX PENALTIES, OR (2) PROMOTING, MARKETING OR RECOMMENDING ANOTHER PARTY ANY TRANSACTION OR MATTER ADDRESSED HEREIN.

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CERTAIN STATE SPECIFIC DISCLOSURES

NOTICE TO CALIFORNIA RESIDENTS

The sale of the securities which are the subject of this Offering has not been qualified with the Department of Business Oversight of the State of California and the issuance of such securities or the payment or receipt of any part of the consideration therefore prior to such qualification is unlawful, unless the sale of securities is exempted from qualification by Section 25100, 25102, 25105 of the California Corporations Code. The rights of all parties to this Offering are expressly conditioned upon such qualification being obtained, unless the sale is so exempt.

NOTICE TO NEW YORK RESIDENTS

This Memorandum has not been filed with or reviewed by the Attorney General of the State of New York prior to its issuance and use. The Attorney General of the State of New York has not passed on or endorsed the merits of this Offering. Any representation to the contrary is unlawful.

NOTICE TO FLORIDA RESIDENTS

The following notice is provided to satisfy the notification requirement set forth in Subsection 11(a)(5) of Section 517.061 of the Florida Statutes, 1987 as amended:

Upon the acceptance of five (5) or more Florida investors, and if the Florida investor is not a bank, a trust company, a savings institution, an insurance company, a dealer, an investment company as defined in the Investment Company Act of 1940, a pension or profit-sharing trust, or a qualified institutional buyer (as defined in Rule 144A under the Securities Act of 1933, as amended), the Florida investor acknowledges that any sale of an interest to the Florida investor is voidable by the Florida investor within three (3) days after the first tender of consideration is made by the Florida investor to the issuer, or an agent of the issuer, or within three (3) days after the availability of that privilege is communicated to the Florida investor, whichever occurs later.

NOTICE TO RESIDENTS IN ALL STATES

In making an investment decision, investors must rely on their own examination of the Company and the terms of this Offering, including the merits and risks involved. The Units have not been recommended by any U.S. Federal or state securities commission or regulatory authority. Furthermore, the foregoing authorities have not confirmed the accuracy or determined the adequacy of this document. Any representation to the contrary is a criminal offense. The Units are subject to restrictions on transferability and resale and the Units generally may not be transferred or resold except as permitted under the U.S. Securities Laws, pursuant to registration or exemption therefrom. Investors should be aware that they may be required to bear the financial risks of this investment for an indefinite period of time.

Strongwater Viticultural Investments TP LLC
c/o Strongwater Viticultural Investments LLC
1440 Higuera Street
San Luis Obispo, CA 93401
T: (805) 801-0517

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SUITABILITY STANDARDS

The purchase of Units in the Company offered hereby involves a substantial degree of risk. There is no public market for Units; any disposition of Units is subject to restrictions set forth in the Amended and Restated Liability Company Operating Agreement of the Company and there is a significant risk that the business objectives of the Company may not be realized. See "*Risk Factors and Certain Conflicts of Interest*" below for a more detailed discussion of some of the risks associated with purchasing Units. Units will be offered and sold only to a person, firm or entity who meets the definition of an "accredited investor" under Regulation D promulgated by the Securities and Exchange Commission under the Securities Act of 1933, as amended.

A subscriber who is an individual must meet all of the following criteria:

- The subscriber must either:
  - Have individual income of at least $200,000 in each of the two most recent tax years (or, with the subscriber's spouse, have joint income of at least $300,000 or more) and reasonably expect to have a gross annual income in excess of $200,000 (or, with the subscriber's spouse, to have joint income in excess of $300,000) in the current year, **or**
  - Have a net worth[1] of $1,000,000 or more;
- By virtue of his/her business or financial experience, be capable of evaluating the risks and merits of investing in the Company, and could reasonably be assumed to have the capacity to protect his own interest in connection with the investment; **and**
- Have adequate means of providing for his/her current and anticipated needs and personal contingencies, and must not have the need for liquidity in his/her investment.

A subscriber who is not a natural person, such as a corporation, partnership, limited partnership, limited liability company or other entity, is subject to a differing criteria, which is discussed in the form of the Subscription Booklet attached to this Memorandum as Exhibit A. (the "Subscription Agreement"). A prospective subscriber who is not a natural person may also consult with Manager regarding such criteria.

Each subscriber must complete an Investor Qualification Statement contained in the Subscription Agreement and represent in the Subscription Agreement that he, she or it meets all applicable suitability standards.

[1] "Net worth" means the excess of total assets (excluding primary residence) at fair market value over total liabilities (excluding any mortgage debt encumbering primary residence up to the fair market value of such primary residence).

SUMMARY OF PRINCIPAL TERMS

The following summary of principal terms is qualified in its entirety by reference to the more complete information about the Offering contained in this Memorandum and its exhibits. This summary of principal terms is not complete, and each prospective investor should carefully read the entire Memorandum, together with all exhibits and other documents referenced in this Memorandum, including, without limitation, the Amended and Restated Limited Liability Company Operating Agreement for the Company (as may be further amended or modified, the "Company Agreement"). All capitalized terms used in this Memorandum not specifically defined herein shall have the meaning given to such terms in the Company Agreement, a form of which is attached hereto as Exhibit B and incorporated herein by reference.

Property; Select Improvements; Business Plan; Tenant; Prospective Lease:

The real property, located in the County of San Luis Obispo, State of California that is commonly known 5032 S. El Pomar Road, Templeton, CA 93465, that has been assigned Assessor's Parcel No. 033-291-048 (the "Property"), consisting of approximately a total of 121.61 acres, subject to independent verification. Situated on the Property, are the following improvements: a winery building, two (2) equipment storage buildings, a farm support building, a wine tasting room, a guest house, an antique barn, and a vineyard, together with other items of personal property. The Company intends to redevelop and modernize the existing vineyard and related improvements over the course of an approximately four (4) year period (the "Redevelopment Period"), as the Manager and its Affiliates deem appropriate in the exercise of their discretion. The anticipated hold period for the Property is approximately ten (10) years; provided, that, the Manager and its Affiliates can modify the hold period as they deem appropriate in the exercise of their discretion. The business plan concerning the development and improvement of the Property remains subject to other factors and circumstances, many of which are outside the control of Manager and/or its Affiliates. It is anticipated that the name for the vineyard and related improvement(s) will be "Templeton Preserve" or such other name that Manager determines in its sole discretion. It is anticipated that the Property, together with its improvements (including the winery, the tasting room and all buildings), will be leased to The Fableist Wine Company, a California corporation and/or its Affiliates (collectively, "Tenant"), pursuant to a 10-year triple net lease with an annual base rental rate of $168,000 per year plus 1% annual increases (the "Prospective Lease"). The Prospective Lease is currently being negotiated by Manager and Tenant and will be finalized prior to the Closing Date. Tenant is an owned, operated and/or controlled by an Affiliate of Manager.

Prospective investors in Units are urged to carefully review the "Investment Memorandum," attached hereto as Exhibit C, which contains a more detailed discussion and summary regarding the

Property, the Company's business plan, the Lease and the Tenant. The discussion of the Property included in this Memorandum is meant to be summary in nature and information included in, and references to, the Investment Memorandum are qualified in their entirety by the Investment Memorandum.

To request more information concerning the Prospective Lease and/or the related documentation, prospective investors are urged to contact Manager through the AcreTrader.com platform (the "Platform"). Prospective Investors are urged to review the terms of the Prospective Lease, which shall be made available to all prospective investors. The detailed information concerning the Property, including without limitation, the size and acreage of the Property, is based on information provided to Manager. While Manger and its Affiliates believe that such information is accurate, the same remains subject to verification and confirmation by independent third parties. Prospective investors are encouraged to ask questions regarding the Property and all related information, as well as request all documentation, reports and materials concerning the same from Manager and its Affiliates.

Seller/Deal History:

An Affiliate of the Company ("Initial Buyer") is currently negotiating a Purchase and Sale Agreement (the "Purchase Agreement") for the purchase of the Property from Merrill Properties, LLC, a California limited liability company ("Seller"). It is anticipated that the Initial Buyer will assign the Purchase Agreement, including the rights to purchase the Property (and all associated assets, including with respect to rights to use the vineyard name), to the Company prior to the Closing (as said term is hereinafter defined).

Prospective investors in Units are urged to carefully review the "Investment Memorandum," attached hereto as Exhibit C, which contains a more detailed discussion and summary regarding the history of the Property and the Company's projected financials. Copies of the Purchase Agreement are available for review by all prospective investors. To request a copy of the Purchase Agreement, prospective investors are urged to contact the Manager through the Platform.

Material Real Estate Documents, Information and Conditions:

The Company has in its possession certain title reports, surveys, appraisals, environmental and other reports, documents supporting or relating thereto, and communication, documentation or otherwise related to such documents, together with certain due diligence information of and/or concerning the Property (collectively, the "Property Information").

The Property Information includes, describes and discusses, among other things, the following material real estate conditions relating to the Property:

(i) The Property is a member of the Estrella, El Pomar, Creston (EPC) Water District, a California Water District. The Company retained WestWater Research, LLC to perform a water risk assessment memorandum for the Property, which evaluated local water supply conditions, relevant regulations, policies, and activities which may affect farmland groundwater supply at the Property. The memorandum is in the Investment Memorandum attached hereto as Exhibit C, and prospective investors are urged to carefully review the summary.

(ii) The Property is currently leased by Seller to Pomar Junction Cellars, LLC, a California limited liability company and an affiliate of Seller ("Pomar Junction"), in accordance with a lease agreement (the "Lease"). Additionally, a portion of the Property is currently subleased to The Fableist Wine Company, a California corporation and an affiliate of Initial Buyer ("Fableist"), in accordance with a sublease agreement (the "Sublease"). It is anticipated both the Lease and the Sublease will be terminated at Closing, at which time the Prospective Lease will go into effect.

(iii) It is anticipated that, at the Closing, the Company shall assume from Seller a property management agreement with Mesa Vineyard Management, Inc., a California corporation and an affiliate of Seller ("MVM").

(iv) It is anticipated that, at the Closing, the Company shall assume from Seller two existing grape purchase agreements between Seller, as grower, and 22 Hundred Cellars, Inc. and DAOU Family Estates, as the wineries.

(v) The Conditional Use Permit ("CUP") authorizing the construction of a three-phased construction of a winery and tasting room. The Company retained Kirk Consulting to advise on amendments to the existing CUP. The summary is in the Investment Memorandum attached hereto as Exhibit C, and prospective investors are urged to carefully review the summary.

Prospective investors in Units urged to carefully review the

Property Information and Investment Memorandum attached hereto as Exhibit C, which contain a more detailed discussion and summary regarding all known conditions of the Property, including those set forth above. Copies of the Property Information are available for review by all prospective investors. To request a copy or to review the Property Information, prospective investors are urged to contact Manager through the Platform.

Third Party Debt Financing:

Depending on the results of the Offering, the Company may secure debt financing in the form of a term loan (the "Loan") from one or more financial institutions or other third party lending sources in connection with the acquisition, development and/or operation of the Property in the amount of up to $1,500,000. The terms of the Loan remain to be determined, but will be negotiated by Manager on behalf of the Company. It is anticipated that the Loan will close on or after the Closing. In addition to the acquisition of the Property, the proceeds from the Loan may be used for general corporate purposes, including without limitation, to fund contemplated operating and re-development costs. To the extent that the Manager and/or its Affiliates may be required to provide a guaranty for the Loan, the Manager may elect to require that the Company pay a guaranty fee (as reasonably determined by the Manager) and indemnify and compensate Manager and/or its Affiliates for any losses incurred in connection with such guarantees.

To request more information concerning the Loan and/or the related documentation (collectively, the "Loan Documents"), prospective investors are urged to contact Manager through the Platform. Prospective Investors are urged to review the terms of the Loan and the Loan Documents, which shall be made available to all prospective investors.

In addition to the Loan, it is anticipated that the Company will borrow debt financing in the form of a line of credit or other credit facility from one or more financial institutions or other third party lending sources in connection with the development, management and/or operation of the Property and/or the Company in the amount of up to $2,400,000 (the "Credit Facility"). The terms of the Credit Facility may be negotiated by Manager on behalf of the Company. To the extent that the Manager and/or its Affiliates may be required to provide a guaranty for the Credit Facility, the Manager may elect to require that the Company pay a guaranty fee (as reasonably determined by the Manager) and indemnify and compensate Manager and/or its Affiliates for any losses incurred in connection with such guarantees.

Company: The Company's name is Strongwater Viticultural Investments TP LLC, a Delaware limited liability company, and it was formed on March 13, 2023. The principal executive office and principal place of business of the Company are located at the offices of Manager.

Manager: The Manager of the Company is Strongwater Viticultural Investments LLC, a California limited liability company formed on March 23, 2022. Manager's sole members are Andrew Jones, Mike Testa, and Anthony Bozzano. The principal place of business of Manager is located at 1440 Higuera Street, San Luis Obispo, CA 93401; Attention: Anthony Bozzano.

Except for limited situations in which the approval of Members is expressly required by the Company Agreement or by applicable law, Manager shall have full, complete and exclusive authority, power and discretion to manage and control the business, property and affairs of the Company, to make all decisions regarding those matters and to perform or cause to be performed any and all other acts or activities customary or incident to the management of the Company's business, property and affairs (including, without limitation, the authority to cause the Company to enter into a Qualified 1031 Exchange (defined below) in its sole and absolute discretion and allocate the proceeds from such exchange in accordance with the Company Agreement).

Management Team: It is anticipated that Manager will provide the Company with management services pursuant to a management agreement. Manager's ownership team, which is currently comprised of Andrew Jones, Mike Testa and Anthony Bozzano, will provide these services. Manager shall provide for the day-to-day operations of the Company as well as strategic planning, business development and redevelopment efforts of the Company.

Mr. Jones started in the vineyard business as a regional field representative for Sunridge Nurseries in 2003. Over the past 20 years he worked his way up to Vice President of Sales handling all of the wine grape portfolio. He manages a team of 5 field representatives that oversees the sales of 12 to 16 million grapevines annually that are shipped all over North America. He still directly manages an account base that equates to 6 to 8 million of those vines annually. Mr. Jones began making wine and formed the Field Recordings brand. In 2012, Andrew formed the Fableist Wine Co. with a colleague to produce the finest quality to price Cabernet Sauvignon from Paso Robles. He currently sells wine in 41 states and 7 countries.

Mr. Testa has an extensive background in sales, wine production,

vineyard management, grape supply procurement, real estate acquisitions, and also has his MBA. Mr. Testa is currently employed by Coastal Vineyard Care, where he identifies new projects, and brings together the team to maximize profitability for that specific site.

Mr. Bozzano owns and operates Bozzano and Company, a Central Coast based wine business specializing in the sourcing and sales of bulk wine, wine grapes, and custom wine brands. Prior to Bozzano and Company, Mr. Bozzano managed bulk wine sales and private label product development for a prominent farming family known throughout California.

It is also anticipated that Acretrader Management, LLC and/or its Affiliates (collectively, "AT Management" or "Services Manager") will provide the Company with certain investor management services through an independent management services agreement between AT Management, the Company, and Manager ("Management Services Agreement"). Pursuant to the Management Services Agreement, AT Management's team of full-time professionals and administrative staff will perform certain administrative and management services on behalf of the Company; provided, however, that all utilized personnel will continue to be the employees and/or contractors of AT Management and will have no employment or contractual relationship with Manager or the Company.

Prospective investors in Units are urged to carefully review the "Investment Memorandum," attached hereto as Exhibit C, which contains a more detailed discussion of the management team, including the full biographies of Andrew Jones, Mike Testa, and Anthony Bozzano.

Participation of Manager and/or Affiliates of Manager:

Manager, including its Affiliates, may participate in this Offering, the aggregate amount of which is anticipated to be $455,000. The participation of Manager and/or its Affiliates in this Offering shall occur within / in connection with / as part of the Platform.

Offering:

This Offering is being made pursuant to this Memorandum and is for a purchase of Units in the Company. Upon acceptance of subscriptions by Manager (in its sole and absolute discretion), which shall be evidenced by the delivery of a fully-executed counterpart of the Subscription Agreement, signed by Manager acting on behalf of the Company, to a purchaser of Units, the purchasers of Units will become Members of the Company. Before subscribing to purchase Units, each prospective investor is urged to carefully review all of the terms and conditions of the Offering

contained in this Memorandum and its exhibits (including, without limitation, the Company Agreement).

Offering Period: The Offering expires on April 14, 2023, or on such other date as determined by Manager in its sole and absolute discretion (the "Offering Period"). As indicated elsewhere herein, the Offering will be conducted via the Platform (as said term is hereinafter defined).

Size of Offering: $9,870,000; provided, however, that Manager may increase or decrease the size of the Offering in its sole and absolute discretion, including without limitation, reducing the Offering to $8,370,000 (the "Minimum Offering Amount").

Subscription Price: $35,000.00 per Unit. The subscription price was arbitrarily determined by Manager and it is not based entirely on earnings, historical operations or assets. Manager is authorized to issue fractional Units at its sole and absolute discretion.

Closing: There will be one closing for the sale of Units during the Offering Period (the "Closing"). Once Manager has received subscriptions to purchase Units, Manager will have the sole and absolute discretion to determine the date of the Closing during the Offering Period, subject to conditions to Closing discussed below. If this Offering is terminated prior to completion of the Closing, for any reason or no reason, in Manager's sole and absolute discretion, all funds submitted by subscribers will be returned without interest or deduction. For clarity, the Manager may execute the Closing once the Minimum Offering Amount has been raised.

Proceeds: The Company intends to contribute and/or use the proceeds from the sale of Units (the "Proceeds") towards the acquisition of the Property and the repayment to Anthony Bozzano, Mike Testa, Andrew Jones, Manager and/or one of their respective Affiliates, as applicable, for the "Advanced Expenses" (as said term is defined in the Company Agreement) advanced by Anthony Bozzano, Manager and/or one of their respective Affiliates, as well as to fund additional transactional and operational costs relating to the Company and/or Property, including, without limitation, any additional expenses and fees relating to this Offering, initial reserves of capital for the operation of the Property, capital improvements, any additional due diligence or inspection costs in connection with the Property or the preparation of this Offering, and any other additional costs incurred or reserves maintained in relation to the Company, this Offering and the management, maintenance and/or operation of the Property (see "*Financial Overview*" herein).

Property Purchase Price & Closing Costs: Pursuant to the Purchase Agreement, the Company intends to acquire the Property from Seller for a purchase price of $7,500,000.00 (the "Purchase Price"). The total transaction costs in connection with the purchase of the Property, together with the costs, expenses and fees relating to this Offering, the Loan and the transactional costs associated therewith, acquisition costs and fees, legal fees, due diligence costs and reserves (collectively, and together with the Advanced Expenses, the "Closing Costs") is estimated to be approximately $162,000.

It is anticipated that the Company will acquire the Property and pay for all of the Closing Costs with funds from three sources:

(a) the Proceeds in the amount of $9,870,000.00, subject to adjustment as set forth herein; and

(b) To the extent applicable, the Loan in the amount of $1,500,000.

Financial Overview:

Uses:	
Purchase Price	$ 7,500,000
Reserves/Working Capital	$ 1,831,400
Private Placement Fee	$ 376,600
Closing Costs	$ 162,000
Total Required Capitalization	**$ 9,870,000**

Sources:	
Investor's Equity Proceeds	$ 9,415,000
Sponsor's Equity	$ 455,000
Bank Financing	$ 0
Total Equity & Debt:	**$ 9,870,000**

Please refer to the "Investment Summary," attached hereto as Exhibit C, which contains a more detailed financial analysis setting forth in greater detail, among other things, (i) the sources of funds required for the purchase of the Property and the operation of the Company, (ii) a business plan with respect to the operation of the Property, and (iii) a breakdown of the cost and expense items constituting the Closing Costs.

Financial Projections: Please refer to the Investment Memorandum, attached hereto as Exhibit C, for further detail on financial projections of the Company, including, without limitation, projected returns to the Members from the Company's ownership, operation and/or management of the Property for base-case and alternative case

scenarios. Unless expressly stated otherwise therein, all projections set forth in the Investment Memorandum are deemed made as of the date hereof and are subject to change on or prior to the date of the Closing.

Priority Return for Investing Members: Commencing on the Closing, an amount equal to a cumulative, non-compounding 6% annual rate of return on each Member's unreturned capital contributions to the Company, calculated in accordance with the terms of the Company Agreement (the "Priority Return").

Distributions: All distributions shall be distributed in the following order and priority to the Members (including Manager and/or its Affiliates to the extent Manager and/or its Affiliates have acquired Units in the Company) and Manager:

(a) Subject to the provisions of Section 4.1 of the Company Agreement and the Delaware Act, Distributions of Current Income (including Short Term Investment Income), Interim Event Proceeds and Disposition Proceeds shall be divided between Members (which shall include holders of an Economic Interest and Manager to the extent Manager has made a Capital Contribution to the Company), on the one hand, and Manager, as Manager, on the other hand, as follows:

(i) first, one hundred percent (100%) to the Members, *pro rata* in accordance with their respective Percentage Interests, until each Member has received aggregate Distributions pursuant to this clause (a)(i) equal to the Capital Contributions of such Member;

(ii) second, one hundred percent (100%) to the Members, *pro rata* in accordance with their respective Percentage Interests, until each Member has received aggregate Distributions pursuant to this clause (a)(ii) equal to such Member's Unpaid Priority Return;

(iii) thereafter, (A) eighty percent (80%) to the Members, *pro rata* in accordance with their respective Percentage Interests, and (B) twenty percent (20%) to the Manager; provided, that, any Distributions made to the Members pursuant to this clause (a)(iii) shall be deemed to be, and shall

be credited and accounted as, payments of and/or towards each Member's Priority Return.

The Company does not anticipate making any distributions until 2026. All Current Income realized prior to the aforementioned distribution shall be reinvested back into the Company at the Manager's discretion.

The foregoing discussion of Distributions is qualified in the entirety by the terms of the Company Agreement. Prospective investors in Units are urged to review the Company Agreement and to contact Manager and its Affiliates, with any and all questions concerning Distributions.

Certain Tax Distributions:

To the extent that the distribution priorities set forth in the Company Agreement do not provide for cumulative distributions to Managers or their Affiliates as of the end of any calendar quarter in an amount at least equal to the aggregate federal and state taxes that would (based on the assumptions below) be deemed to be payable by Manager or their Affiliates on the cumulative taxable income of the Company allocated to Managers or their Affiliates with respect to its Carried Interest (as defined in the Company Agreement) or to the highest rate of federal and state taxation applicable to individuals residing in the State of California and taking into account the character of income allocated to Managers or its Affiliates (including income required to be taxed as ordinary income when received by Managers or its Affiliates) and the deductibility of state taxes for federal tax purposes and any loss limitations contained in Section 470 of the Internal Revenue Code of 1986, as amended (the "Code"), restricting the ability to deduct Company losses or deductions allocated to Managers (the "Carried Interest Tax Liability"), then Managers have the right to elect to cause a distribution to be made to Managers for such quarter, equal to its Carried Interest Tax Liability (the "Carried Interest Tax Distribution"). Carried Interest Tax Distributions shall be treated as advance payments of the Carried Interest as appropriate, and shall reduce future payments thereof (but shall not be repayable by Managers).

Qualified 1031 Exchange:

Manager shall have the right, in its sole and absolute discretion, to cause the Company or any subsidiary thereof to engage in the sale of all or any portion of the Property or any other investment of the Company and the acquisition of a new like-kind investment by the Company for purposes of effectuating a tax-deferred exchange pursuant to Section 1031 of the Code or the equivalent of any state law (a "Qualified 1031 Exchange") at any time and without further act, vote, approval or consent of any Member or any other Person.

Upon the closing of the sale of the Property in such Qualified 1031 Exchange, Manager shall allocate the amount of the net cash proceeds received by the Company in connection with such sale (the "Exchange Proceeds") to the Members and Manager such that the capital account of each Member and Manager will equal the amount such Member and Manager would be entitled to receive if the Exchange Proceeds were distributed to the Members and Manager upon a sale of the Property in accordance with the Company Agreement. Manager may in its sole and absolute discretion, take all steps necessary and desirable to carry out such transaction including, without limitation: (i) locating a new property (the "Exchange Property"); (ii) executing on behalf of the Company any acquisition, loan, financing, guarantee or other contract or instrument to acquire the Exchange Property; (iii) admitting to the Company one or more additional Members; (iv) issuing Units to such Members on terms and conditions determined by Manager, in its sole and absolute discretion; (v) using some or all of the Exchange Proceeds to acquire the Exchange Property, reimburse Manager and/or its Affiliates with respect to expenses incurred in the location, diligence and acquisition of the Exchange Property and pay Manager and/or its Affiliates an acquisition fee in connection therewith, (vi) engaging Manager and/or its Affiliate as a property manager with respect to the Exchange Property; and (vii) amending the Company Agreement to account for the acquisition by the Company of the Exchange Property, allocation of the Exchange Proceeds to the Members and Manager and/or its Affiliates, admission of new Members, payment of the acquisition fee and issuance of new Units. To the fullest extent permitted by law, neither Manager, nor any of its Affiliates, shall be liable to any Member or the Company and each is fully exculpated from any tax liability or prospective tax liability of such Member attributable to, or arising from, some or all of a Qualified 1031 Exchange that is deemed by the Internal Revenue Service or other taxing authority not to qualify in whole or in part as a tax-deferred exchange pursuant to Section 1031 of the Internal Revenue Code or equivalent of any state law.

Company Term: The term of the Company shall be perpetual unless and until the Company is dissolved pursuant to the Delaware Limited Liability Company Act (Del. Corporations Code Ann. Sections 18-101 et seq.), as amended from time to time, or as set forth in the Company Agreement.

Management Services of Manager and AT Management: As indicated above, Manager will provide the Company with certain management services and the Company will pay to Manager an annual management fee in an amount equal to 1% of the total

investor equity, or $94,150, to be paid on an annual basis.

As indicated above, a Management Services Agreement has been entered into between the Company and AT Management, pursuant to which AT Management will provide operational support, consulting and management services to Company and the Company will pay to the AT Management a management fee in an amount equal to $70,613 annually, to be paid quarterly. Subject to the terms of the Management Services Agreement, the Company may, from time to time, remove and/or replace the AT Management with Manager, any of its Affiliates or third parties.

AcreTrader Agreements; Platform; Related Approvals of Manager

The Offering will be conducted on the Platform and pursuant to the terms of the AcreTrader Agreements and the Company will pay AcreTrader a platform fee in an amount equal to $376,600. The Company will be expressly subject to the provisions of the AcreTrader Agreements. Manager shall be authorized and directed to take any and all actions as are required to comply with the provisions of the AcreTrader Agreements and/or as contemplated by the Platform, as determined by Manager in its sole discretion. The Manager shall be authorized to communicate with AT Management as part of, in connection with, and/or relating to, any and all matters involving the Company, such Member, the Investment and/or as may be necessary to comply with, and/or consummate the transactions contemplated by, the AcreTrader Agreements and/or the Platform.

Prospective investors in Units urged to carefully review the AcreTrader Agreements which contain a more detailed discussion regarding the Company's obligations, rights and privileges with respect to the Platform, including those relating to the Offering. Copies of the AcreTrader Agreements are available for review by all prospective investors; subject to any confidentiality restrictions included therein; provided, however, to the extent the Company is precluded from sharing any such agreement, the Company shall provide a summary of the key terms of any such agreement and shall make its team available to answer any questions concerning the same. To request a copy or to review the AcreTrader Agreements, subject to the above restrictions, prospective investors are urged to contact Manager through the Platform.

Investment Considerations:

All purchasers, including any fiduciaries making the decision to invest in the Company on behalf of a prospective purchaser which is a qualified ERISA plan, a tax qualified retirement plan, an IRA, an employee benefit plan or similar plan, are advised to consult their own legal and tax advisors regarding the specific considerations of such purchasers arising under ERISA, federal and state tax laws,

and other laws with respect to the purchase, ownership or sale of Units. Neither the Company nor Manager has obtained any legal opinion concerning the tax consequences of an investment in the Company, nor has any such opinion been requested. Nothing contained in this Memorandum or in any other documents provided by the Company or Manager should be construed as tax advice.

Eligible Investors: Units will be offered and sold only to persons who meet the suitability standards set forth herein and in the Subscription Booklet attached hereto as Exhibit A and incorporated herein by reference (the "Subscription Agreement"). Each subscriber must represent in the Subscription Agreement that it meets all applicable suitability standards. Further, Units will be offered and sold only to prospective subscribers who qualify as "accredited investors" within the meaning of Regulation D under the Act, and each subscriber must provide in the Subscription Agreement certain investor qualification statements that certify that the subscriber is an "accredited investor" within the meaning of Regulation D under the Act. Additionally, if a subscriber has a "Purchaser Representative" (as such term is defined in Rule 501(h) of Regulation D) who is evaluating an investment in Units in the Company on behalf of the subscriber, the Purchaser Representative of the subscriber must complete a Purchaser Representative Disclosure, which is attached as an exhibit to the Subscription Agreement.

In addition to completing the certifications and other documentation required by Manager, in its sole and absolute discretion, each Member shall be required to provide any and all documentation, information and/or certifications that Manager deems appropriate (in its sole and absolute discretion) in connection with the verification of an investor's "accredited" status by the Company and/or its third party service provider(s), which required documentation, information and/or certifications may include, but are not limited to, tax returns, brokerage or bank statements, consumer credit reports, verifications of net worth, or written confirmation from a registered broker-dealer or investment advisor, attorney, or certified accountant (collectively, the "Verification Information and Documentation"). To the extent requested by Manager, in its sole and absolute discretion, each Member shall update and/or bring current any and all Verification Information and Documentation.

Private Placement: It is intended that this Offering be conducted in compliance with the exemption from securities registration afforded by Section 4(2) of the Act and Rule 506(c) of Regulation D as promulgated by the

Commission under the Act.

Risk Factors: Investment in the Company is subject to significant risks. See *"Risk Factors and Certain Conflicts of Interest"* below in this Memorandum.

How to Subscribe: If a prospective investor desires to subscribe to this Offering after careful review of the risk factors and conflicts of interest set forth herein and consideration of all other relevant factors, the interested subscriber must complete, execute and deliver to Manager a Subscription Agreement via the Platform. Manager reserves the right in its sole and absolute discretion to accept or reject in whole or in part any subscription and to terminate this Offering at any time prior to the acceptance of any subscriptions for Units. Acceptance of a subscriber's subscription shall be evidenced by the Company's delivery to such subscriber of a fully-executed counterpart of a Subscription Agreement, signed by Manager acting on behalf of the Company.

Restrictions on Transfer and Withdrawals: As the Units offered hereby have not been registered under the Act, the Units are "restricted securities." Except to a limited extent permitted by the Company Agreement, no Member of the Company will be entitled to Transfer (as defined in the Company Agreement) all or any part of its Units or withdraw as a Member of the Company except with the prior written consent of Manager, which consent may be given or withheld, conditioned or delayed as Manager may determine in its sole and absolute discretion. As a result, the Units represent a highly illiquid investment and should only be acquired by investors able to commit their funds for an indefinite period of time.

Reports to Members: Manager shall use commercially reasonable efforts to cause to be prepared and mailed to each Member, within ninety (90) days after the end of each fiscal year of the Company, an unaudited annual financial report which will include, among other materials, the following: (i) a balance sheet of the Company; (ii) a statement of the net profits or net losses of the Company for such year; (iii) a statement of changes in financial position or a cash flow statement of the Company; and (iv) a statement of changes in Member's equity and capital account balances of such Member.

Member Voting Rights: Members will have no right or power to participate in the management decisions of the Company, except to a limited extent required by law or the terms of the Company Agreement.

Tax Considerations: The Company expects to be treated as a partnership, rather than a corporation, for U.S. federal income tax purposes, and this summary

is based on the Company's expected classification as a partnership. Unlike a corporation, a partnership is not a taxable entity and incurs no U.S. federal income tax liability. Instead, each partner reports the partner's share of the partnership's items of income, gain, loss, deduction, and credit (the "Tax Items") on the partner's own tax return, whether or not the partnership makes any distributions with respect to such Tax Items. As a result, a Member could be allocated taxable income from the Company, not receive any distributions from the Company, and be required to use funds from other sources to pay the tax attributable to the Member's share of Company taxable income.

The allocations of Tax Items to Members under the Company Agreement will be given effect for U.S. federal income tax purposes if the allocations have "substantial economic effect" or if they are made (or deemed made) in accordance with the Members' respective interests in the Company, taking into account all relevant facts and circumstances. The Manager believes that the allocation provisions of the Company Agreement will be respected for tax purposes. However, if the Internal Revenue Service (the "IRS") does not respect an allocation and the Members' allocable shares of income and loss are adjusted, the Members or the Company could be assessed additional taxes, interest, and penalties.

The Company will incur expenses in connection with organizing the Company (the "Organization Expenses") and offering the Units for sale to prospective investors (the "Syndication Expenses"). In accordance with Code Section 709 of the Code, the Company may elect to amortize its Organization Expenses over a period of 180 months beginning with the month in which it begins business. Company Syndication Expenses will be capitalized and may not be deducted or amortized.

The Company will depreciate various qualifying assets and claim corresponding tax deductions, including first-year bonus depreciation. For any qualifying assets placed in service during 2023, 80% of the costs of such assets are eligible for first-year bonus depreciation; for qualifying assets placed in service during 2024, 60% of the costs for such assets will be eligible for first year-depreciation; for 2025, 40% of the costs for such assets will be eligible for first year-depreciation; and for 2026, 20% of the costs for such assets will be eligible for first year-depreciation. the Company may also to seek to expense the costs of various qualifying assets under Code Section 179

A Member will have an initial tax basis in the Member's Units equal to the Member's purchase price for the Units. That initial tax basis

will be increased by the Member's additional capital contributions (if any), the Member's share of Company income and gains (whether or not taxable), and the Member's share of Company liabilities. The Member's tax basis for the Units will be decreased, but not below zero, by distributions that the Member receives from the Company, the Member's share of Company deductions and losses (whether or not deductible for tax purposes), and decreases in the Member's share of Company liabilities (to the extent previously included in basis). Each Member is responsible for maintaining records with respect to the Member's basis in the Member's Units.

A Member generally will not recognize gain or loss upon the receipt of a distribution from the Company. A Member will recognize gain upon the receipt of cash distributions to the extent such distributions during a tax year exceed the adjusted tax basis of the Member's Units. To the extent a distribution causes the Member's amount at risk to be reduced below zero, the distribution can give rise to ordinary income to the extent of prior unrecaptured ordinary losses.

To the extent the Company incurs a loss for any tax year, the ability of a Member to deduct the Member's allocable share of the Company loss will be subject to various limitations. A prospective investor should consult their own tax advisors as to the tax considerations relevant to such limitations.

The Company will file annual federal and State tax information returns. The Company must furnish each Member certain tax information, including a Schedule K-1, setting forth each Member's share of the Company's tax items for the preceding Company taxable year. Each Member is required to treat Company tax items on the Member's tax return in a manner consistent with the tax treatment of the items on the Company's information tax returns.

If the Company's U.S. federal income tax information return is audited by the IRS, the tax treatment of all Company tax items will be determined at the Company level in proceedings controlled by the Manager (acting through an individual designated by the General Partner) as the Company's designated "partnership representative." A Member is generally not entitled to notice of, or entitled to participate in, any such proceeding, and is generally bound by any actions taken by the partnership representative in the proceeding.

UBTI: Tax exempt investors may have Unrelated Business Taxable Income ("UBTI") (subject to tax) from an investment in the Company. Manager will not be liable for the recognition of any

UBTI by a Member with respect to an investment in the Company, and potential investors can expect some or all of their profits from the Company to be UBTI. Each prospective investor should consult with its own tax advisor regarding the federal, state, local and foreign tax considerations applicable to an investment in the Company.

ERISA Considerations: The Company does not intend to have 25% or more of the capital contributions made by Benefit Plan Investors (as defined in the Company Agreement), and thus, in reliance on the "less than 25%" Benefit Plan Investors exception under applicable ERISA regulations, does not expect the Company's assets to be treated as "plan assets" under ERISA. However, Manager shall be able to take all steps necessary to avoid the Company's assets being treated as "plan assets" under ERISA, including, without limitation, the ability to require any Member to immediately withdrawal from the Company.

Exculpation: Except to the extent of loss attributable to such person's gross negligence, willful misconduct or an uncured material breach of the Company Agreement that results in material damage to the Company, all as finally determined through a non-appealable judgment by a court or arbitrator of competent jurisdiction (a "Breach of Standard of Conduct"), Manager and/or its Affiliates and such other persons or entities as are determined by Manager in good faith (each an "Indemnitee") shall, to the fullest extent permitted by law, have no liability to the Company or its Members for any action or inaction taken or failed to be taken on behalf of the Company or otherwise. At the Company's expense, Manager may consult with legal counsel, accountants, appraisers, management consultants, investment bankers, insurance agents, and other consultants selected by Manager (who may serve the Company or any Affiliate of Manager). To the fullest extent permitted by law, the written advice by any consultant on a matter which Manager reasonably believes to be within its professional or expert competence shall be full and complete protection as to any action taken or omitted by Manager based on such advice and taken or omitted in good faith, and shall not be deemed to be a breach of Manager's responsibilities under the Company Agreement or a Breach of Standard of Conduct. To the fullest extent permitted by law, Manager shall not be responsible for the misconduct, negligence, acts or omissions of any consultant or of any agent and shall assume no obligations other than to use due care in the selection of all consultants. Additional limitations of liability may also apply as set forth in the Company Agreement.

Indemnification: The Company will indemnify and defend each Indemnitee against any claims, liabilities, costs and expenses, as incurred, arising out of or in any way relating to the Company or any of its Members, except to the extent the person or entity seeking such indemnification committed a Breach of Standard of Conduct. Such indemnification obligations may be covered by insurance but are not required to be so covered.

No Obligations to Return Capital: Neither Manager nor any Affiliate thereof will be personally liable for the return of any Capital Contributions of any Member. Such return, if any, shall be made solely from available assets of the Company, if any.

Amendment to the Company Agreement: Except as required by law or as otherwise provided in the Company Agreement, subject to the next sentence, the provisions of the Company Agreement may be amended or waived at any time and from time to time solely with the consent of Manager and a Majority in Interest (as defined in the Company Agreement). Manager may amend any Member's Exhibit A to the Company Agreement at any time and from time to time without the consent of any other Member to reflect the admission or withdrawal of any Member, or a change in any Member's Capital Contribution, pursuant to the terms of the Company Agreement. Notwithstanding the foregoing, any provision of the Company Agreement that permits or requires the vote or consent of Members representing greater than a Majority in Interest of the Members may only be amended with the consent of Manager and of Members representing the same percentage of the voting interests of the Members that is required to approve the vote or consent of Members permitted or required by the Section of the Company Agreement to be amended. Notwithstanding anything contained in the Company Agreement to the contrary, Manager shall have the unilateral authority to amend the Company Agreement, upon delivery of a notice to the Members, to: (i) add to Manager's duties or surrender any right or power granted to it; (ii) correct errors, cure ambiguities, respond to changes in the law and make changes for the benefit of the Members; (iii) delete or add any provision requested by any federal or state securities authority to the extent deemed to be for the benefit or protection of some or all of the Members; (iv) effectuate the admission or withdrawal of Members, issuance or transfer of Units and changes in Percentage Interests in accordance with the terms of the Company Agreement; (v) improve, upon the advice of counsel to the Company, the Company's position in (A) satisfying any Investment Company Act of 1940 exemptions, (B) qualifying for any applicable ERISA plan asset exemptions, (C) sustaining any tax positions of the Company or those of any of its Members (including with respect to UBTI), (D) avoiding publicly traded status for the Company, (E) as

permitted under Section 2.5 of Exhibit B of the Company Agreement regarding a Safe Harbor Election, or (F) preventing the Members' final capital accounts from deviating from the intended priority cash distributions described in the Company Agreement by amending the allocation provisions of the Company Agreement; (vi) changing the name of the Company; (vii) accounting for a Qualified 1031 Exchange (including, without limitation, the sale of the Property, change in capital accounts and deemed capital contributions of the Members and Manager after allocation of the Exchange Proceeds, admission of additional Members, payment of an acquisition or related fee, including the Acquisition Fee, to Manager or its Affiliates, issuance of additional Units and acquisition of the Exchange Property by the Company); (viii) consummating any change that is required by any lender of the Company; (ix) any and all changes, modifications or amendments as required by, in furtherance of the transactions contemplated by, and/or in connection with compliance with, the AcreTrader Agreements, which Manager deems necessary, reasonable and/or appropriate, at its sole discretion, or (x) making any change which, in the belief of Manager, is for the benefit of all Members, or not materially adverse to the interests of any Members (collectively, the "Unilateral Amendments"). Copies of any such Unilateral Amendments shall be forwarded to all Members by Manager.

Dissolution of the Company: The Company shall be dissolved within a reasonable period of time upon the happening of any of the following events: (i) the date of the disposition of all of the Company's investments; (ii) upon the written consent of Manager and a Majority in Interest of Members; or (iii) the entry of a decree of judicial dissolution under the Delaware Limited Liability Company Act (Del. Corporations Code Ann. Sections 18-101 et seq.), as amended from time to time.

Confidentiality of Investor Identity: Unless Manager otherwise determines in its sole and absolute discretion, no Member shall be entitled to receive disclosure of the identity of any other Member of the Company.

Governing Law: Delaware

Exclusive Jurisdiction: The federal and state courts and arbitration boards located in the County of Los Angeles, State of California.

Expedited Arbitration: Any claim or controversy will be submitted to final and binding arbitration before JAMS in the State of California, City of Los Angeles, pursuant to the JAMS comprehensive arbitration rules and procedures. The arbitration will be conducted before a panel of three JAMS arbitrators.

Use of Professionals and Service Providers: Manager may, in its sole and absolute discretion, engage Affiliates of Manager or outside professionals and service providers on behalf and at the expense of the Company on arm's-length terms. No professional or other service provider will be disqualified from providing services to the Company or its Affiliates by reason of the provisions of services by such professional or service provider to Manager or its Affiliates, whether or not related to the Company's business or other activities.

Legal Counsel to Manager and the Company: Barnes & Thornburg LLP (or another law firm selected by Manager).

Tax Return Preparers: At this time, Manager has not selected a tax return preparer, but will do so on behalf of the Company before the Offering closes.

Power of Attorney: Each Member will irrevocably constitute and appoint Manager, each general partner or manager of Manager and each liquidating agent the true and lawful attorney-in-fact of such Member to execute, acknowledge, swear to and file the documents described in the Company Agreement, including certain amendments to the Company Agreement, certain filings, and admission and withdraw documents. No action may be taken pursuant to the power of attorney that would have the effect of amending the Company Agreement except as permitted by the Company Agreement. The foregoing power of attorney is coupled with an interest and will survive death, legal incapacity, bankruptcy, insolvency, assignment for the benefit of creditors and assignment by a Member of its Units.

Contact Information: Strongwater PJV, LLC
c/o Strongwater Viticultural Investments LLC
1440 Higuera Street
San Luis Obispo, CA 93401
Attention: Anthony Bozzano
T: (805) 801-0517
Anthony@bozzanoandcompany.com

RISK FACTORS AND CERTAIN CONFLICTS OF INTEREST

AN INVESTMENT IN THE COMPANY IS HIGHLY SPECULATIVE AND INVOLVES A HIGH DEGREE OF RISK, INCLUDING WITHOUT LIMITATION THE RISK OF A PARTIAL OR TOTAL LOSS OF A MEMBER'S ENTIRE INVESTMENT. AN INVESTMENT IN THE COMPANY IS SUITABLE ONLY FOR SOPHISTICATED INVESTORS WHO FULLY UNDERSTAND AND ARE CAPABLE OF BEARING THE RISKS INVOLVED IN REAL PROPERTY INVESTMENTS GENERALLY AND IN AN INVESTMENT IN THE COMPANY IN PARTICULAR, INCLUDING, BUT NOT LIMITED TO, THOSE CERTAIN RISKS SUMMARIZED BELOW. THE ORDER IN WHICH THE FOLLOWING RISKS ARE DISCUSSED IS NOT INTENDED TO BE INDICATIVE OF THEIR RELATIVE IMPORTANCE. NO GUARANTEE OR REPRESENTATION IS MADE THAT THE COMPANY WILL ACHIEVE ITS INVESTMENT OBJECTIVES OR THAT MEMBERS WILL RECEIVE ANY RETURN ON THEIR CAPITAL CONTRIBUTIONS. THEREFORE, THIS OFFERING IS INTENDED ONLY FOR INVESTORS WHO CAN AFFORD TO LOSE ALL, OR SUBSTANTIALLY ALL, OF THEIR INVESTMENT.

CAUTIONARY NOTE REGARDING "FORWARD-LOOKING STATEMENTS"

"Forward-looking statements" in this Offering (in other words, statements regarding future events, activities, occurrences or performances) are intended merely as estimates, projections, predictions or beliefs regarding these future events, activities, occurrences or performances, unless they expressly state otherwise. For various reasons, including those set forth in this "*Risk Factors and Certain Conflicts of Interest*" Section of this Memorandum, there can be no assurance that actual events will correspond with these forward-looking statements. Factors beyond the control of the Company may affect the assumptions on which the forward-looking statements are based, and therefore the illustrative value of these forward-looking statements. These forward-looking statements should in no event be considered a guarantee that such future events, activities, occurrences or performances will in fact happen. The information in this Memorandum, or otherwise provided, concerning the prior experience of Manager, AT Management, Company or any of their principals and any of their Affiliates, is not necessarily indicative of the results to be expected by the Company. The Company disclaims any obligation to update any such factors or to publicly announce the results of any revisions to any of the forward-looking statements contained herein to reflect future events or developments.

Any discussion herein referencing risks stemming from the Company Agreement and the rights and obligations of an investor stemming from such investor's ownership interest in the Company is intended to be summary in nature and is qualified in its entirety by the terms of the Company Agreement.

RISKS RELATING TO AN INVESTMENT IN THE COMPANY

The Company has no operating history and there is no assurance of profitability and the Company's failure to operate profitably will be detrimental to its business, financial condition and results from operations.

The Company was formed on March 13, 2023 and Manager has limited operations outside of serving as "manager" for other Affiliates of Manager and the Company. Therefore, limited opportunity exists for the prospective investors to evaluate the performance of the Company or Manager or upon which an investor can base its prediction of future success or failure. As such, the Company expects operating losses for the near future. Furthermore, to the extent the Company's business strategy is successful, the Company must control overhead expenses and may need to incur the expense of additional reliance on outside vendors and/or hire additional personnel as needed. There can be no assurance that the Company will be able to operate profitably and there is no assurance that the Company will be able to successfully execute its business strategy. The Company's inability to operate profitably will be detrimental to the Company's business, financial condition and results from operations.

There can be no assurance that an investment in the Company will produce investor returns and as a result, there is a significant risk that all or a portion of each investor's investment may not be recovered.

No assurance can be given that the Company will be able to generate returns for its investors or that the returns, if any, will be commensurate with the risks of investing in the type of investments made by the Company. Investments made by the Company are subject to a wide range of significant risks that could cause such investments to lose value. The investments made by the Company are speculative in nature and the possibility of partial or total loss of capital will exist. Accordingly, an investment in the Company should only be considered by an investor able to withstand a total loss of his, her or its investment. Furthermore, the Company's investment return objectives are targets only and there can be no assurance that the Company will achieve these objectives. The Company's inability to achieve investment return targets and objectives will have a materially adverse impact on the Company's financial condition and will limit, or otherwise prohibit, the Company's ability to provide returns to investors.

The Company may not have sufficient cash available to enable it to make distributions to its investors, both during the course of ownership and following a sale or exchange of the Property, thereby negatively impacting the value of each investor's investment.

The Company may not have sufficient cash available to enable it to make distributions to its investors. Neither the Company nor Manager can give any assurance that it will make any distributions to investors or that aggregate distributions, if any, will equal or exceed investments in the Company.

The amount of cash the Company can distribute to its investors during the ownership of the Property (or any subsequent property) principally depends upon the amount of cash the Company generates from its operations, which will fluctuate from quarter to quarter based on, among other things:

- The amount of operating expenses of the Company, including expenses in connection with Manager;

- Any and all principal and interest payments made out of gross income on account of any loans made to the Company or secured by the Property;

- The need for repairs, replacement and/or improvements to the Property and the expenses associated therewith;
- Any sums expended out of gross income by the Company for capital expenditures;
- Any sums paid to third parties or other vendors in connection with the operations of the Company;
- The cash reserve for working capital or other purposes, the amount of which shall be determined by Manager; and
- Prevailing economic conditions.

There can also be no assurance of distributions when the Property has been sold (or otherwise exchanged) unless the sales price, net of all expenses, exceeds the Company's indebtedness with respect to the Property. No assurance can be given that the Company will be able to sell, exchange or refinance the Property when necessary or desired. Moreover, the Company Agreement provides Manager with the sole and absolute discretion with respect to using proceeds from the sale of the Property to exchange into and acquire a new property pursuant to a Qualified 1031 Exchange. Such discretion could result in investors not receiving the proceeds from the sale of the Property for a substantial period of time subsequent to such sale (if ever).

The Company is a single purpose entity that lacks diversity with respect to its holdings and as a result, the success of the Company is limited to the performance of the Property, which may perform poorly, thereby limiting the ability of investors to earn returns on their investments in the Units.

The sole purpose of the Company is to acquire, own, operate, lease, develop, sell, finance, refinance and/or exchange the Property. Except with respect to a Qualified 1031 Exchange, the Company is not intending to acquire other interests or properties nor participate in other investments in real estate or otherwise. Accordingly, the performance of the Company will depend almost entirely on the performance of the Property (or any Exchange Property) and this investment should be made on the basis of the performance of the Property. The overall adverse impact on the Company or adverse performance of the Property will be considerably greater than if the Company held diversified investments. As a result, the poor performance of the Property (or any Exchange Property, if applicable) will have a materially adverse impact on the Company's operations and cash flows.

Compared to other investment vehicles, the Company is not subject to intense regulatory scrutiny nor are its operations governed by numerous regulatory agencies, thereby increasing the risk that each investor's investment will not be governed by substantial regulatory oversight.

The Company's activities will generally not be subject to the same degree of regulatory oversight to which other investment vehicles are subject. Moreover, Units offered pursuant to this Offering have not been registered under the Securities Act or the securities laws of any state. No state or federal authority has reviewed, passed on or endorsed the merits, adequacy or

accuracy of this Offering. As a result of the foregoing, compared to investments made in highly regulated businesses, including investments in financial institutions and/or insurance companies, an investment in the Units will not be subject to a heightened level of regulatory scrutiny and/or review, making such an investment subject to an increased risk of loss.

While the Company is a limited liability company, it has elected to be taxed as a "partnership" for federal income tax purposes. If the IRS were to treat the Company as a corporation for federal income tax purposes, which would subject the Company to entity-level taxation, the Company's cash available for distribution to its investors would be substantially reduced.

The anticipated after-tax economic benefit of an investment in the Company depends largely on the Company being treated as a partnership for federal income tax purposes. The Company has not requested, and does not plan to request, a ruling from the IRS on this or any other tax matter affecting the Company.

The Company's growth and ability to make necessary capital expenditures depends on external sources of capital, which could limit the Company's ability, among other things, to meet its capital and operating needs.

The Company intends to rely on third-party sources to fund its capital needs. As it relates to third parties, these sources of capital are subject to forces outside of the Company's control, and may not be available to the Company on commercially reasonable terms or at all. The Company may not be able to obtain financing on favorable terms or at all and any additional debt the Company incurs will increase its leverage and likelihood of default. The Company's access to third-party sources of capital depends, in part, on:

- General market conditions;
- The Company's debt levels;
- The Company's current and expected future earnings; and
- The Company's cash flow and cash distributions.

Recently, the capital markets have been subject to significant disruptions. If the Company cannot obtain capital from third-party sources, it may not be able to meet the capital and operating needs of the Property.

The Company may be subject to future litigation in the ordinary course of its business, which could have a material adverse effect on the Company's financial condition, results of operations and cash flow.

The Company may be subject to future litigation in the ordinary course of business. These claims may include, without limitation, damages for personal injury claims. Some of these claims may result in significant expenses, defense costs and potentially significant judgments against the Company, some of which are not, or cannot be, insured against. The Company generally intends to vigorously defend itself; however, the Company cannot be certain of the ultimate outcomes of any and all future claims. Resolution of these types of matters

against the Company may result in it having to pay significant fines, judgments, or settlements, which, if uninsured, or if the fines, judgments, and settlements exceed insured levels, could adversely impact the Company's earnings and cash flows, thereby having an adverse effect on its financial condition, results of operations, and cash flow. Certain litigation or the resolution of certain litigation may affect the availability or cost of some of the Company's insurance coverage, which could also adversely impact the Company's results of operations and cash flows and expose it to increased risks that would be uninsured. Additionally, there has been increased public attention directed at the beverage alcohol industry, which is believed to be due to (1) concern over problems related to alcohol abuse, including drinking and driving, underage drinking and health consequences from the misuse of alcohol, and (2) creative litigators that have used statutes like Proposition 65 in California, the automatic renewal laws, ADA accessibility for websites, and the like to target alcohol beverage producers, or found issues with descriptive language on labels to establish the basis for class actions. Several alcohol beverage producers have been sued in several courts regarding alleged advertising practices. Adverse developments in these types of lawsuits or a significant decline in the social acceptability of beverage alcohol products that results from lawsuits could materially adversely affect the Company, and thereby the Company's business and sales.

RISKS RELATING TO THE OFFERING AND AN INVESTMENT IN THE UNITS

The subscription price of the Units was arbitrarily determined, each investor's ownership interest in the Company is at risk of dilution and may be diluted if Manager, subject to the provisions of the Company Agreement seeks to raise additional capital from equity investors in the future.

Since the Company has no operating history and there is no market for the Units, the offering price of Units has been arbitrarily set by Manager without negotiation with any other person. There is no direct relationship between the offering price and the asset value, net worth or other established criteria of value, and in no event should the offering price be regarded as an indication of any present or future market price for the Units. If additional capital is reasonably necessary in the sole discretion of Manager to protect or preserve the Company's investment in the Property (or Exchange Property), Manager shall, subject to terms of the Company Agreement, have the right to issue and sell additional Units to either new or existing Members at a price and on terms that Manager shall determine in its sole and absolute discretion. Any such issuance may dilute the interests of existing Members.

The Units represent a highly illiquid investment and the Company Agreement, which contains various restrictions on the transfer of interests in the Company, may limit an investor's ability to sell, transfer or assign Units in the manner and timeframe desired.

Investing in Units in the Company is a long-term, binding commitment and represents highly illiquid investments. As Members of the Company, investors will be required to bear the full financial risks of their investment, which include, but are not limited to, (i) the severely limited ability to sell, transfer or assign a Member's economic interests in the Company, (ii) inability to withdraw as a Member of the Company, (iii) ability of Manager in its sole and absolute discretion to exchange the Property in accordance with a Qualified 1031 Exchange, and (iv) inability to withdraw any capital from the Company. In further clarification of item (i)

above, the Units have no public market, will never develop a secondary market, and should be acquired for investment purposes only and not for resale. As indicated elsewhere herein, the Company Agreement sets forth various restrictions on the transfer of interests in the Company. There can be no transfer of Units without the consent of Manager, which can be withheld in its sole and absolute discretion, except for limited purposes set forth in the Company Agreement. Additionally, as discussed elsewhere in this Memorandum, the Units have not been registered under the Act nor registered or qualified under any state security laws. Therefore, even with Manager's consent, there can be no transfer of Units unless they are qualified and registered under applicable state and federal security laws or unless, in the opinion of counsel satisfactory to the Company, such qualification and registration is not required. The foregoing limitations and restrictions may limit an investor's ability to sell transfer or assign Units in the manner and timeframe desired.

The Company does not guarantee, nor does it provide assurances regarding favorable tax benefits to its investors and investors seeking such tax benefits will need to rely on their respective advisors for all tax related issues.

No investment in the Company should be made on the assumption that tax benefits will be available as a result of the investment. The Company was not created for the purpose of creating tax benefits for Members. It is unlikely that investors, as Members of the Company, will realize tax benefits from this investment and prospective investors should assume that no tax benefits will be available in making their investment decision. Counsel for the Company has not opined, and has not been requested to opine, as to the tax consequences of an investment in the Company on Members, and Manager has not advised and will not advise Members with respect to tax matters. Prospective purchasers of Units should not construe the contents of this Memorandum as legal or tax advice, and are urged to consult his, her or its own attorneys, business advisors and tax advisors to discuss the legal, business and tax consequences to such purchaser of an investment in the Company.

Projections or predictions may materially differ from actual results, and the resulting difference may negatively impact the value of the Company and the Units being offered hereby.

Prospective purchasers should not rely on any projections or predictions, whether written or oral, not contained in or attached to this Memorandum. Such projections are not authorized and should be disregarded. In addition, any projections attached to or set forth in this Memorandum are based on certain material assumptions made by Manager and set forth in the projections. Projections represent a prediction of future events. Some assumptions inevitably will not materialize and unanticipated events and circumstances may occur. Therefore, the actual results achieved during the projection period will vary from the projections, and the variations may be material.

The information set forth in this Memorandum is limited to the Property and does not identify the type, nature and risks associated with any Exchange Property.

Should Manager determine in its sole and absolute discretion to cause the Company to participate in a Qualified 1031 Exchange, the Company will locate and seek to acquire an Exchange Property which Manager believes is suitable for the Company's business objectives. However, investors in the Company will have limited or no discretion with respect to the

identification and selection of the Exchange Property and therefore will not be fully informed with respect to the Company's acquisition of such Exchange Property. Accordingly, investors will be subject to certain unforeseen risks with respect to the Exchange Property that are not identified in this Memorandum.

RISKS RELATING TO THE PLATFORM

The Offering is being conducted via the Platform and as the Company does not control the Platform, the Offering and each investor's investment is subject to risks, each of which may have a material adverse impact on the Company's financial condition and the rights, returns and financial success of each investor and their respective investments in the Company.

The Platform is owned, operated, managed and controlled by a third party that the Company has no affiliation with and as a result, the Company cannot take direct action in the event that the Platform completely or partially fails, does not operate and/or breaches its terms and conditions, the occurrence of any of which may adversely impact prospective investors.

The Platform manages all exchanges of communications, information, deliverables, documentation, correspondence, regulatory and tax filings, distributions of profits, reports, financials and all related materials by and between the Company and its Members. As the Company doesn't directly communicate with its Members in this regard, the Company cannot remedy a failure in communication between the Platform and the Company's Members and/or otherwise resolve related or unrelated issues. Moreover, the Company cannot ensure that all such communications and/or exchanges remain confidential and discrete. The Company's lack of direct control over communications with its Members may result in untimely, inaccurate and/or inadequate correspondence, reporting, filings and/or payment, each of which may have a material adverse impact on the Company's members.

RISKS RELATING TO THE TERMS OF THE COMPANY AGREEMENT

In order to purchase any Units offered hereby, an investor must execute the Company Agreement, which will make the ownership of Units subject to the terms thereof. As a result, each investor's investment, rights, powers, ability to earn a return on his/her/its respective investment and/or receive his/her/its respective principal in return will be limited by its provisions, thereby negatively impacting the value of Units purchased in this Offering.

As indicated herein, all investors desiring to participate in the Offering by purchasing Units offered hereby must execute the Company Agreement as a Member of the Company. The Company Agreement impedes the ability of Members to transfer their interests in the Company, authorizes Manager to acquire Exchange Property, limits the rights of Members, grants broad management discretion and authority to Manager, sets forth financial terms such as distributions and allocations of profit and loss, and is the primary governing document of the Company. As a party to the Company Agreement, each Member of the Company will be subject to all of its terms. The detailed terms, limitations, provisions and requirements set forth in the Company Agreement may negatively impact the value of the Units purchased in this Offering.

As Members of the Company, investors will have limited voting rights and authority concerning the business of the Company, thereby limiting each investor's control over his/her/its respective investment in the Company.

Unlike the holders of common stock in a corporation, the Company's Members have only limited voting rights on matters affecting the Company's business and, therefore, limited ability to influence decisions regarding its business. In most cases, Manager has authority to make all decisions regarding the Company's business. For a more detailed discussion of the limited rights of the Company's Members, please refer to the Company Agreement.

The indemnification and exculpation provisions contained in the Company Agreement significantly limit the liability of Manager and its Affiliates, investor protections and opportunities for recourse against Manager, as well as increase the Company's obligations, all of which increase the risks associated with an investment in the Units.

Certain exculpation and indemnification provisions contained in the Company Agreement may limit the rights of action otherwise available to the Company's Members and other parties against Manager and/or any employees and Affiliates of Manager absent such provisions in the Company Agreement. Further, Manager and its Affiliates do not have fiduciary duties to the Company's Members except as described the Company Agreement. See a discussion of same in the Summary of Principal Terms under the headings "*Exculpation*" and "*Indemnification*." These provisions significantly limit the rights of the Company's Members.

Additionally, if the Company is required to satisfy its indemnity obligations, it will adversely affect the Company's ability to make distributions to Members. Following the acquisition of the Property and the Company's repayment of the Advanced Expenses, the Company will own the Property subject to the Loan and will be bound by the provisions of the Company Agreement. To the extent that the Manager and/or its Affiliates may be required to provide a guaranty for the Loan, the Manager's may elect to require that the Company pay a guaranty fee and indemnify and compensate Manager and/or its Affiliates for any losses incurred in connection with such guarantees. If these obligations become due, they will have an adverse impact to the Company's financial condition and results from operations, thereby limiting, if not eliminating, the Company's ability to distribute cash to its Members.

Returns and/or distributions made to the Company's investors are subject to return obligations as set forth in the Company Agreement and/or pursuant to applicable law.

As a Member of the Company, an investor may be required to return distributions made to such investor by the Company under various circumstances, including, without limitation, to meet indemnity obligations of the Company under the Company Agreement, if any. In certain circumstances, applicable law may require a Member of the Company to return previously received distributions with interest. In addition, a Member of the Company may be liable under applicable federal and state bankruptcy or insolvency laws to return a distribution made during the Company's insolvency.

The Company's inability to timely generate reports, including Schedule K-1's, to its Members may have an adverse impact on the tax obligations of Members of the Company.

The Company may be unable to provide final Schedule K-ls to Members for any given year until after April 15 of the following year. Accordingly, Members may be required to obtain extensions of the filing date for their federal and state income tax returns.

RISKS RELATING TO AN INVESTMENT IN REAL ESTATE AND THE PROPERTY

The Company's performance and value are subject to risks associated with real estate assets and the real estate industry, which could adversely affect the Company's financial condition, results of operations and cash flow.

The Company's ability to pay distributions to its Members depends on the Company's ability to generate revenues in excess of expenses, i.e. net cash flow. Events and conditions generally applicable to owners and operators of real property that are beyond the Company's control may decrease cash available for distribution and the value of the Property (or any Exchange Property). These events include, but are not limited to, the following:

- Increased operating costs, including insurance premiums, utilities, real estate taxes and federal, state and local taxes;
- Civil unrest, acts of war, terrorist attacks and natural disasters, including earthquakes, hurricanes, fires, tornadoes and floods, which may result in uninsured or underinsured losses;
- Political, diplomatic and geopolitical issues, events and trends;
- Rising costs of goods;
- Declining consumer confidence;
- Inflation;
- Decreases in the underlying value of the Property;
- Changing submarket demographics; and
- Changing traffic patterns.

In addition, periods of economic downturn or recession, rising interest rates or declining demand for real estate, or the public perception that any of these events may occur, which could adversely affect the Company's financial condition, results of operations, and cash flow. Neither the Company nor Manager can control any of these conditions, which may materially adversely affect the Property and therefore the Company.

The Property is dependent upon regional and local economic conditions of the San Luis Obispo County, California area, which may cause the Company to be more susceptible to adverse developments in this market than if the Company owned a more geographically diverse portfolio.

Since the Property is located in a single geographic region (California), the Company is exposed to greater economic risks than if it owned a more geographically diverse portfolio. As a result, the Company is particularly susceptible to adverse economic or other conditions in this market (such as periods of economic slowdown or recession, business layoffs or downsizing, industry slowdowns, relocations of businesses, increases in real estate and other taxes and the cost of complying with governmental regulations or increased regulation). If there is a downturn in the economy in the market where the Property is located, the Company's operations, revenue and cash available for distribution could be materially adversely affected. The Company cannot assure that the market in which the Property is located will grow or that underlying real estate fundamentals will be favorable to owners and operators of vineyards. The Company's operations may also be affected if competing properties are built within the market. Moreover, submarkets within this market may be dependent upon a limited number of industries. Any adverse economic or real estate developments in this market, declines in business climate or energy or fiscal problems, could adversely impact the Company's financial condition, results of operations, cash flow, its ability to satisfy the Company's debt service obligations and its ability to pay distributions to investors.

Increased regulation over and/or taxation of alcohol beverage products could adversely affect the Company.

The wine industry is subject to extensive regulation by the Federal Alcohol and Tobacco Tax and Trade Bureau ("TTB") and various foreign agencies, state liquor authorities, such as the California Liquor Control Commission ("CLCC"), and local authorities. These regulations and laws dictate such matters as licensing requirements, trade and pricing practices, permitted distribution channels, permitted and required labeling, and advertising and relations with wholesalers and retailers. Any expansion of the Company's facilities may be limited by present and future zoning ordinances, environmental restrictions and other legal requirements. In addition, new regulations or requirements or increases in excise taxes, income taxes, property and sales taxes or international tariffs, could negatively affect the Company's financial condition or results of operations. Recently, many states have considered proposals to increase, and some of these states have increased, state alcohol excise taxes.

On December 22, 2017, the President signed into law the Tax Cuts and Jobs Act (Public Law 115-97), which made extensive changes to the Internal Revenue Code of 1986 (IRC), including income tax rates and provisions related to alcohol that are administered by TTB. Those changes became effective January 1, 2018 and were applicable to any wine removed or imported during calendar years 2018 and 2019. The tax law allows for certain volume production credits that the Company may be eligible to take which decreases the Company's excise tax liability. If the alcohol excise tax provisions contained in the Tax Cuts and Jobs Act are not continuously extended, the tax rates and credits will revert to where they were before the bill was signed into law thus increasing the Company's excise tax liability.

New or revised regulations, or increased licensing fees, requirements or taxes could have a material adverse effect on the Company's financial condition or results of operations. There can be no assurance that new or revised regulations, taxes or increased licensing fees and requirements will not have a material effect on the Company's business and its results of operations and its cash flows.

Illiquidity of real estate investments could significantly impede the Company's ability to respond to adverse changes in the performance of the Property, harm the Company's financial condition and may negatively impact the liquidity of its Members.

The Property may be relatively difficult to sell quickly or Manager may have difficulty identifying an Exchange Property. As a result, the Company's ability to promptly sell or otherwise exchange the Property in response to changing economic, financial and investment conditions is limited. Return of capital and realization of gains, if any, from an investment, generally will occur upon disposition or refinancing of the Property or Exchange Property. The Company may be unable to realize its investment objectives by sale, exchange other disposition or refinancing at attractive prices within any given period of time or may otherwise be unable to complete any exit strategy. In particular, the Company's ability to dispose of the Property within a specific time period is subject to weakness in or even the lack of an established market for the Property, availability of Exchange Properties, changes in the financial condition or prospects of prospective purchasers, changes in national or international economic conditions and changes in laws, regulations or fiscal policies of jurisdictions in which the Property is located.

In addition, the illiquidity of the Company's investment and Manager's ability to exchange the Property in its sole and absolute discretion may not allow the Company to sell the Property or otherwise realize a capital event within an expected time period of a particular investor, thereby limiting an investor's immediate and direct access to any capital invested in the Company.

The financing terms impose certain risks on the Company, including indemnification obligations stemming from guarantees provided by certain of Manager's principals and other Affiliates, all of which may have an adverse impact on the Company's results of operations, financial condition and ability to make distributions to its Members.

If the Company is required to satisfy its indemnity obligations, it will adversely affect the Company's ability to make distributions to Members. Following the Company's repayment of the Advanced Expenses in connection with the acquisition of the Property, the Company will own the Property subject to the Loan and will be bound by the provisions of the Company Agreement. As Manager and/or its Affiliates may be required to provide a guaranty for the Loan, the Company may be required to pay a guaranty fee and indemnify and compensate Manager and/or its Affiliates for any losses incurred in connection with such guarantees. If these obligations become due, they will have an adverse impact to the Company's financial condition and results from operations, thereby limiting, if not eliminating, the Company's ability to distribute cash to its Members.

In the event that the Company is required to give, or indemnify Manager or its Affiliates for, full or partial guarantees to any lender, the Company will be responsible to such lender for satisfaction of the Loan if it is not repaid. Additionally, Manager shall have the right, at its option, to cause the Company to borrow money from any other person or entity (including Manager and its Affiliates), guarantee loans made to any such person or entity, pledge the assets of the Company to secure such loans, and enter into agreements with any person or entity (including Manager or an Affiliate thereof) to provide for a guaranty fee or indemnify for any financial guarantees in connection with loans entered into by the Company or its respective

Affiliates. When a person or entity provides a guaranty on behalf of the Company, pledges its assets to secure such loans, or enters into agreements to provide any financial guarantees in connection with loans entered into by the Company or its Affiliates, the Company will be responsible for payment of any guaranty fees and will be liable to any person or entity satisfying the debt if such person or entity must perform under such guaranty. Should those responsibilities turn into direct financial obligations of the Company, it will have a direct material impact on the Company's financial condition and results of operation.

High mortgage rates and/or unavailability of mortgage debt may make it difficult for the Company to finance or refinance the Property, which could reduce its net income and the amount of cash distributions the Company can make.

The Company may be unable to refinance the Property when the Loan becomes due, or to refinance on favorable terms. Given current and anticipated economic condition, there is a significant risk that interest rates will continue to rise. If interest rates are higher when the Company refinances the Property, the Property's income could be reduced. If any of these events occur, the Company's cash flow could be reduced. This, in turn, could reduce cash available for distributions to the investors in the Company.

Mortgage debt obligations expose the Company to the possibility of foreclosure, which could result in the loss of an investor's entire investment.

Incurring mortgage and other secured debt obligations increases the Company's risk of property losses because defaults on indebtedness secured by real estate may result in foreclosure actions initiated by lenders and ultimately its loss of the real estate securing any loans for which the Company is in default. Any foreclosure on the Property will adversely affect the overall value of the Company. For tax purposes, a foreclosure on real estate that is subject to a nonrecourse mortgage loan would be treated as a sale of the Property for a purchase price equal to the outstanding balance of the debt secured by the mortgage. If the outstanding balance of the debt secured by the mortgage exceeds the Company's tax basis in the Property, the Company would recognize taxable income on foreclosure but would not receive any cash proceeds, which could be harmful to its financial condition, as well as that of the investors.

The Company is subject to risks that affect the national consumption of alcohol beverage products.

The Company's proposed objectives rely significantly on consumption of and demand for the alcohol beverage products it produces. Since 1995, there have been modest increases in consumption of alcohol beverage in the wine product categories and geographic markets. There have been periods in the past, however, in which there was a substantial decline in the overall per capita consumption of alcohol beverage products in the United States. Limited or general decline in consumption in one or more of the Company's product categories could occur in the future due to a variety of factors, including: a general decline in economic or geo-political conditions; increased concern about the health consequences of consuming beverage alcohol products and about drinking and driving; a general decline in the consumption of alcohol beverage products in on-premise establishments, a trend towards a healthier diet including lighter, lower calorie beverages; the increased activity of anti-alcohol groups; increased federal

or state excise or other taxes on beverage alcohol products; and increased regulation placing restrictions on the purchase or consumption of beverage alcohol products.

The Company faces significant competition which could adversely affect profitability.

The wine industry is intensely competitive and highly fragmented. The Company's products will compete with premium domestic and foreign wines, as well as popular priced generic wines and other alcoholic and, to a lesser degree, non-alcoholic beverages for shelf space in retail stores and for marketing focus by wholesale distributors. A result of this intense competition may have an impact on Company's selling and promotional expenses. In addition, the wine industry has experience significant consolidation. Many of the Company's competitors have greater financial, technical, marketing and public relations resources than the Company does. Company's operations may be harmed to the extent it is not able to compete successfully against such wine or alternative beverage producers' costs. There can also be no assurance that in the future the Company will be able to successfully compete with its competitors or that it will not face greater competition from other wineries and beverage manufacturers.

As an owner of real estate, the Company could incur significant costs and liabilities related to environmental matters which could in turn have an adverse effect on the Company's operations and financial condition.

Under various federal, state and local laws and regulations relating to the environment, as a current or former owner or operator of real property, the Company may be liable for costs and damages resulting from the presence or discharge of hazardous or toxic substances, waste or petroleum products at, on, in, under or migrating from, such property, including costs to investigate, clean up such contamination and liability for harm to natural resources. More specifically, environmental laws and regulations generally govern wastewater discharges, air emissions, the operation and removal of underground and above-ground storage tanks, the use, storage, treatment, transportation and disposal of solid hazardous materials, the remediation of contaminated property associated with the disposal of solid and hazardous materials and other health and safety-related concerns. Such laws often impose liability without regard to whether the owner or operator knew of, or was responsible for, the presence of such contamination, and the liability may be joint and several. These liabilities could be substantial and the cost of any required remediation, removal, fines or other costs could exceed the value of the Property and/or the Company's aggregate assets. In addition, the presence of contamination or the failure to remediate contamination at the Property may expose the Company to third-party liability for costs of remediation and/or personal or property damage or materially adversely affect the Company's ability to sell or develop the Property or to borrow funds using the Property as collateral. In addition, environmental laws may create liens on contaminated sites in favor of the government for damages and costs it incurs to address such contamination. Moreover, if contamination is discovered on the Property, environmental laws may impose restrictions on the manner in which the Property may be used and these restrictions may require substantial expenditures.

As the owner of the Property, the Company may face liability for the presence of hazardous materials (e.g., asbestos or lead) or other adverse conditions (e.g., poor indoor air quality). If the Company does not comply with environmental laws governing the presence,

maintenance, and removal of hazardous materials in buildings, it could face fines for such noncompliance. Also, the Company may be liable to third parties (e.g., occupants at the Property) for damages relating to exposure to hazardous materials or adverse conditions at the Property, and the Company could incur material expenses with respect to abatement or remediation of hazardous materials or other adverse conditions at the Property. This may result in significant unanticipated expenditures or may otherwise materially and adversely affect the Company's operations, which could in turn have an adverse effect on the Company's members.

Additionally, the condition of the Property at the time the Company acquired it, operations in the vicinity of the Property (such as the presence of underground tanks), or activities of unrelated third parties may affect the value of the Property or ultimate performance of the Company.

The Company cannot assure that the costs or liabilities incurred as a result of environmental issues will not affect the Company's ability to make distributions or that such costs or other remedial measures will not have an adverse effect on the Company's financial condition, results of operations, and cash flow. If the Company does incur material environmental liabilities in the future, it may face significant remediation costs, and the Company may find it difficult to sell the Property. Any material expenditures, fines, or damages that the Company must pay will reduce the Company's ability to distribute funds to its investors and may reduce the value of an investment in the Company.

The Property may develop harmful mold or suffer from other air quality issues, which could lead to liability for adverse health effects and costs of remediation.

When excessive moisture accumulates in buildings or on building materials, mold growth may occur, particularly if the moisture problem remains undiscovered or is not addressed over a period of time. Some molds may produce airborne toxins or irritants. Indoor air quality issues can also stem from inadequate ventilation, chemical contamination from indoor or outdoor sources, and other biological contaminants such as pollen, viruses and bacteria. Indoor exposure to airborne toxins or irritants above certain levels can be alleged to cause a variety of adverse health effects and symptoms, including allergic or other reactions. As a result, the presence of significant mold or other airborne contaminants at the Property could require the Company to undertake a costly remediation program to contain or remove the mold or other airborne contaminants from the Property or increase indoor ventilation. In addition, the presence of significant mold or other airborne contaminants could expose the Company to liability from third parties including, without limitation consumers visiting the Property or others if property damage or personal injury is alleged to have occurred.

The presence of asbestos containing materials on or in the Property and/or the Company's failure to properly remediate the same may be harmful to the Company's operations and may have a materially adverse impact on the distributions made by the Company to its Members.

Certain U.S. federal, state, and local laws, regulations and ordinances govern the removal, encapsulation or disturbance of asbestos containing materials ("ACMs") when such materials are in poor condition or in the event of construction, remodeling, renovation, or demolition of a building. Such laws may impose liability for release of ACMs and may provide

for third parties to seek recovery from owners or operators of real property for personal injury associated with ACMs. In connection with its ownership and operation of the Property, the Company may incur costs associated with the removal of ACMs or liability to third parties, which could result in a material adverse effect on the Company's financial condition and its ability to distribute funds to its investors.

The Company may incur significant costs associated with complying with various federal, state and local laws, regulations and covenants that are applicable to the Property.

The Property will be subject to various covenants and federal, state and local laws and regulatory requirements, including permitting and licensing requirements. Local regulations, including municipal or local ordinances, zoning restrictions and restrictive covenants imposed by community developers may restrict the Company's use of the Property and may require the Company to obtain approval from local officials and/or local officials of community standards organizations at any time with respect to the Property, including prior undertaking renovations. Among other things, these restrictions may relate to fire and safety, seismic or hazardous material abatement requirements. There can be no assurance that existing laws and regulatory policies will not adversely affect the Company or the timing or cost of any future acquisitions or renovations, or that additional regulations will not be adopted that increase such delays or result in additional costs. The Company's growth strategy may be affected by its ability to obtain permits, licenses and zoning relief. The Company's failure to obtain such permits, licenses and zoning relief or to comply with applicable laws could have an adverse effect on the Company's financial condition, results of operations, and cash flow.

In addition, federal and state laws and regulations, including laws such as the Americans with Disabilities Act (the "ADA"), impose further restrictions on the Property and the Company's operations. Under the ADA, all public accommodations must meet federal requirements related to access and use by disabled persons. The Property may not be in compliance with the ADA. If the Property is not in compliance with the ADA, or any other regulatory requirements, the Company may be required to incur additional costs to bring the Property into compliance and the Company might incur governmental fines or the award of damages to private litigants. These added costs will adversely impact the Company's financial condition, results of operations, and cash flow. In addition, Manager does not know whether existing requirements will change or whether future requirements will require it to make significant unanticipated expenditures that will adversely impact the Company's financial condition, results of operations, and cash flow.

The Company will be required to operate the Property in compliance with fire, safety and other regulations, as they may be adopted by governmental agencies and bodies, from time to time, and become applicable to the Property. The Company may therefore be required to make substantial capital expenditures to comply with such regulatory requirements, and these expenditures could adversely affect the Company's performance and its ability to distribute funds to investors.

The Company's acquisition, operation, ownership, control and/or management of the Property may not yield the returns Manager projects, and the Company may otherwise be unable to

operate the Property to meet its financial expectations, which could adversely affect the Company's financial condition, results of operations, and cash flow.

The Company's acquisition of the Property and its ability to successfully operate, manage, maintain and/or lease the Property may be exposed to a number of significant risks, including, without limitation:

- The Company may not successfully manage and operate the Property to meet Manager's expectations;
- The Company's cash flow may be insufficient to meet its required principal and interest payments with respect to the Loan;
- The Company may spend more than budgeted amounts to make necessary improvements or renovations to the Property. If the Company cannot operate the Property to meet its financial expectations, the Company's financial condition, results of operations, and cash flow could be adversely affected.

The Company's capital improvement activities are subject to risks particular to construction, such as unanticipated expenses, delays and other contingencies, any of which could adversely affect its financial condition, results of operations, and cash flow.

The Company may engage in capital improvement and other construction related activities with respect to the Property. To the extent that the Company does so, it will be subject to a number of risks associated with such activities including, without limitation:

- Construction costs of a project may exceed original estimates, possibly making the project less profitable than originally estimated, or unprofitable;
- Time required to complete the construction of a project or to lease up the completed project may be greater than originally anticipated, thereby adversely affecting the Company's cash flow and liquidity;
- Contractor and subcontractor disputes, strikes, labor disputes or supply disruptions;
- Failure to achieve expected occupancy and/or rent levels within the projected time frame, if at all;
- Delays with respect to obtaining or the inability to obtain, necessary zoning, occupancy, land use and other governmental permits, and changes in zoning and land use laws;
- The Company's ability to dispose of properties developed or redeveloped with the intent to sell could be impacted by the ability of prospective buyers to obtain financing given the current state of the credit markets; and
- The availability and pricing of financing to fund the Company's construction activities on favorable terms or at all.

The aforementioned risks could result in substantial unanticipated delays or expenses and, under certain circumstances, could prevent completion of development or redevelopment activities once undertaken, any of which could have an adverse effect on the Company's financial condition, results of operations and cash flow.

The Company's property taxes could increase due to property tax rate changes or reassessment, which would adversely impact its cash flows.

The real property taxes on the Property may increase as property tax rates change or as the Property is assessed or reassessed by taxing authorities. The amount of property taxes that the Company pays in the future may increase substantially over time. If the Property taxes that the Company pays increases, and such amounts are not otherwise recoverable from the tenant(s) at the Property, the Company's cash flow could be adversely impacted, and its ability to pay any expected distributions to investors could be adversely affected.

The Company's purchase of the Property on an "As Is, Where Is" basis may result in the Company taking the Property subject to unknown liabilities and materially adverse conditions which, when discovered, may have a detrimental impact on the Company's financial condition.

The purchase agreement pursuant to which the Company will purchase the Property provides that the Property be sold on an "as is, where is" basis, subject to customary seller representations and warranties which will survive for a limited period of time following the Company's acquisition of the Property. The Company must therefore take the risk as to undisclosed conditions or liabilities relating to the Property. In the event there are undisclosed conditions or liabilities relating to the Property, there is risk that the Company will not be able to seek redress for those conditions or liabilities from the seller of the Property as a result of the "as is, where is" nature of the sale. As a result, the Company's financial condition may suffer in the future, which in turn will have a negative impact on its ability to distribute cash to its investors.

The Property was identified (and Exchange Property will be identified if applicable) by Manager and its Affiliates and the profitability and marketability of the Property is subject to factors beyond their control, each of which may have an adverse impact on the value of the Property (or Exchange Property) and the Company's results from operations.

Manager and its Affiliates identified and selected the Property (and any subsequent Exchange Property) based upon (i) their inspection of the subject property; (ii) the application of their experience as real estate investors; and (iii) their evaluation of competitive properties. The profitability and marketability of the Property (or Exchange Property) may be adversely affected by changes in general and local economic conditions as well as by other factors beyond the control of Manager which may adversely affect the ability of the Company to achieve its objectives. No assurance can be given that the Company's operations will be successful or that it will meet its investment objectives.

Material issues and/or facts regarding the Property that are not discovered and/or disclosed during due diligence may have a detrimental impact on the Property's value and cash flow, and as a result, negatively impact the Company's results of operations.

Manager has and will continue to perform reasonable due diligence on the Property prior to the acquisition of the Property. Regardless of the thoroughness of the due diligence process, not all circumstances affecting the value of the Property can be ascertained through the due diligence process. If the materials provided to Manager are inaccurate, if Manager does sufficiently investigate or follow up on matters brought to its attention as part of the due diligence process, or if the due diligence process fails to detect material facts that impact the value determination, the Company may overpay for the Property or the Company's acquisition of the Property may result in significant losses to the Company, both of which would cause the Company's performance to suffer.

The anticipated budget and corresponding cash reserves associated with the Property may be inadequate to cover expected and/or unexpected expenditures associated with the acquisition, operation, ownership, control, management and/or development of the Property, which may significantly impair the Company's financial condition.

Manager intends to subsidize the deficit, if any, in the cash flow requirements of the Company from the cash reserve from the proceeds of the Offering and/or the Loan to the extent the same may be available for that purpose. However, if there is a greater than anticipated deficit (because of, among other reasons, greater operating expenses (including, without limitation, an increase in input costs such as fertilizer costs), unexpected expenditures for repairs or maintenance (including, without limitation, any capital improvements described herein), or the inability of the Company to obtain financing on such terms as it deems advisable, the Company may be unable to meet its financial obligations related thereto unless Manager elects to obtain or provide other financing, if such financing is even available. The occurrence of the foregoing will have a materially adverse impact on the Company's financial condition and results of operation.

The Company's insurance policy covering the Property (or any Exchange Property) may be inadequate and/or may not cover all potential losses or damages to the Property. Any losses or damages suffered, if not covered by such insurance policy will significantly harm the Company's financial condition.

The Company intends on arranging for the Property (and most likely any Exchange Property) to be covered by comprehensive insurance, including fire, liability and extended coverage, subject to a commercially reasonable deductible. However, there are certain types of losses which are either uninsurable or not economically insurable. Such risks are generally of a catastrophic nature and include liability and related costs arising out of hazardous or toxic substances, terrorist activities, earthquake, war and floods. Should any such disaster occur, investors could lose all or a significant portion of their investment in the Company.

Agricultural risks could adversely affect the Company.

Winemaking and grape growing are subject to a variety of agricultural risks. Various diseases, pests, fungi, viruses, including Grapevine Red Blotch Disease (GRBV), drought, frost and certain other weather conditions can affect the quantity of grapes available to the Company, decreasing the supply of the Company's products and negatively impacting profitability. In particular, certain of the Company's vines may not be resistant to phylloxera; accordingly, those

vines are particularly at risk to the effects from an infestation of phylloxera. Phylloxera is a pest that attacks the rootstocks of wine grape plants. Vineyards in the United States have been infested in recent years with phylloxera. There can be no assurance that the Company's vineyards, or the rootstocks the Company will use in its planting programs, will not become susceptible to current or new strains of phylloxera. Pierce's Disease is a vine bacterial disease. It kills grapevines and there is no known cure. Small insects called Sharpshooters spread this disease. A new strain of the Sharpshooter was discovered in Southern California and is believed to be migrating north. The Company cannot guarantee that it will succeed in preventing contamination in its vineyards. Additionally, any future government restrictions created in connection with government attempts to combat phylloxera, GRBV or other pests or viruses may increase vineyard costs and/or reduce production.

The Company's operations and the Property are susceptible to changing weather patterns and other environmental factors, including long-term droughts and water scarcity.

Over the past several years, changing weather patterns and climatic conditions have added to the unpredictability and frequency of natural disasters, such as hail storms, wildfires and wind, snow and ice storms, and droughts. Any such extreme weather condition could negatively impact the harvest of grapes at the Company's vineyards and/or the other vineyards that supply the Company with grapes. Additionally, long-term changes in weather patterns could adversely affect the Company, especially if such changes impacted the amount or quality of grapes harvested. The Company cannot anticipate changes in weather patterns/conditions, and the Company cannot predict their impact on its operations if they were to occur. As weather patterns evolve, the Company's vineyards, and contracted vineyards, have become susceptible to potential smoke damage as a result of wildfires within the region and lack of access to adequate water supplies or proper drainage. In extreme events, smoke and/or lack of adequate water can produce effects on grapes that make them unusable in the production of wine. The Company cannot predict smoke events or their potential impact were they to occur.

Fluctuations in quantity and quality of grape supply could adversely affect the Company.

A shortage in the supply of quality grapes may result from a variety of factors that determine the quality and quantity of the Company's grape supply, including weather conditions, pruning methods, diseases and pests, the ability to buy grapes on long and short term contracts and the number of vines producing grapes. Any shortage in the Company's grape production could cause a reduction in the amount of wine the Company is able to produce, which could reduce sales and adversely impact the Company's results from operations. Factors that reduce the quantity of the Company's grapes may also reduce their quality, which in turn could reduce the quality or amount of wine the Company produces. Deterioration in the quality of the Company's wines could harm its brand name and could reduce sales and adversely impact the Company's results of operations.

Contamination of the Company's wine would harm the Company's business.

The Company is subject to certain hazards and product liability risks, such as potential contamination, through tampering or otherwise, of ingredients or products. Contamination of any of the Company's wines could cause it to destroy its wine held in inventory and could cause

the need for a product recall, which could significantly damage the Company's reputation for product quality. The Company maintains insurance against certain of these kinds of risks, and others, under various insurance policies. However, the insurance may not be adequate or may not continue to be available at a price or on terms that are satisfactory to the Company and this insurance may not be adequate to cover any resulting liability.

If substantial site work does not occur and a construction permit is not issued prior to expiration of the CUP, the Company would be prevented from operating its business at the Property and would have a catastrophic impact on the future of the Company. The existing CUP limits wine case production at the Property to 15,000 cases during Phase I of the development and 30,000 cases during Phase II of the development, which has a significant negative impact on the Company's potential financial condition.

The Planning Commission of the County of San Luis Obispo conditionally approved the application of Conditional Use Permit DRC2014-00004 on February 11, 2016, which was appealed and upheld by the Board of Supervisors of the County of San Luis Obispo upheld the appeal on May 10, 2016. The approval authorized the construction of a three-phased construction of a winery and tasting, which required Phase I of the development to be vested by 2021. The CUP has been extended twice and is set to expire May 10, 2023.

The CUP will expire if it is not vested prior to the expiration date set forth above. Each phase of the CUP is considered to be vested when a construction permit has been issued and substantial site work has been completed. Substantial site work is defined by San Luis Obispo County Land Use Ordinance Section 22.64.080 as site work progressed beyond grading and completion of structural foundations and construction is occurring above grade. The CUP sets forth an exhaustive list of conditions that must be completed at the time of application for a construction permit and conditions that must be completed prior to issuance of a construction permit. Building permits are currently taking six-to-nine months from application to approval.

The existing CUP limits wine case production at the Property to 15,000 cases during Phase I and 30,000 cases during Phase II of the development. The Company retained Kirk Consulting to advise on amendments to the CUP. Among other things, Kirk Consulting's summary on proposed amendments includes an increase in annual case production to 50,000 cases and to retain approval for Phase I of the CUP for conversion of two shop buildings to 2,700 square feet of barrel storage. The summary is included in the Investment Memorandum attached hereto as Exhibit C, and prospective investors are urged to carefully review it

The COVID-19 Impact.

The Company's operations could be disrupted if a significant number of employees are unable or unwilling to work, whether because of illness, quarantine, restrictions on travel or otherwise, which could further materially adversely affect liquidity, financial position and results of operations. To support employees and promote employee retention, the Company may offer enhanced health and welfare benefits and provide bonuses to employees. These measure will increase operating costs and adversely affect liquidity.

CONFLICTS OF INTEREST AND RELIANCE ON MANAGER

The Company's success depends on key personnel whose continued service is not guaranteed, and the loss of one or more of such key personnel could adversely affect the Company's ability to manage its business and to implement the Company's growth strategies, or could create a negative perception in the capital markets.

The ability of Manager to manage the affairs of the Company currently depends on its management and, in particular, Andrew Jones, Mike Testa, and Anthony Bozzano (the "Key Management"). Manager will be relying extensively on the experience, relationships and expertise of the Key Management. There can be no assurance that the Key Management will be able to carry on their current duties throughout the term of the Company. The Company does not intend to purchase "key man" insurance on the life of the Key Management. The loss of the services or the Key Management and/or Manager's other key personnel or principals could adversely affect the Company's business, diminish its investment opportunities and weaken the Company's relationships with lenders, business partners and industry participants, which could adversely affect the Company's financial condition, results of operations, and cash flow.

Manager will have significant control over the Company and the acquisition, operation, management, development and sale or exchange of the Property and the investors purchasing Units will have little opportunity to control the Company and/or the Property.

Except for certain limited voting rights, all management and control of the Company will be exercised exclusively by Manager. Moreover, to the extent Manager or its Affiliates purchase a substantial number of Units, investors in Units may find it difficult or impossible to assemble a vote required to take any action that other Members of the Company may have the right to take that is opposed by Manager. Moreover, if either Manager or its Affiliate is also Member of the Company, such Manager or its Affiliate may be inclined to cause the Company to enter into a Qualified 1031 Exchange for such Manager or its Affiliate's personal tax requirements and not in consideration of the Company and its Member's aggregate tax situations. Accordingly, no person should purchase Units unless such person is willing to entrust all aspects of the management of the Company and the Property to Manager and its Affiliates, including AT Manager.

The Key Management and Manager's other key personnel will continue to be involved in outside businesses, which may interfere with their ability to devote time and attention to the Company's business and affairs.

Although the management and employees of Manager, including the Key Management and Manager's other key personnel, will devote as much time to the business of the Company as is believed is necessary to assist the Company in achieving its investment objective, none of them will devote all of his or her working time to the affairs of the Company. The working time of the employees of Manager and the investment professionals of Manager, including the Key Management and Manager's other key personnel, will be subject to their prior commitments to other business activities, and potential future commitments to other business activities, investments and investment vehicles, which could adversely affect the Company's operations.

The Manager and its Affiliates are actively involved in a wide array of wine industry related activities that are independent from and potentially conflict with, those of the Company. These conflicts of interest may cause other business interests of the Manager and its Affiliates to receive priority attention, treatment and/or time than the Company, which may detrimentally impact the Company's prospects, business advantage, financial condition and results of operations.

The Manager and its Affiliates engage in a broad spectrum of wine industry related activities that are independent from, and may from time to time conflict with, those of the Company. In the future, instances may arise in which the interests of the Manager and/or their Affiliates conflict with the interests of the investors in Units or the Company. Neither the Manager nor their Affiliates are obligated to refer any investment opportunity to the Company. By acquiring Units, each investor will be deemed to have acknowledged the existence of the actual and potential conflicts of interest described herein and to have waived any claim arising from the existence of any such conflicts of interest.

These conflicts of interest may result in the loss of business opportunities and/or resources that may materially and adversely impact the Company's prospects, business advantage, financial condition and results of operations.

Manager is permitted to enter into separate agreements with other Members of the Company, thereby allowing for unequal rights by and amongst the Members of the Company, which may result in a change in the value of an investment in the Company.

Manager may, in its sole and absolute discretion, enter into one or more agreements on behalf of the Company that modify or supplement a Member's rights and obligations with respect to that Member's investment in the Company (each such agreement, a "Side Letter"). There is no "most favored nations" clause applicable to all of the Company's Members generally, and no Member of the Company shall be entitled (except as provided in such Member's Side Letter) to any rights or obligations agreed to by Manager with another Member of the Company in such other Member's Side Letter. The lack of equal rights by and among the Company's Members may detrimentally impact the value of an investment in the Company.

The diversity of the expected investor group may create additional conflicts of interest relating to Manager, thereby providing unequal benefits by and amongst differing investors, which may result in a change in the value of an investment in the Company.

Investors are expected to include taxable and tax-exempt entities and may include persons organized or residing in various jurisdictions. As a result, conflicts of interest may arise in connection with decisions made by Manager that may be more beneficial for one type of investor than for another type investor. In selecting investments appropriate for the Company, Manager will consider the investment objectives of the Company as a whole, not the investment objectives of any individual investor. To the extent that Manager's selection of investment opportunities benefit certain of the Company's investors more than others, some of the Company's Members may experience a material variation in the value of their investment in the Company.

While Manager and/or its Affiliates aim to co-align their interests with the Company and its Members, prospective investors should be advised that Manager and/or its Affiliates will receive substantial fees in connection with services rendered to the Company and the structure of this compensation arrangement may incentivize Manager and/or its Affiliates to operate the Company in a manner that is not consistent with the best interests of the Company's Members.

While Manager and/or its Affiliates aim to co-align their interests with the Company and its Members, Manager and/or its Affiliates will also receive substantial fees for services rendered to the Company and will also be entitled to reimbursement for out-of-pocket expenses incurred in connection with the business affairs of the Company. While these fees are believed to be competitive with market rates, the agreements are not the result of arm's length negotiations. Further, while Manager does not anticipate doing so, Manager may be motivated to establish higher reserves than necessary in order to ensure that the foregoing fees will be paid. Any such increased reserves will reduce or defer any cash flow for distribution that would otherwise be made to the Company's Members. In addition, Manager may have an incentive to cause the Company to pay the foregoing fees to the detriment of other third-party creditors of the Company. While Manager and/or its Affiliates seek to operate, manage and/or maintain the Property and/or the Company in a manner that is in the best interests of the Members, any of the foregoing decisions may be detrimental to the Company's Members and may reduce the return on the investments made by the Company's Members pursuant to the Offering.

The Company, Manager, and its Affiliates share the same legal counsel and as a result, certain conflicts of interest may exist. Regardless of such conflicts of interest, said legal counsel will not be disqualified.

The Company, Manager, and its Affiliates have been represented by Barnes & Thornburg LLP (the "Law Firm"), in connection with the formation of the Company and all related activities. Except for the foregoing, no Member of the Company has been (or will be) represented by the Law Firm in connection with any aspect of the Offering and/or formation of the Company. It is also contemplated that the Law Firm and other attorneys, accountants and consultants who have previously performed services for the Company, Manager and its Affiliates may in the future perform services for the Company, Manager and their respective Affiliates that are unrelated to the Company's formation, this Memorandum and Company activities. Neither the Law Firm nor any other attorney or consultant may be disqualified from representing Manager, the Company, or any of their Affiliates in any related or unrelated matter by reason of such multiple representation.

UNFORESEEN RISKS

THE FOREGOING IS A SUMMARY OF THE CERTAIN SIGNIFICANT RISKS RELATING TO AN INVESTMENT IN THE COMPANY. THIS SUMMARY SHOULD NOT BE INTERPRETED AS A REPRESENTATION THAT THE MATTERS REFERRED TO HEREIN ARE THE ONLY RISKS INVOLVED IN THIS INVESTMENT. EACH PROSPECTIVE INVESTOR IS STRONGLY ENCOURAGED TO SEEK THE ADVICE OF HIS/HER/ITS RESPECTIVE TAX, FINANCIAL, LEGAL AND OTHER ADVISORS IN DECIDING WHETHER TO PURCHASE THE UNITS AND BECOME A MEMBER OF THE COMPANY.

EXHIBIT A

FORM OF SUBSCRIPTION AGREEMENT

STRONGWATER VITICULTURAL INVESTMENTS TP LLC

Private Placement of
Membership Interests

SUBSCRIPTION BOOKLET

STRONGWATER VITICULTURAL INVESTMENTS TP LLC

INSTRUCTIONS FOR SUBSCRIBERS

This Subscription Booklet contains the following documents related to Strongwater Viticultural Investments TP LLC (the "**Company**"):

- a Subscription Agreement (the "**Subscription Agreement**");
- signature page to the Amended and Restated Limited Liability Company Operating Agreement of the Company (the "**Company Agreement**");
- an Investor Qualification Statement (the "**Qualification Statement**"); and
- a Privacy Notice (the "**Privacy Notice**").

The Offering (as defined herein) is contained exclusively in the Live Listings section of the AcreTrader, Inc. platform, www.acretrader.com/explore ("**Platform**"). The person or entity making the investment (the "**Subscriber**") must complete, execute and deliver the Subscription Agreement on the Portal and provide funds via wire or ACH to the Escrow Agent as described herein. Each of the Subscription Agreement, signature page to Company Agreement and Qualification Statement (including all of the signature pages for each document) must be completed and properly executed by or on behalf of the Subscriber before a subscription will be accepted.

Please direct any questions regarding the terms and provisions of this Offering or regarding the subscription procedure via email to info@acretrader.com, or call 888.958.1470. In connection with any such communications, please feel free to contact Anthony Bozzano, an Affiliate of Manager, at anthony@bozzoanoandcompany.com.

Directions for completing each document are included in the following pages.

GENERAL INSTRUCTIONS

If you have selected to invest in Strongwater Viticultural Investments TP LLC, we ask that you please:

(A) Complete the section or portions, as appropriate, of this Subscription Booklet indicated by the **green** tabs.

(B) Complete, sign and date the portions, as appropriate, of this Subscription Booklet indicated by **red** tabs.

(C) Have Purchaser Representatives complete, sign and date Exhibit A to the Qualification Statement indicated by the **yellow** tab.

(D) If you are a U.S. investor, please complete, sign and date the IRS Form W-9 (Request for Taxpayer Identification Number and Certification) attached as Exhibit B to the Qualification Statement. If you are a non-U.S. investor, see below for further information on obtaining and completing an IRS Form W-8 (Certificate of Foreign Status of Beneficial Owner for United States Tax Withholding and Reporting).

(E) If you are not a California resident please complete, sign and date the California Form 588 (Nonresident Withholding Waiver Request) attached as Exhibit C to the Qualification Statement.

(F) **If and after you have fully reviewed and understood the Offering Materials (defined herein) and have decided to make an investment in the Company after considering all of the risk factors discussed in the Offering Materials and other information available to you, please complete and execute this Subscription Booklet per the instructions set forth hereinabove, and deliver the completed package to Manager through the Platform, together with funds from your wallet via the Platform or a wire or ACH for the amount of your subscription via the instructions on the Platform for submitting your subscription amount through secure channels. Your funds will be transmitted to North Capital Private Securities Corporation ("Escrow Agent"), where they will be held in escrow until the Closing of the Offering.**

[*Continued on Following Page*]

ADDITIONAL INFORMATION

Privacy Notice (for individuals and certain entities that are "alter egos" of individuals)

The Privacy Notice, which is provided to you as a result of the privacy notice and disclosure regulations promulgated by the Federal Trade Commission under the Gramm-Leach-Bliley Act, explains the manner in which Manager collects, utilizes and maintains nonpublic personal information about each Subscriber. The Privacy Notice applies only to Subscribers who are individuals and certain entities that are essentially "alter egos" of individuals (e.g., revocable grantor trusts, IRAs or certain estate planning vehicles).

Attorneys-In-Fact

If any of the subscription documents included or referenced in this Subscription Booklet are executed for a Subscriber by its attorney-in-fact, a copy of the applicable power of attorney must be provided to Manager, together with the executed subscription documents.

Taxpayer Identification Number and Certification

U.S. INVESTORS:

Form W-9. Each Subscriber that is a U.S. person, e.g., a U.S. citizen or resident, a partnership organized under U.S. law, a corporation organized under U.S. law, a limited liability company

organized under U.S. law, or an estate or trust (other than a foreign estate or trust whose income from sources outside the U.S. is not includible in the beneficiaries' gross income), must provide Manager with its taxpayer identification number on a signed IRS form W-9. This form is necessary for the Company to comply with its tax filing obligations and to establish that Subscriber is not subject to certain withholding tax obligations applicable to non-U.S. persons. The enclosed form contains detailed instructions for furnishing this information. **DO NOT SEND THIS FORM TO THE IRS.**

NON-U.S. INVESTORS:

Form W-8. Subscribers that are not U.S. persons or resident aliens are required to provide information about their status for withholding purposes on form W-8BEN (for foreign beneficial owners who are individuals), form W-8IMY (for foreign intermediaries, flow-through entities, and certain U.S. branches), form W-8EXP (for foreign governments, international organizations, foreign central banks of issue, foreign tax-exempt organizations, foreign private foundations, and governments of certain U.S. possessions), or form W-8ECI (for non-U.S. persons receiving income that is effectively connected with the conduct of a trade or business in the United States). Subscribers that are not U.S. persons should provide Manager with the appropriate form W-8. Please contact Manager if you need further information regarding these forms. Subscribers may also access the IRS website (www.irs.gov) to obtain the appropriate form W-8 and its instructions.

THE CLOSING

The closing (the "**Closing**") of this subscription is presently anticipated to take place as soon as practicable as of a date to be selected by the Manager. Manager reserves the right to accept or reject all or any portion of any subscriptions in its sole discretion. Manager will inform Subscribers whether (and, if applicable, what portion of) their subscriptions have been accepted and the effective date of acceptance (a "**Closing Date**"). If a subscription is rejected in its entirety, all subscription documents will be returned to Subscriber. If a subscription is accepted in part or in whole, Subscriber may not revoke the subscription, and Subscriber will receive (i) a copy of the accepted Subscription Agreement, and (ii) a copy of the executed Company Agreement.

_____

Name of Subscriber
(Please Print or Type)

STRONGWATER VITICULTURAL INVESTMENTS TP LLC

SUBSCRIPTION AGREEMENT

This Subscription Agreement relates to the offering (the "**Offering**") of membership interests ("**Units**") in Strongwater Viticultural Investments TP LLC, a Delaware limited liability company (the "**Company**"), being made pursuant to that certain Confidential Private Placement Memorandum distributed concurrently with this Subscription Agreement (together, with all exhibits and attachments thereto, and ancillary documents provided therewith, including the AcreTrader Agreements, the "Prospective Lease" (as said term is defined in the Confidential Private Placement Memorandum) and the "Loan Documents" (as said term is defined in the Confidential Private Placement Memorandum), the "**Offering Materials**"). The Company is making the Offering exclusively to certain prospective investors who meet the requirements set forth in this Subscription Agreement. The manager of the Company is Strongwater Viticultural Investments LLC, a California limited liability company ("**Manager**"). The Company will use the proceeds from the Offering to, among other items enumerated within the Offering Materials, directly or indirectly, through one or more subsidiaries, own, manage, lease, finance, refinance, develop, sell, exchange (pursuant to a Qualified 1031 Exchange (as defined herein)) and otherwise operate that certain real property real property, located in the County of San Luis Obispo, State of California that is commonly known 5032 S. El Pomar Road, Templeton, CA 93465, that has been assigned Assessor's Parcel No. 033-291-048 (the "**Property**"). Subscribers to the Offering will enter into the Company's Amended and Restated Limited Liability Company Operating Agreement (the "**Company Agreement**"), a form of which is attached as an exhibit to the Offering Materials. Both the Company Agreement and the Offering Materials are incorporated herein by reference. Capitalized terms that are used in this Subscription Agreement that are not otherwise defined herein shall have the meanings set forth in the Company Agreement.

The undersigned subscriber ("**Subscriber**") hereby subscribes to become a member of the Company pursuant to the terms and subject to the conditions of the Company Agreement and agrees to make a contribution to the capital of the Company in the sum of:

$_____ (the "Subscription"),

as consideration for _____ Unit(s) (based on $35,000 per 1 Unit).

Subscriber acknowledges that by executing this Subscription Agreement, he, she or it is making an irrevocable offer for the Subscription and agrees to make his, her or its contribution in cash simultaneously with the execution and delivery of this Subscription Agreement; provided, however, that the Subscription by Subscriber shall not be deemed accepted by the Company until the Company has delivered to Subscriber a fully-executed counterpart of this Subscription Agreement signed by the Manager acting on behalf of the Company.

I. REPRESENTATIONS AND WARRANTIES OF SUBSCRIBER

In connection with the Offering and the Subscription, Subscriber hereby represents, warrants, covenants and agrees as follows:

1.1 **Authorized Signatory; Binding Nature of Subscription and Company Agreements.** If Subscriber is an individual, Subscriber is at least twenty-one (21) years of age or older. If Subscriber is a corporation, limited liability company, partnership, trust or other entity, Subscriber is authorized, empowered and qualified to execute this Subscription

Agreement and to make an investment in the Company as herein contemplated. Each of this Subscription Agreement and the Company Agreement is valid, binding and enforceable against Subscriber in accordance with its terms.

1.2 **Accredited Investor Status and Related Covenants and Agreements.** Subscriber is an "accredited investor" as that term is defined in Regulation D ("**Regulation D**") promulgated under the Securities Act of 1933, as amended (the "**Securities Act**") (which definition also appears in the Investor Qualification Statement (the "**Qualification Statement**") that accompanies this Subscription Agreement). Subscriber understands, acknowledges and agrees that it is anticipated that its investment in the Company will be made pursuant to Rule 506(c) of Regulation D and, as a result, the Company is required to verify that each Subscriber is indeed "accredited." Accordingly, in addition to completing the certifications and other documentation required by Manager, in its sole and absolute discretion, each Subscriber hereby covenants, promises and agrees that it shall provide any and all documentation, information and/or certifications that Manager deems appropriate (in its sole and absolute discretion) in connection with the verification of investors' "accredited" status by the Company and/or its third party service provider(s), which required documentation, information and/or certifications may include, but are not limited to, tax returns, brokerage or bank statements, consumer credit reports, verifications of net worth, or written confirmation from a registered broker-dealer or investment advisor, attorney, or certified accountant (collectively, the "**Verification Information and Documentation**"). To the extent requested by Manager, in its sole and absolute discretion, Subscriber shall update and/or bring current any and all Verification Information and Documentation.

1.3 **Accuracy Representation.** The attached Qualification Statement that Subscriber has completed and all of the statements, answers and information thereon are true and correct as of the date hereof and will be true and correct as of the date of the Closing. Subscriber represents and warrants that none of the information concerning Subscriber nor any representation or warranty made by Subscriber in this Subscription Agreement or in any document required to be delivered in connection herewith or otherwise provided hereunder (including, without limitation, the Qualification Statement) contains any untrue statement of a material fact or omits to state a material fact necessary in order to make the statements contained therein or herein not misleading.

1.4 **Company Agreement Reviewed.** Subscriber has received and read carefully a copy of the Company Agreement (including exhibits) and agrees to execute the Company Agreement simultaneously herewith (which Company Agreement shall become binding upon Subscriber as of the later of the date of the Company Agreement and the date, if any, that Manager accepts Subscriber's Subscription).

1.5 **Offering Materials Reviewed; Projections.** Subscriber has received and read carefully a copy of the Company's Offering Materials, and Subscriber has relied on nothing other than the information set forth in the Offering Materials and responses by Manager to inquiries by Subscriber (pursuant to the following sentence) consistent in scope and matter with the Offering Materials (the "**Subscriber Due Diligence Responses**") in deciding whether to make an investment in the Company. In addition, Subscriber acknowledges that Subscriber has been given the opportunity to (a) ask questions and receive satisfactory answers concerning the terms and conditions of the Offering and (b) obtain additional information in order to evaluate

the merits and risks of an investment in the Company and to verify the accuracy of the information contained in the Offering Materials. Subscriber has not relied upon any information provided by Manager, the Company or any other person, whether written or oral, in entering into this Subscription Agreement other than the Offering Materials and Subscriber Due Diligence Responses. No statement, printed material or other information that is contrary to the information contained in the Offering Materials has been given or made by or on behalf of Manager and/or the Company to Subscriber. In addition, projections that have been furnished by Manager or the Company, if any, are based on certain material assumptions made by Manager or the Company. Subscriber recognizes that projections represent a prediction of future events and that some assumptions inevitably will not materialize and unanticipated events and circumstances may occur. Therefore, the actual results achieved during the projection period will vary from the projections, and the variations may be material and substantial.

1.6 **No Securities Act Registration of Units.** Subscriber understands that the Units subscribed for hereunder have not been, and will not be, registered under the Securities Act or any state or foreign securities laws, and are being offered and sold in reliance upon federal, state and applicable foreign exemptions from registration requirements for transactions not involving any public offering. Subscriber recognizes that reliance upon such exemptions is based in part upon the representations of Subscriber contained herein (including the Qualification Statement). Subscriber represents and warrants that the Units will be acquired by Subscriber solely for the account of Subscriber, for investment purposes only and not with a view to the distribution thereof. Subscriber represents and warrants that Subscriber (a) is a sophisticated investor with such knowledge and experience in business and financial matters as will enable Subscriber to evaluate the merits and risks of investment in the Company, (b) is able to bear the economic risk and lack of liquidity of an investment in the Company and (c) is able to bear the risk of loss of its entire investment in the Company.

1.7 **No Investment Company Act or Investment Advisers Act Registration.** Subscriber understands that the Company does not intend to register as an investment company under the Investment Company Act of 1940, as amended (the "**Investment Company Act**"), and that neither Manager nor its members, nor any other person or entity selected by Manager to act as an agent of the Company with respect to managing the affairs of the Company, is registered as of the date hereof as an investment adviser under the Investment Advisers Act of 1940, as amended (the "**Investment Advisers Act**"); provided that Manager, its members, and/or any other person or entity selected by Manager to act as an agent of the Company with respect to managing the affairs of the Company may, at their sole and absolute discretion, register as an investment adviser under the Investment Advisers Act.

1.8 **Risk Factors; Restrictions on Transfer.** Subscriber recognizes that (a) an investment in the Company is speculative and involves a high degree of risk, (b) the Units will be subject to certain restrictions on transferability as described in the Company Agreement, (c) an investment in real estate is illiquid in nature, (d) there is no established market for the purchase or sale of the Units and one is unlikely to ever exist, and (e) as a result of the foregoing, there is a significant lack of marketability of the Units and Subscriber will not generally be able to liquidate its investment in the Company. Additionally, if Subscriber is able to liquidate its Units, if ever, Subscriber recognizes that in most cases Subscriber's investment will represent a minority interest in the Company and that the value of such minority interest, if offered for sale, would be substantially less than the value established by reference to the projected net equity of

the Company set forth in the Offering Materials, if any. Subscriber agrees that it will not transfer, sell or otherwise dispose of the Units in any manner that will violate the Company Agreement, the Securities Act or any state or foreign securities laws or subject the Company or Manager to regulation under the Investment Company Act or the Investment Advisers Act, the rules and regulations of the Securities and Exchange Commission (other than applicable anti-fraud provisions) or the laws and regulations of the State of Delaware, or any other federal, state or municipal authority or any foreign governmental authority having jurisdiction thereof.

1.9 **Risk Awareness Representation.** Subscriber is aware that: (a) an investment in the Company is highly speculative and involves a high degree of risk and that no assurance or guarantee can be given that the Company will be able to generate returns for its Members or that returns, if any, will be commensurate with the risks of investing in the type of investment to be made by the Company, (b) the Company has no financial or operating history, (c) Manager or another person or entity selected by Manager (which may be a manager, member, shareholder, partner or affiliate thereof) will in addition to other remuneration, receive substantial compensation in connection with the management of the Company and the Property, (d) no federal, state, local or foreign agency has passed upon the Units or made any finding or determination as to the fairness of this investment, (e) Subscriber is not entitled to cancel, terminate or revoke its Subscription or any of the powers conferred herein, (f) Manager may accept this Subscription in whole or in part, (g) there are substantial risks of loss of investment (including the risk of loss of the entire amount invested) incidental to the purchase of Units, including those described in the Offering Materials, (h) Manager and its affiliates may provide similar services to other persons or entities in which Subscriber will have no interest and there may be other potential conflicts as described in the Offering Materials, and (i) Manager has the sole and absolute discretion to cause the Company to exchange the Property for purposes of effectuating a tax-deferred exchange pursuant Section 1031 of the Internal Revenue Code of 1986, as amended or equivalent state law as further set forth in the Offering Materials (a "**Qualified 1031 Exchange**").

1.10 **No Guarantee of Distributions; Future Dilution; Return of Distributions.** Subscriber understands that (a) there can be no assurance or guarantee that the Company will make any distributions of distributable cash to Subscriber or that aggregate distributions, if any, will equal or exceed Subscriber's investment in the Company, (b) Manager may, in its sole and absolute discretion, issue additional Units to existing and prospective members of the Company on such terms and conditions as determined by Manager to be appropriate based upon the needs of the Company and accordingly Subscriber may be subject to dilution or subordination of its interest in the Company in accordance with the Company Agreement, and (c) Subscriber may be required to make re-contributions to the Company of certain distributions in limited circumstances as further described in the Company Agreement upon receipt of a notice from the Company requiring such re-contributions. Subscriber further understands that the failure by Subscriber to return a distribution in accordance with the terms of the Company Agreement will permit Manager, on behalf of the Company, to exercise a number of remedies against Subscriber as further set forth in the Company Agreement.

1.11 **No Conflict Representation.** The execution and delivery of this Subscription Agreement, the Qualification Statement and the Company Agreement, the consummation by Subscriber of the transactions contemplated hereby and the performance of Subscriber's obligations hereunder and under the Company Agreement will not conflict with, or

result in any violation of or default under, any provision of any governing instrument applicable to Subscriber, or any agreement or other instrument to which Subscriber is a party or by which Subscriber or any of its properties are bound, or any foreign or domestic permit, franchise, judgment, decree, statute, law, rule or regulation applicable to Subscriber or Subscriber's business or properties.

1.12 **Subscriber Not Formed to Invest in Company.** Subscriber was not formed or reformed for the specific purpose of making an investment in the Company, and under the ownership attribution rules promulgated under Section 3(c)(1) of the Investment Company Act, no more than one person may be deemed a beneficial owner of Subscriber's Units.

1.13 **Approved Platform User/Participant; AcreTrader Agreements; Platform Representations, Warranties, Covenants and Agreements.** Each Subscriber represents and warrants that such Subscriber is an authorized and approved participant on, a member of, and/or user of, the Platform. Each Subscriber hereby covenants, promises and agrees that it shall provide any and all documentation, information, executed instruments and/or certifications that Manager deems appropriate (in its sole and absolute discretion) in connection with the AcreTrader Agreements and in compliance with the terms thereof. Each Subscriber hereby covenants, promises and agrees that it is and shall be compliant with the provisions of (i) the AcreTrader Agreements, and/or (ii) any and all requirements, terms and conditions of the Platform. Each Subscriber hereby represents and warrants that any and all representations, assurances, certifications and declarations made by such Subscriber to, and/or for the benefit of, AcreTrader, Inc., a Delaware corporation ("**AcreTrader**"), whether in connection with or relating to the Platform, or otherwise, are true and correct in all respects. Each Subscriber understands, acknowledges and agrees that (x) the Platform is not owned, operated, managed or controlled in any way by the Company, the Manager, Andrew Jones, Mike Testa, or Anthony Bozzano, or their respective Affiliates; (y) none of the Company, the Manager, Andrew Jones, Mike Testa, or Anthony Bozzano, or their respective Affiliates shall be liable for, or have any obligation relating to, the Platform, in any manner, including without limitation, for the performance, operation, maintenance, management and ongoing use of the Platform by users (including the Members), and (z) AcreTrader, a Delaware corporation owns, operates, manages and controls the Platform and is wholly responsible for the Platform, including without limitation, for the performance, operation, maintenance, management and ongoing use of the Platform by users (including the Members) in all respects.

1.14 **Payment of Subscription Amount Through Platform.** Each Subscriber agrees to and shall pay the Subscription amount in full in immediately available cash funds pursuant to the instructions found on the Platform and otherwise at the direction of Manager. In conjunction with the Company's receipt of the Subscription amount and satisfactory review of all other documentation required to be delivered by the Subscriber to the Company and the Manager via the Platform, then Manager shall countersign the Company Agreement and, thereby, admit Subscriber as a Member of the Company as of the Closing Date, in such form and/or manner as determined by Manager in its sole and absolute discretion.

II. ADDITIONAL REPRESENTATIONS AND COVENANTS OF SUBSCRIBER

2.1 **Subscriber Representation (Publicly Traded Partnerships and Transfers).** Subscriber represents and covenants that:

A. Subscriber is one partner (as determined for purposes of the "private placement" safe harbor of the "publicly traded partnership" provisions contained in Treasury Regulations Section 1.7704-1(h)), treating, for this purpose, any person that has an interest in a financial instrument entered into with such Subscriber, payments on which, or the value of which, is determined, in whole or in part, by reference to Units or the Company (including the amount of the distributions on Units made by the Company, the value of the Company's assets, or the result of the Company's operations), or any contract that otherwise is described in Treasury Regulations Section 1.7704-1(a)(2)(i)(B) as a partner;

B. Subscriber will not (i) directly or indirectly sell, encumber, assign, participate, pledge, hypothecate, re-hypothecate, exchange or otherwise dispose of, suffer the creation of a lien, or transfer or convey in any manner (each a "**Transfer**") any of its Units (or any interest therein that is described in Treasury Regulations Section 1.7704-1(a)(2)(i)(B)) on or through (x) a United States national, regional or local securities exchange, (y) a foreign securities exchange or (z) an interdealer quotation system that regularly disseminates firm buy or sell quotations by identified brokers or dealers (including, without limitation, the National Association of Securities Dealers Automated Quotation System) ((x), (y) and (z), collectively, an "**Exchange**") or (ii) cause any of its Units or any interest therein to be marketed on or through an Exchange; and

C. Subscriber agrees to be bound by the restrictions and conditions set forth in the Company Agreement (including the right of Manager to impose restrictions on Transfers, including time delay restrictions, in order to avoid publicly traded partnership status for the Company) and acknowledges and agrees that it may not directly or indirectly Transfer all or any portion of its Units except as provided in the Company Agreement.

Subscriber understands that the representations and covenants contained in this Section 2.1 are intended to permit the Company to rely, if necessary, on the "private placement" safe harbor from classification as a publicly traded partnership pursuant to Treasury Regulations Section 1.7704-1(h). Any Subscriber in violation of these representations and covenants shall not be recognized as a Subscriber by the Company and shall not be entitled to any distributions or other rights hereunder or under the Company Agreement.

2.2 **ERISA Representations.** Subscriber represents and warrants that (a) except as disclosed to Manager in the attached Qualification Statement, which Subscriber has completed and returned herewith, no part of the funds used by Subscriber to acquire Units constitutes assets of any "employee benefit plan" within the meaning of Section 3(3) of the Employee Retirement Income Security Act of 1974, as amended ("**ERISA**"), or other "benefit plan investor" (as defined in U.S. Department of Labor Reg. §2510.3-101 *et seq.*, as amended), (b) if Subscriber is a benefit plan investor, neither Manager nor any of its affiliates acted as a

"fiduciary" within the meaning of Section 3(21) of ERISA with respect to the purchase of the Units by Subscriber and (c) the purchase of such Units has been duly authorized in accordance with its governing documents.

2.3 **Benefit Plan Representations by Plan Fiduciaries.** If Subscriber is an employee benefit plan (a "**Plan**"), the fiduciary executing this Subscription Agreement on behalf of the Plan (the "**Fiduciary**") represents and warrants to the Company that:

A. the Plan's commitment to purchase Units does not, in the aggregate, constitute more than ten percent (10%) of the fair market value of the Plan's assets;

B. the Fiduciary has considered the following with respect to the Plan's investment in Units, and has determined that, in view of such considerations, the purchase of Units is consistent with the Fiduciary's responsibilities under ERISA:

(i) the investment plays an appropriate role in that portion of the Plan's portfolio that the Fiduciary manages;

(ii) the investment is appropriate as part of that portion of the portfolio managed by the Fiduciary to further the purposes of the Plan, taking into account both the risk of loss and the opportunity for gain that could result therefrom;

(iii) the investment is suitable with respect to the diversification of that portion of the portfolio that the Fiduciary manages;

(iv) the investment is suitable with respect to the liquidity, current rate of return, and anticipated cash flow requirements of that portion of the portfolio managed by the Fiduciary;

(v) the investment is suitable with respect to the projected return of that portion of the portfolio managed by the Fiduciary relative to the funding objectives of the Plan;

(vi) an investment in the Company is permissible under the documents governing the Plan and the Fiduciary; and

(vii) there are substantial risks of loss associated with an investment in the Company as set forth in the Offering Materials, and the Fiduciary believes the investment is suitable in consideration of these risks;

C. the Fiduciary is (i) responsible for the decision to invest in the Company; (ii) independent of the Company, Manager or any of its affiliates; and (iii) qualified to make such investment decision; and

D. the Fiduciary has delivered to Manager, and from time to time hereafter will deliver to Manager, in writing, all of the information that Manager may

request in order to avoid violations of any provision of ERISA or any other laws applicable to Subscriber or the Company, and will promptly notify Manager, in writing, of any change in the information so furnished.

III. MISCELLANEOUS PROVISIONS

3.1 **Attorney Conflict of Interest Disclosure and Waiver.** Subscriber acknowledges that Manager has retained Barnes & Thornburg LLP (the "**Law Firm**") in connection with the formation of the Company and expects to retain the Law Firm as legal counsel in connection with the management and operation of the Company, including making, holding and disposing of investments. Subscriber agrees and acknowledges that, unless Manager and Subscriber otherwise agree in writing (and the Law Firm consents in writing), the Law Firm is not representing and will not represent Subscriber in connection with the formation of the Company, the Offering of the Units, the management and operation of the Company, or any dispute that may arise between Subscriber on the one hand and Manager and/or the Company on the other hand (the "**Company Legal Matters**"). Subscriber represents that it will, if it desires counsel on a Company Legal Matter, retain its own independent counsel with respect thereto and will pay all fees and expenses of such independent counsel. Subscriber agrees that the Law Firm may represent Manager and/or the Company in connection with the formation of the Company and any and all other Company Legal Matters (including any dispute between Manager or the Company and Subscriber or any other member of the Company). Subscriber hereby waives all conflicts of interest resulting from any such representation by the Law Firm and hereby waives the right to have the Law Firm disqualified from any such representation.

3.2 **Subscriber Indemnification Representations.** Subscriber agrees to indemnify and hold harmless the Company, Manager, their respective affiliates, partners, officers, directors, members, employees, agents and shareholders, and each other person, if any, who controls or is controlled by any of the foregoing, within the meaning of Section 15 of the Securities Act, against any and all loss, liability, claim, damage, cost and expense whatsoever (including, but not limited to, legal fees and disbursements and any and all other expenses whatsoever reasonably incurred in investigating, preparing for or defending against any litigation, arbitration proceeding, or other action or proceeding commenced or threatened, or any claim whatsoever) arising out of or in connection with, or based upon or resulting from, (1) any false representation or warranty or breach or failure by Subscriber to comply with any covenant or agreement made by Subscriber in this Subscription Agreement or in any other document furnished by Subscriber to any of the foregoing in connection with this transaction, or (2) any action for securities law violations instituted by Subscriber which is finally resolved by judgment against Subscriber.

3.3 **Acceptance of Subscription by Manager.** Manager may accept in its sole and absolute discretion all or any portion of the Subscription set forth herein. Prompt notice of such acceptance will be given to Subscriber either by delivery of this Subscription Agreement signed by Manager or by notice of such execution. If so accepted, this Subscription Agreement (a) will be binding upon Subscriber's heirs, successors, legal representatives and assigns, (b) may not be canceled, terminated or revoked by Subscriber and (c) will be governed by and construed in accordance with the laws of the State of Delaware (without giving effect to any choice of law or conflict of law rules or provisions that would cause the application of the laws of any jurisdiction other than the State of Delaware).

3.4 **Sources of Subscription Funds; OFAC and USA PATRIOT Act Representations.** Subscriber hereby represents and covenants that: [1]

A. the amounts to be contributed by Subscriber to the Company will not be directly or indirectly derived from activities that may contravene federal, state or international laws and regulations, including anti-money laundering laws and regulations;

B. Subscriber acknowledges and understands that United States federal regulations and executive orders administered by the Treasury Department's Office of Foreign Asset Control ("**OFAC**") prohibit, among other things, engaging in transactions with, and the provision of services to, certain foreign countries, territories, entities and individuals.[2] Subscriber represents that none of (i) Subscriber, (ii) if Subscriber is acting as trustee, agent, representative or nominee for a subscriber (each such subscriber, a "**Beneficial Owner**"), the Beneficial Owner, or (iii) in the case of a Subscriber that is an entity, any Related Person is:

(a) a person or entity whose name appears on the List of Specially Designated Nationals and Blocked Persons maintained by OFAC or other list designated by Manager from time to time, or a person or entity that is subject to sanctions administered by OFAC; or

(b) a Foreign Shell Bank.

C. Subscriber will promptly notify Manager of any change in information affecting this representation and covenant;

D. except as otherwise disclosed to the Company in writing:

(i) none of (a) Subscriber, (b) if Subscriber is acting as trustee, agent, representative or nominee, the Beneficial Owner, or (c) in the case of a Subscriber that is an entity, any Related Person, is a person or entity resident in or whose subscription funds are transferred from or through an account in a Non-Cooperative Jurisdiction;

(ii) none of (a) Subscriber, (b) if Subscriber is acting as trustee, agent, representative or nominee, the Beneficial Owner, or (c) in the case of a Subscriber that is an entity, any Related Person, is a Senior Foreign Political Figure, any member of a Senior Foreign Political Figure's Immediate Family, or any Close Associate of a Senior Foreign Political Figure;

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[1] See Appendix A to this Subscription Agreement for the definitions of certain terms used in this Section 3.4.

[2] The lists of OFAC prohibited countries, territories, persons and entities can be found on the OFAC website at http://www.treas.gov/offices/enforcement/ofac. In addition, the programs administered by OFAC prohibit dealing with individuals or entities in certain countries regardless of whether such individuals or entities appear on the OFAC lists.

(iii) none of (a) Subscriber, (b) if Subscriber is acting as trustee, agent, representative or nominee, the Beneficial Owner, or (c) in the case of a Subscriber that is an entity, any Related Person is a resident in, or organized or chartered under the laws of, a jurisdiction that has been designated by the Secretary of the Treasury under Section 311 or 312 of the USA PATRIOT Act as warranting special measures due to money laundering concerns (the Treasury Department's Financial Crimes Enforcement Network ("**FinCEN**") issues advisories regarding countries of primary money laundering concern, which are posted at http://www.fincen.gov/pub_main.html); and

(iv) its subscription funds do not originate from, nor will they be routed through, an account maintained at a Foreign Shell Bank, an "Offshore Bank," or a bank organized or chartered under the laws of a Non-Cooperative Jurisdiction;

E. if Subscriber is a financial institution as defined in the Bank Secrecy Act, 31 U.S.C. § 5312(a)(2)(A)—(X), and is investing in the Company on behalf, directly or indirectly, of any of its client accounts (as defined in rules under the USA PATRIOT Act), it is aware of the obligations imposed upon it by the International Money Laundering Abatement and Financial Anti-Terrorism Act of 2001, which comprises Title III of the USA PATRIOT Act, as amended and is and shall remain in compliance with its obligations thereunder;

F. any distributions paid to it will be paid to the same account from which its investment in the Company was originally remitted, unless Manager agrees otherwise; and

G. Subscriber consents to the disclosure by Manager of its identity and its investment in the Company (and other information concerning Subscriber) in order to demonstrate compliance or to comply with any laws, rules or regulations to which the Company, Manager, any affiliate thereof, or any financial institution or any other service provider providing services to any of the foregoing is or becomes subject, or if the contents thereof are relevant to any issue in any action, suit, or proceeding to which the Company, Manager, or any affiliate thereof is a party or by which it is or may be bound, or to establish the availability under any applicable law of an exemption from registration of interests in the Company or in response to requests for information by other investors or prospective investors in the Company or Company lenders or other persons (including, without limitation, regulatory or law enforcement authorities) if Manager believes in its sole and absolute discretion that doing so will be beneficial to the Company's business or the business of another entity sponsored by Manager and its affiliates (and to its professionals under a duty of confidentiality) or other investment programs sponsored by Manager or its affiliates, by prospective financial sources or by other parties who request such information in connection with conducting business with the Company, Manager or its affiliates (including brokers, purchasers, sellers or tenants). Manager may use the Company's performance data in subsequent offerings and in connection with future borrowings. Notwithstanding the foregoing, unless Manager

otherwise determines in its sole and absolute discretion, no Member shall be entitled to receive disclosure of the identity of any other Member of the Company.

3.5 **Delaware Law Governs.** This Subscription Agreement shall be governed by and construed in accordance with the laws of the State of Delaware without regard to principles of conflicts of law. If any provision of this Subscription Agreement is invalid or unenforceable under any applicable law, then such provision shall be deemed inoperative to the extent that it may conflict therewith and shall be deemed modified to conform to such applicable law. Any provision hereof which may be held invalid or unenforceable under any applicable law or in any particular instance shall not affect the validity or enforceability of any other provisions hereof or of such provision in any other instance, and to this extent the provisions hereof shall be severable.

3.6 **Arbitration; Venue.** Any claim or controversy arising out of or in any way relating to this Subscription Agreement, the Offering Materials, and/or the Company Agreement, or any breach hereof or thereof, between Subscriber on the one hand and the Company, Manager or their respective affiliates on the other hand shall be submitted to FINAL AND BINDING ARBITRATION BEFORE JAMS IN THE STATE OF CALIFORNIA, CITY OF LOS ANGELES, PURSUANT TO THE JAMS COMPREHENSIVE ARBITRATION RULES AND PROCEDURES. SUBSCRIBER FURTHER AGREES THAT THE ARBITRATION SHALL BE CONDUCTED BEFORE A PANEL OF THREE JAMS ARBITRATORS. THE CHAIRPERSON OF THE PANEL SHALL BE A RETIRED CALIFORNIA OR FEDERAL JUDGE OR JUSTICE WHO CURRENTLY IS, OR WAS AT THE TIME OF RETIREMENT, IN GOOD STANDING. THE TWO OTHER ARBITRATORS SHALL ALSO BE RETIRED JUDGES OR BE LICENSED CALIFORNIA ATTORNEYS IN GOOD STANDING WITH AT LEAST FIFTEEN YEARS' EXPERIENCE IN THE PRACTICE OF LAW. SUBJECT TO THE FOREGOING, THE THREE ARBITRATORS SHALL BE SELECTED THROUGH THE PROCEDURE SET FORTH IN RULE 15, SUBSECTIONS (b) – (f) OF THE JAMS COMPREHENSIVE ARBITRATION RULES AND PROCEDURES. BY AGREEING TO ARBITRATE, SUBSCRIBER WAIVES ANY RIGHT IT HAS TO A COURT OR JURY TRIAL. Subscriber further agrees that, upon application of the prevailing party, any Judge of the Superior Court of the State of California, for the County of Los Angeles, may enter a judgment based on the final arbitration award issued by the JAMS arbitration panel, and Subscriber agrees to submit to the jurisdiction of this Court for such a purpose. No action at law or in equity based upon any claim arising out of or related to this Subscription Agreement, the Offering Materials and/or the Company Agreement shall be instituted in any court by Subscriber (or its respective members) except (a) an action to compel arbitration pursuant to this Section 3.6 or (b) an action to enforce an award obtained in an arbitration proceeding in accordance with this Section 3.6.

3.7 **Waivers Made only by the Company's Authorized Representatives.** Any amendment to, or waiver, modification or discharge of any provision of this Subscription Agreement will be effective with respect to any Subscriber only if executed by any one of Andrew Jones, Mike Testa, or Anthony Bozzano on behalf of Manager and such Subscriber.

3.8 **Notice Address.** Unless otherwise provided herein or by notice pursuant to this Section 3.8, all notices hereunder shall be in writing and shall be given (A) if to the Company, to Strongwater Viticultural Investments TP LLC, c/o Strongwater Viticultural

Investments LLC, 1440 Higuera Street, San Luis Obispo, CA 93401; Attention: Anthony Bozzano, Telephone (805) 234-4920, email anthony@bozzanoandcompany.com, or such other address or addresses as to which Subscriber shall have been given notice, and (B) if to Subscriber, to Subscriber and its designees at the address given in this Subscription Agreement. Any notice shall be deemed to have been duly given (W) if personally delivered, upon delivery, (X) if sent by electronic mail ("email") on a business day, when sent (or, if not sent on a business day, on the next business day), (Y) if sent by a nationally recognized overnight courier service, on the next business day after delivery to such service, or (Z) if sent by mail (certified, return receipt requested), on the fifth business day following the date on which the piece of mail containing such communication is posted. The time to respond to any notice shall run from the date of actual delivery (or attempted delivery if delivery is refused during normal business hours on a business day).

3.9 **Counterparts.** This Subscription Agreement may be executed through the use of separate signature pages or in any number of counterparts, and each of such counterparts shall, for all purposes, constitute one agreement binding on all the parties, notwithstanding that all parties are not signatories to the same counterpart. The exchange of copies of this Subscription Agreement via email or other electronic means and of electronic signatures shall constitute effective execution and delivery of this Agreement as to the parties hereto. Electronic signatures transmitted via email or other electronic means shall be deemed to be an original signature for all purposes.

3.10 **Assignment.** Except as otherwise provided in the Company Agreement, to the fullest extent permitted by applicable law, neither this Subscription Agreement nor any right, remedy, obligation or liability arising hereunder or by reason hereof shall be transferable or assignable by Subscriber (including pursuant to a termination, liquidation or dissolution) without the prior written consent of Manager. Any transfer or assignment made in violation of this Section 3.10 shall be entirely null and void *ab initio*.

3.11 **Binding Effect.** Except as otherwise provided herein, this Subscription Agreement shall be binding upon, and inure to the benefit of, the parties and their heirs, executors, administrators, successors, legal representatives and assigns. If Subscriber is more than one person, the obligation of Subscriber shall be joint and several and the agreements, representations, warranties, covenants and acknowledgments herein contained shall be deemed to be made by, and be binding upon, each such person and his or her heirs, executors, administrators and successors as if made separately by each such person on behalf of all such persons.

3.12 **Entire Agreement.** The Company Agreement, this Subscription Agreement and any side letter agreement between the Company and Subscriber (each, a "**Side Letter**") contain the entire agreement of the parties hereto with respect to the subject matter hereof and thereof, and there are no representations, covenants or other agreements except as stated or referred to herein and therein. Should there be any conflict of interpretation of terms among parties to the Offering Materials, the Company Agreement shall control; provided, however, should there be any conflict of the provisions of the Company Agreement and a provision in any Side Letter, the Side Letter shall control. The provisions of this Subscription Agreement, including without limitation the representations and warranties of Subscriber set forth herein, shall survive the closing of the transactions contemplated hereby.

3.13 **Confidentiality Obligations.** Subscriber shall be bound by the confidentiality provisions of the Company Agreement.

3.14 **Due Authority.** If Subscriber is acting as trustee, agent, representative or nominee for a Beneficial Owner, Subscriber understands and acknowledges that the representations, warranties and agreements made herein are made by Subscriber (A) with respect to Subscriber and (B) with respect to the Beneficial Owner of the Units subscribed for hereby. Subscriber further represents and warrants that it has all requisite power and authority from said Beneficial Owner to execute and perform the obligations under this Subscription Agreement on behalf of itself and such Beneficial Owner. Subscriber also agrees to indemnify the Company, Manager, their respective affiliates, partners, officers, directors, members, employees, agents and shareholders, and each other person, if any, who controls or is controlled by any thereof, within the meaning of Section 15 of the Securities Act, for any and all costs, fees and expenses (including reasonable legal fees and disbursements) in connection with any damages resulting from Subscriber's or the Beneficial Owner's misrepresentation or misstatement contained herein, or the assertion of Subscriber's lack of proper authorization from Beneficial Owner of the Units subscribed for hereby, to enter into this Subscription Agreement or perform the obligations hereof.

3.15 **Additional Information from Subscriber.** Manager may request from Subscriber such additional information as it may deem necessary to evaluate the eligibility of Subscriber to acquire Units, and may request from time to time such information as it may deem necessary to determine the eligibility of Subscriber to hold Units or to enable Manager to determine the Company's compliance with applicable legal and regulatory requirements or tax status, and Subscriber shall provide such information as may reasonably be requested.

3.16 **Representations Correct; Notice of Changes Required.** The representations and warranties of each person or entity acquiring Units must be true and correct in all material respects both at the time of subscription and, to the extent required by applicable law, at all times thereafter until such person or entity ceases to be a member of the Company. Accordingly, Subscriber agrees to promptly notify Manager, but in any event within sixty (60) days thereof, if there is any change with respect to any of the information or representations provided by Subscriber in or pursuant to this Subscription Agreement (including without limitation the Qualification Statement), and to provide Manager with such further information as Manager may reasonably require.

3.17 **Subscriber's Grant of Power of Attorney.** Subscriber, by its execution hereof, hereby irrevocably makes, constitutes and appoints each of Manager and the Liquidating Trustee (as defined in the Company Agreement), if any (in such capacity as Liquidating Trustee for so long as it acts as such), each acting alone, as its true and lawful agent and attorney-in-fact, with full power of substitution and full power and authority in its name, place and stead, to make, execute, sign, acknowledge, swear to, record and file: (A) the Company Agreement and any amendment to the Company Agreement which has been adopted as provided therein; (B) the original Articles of the Company and all amendments thereto required or permitted by law and the provisions of the Company Agreement; (C) all certificates and other instruments deemed advisable by Manager or the Liquidating Trustee to carry out the provisions of the Company Agreement and applicable law or to permit the Company to become or to continue as a limited liability company; (D) all instruments that Manager or the Liquidating Trustee deems appropriate

to reflect a change or modification of the Company Agreement or the Company in accordance with the Company Agreement, including, without limitation, the admission of Substituted Members (as defined in the Company Agreement) pursuant to the provisions of the Company Agreement; (E) all conveyances and other instruments or papers deemed advisable by Manager or the Liquidating Trustee to effect the dissolution and termination of the Company (consistent with Article IX of the Company Agreement); and (F) all other instruments or papers which may be required or permitted by law to be filed on behalf of the Company which do not subject the Members to personal liability and are necessary to carry out the provisions of the Company Agreement.

A. The foregoing power of attorney:

(i) is coupled with an interest, shall be irrevocable and shall survive and shall not be affected by the subsequent death, disability or Incapacity (as defined in the Company Agreement) of any Subscriber; may be exercised by Subscriber or the Liquidating Trustee, as appropriate, either by signing separately as attorney-in-fact for each Subscriber or by a single signature of Manager or the Liquidating Trustee, as appropriate, acting as attorney-in-fact for all of them, and

(ii) shall survive the delivery of an assignment by a Subscriber of the whole or any portion of its Units; except that, where the assignee of the whole of such Member's Units has been approved by Manager for admission to the Company as a Substituted Member, the power of attorney of the assignor shall survive the delivery of such assignment for the sole purpose of enabling Manager or the Liquidating Trustee, as appropriate, to execute, swear to, acknowledge and file any instrument necessary or appropriate to effect such substitution.

B. Subscriber shall execute and deliver to Manager within fifteen (15) days after receipt of Manager's request therefor such other instruments as Manager reasonably deems necessary to carry out the terms of this Agreement. Manager shall notify Subscriber for which it has exercised a power-of-attorney as soon as practicable thereafter.

[*Intentionally Blank -- Signature Pages Follow*]

IN WITNESS WHEREOF, Subscriber has executed this Subscription Agreement on _____ __, 2023.

FOR COMPLETION BY ALL SUBSCRIBERS:

Subscriber's Mailing Address: (for formal notice)	Subscriber's Other Address: (home, business or main office)
_____	_____
_____	_____
_____	_____
Attention: _____	Attention: _____
Phone No.: _____	Phone No.: _____
Fax No.: _____	Fax No.: _____
E-mail: _____	E-mail: _____

FOR COMPLETION BY SUBSCRIBERS WHO ARE INDIVIDUALS:

Subscriber's Name: _____
(print or type)

Subscriber's Signature: _____
(signature)

Subscriber's Social Security No.: _____

FOR COMPLETION BY SUBSCRIBERS WHO ARE NOT INDIVIDUALS:
(i.e., corporations, partnerships, limited liability companies, trusts or other entities)

Subscriber's Name: _____
(print or type)

By: _____
(signature of authorized representative)

Name: _____
(print or type name of authorized representative)

Title: _____
(print or type title of authorized representative)

Subscriber's Tax Identification No.: _____

_____
Name of Subscriber
(Please Print or Type)

STRONGWATER VITICULTURAL INVESTMENTS TP LLC

SUBSCRIPTION AGREEMENT

MANAGER ACCEPTANCE PAGE

(To Be Completed by Manager)

Strongwater Viticultural Investments LLC, a California limited liability company, the manager of Strongwater Viticultural Investments TP LLC, a Delaware limited liability company (the "**Company**"), hereby accepts the foregoing subscription on behalf of the Company either (a) for the Subscription amount set forth below or (b) if the Subscription amount below is left blank, then Subscriber's requested Subscription amount set forth in Subscriber's Subscription Agreement.

Total Subscription Accepted: $ _____

Dated: _____

"**MANAGER**"

STRONGWATER VITICULTURAL INVESTMENTS LLC,
a California limited liability company

By: _____
Name: _____
Its: _____

APPENDIX A

to

Subscription Agreement of Strongwater Viticultural Investments TP LLC

Glossary of Relevant Terms

The following definitions shall apply to the capitalized terms used in Section 3.4 of the Subscription Agreement:

"**Close Associate**" of a Senior Foreign Political Figure shall mean a person who is widely and publicly known internationally to maintain an unusually close relationship with the Senior Foreign Political Figure, and includes a person who is in a position to conduct substantial domestic and international financial transactions on behalf of the Senior Foreign Political Figure.

"**Foreign Bank**" shall mean an organization that (i) is organized under the laws of a country outside the United States; (ii) engages in the business of banking; (iii) is recognized as a bank by the bank supervisory or monetary authority of the country of its organization or principal banking operations; (iv) receives deposits to a substantial extent in the regular course of its business; and (v) has the power to accept demand deposits, but does not include the U.S. branches or agencies of a foreign bank.

"**Foreign Shell Bank**" shall mean a Foreign Bank without a Physical Presence in any country, but does not include a Regulated Affiliate.

"**Immediate Family**" of a Senior Foreign Political Figure typically includes the political figure's parents, siblings, spouse, children and in-laws.

"**Non-Cooperative Jurisdiction**" shall mean any foreign country or territory that has been designated as non-cooperative with international anti-money laundering principles or procedures by an intergovernmental group or organization, such as FATF (Financial Action Task Force on Money Laundering), of which the United States is a member and with which designation the United States representative to the group or organization continues to concur.

"**Offshore Bank**" shall mean a Foreign Bank that is barred, pursuant to its banking license, from conducting banking activities with the citizens of, or with the local currency of, the country that issued the licensing, but does not include a Regulated Affiliate.

"**Physical Presence**" shall mean a place of business that is maintained by a Foreign Bank and is located at a fixed address, other than solely a post office box or an electronic address, in a country in which the Foreign Bank is authorized to conduct banking activities, at which location the Foreign Bank: (1) employs one or more individuals on a full-time basis; (2) maintains operating records related to its banking activities; and (3) is subject to inspection by the banking authority that licensed the Foreign Bank to conduct banking activities.

"**Publicly Traded Company**" shall mean an entity whose securities are listed on a recognized securities exchange or quoted on an automated quotation system in the U.S. or

country other than a Non-Cooperative Jurisdiction or a wholly-owned subsidiary of such an entity.

"**Qualified Plan**" shall mean 'any employee pension benefit plan' within the meaning of Section 3(2) of ERISA that is subject to ERISA or exempt from ERISA under Section 4(b)(1), (2), (3) or (5) of ERISA.

"**Regulated Affiliate**" shall mean a Foreign Bank without a Physical Presence in any country that: (1) is an affiliate of a depository institution, credit union, or Foreign Bank that maintains a Physical Presence in the United States or a foreign country, as applicable; and (2) is subject to supervision by a banking authority in the country regulating such affiliated depository institution, credit union, or Foreign Bank.

"**Related Person**" shall mean, with respect to any entity, any holder of any beneficial interest (each a "**Beneficial Interest Holder**"), director, senior officer, trustee, beneficiary or grantor of such entity; provided that in the case of an entity that is a Publicly Traded Company or a Qualified Plan, the term "Related Person" shall exclude any Beneficial Interest Holder holding less than five percent (5%) of any class of securities of such Publicly Traded Company and beneficiaries of such Qualified Plan.

"**Senior Foreign Political Figure**" shall mean a senior official in the executive, legislative, administrative, military or judicial branches of a non-U.S. government (whether elected or not), a senior official of a major non-U.S. political party, or a senior executive of a non-U.S. government-owned corporation. In addition, a Senior Foreign Political Figure includes any corporation, business or other entity that has been formed by, or for the benefit of, a Senior Foreign Political Figure.

"**USA PATRIOT Act**" shall mean the Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act of 2001, as amended, and the regulations promulgated thereunder.

Company Agreement Signature Page Follows

(Please sign the attached signature page)

IN WITNESS WHEREOF, the parties hereto have executed and entered into this Amended and Restated Limited Liability Company Operating Agreement of the Company as of the day first above set forth.

"**MANAGER**"

STRONGWATER VITICULTURAL INVESTMENTS LLC,
a California limited liability company

By: _____
Name: _____
Its: _____

"MEMBER"

FOR COMPLETION BY MEMBERS WHO ARE NATURAL PERSONS:
(i.e., individuals)

Subscriber's Name: _____
(print or type)

Subscriber's Signature: _____
(signature)

Subscriber's Social Security No.: _____

FOR COMPLETION BY MEMBERS WHO ARE NOT NATURAL PERSONS:
(i.e., corporations, partnerships, limited liability companies, trusts or other entities)

Subscriber's Name: _____
(print or type)

By: _____
(signature of authorized representative)

Name: _____
(print or type name of authorized representative)

Title: _____
(print or type title of authorized representative)

Subscriber's Tax Identification No.: _____

STRONGWATER VITICULTURAL INVESTMENTS TP LLC
INVESTOR QUALIFICATION STATEMENT‡

_____
Name of Subscriber
(Please Print or Type)

Part I. **Regulation D and Regulation S Matters.**

(Subscribers please note: Sections (a) and (b) in this Part I must be completed with respect to a Subscriber that is an individual.)

(a) **FOR INDIVIDUALS:** If the undersigned subscriber (the "**Subscriber**") is a natural person (i.e., an individual), the Subscriber represents, warrants and certifies that at least one of the following statements is true for purposes of qualifying as an "accredited investor" pursuant to Regulation D promulgated under the Securities Act of 1933, as amended and in effect as of the date hereof (the "**Act**"):

(1) an individual person whose individual Net Worth§ (or joint Net Worth with such person's spouse) exceeds $1,000,000;

(2) an individual person who had an Individual Income§ in excess of $200,000 in each of the two (2) most recent years and who reasonably expects to have an Individual Income in excess of $200,000 in the current year or who had Joint Income§ in excess of $300,000 in each of the two (2) most recent years and who reasonably expects to have Joint Income in excess of $300,000 in the current year; or

(3) a director, executive officer, or manager of the Company, or any director, executive officer, or manager of the Manager of the Company.

(b) **FOR INDIVIDUALS:** If Subscriber is an individual, please answer questions 1-3 of this subparagraph (b):

(1) Occupation of Subscriber:
_____

(2) Name of employer:
_____

‡ For purposes hereof, the "**Company**" means Strongwater PJV LLC, a Delaware limited liability company.

§ See Appendix A to this Investor Qualification Statement for relevant definitions of capitalized terms that are not otherwise defined herein.

(3) Business address, if different from mailing address in Subscription Agreement, of Subscriber: _____
_____

(c) **FOR ENTITIES (Subscribers please note: This Section (c) and the following Section (d) must be completed with respect to a Subscriber that <u>is not</u> an individual.):** If Subscriber is not an individual (i.e., is, instead, a corporation, partnership, limited liability company, trust or other entity), Subscriber represents, warrants and certifies that at least one of the following statements is true for purposes of qualifying as an "accredited investor" pursuant to Regulation D promulgated under the Act:

(1) one of the following entities that was not formed for the specific purpose of making an investment in the Company and that has total assets in excess of $5,000,000:

(A) an organization described in Section 501(c)(3) of the Internal Revenue Code of 1986, as amended;

(B) a corporation, limited liability company or partnership; or

(C) a Massachusetts or similar business trust;

(2) a trust, with total assets in excess of $5,000,000, not formed for the specific purpose of acquiring membership interests of the Company, whose purchase of the membership interests offered is directed by a sophisticated person as described in Rule 506(b)(2)(ii) of Regulation D;

(3) a bank as defined in Section 3(a)(2) of the Act, or a savings and loan association or other institution as defined in Section 3(a)(5)(A) of the Act, whether acting in its individual or fiduciary capacity;

(4) a broker or dealer registered pursuant to Section 15 of the Securities Exchange Act of 1934, as amended;

(5) an insurance company as defined in Section 2(13) of the Act;

(6) an investment company registered under the Investment Company Act of 1940, as amended (the "**Investment Company Act**");

(7) a business development company as defined in Section 2(a)(48) of the Investment Company Act;

(8) a Small Business Investment Company licensed by the U.S. Small Business Administration under Section 301(c) or (d) of the Small Business Investment Act of 1958, as amended;

(9) a plan established and maintained by a state, its political subdivisions, or any agency or instrumentality of a state or its political subdivisions, for the benefit of its employees, if such plan has total assets in excess of $5,000,000;

(10) an employee benefit plan within the meaning of Title I of the Employee Retirement Income Security Act of 1974, as amended ("**ERISA**"), if

(A) the investment decision is made by a plan fiduciary, as defined in Section 3(21) of ERISA, which is either a bank, savings and loan association, insurance company or registered investment adviser,

(B) the employee benefit plan has total assets in excess of $5,000,000, or

(C) such plan is a self-directed plan with investment decisions made solely by persons that are "accredited investors"*;

**See Section (e) below*

(11) a private business development company as defined in Section 202(a)(22) of the Investment Advisers Act of 1940, as amended;

(12) an entity in which all of the equity owners are "accredited investors;"* or
**See Section (e) below*

(13) not a "U.S. Person" as defined in Rule 902 of Regulation S** and not acquiring membership interests in the Company for the benefit of a U.S. Person.

(d) **FOR ENTITIES ONLY:** If Subscriber is not an individual (i.e., is instead a corporation, partnership, limited liability company, trust or other entity), the Subscriber represents, warrants and certifies that at least one of the following statements is true:

(1) Subscriber was not organized or reorganized for the purpose of acquiring membership interests of the Company; or

(2) if Subscriber was organized or reorganized for the purpose of acquiring membership interests of the Company, the number of stockholders, partners, members or other owners, direct or indirect, of Subscriber is _____ and each such stockholder, partner or other investor is either (i) an "accredited investor" or (ii) not a "U.S. Person" as defined in Rule 902 of Regulation S and is not acquiring membership interests in the Company for the benefit of a U.S. Person.*†† **See Section (e) below*

** See Appendix A to this Investor Qualification Statement for relevant definitions of terms that are not otherwise defined herein.

†† To determine this number, if an entity was organized or reorganized for the purpose of investing in Subscriber, each of such entity's investors must be treated as an indirect investor in Subscriber. In addition, if one of the entity's investors is another entity (the "**Higher-Tier Entity**") that was organized or reorganized for the purpose of participating

(e) A **separate** Investor Qualification Statement must be submitted for each:

- person making investment decisions for Subscriber if Subscriber is an accredited investor for the reason described in (c)(10)(C) above;
- stockholder, partner, member or other owner of Subscriber if Subscriber is an accredited investor for the reason described in (c)(12) above; and
- direct or indirect stockholder, partner, member or other owner of Subscriber if Subscriber is described in (d)(2) above.

(f) If Subscriber has engaged a "**Purchaser Representative**" (as defined in Exhibit A), please have the Purchaser Representative complete and sign the Purchaser Representative Disclosure attached as Exhibit A.

(g) Please complete, sign and date the Direct Deposit EFT Authorization Form attached as Exhibit B.

(h) If Subscriber (i) is a U.S. Person, complete, sign and date the IRS Form W-9 attached as Exhibit C, or (ii) is not a U.S. Person, see the instructions set forth on the instructions page to the Subscription Booklet to which this Investor Qualification Statement is attached for further information on obtaining and completing an IRS Form W-8. (Certificate of Foreign Status of Beneficial Owner for United States Tax Withholding and Reporting).

(i) If Subscriber is not a California resident please complete, sign and date the California Form 588 (Nonresident Withholding Waiver Request) attached as Exhibit D.

(j) **FOR INDIVIDUALS AND ENTITIES:** Is Subscriber tax exempt? _____ If yes, please indicate the basis on which the prospective investor is exempt from U.S. federal income taxation and attach to this Investor Qualification Statement applicable written evidence of such tax-exempt status (e.g. IRS determination letter):

_____

_____

Part II. Miscellaneous Matters. FOR ALL SUBSCRIBERS

Subscriber represents, warrants and certifies that the following statements are true.

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in the Company investment, each of the Higher-Tier Entity's investors must be treated as an indirect investor in Subscriber and hence included in the blank above. This rule must be applied again until an individual or entity that was not so formed is reached. For example, assume that (a) Subscriber is a partnership that was organized or reorganized for the purpose of investing in the Company, (b) Subscriber has three partners, one of whom is a long-standing corporation, one of whom is an individual, and one of whom is a corporation ("**Newcorp**") formed for the purpose of investing in Subscriber, and (c) Newcorp has three stockholders. In this case the answer called for in (d)(2) above would be 5. If one of Newcorp's shareholders is an entity that was organized or reorganized for the purpose of investing in Newcorp, the rule set forth above would be applied again until an individual or an entity which was not so formed is reached.

(a) The funds used by Subscriber to acquire the membership interests of the Company include assets of a "benefit plan investor" (as defined in U.S. Department of Labor Reg. §2510.3-101 *et seq.*, as amended) other than as described in subparagraph (b) below. Benefit plan investors would ordinarily include, for example, governmental plans, foreign pension plans and domestic pension plans, individual retirement accounts ("**IRAs**") and nonqualified retirement plans.

(b) The funds used by Subscriber to acquire the membership interests of the Company include assets of (i) an "employee benefit plan" within the meaning of Section 3(3) of ERISA which is subject to Subtitle B of Title I, Part IV of ERISA or an IRA within the meaning of Section 4975 of the Code or (ii) an insurance company separate account or general account or other entity (such as a group trust or fund of funds) whose underlying assets include assets of any "employee benefit plan" under U.S. Department of Labor Reg. §2510.3-101 *et seq.*, as amended.

(c) Subscriber represents that its jurisdiction of organization, if an entity, or its citizenship, if an individual human being or a joint tenancy comprised solely of individual human beings, is as specified in his, her or its account on the Platform.

(d) Subscriber represents that he, she or it is domiciled in the state set forth in his, her or its account on the Platform.

(e) Subscriber certifies that if it is, or becomes, exempt from income taxation under Section 501(a) of the Code that it is or will be and will remain a "Qualified Organization" as such term is defined under Section 514 of the Code.

Subscriber hereby represents and warrants that all of the answers, statements and information set forth in this Investor Qualification Statement are true and correct on the date hereof and will be true and correct as of each date, if any, the subscription set forth in the Subscription Agreement to which this Investor Qualification Statement is attached is accepted, in whole or in part, by Manager. Subscriber hereby agrees that Manager may provide a third-party with the information contained herein for purposes of accredited investor verification. Further, Subscriber consents to such third-party running financial background or any other reports in order to verify the information set forth herein. Subscriber agrees provide such additional information as requested by Manager and to notify Manager promptly of any change that may cause any of the answers, statements and information set forth in this Investor Qualification Statement to become untrue in any material respect.

[*Intentionally Blank -- Signature Page Follows*]

IN WITNESS WHEREOF, Subscriber has executed this Investor Qualification Statement on the date set forth below.

Dated _____ ___, 2023

FOR COMPLETION BY SUBSCRIBERS WHO ARE INDIVIDUALS:
(i.e., individuals)

Subscriber's Name: _____
(print or type)

Subscriber's Signature: _____
(signature)

Subscriber's Social Security No.: _____

FOR COMPLETION BY SUBSCRIBERS WHO ARE NOT INDIVIDUALS:
(i.e., corporations, partnerships, limited liability companies, trusts or other entities)

Subscriber's Name: _____
(print or type)

By: _____
(signature of authorized representative)

Name: _____
(print or type name of authorized representative)

Title: _____
(print or type title of authorized representative)

Subscriber's Tax Identification No.: _____

[Signature Page to Investor Qualification Statement for Strongwater PJV LLC]

Appendix A

to

Investor Qualification Statement of Strongwater Viticultural Investments TP LLC

Glossary of Relevant Terms

The following definitions shall apply to the capitalized terms used in this Investor Qualification Statement:

"**Individual Income**" means adjusted gross income as reported for Federal income tax purposes, less any income attributable to a spouse or to property owned by a spouse, increased by the following amounts (but not including any amounts attributable to a spouse or to property owned by a spouse): (i) the amount of any interest income received which is tax-exempt under Section 103 of the Internal Revenue Code of 1986, as amended (the "**Code**"), (ii) the amount of losses claimed as a limited partner in a limited partnership (as reported on Schedule E of Form 1040), (iii) any deduction claimed for depletion under Section 611 *et seq*. of the Code, and (iv) any amount by which income from long-term capital gains has been reduced in arriving at adjusted gross income pursuant to the provisions of Section 1202 of the Code prior to its repeal by the Tax Reform Act of 1986.

"**Joint Income**" means adjusted gross income as reported for Federal income tax purposes, <u>including</u> any income attributable to a spouse or to property owned by a spouse, increased by the following amounts (including any amounts attributable to a spouse or to property owned by a spouse): (i) the amount of any interest income received which is tax-exempt under Section 103 of the Code, (ii) the amount of losses claimed as a limited partner in a limited partnership (as reported on Schedule E of Form 1040), (iii) any deduction claimed for depletion under Section 611 *et seq*. of the Code, and (iv) any amount by which income from long-term capital gains has been reduced in arriving at adjusted gross income pursuant to the provisions of Section 1202 of the Code prior to its repeal by the Tax Reform Act of 1986.

"**Net Worth**" means the excess of total assets (excluding Subscriber's primary residence) at fair market value over total liabilities (excluding any mortgage debt encumbering Subscriber's primary residence up to the fair market value of such primary residence).

"**U.S. Person**" means:

(i) any individual resident in the United States;

(ii) any partnership or corporation organized or incorporated under the laws of the United States;

(iii) any estate of which any executor or administrator is a U.S. Person;

(iv) any trust of which any trustee is a U.S. Person;

(v) any agency or branch of a foreign entity located in the United States;

(vi) any non-discretionary account or similar account (other than an estate or trust) held by a dealer or other fiduciary for the benefit or account of a U.S. Person;

(vii) any discretionary account or similar account (other than an estate or trust) held by a dealer or other fiduciary organized, incorporated, or (if an individual) resident in the United States; and

(viii) any partnership or corporation if:

(A) organized or incorporated under the laws of any foreign jurisdiction; and

(B) formed by a U.S. person principally for the purpose of investing in securities not registered under the Act, unless it is organized or incorporated, and owned by "accredited investors" (as defined in Regulation D) who are not individuals, estates or trusts.

However, the following are not U.S. Persons:

(i) any discretionary account or similar account (other than an estate or trust) held for the benefit or account of a non-U.S. Person by a dealer or other professional fiduciary organized, incorporated, or (if an individual) resident in the United States;

(ii) any estate of which any professional fiduciary acting as executor or administrator is a U.S. Person if:

(A) an executor or administrator of the estate who is not a U.S. Person has sole or shared investment discretion with respect to the assets of the estate; and

(B) the estate is governed by foreign law;

(iii) any trust of which any professional fiduciary acting as trustee is a U.S. Person, if a trustee who is not a U.S. Person has sole or shared investment discretion with respect to the trust assets, and no beneficiary of the trust (and no settlor if the trust is revocable) is a U.S. Person;

(iv) an employee benefit plan established and administered in accordance with the law of a country other than the United States and customary practices and documentation of such country;

(v) any agency or branch of a U.S. Person located outside the United States if:

(A) The agency or branch operates for valid business reasons; and

(B) the agency or branch is engaged in the business of insurance or banking and is subject to substantive insurance or banking regulation, respectively, in the jurisdiction where located; or

(vi) the International Monetary Fund, the International Bank for Reconstruction and Development, the Inter-American Development Bank, the Asian Development Bank, the African Development Bank, the United Nations, and their agencies, affiliates and pension plans, and any other similar international organizations and their agencies, affiliates and pension plans.

Privacy Notice[1]

Strongwater Viticultural Investments TP LLC

Strongwater Viticultural Investments LLC

Our Commitment to Your Privacy: We are sensitive to the privacy concerns of our individual members. We have a policy of protecting the confidentiality and security of information we collect about you. We are providing you this notice to help you better understand why and how we collect certain personal information, the care with which we treat that information, and how we use that information.

Sources of Non-Public Information: In connection with forming and operating our investment companies for our members, we collect and maintain non-public personal information from the following sources:

- Information we receive from you in conversations over the telephone, in voicemails, through written correspondence, via e-mail, or on subscription agreements, investor questionnaires, applications or other forms, and
- Information about your transactions with us or others.

Disclosure of Information: We do not disclose any non-public personal information about you to anyone, except as permitted by law or regulation or as provided in Section 3.4.G. of the Subscription Agreement appearing in this Subscription Booklet.

Former Members: We maintain non-public personal information of our former members and apply the same policies that apply to current members.

Information Security: We consider the protection of sensitive information to be a sound business practice, and to that end we employ physical, electronic and procedural safeguards to protect your non-public personal information in our possession or under our control.

Further Information: We reserve the right to change our privacy policies and this Privacy Notice at any time. The examples contained within this notice are illustrations only and are not intended to be exclusive. This notice is intended to comply with the privacy provisions of the Gramm-Leach-Bliley Act. You may have additional rights under other applicable foreign or domestic laws.

AcreTrader.com: We make no representations, warranties, covenants or agreements with regard to AcreTrader, Inc.'s use or disclosure of the information you submit via the AcreTrader.com Platform in response to this Offering.

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[1] The Privacy Notice is intended only for Subscribers who are individuals and certain entities that are essentially "alter egos" of individuals (e.g., revocable grantor trusts, IRAs or certain estate planning vehicles).

EXHIBIT B

FORM OF COMPANY AGREEMENT

AMENDED AND RESTATED

LIMITED LIABILITY COMPANY

OPERATING AGREEMENT

OF

STRONGWATER VITICULTURAL INVESTMENTS TP LLC

THE MEMBERSHIP INTERESTS OF STRONGWATER VITICULTURAL INVESTMENTS TP LLC HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), THE SECURITIES LAWS OF ANY STATE OR ANY OTHER APPLICABLE SECURITIES LAWS IN RELIANCE UPON EXEMPTIONS FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND SUCH LAWS. THE MEMBERSHIP INTERESTS MUST BE ACQUIRED FOR INVESTMENT PURPOSES ONLY AND MAY NOT BE OFFERED FOR SALE, PLEDGED, HYPOTHECATED, SOLD, ASSIGNED OR TRANSFERRED AT ANY TIME EXCEPT IN COMPLIANCE WITH (I) THE SECURITIES ACT, ANY APPLICABLE STATE SECURITIES LAWS, AND ANY OTHER APPLICABLE SECURITIES LAWS; AND (II) THE TERMS AND CONDITIONS OF THIS AMENDED AND RESTATED LIMITED LIABILITY COMPANY OPERATING AGREEMENT (THIS "AGREEMENT"). THE MEMBERSHIP INTERESTS MAY NOT BE TRANSFERRED OF RECORD EXCEPT IN COMPLIANCE WITH SUCH LAWS AND THIS AGREEMENT. THEREFORE, PURCHASERS OF MEMBERSHIP INTERESTS WILL BE REQUIRED TO BEAR THE RISK OF THEIR INVESTMENT FOR AN INDEFINITE PERIOD OF TIME.

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CONFIDENTIAL

AMENDED AND RESTATED
LIMITED LIABILITY COMPANY OPERATING AGREEMENT
OF
STRONGWATER VITICULTURAL INVESTMENTS TP LLC

THIS AMENDED AND RESTATED LIMITED LIABILITY COMPANY OPERATING AGREEMENT is made as of March 27, 2023 ("Effective Date"), among Strongwater Viticultural Investments LLC, a California limited liability company ("Manager") and such other Persons as may hereinafter become Members as hereinafter provided for so long as they shall be Members hereunder (each individually referred to as a "Member" and collectively as the "Members"), with reference to the following facts:

A. STRONGWATER VITICULTURAL INVESTMENTS TP LLC, a Delaware limited liability company (the "Company"), was organized as a limited liability company under the laws of the State of Delaware effective as of March 13, 2023.

B. The initial Member entered into that certain Limited Liability Company Operating Agreement for the Company, dated as March 13, 2023 (the "Original Agreement").

C. The Members of the Company now desire to amend and restate the Original Agreement in its entirety and enter into this Agreement to appoint Manager as manager of the Company, admit the Members set forth on Exhibit A hereto, and to set forth the terms and conditions on which the management, business, and affairs of the Company and the respective rights, obligations and interests of the Members to each other and the Company, and certain other matters, all as further set forth herein.

NOW, THEREFORE, the parties, by this Agreement, amend and restate the Original Agreement in its entirety and set forth the limited liability company agreement for the Company under the laws of the State of Delaware upon the terms and subject to the conditions of this Agreement.

ARTICLE 1
DEFINITIONS; RULES OF CONSTRUCTION

1.1 Definitions.

For purposes of this Agreement, unless the context otherwise requires:

"AcreTrader Agreements" shall mean the following: (i) any and all agreements, contracts and arrangements by and between the Company and/or its Affiliates, on the one hand, and AcreTrader, Inc., ("AcreTrader") and/or its Affiliates, on the other hand, specifically including without limitation, the Management Services Agreement or the Placement Agent Agreement, and (ii) any and all third party agreements involving the Company and/or its Affiliates and as are contemplated by, required under, or are deemed necessary in connection with, the Management Services Agreement or the Placement Agent Agreement, all as determined by Manager in its sole discretion.

"Additional Contribution Date" shall have the meaning set forth in Section 3.4(a).

"Adjusted Capital Account" shall equal, with respect to each Capital Account Holder and at any time, the Capital Account Holder's Capital Account at such time (x) increased by the sum of (A) the amount of the Capital Account Holder's share of partnership minimum gain (as defined in Regulation §§ 1.704-2(g)(1) and (3)), (B) the amount of the Capital Account Holder's share of partner nonrecourse debt minimum gain (as defined in Regulation § 1.704-2(i)(5)), and (C) any amount of the deficit balance in its Capital Account the Capital Account Holder is obligated to restore on liquidation of the Company and (y) decreased by reasonably expected adjustments, allocations and Distributions described in Regulation §§ 1.704-1(b)(2)(ii)(d)(4), (5) and (6).

"Advanced Expenses" shall mean the sum of all funds advanced to or on behalf of the Company by Anthony Bozzano, Manager and/or one of their respective Affiliates in connection with the identification, diligence, inspection and evaluation of the Property, including without limitation, the real estate, financial, legal, business, accounting and/or tax costs, expenses and/or fees associated with the investigation, diligence and/or purchase of the Property, any prepaid expenses, deposits, insurance costs, reserve account balances, lender fees, loan costs, rate lock fees and/or related expenses, together with any other advances made to or on behalf of the Company prior to the Effective Date.

"Advisers Act" shall have the meaning set forth in Section 8.1(b)(iv).

"Affiliate" shall mean, with respect to a Person that is an individual, a familial relative of such Person, and/or with respect to a Person that is not an individual, any other Person that, directly or indirectly, through one or more intermediaries, controls, or is controlled by, or is under common control with, such Person, and with respect to Manager, its members, officers and employees and their Immediate Family Members. The term "control" includes the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of a Person, whether through the ownership of voting securities, by contract or otherwise.

"Agreement" shall mean this Amended and Restated Limited Liability Company Operating Agreement of STRONGWATER VITICULTURAL INVESTMENTS TP LLC (including the schedules and exhibits attached hereto) as originally executed and as amended, modified, supplemented or restated from time to time, as the context requires.

"Allocation Provisions" shall have the meaning set forth in Section 10.2(a).

"Benefit Plan Investor" shall have the meaning set forth in the Plan Assets Regulation.

"Breach of Standard of Conduct" shall mean a final non-appealable determination by a court, arbitrator or governmental body of competent jurisdiction that an action or inaction by a Person constituted gross negligence, willful misconduct or an uncured material breach of this Agreement that results in material damage to the Company.

"Business Day" shall mean any day other than a Saturday, Sunday, or other day on which banks are authorized or required by law to be closed in Santa Barbara, California.

"Capital Account" means, with respect to each Capital Account Holder, the amount of money contributed or deemed contributed by such Capital Account Holder to the capital of the Company, (x) increased by the Gross Asset Value of any property contributed by such Capital Account Holder to the capital of the Company (net of liabilities securing such contributed property that the Company is considered to assume or take subject to under Section 752 of the Code), and the amount of any Profits allocated to such Capital Account Holder, and (y) decreased by the amount of money distributed to such Capital Account Holder by the Company (exclusive of a guaranteed payment within the meaning of Section 707(c) of the Code paid to such Capital Account Holder), the Gross Asset Value of any property distributed to such Capital Account Holder by the Company (net of liabilities securing such distributed property that such Capital Account Holder is considered to assume or take subject to under Section 752 of the Code), and the amount of any Losses charged to such Capital Account Holder. To the extent an adjustment to the tax basis of any Company Asset is made pursuant to Code Sections 734(b) or 743(b) to be taken into account in determining Capital Accounts, the Capital Accounts of the Capital Account Holders shall be adjusted to reflect an item of gain (if the adjustment increases the basis of the asset) or loss (if the adjustment decreases such basis), which is specially allocated to the Capital Account Holders in a manner consistent with the manner in which their Capital Accounts are required to be adjusted pursuant to such Section of the Regulations. In the event the Gross Asset Values of Company Assets are otherwise adjusted pursuant to the terms of this Agreement, the Capital Accounts of the Capital Account Holders shall be adjusted simultaneously to reflect the aggregate net adjustment as if the Company recognized gain or loss equal to the amount of such aggregate net adjustment and such gain or loss was allocated to the Capital Account Holders pursuant to the appropriate provisions of this Agreement. The foregoing Capital Account definition and the other provisions of this Agreement relating to the maintenance of Capital Accounts are intended to comply with Regulation § 1.704-1(b), and shall be interpreted and applied in a manner consistent with such Regulations. The transferee of all or a portion of an Economic Interest shall succeed to that portion of the transferor's Capital Account which is allocable to the portion of the Economic Interest transferred. A Capital Account Holder who has more than one Economic Interest in the Company shall have a single Capital Account that reflects all such Economic Interests, regardless of the class of Economic Interests owned by such Capital Account Holder and of the time or manner in which the Economic Interests were acquired.

"Capital Account Holder" shall mean a Member of the Company, Manager or any Person entitled to Distributions and allocations of Profits and Losses of the Company; and "Capital Account Holders" shall mean the aggregate of all of Members of the Company, Manager and any Person entitled to Distributions and allocations of Profits and Losses of the Company.

"Capital Call Notice" shall have the meaning set forth in Section 3.4(a).

"Capital Contributions" of a Member shall mean, as of any date of determination, the total amount of contributions such Member has made to the capital of the Company pursuant to the terms of this Agreement as of that date. The Capital Contributions of each Member of the

Company shall be the amount set forth under the heading "Capital Contributions" opposite the name of such Member on Exhibit A, as applicable, as each may be amended from time to time by Manager.

"Carried Interest" means the amounts distributed to Manager under Section 4.2(a)(iii)(B).

"Carried Interest Tax Distribution" shall have the meaning set forth in Section 4.3.

"Carried Interest Tax Liability" shall have the meaning set forth in Section 4.3.

"Certificate" shall mean the Certificate of Formation of the Company filed with the Delaware Secretary of State pursuant to Section 2.5.

"Claims" shall have the meaning set forth in Section 6.1(b).

"Code" shall mean the U.S. Internal Revenue Code of 1986, as amended from time to time, or any successor federal income tax code.

"Company" shall have the meaning set forth in the Recitals.

"Company Asset" means any property or asset of the Company, and "Company Assets" means the aggregate of all of the property and assets of the Company.

"Company Liabilities" means any enforceable debt or obligation for which the Company is liable or which is secured by any Company property.

"Company Purchase Notice" shall have the meaning set forth in Section 8.6.

"Confidential Information" shall have the meaning set forth in Section 15.12(a).

"Consent" shall have the meaning set forth in Section 11.1(a).

"Contract" shall have the meaning set forth in Section 5.2(e).

"Current Income" shall mean, with respect to an Investment, all income received from that Investment less reasonable reserves for the payment of Operational Expenses anticipated to be allocated thereto, plus all previously reserved amounts to the extent released from reserves by Manager, but disregarding Interim Event Proceeds and Disposition Proceeds and any items of income or expense taken into account in determining Interim Event Proceeds or Disposition Proceeds from that Investment.

"Delaware Act" shall have the meaning set forth in Section 2.1.

"Delaware Arbitration Act" shall have the meaning set forth in Section 15.3(b).

"Depreciation" means, for each taxable year, an amount equal to the depreciation, amortization, or other cost recovery deduction allowable with respect to assets for such taxable year, except that if the Gross Asset Value of the assets differs from its adjusted basis for federal

income tax purposes at the beginning of such taxable year, Depreciation shall be an amount which bears the same ratio to such beginning Gross Asset Value as the federal income tax depreciation, amortization or other cost recovery deduction for such taxable year bears to such beginning adjusted tax basis; provided, however, that if the adjusted basis for federal income tax purposes of an asset at the beginning of such taxable year is zero, Depreciation shall be determined with reference to such beginning Gross Asset Value using any reasonable method selected by Manager.

"Disability" shall mean being unable, due to an illness, disease, or a bodily loss or harm, to be substantially and actively involved in the affairs of the Company for three (3) consecutive months or one hundred twenty (120) non-consecutive days during any twelve (12) month period.

"Disposition" shall mean the sale, assignment or other disposition by the Company of all or any portion of an Investment for cash or property and shall include the receipt by the Company of a liquidating dividend or other like Distribution in cash on such Investment and shall also include the Distribution in-kind of all or any portion of that Investment, as well as the condemnation or casualty of an Investment without restoration of all or a substantial part of such Investment. Interim Events are expressly excluded from the definition of, and shall not be, Dispositions.

"Disposition Proceeds" shall mean the amount of the net cash proceeds or securities listed or other in-kind Distribution received by the Company upon the Disposition of an Investment (other than Exchange Proceeds), less Operational Expenses and reasonable reserves for the payment of anticipated future Operational Expenses related to such Investment, plus all previously reserved amounts to the extent released from reserves by Manager.

"Distribution" means any money or other property paid or transferred without consideration to the Capital Account Holders with respect to their Interest in the Company, but shall not include any payments to Manager or its Affiliate pursuant to Article 5.

"Economic Interest" means the right of an assignee of a Member to receive that Member's share of Distributions and tax allocations pursuant to this Agreement; and the holder of an "Economic Interest" shall not have the right (a) to participate in the management of the business and affairs of the Company, (b) to vote on any matter as a Member or (c) to otherwise exercise or enjoy the powers or privileges of a Member under this Agreement, the Certificate, or the Delaware Act.

"Effective Date" shall mean the effective date of this Company Agreement as set forth in the Preamble.

"ERISA" shall mean the U.S. Employee Retirement Income Security Act of 1974, as amended.

"ERISA Member" shall mean each Member the assets of which constitute "plan assets" under ERISA.

"Estimated Value Capital Account" shall mean, with respect to any ERISA Member, the amount such ERISA Member would receive in a hypothetical liquidation of the Company following a hypothetical sale of all of the assets of the Company at prices equal to their fair market value as determined by Manager in its sole and absolute discretion and the Distribution of the proceeds thereof to the Members pursuant to this Agreement (after the hypothetical payment of all actual Company indebtedness, and any other liabilities related to the Company's assets, limited, in the case of non-recourse liabilities, to the collateral securing or otherwise available to satisfy such liabilities). For clarity, the calculation of any Estimated Value Capital Account (including any valuation of the assets of the Company) shall be determined by Manager in its sole and absolute discretion.

"Exchange Proceeds" shall mean the amount of the net cash proceeds received by the Company in connection with a Qualified 1031 Exchange.

"Exchange Property" shall have the meaning set forth in Section 5.8.

"Fiscal Year" shall mean the calendar year or, in the case of the first and the last fiscal years, the portion thereof commencing on the Effective Date and ending on the date on which the winding up of the Company is completed, as the case may be.

"Giveback" shall have the meaning set forth in Section 6.2(a).

"Gross Asset Value" means, with respect to any asset, the asset's adjusted basis for federal income tax purposes, except as follows:

(a) The initial Gross Asset Value of any asset contributed by a Capital Account Holder to the Company shall be the fair market value of such asset, as determined by Manager in its reasonable discretion;

(b) The Gross Asset Values of all Company Assets shall be adjusted to equal their respective fair market values (as determined by Manager in its reasonable discretion) as of the following:

(i) The acquisition of additional Units by any new or existing Capital Account Holder in exchange for more than a de minimis Capital Contribution if Manager reasonably determines that such adjustment is necessary or appropriate to reflect the relative economic interests of the Capital Account Holder in the Company;

(ii) The Distribution by the Company to a Capital Account Holder of more than a de minimis amount of Company property as consideration for a Unit if Manager reasonably determines that such adjustment is necessary or appropriate to reflect the relative economic interests of the Capital Account Holder in the Company; and

(iii) The liquidation of the Company within the meaning of Regulation § 1.704-1(b)(2)(ii)(g).

(c) The Gross Asset Value of any Company Assets distributed to any Capital Account Holder shall be the gross fair market value of such asset, as determined by Manager in its reasonable discretion, on the date of such Distribution; and

(d) The Gross Asset Values of Company Assets shall be increased (or decreased) to reflect any adjustments to the adjusted basis of such assets pursuant to Section 734(b) or Section 743(b) of the Code, but only to the extent that such adjustments are taken into account in determining capital accounts pursuant to Regulation § 1.704-1(b)(2)(iv)(m); provided, however, that Gross Asset Values shall not be adjusted pursuant to this subsection (d) to the extent that Manager determines that an adjustment pursuant to subsection (b) is necessary or appropriate in connection with a transaction that would otherwise result in an adjustment pursuant to this subsection (d).

If the Gross Asset Value of an asset has been determined or adjusted pursuant to subparagraphs (a), (b), or (d) hereof, such Gross Asset Value shall thereafter be adjusted by the Depreciation taken into account with respect to such asset for purposes of computing Profits and Losses.

"Immediate Family Member" shall mean, as to any Person, the spouse, children (natural or adopted), brothers, sisters and parents of such Person.

"Incapacity" shall mean, as to any Person, (i) the adjudication of incompetence or insanity, (ii) the filing of a voluntary petition in bankruptcy, the entry of an order of relief in any bankruptcy or insolvency proceeding or the entry of an order that such Person is bankrupt or insolvent, (iii) any involuntary proceeding seeking liquidation, reorganization or other relief against such Person under any bankruptcy, insolvency or other similar law now or hereafter in effect that has not been dismissed one hundred twenty (120) days after the commencement thereof, and (iv) the death, dissolution or termination (other than by merger or consolidation), as the case may be, of such Person.

"Indemnifying Capital Account Holder" shall have the meaning set forth in Section 4.4(b).

"Indemnitee" shall have the meaning set forth in Section 6.1(a).

"Interest" shall mean the entire interest owned by a Capital Account Holder in the Company at any particular time, including the right of such Capital Account Holder to any and all benefits to which a Capital Account Holder may be entitled as provided in this Agreement, together with the obligations of such Capital Account Holder to comply with all the terms and provisions of this Agreement.

"Interim Event" shall mean a condemnation, casualty, financing or refinancing of an Investment, except for a condemnation of all or substantially all of an Investment, in which event the condemnation shall constitute a Disposition of the Investment.

"Interim Event Proceeds" shall mean the amount of the net cash proceeds from (x) any condemnation or casualty that are not used for reconstruction or repair of the Investment or

repayment of indebtedness of the Company; and (y) any financing or refinancing to the extent that the proceeds of such financing or refinancing are not applied to the acquisition of an Investment or the refinancing of any prior indebtedness of the Company within twelve (12) months from receipt thereof.

"Investment(s)" shall mean equity and equity-related investments by the Company in real property, whether directly or indirectly through one or more Persons.

"Law Firms" shall have the meaning set forth in Section 15.16(a).

"Liquidating Trustee" shall have the meaning set forth in Section 9.2(a).

"Majority in Interest" of Members shall mean, as of any date of determination, Members who are entitled to vote and who hold more than fifty percent (50%) of the Percentage Interests held by Members who are entitled to vote. For the sake of clarity, in computing "Majority in Interest" the Percentage Interests held by Manager or any of its respective Affiliates, in each of their respective capacities as Members, shall be entitled to vote.

"Management Services Agreement" means that certain Management Services Agreement entered into by and between the Company and the Services Manager pursuant to which the Services Manager shall provide operational support, consulting and management services to the Company with respect to the Company's reporting responsibilities to Members.

"Manager" shall mean Strongwater Viticultural Investments LLC, a California limited liability company, and/or any other Person which becomes a Successor Manager of the Company as provided herein, in such Person's capacity as a Manager of the Company. Manager's address is 1440 Higuera Street, San Luis Obispo, CA 93401.

"Manager Purchase Notice" shall have the meaning set forth in Section 8.7.

"Member" shall mean, as of any date, any Person that purchases or acquires Units in the Company, and that is admitted as a Member by Manager in accordance with this Agreement and listed as such on Exhibit A attached hereto, as the same may be amended from time to time, for so long as that Person remains a Member. For purposes of the Delaware Act, the Members shall constitute a single class, series or group of Members of the Company. "Member" shall include any Member and "Members" means all of Members, collectively. Manager is not a Member of the Company, unless Manager purchases or otherwise acquires Units as a Member of the Company.

"Memorandum" shall have the meaning set forth in Section 3.2(a).

"New Audit Procedures" shall have the meaning set forth in Section 10.2(b).

"Non-Contributing Member" shall have the meaning set forth in Section 3.4(b).

"Offered Interest" shall have the meaning set forth in Section 8.6.

"Operational Expenses" shall have the meaning set forth in Section 5.5(c).

"Organizational Expenses" shall mean all expenses identified in the Memorandum that are payable or reimbursable to Manager and/or their respective Affiliates, and expenses in an amount equal to all third-party and out-of-pocket expenses, including, but not limited to, travel, marketing, registration fees, filing fees, attorneys' fees and accounting and auditors' fees and expenses incurred by any of the Company, Manager or any Affiliates thereof in connection with the organization of the Company, Manager and any Affiliates of Manager that are Members of the Company and the location, acquisition and financing of the Investments (including, without limitation, the expenses of formation of each of such entities) and the offering of Units in the Company.

"Original Agreement" shall have the meaning set forth in the Recitals.

"Partially Adjusted Capital Account" means with respect to any Capital Account Holder and any Fiscal Year (or any other allocation period), the Capital Account of such Capital Account Holder at the beginning of such Fiscal Year, increased by all Capital during such year and all special allocations of income and gain pursuant to Section 2.1(b) and Section 2.2 of Exhibit B with respect to such Fiscal Year, and decreased by all Distributions during such Fiscal Year and all special allocations of losses and deductions pursuant to Section 2.1(b) and Section 2.2 of Exhibit B, but before giving effect to any allocation of Profits or Losses for such Fiscal Year pursuant to Section 2.1(a) of Exhibit B.

"Payment Date" shall have the meaning set forth in Section 6.2(a).

"Percentage Interest" means, with respect to each Member, a fraction, the numerator of which is such Member's aggregate Units in the Company and the denominator of which is the aggregate Units of all Members, expressed as a percentage, as the same may be adjusted from time to time pursuant to the terms of this Agreement.

"Permitted Purpose" shall have the meaning set forth in Section 15.12(b).

"Person" shall mean any individual, company, corporation, limited liability company, unincorporated organization or association, trust (including the trustees thereof in their capacity as such) or other entity.

"Placement Agent Agreement" means that certain Placement Agent Agreement by and among the Company, Manager, and AcreTrader Financial, LLC concerning the Platform and related matters.

"Plan Assets Regulation" means the U.S. Department of Labor plan asset regulations, 29 C.F.R. §2510.3-101 *et seq.*, as amended.

"Platform" means the "AcreTrader" website, platform, portal, application and/or interface, as presently or future existing, including www.AcreTrader.com.

"Priority Return" shall mean, with respect to each Member, as of any date after the Effective Date, an amount equal to a cumulative, non-compounding six percent (6%) annual rate of return, on the amount by which the Capital Contributions of Member exceeds the amounts distributed to Member as a Return of Capital from the Effective Date until the time distributed.

"Profits and Losses" means, for each Fiscal Year or other applicable period of the Company, an amount equal to the Company's taxable income or loss for such year or period and shall be determined in accordance with Section 703(a) of the Code (for this purpose, all items of income, gain, loss or deduction required to be stated separately pursuant to Section 703(a)(1) of the Code shall be included in taxable income or loss), with the following adjustments:

(a) Any income of the Company that is exempt from federal income tax and not otherwise taken into account in computing Profits or Losses pursuant hereto shall be added to such taxable income or loss;

(b) Any expenditures of the Company described in Section 705(a)(2)(B) of the Code or treated as Section 705(a)(2)(B) expenditures pursuant to Regulation § 1.704-1(b)(2)(iv)(i), and not otherwise taken into account in computing Profits or Losses pursuant hereto, shall be subtracted from such taxable income or loss;

(c) In the event the Gross Asset Value of any Company Asset is adjusted (as provided in clause (b) or (c) of the definition of Gross Asset Value herein), the amount of such adjustment shall be taken into account as gain or loss for purposes of computing Profits or Losses;

(d) Gain or loss resulting from any disposition of Company property with respect to which gain or loss is recognized for federal income tax purposes shall be computed by reference to the Gross Asset Value of the property disposed of, notwithstanding that the adjusted tax basis of such property differs from its Gross Asset Value; and

(e) In lieu of the depreciation, amortization and other cost recovery deductions taken into account in computing such taxable income or loss, there shall be taken into account Depreciation for such Fiscal Year or other period.

To the extent that an adjustment to the adjusted tax basis of any Company Asset pursuant to Code Section 734(b) or Code Section 743(b) is required pursuant to Regulation § 1.704-1(b)(2)(iv)(m)(4) to be taken into account in determining Capital Accounts as the result of a Distribution other than in liquidation of a Capital Account Holder's Interest in the Company, the amount of such adjustment shall be treated as an item of gain (if the adjustment increases the basis of the asset) or loss (if the adjustment decreases the basis of the asset) from the disposition of the asset and shall be taken into account for purposes of computing Profits or Losses.

Notwithstanding any other provision of this Agreement, any items that are specially allocated pursuant to Exhibit B shall not be taken into account in computing Profits and Losses.

"Prohibited Member" shall mean any Person who is (i) a "designated national," "specially designated national," "specially designated terrorist," "specially designated global

terrorist," "foreign terrorist organization," or "blocked person" within the definitions set forth in the Foreign Assets Control Regulations of the United States Treasury Department, (ii) acting on behalf of, or a Person owned or controlled by, any government against whom the United States maintains economic sanctions or embargoes under the Regulations of the United States Treasury Department, including, but not limited to, the "Government of Sudan," the "Government of Iran," and the "Government of Libya," (iii) within the scope of Executive Order 13224 — Blocking Property and Prohibiting Transactions with Persons who Commit, Threaten to Commit, or Support Terrorism, effective September 24, 2001 or (iv) subject to additional restrictions imposed by the following statutes (or regulations and executive orders issued thereunder): the Trading with the Enemy Act, the National Emergencies Act, the Antiterrorism and Effective Death Penalty Act of 1996, the International Emergency Economic Powers Act, the United Nations Participation Act, the International Security and Development Cooperation Act, the Nuclear Proliferation Prevention Act of 1994, the Foreign Narcotics Kingpin Designation Act, the Iran and Libya Sanctions Act of 1996, the Cuban Democracy Act, the Cuban Liberty and Democratic Solidarity Act, and the Foreign Operations, Export Financing, and Related Programs Appropriations Act, or any other law of similar import, as each such act or law has been or may be amended, supplemented, adjusted, modified, or reviewed from time to time.

"Property" means that certain real property or properties located in the County of San Luis Obispo, State of California, that is commonly known 5032 S. El Pomar Road, Templeton, CA 93465, that has been assigned Assessor's Parcel No. 033-291-048, together with any real property or Exchange Property subsequently acquired by the Company from time to time.

"Property Lease" means that certain Standard Industrial/Commercial Single-Tenant Lease - Net by and between the Company, on the one hand, and The Fableist Wine Company, a California corporation ("Tenant"), on the other hand, dated as of March 15, 2023, pertaining to Tenant's lease of the Property.

"Proposal" shall have the meaning set forth in Section 15.13.

"Qualified 1031 Exchange" means the exchange of all or any portion of the Property or any other Investment of the Company for a like-kind Investment by the Company for purposes of effectuating a tax-deferred exchange pursuant to Section 1031 of the Code or equivalent of any state law.

"Redevelopment Period" means from the Effective Date through and including June 30, 2027.

"Regulation" means, unless the context clearly indicates otherwise, a regulation currently in force as final or temporary that has been issued by the U.S. Department of Treasury pursuant to its authority under the Code, and the corresponding provisions of any successor regulation.

"Return of Capital" means and refers to the aggregate amount of the Distributions made from time to time to Members pursuant to Section 4.2(b)(i).

"Safe Harbor" shall have the meaning set forth in Section 2.5(a) of Exhibit B.

"Safe Harbor Election" shall have the meaning set forth in Section 2.5(a) of Exhibit B.

"Sale Notice" shall have the meaning set forth in Section 8.6.

"Securities Act" is defined in the cover page of this Agreement.

"Selling Member" shall have the meaning set forth in Section 8.6.

"Services Manager" means Acretrader Management, LLC, a Delaware limited liability company, together with any successors or assigns thereof.

"Short Term Investment Income" shall mean any income (net of expenses and reserves allocated thereto) from any Short Term Investments, other than original issue discount.

"Short Term Investments" means (A) United States government and agency obligations (which are expressly backed by the full faith and credit of the United States) maturing within one hundred eighty (180) days, (B) commercial paper rated not lower than A-1 by Standard & Poor's Corporation or P-I by Moody's Investor Services, Inc., with maturities of not more than six (6) months and one (1) day, and (C) money market mutual funds with assets of not less than US seven hundred fifty million dollars ($750,000,000), substantially all of which assets are reasonably believed by Manager to consist of items described in one or more of the foregoing clauses (A) and (B), and (D) checking accounts and escrow accounts (whether or not interest bearing) maintained with a bank, brokerage house, accommodator, title company or other financial institution.

"Side Letter" shall have the meaning set forth in Section 15.4.

"Start-Up Fee" shall have the meaning set forth in Section 5.6.

"Subscription Agreement" shall mean the Subscription Agreement among Manager, the Member and the Company pursuant to which such Member has subscribed for and purchased Units in the Company, including the investor questionnaire attached to such Subscription Agreement as completed by such Member prior to the Company's acceptance of the Member's subscription.

"Substituted Member" shall mean any Person admitted to the Company as a Member pursuant to the provisions of Section 8.3(a).

"Successor Manager" shall mean any Person that becomes a manager of the Company in accordance with all of the terms and conditions of this Agreement after Manager.

"Target Capital Account" means, with respect to any Capital Account Holder and any Fiscal Year (or any other allocation period), an amount (which may be either a positive or a deficit balance) equal to the hypothetical Distribution (as described in the next paragraph) that such Capital Account Holder would receive, minus the Capital Account Holder's share of partner minimum gain determined pursuant to Regulation § 1.704-2(g), and minus the Capital Account Holder's share of the partner nonrecourse debt minimum gain determined in accordance with

Regulation § 1.704-2(i)(5), all computed immediately prior to the hypothetical sale described below.

The hypothetical Distribution to a Capital Account Holder is equal to the amount that would be received by such Capital Account Holder if all Company Assets were sold for cash on the last day of such Fiscal Year (or any other allocation period) equal to their Gross Asset Value, all Company Liabilities were satisfied to the extent required by their terms (limited, with respect to each "partner nonrecourse liability" and "partner nonrecourse debt" as defined in Regulation § 1.704-2(b)(4), to the Gross Asset Value of the assets securing such liability), and the net assets of the Company were distributed in full to the Capital Account Holder pursuant to Section 4.2 of the Agreement, all as of the last day of such Fiscal Year (or other allocation period).

"Tax Representative" shall have the meaning set forth in Section 13.7.

"Third Party Offer" shall have the meaning set forth in Section 8.6.

"Transfer" shall mean any sale, exchange, transfer (including any mortgage, hypothecation or pledge), assignment or other disposition.

"UBTI" means "unrelated business taxable income," as such term is used in Sections 511 through 514 of the Code.

"Unilateral Amendments" shall have the meaning set forth in Section 10.1(a).

"Units" means the denomination of the minimum separate ownership interests into which membership interests of Members of the Company are divided and issued. There shall be only one class of Units. In the event that the Company issues certificates representing Units, then all certificates representing issued and outstanding Units shall bear a legend substantially in the form set forth on the cover page of this Agreement. Units shall be securities within the meaning of, and be governed by Article 8 of the Uniform Commercial Code (including Section 8-102(a)(15) thereof) as in effect from time to time in the State of Delaware, and Article 8 of the Uniform Commercial Code of any other applicable jurisdiction that now or hereafter substantially includes the 1994 revisions to Article 8 thereof as adopted by the American Law Institute and the National Conference of Commissioners on Uniform State Laws and approved by the American Bar Association on February 14, 1995. Notwithstanding any provision of this Agreement to the contrary, to the extent that any provision of this Agreement is inconsistent with any non-waivable provision of Article 8 of the Uniform Commercial Code as in effect in the State of Delaware (6 Del. C. § 8-101, et seq.) (the "UCC"), such provision of Article 8 of the UCC shall control.

"Unpaid Priority Return" shall mean with respect to each Member the excess of its Priority Return over the aggregate amount previously distributed to each such Member pursuant to Section 4.2(a)(i), and Section 4.2(a)(iii)(A), or deemed distributed to it hereunder, or as reasonably calculated and determined by the Manager.

"Withdrawal Date" shall have the meaning set forth in Section 3.6(a).

1.2 Rules of Construction.

Accounting terms used that are not otherwise defined herein shall have the meanings given to them under generally accepted accounting principles. Unless the context otherwise requires, (a) words of any gender include each other gender; (b) words using the singular or plural number also include the plural or singular number, respectively; (c) the terms "hereof," "herein," "hereby" and derivative or similar words refer to this entire Agreement (including any schedules, exhibits and attachments hereto); (d) the terms "Article" or "Section" refer to the specified Article or Section of this Agreement; (e) the terms "and" and "or" include the term "and/or" when the context is appropriate; (f) all references to statutes and related regulations shall include all amendments of the same and any successor or replacement statutes and regulations; (g) references to any Person shall be deemed to mean and include the successors and permitted assigns of such Person; (h) whenever the term "include", "includes" or "including" are used in this Agreement, they should be interpreted in a non-exclusive manner as though the words "without limitation" immediately followed the same; and (i) every covenant, term and provision of this Agreement shall be construed according to its fair meaning and not for or against any party. Whenever this Agreement refers to dollars or payments it shall mean United States dollars unless otherwise specified. Whenever this Agreement refers to a number of days, such number shall refer to calendar days unless business days are specified. Whenever this Agreement refers to an Exhibit or a Schedule attached hereto, the Exhibit or Schedule shall be deemed to be incorporated by reference.

ARTICLE 2
ORGANIZATION

2.1 Organization.

Manager formed the Company pursuant to, and in accordance with, the Delaware Limited Liability Company Act (Del. Corporations Code Ann. Sections 18-101 et seq.), as amended from time to time (the "Delaware Act"). Effective immediately after the admission of the Members pursuant to Section 3.2, as of the Effective Date and to the extent that Manager has not made a Capital Contribution to the Company in exchange for Units, Manager withdraws as a Member of the Company. The Person(s) executing this Agreement or a counterpart signature page hereto as of the Effective Date hereby are admitted to the Company as Members. This Agreement amends, completely restates and supersedes the Original Agreement in its entirety, and the Members hereby continue the business of the Company pursuant to this Agreement without dissolution. The rights and liabilities of the Members shall be as provided for in the Delaware Act if not otherwise expressly provided for in this Agreement. To the extent that the rights or obligations of any Member are different by reason of any provision of this Agreement than they would be in the absence of such provision, this Agreement shall control except to the extent of any non-waivable provisions of the Delaware Act. Manager hereby continues as Manager of the Company.

2.2 Name.

The name of the Company shall be "STRONGWATER VITICULTURAL INVESTMENTS TP LLC." Manager is authorized to make any variations in the name of the Company and may otherwise conduct the business of the Company under any other name, upon compliance with all applicable laws, that Manager may deem necessary or advisable. Manager shall advise Members in writing of any change in the name of the Company. In the case of a change of name of the Company pursuant to this Section 2.2, specific references herein to the name of the Company shall be deemed to have been amended to reflect the name change. Manager reserves the right to use one or more names that are similar to or include a material portion of the name of the Company, without compensation to the Company, in connection with any future business activities of Manager or any of its Affiliates not otherwise inconsistent with its obligations hereunder.

2.3 Place of Business and Office; Registered Agent.

The Company shall maintain its principal office at 1440 Higuera Street, San Luis Obispo, California 93401. The Company shall maintain a registered agent and a registered office in the State of Delaware designated from time to time by Manager. The initial registered agent of the Company shall be Manager. Manager may, at any time and in its sole and absolute discretion, change the location of the Company's offices and may establish additional offices within the United States. Manager shall provide written notice of any change in the principal office of the Company prior to the effective date of the change.

2.4 Purpose.

The purpose to be conducted or promoted by the Company is to engage in any lawful act or activity and to exercise any powers permitted to be engaged in or exercised by a limited liability company formed under the Delaware Act. Subject to the express limitations set forth herein, and as generally described in the Memorandum, the principal business purpose of the Company is to acquire the Property and own, manage, lease, finance, refinance, develop, sell, exchange (pursuant to a Qualified 1031 Exchange) and otherwise operate the Property, and to conduct such other activities as may be necessary, advisable, convenient or appropriate to promote or conduct the business of the Company as set forth herein, including, but not limited to, entering into one or more partnership agreements in the capacity of a general or limited partner, becoming a member of a joint venture or a limited liability company, participating in forms of syndication for investment, owning stock in corporations and incurring indebtedness and granting of liens and security interests on the real and personal property of the Company, it being agreed that the foregoing is an ordinary part of the Company's business. Subject to the terms and conditions of this Agreement, the Company is authorized to enter into, make and perform all contracts and other undertakings, and engage in all other activities and transactions as Manager may deem necessary, advisable, or convenient for carrying out (i) the above-described purpose of the Company, and (ii) any other purpose deemed by Manager in its sole and absolute discretion to be in the best interest of the Company.

2.5 Certificate of Company.

Manager has caused the Certificate of Formation of the Company (the "Certificate") to be filed and recorded in the office of the Secretary of State of the State of Delaware in accordance with the Delaware Act. Manager shall also cause to be filed, recorded and published, such amendments, notices, certificates, statements or other instruments required by any provision of any applicable law that governs the formation of the Company or the conduct of its business from time to time.

2.6 Term.

The term of the Company shall be perpetual unless and until the Company is dissolved pursuant to the Delaware Act or as set forth herein. The existence of the Company as a separate legal entity shall continue until cancellation of the Certificate in the manner required by the Delaware Act.

2.7 Qualification in Other Jurisdictions.

Manager shall cause the Company to be qualified or registered under assumed or fictitious names or foreign company statutes or similar laws in any jurisdiction in which the Company owns property or transacts business to the extent such qualification or registration is necessary or, in the judgment of Manager, advisable in order to preserve the limited liability of Members or to permit the Company to lawfully own property or transact business. Manager shall execute, file and publish all such certificates, notices, statements or other instruments necessary to permit the Company to lawfully own property and conduct business as a Company in all jurisdictions where the Company elects to own property or transact business and to maintain the limited liability of Members.

ARTICLE 3
MEMBERS AND CAPITAL

3.1 Manager.

The name and address of Manager is set forth in Section 1.1 hereof.

3.2 Members.

(a) The Company is authorized to issue Units in the Company from time to time to Members in exchange for Capital Contributions. The Units in the Company will initially be offered for a purchase price of thirty-five thousand dollars ($35,000) per Unit, with a minimum fractional Unit as determined by Manager in its sole and absolute discretion. Units will initially be offered by the Company for sale to prospective investors in the Company pursuant to, and in an amount set forth in, that certain Private Placement Memorandum of the Company (collectively with all attachments and addendums thereto and as may be amended or modified from time to time, the "Memorandum"). The Memorandum will be made available exclusively on the Acretrader.com investment platform (the "Platform"), subject to the terms and conditions thereof. The number of Units held by each Member and its respective Percentage Interest shall

be set forth on Exhibit A, which may be amended from time to time by Manager to accurately reflect any additional contributions to the capital of the Company, issuance or Transfer of Units in the Company, the admittance of any additional or substitute Members or an allocation of Exchange Proceeds to the Members and Manager (and issuance of additional Units in connection therewith) in accordance with the terms contained herein.

(b) Manager may in its sole and absolute discretion admit to the Company additional Members, from time to time, subject to the following: (i) Manager consents to the admission; (ii) each additional Member shall execute an instrument satisfactory to Manager accepting and adopting all of the terms and provisions of this Agreement; (iii) each additional Member shall pay any reasonable expenses in connection with his, her or its admission as a new Member; (iv) each additional Member shall purchase Units in the Company by making a Capital Contribution in such amount and on such terms as Manager determines to be appropriate based upon the needs of the Company, the net value of the Company's assets, the Company's financial condition, and the benefits anticipated to be realized by the additional Member; and (v) no additional Member shall be admitted if the effect of such admission would be to terminate the Company within the meaning of Code Section 708(b).

(c) No Member shall be required to lend any funds to the Company or be permitted to do so without the express written consent of Manager in its sole and absolute discretion.

(d) Except as expressly provided for herein, Members shall not participate in, or take part in the control of, the business of the Company, and shall have no right or authority to act for or bind the Company. To the fullest extent permitted by law, no Member, in its capacity as a Member, owes a fiduciary duty to the Company, to Manager or to any other Member. In accordance with Section 18-1101(c) of the Delaware Act, the Members hereby acknowledge and agree that the provisions of this Agreement including, without limitation this Section 3.2 and Section 6.1(a), to the extent that they restrict or eliminate the duties (including fiduciary duties) otherwise existing at law or in equity or provide for the limitation or elimination of any and all liabilities for breach of duties (including fiduciary duties), are agreed by the Company, the Members and any other Person that is a party to or is otherwise bound by this Agreement, to replace such other duties or limit or eliminate such liabilities, as applicable, to the fullest extent permitted by applicable law. In furtherance of the foregoing, Manager and the Members expressly agree that no duty, beyond that specifically provided for in this Agreement or with respect to the covenant of good faith, is owed by any Person (including Manager and its Affiliates) that owns a Majority in Interest or otherwise has or exercises control of the Company, to the Member(s) of the Company that own a minority Percentage Interest of the Company or otherwise do not control the Company.

(e) Unless admitted to the Company as a Member by Manager as provided in this Agreement, no Person shall be considered a Member. The Company and Manager will recognize as Members only those Persons that have been duly admitted. Neither the Company nor Manager shall consider as a Member of the Company any other Person (other than with respect to Distributions and allocations to assignees pursuant to assignments in compliance with Article 8) merely because a Transfer of Units to such Person; provided that any Distribution or allocation made in accordance with this Agreement by the Company to the Person shown on the Company

records as a Member or to its legal representatives, or to the assignee of the right to receive Distributions and allocations as provided herein, shall acquit the Company and Manager with respect to such Distribution or allocation of all liability or prospective liability to any other Person who may be interested in such Distribution or allocation by reason of any other assignment or agreement by a Member.

(f) All Members of the Company shall be deemed to constitute a single class or group and, except as may be specifically otherwise provided herein, shall vote or grant written consents as a single class with respect to any matters on which Members have the right to vote or act by written consent hereunder or under the Delaware Act. If pursuant to the terms of this Agreement any Member is excluded from voting or granting or withholding written consent on any matter to be acted on by Members, then the Units of that Member shall not be included (and shall not be deemed outstanding) for purposes of determining whether the required vote or written consent of Members has been obtained hereunder or under the Delaware Act.

(g) The Company does not intend to have twenty-five percent (25%) or more of the Units of the Company be held or otherwise owned by "benefit plan investors," including employee benefit plans subject to ERISA or other applicable laws, and thus, in reliance on the less than twenty-five percent (25%) "benefit plan investors" exception under the applicable ERISA regulations, does not expect the Company's assets to be treated as "plan assets" under ERISA. If necessary to avoid the Company's assets being treated as "plan assets" under ERISA, Manager shall, to the fullest extent permitted by law, have the right to take whatever action it deems necessary (after consulting with counsel) to avoid the Company's assets being treated as "plan assets" under ERISA, including to (i) seek to qualify under another exception under the applicable ERISA regulations, such as the "real estate operating company" or "venture capital operating company" exception, or (ii) require one or more Members to immediately withdraw or partially withdraw from the Company upon written notice thereof provided to such Member(s). If any Member shall be required to withdraw or partially withdraw in accordance with the provisions of this Section 3.2(g), there shall be distributed to such Member or its legal representative within one hundred eighty (180) days after the last day of the Fiscal Year of the Company in which such withdrawal or partial withdrawal occurred, an amount equal to the balance of such Member's Estimated Value Capital Account (or portion thereof) as of the end of such Fiscal Year of the Company or, if the withdrawal or partial withdrawal occurs other than at the end of a Fiscal Year, as of the date of such withdrawal; provided, however, that for purposes of determining the Estimated Value Capital Account in connection with the payment to be made pursuant to this Section 3.2(g) to such withdrawn Member, Manager may deduct from the valuations of the Company's assets such costs or expenses in an amount, not to exceed five percent (5%) of such valuations, as Manager may determine (in its sole and absolute discretion) to be necessary to cover the costs of implementing such withdrawal. The Company may, in the sole and absolute discretion of Manager, subject to the limitations set forth below, make any Distribution or payment pursuant to this Section 3.2(g) in cash or in the form of an interest free promissory note of the Company maturing upon the dissolution of the Company. However, unless a withdrawing ERISA Member otherwise elects, no Distribution of property held by the Company, or of any interest therein, shall be made to such ERISA Member if the effect of such Distribution, as set forth in an opinion of legal counsel to the Company, would be to continue the situation or circumstance giving rise to the necessity for such ERISA

Member's withdrawal or partial withdrawal. If any payment pursuant to this Section 3.2(g) is made in whole or in part by delivery of a promissory note of the Company, the Company shall, from time to time during the term of such note, prepay all or a portion of the principal thereof within thirty (30) days of such times and in such amounts as will approximate the Distributions that the withdrawing Member would have received if it had not withdrawn from the Company. If any amount of such promissory note remains outstanding at such time as the Company is being liquidated, the withdrawing Member holding such promissory note shall receive the lesser of (i) the unpaid balance of the note or (ii) the amount of the Company's assets available pursuant to Section 9.2(d)(iii) after making payments or provisions for the items set forth in Section 9.2(d)(i) and 9.2(d)(ii), but prior to making any Distribution to the Members pursuant to Section 9.2(d)(iv).

(h) Each Member that is or will be an ERISA Member on the Effective Date or when such Member is admitted to the Company shall so notify Manager at or prior to such admission and each Member that, at any time while it remains a Member, becomes an ERISA Member shall promptly so notify Manager.

3.3 Capital Contributions.

(a) Manager shall not be required to make a Capital Contribution to the Company, unless Manager elects to purchase or otherwise acquire Units as a Member of the Company. Each Member shall be required to make a Capital Contribution to the Company in the amount set forth for such Member on Exhibit A under the heading "Capital Contribution."

(b) No Member shall be paid interest on any Capital Contribution to the Company or on such Member's Capital Account.

(c) No Member shall have any right to demand the return of its Capital Contributions, except upon dissolution of the Company pursuant to Article 9.

(d) No Member shall have the right to demand or receive property other than cash with respect to any Distribution.

3.4 Additional Capital Contributions.

After the initial Capital Contributions of the Members pursuant to Section 3.3(a) above, Manager may, from time to time, at Manager's sole and absolute discretion, determine such Capital Contributions are required and request that additional Capital Contributions be made by the Members pursuant to this Section 3.4.

(a) If Manager, at any time or from time to time, determines that the Company requires additional Capital Contributions, then Manager may, in its sole and absolute discretion, do either or both of the following: (i) admit new Members and issue additional Units in accordance with Section 3.2(b) hereof, or (ii) request that existing Members make an additional Capital Contribution by giving written notice (the "Capital Call Notice") to each Member of (A) the total amount of additional Capital Contributions required, (B) the reason the additional Capital Contribution is required, (C) each Member's proportionate share of the total additional Capital

Contribution (determined in accordance with this Section 3.4(a)), and (D) the date each Member's additional Capital Contribution is due and payable, which date shall be at least five (5) Business Days after the Capital Call Notice has been given (the "Additional Contribution Date"). A Member's share of the total additional Capital Contribution shall be equal to the product obtained by multiplying the Member's Percentage Interest and the total additional Capital Contributions requested. Each Member's share of the additional Capital Contribution shall be payable in cash, by certified check or wire transfer.

(b) If a Member (a "Non-Contributing Member") fails to respond to the Capital Call Notice or fails to contribute all or any portion of any additional Capital Contribution requested under Section 3.4(a) on or prior to the Additional Contribution Date, then such Non-Contributing Member's right to contribute any portion of any additional Capital Contribution shall be deemed to have lapsed; provided, that, such Non-Contributing Member shall not be in default under this Agreement. In such event, Manager shall send the other Members written notice of such failure, giving such other Members five (5) Business Days from the date such notice is given to contribute up to the entire amount of the Non-Contributing Member's additional Capital Contribution. In the event of over-subscription, Manager shall allocate the amount of the Non-Contributing Member's portion of such additional Capital Contribution among the offering Members *pro rata* in accordance with their offered amounts.

(c) In the event that additional Capital Contributions are made on any basis other than all Members contributing *pro rata* to their Percentage Interests, the Percentage Interests of the Members shall be adjusted to reflect the relative aggregate initial and additional Capital Contributions of all Members.

(d) In the event that the aggregate additional Capital Contributions contributed by the Members pursuant to subsections (a) and (b) of this Section 3.4, if any, do not equal the total additional Capital Contributions requested by Manager, Manager may, in its sole and absolute discretion, cause the Company to issue additional Units and admit additional Members to the Company on such terms and pursuant to such documentation as Manager determines to be appropriate.

3.5 Liability of Members.

(a) No Member (or former Member) shall be obligated to make any contribution to the Company in addition to its Capital Contributions set forth on Exhibit A hereto or have any liability for the repayment or discharge of the debts and obligations of the Company; provided, that (i) such Member shall be obligated to return any Distribution to the extent required by the Delaware Act or other applicable law and to re-contribute (in reverse order of Distribution priority) Distributions previously received in order to pay indemnity and other expenses of the Company as set forth in Sections 6.2 and 6.3 and at any time to rectify any mistake in Distributions, and (ii) each Member shall have such other liabilities as are expressly provided for in this Agreement (including Article 9 hereof).

(b) Neither Manager nor any of its Affiliates shall have any liability to any Member in respect of any amounts outstanding in the Capital Account of a Member, including Capital Contributions.

(c) If, notwithstanding the terms of this Agreement, any Member has received a Distribution which the Member is required to return to or for the account of the Company or Company creditors under applicable law, then the obligation under applicable law of any Member to return all or any part of a Distribution made to such Member shall be the obligation of such Member and not of any other Member.

(d) The Company shall be entitled to enforce the obligations of each Member to return Distributions as provided in this Section 3.5 and the Company shall have all remedies available at law or in equity in the event any return of Distribution is not so made.

(e) Each Member hereby pledges, assigns, and grants to the Company a security interest in and lien upon its entire Interest as security for its obligation to make Capital Contributions and return Distributions as herein provided and, in connection therewith, each Member shall, within ten (10) Business Days after receiving a written request to do so, execute all instruments to evidence, secure, perfect, or otherwise document such security interest as Manager may reasonably require. If any Member defaults in the performance of its obligation to execute all instruments to evidence, secure, perfect, or otherwise document such security interest as Manager may reasonably require, then Manager may act as the attorney-in-fact for such Member to execute such instrument. In addition to all of the rights provided for herein, the Members agree that the Company has all of the rights and remedies of a secured party under the Uniform Commercial Code as in effect in the State of Delaware with respect to such Member's Interest. In furtherance of the foregoing pledge and grant, Exhibit A to this Agreement, which represents and evidences the Interests of each Member, will be deposited with and held by, Manager throughout the term of the Company. No Member may pledge or grant a security interest in its Interest without the prior written approval of Manager, such approval to be granted or withheld in the sole and absolute discretion of Manager.

3.6 Mandatory Withdrawal.

(a) In addition to the right of Manager to cause a Member to withdraw from the Company as set forth in Section 3.2(g), Manager shall have the right at any time upon written notice to require a Member to withdraw from the Company if (i) Manager determines, in its sole and absolute discretion, that such Member has made a material misrepresentation in, or violated any covenant of, this Agreement or such Member's Subscription Agreement, is a Prohibited Member or has become the subject of an Incapacity event, or (ii) in the reasonable judgment of Manager, a significant delay, extraordinary expense, violation of law or material adverse effect on the Members, the Company or any of its Affiliates, the Property or any other Investment or any future Investment is likely to result. Upon the giving of such notice, such Member shall be required to withdraw as a Member as of the date specified in such notice (the "Withdrawal Date").

(b) Effective upon the Withdrawal Date, such Member shall cease to be a Member of the Company for all purposes and, except for its right to receive payment for its Units in the Company as provided in Section 3.6(c) shall no longer be entitled to the rights of a Member under this Agreement (including the right to have any allocations made to its Capital Account, the right to receive Distributions and the right to vote on matters as provided in this Agreement).

(c) The Capital Accounts of the Members shall be adjusted as of any Withdrawal Date to reflect allocations made pursuant to the Allocation Provisions through such date. If, after such adjustments, there is a positive balance in such Member's Capital Account, then the amount of such balance shall be paid by the Company to such Member in as promptly as is reasonably practicable following such withdrawal (taking into account the liquidity needs of the Company); provided, that Manager shall be under no obligation to sell, finance or refinance the Property or any other Investment of the Company to effect such withdrawal; and provided, further, that the Company may, in the sole and absolute discretion of Manager, subject to the limitations set forth below, make any Distribution or payment pursuant to this Section 3.6(c) in in the form of an interest free promissory note of the Company maturing upon the dissolution of the Company. However, unless a withdrawing Member otherwise elects, no Distribution of property held by the Company, or of any interest therein, shall be made to such Member if the effect of such Distribution, as set forth in an opinion of legal counsel to the Company, would be to continue the situation or circumstance giving rise to the necessity for such Member's withdrawal. If any payment pursuant to this Section 3.6(c) is made in whole or in part by delivery of a promissory note of the Company, the Company shall, from time to time during the term of such note, prepay all or a portion of the principal thereof within thirty (30) days of such times and in such amounts as will approximate the Distributions that the withdrawing Member would have received if it had not withdrawn from the Company. If any amount of such promissory note remains outstanding at such time as the Company is being liquidated, the withdrawing Member holding such promissory note shall receive the lesser of (i) the unpaid balance of the note or (ii) the amount of the Company's assets available pursuant to Section 9.2(d)(iii) after making payments or provisions for the items set forth in Sections 9.2(d)(i) and 9.2(d)(ii), but prior to making any Distribution to the Members pursuant to Sections 9.2(d)(iv).

ARTICLE 4
DISTRIBUTIONS; ALLOCATION OF PROFITS AND LOSSES

4.1 Distributions.

(a) Distributions from the Company will consist of the following categories of items: (i) Current Income; (ii) Interim Event Proceeds; (iii) Disposition Proceeds; and (iv) Short Term Investment Income. Short Term Investment Income shall be treated as Current Income and allocated among the Investments of the Company as Manager may, in its sole and absolute discretion, deem appropriate. Manager shall establish and maintain a reserve, in such amount as Manager deems appropriate as determined in its sole and absolute discretion, to satisfy any contingent debt, guarantee, liability, prospective liability or other obligation(s) of the Company. Manager shall periodically review the reserve created for the payment of anticipated Operational Expenses or other legal obligations and release any excess amounts in such reserve for Distribution in accordance with this Article 4.

(b) Except as Manager determines is necessary in connection with establishing reserves for the operation and management of the Company in accordance with this Section 4.1, Distributions by Manager shall be made as follows: (i) Current Income (including Short Term Investment Income) shall be distributed on an annual basis, or more often in the sole discretion of Manager; provided that all Current Income shall be distributed at least annually within ninety (90) days of the end of each Fiscal Year; (ii) Interim Event Proceeds shall be distributed as soon as practicable following consummation of an Interim Event, and (iii) Disposition Proceeds shall be distributed as soon as practicable following consummation of a Disposition.

(c) Except as provided in Section 4.1(d), Distributions pursuant to this Article 4 from Dispositions or upon liquidation of the Company under Section 9.2 may be made, in the sole and absolute discretion of Manager, in cash or other in-kind Distributions; provided, that prior to making any Distribution in-kind, Manager must provide the Members with at least ten (10) days prior written notice of such proposed in-kind Distribution. Distributions consisting of cash or in-kind Distribution of securities shall be made, to the extent practicable, in *pro rata* portions of cash and such securities as to each Member receiving such Distributions.

(d) If the receipt of securities by a Member is reasonably likely to violate a law pursuant to an opinion of legal counsel provided to Manager to that effect, or if a Member does not wish to receive Distributions in-kind, a Member may, by written notice to Manager given within five (5) days after the Member's receipt of notice from Manager of such proposed in-kind Distribution, direct Manager to sell, on such Member's behalf, the securities or other in-kind property that otherwise would have been distributed to such Member, and Manager shall use commercially reasonable efforts to effect any such sale; provided, however, that (i) any taxable gain or loss recognized from the Disposition shall be that of the Member electing to have such securities or other in-kind property sold and such Member will bear all of the expenses (including underwriting costs) of the Disposition, and (ii) allocation of Profits and Losses to such Member shall be made as if such securities have been distributed.

(e) Notwithstanding any provision to the contrary contained in this Agreement, the Company shall not be required to make a Distribution to a Member if such Distribution is likely to violate the Delaware Act or any other applicable law.

(f) The Members expressly authorize and direct the Manager to make all distributions to the Members through the Platform and/or in accordance with the AcreTrader Agreements.

4.2 Amounts and Priority of Distributions.

(a) Subject to the provisions of Section 4.1 and the Delaware Act, Distributions of Current Income (including Short Term Investment Income), Interim Event Proceeds and Disposition Proceeds shall be divided between Members (which shall include for purposes of this Section 4.2(a) holders of an Economic Interest and Manager to the extent Manager has made a Capital Contribution to the Company), on the one hand, and Manager, as Manager, on the other hand, as follows:

(i) first, one hundred percent (100%) to the Members, *pro rata* in accordance with their respective Percentage Interests, until each member has received aggregate Distributions pursuant to this Section 4.2(a)(i) equal to the Capital Contributions of such Member;

(ii) second, one hundred percent (100%) to the Members, *pro rata* in accordance with their respective Percentage Interests, until each Member has received aggregate Distributions pursuant to this Section 4.2(a)(ii) equal to such Member's Unpaid Priority Return; and

(iii) thereafter, (A) eighty percent (80%) to the Members, *pro rata* in accordance with their respective Percentage Interests, and (B) twenty percent (20%) to the Manager; provided, that, any Distributions made to the Members pursuant to this Section 4.2(a)(iii) shall be deemed to be, and shall be credited and accounted as, payments of and/or towards each Member's Priority Return.

(b) No Distributions will be made, during the Redevelopment Period. All Current Income realized during the Redevelopment Period shall be reinvested back into the Company.

4.3 Carried Interest Tax Distributions.

To the extent that the Distribution priorities set forth in Section 4.2 do not provide cumulative Distributions of Carried Interest to Manager or its Affiliates, as of the end of any calendar quarter in an amount at least equal to the aggregate federal and state taxes that would (based on the assumptions below) be deemed to be payable by Manager or its Affiliates on the cumulative taxable income of the Company allocated to Manager or its Affiliates with respect to its Carried Interest as of the end of such quarter (determined by assuming that Manager or its Affiliates is/are an individual subject to the highest rate of federal and state taxation applicable to individuals residing in the State of California and taking into account the character of income allocated to Manager or its Affiliates (including income required to be taxed as ordinary income when received by Manager or its Affiliates) and the deductibility of state taxes for federal tax purposes and any loss limitations contained in Code Section 470 restricting the ability to deduct Company losses or deductions allocated to Manager or its Affiliates) (the "Carried Interest Tax Liability"), then Manager has the right to elect to cause a Distribution to be made to Manager or its Affiliates (as applicable), for such quarter equal to its Carried Interest Tax Liability (the "Carried Interest Tax Distribution"). Carried Interest Tax Distributions shall be treated as advance payments of the Carried Interest and shall reduce future payments thereof (but shall not be repayable by Manager or its Affiliates).

4.4 Tax Withholding.

(a) Manager is authorized to pay taxes and to withhold taxes from Distributions to the Capital Account Holders in the amounts required to be so paid or withheld pursuant to the Code or any provision of any other federal, state, local or foreign law. Any amount of taxes paid by the Company, any taxes withheld by the Company and any withholding taxes imposed on any

amount payable to the Company in each case shall be treated for all purposes of this Agreement as an amount actually distributed to the Capital Account Holders pursuant to this Article 4.

(b) If the Company is obligated to pay any amount to any governmental agency (or otherwise makes a payment) because of a Capital Account Holder's status or otherwise specifically attributable to a Capital Account Holder (including federal withholding taxes with respect to foreign Capital Account Holders, state personal property taxes or state unincorporated business taxes), then such Capital Account Holder (the "Indemnifying Capital Account Holder") shall indemnify the Company in full, but without duplication of any amounts withheld from Distributions to such Capital Account Holder under Section 4.4(a), for the entire amount paid (including any interest, penalties and expenses associated with such payments). The amount to be indemnified shall be charged against the Capital Account of the Indemnifying Capital Account Holder, and, at the option of Manager, either (i) promptly upon notification of an obligation to indemnify the Company, the Indemnifying Capital Account Holder shall make a cash payment to the Company equal to the full amount to be indemnified (and the amount paid shall not be treated as a Capital Contribution), or (ii) the Company shall reduce subsequent Distributions that would otherwise be made to the Indemnifying Capital Account Holder, until the Company has recovered the amount to be indemnified. The amounts withheld shall be deemed distributed to the Indemnifying Capital Account Holder and held by the Company as agent for the Indemnifying Capital Account Holder.

4.5 Capital Accounts.

The Company shall maintain on its books a Capital Account for each Capital Account Holder in accordance with the definition of Capital Account set forth in Section 1.1.

4.6 Advances.

(a) If any Member shall advance any funds to the Company, or transfer property to the Company valued at an amount in excess of its then required Capital Contributions, the amount of such advance shall neither increase such Member's Capital Account nor entitle such Member to any increase in its share of the Distributions of the Company. The amount of any such advance or transfer shall be a debt obligation of the Company to such Member and shall be repaid to such Member by the Company with interest at a rate equal to the lesser of (i) such rate as Manager reasonably determines, and (ii) a rate equal to the Priority Return rate (not to exceed the highest rate permitted by applicable law), and upon such other terms and conditions as shall be mutually determined by such Member and Manager. Any such advance or transfer shall be payable and collectible only out of Company Assets, and the other Members shall not be personally obligated to repay any part thereof. No Person who makes any loan to the Company shall have or acquire, as a result of making such loan, any direct or indirect interest in the profits, capital or property of the Company, other than as a creditor.

(b) If Manager determines that a short-term loan would be in the best interest of the Company, then Manager or its Affiliate may, but shall not be required to, make (or cause an Affiliate or third party to make) such a loan to the Company, which loan shall bear interest at an annual rate equal to the Priority Return rate (or such other higher rate as is approved by Manager,

or if Manager or an Affiliate of Manager is the maker of such loan, as approved by a Majority in Interest) and shall include other market terms as determined by Manager in its reasonable discretion.

4.7 Allocations of Profits and Losses.

The determination of Profit and Loss allocations shall be made as soon as practicable after the end of each Fiscal Year of the Company. In each Fiscal Year of the Company, Profits and Losses shall be allocated to Members as provided in Exhibit B.

4.8 UBTI.

The Company may engage in any transaction, borrow any money, or make any investment, without regard to whether such transaction, borrowing, or investment would result in the recognition by the Company of UBTI, in any amount whatsoever. Neither Manager nor the Company covenants or warrants in any respect to reduce or to control the amount of UBTI that might be recognized by the Company or allocated to a tax exempt Member. In furtherance of the foregoing, neither Manager nor the Company shall be liable for the recognition of any UBTI by a Member with respect to an investment in the Company, and the Members hereby consent to some or all of their profits from the Company constituting UBTI.

ARTICLE 5
RIGHTS AND DUTIES OF MANAGER – EXPENSES

5.1 Management.

(a) Except as otherwise expressly provided herein or required by law, Manager is hereby vested with the full, exclusive and complete right, power and discretion to operate, manage and control the business and affairs of the Company and to make all decisions affecting Company affairs, as deemed proper, convenient or advisable by Manager in the conduct and furtherance of the business of the Company as described in Section 2.4. Without limiting the generality of the foregoing, all Members hereby specifically agree that Manager, in its sole and absolute discretion and at any time, and without further notice to or Consent from any Member may do the following on behalf and in the name of the Company and at the sole expense of the Company:

(i) make one or more Investments consistent with the purposes of the Company;

(ii) sell or exchange (pursuant to a Qualified 1031 Exchange or otherwise) all or any part of any Investment, whether for cash or on such terms as Manager shall determine to be appropriate and, if applicable, acquire a new Investment and incur, or otherwise reimburse Manager and its Affiliates for costs incurred, in connection therewith (including without limitation payment of an acquisition fee to Manager or its Affiliates) utilizing some or all of the Exchange Proceeds after allocating such Exchange Proceeds to the Members and Manager (and adjusting the Members' and Manager's Capital Accounts in accordance

therewith) in an amount such Members and Manager would receive if such Exchange Proceeds were distributed to the Members and Manager pursuant to Section 4.2;

(iii) perform, or arrange for the performance of, those management services that are necessary to foster the ultimate realization of the Investments, and contract for such other management and administrative services, as Manager may deem appropriate given the fundamental business purpose of the Company;

(iv) incur all expenditures permitted by this Agreement, and, to the extent that funds of the Company are available, pay all expenses, debts and obligations of the Company;

(v) employ and dismiss from employment any and all consultants, contractors, custodians and property managers of the Investments and assets of the Company and other Company agents;

(vi) enter into, execute, amend, supplement, acknowledge and deliver any and all contracts, agreements or other instruments as Manager shall determine to be appropriate in furtherance of the purposes of the Company, including, without limitation, negotiating and entering into acquisition agreements in order to acquire, develop or dispose of Investments which may include such representations, warranties, covenants, indemnities and guarantees as Manager deems necessary or advisable;

(vii) pending investment in Investments or cash Distributions, make Short Term Investments of Company capital;

(viii) admit an assignee of all or any portion of a Member's Units to be a Substituted Member in the Company pursuant to and subject to the terms of Section 8.3;

(ix) make, or refrain from making, any election under federal, state and local tax laws;

(x) act as, or designate, the Tax Representative of the Company, which Tax Representative shall, in such capacity, be the "tax matters partner" for the Company as such term is defined in Section 6231(a)(7) of the Code (or, for the Company's taxable years beginning on or after January 1, 2018, the "partnership representative" of the Company within the meaning of Section 6223(a) of the Code (as amended by the Bipartisan Budget Act of 2015, P.L. 114-74)), and exercise any authority vested in the "tax matters partner"/"partnership representative" under the Code;

(xi) settle or prosecute litigation on behalf of the Company;

(xii) enter into partnership agreements in the capacity of a general or limited partner, become a member of a joint venture or a limited liability company, participate in forms of syndication for investment and own stock in corporations;

(xiii) subject to Section 3.4 hereof, issue any debt, equity or other securities of the Company, including Units;

(xiv) sell, exchange (pursuant to a Qualified 1031 Exchange or otherwise), finance, refinance, lease, operate and/or maintain the Property or any Exchange Property;

(xv) enter into, comply with, modify, amend, cancel and/or terminate any of the AcreTrader Agreements, whether directly or indirectly;

(xvi) enter into, comply with, modify, amend, cancel and/or terminate the Property Lease, whether directly or indirectly;

(xvii) enter into, comply with, modify, amend, cancel and/or terminate any debt instruments, loans and/or credit facilities, whether directly or indirectly; and

(xviii) take any other action reserved to a Manager under the Delaware Act.

(b) Manager shall have the right, at its option, to cause the Company or any Affiliate to (i) borrow money from any Person (including without limitation Manager or any Affiliate of Manager), (ii) guarantee loans made to any Person (including, without limitation, Manager or any Affiliate of Manager) in connection with an Investment, (iii) pledge the assets of the Company to secure such loans, (iv) enter into agreements with any Person (including, without limitation, Manager or any Affiliate of Manager) to provide any financial guarantees in connection with loans entered into by the Company or its Affiliates, including, without limitation, non-recourse carve-out guarantees and other similar financial guarantees, (v) pay guarantee fees or other compensation to and indemnify such Person (including, without limitation, Manager or any Affiliate of Manager) against any losses incurred in connection with such financial guarantees in accordance with Article 6 hereof, and (vi) contribute or otherwise assign the Company's assets to a limited partnership, limited liability company, corporation or joint venture in exchange for partnership, membership, shareholder or similar interests therein.

(c) Third parties dealing with the Company may rely conclusively upon any certificate of Manager to the effect that it is acting on behalf of the Company. The signature of Manager shall be sufficient to bind the Company in every manner to any agreement or on any document, including, but not limited to, documents drawn or agreements made in connection with the acquisition, Disposition or financing of any Investments or other properties in furtherance of the purposes of the Company. Nothing herein contained shall impose any obligation on any person, entity or firm doing business with the Company to inquire as to whether or not the Manager has exceeded its authority in executing any contract, agreement, lease, mortgage, note, guaranty, loan agreement, pledge, security agreement or other evidence of indebtedness, deed, assignment, conveyance or other transfer instrument or any other document or instrument of any kind or nature (each, a "Contract") on behalf of the Company in its capacity as the manager of the Company, and any third person shall be fully protected in relying upon such authority. In furtherance thereof, each manager, managing member, director, officer or designated agent of Manager, including Andrew Jones, Mike Testa, or Anthony

Bozzano, are hereby authorized to execute any Contract as an "Authorized Signatory" or "Authorized Representative" of the Company or the Manager.

5.2 Duties and Obligations of Manager.

(a) Manager will use commercially reasonable efforts to manage the Company in accordance with the purpose set forth in Section 2.4.

(b) Manager shall take all action which may be necessary or appropriate for the continuation of the Company's valid existence and authority to do business as a Company under Delaware law and of each other jurisdiction in which such authority to do business is necessary or, in the judgment of Manager, advisable to protect the limited liability of the Members or to enable the Company to conduct the business in which it is engaged.

(c) Manager shall prepare or cause to be prepared and shall file on or before the due date (or any extension thereof) any tax returns required to be filed by the Company. Manager shall cause the Company to pay all taxes payable by the Company (it being understood that the expenses of preparation and filing of such tax returns, and the amounts of such taxes, are expenses of the Company and not of Manager); provided, that Manager shall not be required to cause the Company to pay any tax so long as Manager or the Company is in good faith and by appropriate legal proceedings contesting the validity, applicability or amount thereof and such contest does not materially endanger any right or interest of the Company.

(d) Manager may consult with legal counsel, accountants, appraisers, management consultants, investment bankers, insurance agents, and other consultants selected by Manager (who may serve the Company or any Affiliate of Manager). To the fullest extent permitted by law, the written advice by any consultant on a matter which Manager reasonably believes to be within its professional or expert competence shall be full and complete protection as to any action taken or omitted by Manager based on such advice and taken or omitted in good faith, and shall not be deemed to be a breach of Manager's responsibilities under this Agreement or a Breach of Standard of Conduct. To the fullest extent permitted by law, Manager shall not be responsible for the misconduct, negligence, acts or omissions of any consultant or of any agent and shall assume no obligations other than to use due care in the selection of all consultants.

(e) Nothing herein contained shall impose any obligation on any Person or firm doing business with the Company to inquire as to whether or not Manager has exceeded its authority in executing any contract, agreement, lease, mortgage, note, guaranty, loan agreement, pledge, security agreement or other evidence of indebtedness, deed, assignment, conveyance or other transfer instrument or any other document or instrument of any kind or nature (each, a "Contract") on behalf of the Company in its capacity as Manager of the Company, and any third party Person shall be fully protected in relying upon such authority. In furtherance thereof, any manager, managing member, director, officer or designated agent of Manager, is hereby authorized to execute any Contract as an "Authorized Signatory" or "Authorized Representative" of the Company or Manager, in its capacity as Manager of the Company.

5.3 Other Businesses of Manager.

(a) Neither Manager nor its Affiliates shall be required to devote all of their time or business efforts to the affairs of the Company, but Manager shall, and shall cause its Affiliates to, devote to the Company and to the Investments as much of their business time and efforts as shall be reasonably necessary to conduct the Company's business and affairs in accordance with the terms of this Agreement.

(b) Each Member acknowledges and agrees that Manager and its members, managers, directors, officers, partners, employees and agents may exercise investment responsibility, or otherwise engage, directly or indirectly, in any other business, irrespective of whether any such business is similar to, or identical with, the business of the Company, which may include purchasing, selling, holding or otherwise dealing with investments, whether real estate or otherwise. Manager and its members, managers, directors, officers, partners, employees and agents may directly or indirectly purchase, sell, hold or otherwise deal with investments and pursue investment opportunities, even if the investment or the prospective investment is of a character which, if presented to the Company could be acquired by the Company as an Investment. To the fullest extent permitted by law, neither the Company nor any Member, solely by reason of being a Member, will have any right to participate in any manner in any profits or income earned or derived by or accruing to Manager or its respective members, managers, directors, officers, partners, employees and agents from the conduct of any business or any investment activity other than the business of the Company or from any transaction or other investment effected by any such Person for any Person other than that of the Company.

(c) No Contract or other transaction between the Company and any Member or Manager or any Affiliate thereof shall be void or voidable because of the relationship of the parties, and neither the Member, Manager nor Affiliate shall be obligated to account to the Company for any profit or benefit derived from such Contract or other transaction, provided the Contract or other transaction is otherwise valid under applicable law and entered into in accordance with the terms of this Agreement.

5.4 Expenses and Reimbursements.

Operational Expenses shall be borne by the Company. The Company shall pay Operational Expenses directly or shall reimburse Manager or any of its Affiliates for the payment thereof as the case may be. Operational Expenses shall be paid either from Current Income, from Interim Event Proceeds, from Disposition Proceeds, from Short Term Investment Income or from Capital Contributions made by the Members pursuant to Section 3.3. Manager may cause the Company to borrow funds on a short term basis as contemplated by Section 5.1(b) to pay Operational Expenses if the Company does not have available funds, in which case the borrowings shall be repaid from Current Income, Interim Event Proceeds, Disposition Proceeds, Short Term Investment Income or Capital Contributions, as provided above. Manager and/or any of their respective Affiliates shall be entitled to reimbursement from the Company for any and all Advanced Expenses out of any funds deemed appropriate by the Manager, at its sole and absolute discretion.

5.5 Service Management Fees and Expenses of Manager.

(a) The Company has entered into the Management Services Agreement pursuant to which the Services Manager shall manage various reporting and business affairs for and/or on behalf of the Company, and the Company shall pay to the Services Manager a management fee in the amount of $70,613 annually, payable quarterly in accordance with the terms and conditions of the Management Services Agreement. Subject to the terms of the Management Services Agreement, Manager may from time to time remove and/or replace the Services Manager with Manager, any of its Affiliates or third parties and/or change the service management fee then in effect in line with market rates in the exercise of Manager's sole and absolute discretion.

(b) Manager and its Affiliates shall be liable for and pay the following expenses: (i) the compensation of the employees of Manager and payroll taxes relating thereto; and (ii) the rent and general office overhead of Manager.

(c) Except as set forth in Section 5.5(b) above, the Company shall have liability for and pay the following expenses: (i) out-of-pocket investment costs of the Company and its Affiliates, such as brokerage commissions, finders' fees, transfer taxes, etc.; (ii) all expenses of the Company relating to investigating, acquiring, operating, zoning, constructing, improving, rehabilitating, managing, marketing, advertising, financing, leasing (new or renewals) and disposing of the Investments (including travel and other out-of-pocket expenses) which services may be provided by Manager or its Affiliates in line with competitive market rates; (iii) fees and disbursements of outside professionals relating to any accounting or tax services with respect to, the books and records of the Company including, without limitation, the preparation of the periodic reports required to be delivered pursuant to Article 8, tax advice, tax projections, tax returns and K-1's, the costs of verifying Distributions, models, valuations and tax allocations; (iv) fees and disbursements of attorneys, consultants, accountants, tax advisors, bookkeepers, administrators, third party appraisers, other costs of valuation, third-party due diligence and research services and other professionals (including legal fees in connection with any legal opinions required to be delivered by or on behalf of the Company); (v) interest expense on borrowings permitted by the terms of this Agreement and all expenses incurred in negotiating, entering into, effecting, maintaining, varying and terminating any borrowing or guarantee permitted to be incurred by this Agreement (including guarantee fees and other compensation to Manager or any Affiliate thereof, or any Person to the extent such Person is required to provide guarantees of any financing); (vi) controversy and controversy settlement costs with respect to the Company, Manager or any Affiliate thereof, including, without limitation any costs required for the Company, Manager or any Affiliate thereof to pursue, prosecute and/or defend its rights against any third party; (vii) Organizational Expenses; (viii) expenses for advisor meetings and annual meetings of Members, if any; (ix) the amounts required to be paid to any Indemnitee pursuant to Article 6 and/or Section 5.1(b); (x) all insurance premiums, finance charges, any fees and costs of brokers, agents, attorneys and advisors and third-party charges for risk management services or similar expenses incurred by the Company or Manager in connection with the activities and management of the Company (including fidelity and directors and officers insurance, if obtained); (xi) the cost of maintaining records and books of account in relation to the business of the Company (whether in hard copy or digital form) referred to in Section 13.1; (xii) all costs and expenses incurred in relation to obtaining waivers, consents or approvals

pursuant to this Agreement and all reasonable costs and expenses of, and/or incidental to, the preparation of amendments to this Agreement pursuant to Section 10.1; (xiii) all costs and expenses of, and/or incidental to, the preparation and dispatch to Members of all checks, reports, circulars, forms and notices and any other documents necessary or desirable in connection with the business and administration of the Company (whether in hard copy or digital form), including the cost of all insurance of the Company in connection therewith; (xiv) all costs and expenses incurred as a result of the dissolution and termination of the Company and the distribution, realization or disposal of Investments pursuant thereto; (xv) all costs and expenses of any threatened or actual litigation involving the Company and the amount of any judgment or settlement paid in connection therewith, excluding however the costs and expenses of any litigation, judgment or settlement with respect to which an Indemnitee is not entitled to indemnity pursuant to Sections 6.1(a) and 6.1(b); (xvi) all expenses incurred in connection with meetings of the Company; (xvii) all expenses incurred in relation to maintaining custody of any and all Company documents that Manager deems appropriate in connection with the business activities of the Company (including, without limitation, the Memorandum and associated documents, initial and ongoing Company reports, bank charges, insurance of documents of title against loss in shipment, transit or otherwise), and charges by Manager for document retention (whether in hard copy or digital form); (xviii) all expenses incurred in connection with the valuation of the Investments and assets of the Company; (xix) all development, construction, leasing, asset and property management fees and expenses relating to the Investments, which will be provided at competitive market rates, and may be provided by an Affiliate of Manager; (xx) Investment level hedging, environmental, engineering and other third-party services; (xxi) all other costs incurred in connection with the administration of the Company, including its share of the costs of technology installed, obtained, maintained or upgraded for Company purposes, and allocable cost of telephone and internet services, mailings, copier, courier fees and other clerical costs; (xxii) all Advanced Expenses, and (xxiii) all other costs that may be authorized by this Agreement or, if not authorized, approved by Manager with respect to third party service providers and a Majority in Interest of Members with respect to services provided by Manager or an Affiliate of Manager. All costs and expenses referred to in clauses (i) through (xxiii) of this Section 5.5(c) are collectively referred to as "Operational Expenses." All Operational Expenses are Company costs and reimbursable to Manager and/or their respective Affiliates, as the case may be, and shall be due and payable promptly following receipt of invoices therefor.

5.6 Annual Management Fee; Related Fees.

As compensation for the management services to be rendered to the Company, including investigating, acquiring, operating, zoning, constructing, improving, rehabilitating, managing, marketing, advertising, financing, leasing and disposing of the Investments, Manager shall be entitled to receive from the Company on an annual basis a management fee equal to one percent (1%) of the sum of the total equity, or $94,150 (the "Management Fee"). The Management Fee shall all be payable in accordance with Section 5.7 hereof.

5.7 Payment of Fees to Manager or Affiliates of Manager.

Notwithstanding this Article 5 or anything to the contrary contained herein, any fees or other compensation paid by the Company for services rendered by Manager or Affiliates of Manager, including, without limitation, the Start-Up Fee and the Management Fee and similar sources of income identified in this Article 5 shall be earned by, and be payable to, Manager or its Affiliate. The Company shall pay such fees directly to Manager or its Affiliate and no portion of any such fees or other compensation shall be deemed for any purpose to be earned by, or payable to, the Company.

5.8 Qualified 1031 Exchange.

Notwithstanding anything to the contrary contained in this Agreement, Manager shall have the right, in its sole and absolute discretion, to cause the Company or any subsidiary thereof to engage in a Qualified 1031 Exchange at any time and without further act, vote, approval or consent of any Member or any other Person. Upon the closing of the sale of the Property or Exchange Property (if applicable), Manager shall allocate the Exchange Proceeds to the Members and Manager such that the Capital Account of each Member and Manager will equal the amount such Member and Manager would be entitled to receive if the Exchange Proceeds were distributed to the Members and Manager pursuant to Section 4.2. Manager may in its sole and absolute discretion, take all steps necessary and desirable to carry out such transaction including, without limitation: (i) locating a new property (the "Exchange Property"); (ii) executing on behalf of the Company any acquisition, loan, financing, guarantee or other Contract or instrument to acquire the Exchange Property; (iii) admitting to the Company one or more additional Members; (iv) issuing Units to such Members or Manager on terms and conditions determined by Manager in its sole and absolute discretion; (v) using some or all of the Exchange Proceeds to acquire the Exchange Property, reimburse Manager and/or its Affiliates with respect to expenses incurred in the location, diligence and acquisition of the Exchange Property and pay Manager and/or its Affiliates an acquisition fee in connection therewith; (vi) engaging Manager and/or an Affiliate of Manager as a property manager with respect to the Exchange Property, and (vii) amending this Agreement to account for the acquisition by the Company of the Exchange Property, allocation of the Exchange Proceeds to the Members and Manager pursuant to this Section 5.8, admission of new Members, payment of the acquisition fee and issuance of new Units. To the fullest extent permitted by law, no Indemnitee shall be liable to any Member or the Company (and the Members and the Company hereby waive, and agree not to make, any such claim against an Indemnitee), and each is fully exculpated hereby from any tax liability or prospective tax liability of such Member attributable to, or arising from, a proposed or completed Qualified 1031 Exchange that is determined by the Internal Revenue Service or other taxing authority not to qualify in whole or in part as a tax-deferred exchange pursuant to Section 1031 of the Code or equivalent of any state law.

5.9 AcreTrader Agreements; Platform; Related Approvals of Manager. Each Member represents and warrants that such Member is an authorized and approved participant on, a member of, and/or user of, the Platform. Each of the Members and Manager are familiar with the Platform, understand the same and acknowledge and agree that the management and operation of the Company will be subject to the provisions of the AcreTrader Agreements.

Irrespective of anything herein to the contrary, Manager is hereby authorized and directed to take any and all actions as are required to comply with the provisions of the AcreTrader Agreements and/or as contemplated by the Platform, as determined by Manager in its sole discretion. Each Member expressly consents to, approves of, authorizes and directs Manager to communicate with the Services Manager as part of, in connection with, and/or relating to, any and all matters involving the Company, such Member, the Investment and/or as may be necessary to comply with, and/or consummate the transactions contemplated by, the AcreTrader Agreements and/or the Platform.

ARTICLE 6
INDEMNIFICATION

6.1 Exculpation and Indemnification of Manager.

(a) To the fullest extent permitted by law, neither Manager, Services Manager, their respective Affiliates nor their respective officers, directors, principals, employees, managers, agents, stockholders, members or partners, nor any Person who holds an equity interest of Manager, Services Manager or their respective Affiliates, nor any Person who serves at the specific request of Manager on behalf of the Company as a partner, member, officer, director, employee or agent of any other Person, or any other Person as is determined by Manager in good faith (in each case, an "Indemnitee") shall be liable to any Member or the Company or any subsidiary of the Company (and the Members and the Company hereby waive, and agree not to make, any such claim against an Indemnitee), and each is fully exculpated hereby from any losses, claims, damages or liabilities or prospective liabilities arising from or related to (i) any mistake in judgment; (ii) any action or inaction taken or omitted for a purpose which the Indemnitee reasonably believed to be in furtherance of the best interests of the Company or any action taken or omitted to be taken for the Indemnitee's own account which the Indemnitee was expressly permitted or required to take or omit pursuant to this Agreement; or (iii) any loss due to the mistake, action, inaction, negligence, dishonesty, fraud or bad faith of any other Person; provided, that such Indemnitee did not commit a Breach of Standard of Conduct. Unless otherwise agreed to in writing by Manager, third party independent contractors engaged by Manager and/or its Affiliates shall not be or be deemed to be Indemnitees pursuant to this Section 6.1. An Indemnitee may consult with legal counsel, accountants, consultants or other advisors in respect of Company affairs and shall be fully protected and justified in any action or inaction which is taken or omitted in good faith, in reliance upon and in accordance with the opinion or advice of such counsel, accountants, consultants or other advisors. This Agreement is not intended to and does not create or impose any fiduciary duty on any Indemnitee. Furthermore, each of the Company, the Members and Manager hereby waive any and all fiduciary duties that, absent such waiver, may be implied by law and in doing so, recognize, acknowledge and agree that the duties and obligations of each Indemnitee to one another and to the Company are only as expressly set forth in this Agreement.

(b) The Company shall, to the fullest extent permitted by law, indemnify and hold harmless each Indemnitee and the Liquidating Trustee (and their respective heirs and legal and personal representatives) who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal,

administrative or investigative (including any action brought by or in the right of such Indemnitee or the Company or any Members), by reason of any actions or omissions or alleged acts or omissions arising out of or incidental to such Person's activities either on behalf of the Company or in furtherance of the interests of the Company or arising out of or in connection with the Company's business and affairs or as to the Liquidating Trustee, if such activities were performed in a manner reasonably believed by such Person to be within the scope of the authority conferred by this Agreement or by law or by the Consent of Members, against any and all claims, losses, damages, costs or expenses (including, without limitation, costs, fees and expenses incurred in order to protect, prosecute (if Indemnitee deems necessary in its sole and absolute discretion) and defend such Indemnitee's reputation and good will) for which such Person has not otherwise been reimbursed (including, without limitation, attorneys' fees, judgments, fines and amounts paid in settlement) (collectively, "Claims"), as incurred, in connection with such Person's activities on behalf of, or association with, the Company, Manager or any of its Members, except to the extent the Person seeking such indemnification engaged in conduct that constitutes a Breach of Standard of Conduct and such conduct was the proximate cause of the Claims (all as determined pursuant to Section 6.3). An Indemnitee shall obtain the written consent of Manager prior to entering into any compromise or settlement which would result in an obligation of the Company to indemnify such Person. Manager may have the Company purchase, at the Company's expense, insurance to insure the Company, Manager, any other Indemnitee or any Person exculpated or indemnified pursuant to Section 6.1(a) or this Section 6.1(b) against liability in connection with the activities of the Company; provided, however, that any Indemnitee may recover its indemnification payments (including costs) from the Company without first proceeding against any applicable insurance (with the Company being subrogated to the Indemnitee's rights of indemnification to that extent). Notwithstanding the foregoing, each Indemnitee shall use commercially reasonable efforts to assist the Company in seeking reimbursement for indemnified expenses (if any when sought) from any insurance company or other third party liable for the applicable losses and all such recoveries shall reduce the obligation of the Company hereunder.

(c) If for any reason the indemnification called for by this Section 6.1 is unavailable or insufficient (after taking any insurance recovery into account that is available at the time when amounts are payable by an Indemnitee that are subject to indemnification) to indemnify and hold harmless an Indemnitee in accordance with the terms hereof (other than as a result of a failure to satisfy the conditions to such indemnification as set forth in Section 6.1(b)), then the Company shall, to the fullest extent permitted by law, contribute to the amount paid or payable by such Indemnitee (which contribution may equal up to one hundred percent (100%) of such amount) as a result of any Claims referred to in Section 6.1(b) such that the Indemnitee would be in the same financial position it would have been in if the indemnification called for by this Section 6.1 were available and sufficient.

6.2 Giveback Obligations.

(a) Each Member (including any former Member) may, to the fullest extent permitted by law, be required, as determined by Manager in its sole and absolute discretion, to return, within ten (10) Business Days after the demand therefor is received from Manager (the "Payment Date"), any Distributions (*pro rata* by all Members and in the reverse order of priority) made to

the Member or former Member (or any of its predecessors in interest) (including any Distributions made to Manager in its capacity as a Member) pursuant to Section 4.2 for the purpose of meeting such Member's share of the Company's indemnity obligations under Section 6.1 or other expenses of the Company (the "Giveback"); provided, that, no Member shall have any Giveback obligation with respect to Distributions made more than four (4) years prior to the demand made by Manager for such Giveback except to rectify errors, as required by law and as provided in Section 6.2(b). A Member who fails to satisfy its obligation to repay any portion of its Giveback obligation by the Payment Date shall have breached this Agreement and, in addition to all remedies at law or in equity that may be exercised against such Member by Manager on behalf of the Company, such Member shall not be entitled to vote on any matter reserved for Members set forth in this Agreement, effective upon the receipt of notice from Manager (which notice may be given or not given in the sole and absolute discretion of Manager).

(b) If prior to the fourth (4th) anniversary of any Distribution, Manager determines that there are any proceedings (including arbitration) then pending or any other liability, prospective liability or claim then outstanding, threatened or pending that Manager is otherwise seeking to defend or settle on behalf of the Company (including on account of any Indemnitee), Manager may, in its sole and absolute discretion, notify the Members at such time that such proceeding or settlement discussions may require a Giveback (which notice shall include a brief description of each such proceeding (and of the liabilities asserted in such proceeding) or of such liabilities and claims) and, to the fullest extent permitted by law, the obligation of the Members to return all or any portion of such Distributions (as specified in such notice) for the purpose of meeting the Company's obligations shall survive with respect to each such proceeding, liability and claim set forth in such notice until the date that such proceeding, liability or claim ultimately is resolved and satisfied.

(c) If any Member is an agency or instrumentality of a state and if a provision of this Section 6.2 is inconsistent with the constitution or any other law of such state, then such Member and Manager shall enter into alternative arrangements regarding such provision so that the economic benefits of the Company to such Member are not materially more favorable to such Member than the economic benefits received or to be received by Members generally (as determined by Manager in good faith).

(d) Any Distributions returned pursuant to this Section 6.2 shall be required to be recontributed, *pro rata*, in reverse order of Distributions to the Member, by such Members.

6.3 Indemnification Expenses.

Expenses incurred by an Indemnitee and any person entitled to indemnification pursuant to this Article 6 in defense, prosecution or settlement of any Claim that may be subject to a right of indemnification hereunder shall be advanced by the Company prior to the final disposition thereof upon receipt of an undertaking by or on behalf of the Indemnitee, in form and substance reasonably acceptable to Manager, to repay such amount to the extent that it shall be determined ultimately that such Indemnitee is not entitled to be indemnified hereunder. Notwithstanding anything to the contrary contained in this Agreement, no expenses shall be advanced and no indemnification shall be made to a Member (other than Manager or its Affiliates) or other

purported Indemnitee in connection with any claim made by such Person against Manager or the Company until the final adjudication of such claim in favor of the Person bringing such claim.

ARTICLE 7
TRANSFERABILITY OF MANAGER'S INTEREST

7.1 Assignment of Manager's Interest.

Without the prior approval of a Majority in Interest of Members, Manager shall not have the right to withdraw from the Company and shall not Transfer all or any portion of its interest as a Manager in the Company or its responsibility for the management of the Company, or enter into any agreement as a result of which any other Person shall have an interest as a Manager in the Company; provided, that nothing in this Agreement shall preclude a Transfer of all or any portion of Manager's interest as a Manager in the Company or responsibility for the management of the Company to an Affiliate of Manager nor any changes in the composition of members constituting, or the employees of, Manager.

7.2 Transfer of Manager's Interest.

Whenever all or a portion of Manager's interest as a Manager in the Company is Transferred pursuant to this Article 7, the assignee, purchaser or other transferee shall assume the Capital Account of Manager (or the appropriate portion thereof as expressly agreed to by the withdrawing Manager in writing) and all corresponding obligations of Manager hereunder. In the event of a Transfer of all of Manager's interest as a Manager of the Company in accordance with this Article 7, its assignee or transferee shall be substituted in its place as Manager of the Company with full power and authority to continue the business of the Company, and immediately thereafter the transferor Manager shall withdraw as Manager of the Company; provided, however, that, unless the withdrawing Manager expressly agrees to the contrary in writing, the withdrawing Manager shall continue to receive the Distributions distributable to Manager under Section 4.2(a)(iii)(B). The transferor and assignee or transferee Manager shall cause the execution of any necessary documents or instruments required by the Delaware Act to record the substitution of the assignee or transferee as a substitute Manager of the Company without the consent of any other Person. Notwithstanding anything contained herein to the contrary, upon withdrawal of Manager, if the withdrawing Manager or any member, manager, director, officer or Affiliate of the withdrawing Manager has obligated itself in any way in connection with the Company or Manager, the Company shall obtain a release for such Person from any and all such obligations and each such Person shall, to the fullest extent permitted by law, be fully indemnified by the Company with respect to payments and costs with respect thereto pursuant to Article 6 to the extent provided herein.

ARTICLE 8
TRANSFERABILITY OF A MEMBER'S UNITS

8.1 Restrictions on Transfers of Units.

(a) Except as expressly permitted in this Agreement, no Transfer of all or any portion of a Member's Units may be made without the written consent of Manager, which consent may

be given or withheld, conditioned or delayed as Manager may determine in its sole and absolute discretion. Notwithstanding the foregoing, if a Member complies with the provisions of subsections (b) through (d) of this Section 8.1, the Member may, without the consent of Manager, Transfer all or a portion of its Units to a Person that: (i) controls, is controlled by, or is under common control with, the Member; or (ii) is a trust or a successor trust with the same beneficial ownership; or (iii) is an Immediate Family Member of such Member or a trust for the benefit of one or more Immediate Family Members of such Member. Notwithstanding the foregoing, no Person who is a Benefit Plan Investor may be admitted to the Company as a Member or recognized as a Capital Account Holder (including by assignment or Transfer of Units to such Person) without the express written consent of Manager, such consent to be given in the sole and absolute discretion of Manager, and in no event may any Person who is a Benefit Plan Investor be admitted to the Company as a Member (including by assignment or Transfer of Units to such Person) if such admission would cause participation in the Company by all Benefit Plan Investors to be "significant" as defined in the Plan Assets Regulation.

(b) Notwithstanding any other provisions of this Section 8.1, no Transfer of all or any portion of a Member's Units may be made unless in the opinion of legal counsel to the Company, reasonably acceptable, and satisfactory in form and substance, to Manager (which opinion may be waived, in whole or in part, at the discretion of Manager):

(i) the Transfer, when added to the total of all other Transfers of Units within the preceding twelve (12) months, would not result in the Company being considered to have terminated within the meaning of Section 708 of the Code or would result in the Company being considered to have terminated but such termination would not have a material adverse effect on the Company;

(ii) the Transfer would not violate the registration or qualification provisions of the Securities Act, any state or securities "blue sky" or non-U.S. Securities laws applicable to the Company or the Units to be Transferred;

(iii) the Transfer would not cause the Company to lose its status as a partnership for federal income tax purposes or cause the Company to become subject to the Investment Company Act of 1940, as amended or to be treated as a publicly traded partnership under Section 7704 of the Code;

(iv) the Transfer would not require Manager or any Affiliate of Manager that is not registered under the Investment Advisers Act of 1940, as amended ("Advisers Act"), or the Company, to register as an investment adviser under the Advisers Act;

(v) the Transfer would not violate the laws, rules or regulations of any state or any governmental authority applicable to such Transfer; and

(vi) such additional opinions regarding the Transfer as Manager may reasonably require.

Each opinion of counsel must be delivered in writing to the Company not less than ten (10) days prior to the date of the Transfer. Manager agrees to cooperate with any Member making

a Transfer by promptly providing such records and other factual information regarding the Company as may be reasonably requested with respect to any proposed Transfer. Except as permitted by this Agreement, each Member hereby severally agrees that it will not Transfer all or any portion of its Units in the Company, and that any purported Transfer in violation of this Agreement shall, to the fullest extent permitted by law, be null and void. Each transferee or assignee of Units must complete an "Assignee Questionnaire" in a form deemed appropriate by Manager and containing information reasonably acceptable to Manager.

(c) Each Member agrees that it will pay all actual expenses, including attorneys' fees, incurred by the Company in connection with a Transfer or requested Transfer of Units by such Member.

(d) Any Person who acquires all or any portion of Units of a Member and who is admitted as a Member in accordance with this Agreement shall assume all or a proportionate amount of the Capital Account of such Member and shall be obligated to return any amounts to the Company as required by any provision of this Agreement or applicable law as if it had received all Distributions made to the prior owner of its Units. Each Member agrees that, notwithstanding the Transfer of all or any portion of its Units, as between the transferring Member and the Company, the transferring Member will remain liable to return any Distributions previously made to such Member if return of any such Distributions is required by any provision of this Agreement. Each Member agrees that, notwithstanding the Transfer of all or any portion of its Units, as between the transferring Member and the Company, the transferring Member shall remain liable to return any Distributions previously made to such Member if return of any such Distributions is required by any provision of this Agreement; however, a transferring Member shall not in any case have any liability for amounts required to be paid with respect to any Distributions made with respect to its Units after the time when the purchaser, assignee or transferee of such Units is admitted as a Substituted Member.

(e) Except as may be required by Section 3.2(g) and Section 3.6, no Member may withdraw from the Company without the written consent of Manager, which consent may be given or withheld, conditioned or delayed as Manager may determine in its sole and absolute discretion.

(f) Any Transfer or purported Transfer in violation of this Agreement shall be void *ab initio*; provided, however, that, if under applicable law, a Transfer of an Interest in the Company that does not comply with this Agreement is nevertheless legally effective, the transferee shall solely be considered a holder of an Economic Interest with the limited right to receive the transferor's share of distributions and tax allocations pursuant to this Agreement, but shall not have the right: (i) to participate in the management of the business and affairs of the Company; (ii) to vote on any matter as a Member; or (iii) to otherwise exercise or enjoy the powers or privileges of a Member under this Agreement, the Certificate, or the Delaware Act. The transferor and transferee shall, to the fullest extent permitted by law, be jointly and severally liable to the Company and Manager for, and shall indemnify and hold harmless the Company and Manager against, any losses, damages or expenses (including attorneys' fees, judgments, fines, amounts paid in settlement and costs of collection) actually and reasonably incurred by them in connection with such Transfer. To the fullest extent permitted under applicable law,

each Member shall indemnify and hold harmless the Company, Manager and all other Members who were or are parties, or are threatened to be made parties, to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative, by reason of or arising from any actual or alleged misrepresentation, misstatement of facts or omission to state facts made (or omitted to be made), noncompliance with any agreement or failure to perform any covenant by such Member in connection with any Transfer of all or any portion of such Member's Interest (or any Economic Interest therein) in the Company, against any losses, damages or expenses (including attorneys' fees, judgments, fines and amounts paid in settlement) actually and reasonably incurred by it or them in connection with such action, suit or proceeding and for which it or they have not otherwise been reimbursed.

8.2 Assignees.

(a) The Company shall not recognize for any purpose any purported Transfer of all or any portion of the Units of a Member unless the provisions of Section 8.1 shall have been complied with (or waived by Manager) and there shall have been filed with the Company a dated notice of such Transfer, in form reasonably satisfactory to Manager, executed and acknowledged by both the seller, assignor or transferor and the purchaser, assignee or transferee, and such notice (i) contains the acceptance and assumption by the purchaser, assignee or transferee of all of the terms and provisions of this Agreement, including the provisions of Section 12.1, and its agreement to be bound thereby, and (ii) contains a representation that such Transfer was made in accordance with all applicable laws and regulations.

(b) Unless and until an assignee of Units becomes a Substituted Member, such assignee shall not be entitled to participate in any vote or written consent hereunder or under the Delaware Act with respect to such Units.

(c) Any Member who shall Transfer all of its Units shall cease to be a Member at such time as a Substituted Member is admitted in place of such assigning Member.

(d) Anything herein to the contrary notwithstanding, both the Company and Manager shall be entitled to treat the assignor of Units as the absolute owner thereof in all respects, and shall incur no liability for Distributions made in good faith to it, until such time as a written assignment that conforms to the requirements of this Article 8, has been received by the Company and accepted by Manager.

(e) A Person who is the assignee of all or any portion of the Units of a Member as permitted hereby but does not become a Substituted Member and who desires to make a further Transfer of such Units, shall be subject to all of the provisions of this Article 8 to the same extent and in the same manner as any Member desiring to make a Transfer of its Units.

8.3 Substituted Member.

(a) Notwithstanding anything to the contrary contained in this Agreement, any purchaser, assignee, transferee, donee, heir, legatee, distributee or other recipient of Units (whether pursuant to a voluntary or involuntary Transfer) shall be admitted to the Company as

a Substituted Member only (i) with the written consent of Manager, which consent may be given or withheld, conditioned or delayed, in Manager's sole and absolute discretion, (ii) after satisfying the requirements of Sections 8.1 and 8.2, and (iii) upon an amendment by Manager to Exhibit A of this Agreement. Upon satisfaction of all of the requirements of subsections (i) through (iii) of this Section 8.3(a), each Person admitted as a substitute Member is referred to herein as a "Substituted Member."

(b) Each Substituted Member, as a condition to its admission as a Member shall execute and acknowledge such instruments, in form and substance reasonably satisfactory to Manager, as Manager reasonably deems necessary or desirable to effectuate such admission and to confirm the agreement of the Substituted Member to be bound by all the terms and provisions of this Agreement with respect to the Units acquired. All actual expenses, including attorneys' fees, not paid by the assignor Member that are incurred by the Company in connection with the Transfer and admission of a Person as a Substituted Member shall be borne by such Substituted Member. Any such costs not paid by the Substituted Member shall be treated as a loan, plus interest thereon, from the date each such cost was incurred until such amount is repaid to the Company at an interest rate equal to nine percent (9.0%) per annum (cumulative and compounded annually), and shall be repaid to the Company upon demand by the Company; provided, however, that in Manager's sole and absolute discretion, any such amount may be repaid by deduction from any Distributions payable to such Member pursuant to this Agreement (with such deduction treated as an amount distributed to the Member) as determined by Manager in its sole and absolute discretion.

(c) Prior to an assignee's admission to the Company as a Substituted Member, such assignee shall nevertheless be entitled to all of the rights of an assignee of Units in the Company under the Delaware Act (and any successor provision).

8.4 Transfers During a Fiscal Year.

In the event of the Transfer of a Member's Units at any time other than the end of a Fiscal Year, allocations and Distributions pursuant to Article 4 shall be divided between the transferor and the transferee in any reasonable manner as determined by Manager. Manager may, for the convenience of the Company, select that the effective date of any Transfer be the end of any fiscal period determined by Manager in the exercise of its sole and absolute discretion. For purposes of determining the effective date of a transfer, Manager may, in its sole discretion, adopt a mid-month convention (consistently applied) under which Transfers made (or deemed made) on or before the fifteenth (15th) day of the current month are deemed made on the last day of the prior month, and Transfers made after the fifteenth (15th) day of the current month are deemed made on the last day of the current month.

8.5 Elections Under the Internal Revenue Code.

In the event of a Transfer of all or any part of a Member's Units by sale or exchange, Manager shall, at its option and in its sole discretion, if requested by such Member or its successor in interest, cause the Company to elect, pursuant to Section 754 of the Code (or corresponding provisions of subsequent law) to adjust the basis of the Company's assets as

provided by Sections 734 and 743 of the Code; provided, that any incremental costs associated with such Section 754 election are paid by the transferee, unless waived by Manager in its sole and absolute discretion.

8.6 Company's Right of First Refusal.

If, for any reason, a Member receives a bona-fide offer from any Person other than a Permitted Transferee to consummate a Transfer of all or any part of such Member's Interest (the "Third Party Offer") and which such Member (the "Selling Member") elects to accept, then the Selling Member shall, immediately upon making such election, provide Manager with written notice of its intention to Transfer such Interest (such notice, the "Sale Notice") together with a copy of the Third Party Offer and all correspondences related thereto between the Selling Member and the proposed transferee. The Sale Notice must identify the proposed transferee and specify the portion of Selling Member's Interest to be Transferred (the "Offered Interest"), the sales price, the payment terms and all other relevant terms of the proposed Transfer with reasonable specificity. Upon receipt of the Sale Notice, the Company shall have the right, but not the obligation, to purchase the Offered Interest on the same terms and conditions as contained in the Third Party Offer; provided, however, that where the terms of the Third Party Offer and this Section 8.6 conflict, this Section 8.6 shall control. If the Company desires to acquire all or any portion of the Offered Interest, the Company shall deliver to the Selling Member within thirty (30) days after receipt of the Sale Notice, a written election (the "Company Purchase Notice") to purchase all or such portion of the Offered Interest. Failure of the Company to deliver the Company Purchase Notice within said thirty (30) day period shall be deemed an election by the Company not to purchase any portion of the Offered Interest. If any portion of the Offered Interest are to be sold to the Company under this Section 8.6, the closing of such purchase shall occur on the date contained in the Company Purchase Notice, but in any event no later than one hundred eighty (180) days after the Company's delivery of the Company Purchase Notice. Nothing contained in this Section 8.6 shall be construed so as to obligate the Company to purchase all of the Offered Interest and any portion of the Offered Interest not purchased by the Company pursuant to this Section 8.6, shall be offered to Manager in accordance with Section 8.7, below.

8.7 Manager's Purchase Rights.

If the Company does not purchase all of the Offered Interest pursuant to Section 8.6 above, Manager and/or its Affiliates shall have the right to purchase that portion of the Offered Interest not purchased by the Company on the same terms and conditions contained in the Third Party Offer; provided, however, that where the terms of the Third Party Offer and this Section 8.7 conflict, this Section 8.7 shall control. Within thirty (30) days after the last day the Company Purchase Notice could timely be delivered, Manager shall deliver to the Selling Member, a written notice to purchase all or any portion of the Offered Interest not purchased by the Company (the "Manager Purchase Notice"). Manager's failure to deliver the Manager Purchase Notice within said thirty (30) day period will be deemed an election not to purchase any portion of the Offered Interest. The closing of the sale of the Offered Interest to Manager (and/or its Affiliates, if applicable) shall occur on the date contained in the Manager Purchase Notice but in any event no later than one hundred eighty (180) days after Manager's delivery

of the Manager Purchase Notice. If the Company and/or Manager (and/or its Affiliates, if applicable) elect not to purchase all of the Offered Interest, the Selling Member shall only be obligated to sell the portion of the Offered Interest the Company and/or Manager (and/or its Affiliates, if applicable) elected to purchase, and the Selling Member may, but shall not be obligated, sell all (but not less than all) of the remaining Offered Interest to the third party specified in the Sale Notice; provided, however, that the Selling Member shall not have the right to effect the proposed Transfer with a party other than the party identified in the Sale Notice or on terms different than those contained in the Sale Notice without first giving the Company and Manager a new right of first refusal as described in this Section 8.7 and Section 8.6 above. If the Selling Member does not effect the proposed Transfer within ninety (90) days after Manager's receipt of the Sale Notice, the Company's and Manager's rights of first refusal as described herein shall reapply and the Selling Member shall not thereafter effect the proposed Transfer (pursuant to any Third Party Offer) with respect to any remaining Offered Interest without first complying with the above provisions.

ARTICLE 9
DISSOLUTION, LIQUIDATION AND TERMINATION OF THE COMPANY

9.1 Dissolution and Continuation.

The Company shall be dissolved and its affairs shall be wound up upon the first to occur of any of the following events:

(i) the date of the final Disposition of all of the Company's Investments;

(ii) upon the written consent of Manager and a Majority in Interest of Members;

(iii) at any time there are no Members of the Company, unless Manager determines to continue the business of the Company in accordance with the Delaware Act; or

(iv) the entry of a decree of judicial dissolution under the Delaware Act.

9.2 Liquidation.

(a) Upon dissolution of the Company, Manager or, if (i) there is no Manager, or (ii) Manager fails or refuses to act, a Person approved by a Majority in Interest of Members to act as a liquidating trustee (the "Liquidating Trustee"), shall wind up the affairs of the Company and proceed within a reasonable period of time to sell or otherwise liquidate the assets of the Company and, after paying or making due provision by the setting up of reserves for all liabilities to creditors of the Company, to distribute the assets among Members in accordance with the provisions of Section 9.2(d).

(b) Notwithstanding this Section 9.2, in the event that Manager or the Liquidating Trustee shall, in its sole and absolute discretion, determine a sale or other Disposition of part or all of the Investments would cause undue loss to Members or otherwise be impractical, Manager or the Liquidating Trustee may either defer liquidation of, and withhold from Distribution for a

reasonable time (but not more than, twenty four (24) months from the date of dissolution unless a longer period is approved by a Majority in Interest of Members), any such investments or, subject to Section 4.1(d), distribute part or all of such investments, *pro rata*, to the Members in-kind.

(c) Except as may be required by the Delaware Act or other applicable law, no Member shall be responsible for restoring any negative balance in its Capital Accounts.

(d) The proceeds from liquidation shall, subject to the Delaware Act, be paid in the following manner:

(i) the expenses of liquidation (including legal and accounting expenses incurred in connection therewith up to and including the date that distribution of the Company's assets to Members has been completed) and the debts and liabilities of the Company, other than debts and liabilities to Members, shall first be satisfied (whether by payment or the making of reasonable provision for payment thereof);

(ii) provisions for reserves as Manager or Liquidating Trustee deems necessary or desirable;

(iii) to pay, in accordance with the terms agreed among them and otherwise on a *pro rata* basis, debts to Members, either by the payment thereof or the making of reserves therefor as Manager or Liquidating Trustee deems necessary or desirable; and

(iv) to the Members and Manager in accordance with Section 4.2.

(e) Subsequent to any liquidation, and to the extent deemed desirable by Manager or the Liquidating Trustee, Distributions may be made into a liquidating trust or other appropriate entity, and reserves may be established for contingencies; provided, however, that the time during which such Distributions may be withheld by such trust or other entity may not extend beyond twenty-four (24) months from the date of dissolution without the approval of a Majority in Interest of Members.

(f) When Manager or the Liquidating Trustee has complied with the foregoing liquidation plan, Manager or the Liquidating Trustee, on behalf of all Members, shall execute, acknowledge and cause to be filed an instrument evidencing the cancellation of the Certificate of the Company.

(g) In carrying out the provisions of this Article 9, Manager or the Liquidating Trustee, as the case may be, will comply with the requirement of Regulations Section 1.704-1(b)(2)(ii)(b)(2) and (3) that all liquidating Distributions be made on or before the later of (i) the last day of the Fiscal Year in which the liquidation occurs or (ii) the ninetieth (90th) day after such liquidation occurs.

9.3 No Action for Dissolution.

The Members acknowledge and agree that irreparable damage would be done to the goodwill and reputation of the Company if any Member should bring an action in court or otherwise to dissolve the Company under circumstances where dissolution is not required pursuant to Section 9.1. This Agreement has been drawn carefully to provide fair treatment of all parties and equitable payment in liquidation of the interests of the Members. Accordingly, except where Manager or the Liquidating Trustee has failed to liquidate the Company as required by this Article 9, each Member hereby waives and renounces such Member's right to initiate legal action to seek the appointment of a receiver or to seek a decree of judicial dissolution of the Company on the grounds that (a) it is not reasonably practicable to carry on the business of the Company in conformity with the Certificate or this Agreement, or (b) dissolution is reasonably necessary for the protection of the rights or interests of the complaining Member. Each Member acknowledges that the Company would be irreparably injured by a violation of this Section 9.3 and each Member agrees that the Company, in addition to any other remedies available to it for such breach or threatened breach, on meeting the standards required by law, will be entitled to a preliminary injunction, temporary restraining order, or other equivalent relief, restraining a Member from any actual or threatened breach of this Section 9.3. If a bond is required to be posted in order for the Company to secure an injunction or other equitable remedy, the Members agree that said bond need not be more than a nominal sum.

ARTICLE 10
AMENDMENTS

10.1 Adoption of Amendments; Limitations Thereon.

(a) Except as required by law or as otherwise provided in this Agreement, subject to the next sentence, the provisions of this Agreement may be amended or waived at any time and from time to time solely with the consent of Manager and a Majority in Interest. Manager may amend any Member's Exhibit A hereto at any time and from time to time without the consent of any other Member to reflect the admission or withdrawal of any Member, or a change in any Member's Capital Contribution, pursuant to the terms of this Agreement, including in connection with a Qualified 1031 Exchange. Notwithstanding the foregoing, any provision of this Agreement that permits or requires the vote or consent of Members representing greater than a Majority in Interest of the Members may only be amended with the consent of Manager and of Members representing the same percentage of the voting Interests of the Members that is required to approve the vote or consent of Members permitted or required by the Section of this Agreement to be amended. Notwithstanding anything contained herein to the contrary, but subject to the preceding sentence, Manager shall have the unilateral authority to amend this Agreement, upon delivery of a notice to the Members, to: (i) add to Manager's duties or surrender any right or power granted to it; (ii) correct errors, cure ambiguities, respond to changes in the law and make changes for the benefit of the Members; (iii) delete or add any provision requested by any federal or state "blue sky" agency to the extent deemed to be for the benefit or protection of some or all of the Members; (iv) effectuate the admission or withdrawal of Members, issuance or transfer of Units and changes to Percentage Interests in accordance with the terms of this Agreement; (v) improve, upon the advice of counsel to the Company, the Company's position in (A) satisfying any Investment

Company Act exemptions, (B) qualifying for any applicable ERISA plan asset exemptions, (C) sustaining any tax positions of the Company or those of any of its Members upon the advice of counsel (including with respect to UBTI), (D) avoiding publicly traded status for the Company, (E) as permitted under Section 2.5 of Exhibit B regarding a Safe Harbor Election, or (F) preventing the Members' final Capital Accounts from deviating from the intended priority cash Distributions described in this Agreement by amending the allocation provisions of this Agreement; (vi) changing the name of the Company; (vii) accounting for a Qualified 1031 Exchange (including, without limitation, the sale of the Property, change in Capital Accounts of the Members and Manager after allocation of the Exchange Proceeds, admission of additional Members, issuance of additional Units and acquisition of the Exchange Property by the Company); (viii) consummating any change that is required by any lender of the Company; (ix) any and all changes, modifications or amendments as required by, in furtherance of the transactions contemplated by, and/or in connection with compliance with, the AcreTrader Agreements, which Manager deems necessary, reasonable and/or appropriate, at its sole discretion, or (x) making any change which, in the belief of Manager, is for the benefit of all Members, or not materially adverse to the interests of any Members (collectively, the "Unilateral Amendments"). Copies of any such Unilateral Amendments shall be forwarded to all Members by Manager.

(b) Any request for consent of the Members in this Section 10.1 shall be made by written notice from Manager to each of the Members at the address listed on such Member's Exhibit A. Each Member hereby agrees that the failure of a Member to respond within ten (10) Business Days after notice is received or deemed received under Section 15.1 shall be deemed a consent to the proposed amendment by such Member.

(c) Upon the adoption of any amendment to this Agreement, the amendment shall be executed by Manager on behalf of all Members by the power of attorney granted pursuant to Section 12.1. Manager may execute any such duly adopted amendment on behalf of all of the Members and each of them.

10.2 Amendment of Allocation Provisions.

(a) Notwithstanding Section 10.1, Exhibit B and the other provisions of this Agreement relating to the maintenance of Capital Accounts (the "Allocation Provisions") are intended to comply with Regulations Section 1.704-1(b) and shall be interpreted and applied in a manner consistent with such regulations and Code section. The Allocation Provisions may be amended at any time by Manager, acting alone, to the extent necessary, in the opinion of tax counsel to the Company, to ensure that it is at least "more likely than not" that the allocations hereunder will be respected by the Internal Revenue Service and will be in compliance with both Regulations Section 1.704-1(b). All other decisions concerning the allocation of profits, gains and losses among the Capital Account Holders pursuant to the terms of this Agreement not specifically and expressly provided for by the terms of this Agreement shall be made by Manager.

ARTICLE 11
CONSENTS AND VOTING

11.1 Method of Giving Consent; Meetings.

(a) Any vote or approval required by this Agreement ("Consent") may be given as follows:

(i) by a written Consent given by the approving Member at or prior to effecting any act for which the Consent is solicited; provided, that such Consent shall not have been nullified by notice to Manager by the approving Member at or prior to effecting the act or taking action in furtherance thereof; or

(ii) by the affirmative vote by the approving Member to the doing of the act or thing for which the Consent is solicited at any meeting called and held to consider the doing of such act or thing.

(b) Manager may, but shall not be obligated to, call a meeting of the Members from time to time upon at least ten (10) days advance written notice of the time and place of such meeting to discuss the business and affairs of the Company and such other matters as Manager desires to place on the agenda. Any meeting of Members or Member vote may be held in person, by telephone conference, by e-mail, webcast or other electronic means, and any vote of the Members, may be held by such means or by written consent of the Members.

(c) Manager may set in advance a date for determining the Members entitled to notice of and to vote at any meeting or by written consent. All record dates shall neither be more than sixty (60) days prior to the date of the meeting to which such record date relates nor, in the case of a written consent, be more than ninety (90) days prior to the date of the act (including inaction) or meeting for which consents are being solicited.

(d) Manager shall give all of the Members notice of any proposal or other matter required by any provision of this Agreement or by the Delaware Act to be submitted for the consideration and approval of the Members. Such notice shall include any information required by the relevant provisions of this Agreement or by the Delaware Act.

ARTICLE 12
POWER OF ATTORNEY

12.1 Power of Attorney.

(a) Each Member, by its execution hereof, hereby irrevocably makes, constitutes and appoints each of Manager and the Liquidating Trustee, if any (in such capacity as Liquidating Trustee for so long as it acts as such), each acting alone, as its true and lawful agent and attorney-in-fact, with full power of substitution and full power and authority in its name, place and stead, to make, execute, sign, acknowledge, swear to, record and file (i) this Agreement and any Unilateral Amendment or other amendment to this Agreement which has been adopted as herein

provided; (ii) the original Certificate of the Company and all amendments thereto required or permitted by law and the provisions of this Agreement; (iii) all certificates and other instruments deemed advisable by Manager or the Liquidating Trustee to carry out the provisions of this Agreement and applicable law or to permit the Company to become or to continue as a limited liability company; (iv) all instruments that Manager or the Liquidating Trustee deems appropriate to reflect a change or modification of this Agreement or the Company in accordance with this Agreement, including, without limitation, the admission of additional Members or Substituted Members pursuant to the provisions of this Agreement; (v) all conveyances and other instruments or papers deemed advisable by Manager or the Liquidating Trustee to effect the dissolution and termination of the Company (consistent with Article 9); and (vi) all other instruments or papers which may be required or permitted by law to be filed on behalf of the Company which do not subject Members to personal liability and are necessary to carry out the provisions of this Agreement.

(b) The foregoing power of attorney:

(i) is coupled with an interest, shall be irrevocable and shall survive and shall not be affected by the subsequent death, Disability or Incapacity of any Member; may be exercised by Manager or the Liquidating Trustee, as appropriate, either by signing separately as attorney-in-fact for each Member or by a single signature of Manager or the Liquidating Trustee, as appropriate, acting as attorney-in-fact for all of them, and

(ii) shall survive the delivery of an assignment by a Member of the whole or any portion of its Units; except that, where the assignee of the whole of such Member's Units has been approved by Manager for admission to the Company as a Substituted Member, the power of attorney of the assignor shall survive the delivery of such assignment for the sole purpose of enabling Manager or the Liquidating Trustee, as appropriate, to execute, swear to, acknowledge and file any instrument necessary or appropriate to effect such substitution.

(c) Each Member shall execute and deliver to Manager within fifteen (15) days after receipt of Manager's request therefor such other instruments as Manager reasonably deems necessary to carry out the terms of this Agreement. Manager shall notify each Member for which it has exercised a power-of-attorney as soon as practicable thereafter.

ARTICLE 13
RECORDS AND ACCOUNTING; REPORTS; FISCAL AFFAIRS

13.1 Records and Accounting.

(a) Proper and complete records and books of account of the business of the Company including a list of the names, addresses and Units of all Members, shall be maintained at the Company's principal place of business for a period of four years following the due date of the final tax return of the Company.

(b) The books and records of the Company shall be maintained in accordance with generally accepted accounting principles or such other good accounting principles selected by Manager its sole and absolute discretion and consistently applied. The financial statements of

the Company provided to Members pursuant to this Article 13 shall reflect the assets of the Company at their tax basis as established pursuant to the terms of this Agreement. The taxable year of the Company shall be its Fiscal Year.

13.2 Annual Reports.

Manager shall use commercially reasonable efforts to cause to be prepared and mailed to each Member who was a Member at any time during the Fiscal Year, within ninety (90) days after the end of each Fiscal Year, an unaudited annual report containing the following:

(i) a balance sheet of the Company;

(ii) a statement of the net Profits or net Losses of the Company for such year, including a statement setting forth Operational Expenses incurred and fees paid to Manager and its Affiliates for such year;

(iii) a statement of changes in financial position or a cash flow statement of the Company;

(iv) a condensed statement of Investments; and

(v) a statement of changes in a Member's equity and Capital Account balances of such Member.

The financial statements shall be unaudited.

13.3 Tax Information.

Manager will use commercially reasonable efforts to cause to be delivered to each Person who was a Member at any time during such Fiscal Year, within ninety (90) days after the end of each Fiscal Year, such information, if any, with respect to the Company as may be necessary for the preparation of such Member's income tax returns, including a statement showing each Member's share of income, gain or loss, expense and credits for such Fiscal Year for income tax purposes, including unrelated business income tax purposes.

13.4 Company Funds.

The funds of the Company which are not invested in Investments or Short Term Investments pursuant to Section 5.1(a)(vii) may be deposited in the name of the Company in one or more bank accounts in one or more United States banking corporations with an unrestricted surplus of at least two hundred fifty million dollars ($250,000,000). Withdrawals therefrom shall be made upon such signature(s) as Manager may designate. No funds of the Company shall be kept in any account other than a Company account; funds shall not be commingled with the funds of any other Person; and Manager shall not employ, or permit any other Person to employ, such funds in any manner except for the benefit of the Company. Such funds may be held in interest bearing or non-interest bearing accounts as determined by Manager in its sole and absolute discretion.

13.5 Elections.

The determinations of Manager with respect to the Company's treatment of any item or its allocation for federal, state or local tax purposes shall be binding upon all of the Members so long as such determination shall not be inconsistent with any express term hereof and provided, that the Company's accountants shall not have disagreed therewith. Manager shall make (or refrain from making, as applicable) all appropriate elections and take (or refrain from taking, as applicable) all other appropriate actions to the extent required pursuant to Section 7701 of the Code (and the Regulations thereunder) for the Company to be classified as a "partnership" for federal income tax purposes.

13.6 Member Information.

Upon the reasonable request of Manager, each Member agrees to provide the Company with such non-confidential information concerning such Member and its business so that the Company can comply, or determine its compliance, with any laws or regulations applicable to it (including, without limitation, the Investment Company Act of 1940, as amended, or for the Company to avoid being treated as a publicly traded partnership under Section 7704 of the Code). Notwithstanding anything in this Article 13 to the contrary, a Member shall have access to books and records of the Company and the right to receive copies of Company documents only for a purpose reasonably related to such Member's Interest as a Member of the Company, and any such access shall be subject to such reasonable standards (including standards governing what information and documents are to be furnished, at what time and location and at whose expense) as may be established from time to time by Manager (it being understood that such standards may be established by Manager following the receipt of an inspection request). In addition, Manager shall have the right to keep confidential from Members for such period of time as Manager deems reasonable, any information which Manager reasonably believes to be in the nature of trade secrets or other information the disclosure of which Manager in good faith believes is not in the best interest of the Company or could damage the Company or which the Company is required to keep confidential by law or by agreement with a third party to keep confidential with respect to Company tax items. In addition, in order to protect the privacy of Members, to the fullest extent permitted by law, Manager may in its sole and absolute discretion (but is not required to) withhold from any Member information concerning any other Member, including such other Member's name, address, telephone number and other contact information. Each Member hereby agrees to provide Manager with such information as Manager may reasonably request from time to time with respect to non-U.S. citizenship, residency, ownership or control of such Member so as to permit Manager to evaluate and comply with any regulatory and tax requirements applicable to the Company or proposed investments of the Company.

13.7 Tax Representative.

(a) Manager shall act as the "Tax Representative" of the Company, and in such capacity shall be the "partnership representative" of the Company within the meaning of Section 6223(a) of the Code (as amended by the Bipartisan Budget Act of 2015, P.L. 114-74). If any state or local tax law provides for a tax matters partner/partnership representative or person having similar rights, powers, authority or obligations, the Tax Representative shall also serve

in such capacity. The Tax Representative shall have all of the rights, authority and power, and shall be subject to all of the obligations, of a tax matters partner/partnership representative to the extent provided in the Code and the Treasury Regulations, and the Members hereby agree to be bound by any actions taken by the Tax Representative in such capacity. The Tax Representative shall represent the Company in all tax matters to the extent allowed by law, is authorized and required to represent the Company (at the Company's expense) in connection with all examinations of the Company's affairs by tax authorities, including administrative and judicial proceedings, and is authorized to expend Company funds for professional services and costs associated therewith. The Tax Representative may, in its sole discretion, make an election on behalf of the Company under Sections 6221(b) or 6226 of the Code as in effect for any taxable year beginning after December 31, 2017, and may take all actions the Tax Representative deems necessary or appropriate in connection with the foregoing.

(b) Each Member agrees to provide promptly, and to update as necessary at any times requested by the Tax Representative, all information, documents, self-certifications, tax identification numbers, tax forms, and verifications thereof, that the Tax Representative deems necessary in connection with (1) any information required for the Company to determine the scope of Sections 6221-6235 of the Code (as amended by the Bipartisan Budget Act of 2015, P.L. 114-74); (2) an election by the Company under Section 6221(b) or 6226 of the Code (as amended by the Bipartisan Budget Act of 2015, P.L. 114-74), and (3) an audit or a final adjustment of the Company by a taxing authority. Each Member covenants and agrees to take any action reasonably requested by the Company in connection with an election by the Company under Section 6221(b) or 6226 of the Code (as amended by the Bipartisan Budget Act of 2015, P.L. 114-74), or an audit or a final adjustment of the Company by a taxing authority (including, without limitation, promptly filing amended tax returns and promptly paying any related taxes, including penalties and interest).

(c) The Members acknowledge and agree that the Tax Representative may cause the Company to elect out of the application of Section 6221(a) of the Code (as amended by the Bipartisan Budget Act of 2015, P.L. 114-74) for each taxable year beginning after December 31, 2017, to the extent the Company is eligible to make such election. If the Company is not eligible to make such election, the Members acknowledge that the Company may elect the application of Section 6226 of the Code (as amended by the Bipartisan Budget Act of 2015, P.L. 114-74) for any taxable year after December 31, 2017. This acknowledgement applies to each Member whether or not the Member owns an interest in the Company in both the reviewed year and the year of the tax adjustment. In the event that the Company elects the application of Section 6226 of the Code (as amended by the Bipartisan Budget Act of 2015, P.L. 114-74), the Members agree and covenant to take into account and report to the Internal Revenue Service (or any other applicable taxing authority) any adjustment to their tax items for the reviewed year of which they are notified by the Company in a written statement, in the manner provided in Section 6226(b) (as amended by the Bipartisan Budget Act of 2015, P.L. 114-74), whether or not the Member owns any interest in the Company at such time. Any Member that fails to report its share of such adjustments on the Member's tax return for the taxable year including the date of the Company’s statement described immediately above shall indemnify and hold the Company harmless from and against any and all liabilities related to taxes (including penalties and interest) imposed on the Company as a result of the Member’s inaction. In addition, each Member agrees

and covenants to indemnify and hold the Company harmless from and against any and all liabilities related to taxes (including penalties and interest) imposed on the Company (i) pursuant to Section 6221 of the Code (as amended by the Bipartisan Budget Act of 2015, P.L. 114-74), which liabilities relate to adjustments that would have been made to the tax items allocated to such Member had such adjustments been made for a tax year beginning prior to January 1, 2018 (and assuming that the Company had not made an election to have Section 6221 of the Code (as amended by the Bipartisan Budget Act of 2015, P.L. 114-74) apply for such earlier tax years) and (ii) resulting from or attributable to such Member's failure to comply with Section 13.7(b). Each Member acknowledges and agrees that no Member shall have any claim against the Company for any tax, penalties or interest resulting from the Company's election under Section 6226 of the Code (as amended by the Bipartisan Budget Act of 2015, P.L. 114-74).

(d) The Company shall indemnify, defend, and hold the Tax Representative harmless for all expenses, including legal and accounting fees, claims, liabilities, losses and damages incurred in connection with its serving in that capacity, provided that the Tax Representative shall not be entitled to indemnification for such costs and expenses if the Tax Representative has not acted in good faith for a purpose which the Tax Representative reasonably believes to be in, or not opposed to, the best interests of the Company.

(e) The provisions contained in this Section 13.7 shall survive the termination of the Company, the termination of this Agreement and, with respect to any Member, the Transfer or assignment of any portion of such Member's Interest in the Company.

13.8 Involvement of Third Parties Concerning Reporting, Recordkeeping, Accounting, Tax and Related Matters. Irrespective of anything herein to the contrary, the Manager shall be authorized to delegate any duties, covenants and obligations set forth in, and/or contemplated by, this Article XIII, to third parties, including without limitation, in accordance with, in a manner consistent with and/or as required by, the AcreTrader Agreements, as determined by Manager in its sole and absolute discretion.

ARTICLE 14
CERTAIN CONFLICTS OF INTEREST

14.1 Conflicts of Interest.

(a) Notwithstanding any other provision in this Agreement or otherwise, Manager and its Affiliates or associates are in no way prohibited from engaging in, and intend to spend substantial business time in connection with, other businesses or activities, including, but not limited to, making or managing investments, advising or managing entities whose investment objectives are the same as, overlap, or conflict with those of the Company, participating in actual or potential Investments of the Company or any Member. Manager and its Affiliates may, and expect to, receive fees or other compensation from third parties for these activities, which fees, will be for the benefit of their own account and not for the benefit of the Company. Except as specifically set forth in this Agreement; (i) neither the Company nor any Member shall have any right by virtue of this Agreement in and to the ventures or activities referred to above in this Section 14.1 or to the income or profits derived therefrom; and (ii) Manager, its Affiliates, and

their respective clients shall have no duty or obligation to make any reports to Members or the Company with respect to any such ventures or activities. Except as otherwise provided in this Agreement, each Member hereby acknowledges the existence of the actual and potential conflicts of interest described in the Memorandum and, to the fullest extent permitted by law, hereby waives any claim it may have with respect to the existence of any such conflicts of interest.

(b) Members recognize that the differing financial, regulatory, income tax and other status and circumstances of Members may give rise to conflicts of interest among Members with regard to the timing of capital calls, selection of investments, Disposition of assets, making of tax elections, or other Company matters. Except as otherwise specifically provided in this Agreement or required by ERISA, Manager, when making decisions or taking actions with respect to the Company or its business, shall not be required to take into consideration the separate status or circumstances of any Member or group of Members.

ARTICLE 15
MISCELLANEOUS

15.1 Notices.

(a) Any notice to any Member shall be at the address of such Member set forth in Exhibit A hereto or such other mailing address of which such Member shall advise Manager in writing; provided that any notice to the Company or Manager shall be sent to 1440 Higuera Street, San Luis Obispo, California 93402, along with a copy to the principal office of the Company, Attn: Anthony Bozzano. Manager may at any time change the location of the principal office. Notice of any change shall be given to Members on or before the date of any such change.

(b) Any notice shall be deemed to have been duly given (i) if personally delivered, upon delivery, (ii) if sent by electronic mail ("email") on a Business Day, when sent (or, if not sent on a Business Day, on the next Business Day), (iii) if sent by a nationally recognized overnight courier service, on the next Business Day after delivery to such service, or (iv) if sent by mail (certified, return receipt requested), on the fifth Business Day following the date on which the piece of mail containing such communication is posted. The time to respond to any notice shall run from the date of actual delivery (or attempted delivery if delivery is refused during normal business hours on a Business Day).

15.2 Governing Law; Separability of Provisions.

(a) All questions concerning the construction, interpretation and validity of this Agreement shall be governed by and construed and enforced in accordance with the laws of Delaware, without giving effect to any choice or conflict of law provision or rule (whether in Delaware or any other jurisdiction) that would cause the application of the laws of any jurisdiction other than Delaware. In furtherance of the foregoing, the law of the state of Delaware will control the interpretation and construction of this Agreement, even if under such

jurisdiction's choice of law or conflict of law analysis, the substantive law of some other jurisdiction would ordinarily or necessarily apply.

(b) Members desire, intend and agree that the provisions of this Agreement should be enforced to the fullest extent permissible under the laws and public policies applied in each jurisdiction in which enforcement is sought. Accordingly, if a court of competent jurisdiction shall adjudicate any particular provision of this Agreement to be invalid, prohibited or unenforceable for any reason, such provision, as to such jurisdiction, shall be ineffective, without invalidating the remaining provisions of this Agreement or affecting the validity or enforceability of such provision in any other jurisdiction. Notwithstanding the foregoing, if such provision could be more narrowly drawn so as not to be invalid, prohibited or unenforceable in such jurisdiction, it shall, as to such jurisdiction, be so narrowly drawn, without invalidating the remaining provisions of this Agreement or affecting the validity or enforceability of such provision in any other jurisdiction.

15.3 Arbitration; Venue.

(a) Any claim or controversy arising out of or in any way relating to this Agreement or any breach thereof between the parties shall be submitted to FINAL AND BINDING ARBITRATION BEFORE JAMS IN THE STATE OF CALIFORNIA, COUNTY AND CITY OF LOS ANGELES, PURSUANT TO THE JAMS COMPREHENSIVE ARBITRATION RULES AND PROCEDURES. ALL PARTIES FURTHER AGREE THAT THE ARBITRATION SHALL BE CONDUCTED BEFORE A PANEL OF THREE (3) JAMS ARBITRATORS. THE CHAIRPERSON OF THE PANEL SHALL BE A RETIRED CALIFORNIA OR FEDERAL JUDGE OR JUSTICE WHO CURRENTLY IS, OR WAS AT THE TIME OF RETIREMENT, IN GOOD STANDING. THE TWO (2) OTHER ARBITRATORS SHALL EACH ALSO BE RETIRED JUDGES OR BE LICENSED CALIFORNIA ATTORNEYS IN GOOD STANDING WITH AT LEAST FIFTEEN (15) YEARS' EXPERIENCE IN THE PRACTICE OF LAW. SUBJECT TO THE FOREGOING, THE THREE (3) ARBITRATORS SHALL BE SELECTED THROUGH THE PROCEDURE SET FORTH IN RULE 15, SUBSECTIONS (b) – (f) OF THE JAMS COMPREHENSIVE ARBITRATION RULES AND PROCEDURES The parties further agree that, upon application of the prevailing party, any Judge of the Superior Court of the State of California, for the County of Los Angeles, may enter a judgment based on the final arbitration award issued by the JAMS arbitration panel, and the parties expressly agree to submit to the jurisdiction of this Court for such a purpose. No action at law or in equity based upon any claim arising out of or related to this Agreement shall be instituted in any court by any Member (or their respective members) except (i) an action to compel arbitration pursuant to this Section 15.3(a) or (ii) an action to enforce an award obtained in an arbitration proceeding in accordance with this Section 15.3(a).

(b) THE PARTIES UNDERSTAND THAT BY AGREEMENT TO BINDING ARBITRATION THEY ARE GIVING UP THE RIGHTS THEY MAY OTHERWISE HAVE TO TRIAL BY A COURT OR A JURY AND ALL RIGHTS OF APPEAL, AND TO AN AWARD OF PUNITIVE OR EXEMPLARY DAMAGES. Notwithstanding any provision of the Agreement to the contrary, this Section 15.3 shall be construed to the maximum extent possible to comply with the laws of the State of Delaware, including the Uniform Arbitration Act (10

Del. C. § 5701 et seq.) (the "Delaware Arbitration Act"). If, nevertheless, it shall be determined by a court of competent jurisdiction that any provision or wording of this Section 15.3, including any rules of JAMS, shall be invalid or unenforceable under the Delaware Arbitration Act, or other applicable law, such invalidity shall not invalidate all of this Section 15.3. In that case, this Section 15.3 shall be construed so as to limit any term or provision so as to make it valid or enforceable within the requirements of the Delaware Arbitration Act or other applicable law, and, in the event such term or provision cannot be so limited, this Section 15.3 shall be construed to omit such invalid or unenforceable provision.

15.4 Entire Agreement.

Except as the same may be modified or supplemented in accordance with Section 10.1, this Agreement sets forth the entire understanding of all parties hereto. For the avoidance of doubt, the parties hereto acknowledge that the Company or Manager, without any further act, approval or vote of any Member, may enter into side agreements or other writings (collectively, "Side Letters") with individual Members which have the effect of establishing rights under, or altering or supplementing, the terms of, this Agreement. The parties hereto agree that any rights established, or any terms of this Agreement altered or supplemented, in any such Side Letter with a member shall govern with respect to such Member (but not any of such Member's assignees or transferees unless so specified in such Side Letter) notwithstanding any other provision of this Agreement. Notwithstanding anything contained herein to the contrary, in the event of any conflict or other discrepancy between the terms set forth in this Agreement and the Memorandum (together with all attachments thereto) the terms and conditions of this Agreement shall control.

15.5 Headings.

The headings in this Agreement are inserted for convenience of reference only and shall not affect the interpretation of this Agreement.

15.6 Binding Provisions.

Subject to Article 7 and Article 8 and to the fullest extent permitted by law, the covenants and agreements contained herein shall be binding upon and inure to the benefit of the heirs, executors, administrators, personal or legal representatives, successors and assigns of the respective parties hereto.

15.7 No Waiver.

The failure of any Member or Manager to seek redress for violation, or to insist on strict performance, of any covenant or condition of this Agreement shall not prevent a subsequent act which would have constituted a violation from having the effect of an original violation.

15.8 No Right to Partition.

To the extent permitted by law, and except as otherwise expressly provided in this Agreement, Members, on behalf of themselves and their shareholders, members, partners, heirs,

executors, administrators, personal or legal representatives, successors and assigns, if any, hereby specifically renounce, waive and forfeit all rights, whether arising under contract or statute or by operation of law, to seek, bring or maintain any action in any court of law or equity for partition of the Company or any asset of the Company, or any interest which is considered to be Company property, regardless of the manner in which title to any such property may be held.

15.9 Attorneys' Fees.

In the event of a dispute between any or all of the Members, on the one hand, and the Company, on the other, or between the Members or the Company, on the one hand, and Manager, on the other, whether or not resulting in litigation, the prevailing party shall be entitled to recover from the other party all reasonable costs, including, but not limited to, reasonable attorneys' fees. For purposes of this Agreement, "attorneys' fees" shall include all fees incurred by the prevailing party in consulting with its attorneys with respect to matters relating to the dispute, regardless of whether such fees were incurred in connection with litigation or any other formal proceeding or merely consultation.

15.10 Remedies Cumulative.

The remedies of Manager and Members under this Agreement are cumulative and shall not exclude any other remedies to which the acting party may lawfully be entitled.

15.11 Counterparts; Facsimile and E-Mail Signatures.

This Agreement may be executed in several counterparts, each of which shall be deemed an original but all of which shall constitute one and the same instrument; provided that each such counterpart shall be executed by Manager. Facsimile and electronic mail counterpart signatures to this Agreement shall be acceptable and binding.

15.12 Confidentiality.

(a) All information relating to Manager, the Company, any Investment or the business or operations of such Persons (including processes, plans, data, reports, drawings, documents, business secrets, financial information or information of any other kind) received by any Member ("Confidential Information") shall be received and maintained in confidence by such Member. Notwithstanding anything contained in this Agreement to the contrary, Exhibit A to this Agreement shall be considered a confidential document of the Company and Manager and, unless waived by Manager in its sole and absolute discretion, no Member shall have the right to receive, copy, or review all or any portion of Exhibit A other than that portion with respect to such Member.

(b) Confidential Information may be used by Members only for the purpose of monitoring their investment in the Company (the "Permitted Purpose"). The Members agree that they shall not use any Confidential Information for any other purpose, including use in conducting or furthering their own business or that of any Affiliates or any competing business.

(c) The obligations of limited use and nondisclosure contained in this Section 15.12 shall not: (i) restrict the disclosure of Confidential Information to a Member's attorneys, tax advisors, accountants or other professional advisors or consultants who have a reason to have access to such Confidential Information in connection with their duties and responsibilities to such Member relating to the Permitted Purpose (so long as such Persons are under an obligation of confidentiality consistent with the terms of this Section 15.12); (ii) restrict the disclosure of Confidential Information by a Member to the extent such disclosure is required by any governmental or regulatory authority or court entitled by law to such disclosure, or that is required by law to be disclosed, provided that such Member promptly notifies Manager when such requirement to disclose arises (but only to the extent such notification by such Member is permitted by law) to enable Manager to seek an appropriate protective order and to make known to such governmental or regulatory authority or court the proprietary nature of the Confidential Information and to make any applicable claim of confidentiality in respect thereof, and provided, further, that such party shall only make such disclosure to the extent it is required to do so by law; (iii) restrict the disclosure of Confidential Information by a Member to the extent permitted with the written consent of Manager; or (iv) apply to information that (x) was publicly known or otherwise known to a Member prior to the time it was disclosed pursuant to this Agreement and was not otherwise subject to any restriction on disclosure by such Member, (y) subsequently becomes publicly known through no act or omission by a Member or any Person acting on a Member's behalf, or (z) otherwise becomes known to a Member without breach of this Agreement (other than through disclosure by the Company or Manager) or any other contractual, legal, or fiduciary obligation and is not otherwise subject to any restriction on disclosure by such Member. Each Member agrees: (A) to cooperate in any appropriate action that Manager may decide to take to prevent or minimize the disclosure of such Confidential Information; (B) that all Confidential Information is and shall be the exclusive property of Manager and its Affiliates, and upon the request of Manager, a Member shall immediately return, delete or destroy all Confidential Information, including all copies or derivations thereof, held by such Member (other than Confidential Information that constitutes tax information or other financial information necessary for such Member's internal and external audit activities); and (C) that the misappropriation or unauthorized disclosure of Confidential Information by a Member is likely to cause substantial and irreparable damage to the Company and/or one or more Affiliates such that damages may not be an adequate remedy for breach of this Section 15.12; accordingly, the Company and Manager and its Affiliates shall be entitled to seek injunctive and other equitable relief, in addition to all other remedies available to them at law or at equity, and, to the fullest extent permitted by law, no proof of special damages shall be necessary for the enforcement of this Section 15.12.

(d) Notwithstanding anything contained in this Agreement to the contrary, each Member and all other parties to this transaction are authorized to disclose to any and all Persons, without limitation of any kind, the tax treatment and tax structure of this transaction and all information and materials of any kind (including opinions or other tax analyses) relating to such tax treatment and tax structure to the extent required by Internal Revenue Code Section 6011 and the Regulations thereunder in order to avoid this transaction being treated as a "Confidential Transaction" as defined by such Regulations.

(e) Each Member hereby consents to the disclosure by Manager of its identity and its investment in the Company (and other information concerning such Member and its Affiliates in order to demonstrate compliance or to comply with any laws, rules or regulations to which the Company, Manager, any Affiliate thereof, or any financial institution or any other service provider providing services to any of the foregoing is or becomes subject, or if the contents thereof are relevant to any issue in any action, suit, or proceeding to which the Company, Manager, or any Affiliate thereof is a party or by which it is or may be bound, or to establish the availability under any applicable law of an exemption from registration of interests in the Company) in response to requests for information by other investors or prospective investors in the Company or the Company's lenders or other prospective investors in an entity sponsored by an Affiliate of Manager or prospective partners or other Persons (including regulatory or law enforcement authorities) if Manager believes in its sole and absolute discretion that doing so shall be beneficial to the Company's business or that of another entity sponsored by Manager and its Affiliates (and to its professionals under a duty of confidentiality) or other investment programs sponsored by Manager or its Affiliates, by prospective financial sources or by other parties who request such information in connection with conducting business with the Company (including brokers, purchasers, sellers or tenants). However, Manager shall have no obligation to do so. Manager may use the Company's performance data in subsequent offerings and in connection with future borrowings.

(f) Manager shall have the right to show any investor's Side Letter to (or provide an investor's identity to) any other investor, prospective investor, or lender (and to its professionals under a duty of confidentiality), however, Manager shall have no obligation to do so except to the extent provided for in a Member's Side Letter.

(g) Unless approved by Manager, to the fullest extent permitted by law, no Member shall have the right to receive a copy of any other Member's Exhibit A or receive any information about any other Member.

(h) Notwithstanding anything to the contrary contained in this Agreement, Manager, in its own name and on behalf of the Company, shall be authorized without the consent of any Person, including any other Member, to take such action as it determines in its sole and absolute discretion to be necessary or advisable to comply with any anti-money laundering or anti-terrorist laws, rules, regulations, directives or special measures.

15.13 Member Communications.

Unless Manager otherwise determines in its sole and absolute discretion, no Member shall be entitled to receive disclosure of the identity of any other Member. If any Member desires to contact any other Member, or group of Members, with respect to any matter related to the Company, the Member seeking to initiate communications must first provide a copy of the proposed communication (the "Proposal") to Manager. Manager shall forward to each of the intended recipients a copy of each Proposal that is reasonably related to the business of the Company. The Company shall pay the cost of submitting up to one Proposal during a calendar quarter. No Member shall have the right to require the Company to submit more than one Proposal during any calendar quarter. Manager reserves the right to include with any Proposal

additional or responsive information that Manager desires to accompany a Proposal, in its sole discretion. Notwithstanding anything to the contrary in this Agreement, but subject to the express requirements of this Section 15.13, pursuant to Section 17701.13(d) of the Delaware Act, each Member hereby waives any right to receive a current list of the names and last known addresses of the other Members.

15.14 Force Majeure.

Whenever any act or thing is required of the Company or Manager hereunder to be done within any specified period of time, the Company or Manager, as the case may be, shall be entitled to such additional period of time to do such act or thing as shall equal any period of delay resulting from causes beyond the reasonable control of the Company or Manager, as the case may be, including bank holidays, actions of governmental agencies, acts of God, terrorist acts and financial crises of a nature materially affecting the purchase and sale of securities; provided, that this provision shall not have the effect of relieving the Company or Manager from the obligation to perform any such act or thing.

15.15 Legal Counsel and Other Professionals.

Each Member hereby agrees and acknowledges that:

(a) Manager and its Affiliates have retained Barnes & Thornburg LLP in connection with the formation one or more of Manager, the Company and/or their subsidiaries and Affiliates and expect to retain such law firm and other legal counsel from time to time (collectively, "Law Firms") in connection with the operation of Manager, the Company, the Company's Investments and their subsidiaries and Affiliates including making, operating, holding and disposing of Investments. The Law Firms are not and shall not represent the Members in connection with the formation of the Company (and its subsidiaries and Affiliates), the offering of Units, the management and operation of the Company (and their subsidiaries and Affiliates) or any dispute which may arise between the Members on the one hand and Manager, the Company, or their respective subsidiaries or any Affiliate of Manager, on the other hand.

(b) To the fullest extent permitted by law, no Law Firm, appraiser, accountant or other professional who at any time provides services to Manager, the Company or their respective subsidiaries and Affiliates shall be disqualified from acting in such capacity because such Person also provides other services to the Company, Manager or any Affiliates or subsidiaries of any such Persons in connection with the transactions contemplated by this Agreement or any other transactions at any time, and all conflicts of interest in connection with such Law Firm representations are hereby waived by each Member.

15.16 No Third Party Rights.

Except with respect to, and limited by, the indemnification provisions set forth in Article 6, none of the provisions of this Agreement (including, without limitation the provisions herein relating to contribution of capital to the Company) shall be for the benefit of or enforceable by any creditor of the Company or any creditor of any Member or Manager. Furthermore, this Agreement is made solely and specifically for the benefit of the parties hereto, their respective

successors and assigns subject to the express provisions hereof relating to successors and assigns, and no other Person shall have any rights, interests or claims hereunder or be entitled to any benefits under or on account of this Agreement as a third-party beneficiary or otherwise.

[SIGNATURE PAGE TO FOLLOW]

IN WITNESS WHEREOF, the parties hereto have executed and entered into this Amended and Restated Limited Liability Company Operating Agreement of the Company as of the day first above set forth.

"**MANAGER**"

STRONGWATER VITICULTURAL INVESTMENTS, LLC,
a California limited liability company

By: _____
Name: _____
Its: _____

"**MEMBER**"

FOR COMPLETION BY MEMBERS WHO ARE NATURAL PERSONS:
(i.e., individuals)

Subscriber's Name: _____
(print or type)

Subscriber's Signature: _____
(signature)

Subscriber's Social Security No.: _____

FOR COMPLETION BY MEMBERS WHO ARE NOT NATURAL PERSONS:
(i.e., corporations, partnerships, limited liability companies, trusts or other entities)

Subscriber's Name: _____
(print or type)

By: _____
(signature of authorized representative)

Name: _____
(print or type name of authorized representative)

Title: _____
(print or type title of authorized representative)

Subscriber's Tax Identification No.: _____

EXHIBIT A

AMENDED AND RESTATED

LIMITED LIABILITY COMPANY OPERATING AGREEMENT OF

STRONGWATER VITICULTURAL INVESTMENTS TP LLC

MEMBER NAME, ADDRESS, CAPITAL CONTRIBUTION, UNITS AND PERCENTAGE INTEREST:

Member's Name and Address	Member's Capital Contribution	Member's Units	Member's Percentage Interest
_____ _____ _____ _____ _____ _____	$_____ _____	_____ _____	_____%

EXHIBIT B

ALLOCATION PROVISIONS

ARTICLE I
DEFINITIONS

Capitalized terms used in this Exhibit B shall have the meanings set forth in Section 1.1 of this Agreement.

ARTICLE II
ALLOCATION OF PROFITS AND LOSSES

Section 2.1 Allocation of Profits and Losses.

(a) Except as otherwise required by Section 704 of the Code and the Regulations thereunder, and except as provided in Section 2.1(b) and Section 2.2 of this Exhibit B, Profits and Losses, as the case may be, and each item of income, gain, loss and deduction entering into the computation thereof, for each Fiscal Year (or other allocation period) shall be allocated as follows:

(i) Profits. Profits, and each item of Company income, gain, loss or deduction entering into the computation thereof, for each Fiscal Year shall be allocated to the Capital Account Holders so as to reduce, proportionally, the difference between their respective Target Capital Accounts and Partially Adjusted Capital Accounts for such Fiscal Year (or other allocation period). No portion of the Profits for any Fiscal Year shall be allocated to a Capital Account Holder whose Partially Adjusted Capital Account is greater than or equal to its Target Capital Account for such Fiscal Year.

(ii) Losses. Losses, and each item of Company income, gain, loss or deduction entering into the computation thereof, for each Fiscal Year shall be allocated to the Capital Account Holders so as to reduce, proportionally, the difference between their respective Partially Adjusted Capital Accounts and Target Capital Accounts for such Fiscal Year. No portion of the Losses for any Fiscal Year shall be allocated to the Capital Account Holder whose Target Capital Account is greater than or equal to its Partially Adjusted Capital Account for such Fiscal Year.

(b) The allocations of Profits and Losses pursuant to Section 2.1(a) shall be subject to the following special adjustments:

(i) If the Company has Profits for any Fiscal Year (determined prior to giving effect to this Section 2.1(b)), each Capital Account Holder whose Partially Adjusted Capital Account is greater than its Target Capital Account for such Fiscal Year shall be specially allocated items of the Company's expense or loss for such Fiscal Year equal to the difference between its Target Capital Account and its Partially Adjusted Capital Account. In the event the Company has insufficient items of expense or losses for such Fiscal Year to satisfy the previous sentence with respect to all such Capital Account Holders, the available items of expense or loss shall be divided among such Capital Account Holders in proportion to such differences.

(ii) If the Company has Losses for any Fiscal Year (determined prior to giving effect to this Section 2.1(b)), each Capital Account Holder whose Target Capital Account is greater than its Partially Adjusted Capital Account for such Fiscal Year shall be specially allocated items of Company income or gain for such Fiscal Year equal to the difference between its Target Capital Account and its Partially Adjusted Capital Account. In the event the Company has insufficient items of income or gain for such Fiscal Year to satisfy the previous sentence with respect to all such Capital Account Holders, the available items of income or gain shall be divided among the Capital Account Holders in proportion to such differences.

(iii) The availability of items of income, gain, expense, or loss to be specifically allocated pursuant to this Section 2.1(b) shall be determined after giving full effect to all of the provisions of Section 2.2 of this Exhibit B.

Section 2.2 Other Allocation Provisions.

(a) Notwithstanding any other provision of this Article 2 to the contrary, items of Company income and gain shall be allocated so as to comply with the minimum gain chargeback requirements of Regulation §§ 1.704-2(f) and 1.704-2(i)(4).

(b) If during any Fiscal Year a Capital Account Holder unexpectedly receives an adjustment, allocation or Distribution described in Regulation § 1.704-1(b)(2)(ii)(d)(4), (5) or (6), which causes or increases a deficit balance in the Capital Account Holder's Adjusted Capital Account, there shall be allocated to the Capital Account Holder items of income and gain (consisting of a *pro rata* portion of each item of Company income, including gross income, and gain for such year) in an amount and manner sufficient to eliminate such deficit as quickly as possible. The foregoing is intended to be a "qualified income offset" provision as described in Regulation § 1.704-1(b)(2)(ii)(d) and shall be interpreted and applied in all respects in accordance with that Regulation.

(c) Notwithstanding anything to the contrary in this Article 2, Company losses, deductions, or Code Section 705(a)(2)(B) expenditures that are attributable to a particular partner nonrecourse liability shall be allocated to the Capital Account Holder that bears the economic risk of loss for the liability in accordance with the rules of Regulation § 1.704-2(i).

(d) Notwithstanding any provision of Section 2.1(a)(ii) of this Exhibit B, no allocation of Losses shall be made to a Capital Account Holder if it would cause the Capital Account Holder to have a negative balance in its Adjusted Capital Account. Allocations of Losses that would be made to a Capital Account Holder but for this Section 2.2(d) shall instead be made to other Capital Account Holders pursuant to Section 2.1(a)(ii) of this Exhibit B to the extent not inconsistent with this Section 2.2(d). To the extent allocations of Losses cannot be made to any Capital Account Holder because of this Section 2.2(d), such allocations shall be made to the Capital Account Holders in accordance with Section 2.1(a)(ii) of this Exhibit B notwithstanding this Section 2.2(d).

(e) To the extent that any item of income, gain, loss or deduction has been specially allocated pursuant to paragraphs (b) or (d) of this Section 2.2 and such allocation is inconsistent with the way in which the same amount otherwise would have been allocated under Section 2.1 of this Exhibit B, subsequent allocations under Section 2.1 of this Exhibit B shall be made, to the

extent possible and without duplication, in a manner consistent with paragraphs (a), (b), (c) or (d), which negate as rapidly as possible the effect of all such inconsistent allocations under said paragraphs (b) or (d).

(f) Solely for the purpose of adjusting the Capital Accounts of the Capital Account Holders, and not for tax purposes, if any property is distributed in-kind to any Capital Account Holder, the difference between its fair market value (as determined by Manager or the liquidating agent, as the case may be, in its reasonable discretion) and its book value at the time of Distribution shall be treated as gain or loss recognized by the Company and allocated pursuant to the provisions of Section 2.1 of this Exhibit B.

(g) Any allocations made pursuant to this Article 2 shall be made in the following order:

(i) Section 2.2(a) of this Exhibit B;
(ii) Section 2.2(b) of this Exhibit B;
(iii) Section 2.2(c) of this Exhibit B;
(iv) Section 2.2(e) of this Exhibit B; and
(v) Section 2.1 of this Exhibit B, as modified by Section 2.2(d) of this Exhibit B.

These provisions shall be applied as if all Distributions and allocations were made at the end of the Fiscal Year. Where any provision depends on the Capital Account of any Capital Account Holder, that Capital Account shall be determined after the operation of all preceding provisions for the year. These allocations shall be made consistently with the requirements of Regulation § 1.704-2(j).

Section 2.3 Allocations for Income Tax Purposes.

The income, gains, losses, deductions and credits of the Company for Federal, state and local income tax purposes shall be allocated in the same manner as the corresponding items entering into the computation of Profits and Losses were allocated pursuant to Sections 2.1 and 2.2 of this Exhibit B; provided that solely for Federal, state and local income and franchise tax purposes and not for book or Capital Account purposes, income, gain, loss and deduction with respect to property properly carried on the Company's books at a value other than its tax basis shall be allocated (i) in the case of property contributed in-kind, in accordance with the requirements of Section 704(c) of the Code and such Regulations as may be promulgated thereunder from time to time, and (ii) in the case of other property, in accordance with the principles of Section 704(c) of the Code and the Regulations thereunder as incorporated among the requirements of the relevant provisions of the Regulations under Section 704(b) of the Code. Any elections or other decisions relating to such allocations shall be made by Manager.

Section 2.4 Excess Nonrecourse Liability Safe Harbor.

Pursuant to Regulation § 1.752-3(a)(3), solely for purposes of determining each Capital Account Holder's proportionate share of the "excess nonrecourse liabilities" of the Company (as defined in Regulation § 1.752-3(a)(3)), the Capital Account Holders' respective interests in Company profits shall be their respective Percentage Interests.

Section 2.5 Safe Harbor Election and Forfeiture Allocations.

(a) The Members agree that Manager is authorized to make an election, on behalf of itself and of all Members, to have the "Safe Harbor" of Section 3.03 of IRS Notice 2005-43 (or the corresponding provision in any Revenue Procedure or regulation issued pursuant to the provisions of such Notice) (the "Safe Harbor") apply irrevocably with respect to all Interests transferred in connection with the performance of services by a Member in a partner capacity or in anticipation of becoming a Member (such election, the "Safe Harbor Election. The Safe Harbor Election shall be effective as of the date hereof. The Company and each Member agrees to comply with all requirements of the Safe Harbor with respect to all interests in the Company transferred in connection with the performance of services by a Member in a partner capacity or in anticipation of becoming a Member, whether such Member was admitted as a Member or as a transferee of a previous Member. Manager shall cause the Company to comply with all record-keeping requirements and other administrative requirements with respect to the Safe Harbor as shall be required by proposed or final regulations relating thereto, to the extent Manager so determines in its sole and absolute discretion.

(b) In connection with the Safe Harbor Election, the Members agree that (i) Manager's Carried Interest issued hereunder is a "Safe Harbor Partnership Interest" within the meaning of Section 3.02 of IRS Notice 2005-43 (or the corresponding provision in any Revenue Procedure or Treasury Regulation issued pursuant to the provisions of such Notice) representing a profits interest received for services rendered or to be rendered to or for the benefit of the Company by Manager, and (ii) the "fair market value" of the Safe Harbor Partnership Interest upon receipt by Manager, as of the date of issuance is zero, representing the liquidation value of such interest upon receipt (with such valuation being consented to and approved by all Members).

(c) Each Member, by signing this Agreement or by accepting such transfer, hereby agrees (i) to comply with all requirements of the Safe Harbor Election with respect to the Safe Harbor Partnership Interests while the Safe Harbor Election remains effective, and (ii) that to the extent that such profits interest is forfeited after the date hereof and to the extent that allocations of income have been made to Manager (in its capacity as a member of the Company for tax purposes or in anticipation of becoming such a member) , with respect thereto and have not been matched with corresponding allocations of loss or deduction with respect thereto, or Distributions with respect thereto that may be retained by Manager, the Company shall make special forfeiture allocations of gross items of deduction or loss (including, as may be permitted by or under Treasury Regulations to be adopted, notional items of deduction or loss) in accordance with IRS Notice 2005-43 and the Treasury Regulations adopted under Code Sections 704(b) and 83.

(d) Manager shall file or cause the Company to file all returns, reports and other documentation as may be required, as determined by Manager, to perfect and maintain the Safe Harbor Election with respect to transfers of the Safe Harbor Partnership Interests without further vote or action of any other Person.

(e) Manager is hereby authorized, directed and empowered, without further vote or action of the Members or any other Person, to amend the Agreement as necessary to comply with the Safe Harbor requirements, in order to provide for a Safe Harbor Election and the ability to maintain the same, and shall have the authority to execute any such amendment by and on behalf

of each Member pursuant to the power of attorney granted by this Agreement. Any undertaking by the Members necessary to enable or preserve a Safe Harbor Election may be reflected in such amendments and, to the extent so reflected, shall be binding on each Member.

(f) Each Member agrees to cooperate with Manager to perfect and maintain any Safe Harbor Election, and to timely execute and deliver any documentation with respect thereto reasonably requested by Manager at the expense of the Company.

(g) No Transfer of any interest in the Company by a Member shall be effective unless prior to such Transfer, the assignee or intended recipient of such interest shall have agreed in writing to be bound by the provisions of this Section 2.5, in a form satisfactory to Manager.

<u>EXHIBIT C</u>

INVESTMENT MEMORANDUM

The detailed information concerning the Property, including without limitation, the size and acreage of the Property, is based on information provided to Manager. While Manger and its Affiliates believe that such information is accurate, the same remains subject to verification and confirmation by independent third parties. Prospective investors are encouraged to ask questions regarding the Property and all related information, as well as request all documentation, reports and materials concerning the same from Manager and its Affiliates.

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Tab	Description
Summary	Financial model assumptions and project returns.
Model	Cash flows for project.
Budget	Yield forecast and operational costs by year. Breakdown of existing plantings or new development.
Debt	Calculations for term loan and credit lines.
Depreciation	Depreciation assumptions.
Exit	Calculates values for the exit sales proceeds.
Forward Pricing	Forecast pricing assumptions for the crop type.
Redevelopment Schedule	Calculations for debt facilities.

See additional disclosures: AcreTrader

Disclaimer: Certain information set forth in this presentation contains "forward-looking information", including "future-oriented financial information" and "financial outlook", under applicable securities laws (collectively referred to herein as forward-looking statements). Except for statements of historical fact, the information contained herein constitutes forward-looking statements and includes, but is not limited to, the (i) projected financial performance of the Company; (ii) completion of, and the use of proceeds from, the sale of the shares being offered hereunder; (iii) the expected development of the Company's business, projects, and joint ventures; (iv) execution of the Company's vision and growth strategy; (v) sources and availability of third-party financing for the Company's projects; (vi) completion of the Company's projects that are currently underway, in development or otherwise under consideration; (vi) renewal of the Company's current customer, supplier and other material agreements; and (vii) future liquidity, working capital, and capital requirements. Forward-looking statements are provided to allow potential investors the opportunity to understand management's beliefs and opinions in respect of the future so that they may use such beliefs and opinions as one factor in evaluating an investment.

IMPORTANT: The projections or other information generated by the financial model herein regarding the likelihood of various investment outcomes are hypothetical in nature, do not reflect actual investment results and are not guarantees of future results. All investing involves risks, including the loss of principal. These statements are not guarantees of future performance and undue reliance should not be placed on them. Such forward-looking statements necessarily involve known and unknown risks and uncertainties, which may cause actual performance and financial results in future periods to differ materially from any projections of future performance or result expressed or implied by such forward-looking statements.

Although forward-looking statements contained in this presentation are based upon what management of the Company believes are reasonable assumptions, there can be no assurance that forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. The Company undertakes no obligation to update forward-looking statements if circumstances or management's estimates or opinions should change except as required by applicable securities laws. The reader is cautioned not to place undue reliance on forward-looking statements.

Note: this example is for educational purposes only and should not be relied upon for any other use.

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Key:	
	Input
	Link to Same Sheet
	Link to other Sheet
	Output

	Month	Day	Year
Closing Date	5	1	2023

Templeton Preserve Vineyard	5/1/2023	Strongwater Viticulture	Location: acres

Summary Statistics	
Gross Acres	122
Planted Acres	96
Cost/Gross Acre	36,181
Cost/Planted Acre	46,030
Investor IRR	9.3%
Project IRR	10.1%
MOIC	2.32x
Average Cash Yield	5.3%

Sources and Uses

Sponsor Equity	$ 455,000	*5%*	Property Purchase	$ 7,500,000	
Investor Equity	9,415,000	*95%*	Closing Costs	162,000	
Term Debt	-	*0%*	Working Capital	1,800,000	
			Private Placement Fee	376,600	*4%*
			Round	31,400	
Total	**$ 9,870,000**		**Total**	**$9,870,000**	

Financials		
Waterfall		
Preferred Return	6%	
Cumulative?	Yes	
First Disbursement (Year)	3	
Sponsor Carry	20%	
Investor Carry	80%	
Inflation/Appreciation		
Farming Cost Inflator	3.0%	
Overhead Inflator	1.0%	
Tax Escalator	2.0%	
Appreciation (Land)	6.0%	
Appreciation (Winery)	6.1%	
Hold Period (Years)	10	*9*
Min Cash As % of NTM Opex	120%	
Sales Cost	3%	
Winery NNN Lease	168,000	
Lease Inflator	1%	
Min Investment	35,000	

Debt	
RERLOC	
Rate	7.73%
Interest Only (Years)	10
Period (Years)	25
Max Draw Used	2,000,000
Max Draw Available	2,400,000
Term Loan	
Rate	7.24%
Period (Years)	25
Interest Only (Years)	3
Amortization (Years)	22
Other	
Interest on Cash	2.50%

Costs		
Tax Rate (% of Land Cost)	1.08%	*47,790*
Property / Liability Insurance (/Acre)	50	*4,780*
Crop Insurance (/Acre)	155	*14,816*
General and Administrative	10,000	*10,000*
AcreTrader Management Fee (% Equity)	0.75%	*70,613*
Sponsor Fees (% Equity)	1.00%	*94,150*
2022/23 Tax Bill	21,679	

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	Purchase	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Year 11	Year 12	Year 13	Year 14	Year 15
Acres	96	96	96	96	96	96	96	96	96	96	96					
Yield	-	2.34	2.55	3.62	3.35	4.25	4.87	5.49	6.09	6.07	6.04					
Price	-	2,434	2,486	2,559	2,589	2,698	2,794	2,890	2,988	3,078	3,172					
Crop Revenue	-	544,991	606,317	886,358	829,424	1,095,271	1,300,521	1,516,585	1,738,479	1,786,231	1,831,538					
Lease Revenue	-	168,000	169,680	171,377	173,091	174,821	176,570	178,335	180,119	181,920	183,739					
Total Revenue	-	**712,991**	**775,997**	**1,057,735**	**1,002,514**	**1,270,092**	**1,477,091**	**1,694,921**	**1,918,598**	**1,968,151**	**2,015,277**					
per acre	-	*7,459*	*8,118*	*11,065*	*10,488*	*13,287*	*15,452*	*17,731*	*20,071*	*20,590*	*21,083*					
Cultural Costs	-	341,332	398,301	637,241	475,360	489,621	696,331	717,221	738,737	760,899	783,726					
Total Farming Costs	-	**341,332**	**398,301**	**637,241**	**475,360**	**489,621**	**696,331**	**717,221**	**738,737**	**760,899**	**783,726**					
per acre	-	*3,571*	*4,167*	*6,666*	*4,973*	*5,122*	*7,285*	*7,503*	*7,728*	*7,960*	*8,199*					
Liability Insurance	-	4,780	4,827	4,876	4,924	4,974	5,023	5,074	5,124	5,176	5,227					
Crop Insurance	-	14,816	14,965	15,114	15,265	15,418	15,572	15,728	15,885	16,044	16,205					
General and Administrative	-	10,000	10,100	10,201	10,303	10,406	10,510	10,615	10,721	10,829	10,937					
Management Fees	-	82,381	164,763	164,763	164,763	164,763	164,763	164,763	164,763	164,763	164,763					
Total Overhead	-	**111,977**	**194,654**	**194,953**	**195,255**	**195,560**	**195,868**	**196,179**	**196,493**	**196,811**	**197,131**					
per acre	-	*1,171*	*2,036*	*2,039*	*2,043*	*2,046*	*2,049*	*2,052*	*2,056*	*2,059*	*2,062*					
Total Costs	-	**453,309**	**592,956**	**832,195**	**670,616**	**685,181**	**892,199**	**913,400**	**935,231**	**957,710**	**980,857**					
per acre	-	*4,742*	*6,203*	*8,706*	*7,016*	*7,168*	*9,334*	*9,555*	*9,784*	*10,019*	*10,261*					
EBITDA	-	**259,682**	**183,042**	**225,541**	**331,898**	**584,911**	**584,892**	**781,521**	**983,367**	**1,010,441**	**1,034,420**					
Depreciation	-	1,733,000	713,000	300,000	291,000	290,000	331,000	326,000	326,000	326,000	326,000					
EBIT	-	**(1,473,318)**	**(529,958)**	**(74,459)**	**40,898**	**294,911**	**253,892**	**455,521**	**657,367**	**684,441**	**708,420**					
Taxes	-	14,453	48,746	49,721	50,715	51,729	52,764	53,819	54,896	55,994	57,113					
Interest Expense	-	17,520	41,895	51,142	76,068	92,685	100,686	101,506	102,349	103,218	104,113					
Interest Income	-	-	8,523	9,785	7,565	5,953	7,146	4,613	4,697	4,782	4,871					
Net Income	-	**(1,505,291)**	**(612,076)**	**(165,537)**	**(78,320)**	**156,449**	**107,588**	**304,809**	**504,819**	**530,012**	**552,064**					
Depreciation	-	1,733,000	713,000	300,000	291,000	290,000	331,000	326,000	326,000	326,000	326,000					
Cash from Operations	-	**227,709**	**100,924**	**134,463**	**212,680**	**446,449**	**438,588**	**630,809**	**830,819**	**856,012**	**878,064**					
RERLOC Draw	-	-	245,501	-	403,260	207,679	-	-	-	-	-					
Debt Principal	-	-	-	-	-	-	-	-	-	-	(856,439)					
Cash from Financing	-	**-**	**245,501**	**-**	**403,260**	**207,679**	**-**	**-**	**-**	**-**	**(856,439)**					
Vineyard Redevelopment	-	(527,240)	(245,501)	-	(403,260)	(207,679)	-	-	-	-	-					
Reservoir and Boosters	-	(350,000)	-	-	-	-	-	-	-	-	-					
Winery Improvements	-	(500,000)	-	-	-	-	-	-	-	-	-					
Exit Proceeds	-	-	-	-	-	-	-	-	-	-	20,342,676					
Cash from Investing	-	**(1,377,240)**	**(245,501)**	**-**	**(403,260)**	**(207,679)**	**-**	**-**	**-**	**-**	**20,342,676**					
Available Cash	-	**(1,149,531)**	**100,924**	**134,463**	**212,680**	**446,449**	**438,588**	**630,809**	**830,819**	**856,012**	**20,364,300**					
Cultural Revolver	-	453,309	592,956	832,195	670,616	685,181	892,199	913,400	935,231	957,710	980,857					
Beginning Cash Balance	1,831,400	1,831,400	681,869	782,793	605,223	476,253	571,710	369,070	375,740	382,596	389,643					
Disbursements	-	-	-	312,034	341,651	350,992	641,228	624,139	823,963	848,965	20,753,943					
Ending Cash Balance	1,831,400	681,869	782,793	605,223	476,253	571,710	369,070	375,740	382,596	389,643	-					
Minimum Cash	1,831,400	774,237	1,033,919	605,223	476,253	571,710	369,070	375,740	382,596	389,643	-					
Distributable Cash Flow	-	**-**	**-**	**312,034**	**341,651**	**350,992**	**641,228**	**624,139**	**823,963**	**848,965**	**20,753,943**					
Annual Preferred Hurdle + Equity Balance	-	10,559,255	11,151,455	11,743,655	12,023,821	12,274,371	12,515,579	12,466,550	12,434,611	12,202,848	11,946,084					
Paid Priority	-	-	-	312,034	341,651	350,992	641,228	624,139	823,963	848,965	11,946,084					
Unpaid Priority	-	10,559,255	11,151,455	11,431,621	11,682,171	11,923,379	11,874,350	11,842,411	11,610,648	11,353,884	-					
Carry	-	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**8,807,860**					
20% Sponsor	-	-	-	-	-	-	-	-	-	-	1,761,572					
80% Investors	-	-	-	-	-	-	-	-	-	-	7,046,288					
Annual Yield	*0.0%*	*0.0%*	*0.0%*	*3.2%*	*3.5%*	*3.6%*	*6.5%*	*6.3%*	*8.3%*	*8.6%*	*12.8%*					
Investor Cashflow	(9,870,000)	-	-	312,034	341,651	350,992	641,228	624,139	823,963	848,965	18,992,371	-	-	-	-	-
Project Cashflow	(9,870,000)	-	-	312,034	341,651	350,992	641,228	624,139	823,963	848,965	20,753,943	-	-	-	-	-

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Expected yield and costs for varying ages of trees.
Yields in bins per acre and costs in 2023 US dollars.

	Leaf:	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30
Non-Redevelopment Blocks (Yields - Tons)																															
Cab Sauv	*1*	-	-	1.25	2.5	3.75	4.5	4.5	4.5	4.5	4.5	4.5	4.5	4.5	4.5	4.5	4.5	4.5	4.5	4.5	4.5	4.5	4.5	4.5	4.5	4.5	4.3	4.1	3.9	3.7	3.5
Counoise	*4.1*						4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	3.8	3.6	3.4	3.3	3.1
Touriga	*4.2*						5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	4.8	4.5	4.3	4.1	3.9
Blaufrankish	*4.3*						5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	4.8	4.5	4.3	4.1	3.9
Verdeilho	*4.4*						4.5	4.5	4.5	4.5	4.5	4.5	4.5	4.5	4.5	4.5	4.5	4.5	4.5	4.5	4.5	4.5	4.5	4.5	4.5	4.5	4.3	4.1	3.9	3.7	3.5
Aglianico	*4.5*						4.5	4.5	4.5	4.5	4.5	4.5	4.5	4.5	4.5	4.5	4.5	4.5	4.5	4.5	4.5	4.5	4.5	4.5	4.5	4.5	4.3	4.1	3.9	3.7	3.5
Petite Verdot	*6.4*						5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	4.8	4.5	4.3	4.1	3.9
Primitivo	*6.5*						4.4	4.4	4.4	4.4	4.4	4.4	4.4	4.4	4.4	4.4	4.4	4.4	4.4	4.4	4.4	4.4	4.4	4.4	4.4	4.4	4.2	4.0	3.8	3.6	3.4
Merlot	*9*						5.5	5.5	5.5	5.5	5.5	5.5	5.5	5.5	5.5	5.5	5.5	5.5	5.5	5.5	5.5	5.5	5.5	5.5	5.5	5.5	5.2	5.0	4.7	4.5	4.3
Cab Sauv	*10*		-	1.25	2.50	3.75	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	4.8	4.5	4.3	4.1	3.9
Cab Franc	*11*			1.00	2.00	3.00	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	3.8	3.6	3.4	3.3	3.1
Grenache	*12*				3.50	9.00	9.0	9.0	9.0	9.0	9.0	9.0	9.0	9.0	9.0	9.0	9.0	9.0	9.0	9.0	9.0	9.0	9.0	9.0	9.0	9.0	8.6	8.1	7.7	7.3	7.0
Grenache Blanc	*14.1*						5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	4.8	4.5	4.3	4.1	3.9
Syrah	*14.2*						4.3	4.3	4.3	4.3	4.3	4.3	4.3	4.3	4.3	4.3	4.3	4.3	4.3	4.3	4.3	4.3	4.3	4.3	4.3	4.3	4.0	3.8	3.6	3.5	3.3
Syrah	*14.3*						4.3	4.3	4.3	4.3	4.3	4.3	4.3	4.3	4.3	4.3	4.3	4.3	4.3	4.3	4.3	4.3	4.3	4.3	4.3	4.3	4.0	3.8	3.6	3.5	3.3
Blaufrankish	*15*						4.3	4.3	4.3	4.3	4.3	4.3	4.3	4.3	4.3	4.3	4.3	4.3	4.3	4.3	4.3	4.3	4.3	4.3	4.3	4.3	4.0	3.8	3.6	3.5	3.3
Tempranillo	*16*						5.5	5.5	5.5	5.5	5.5	5.5	5.5	5.5	5.5	5.5	5.5	5.5	5.5	5.5	5.5	5.5	5.5	5.5	5.5	5.5	5.2	5.0	4.7	4.5	4.3
																											-	-	-	-	-
Redevelopment Blocks (Yields - Tons)																											-	-	-	-	-
Cab Sauv	*1*	-	-	2.25	4.5	6.75	6.8	6.8	6.8	6.8	6.8	6.8	6.8	6.8	6.8	6.8	6.8	6.8	6.8	6.8	6.8	6.8	6.8	6.8	6.8	6.8	6.4	6.1	5.8	5.5	5.2
Cab Sauv	*2*	-	-	2.25	4.5	6.75	6.8	6.8	6.8	6.8	6.8	6.8	6.8	6.8	6.8	6.8	6.8	6.8	6.8	6.8	6.8	6.8	6.8	6.8	6.8	6.8	6.4	6.1	5.8	5.5	5.2
Cab Sauv	*3*	-	-	2.25	4.5	6.75	6.8	6.8	6.8	6.8	6.8	6.8	6.8	6.8	6.8	6.8	6.8	6.8	6.8	6.8	6.8	6.8	6.8	6.8	6.8	6.8	6.4	6.1	5.8	5.5	5.2
Cab Sauv	*5*	-	-	2.25	4.5	6.75	6.8	6.8	6.8	6.8	6.8	6.8	6.8	6.8	6.8	6.8	6.8	6.8	6.8	6.8	6.8	6.8	6.8	6.8	6.8	6.8	6.4	6.1	5.8	5.5	5.2
Petite Verdot	*6.1-6.3*	-	-	2.25	4.5	6.75	6.8	6.8	6.8	6.8	6.8	6.8	6.8	6.8	6.8	6.8	6.8	6.8	6.8	6.8	6.8	6.8	6.8	6.8	6.8	6.8	6.4	6.1	5.8	5.5	5.2
Cab Sauv	*7.1*	-	-	2.25	4.5	6.75	6.8	6.8	6.8	6.8	6.8	6.8	6.8	6.8	6.8	6.8	6.8	6.8	6.8	6.8	6.8	6.8	6.8	6.8	6.8	6.8	6.4	6.1	5.8	5.5	5.2
Cab Sauv	*7.2*	-	-	2.25	4.5	6.75	6.8	6.8	6.8	6.8	6.8	6.8	6.8	6.8	6.8	6.8	6.8	6.8	6.8	6.8	6.8	6.8	6.8	6.8	6.8	6.8	6.4	6.1	5.8	5.5	5.2
Petite Verdot	*8.1*	-	-	2.25	4.5	6.75	6.8	6.8	6.8	6.8	6.8	6.8	6.8	6.8	6.8	6.8	6.8	6.8	6.8	6.8	6.8	6.8	6.8	6.8	6.8	6.8	6.4	6.1	5.8	5.5	5.2
Cab Sauv	*8.2*	-	-	2.25	4.5	6.75	6.8	6.8	6.8	6.8	6.8	6.8	6.8	6.8	6.8	6.8	6.8	6.8	6.8	6.8	6.8	6.8	6.8	6.8	6.8	6.8	6.4	6.1	5.8	5.5	5.2
Cab Sauv	*9*	-	-	2.25	4.5	6.75	6.8	6.8	6.8	6.8	6.8	6.8	6.8	6.8	6.8	6.8	6.8	6.8	6.8	6.8	6.8	6.8	6.8	6.8	6.8	6.8	6.8	6.8	6.8	6.8	6.8
Cab Sauv	*13.1*	-	-	2.25	4.5	6.75	6.8	6.8	6.8	6.8	6.8	6.8	6.8	6.8	6.8	6.8	6.8	6.8	6.8	6.8	6.8	6.8	6.8	6.8	6.8	6.8	6.8	6.8	6.8	6.8	6.8
Cab Sauv	*13.2*	-	-	2.25	4.5	6.75	6.8	6.8	6.8	6.8	6.8	6.8	6.8	6.8	6.8	6.8	6.8	6.8	6.8	6.8	6.8	6.8	6.8	6.8	6.8	6.8	6.8	6.8	6.8	6.8	6.8
Cab Sauv	*13.3*	-	-	2.25	4.5	6.75	6.8	6.8	6.8	6.8	6.8	6.8	6.8	6.8	6.8	6.8	6.8	6.8	6.8	6.8	6.8	6.8	6.8	6.8	6.8	6.8	6.8	6.8	6.8	6.8	6.8
Costs																															
	Inputs			1200	1200	1200	1200	1200	1200	1200	1200	1200	1200	1200	1200	1200	1200	1200	1200	1200	1200	1200	1200	1200	1200	1200	1200	1200	1200	1200	1200
	Equipment			700	700	700	700	700	700	700	700	700	700	700	700	700	700	700	700	700	700	700	700	700	700	700	700	700	700	700	700
	Irrigation			235	235	235	235	235	235	235	235	235	235	235	235	235	235	235	235	235	235	235	235	235	235	235	235	235	235	235	235
	Labor			2826	2826	2826	2826	2826	2826	2826	2826	2826	2826	2826	2826	2826	2826	2826	2826	2826	2826	2826	2826	2826	2826	2826	2826	2826	2826	2826	2826
	Pruning			722	722	722	722	722	722	722	722	722	722	722	722	722	722	722	722	722	722	722	722	722	722	722	722	722	722	722	722
	Suicides			294	294	294	294	294	294	294	294	294	294	294	294	294	294	294	294	294	294	294	294	294	294	294	294	294	294	294	294
	Misc			307	307	307	307	307	307	307	307	307	307	307	307	307	307	307	307	307	307	307	307	307	307	307	307	307	307	307	307
	Cultural Costs	-	-	6,284	6,284	6,284	6,284	6,284	6,284	6,284	6,284	6,284	6,284	6,284	6,284	6,284	6,284	6,284	6,284	6,284	6,284	6,284	6,284	6,284	6,284	6,284	6,284	6,284	6,284	6,284	6,284
	Redevelopment	14.000	7.000																												

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		Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Year 11	Year 12	Year 13	Year 14	Year 15	Year 16	Year 17	Year 18	Year 19	Year 20	Year 21	Year 22	Year 23	Year 24	Year 25
Term Loan	Beginning Balance	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Principal	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Interest	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Ending Balance	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
RERLOC (Post-IO)	Beginning Balance	-	-	-	-	-	-	-	-	-	-		-		-			-	-	-	-	-	-	-	-	-
	Principal	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Interest	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Ending Balance	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
RERLOC (IO)	Balance	-	245,501	245,501	648,760	856,439	856,439	856,439	856,439	856,439	856,439	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Interest	-	(18,977)	(18,977)	(50,149)	(66,203)	(66,203)	(66,203)	(66,203)	(66,203)	(66,203)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
RERLOC (Revolving Credit)	Draw	453,309	592,956	832,195	670,616	685,181	892,199	913,400	935,231	957,710	980,857							-	-	-	-	-	-	-	-	-
	Interest	(17,520)	(22,918)	(32,164)	(25,919)	(26,482)	(34,483)	(35,303)	(36,147)	(37,015)	(37,910)							-	-	-	-	-	-	-	-	-
	Total DS	(17,520)	(41,895)	(51,142)	(76,068)	(92,685)	(100,686)	(101,506)	(102,349)	(103,218)	(104,113)															
	Max Balance	453,309	838,456	1,077,695	1,319,376	1,541,621	1,748,638	1,769,839	1,791,670	1,814,149	1,837,297							-	-	-	-	-	-	-	-	-

	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Depreciation Estimate	1,733,000	713,000	300,000	291,000	290,000	331,000	326,000	326,000	326,000	326,000

Sponsor CPA Assumptions

1 Utilized bonus depreciation for the vineyard in the year placed in service - 80 % bonus amount

2 Assumed the LLC exists from 5/1/23 to 12/31/23 for first fiscal year.

3 Buildings and Structures - Commerical - 39 year asset.

4 Redevelopment in 2023 and 2026 - place in service 2024 and 2027.

5 No bonus in 2027

CPA estimate. Consult your tax advisor.

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Entry	**Acquisition Price**	$ 7,500,000	
	Discount Rate	16%	
	Acquisition Price Allocation		$/Planted Acre
	Bareground Value	4,014,780	42,000
	Winery, House, Equipment	3,100,000	
	Vineyard	385,220	
	Implied NPV of Vineyard at Entry	905,780	14,719
Exit	Exit Price Allocation		
	Bareground Value	7,747,017	81,044
	Vineyard	6,613,218	69,183
	Winery, House, Equipment	6,571,595	
	Pumps	40,000	
	Total Exit Value	20,971,831	

Calculations

Entry NPV:		0	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29
		1	**2**	**3**	**4**	**5**	**6**	**7**	**8**	**9**	**10**	**11**	**12**	**13**	**14**	**15**	**16**	**17**	**18**	**19**	**20**	**21**	**22**	**23**	**24**	**25**	**26**	**27**	**28**	**29**	**30**
Revenue																															
Cab Sauv	1	185,001	181,023	177,131	173,323	169,596																									
Merlot	2	Replant	Replant	Replant	Replant	Replant	Replant	Replant	Replant	Replant	Replant	Replant	Replant	Replant	Replant	Replant	Replant	Replant	Replant	Replant	Replant	Replant	Replant	Replant	Replant	Replant	Replant	Replant	Replant	Replant	Replant
Merlot	3	Replant	Replant	Replant	Replant	Replant	Replant	Replant	Replant	Replant	Replant	Replant	Replant	Replant	Replant	Replant	Replant	Replant	Replant	Replant	Replant	Replant	Replant	Replant	Replant	Replant	Replant	Replant	Replant	Replant	Replant
Counoise	4.1	12,420	12,793	13,176	13,572	13,979	14,398	14,830	14,511	14,199	13,894	13,595	13,303																		
Touriga	4.2	18,225	18,772	19,335	19,915	20,512	21,128	21,762	21,294	20,836	20,388	19,950	19,521																		
Blaufrankish	4.3	18,225	18,772	19,335	19,915	20,512	21,128	21,762	21,294	20,836	20,388	19,950	19,521																		
Verdelho	4.4	16,200	16,686	17,187	17,702	18,233	18,780	19,344	18,928	18,521	18,123	17,733	17,352																		
Aglianico	4.5	16,605	17,103	17,616	18,145	18,689	19,250	19,827	19,401	18,984	18,576	18,176	17,786																		
Viognier	5	Replant	Replant	Replant	Replant	Replant	Replant	Replant	Replant	Replant	Replant	Replant	Replant	Replant	Replant	Replant	Replant	Replant	Replant	Replant	Replant	Replant	Replant	Replant	Replant	Replant	Replant	Replant	Replant	Replant	Replant
Olives	6.1-6.3	Replant	Replant	Replant	Replant	Replant	Replant	Replant	Replant	Replant	Replant	Replant	Replant	Replant	Replant	Replant	Replant	Replant	Replant	Replant	Replant	Replant	Replant	Replant	Replant	Replant	Replant	Replant	Replant	Replant	Replant
Petite Verdot	6.4	17,875	18,411	18,964	19,532	20,118	20,722	21,344	21,984	22,644	23,323	24,023	24,743	25,485	26,250	27,038	27,849	28,684	29,545	28,909	28,288	27,680	27,085	26,502							
Primitivo	6.5	15,972	16,451	16,945	17,453	17,977	18,516	19,071	19,644	20,233	20,840	21,465	22,109	22,772	23,455	24,159	24,884	25,630	26,399	25,832	25,276	24,733	24,201	23,681							
Syrah	7.1	Replant	Replant	Replant	Replant	Replant	Replant	Replant	Replant	Replant	Replant	Replant	Replant	Replant	Replant	Replant	Replant	Replant	Replant	Replant	Replant	Replant	Replant	Replant	Replant	Replant	Replant	Replant	Replant	Replant	Replant
Syrah	7.2	Replant	Replant	Replant	Replant	Replant	Replant	Replant	Replant	Replant	Replant	Replant	Replant	Replant	Replant	Replant	Replant	Replant	Replant	Replant	Replant	Replant	Replant	Replant	Replant	Replant	Replant	Replant	Replant	Replant	Replant
Merlot	8.1	Replant	Replant	Replant	Replant	Replant	Replant	Replant	Replant	Replant	Replant	Replant	Replant	Replant	Replant	Replant	Replant	Replant	Replant	Replant	Replant	Replant	Replant	Replant	Replant	Replant	Replant	Replant	Replant	Replant	Replant
Merlot	8.2	Replant	Replant	Replant	Replant	Replant	Replant	Replant	Replant	Replant	Replant	Replant	Replant	Replant	Replant	Replant	Replant	Replant	Replant	Replant	Replant	Replant	Replant	Replant	Replant	Replant	Replant	Replant	Replant	Replant	Replant
Merlot	9	134,393	138,424	142,577	146,854	151,260	155,798	160,472	165,286	170,244	175,352	180,612	176,729	172,929	169,211	165,573	162,014														
Cab Sauv	10	-	23,239	47,873	73,964	101,577	104,624	107,763	110,996	114,326	117,756	121,288	124,927	128,675	132,535	136,511	140,607	144,825	149,169	153,645	158,254	163,002	167,892	172,928	178,116	174,287	170,540	166,873	163,285	159,775	
Cab Franc	11	10,824	22,297	34,450	47,311	48,730	50,192	51,698	53,249	54,846	56,491	58,186	59,932	61,730	63,582	65,489	67,454	69,477	71,562	73,709	75,920	78,197	80,543	82,960	81,176	79,431	77,723	76,052	74,417		
Grenache	12	-	20,116	53,278	54,877	56,523	58,219	59,965	61,764	63,617	65,526	67,491	69,516	71,602	73,750	75,962	78,241	80,588	83,006	85,496	88,061	90,703	93,424	96,227	94,158	92,133	90,153	88,214	86,318		
Grenache	13.1	Replant	Replant	Replant	Replant	Replant	Replant	Replant	Replant	Replant	Replant	Replant	Replant	Replant	Replant	Replant	Replant	Replant	Replant	Replant	Replant	Replant	Replant	Replant	Replant	Replant	Replant	Replant	Replant	Replant	Replant
Grenache	13.2	Replant	Replant	Replant	Replant	Replant	Replant	Replant	Replant	Replant	Replant	Replant	Replant	Replant	Replant	Replant	Replant	Replant	Replant	Replant	Replant	Replant	Replant	Replant	Replant	Replant	Replant	Replant	Replant	Replant	Replant
Grenache Blanc	13.3	Replant	Replant	Replant	Replant	Replant	Replant	Replant	Replant	Replant	Replant	Replant	Replant	Replant	Replant	Replant	Replant	Replant	Replant	Replant	Replant	Replant	Replant	Replant	Replant	Replant	Replant	Replant	Replant	Replant	Replant
Grenache Blanc	14.1	6,490	6,685	6,885	7,092	7,305	7,524	7,749	7,982	8,221	8,045	7,872	7,702	7,537	7,375																
Syrah	14.2	16,456	16,950	17,458	17,982	18,521	19,077	19,649	20,239	20,846	20,398	19,959	19,530	19,110	18,699																
Syrah	14.3	16,456	16,950	17,458	17,982	18,521	19,077	19,649	20,239	20,846	20,398	19,959	19,530	19,110	18,699																
Blaufrankish	15	15,300	15,759	16,232	16,719	17,220	17,737	18,269	17,876	17,492	17,116	16,748	16,388																		
Tempranillo	16	44,550	45,887	47,263	48,681	50,141	51,646	53,195	54,791	56,435	58,128	59,871	58,584	57,325	56,092	54,886	53,706														
		544,991	606,317	683,163	731,018	769,417	617,815	636,349	649,476	663,126	674,739	686,879	687,173	586,275	589,649	549,619	554,754	349,205	359,681	367,590	375,799	384,314	393,145	402,298	353,450	345,851	338,415	331,139	324,020	159,775	-
Cost																															
Cab Sauv	1	108,771	112,034	115,395	118,857	122,423																									
Merlot	2	Replant	Replant	Replant	Replant	Replant	Replant	Replant	Replant	Replant	Replant	Replant	Replant	Replant	Replant	Replant	Replant	Replant	Replant	Replant	Replant	Replant	Replant	Replant	Replant	Replant	Replant	Replant	Replant	Replant	Replant
Merlot	3	Replant	Replant	Replant	Replant	Replant	Replant	Replant	Replant	Replant	Replant	Replant	Replant	Replant	Replant	Replant	Replant	Replant	Replant	Replant	Replant	Replant	Replant	Replant	Replant	Replant	Replant	Replant	Replant	Replant	Replant
Counoise	4.1	8,672	8,932	9,200	9,476	9,760	10,053	10,354	10,665	10,985	11,314	11,654	12,003																		
Touriga	4.2	10,180	10,485	10,800	11,124	11,457	11,801	12,155	12,520	12,895	13,282	13,681	14,091																		
Blaufrankish	4.3	10,180	10,485	10,800	11,124	11,457	11,801	12,155	12,520	12,895	13,282	13,681	14,091																		
Verdelho	4.4	10,054	10,356	10,666	10,986	11,316	11,655	12,005	12,365	12,736	13,118	13,512	13,917																		
Aglianico	4.5	10,305	10,614	10,933	11,261	11,599	11,947	12,305	12,674	13,054	13,446	13,849	14,265																		
Viognier	5	Replant	Replant	Replant	Replant	Replant	Replant	Replant	Replant	Replant	Replant	Replant	Replant	Replant	Replant	Replant	Replant	Replant	Replant	Replant	Replant	Replant	Replant	Replant	Replant	Replant	Replant	Replant	Replant	Replant	Replant
Olives	6.1-6.3	Replant	Replant	Replant	Replant	Replant	Replant	Replant	Replant	Replant	Replant	Replant	Replant	Replant	Replant	Replant	Replant	Replant	Replant	Replant	Replant	Replant	Replant	Replant	Replant	Replant	Replant	Replant	Replant	Replant	Replant
Petite Verdot	6.4	8,986	9,255	9,533	9,819	10,114	10,417	10,729	11,051	11,383	11,724	12,076	12,438	12,811	13,196	13,592	13,999	14,419	14,852	15,298	15,757	16,229	16,716	17,218							
Primitivo	6.5	10,368	10,679	11,000	11,330	11,669	12,020	12,380	12,752	13,134	13,528	13,934	14,352	14,782	15,226	15,683	16,153	16,638	17,137	17,651	18,181	18,726	19,288	19,866							
Syrah	7.1	Replant	Replant	Replant	Replant	Replant	Replant	Replant	Replant	Replant	Replant	Replant	Replant	Replant	Replant	Replant	Replant	Replant	Replant	Replant	Replant	Replant	Replant	Replant	Replant	Replant	Replant	Replant	Replant	Replant	Replant
Syrah	7.2	Replant	Replant	Replant	Replant	Replant	Replant	Replant	Replant	Replant	Replant	Replant	Replant	Replant	Replant	Replant	Replant	Replant	Replant	Replant	Replant	Replant	Replant	Replant	Replant	Replant	Replant	Replant	Replant	Replant	Replant
Merlot	8.1	Replant	Replant	Replant	Replant	Replant	Replant	Replant	Replant	Replant	Replant	Replant	Replant	Replant	Replant	Replant	Replant	Replant	Replant	Replant	Replant	Replant	Replant	Replant	Replant	Replant	Replant	Replant	Replant	Replant	Replant
Merlot	8.2	Replant	Replant	Replant	Replant	Replant	Replant	Replant	Replant	Replant	Replant	Replant	Replant	Replant	Replant	Replant	Replant	Replant	Replant	Replant	Replant	Replant	Replant	Replant	Replant	Replant	Replant	Replant	Replant	Replant	Replant
Merlot	9	56,868	58,574	60,331	62,141	64,005	65,925	67,903	69,940	72,038	74,199	76,425	78,718	81,080	83,512	86,017	88,598														
Cab Sauv	10	50,540	46,730	48,131	49,575	51,063	52,594	54,172	55,797	57,471	59,196	60,971	62,801	64,685	66,625	68,624	70,683	72,803	74,987	77,237	79,554	81,941	84,399	86,931	89,539	92,225	94,992	97,841	100,776	103,800	
Cab Franc	11	30,916	31,843	32,799	33,783	34,796	35,840	36,915	38,023	39,163	40,338	41,548	42,795	44,079	45,401	46,763	48,166	49,611	51,099	52,632	54,211	55,838	57,513	59,238	61,015	62,846	64,731	66,673	68,673		
Grenache	12	17,532	18,058	18,599	19,157	19,732	20,324	20,934	21,562	22,208	22,875	23,561	24,268	24,996	25,746	26,518	27,314	28,133	28,977	29,846	30,742	31,664	32,614	33,592	34,600	35,638	36,707	37,808	38,943		
Grenache	13.1	Replant	Replant	Replant	Replant	Replant	Replant	Replant	Replant	Replant	Replant	Replant	Replant	Replant	Replant	Replant	Replant	Replant	Replant	Replant	Replant	Replant	Replant	Replant	Replant	Replant	Replant	Replant	Replant	Replant	Replant
Grenache	13.2	Replant	Replant	Replant	Replant	Replant	Replant	Replant	Replant	Replant	Replant	Replant	Replant	Replant	Replant	Replant	Replant	Replant	Replant	Replant	Replant	Replant	Replant	Replant	Replant	Replant	Replant	Replant	Replant	Replant	Replant
Grenache Blanc	13.3	Replant	Replant	Replant	Replant	Replant	Replant	Replant	Replant	Replant	Replant	Replant	Replant	Replant	Replant	Replant	Replant	Replant	Replant	Replant	Replant	Replant	Replant	Replant	Replant	Replant	Replant	Replant	Replant	Replant	Replant
Grenache Blanc	14.1	3,707	3,819	3,933	4,051	4,173	4,298	4,427	4,560	4,696	4,837	4,982	5,132	5,286	5,444																
Syrah	14.2	11,059	11,391	11,733	12,085	12,447	12,821	13,205	13,602	14,010	14,430	14,863	15,309	15,768	16,241																
Syrah	14.3	11,059	11,391	11,733	12,085	12,447	12,821	13,205	13,602	14,010	14,430	14,863	15,309	15,768	16,241																
Blaufrankish	15	10,054	10,356	10,666	10,986	11,316	11,655	12,005	12,365	12,736	13,118	13,512	13,917																		
Tempranillo	16	22,621	23,300	23,999	24,719	25,461	26,224	27,011	27,821	28,656	29,516	30,401	31,313	32,253	33,220	34,217	35,243														
Farming Costs		391,872	398,301	410,250	422,558	435,235	322,196	331,862	341,818	352,072	362,634	373,513	384,719	311,507	320,853	291,414	300,156	181,604	187,052	192,664	198,444	204,397	210,529	216,845	185,154	190,709	196,430	202,323	208,392	103,800	-
Overhead		68,155	156,699	157,519	158,354	159,203	115,043	115,676	116,319	116,974	117,640	88,314	89,197	70,821	71,529	63,705	64,342	38,173	38,555	38,940	39,330	39,723	40,120	40,521	33,927	34,267	34,609	34,956	35,305	17,244	-
Operating Profit		84,964	51,317	115,394	150,107	174,979	180,576	188,812	191,340	194,080	194,464	225,051	213,256	203,947	197,267	194,500	190,256	129,428	134,074	135,986	138,025	140,194	142,495	144,931	134,369	120,876	107,376	93,861	80,322	38,731	-

	Exit NPV:		10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31	32	33	34	35	36	37	38	39
			11	**12**	**13**	**14**	**15**	**16**	**17**	**18**	**19**	**20**	**21**	**22**	**23**	**24**	**25**	**26**	**27**	**28**	**29**	**30**	**31**	**32**	**33**	**34**	**35**	**36**	**37**	**38**	**39**	**40**
	Revenue																															
8	Cab Sauv	1	392,566	404,343	416,474	428,968	441,837	455,092	468,745	482,807	497,291	512,210	527,576	543,404	559,706	576,497	593,792	611,606	629,954	648,852	634,902	621,252	607,895	594,825	582,036							
11	Cab Sauv	2	209,777	216,070	222,552	229,229	236,106	243,189	250,485	257,999	265,739	273,711	281,923	290,380	299,092	308,065	317,306	310,484	303,809	297,277	290,886	284,632										
11	Cab Sauv	3	297,770	306,703	315,904	325,381	335,143	345,197	355,553	366,219	377,206	388,522	400,178	412,183	424,549	437,285	450,404	440,720	431,244	421,973	412,900	404,023										
29	Counoise	4.1	13,595	13,303																												
29	Touriga	4.2	19,950	19,521																												
29	Blaufrankish	4.3	19,950	19,521																												
29	Verdelho	4.4	17,733	17,352																												
29	Aglianico	4.5	18,176	17,786																												
11	Cab Sauv	5	58,511	60,266	62,074	63,936	65,854	67,830	69,865	71,961	74,120	76,343	78,634	80,993	83,422	85,925	88,503	86,600	84,738	82,916	81,133	79,389										
11	Petite Verdot	6.1-6.3	24,039	24,760	25,503	26,268	27,056	27,868	28,704	29,565	30,452	31,366	32,307	33,276	34,274	35,303	36,362	35,580	34,815	34,066	33,334	32,617										
18	Petite Verdot	6.4	24,023	24,743	25,485	26,250	27,038	27,849	28,684	29,545	28,909	28,288	27,680	27,085	26,502																	
18	Primitivo	6.5	21,465	22,109	22,772	23,455	24,159	24,884	25,630	26,399	25,832	25,276	24,733	24,201	23,681																	
11	Cab Sauv	7.1	28,802	29,666	30,556	31,473	32,417	33,389	34,391	35,423	36,485	37,580	38,707	39,868	41,064	42,296	43,565	42,629	41,712	40,815	39,938	39,079										
11	Cab Sauv	7.2	18,823	19,388	19,970	20,569	21,186	21,821	22,476	23,150	23,845	24,560	25,297	26,056	26,837	27,643	28,472	27,860	27,261	26,675	26,101	25,540										
11	Petite Verdot	8.1	31,523	32,469	33,443	34,446	35,480	36,544	37,640	38,770	39,933	41,131	42,365	43,636	44,945	46,293	47,682	46,657	45,653	44,672	43,711	42,772										
11	Cab Sauv	8.2	24,493	25,228	25,984	26,764	27,567	28,394	29,246	30,123	31,027	31,958	32,916	33,904	34,921	35,969	37,048	36,251	35,472	34,709	33,963	33,233										
8	Cab Sauv	9	206,762	212,964	219,353	225,934	232,712	239,693	246,884	254,291	261,919	269,777	277,870	286,206	294,793	303,636	312,745	322,128	331,792	341,745	351,998	362,558	373,434	384,637	396,176							
12	Cab Sauv	10	121,288	124,927	128,675	132,535	136,511	140,607	144,825	149,169	153,645	158,254	163,002	167,892	172,928	178,116	174,287	170,540	166,873	163,285	159,775											
13	Cab Franc	11	58,186	59,932	61,730	63,582	65,489	67,454	69,477	71,562	73,709	75,920	78,197	80,543	82,960	81,176	79,431	77,723	76,052	74,417												
13	Grenache	12	67,491	69,516	71,602	73,750	75,962	78,241	80,588	83,006	85,496	88,061	90,703	93,424	96,227	94,158	92,133	90,153	88,214	86,318												
11	Cab Sauv	13.1	29,244	30,121	31,025	31,955	32,914	33,901	34,918	35,966	37,045	38,156	39,301	40,480	41,694	42,945	44,234	45,561	46,927	48,335	49,785	51,279										
11	Cab Sauv	13.2	29,244	30,121	31,025	31,955	32,914	33,901	34,918	35,966	37,045	38,156	39,301	40,480	41,694	42,945	44,234	45,561	46,927	48,335	49,785	51,279										
11	Cab Sauv	13.3	20,562	21,179	21,814	22,469	23,143	23,837	24,552	25,289	26,047	26,829	27,634	28,463	29,316	30,196	31,102	32,035	32,996	33,986	35,005	36,055										
27	Grenache Blanc	14.1	7,872	7,702	7,537	7,375																										
27	Syrah	14.2	19,959	19,530	19,110	18,699																										
27	Syrah	14.3	19,959	19,530	19,110	18,699																										
29	Blaufrankish	15	16,748	16,388																												
25	Tempranillo	16	59,871	58,584	57,325	56,092	54,886	53,706																								
			1,878,382	1,923,722	1,869,023	1,919,785	1,928,373	1,983,398	1,987,582	2,047,210	2,105,745	2,166,098	2,228,322	2,292,473	2,358,606	2,368,447	2,421,298	2,422,085	2,424,440	2,428,377	2,243,217	2,063,707	981,329	979,462	978,213	-	-	-	-	-	-	-
	Cost																															
	Cab Sauv	1	146,179	150,565	155,082	159,734	164,526	169,462	174,546	179,782	185,176	190,731	196,453	202,347	208,417	214,669	221,110	227,743	234,575	241,612	248,861	256,327	264,016	271,937	280,095							
	Cab Sauv	2	78,114	80,458	82,872	85,358	87,918	90,556	93,273	96,071	98,953	101,922	104,979	108,129	111,372	114,714	118,155	121,700	125,351	129,111	132,984	136,974										
	Cab Sauv	3	110,880	114,207	117,633	121,162	124,797	128,541	132,397	136,369	140,460	144,673	149,014	153,484	158,089	162,831	167,716	172,748	177,930	183,268	188,766	194,429										
	Counoise	4.1	11,654	12,003																												
	Touriga	4.2	13,681	14,091																												
	Blaufrankish	4.3	13,681	14,091																												
	Verdelho	4.4	13,512	13,917																												
	Aglianico	4.5	13,849	14,265																												
	Cab Sauv	5	21,788	22,441	23,114	23,808	24,522	25,258	26,016	26,796	27,600	28,428	29,281	30,159	31,064	31,996	32,956	33,944	34,963	36,012	37,092	38,205										
	Petite Verdot	6.1-6.3	8,951	9,220	9,497	9,782	10,075	10,377	10,689	11,009	11,339	11,680	12,030	12,391	12,763	13,146	13,540	13,946	14,365	14,795	15,239	15,696										
	Petite Verdot	6.4	12,076	12,438	12,811	13,196	13,592	13,999	14,419	14,852	15,298	15,757	16,229	16,716	17,218																	
	Primitivo	6.5	13,934	14,352	14,782	15,226	15,683	16,153	16,638	17,137	17,651	18,181	18,726	19,288	19,866																	
	Cab Sauv	7.1	10,725	11,047	11,378	11,719	12,071	12,433	12,806	13,190	13,586	13,994	14,413	14,846	15,291	15,750	16,222	16,709	17,210	17,727	18,258	18,806										
	Cab Sauv	7.2	7,009	7,219	7,436	7,659	7,889	8,126	8,369	8,620	8,879	9,145	9,420	9,702	9,993	10,293	10,602	10,920	11,248	11,585	11,933	12,291										
	Petite Verdot	8.1	11,738	12,090	12,453	12,827	13,212	13,608	14,016	14,437	14,870	15,316	15,775	16,249	16,736	17,238	17,755	18,288	18,836	19,402	19,984	20,583										
	Cab Sauv	8.2	9,120	9,394	9,676	9,966	10,265	10,573	10,890	11,217	11,553	11,900	12,257	12,625	13,003	13,394	13,795	14,209	14,636	15,075	15,527	15,993										
	Cab Sauv	9	76,425	78,718	81,080	83,512	86,017	88,598	91,256	93,994	96,813	99,718	102,709	105,791	108,964	112,233	115,600	119,068	122,640	126,320	130,109	134,012	138,033	142,174	146,439							
	Cab Sauv	10	60,971	62,801	64,685	66,625	68,624	70,683	72,803	74,987	77,237	79,554	81,941	84,399	86,931	89,539	92,225	94,992	97,841	100,776	103,800											
	Cab Franc	11	41,548	42,795	44,079	45,401	46,763	48,166	49,611	51,099	52,632	54,211	55,838	57,513	59,238	61,015	62,846	64,731	66,673	68,673												
	Grenache	12	23,561	24,268	24,996	25,746	26,518	27,314	28,133	28,977	29,846	30,742	31,664	32,614	33,592	34,600	35,638	36,707	37,808	38,943												
	Cab Sauv	13.1	10,809	11,134	11,468	11,812	12,166	12,531	12,907	13,294	13,693	14,104	14,527	14,963	15,412	15,874	16,350	16,841	17,346	17,866	18,402	18,954										
	Cab Sauv	13.2	10,809	11,134	11,468	11,812	12,166	12,531	12,907	13,294	13,693	14,104	14,527	14,963	15,412	15,874	16,350	16,841	17,346	17,866	18,402	18,954										
	Cab Sauv	13.3	7,600	7,828	8,063	8,305	8,554	8,811	9,075	9,347	9,628	9,917	10,214	10,521	10,836	11,161	11,496	11,841	12,196	12,562	12,939	13,327										
	Grenache Blanc	14.1	4,982	5,132	5,286	5,444																										
	Syrah	14.2	14,863	15,309	15,768	16,241																										
	Syrah	14.3	14,863	15,309	15,768	16,241																										
	Blaufrankish	15	13,512	13,917																												
	Tempranillo	16	30,401	31,313	32,253	33,220	34,217	35,243																								
	Opex		807,238	831,455	771,646	794,795	779,575	802,962	790,750	814,473	838,907	864,074	889,996	916,696	944,197	934,327	962,356	991,227	1,020,964	1,051,593	972,296	894,551	402,049	414,111	426,534	-	-	-	-	-	-	-
	Overhead		87,071	87,942	80,031	80,831	77,744	78,521	75,826	76,584	77,350	78,123	78,905	79,694	80,491	78,103	78,884	79,672	80,469	81,274	73,686	66,478	29,298	29,591	29,887	-	-	-	-	-	-	-
	Operating Profit		984,073	1,004,325	1,017,346	1,044,158	1,071,054	1,101,914	1,121,006	1,156,153	1,189,488	1,223,900	1,259,421	1,296,083	1,333,918	1,356,018	1,380,058	1,351,185	1,323,006	1,295,510	1,197,234	1,102,678	549,982	535,761	521,792	-	-	-	-	-	-	-

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Price Inflator: 3%

Forecast	Year	Counoise	Touriga	Blaufrankish	Verdelho	Aglianico	Petite Verdot	Primitivo	Merlot	Syrah	Cab Sauv	Cab Franc	Grenache	Grenache Blanc	Tempranillo
1	2023	$2,250	$2,250	$2,250	$2,250	$2,250	$2,500	$2,200	$2,700	$2,200	$2,500	$2,200	$2,000	$2,200	$2,250
2	2024	2318	2318	2318	2318	2318	2575	2266	2781	2266	2575	2266	2060	2266	2318
3	2025	2387	2387	2387	2387	2387	2652	2334	2864	2334	2652	2334	2122	2334	2387
4	2026	2459	2459	2459	2459	2459	2732	2404	2950	2404	2732	2404	2185	2404	2459
5	2027	2532	2532	2532	2532	2532	2814	2476	3039	2476	2814	2476	2251	2476	2532
6	2028	2608	2608	2608	2608	2608	2898	2550	3130	2550	2898	2550	2319	2550	2608
7	2029	2687	2687	2687	2687	2687	2985	2627	3224	2627	2985	2627	2388	2627	2687
8	2030	2767	2767	2767	2767	2767	3075	2706	3321	2706	3075	2706	2460	2706	2767
9	2031	2850	2850	2850	2850	2850	3167	2787	3420	2787	3167	2787	2534	2787	2850
10	2032	2936	2936	2936	2936	2936	3262	2871	3523	2871	3262	2871	2610	2871	2936
11	2033	3024	3024	3024	3024	3024	3360	2957	3629	2957	3360	2957	2688	2957	3024
12	2034	3115	3115	3115	3115	3115	3461	3045	3737	3045	3461	3045	2768	3045	3115
13	2035	3208	3208	3208	3208	3208	3564	3137	3850	3137	3564	3137	2852	3137	3208
14	2036	3304	3304	3304	3304	3304	3671	3231	3965	3231	3671	3231	2937	3231	3304
15	2037	3403	3403	3403	3403	3403	3781	3328	4084	3328	3781	3328	3025	3328	3403
16	2038	3505	3505	3505	3505	3505	3895	3428	4207	3428	3895	3428	3116	3428	3505
17	2039	3611	3611	3611	3611	3611	4012	3530	4333	3530	4012	3530	3209	3530	3611
18	2040	3719	3719	3719	3719	3719	4132	3636	4463	3636	4132	3636	3306	3636	3719
19	2041	3830	3830	3830	3830	3830	4256	3745	4597	3745	4256	3745	3405	3745	3830
20	2042	3945	3945	3945	3945	3945	4384	3858	4734	3858	4384	3858	3507	3858	3945
21	2043	4064	4064	4064	4064	4064	4515	3973	4877	3973	4515	3973	3612	3973	4064
22	2044	4186	4186	4186	4186	4186	4651	4093	5023	4093	4651	4093	3721	4093	4186
23	2045	4311	4311	4311	4311	4311	4790	4215	5173	4215	4790	4215	3832	4215	4311
24	2046	4441	4441	4441	4441	4441	4934	4342	5329	4342	4934	4342	3947	4342	4441
25	2047	4574	4574	4574	4574	4574	5082	4472	5489	4472	5082	4472	4066	4472	4574
26	2048	4711	4711	4711	4711	4711	5234	4606	5653	4606	5234	4606	4188	4606	4711
27	2049	4852	4852	4852	4852	4852	5391	4745	5823	4745	5391	4745	4313	4745	4852
28	2050	4998	4998	4998	4998	4998	5553	4887	5997	4887	5553	4887	4443	4887	4998
29	2051	5148	5148	5148	5148	5148	5720	5033	6177	5033	5720	5033	4576	5033	5148
30	2052	5302	5302	5302	5302	5302	5891	5184	6363	5184	5891	5184	4713	5184	5302
31	2053	5461	5461	5461	5461	5461	6068	5340	6554	5340	6068	5340	4855	5340	5461
32	2054	5625	5625	5625	5625	5625	6250	5500	6750	5500	6250	5500	5000	5500	5625
33	2055	5794	5794	5794	5794	5794	6438	5665	6953	5665	6438	5665	5150	5665	5794
34	2056	5968	5968	5968	5968	5968	6631	5835	7161	5835	6631	5835	5305	5835	5968
35	2057	6147	6147	6147	6147	6147	6830	6010	7376	6010	6830	6010	5464	6010	6147
36	2058	6331	6331	6331	6331	6331	7035	6190	7597	6190	7035	6190	5628	6190	6331
37	2059	6521	6521	6521	6521	6521	7246	6376	7825	6376	7246	6376	5797	6376	6521
38	2060	6717	6717	6717	6717	6717	7463	6567	8060	6567	7463	6567	5970	6567	6717
39	2061	6918	6918	6918	6918	6918	7687	6765	8302	6765	7687	6765	6150	6765	6918
40	2062	7126	7126	7126	7126	7126	7918	6967	8551	6967	7918	6967	6334	6967	7126
41	2063	7340	7340	7340	7340	7340	8155	7176	8808	7176	8155	7176	6524	7176	7340

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Y = Redevelopment Year

Reservoir	270,000
Pumps	80,000
Winery Improvements	500,000

Block Number	Starting Variety	Redeveloped t	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Year 11	Year 12	Year 13	Year 14	Year 15
1	Cab Sauv	Cab Sauv				Y											
2	Merlot	Cab Sauv	Y														
3	Merlot	Cab Sauv	Y														
4.1	Counoise																
4.2	Touriga																
4.3	Blaufrankish																
4.4	Verdelho																
4.5	Aglianico																
5	Viogner	Cab Sauv	Y														
6.1-6.3	Olives	Petite Verdot	Y														
6.4	Petite Verdot																
6.5	Primitivo																
7.1	Syrah	Cab Sauv	Y														
7.2	Syrah	Cab Sauv	Y														
8.1	Merlot	Petite Verdot	Y														
8.2	Merlot	Cab Sauv	Y														
9	Merlot	Cab Sauv				Y											
10	Cab Sauv																
11	Cab Franc																
12	Grenache																
13.1	Grenache	Cab Sauv	Y														
13.2	Grenache	Cab Sauv	Y														
13.3	Grenache Blanc	Cab Sauv	Y														
14.1	Grenache Blanc																
14.2	Syrah																
14.3	Syrah																
15	Blaufrankish																
16	Tempranillo																

3/27/2023

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Overview of Business Plan

SVI-TP is a vineyard project in the El Pomar District of Paso Robles, San Luis Obispo County, California. The vineyard to be redeveloped is known as the Templeton Preserve ("TP").

SVI-TP will be managed by Strongwater Viticultural Investments LLC. ("Strongwater"). Strongwater will oversee the purchase, redevelopment, farming, marketing, and sales of TP (the "Management"), with the express goal of growing and selling grapes to top producers around California, at highest profit and for the best use. Mesa Vineyard Management, a premier California vineyard management company ("Mesa") will manage the day-to-day farming operations of TP. In connection with the Management, Strongwater will be overseeing Mesa Vineyard Management, a premier California vineyard management company, in its day to day farming of the property of TP.

Bozzano and Company, a grape and bulk wine brokerage firm specifically focused on the Central Coast region, and Fableist Wine Co., will be marketing the grapes to a diverse set of buyers.

Strongwater estimates that it will begin to distribute profits in 2027, when available, to the investors on an annual basis. Strongwater has a goal of exiting the project in 10 years with the majority of the vineyard still in the peak of production for the next property owner.

About Templeton Preserve

TP, formerly known as Pomar Junction, was founded by local winegrowing pioneer Dana Merrill of Mesa Vineyard Management. Over the past three decades, TP has been known as a premium property for Bordeaux and unique European wine grape varieties. Many of the acres were planted as test plots for Wild Horse founder Ken Volk. The unique varieties planted include Blaufrankisch, Counoise and Aglianico.

We believe that the redeveloped vineyard will re-establish TP as a top source for grapes in El Pomar District. To best utilize the vineyard, we are increasing our acreage of Cabernet Sauvignon along with supporting Bordeaux grapes which are at the peak of demand in Paso Robles. Although we are replanting heavily with Cabernet, we are still keeping the esoteric mix of European varietals to keep a diverse clientele of premium winery clients.

TP also has a long term tenant, The Fableist Wine Co, for all of the permitted winery buildings located on the property.

Timeline

The information included herein is qualified in the entirety by the Financial Model, which sets forth detail relating to the anticipated timeline for development, redevelopment and production, as well as other material information relating to the Company's business and operating plan. The Manager, at its discretion, can modify the Financial Model, the business plan and operations on or about the Property at any time, without notice.

1. Redevelopment: Immediately upon closing the property purchase in or around spring 2023, plant material will be grafted and propagated at Sunridge Nursery in Bakersfield, CA and overseen by Managing Member Andrew Jones. As set forth in the Financial Model, a portion of the existing vines will be immediately removed from the vineyard's existing trellis infrastructure and the soil will be cultivated and weeded for fresh vines. Bench grafted vines will be planted on or about July 1st, 2023 at a higher density to increase tonnage while keeping our pounds per linear foot lower than the old vineyard. We expect that the higher density and less pounds needed per vine will keep the fruit concentrated and prime for any premium wine programs. During the remaining months of Summer and Fall of 2023, we expect that the vines will continue with root development and initial training of the vine trunks. By Winter of 2024, the vines should be firmly up the training stakes and prepped to be fully trained out through the Spring and Summer of 2024. We anticipate that 2025 will be our first production season on the new blocks. The vines will be thinned to ensure the proper balance between vine size and crop level. The first harvest for the redevelopment should take place in Fall 2026.
2. Construction of Reservoir: A reservoir with capacity to hold over 2 million gallons of water will be constructed in or around 2023 - 2024. We expect that this extra storage will provide capacity to increase irrigation in time of extreme heat events.
3. Farming: As set forth in the Financial Model, a portion of the acres will be kept in production. We have new blocks of Cabernet Sauvignon and Cabernet Franc (~12ac) that will be in their first year of production. Those vines were trained out in 2022 and we believe they are ready to carry a nice first crop. We expect that the other 28 acres will be farmed for premium grape sales to our tenant, Fableist Wine Co., and other local premium wineries. As set forth in the Financial Model, the older acreage includes old vine Cabernet that we believe continues to grade out with top quality. In 2022, the old vine Cabernet was the top Cabernet from Paso Robles purchased by the Foley Wine Group. The other esoteric variety blocks continue to have high demand with other wineries in the Paso Robles area. Historically, Fableist purchased a large portion of those along with Field Recordings, Clesi Wines, Hearst Ranch, Daou and Tablas Creek. We will use reasonable best efforts to farm using the best viticultural practices, in order to produce what we believe will be a balanced and high quality crop in 2023 and beyond. While seasonality is somewhat inconsistent, the varieties usually begin harvesting in late August with the Verdelho, and the ranch usually wraps up harvest in early November, typically with the Aglianico. The diverse selection of

grapes allows farming operations to easily manage harvest with blocks slowly reaching peak ripeness over a 10-12 week period.

The Ranch:

Acreage:

Templeton Preserve is approximately 122 gross acres with approximately 96 plantable acres of vineyard in the El Pomar District.

Name:

Templeton Preserve gets its name due to its idyllic setting sitting at the top of the El Pomar District. As you sit on the back porch of the main building on site, you look out across the region over major properties for many of Paso Robles' marquee vineyard owners. Just north and east of the Preserve lies prime holdings for J Lohr, Justin, Gallo and San Antonio Winery.

El Pomar District AVA:

The El Pomar District viticultural area is a sub-AVA of the Paso Robles AVA, and encompasses approximately 21,300 acres with a little over 2,000 acres under vine. Vineyards in the region are not new, nor do they just replace former orchards, as they have been recorded as early as the late 1800s. In 1886, Gerd Klintworth planted a vineyard on a property that is now named Red Head Ranch, near Cripple Creek Road at the eastern edge of the District. The district landscape has a varying elevation of old river terraces and escarpments, alluvial fans, and dry creek beds sitting at the base of the foothills of the La Panza Range. East of the Rinconada Fault and the Santa Lucia Range, as well as east of the Salinas River, geologically, this area has been strongly associated with uplift along the La Panza and Huerhuero faults. Elevations here range from about 740 feet nearest to the Salinas River and Paso Robles city limits, to 1,600 feet above sea level on ridge tops. Most vineyards are at elevations of 840 feet to 960 feet, but a few are planted on higher hills up around 1,440 feet above sea level. Many vineyards are planted on rolling hills, so aspect is taken into consideration with these plantings. The area is especially open to different sources of air movement that influence climate, primarily the Templeton Gap effect which ushers in a cooling influence from the Pacific Ocean, over and through the Santa Lucia range, into the District.

Paso Robles AVA:

The El Pomar District resides within the greater Paso Robles AVA. Traversing the landscape of approximately 40,000 vineyard acres, the Paso Robles AVA produces more than 60 winegrape varieties – from Spanish to Italian, Bordeaux to Rhône, including the area's heritage variety Zinfandel. The styles of wine are diverse in this very distinct region, and the Paso Robles growing region's climate is perfect for the production of award-winning premium wines. Austin Hope, whose family is a pioneer in Paso Robles grape growing, was awarded American Winery of the Year by Wine Enthusiast in 2023. One of 2022's fastest growing wine brands nationally, Daou, is located in Paso Robles, and sources grapes from TP. In 2021, Paso Robles was the fastest growing

region in California table wine priced at $20/bottle or more, with the top Paso Robles varietals by dollar share being Cabernet Sauvignon (78%) and Red Blends (10%) (Source: Nielsen TTL).

Seasons:

In the summer and fall, the marine layer builds to a greater height across and into Estero Bay (Cayucos, Morro Bay), approximately 15 nautical miles from the center of the El Pomar District. Once that layer reaches altitudes of 1,400–1,800 feet, the heavier marine air flows over the lower ridges of the Santa Lucia Range, spilling through the Templeton Gap which follows Highway 46 West. It's an incredible sight as this "fog monster" reaches over the mountain and blows cool air into the Paso Robles AVA.

Wind data collected from a vineyard near the junction of El Pomar Drive and South El Pomar shows almost daily maximum winds of 10-20 miles per hour during the growing season, reflecting the sea breeze through the Templeton Gap. The El Pomar District can have a diurnal temperature swing anywhere between 20-35 degrees Fahrenheit during these warmer months.

Geology:

The geology mirrors many portions of the districts west of the Salinas River, almost a defining blend of regions east and west in the Paso AVA. Late Cretaceous granitic plutons exist as its bedrock basement, as well as late Cretaceous marine sedimentary rocks (mostly sandstones) to the south.

The Miocene Monterey Formation is deposited stratigraphically over the granitic plutons, with the Late Tertiary-Quaternary Paso Robles formation of sands and gravels sitting above it, further covered by younger alluvium from the contemporary rivers and creeks in places.

In a 1978 soil survey, it identified the soils as principally the Linne Calodo complex of alkaline clay loams across the highest hillsides and terraces, with the Lockwood-Concepcion complex of shaly loams in the lower slopes. Also identified at varying elevations with profile differences include the Arbuckle-Positas-San Ysidro complex, and the more calcareous Balcom-Calaguas Nacimiento complex.

Many of these soils have calcareous shale fragments, with secondary lime deposited as wind and rain helped to erode and move soil over time. These moderate alkaline soils are excellent for growing wine grapes, which eventually lead to great natural acidity in the wines.

Soil Types:

51.9% Lockwood Concepcion
48.1% Linne Calodo

Water:

The property has 4 total wells, with 2 agricultural wells, which we expect will provide enough water for the property. Another historic agricultural well is no longer utilized, as the other two provide all of the necessary water. An additional domestic well is used for the residence onsite.

Even at the peak of the California drought during summer 2021, the wells pumped 184 gallons per minute which allowed management to irrigate over a 4 day period. In 2022, the vineyard used a total of 97 acre feet of water.

TP is within the Estrella-El Pomar-Creston Water District, which is part of the larger Paso Robles Groundwater Basin. Within the Paso Robles Groundwater Basin, new wells cannot be drilled, and only land that has been farmed and irrigated within the last 4 years can be irrigated. This has resulted in an inability to bring new land under cultivation, putting a limit on the number of acres that can be irrigated within Paso Robles, and based on our review, has resulted in an environment in which high-quality wine grape vineyards are becoming increasingly more valuable. The general belief, and our expectation, is that, if we enter another drought period, and the State Water Board (the "SWB") does not ultimately approve the Groundwater Management Plan, the SWB will likely require one of the following two things to happen:

- ***Irrigation Fees: Growers will be allocated ~1 ac/ft annually from their existing groundwater source, free of charge. The next 0.5-1 ac/ft will come at a relatively small fee. Any volume above the first fee level will be more expensive. The first fee level will likely be relatively low, while the second fee level will become more expensive. As TP has historically been farmed at <1 ac/ft annually, we do not expect these fees to affect production.***
- ***Region-wide cut-backs: A secondary option, which is generally believed to be less likely than fees, is that the entire Paso Basin will be required to cut back on historical water usage. This is more of a "broad stroke" approach, and, if region-wide cut-backs are imposed, we anticipate that the mandatory cut-backs will be something around 10-20%. Prior to this happening, basin-wide metering will be needed to establish historical usage.***

Ultimately, we anticipate that either of the above outcomes would likely result in increased value of historically irrigated Paso Robles vineyards. The moratorium on new well permits appears to have had the effect of raising irrigated land values, and we expect that trend to continue.

As a historically irrigated vineyard, coupled with a production facility and home site, TP has as strong a claim as any property within the Paso Robles Basin to retain full access to their groundwater source.

Water is a scarce natural resource and SVI-TP's access to water is subject to a variety of factors outside its control, including without limitation, decreases to natural water resources, usage restrictions, climate change, changes in laws, regulatory decisions, action or enforcement and any other matters impacting the local and regional water supply. Any of these changes may have a material adverse impact on SVI-TP and its access to water, which would have a corresponding adverse impact to SVI-TP and its business, financial condition and operations. Prospective investors are urged to speak with SVI-TP and its management about any questions you may have regarding water and other natural resources that impact SVI-TP.

Reservoir Construction:

We expect to construct a reservoir with capacity to hold over 2 million gallons of water in 2023/2024, in order to provide capacity to increase irrigation in time of extreme heat events, and to provide security for unforeseen circumstances. For example, if a well should need repairs at some point, the new reservoir could allow the irrigation schedule to continue without being affected. This new reservoir could also provide increased farming efficiency to the operation and allow us to irrigate the vineyard in half the time and without the expense of employee overtime.

Farming Practices:
We will strive to farm the vineyard sustainably and obtain a certification to support the marketing of the grapes to winemakers looking for that certification. We will also be utilizing a fair amount of mechanization, which we expect will reduce our labor costs, with processes such as machine pre pruning, machine cane pruning, machine leafing and hedging, and machine harvesting. On the other hand, we are able to hand harvest grapes for wineries that are paying a premium price for smaller lots of grapes.

Grape Types:

- Cabernet Sauvignon: The most widely planted grape currently in Paso Robles. Paso Robles has earned international recognition for producing premium yet affordable Cabernet Sauvignon. TP's older block was planted with cuttings tracing back to the historic Inglenook Property in the Napa Valley. The smaller new block is a modern planting used clone 412 from France. 412 has a large following with wineries due to its extremely high anthocyanin content which shows through in the final product as deep color and rich tannins. The redeveloped blocks will add more clone 412 to the ranch along with clone 1124. 1124 is a third generation selection from Bordeaux selected for its high quality while maintaining above average yields compared to other selections. The three clones on the property will allow the ranch to offer a full spice rack of Cabernet to local winemakers.
- Cabernet Franc: Field Recordings winery gave the previous owners a preplant contract in 2021. These new vines are expected to produce a savory crop that the winery uses for a complex table wine. Cabernet Franc excels on its own or as a blender with Cabernet Sauvignon. As consumers are embracing a lighter and dryer wine style, Cabernet Franc has had a resurgence in popularity. It checks all of those boxes while providing a similarity to its popular offspring, Cabernet Sauvignon.
- Petit Verdot: As Cab Sauv acreage exploded in Paso, so has Petit Verdot. It is by far the most complimentary blending grape to Cab and adds more mouthfeel and color to anything it is typically blended into. For many wineries in the area, their flagship wines are typically blends of Cab Sauv, Petit Verdot and Syrah. The best known example of this would be the Optimus blend from L'Aventure.
- Syrah: Outside of the Bordeaux varieties, Paso Robles has garnered a great reputation for Rhone grapes, especially Syrah. Syrah pairs well with our high lime soils and produces a powerful wine that typically shows notes of plums, olive tapenade and smoked meats.
- Experimental Varieties:
    - TP maintains many small test plots that still produce a good quality and economically viable crop. Originally planted for Paso winemaking pioneer Ken Volk at his Wild Horse winery, these outlier grapes really add to the overall character of the property.

- Verdelho: A Portuguese white grape that ripens early and yields a fuller bodied white wine that smells like Sauv Blanc but finishes creamy like Chardonnay.
- Blaufränkisch: The main red grape of Austria. Smells like strawberries in the glass and can be used for both rose and refreshing reds. Fableist currently showcases these grapes primarily in their rose program.
- Counoise: A secondary variety in the Rhone valley that makes a light and fruit red wine with a hint of spice. Some joke that it's like Hawaiian Punch in a wine glass.
- Tempranillo: The primary cultivar of Spain. Deep in color and body, this grape is used widely in Paso currently as a blending grape.
- Primitivo: Technically a synonym to Zinfandel, Primitivo is a clone that traces itself back to southern Italy. Most modern Zinfandel vineyards in Paso are planted to Primitivo since it tends to need less inputs on the farming side and ripens much more evenly.
- Aglianico: Another southern Italian grape that harvests later in the season in Paso Robles. In Italy, some refer to it as the Barolo of the South. Just like Nebbiolo/Barolo, Aglianico has an intense amount of tannins that take time to come around which leads to the late harvest. Once ready to bottle the end wine tends to have a floral yet rustic quality.
- Grenache Blanc: The workhorse white grape of the southern Rhone, grenache blanc thrives in the Mediterranean Paso climate. The variety is typically very fruitful and can easily overcrop if not properly managed. Fableist currently uses the small block of Grenache Blanc for one of its reserve wines.

Sales of Wine Grapes:

We expect that the grapes grown at TP will be sold to the top wine producers throughout California, utilizing a mix of preplant contracts, long-term contracts, and spot market sales. It is typical in the El Pomar District to sell grapes from certain vineyard blocks to smaller wineries that pay a premium, and to sell grapes from other blocks, which are farmed more economically, to larger wineries that can accept higher quantities of machine picked fruit. We plan to utilize a mix of contracts by the ton, as well as by the acreage, with both multiyear contracts, and annual year-to-year contracts. The target is to diversify our selling approach so that we can stabilize the revenues year to year, and protect ourselves from big swings either direction due to yield and market fluctuations.

We expect that the majority of the existing varieties will be contracted to Fableist Wine Co., a well-known and highly respected winery in the Paso Robles wine industry and our current tenant in the buildings on the property.

The wine industry is cyclical, and we believe that pricing for El Pomar District and Paso Robles wine grapes are in an upward trend that we will capture well as TP comes back into full production. Paso Robles is within District 8 of the California Grape Pricing Districts, which encompasses all of San Luis Obispo and Santa Barbara Counties. Between harvest 2021 and 2022, the price of Cabernet Sauvignon within District 8 rose 12.6% (CDFA California Grape Crush Report).

During years in which market grape pricing is not aligned with our goals, management will rely on its skills, expertise, and connections to process wine grapes into bulk wine. This will provide a longer sales window for TP grapes, an opportunity to add value via bulk wine production, and to build relationships with additional wineries that rely on bulk wine contracts, as opposed to grape contracts, for their production needs.

The Winery:

The winemaking facility consists of 4500 sq. ft of barrel storage along with a large outdoor workspace for grape processing. There are two other open storage buildings for equipment storage. The production space holds 400 barrels and the outdoor area currently has 100,000 gallons worth of stainless steel tanks. All equipment, barrels and tanks are property of the tenant.

The Tenant:

The winery's current tenant, Fableist Wine Company, has agreed to execute a triple net 10-year lease with SVI TP LLC which is contemplated to take effect at the closing of the purchase of the property.

Fableist Wine Co was started in 2012 with just 800 cases (12x750ml) of Paso Robles Cabernet Sauvignon. By 2022, Fableist sold just under 40,000 cases in 48 states and 6 countries, representing approximately $5.4 million in total sales. Fableist recently partnered with Southern Glazer's Wine and Spirits to continue growing the brand on a national level. While national distribution is growing, Fableist is also seeing 15-20% growth monthly in their wine club which provides limited batch, higher margin barrel selections that add strength to their overall profitability. Approximately 5,000 visitors visit the Fableist tasting room, at TP on an annual basis. A manager of SVI TP, Andrew Jones, is a partner in Fableist Winery.

Company Management:

SVI-TP will be managed by Strongwater, which will be owned in equal parts and managed by Anthony Bozzano, Andrew Jones, and Michael Testa.

Manager Biographies:

Anthony Bozzano
Owner
Bozzano and Company
San Luis Obispo, CA

Anthony owns and operates Bozzano and Company, a Central Coast based wine business specializing in the sourcing and sales of bulk wine, wine grapes, and custom wine brands. Founded in 2014, Bozzano and Company is the only bulk wine broker with boots on the ground on the Central Coast, and is a primary source for wineries that want to purchase bulk wine and wine grapes from Santa Barbara County.

Prior to Bozzano and Company, Anthony managed bulk wine sales and private label product development for the Miller Family, a 5th generation farming family with properties throughout Santa Barbara and San Luis Obispo County.

Born and raised in a diversified farming family in Stockton, California, Anthony graduated from California Polytechnic State University, SLO, where he majored in Agricultural Business with a minor in Viticulture. He is a member of Class 43 of the California Agricultural Leadership Foundation (CALF), as well as the current Regional Director of the CALF Alumni Council. He and his wife, Olivia, and their newborn daughter, Belle, live in San Luis Obispo, CA.

Andrew Jones
Owner and Winemaker, Field Recordings, Paso Robles, CA
Owner and Winemaker, Fableist Wine Co, Templeton, CA
Vice President, Sales - Wine grapes, Sunridge Nurseries, Bakersfield, CA

Andrew started in the vineyard business midway through his senior year at California Polytechnic State University San Luis Obispo as a regional field representative for Sunridge Nurseries in 2003. Over the past 20 years he worked his way up to Vice President of Sales handling all of the wine grape portfolio. He manages a team of 5 field representatives that oversees the sales of 12 to 16 million grapevines annually that are shipped all over North America. He still directly manages an account base that equates to 6 to 8 million of those vines annually.

Back in 2007 during the slower fall months for the nursery, Andrew began making wine and formed the Field Recordings brand. Field Recordings is a catalog of wines from unique vineyards found through his travels planting vines for the nursery. Field Recordings has excelled in up and coming yet traditional method wines over the past few years and is currently the largest domestic producer of skin-contact white wine ("Orange Wine") as well as Petillant Natural sparkling wine (Pet-Nat). In 2012, Andrew formed the Fableist Wine Co. with wine colleague Curt Schachalin to produce the finest quality to price Cabernet Sauvignon from Paso Robles. That side project winery has evolved into an entire wine enterprise of its own through the years focusing on great value, noble grape variety wines from all over the California Central Coast. Between the two winery operations he crushes approximately 1800 tons of grapes (100,000 - 9L cases) on an annual basis and manages all of the national distribution. He currently sells wine in 41 states and 7 countries. The wines have gained recognition in multiple media outlets including the San Francisco Chronicle and the Wine Enthusiast. In 2015, Andrew was named to the top 40 under 40 - America's tastemakers by the Wine Enthusiast.

Andrew lives in Los Osos, CA with his wife of 14 years, Sara, and their 4 children, Dillon (12), Dustin (10), Decker (9) and Marlowe (7).

Mike Testa
Partner, Coastal Vineyard Care Associates
Santa Barbara County

Mike has an extensive network of industry colleagues and associates at the local and state level. His time with E&J Gallo Winery sent him all over the state to learn various aspects of the wine

business and collaborate with leaders from Los Angeles to Napa. He has spent time in sales, wine production, vineyard management, grape supply procurement, real estate acquisitions, and earned his MBA along the way. He is also a proud alumni of the California Ag Leadership Program. Mike serves on the Board of Directors for CAWG, the California Association of Winegrape Growers, and recently completed a 2 year term as Chairman.

As a partner in Coastal Vineyard Care, a company celebrating its 40th year in business, Mike spends most of his time in business development for his clients. This includes identifying new projects, and bringing together the team to maximize profitability for that specific site. Not every vineyard needs the same inputs and farming approach, so Coastal has a diverse farming strategy that can be custom tailored down to the block level. Their investment in mechanized equipment is substantial in an effort to stay ahead of the rising labor costs. Coastal is proud to lead the local wine industry in best management practices including sustainable, organic, and regenerative farming.

His family has been involved in Santa Barbara County farming for over 50 years, and his knowledge of the area is deep. He resides in Solvang with his wife Caitlin and 3 kids; Kennedy (10), Boden (8), and Emersyn (7).

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Final Memorandum

To:	Strongwater Viticultural Investments
From:	WestWater Research
Date:	March 22, 2023
Re:	**Templeton Preserve Property: Water Risk Assessment**

1 Background and Purpose

Strongwater Viticultural Investments, LLC (Strongwater), is a private agricultural entity which is evaluating the acquisition of the Templeton Preserve Property (Property), an approximately 100-acre irrigated vineyard property located in California's Central Coast region and overlying the Paso Robles (Subbasin). The Subbasin encompasses over 436,000 acres in the northern portion of San Luis Obispo County. Access to water supplies for irrigation is critically important for crop production in the area. The Property is exclusively reliant upon groundwater, which supplies approximately 94% of the water used in the Subbasin.

Pursuant to the Sustainable Groundwater Management Act (SGMA), priority groundwater basins across the state must be managed to achieve sustainable aquifer conditions. The California Department of Water Resources (DWR) has designated the Paso Robles Subbasin as a Critically Overdrafted and High Priority basin which must achieve sustainability by 2040. Four Groundwater Sustainability Agencies (GSAs) – County of San Luis Obispo GSA, City of Paso Robles GSA, San Miguel Community Services District (CSD), and Shandon-San Juan GSA – have adopted a Groundwater Sustainability Plan (GSP) describing projects and management actions that will be implemented to achieve SGMA's sustainability mandate.[1]

This memorandum provides an overview of SGMA, relevant local water agencies, the Paso Robles Subbasin, local conditions, and relevant programs and policies that may affect the Property's cost of and access to groundwater. The memorandum is organized into the following sections:

- **Introduction to SGMA**
- **Governance and Local Water Management Agencies**
- **Subbasin Profile**
- **Groundwater Sustainability Plan Review**
- **Relevant Groundwater Management Policies and Programs**
- **Summary of Risks**

[1] *Paso Robles Subbasin Groundwater Sustainability Plan.* Prepared for Paso Robles Subbasin Cooperative Committee and the Groundwater Sustainability Agencies. Prepared by Montgomery & Associates. November 2019.

2 Introduction to SGMA

The Sustainable Groundwater Management Act or SGMA was passed in 2014. SGMA requires that priority groundwater basins across California be managed sustainably through the implementation of projects and management actions, and that sustainable conditions be achieved by 2040 in Critically Overdrafted basins like the Paso Robles Subbasin. Thereafter, sustainability is to be maintained for an additional 30 years through 2070. To accomplish this goal, new Groundwater Sustainability Agencies (GSAs) are tasked with developing and implementing Groundwater Sustainability Plans (GSPs). GSPs must ensure that significant and unreasonable undesirable results in the following six categories are avoided:

- Chronic lowering of groundwater levels
- Reduction in groundwater storage
- Seawater intrusion
- Degraded water quality
- Land subsidence
- Depletions of interconnected surface waters

GSAs tasked with managing Critically Overdrafted basins were required to submit GSPs by January 31, 2020 and must update them at least every 5 years. DWR is charged with reviewing and approving GSPs. More than one GSA may manage a basin and more than one GSP may be adopted for the basin, so long as all the GSPs adopted within a basin are implemented pursuant to a Coordination Agreement among the relevant GSAs. If DWR deems a GSP to be inadequate or that the GSP is not being implemented in a manner that is likely to achieve sustainability, then the State, through the State Water Resources Control Board (SWRCB), may intervene in the local management of the basin.

State intervention may include 1) Probationary designation of the basin where local groundwater users must report and pay fees related to their groundwater extractions and, later, 2) implementation of an Interim Plan which may include restrictions on extractions, a physical solution, and/or guidelines for administering surface water rights. Should state intervention occur, management of the basin may be returned to the local GSA(s) after the SWRCB, in consultation with DWR, has determined that the GSA(s) have adequately remedied the deficiencies in their GSP.

The Paso Robles Subbasin is managed by four GSAs and under a single GSP. The Subbasin's GSP was recommended for approval by DWR in March 2023. The specific GSP for the Paso Robles Subbasin is further described in **Section 5** below.

3 Governance and Local Water Management Agencies

The Property is located within the boundaries of Paso Robles Subbasin's County of San Luis Obispo (SLO) GSA and Estrella-El Pomar-Creston Water District (EPCWD). The following sections briefly describe the Subbasin's SGMA governance structure and the two local water management agencies relevant to the Property.

3.1 Paso Robles Subbasin Governance

In September 2017, County of SLO GSA entered into a Memorandum of Agreement (MOA) for the development of the Paso Robles Subbasin GSP with three other GSAs—The City of Paso Robles GSA, San Miguel Community Services District (CSD), and Shandon-San Juan GSA. The MOA established the Paso Basin Cooperative Committee (PBCC), to develop a single GSP, the Paso Robles Subbasin GSP, for the entire Subbasin. The primary activities of the PCBB include:

- Developing a GSP that achieves the goals and objectives outlined in SGMA,
- Reviewing and participating in the selection of consultants related to Cooperative Committee efforts,
- Developing annual budgets and additional funding needs,
- Developing a stakeholder participation plan, and
- Establishing GSAs' weighted voting percentages.

Each of the GSAs appointed a representative Member and Alternate to the PBCC to coordinate the GSAs' activities while developing the GSP and annual reports. The County of SLO's Director of Public Works was also designed by the PBCC to be the Plan Manager, with the authority to submit the GSP and annual reports, while also serving as the primary point of contact with DWR.

3.2 County of San Luis Obispo GSA

The County of SLO GSA is governed by the five-member Board of Supervisors, who are elected to staggered four-year terms. A majority vote of the Board is required for all GSA-related decisions. The County of SLO GSA's activities are supported by the County's Department of Public Works. The County of SLO has land use authority over the unincorporated areas of the County, including areas overlying the Paso Robles Subbasin. At present, there are no specific groundwater assessments or other SGMA-related fees charged by County of SLO GSA.

3.3 Estrella-El Pomar-Creston Water District (EPCWD)

Established in 2017 by a vote of landowners, EPCWD is a water district encompassing approximately 36,000 acres and consisting primarily of agricultural lands. EPCWD's service area overlies multiple non-contiguous jurisdictional islands across the western portion of the Subbasin, with a higher percentage coverage in the northwest portion of the Subbasin. EPCWD does not currently provide any water supply service, but is seeking to implement new projects to enhance groundwater sustainability and improve the representation of its

members on SGMA-related matters, including by potentially becoming a GSA in the future. The most recent (2022-2023) assessment fees published by EPCWD include $4.50 per irrigated acre and $0.08 per non-irrigated acre. The district is governed by a Board of Directors consisting of five directors serving four-year terms.

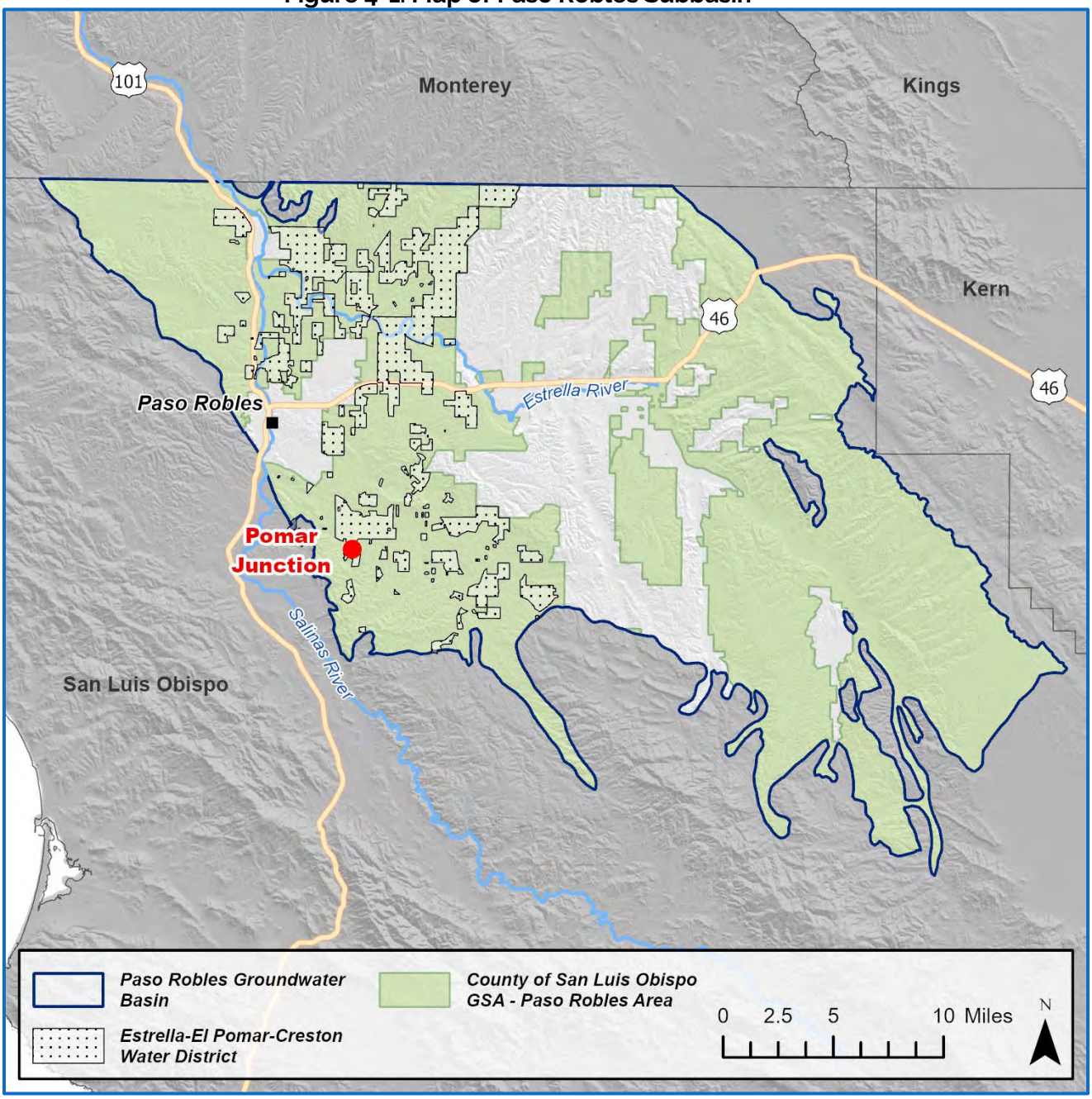
4 Subbasin Profile

The Paso Robles Subbasin consists of approximately 436,000 acres in California's Central Coast spanning across the northeastern part of San Luis Obispo County. The Subbasin is one of seven subbasins which make up the Salinas Valley Groundwater Basin. Lateral boundaries of the Subbasin include:

- **North**: The San Luis Obispo/Monterey County line.
- **East**: The contact between the sediments in the Subbasin and the sediments of the Temblor Range. The San Andreas Fault also forms the eastern Subbasin boundary.
- **South**: The contact between the sediments in the Subbasin and the sediments of the La Panza Range. A watershed and groundwater divide separates the Subbasin from the adjacent Carrizo Plain Basin.
- **West**: The contact between the sediments in the Subbasin and the sediments of the Santa Lucia Range. The Rinconada fault system separates the Paso Robles Subbasin from the Atascadero Subbasin.

Figure 4-1 displays the Paso Robles Subbasin boundary, County of San Luis Obispo GSA, Estrella-El Pomar-Creston Water District, local water features, the Property location, and other relevant geographic elements. The following sections briefly describe the general setting and conditions of the Paso Robles Subbasin.

Figure 4-1. Map of Paso Robles Subbasin



4.1 Land Use

The majority of land in the Subbasin is privately owned. A small portion of the Subbasin is owned by federal, state, and local agencies. These lands consist primarily of flatlands near the Salinas River Valley, ranging in elevation from approximately 445 to 2,387 feet above mean sea level. The Subbasin is drained by the Salinas River, with tributaries including the Estrella River, Huer Huero Creek, and San Juan Creek.

Nearly 89% of the Subbasin consists of unirrigated open space such as native vegetation, barren land, and forest. Approximately 9% of total acres in the Subbasin is considered irrigated agriculture, while the remaining 2% is considered either urban or semi-rural domestic. The primary crop is winegrapes. **Table 4-1** summarizes the acreage within the Subbasin by land use type.[2]

Table 4-1. Acreage by Land Use in the Paso Robles Subbasin

Land Use Type	Acres
Citrus	397
Deciduous	471
Alfalfa	1,590
Nursery	63
Pasture	667
Vegetable	1,691
Vineyard	35,349
Native Vegetation[3]	387,435
Urban	8,577
Total	**436,240**

4.2 Population and Urban Areas

Approximately 44,532 people are estimated to live within the boundaries of the Subbasin. The City of Paso Robles (City) is the only incorporated community in the Subbasin, with over 30,000 residents. The City predicts it's population will reach 42,800 people by 2045, with a historical annual average growth rate of 2%. Many people live in rural and unincorporated areas.

4.3 Water Supply by Use and Sector

Groundwater is the primary source of water used in the Paso Robles Subbasin. Municipal and domestic users are reliant upon groundwater and imported surface water as their source of supply. Agricultural users represent the largest water usage sector and are solely dependent

[2] Note: The urban land use category is provided by DWR based on data compiled by Land IQ from 2014 (LandIQ, 2017). The agricultural land use categories and acreage is provided by the County of San Luis Obispo's Agricultural Commissioner's Offices (SLO County ACO) (2016).

[3] Note: Native vegetation may include dry farmed land.

on groundwater. **Table 4-2** describes the annual water use by sector and source in the Paso Robles Subbasin between 2017 and 2022, the historical timeframe provided by the Paso Robles Subbasin Water Year 2022 Annual Report.[4]

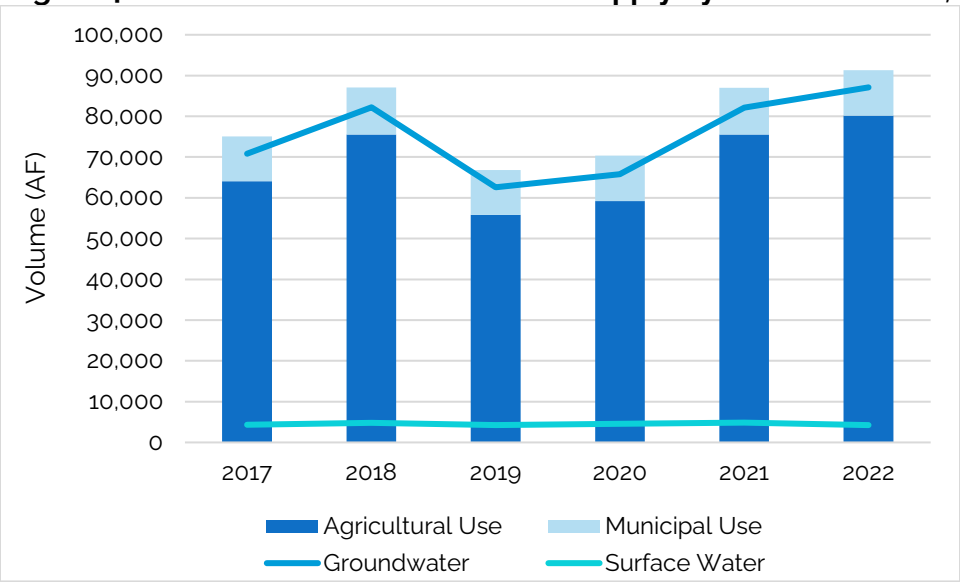
Table 4-2. Paso Robles Subbasin Water Use by Sector and Source

WY	Municipal Public Water Systems (AF)		Small Public Water Systems & Rural Domestic (AF)	Agriculture (AF)	Total (AF)
	Groundwater	Surface Water	Groundwater	Groundwater	
2017	1,626	4,301	5,060	64,100	75,087
2018	1,677	4,829	5,060	75,500	87,100
2019	1,729	4,259	5,060	55,800	66,800
2020	1,509	4,589	5,060	59,200	70,400
2021	1,553	4,861	5,060	75,500	87,000
2022	1,832	4,250	5,060	80,200	91,300
2017-2022 Average	**1,654**	**4,515**	**5,060**	**68,383**	**79,617**

Water use typically increases in dry years relative to wet years. Since 2017, total water use has increased by 22% to a total volume of 91,300 acre-feet (AF) in 2022. The agricultural sector accounted for 88% of total water use in 2022. Groundwater extractions averaged approximately 75,000 AF over the six-year period. Additionally, groundwater extractions exclusively for agricultural use grew to a record high of 80,200 AF in 2022 and averaged 68,383 AF from 2017 – 2022. **Figure 4-2** displays the Subbasin's water supply by source and sector from 2017 to 2022.

[4] *Paso Robles Subbasin Water Year 2022 Annual Report.* Prepared for Paso Basin Cooperative Committee and the Groundwater Sustainability Agencies. Prepared by GSI Water Solutions, Inc. February 28, 2023.

Figure 4-2. Paso Robles Subbasin Water Supply by Source and Use,



4.4 Groundwater System

The Subbasin consists of two principal aquifers, including the Alluvial aquifer and the Paso Robles Formation aquifer. The Alluvial aquifer may be up to 100 feet thick in places. The Paso Robles Formation aquifer sits beneath the Alluvial Aquifer and is the system most commonly utilized for groundwater supply in the Subbasin.

Groundwater elevations in the Paso Robles Formation Aquifer generally range from 550 feet above mean sea level (famsl) near the City of Paso Robles to 1,300 famsl in the southeast portion of the Subbasin. The Paso Robles Formation can also reach depths of up to 3,000 feet in some places. The southwestern portion, where Templeton Preserve is located, has elevations of 400 – 1,200 famsl. Drilled production wells in the Subbasin range in depth from approximately 500 to 800 feet below ground surface.

The key contributors of recharge to the Subbasin's aquifers include percolation of precipitation and surface water infiltration from rivers and streams. Natural discharge from the Subbasin aquifers occurs through springs and seeps, evapotranspiration, and discharge to surface water bodies. Groundwater extraction from wells is the most significant component of discharge in the Subbasin.

4.5 Aquifer Conditions

Groundwater levels in the Subbasin exhibit seasonal fluctuations, with elevations generally lower in the fall and higher in the spring. However, groundwater elevations have also shown a long-term decline from 1997 to 2017. In 2017, groundwater elevations ranged from approximately 1,250 famsl in the southeast portion of the Subbasin to about 500 famsl east of the City of Paso Robles. The southwest region of the Subbasin, wherein the Property is located, experienced a decline of -20 to -60 feet from 1997 to 2017.

Depletion of groundwater in storage in the Subbasin generally occurs during dry periods while increases in groundwater in storage often occur during wet periods. However, due to conditions of overdraft, the Subbasin has experienced a long-term reduction in total groundwater held in storage which was is estimated to be approximately 646,000 AF between 1981 – 2016. Depletion of storage has accelerated in more recent years. Factors contributing to the loss in groundwater in storage in the Paso Robles Formation aquifer appears to include increased pumping since 1999 along with a number of dry years coupled with limited recharge.

It is anticipated that SGMA will eventually arrest ongoing declines in groundwater elevations. Various SGMA implementation activities and the cessation of the most recent drought period (i.e. 2020 – 2022) may also help groundwater levels recover somewhat. However, a gradual downward trend is expected to continue in the near term due to the increase in groundwater demand observed in recent years and timeline required to implement SGMA management actions.

Table 4-3 displays groundwater elevations from selected groundwater monitoring wells located near the Property. Between approximately 2010 and 2022, groundwater levels have generally fallen by between 22 and 61 feet. Some areas in the northern portion of the Subbasin experienced groundwater elevation declines closer to 100 feet during this period. Although groundwater levels have reached historic lows across much of the Subbasin, the cessation of the most recent drought period and the implementation of SGMA is anticipated to help groundwater levels stabilize and potentially recover somewhat in the future. **Appendix A** includes the charts of groundwater elevations from selected groundwater monitoring wells across the Subbasin and the location of these wells relative to the Property.

Table 4-3. Groundwater Level Measurements Near Templeton Preserve, (2010 – 2022)

Year	Groundwater Level Measurement (feet amsl)		
Site:	**355535N1206154W001**	**355511N1205795W001**	**355732N1206404W001**
2010	-	914	-
2011	-	914	-
2012	757	909	749
2013	767	903	751
2014	713	899	736
2015	751	894	723
2016	-	882	720
2017	766	894	716
2018	750	888	712
2019	749	885	707
2020	748	882	711
2021	731	-	696
2022	735	-	688
Change in feet amsl	**-22**	**-32**	**-61**

5 Groundwater Sustainability Plan Review

The final joint GSP for the Paso Robles Subbasin was submitted to DWR in January 2020. Following review by DWR in January 2022, the original plan was deemed "Incomplete" and returned to the local GSAs for revision to correct certain deficiencies. A revised GSP addressing DWR's comments was submitted in July 2022, and on March 2, 2023, DWR responded to the revised plan indicating that sufficient actions had been taken to address previous deficiencies, and that staff anticipated recommending approval of the GSP[5].

The following sections briefly summarize pertinent components of the GSP and discusses activities the GSAs and other local entities intend to undertake to accomplish groundwater sustainability in the Subbasin.

5.1 Water Budget

The GSP is required to develop a historical, current, and projected water budget accounting for the inflows and outflows of the basin. These water budgets help identify trends and groundwater conditions that may require management. Historical records indicate the Subbasin has been in negative balance and experiencing persistent groundwater level declines in certain areas of the basin[6]. Future projections in the GSP suggest that the Subbasin will continue to experience overdraft on a long-term average basis, with additional SGMA management activities required to balance groundwater extractions with the Subbasin's sustainable yield. Recent increases in groundwater demand deviate from the historical averages presented in the GSP and are well above the sustainable yield.

Based on the "current" water budget scenario (as defined in the GSP), total annual groundwater pumping is estimated to range from 73,900 AF to 101,200 AF and average 85,800 AF. Average pumping under the "current" scenario showed an increase of approximately 13,400 AF per year (AFY) compared with the "historical" conditions' scenario. The GSP projects future groundwater pumping to remain at the same level, absent projects and management actions. **Table 5-1** summarizes the historical, current, and projected water budget scenario results, and **Figure 5-1** represents the average groundwater extraction level per water use sectors, both from the revised 2022 GSP.

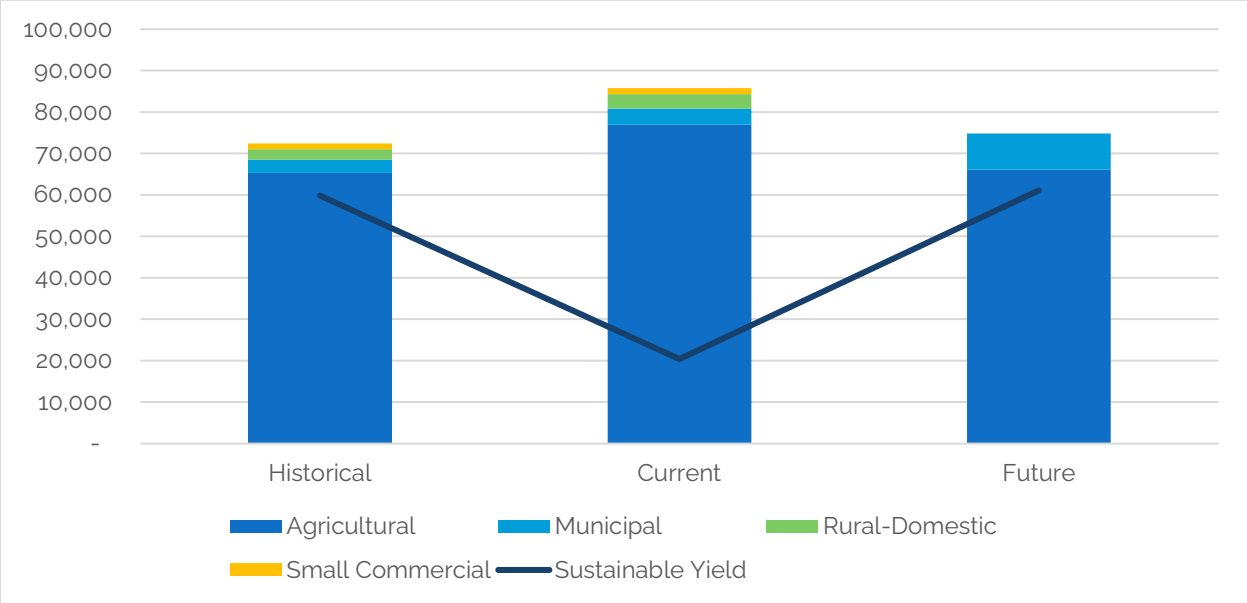
[5] *Paso Robles Subbasin – Response to 2022 Incomplete Determinations*. California Department of Water Resources, Sustainable Groundwater Management Office. March 2nd, 2023

[6] *Paso Robles Subbasin Groundwater Sustainability Plan.* Prepared for Paso Robles Subbasin Cooperative Committee and the Groundwater Sustainability Agencies. Revised June 13, 2022.

Table 5-1. Historical, Current, and Projected Paso Robles Subbasin Groundwater Budgets

GSP Water Budget Scenario	Average Groundwater Extraction (AFY)	Average Net Change in Groundwater Storage (AFY)	Sustainable Yield (AFY)
Historical (1981-2011)	72,400	-12,600	59,800
Current (2012 – 2016)	85,800	-65,400	20,400
Projected (2020-2040)	74,800	-13,700	61,100

Figure 5-1. Estimated Annual Groundwater Pumping by Water Use Sector[7]



5.1.1 Future Water Budget

In the future scenario presented in the GSP, the water budget assumes groundwater neutrality in the implementation of the plan, where any increase in groundwater use in one part of the basin is expected to be offset by a reduction in groundwater use in another part of the basin. Urban demand is expected to increase from 8,500 AFY in 2020 to 8,700 AFY in 2040. This increase in demand is expected to be offset by new wastewater discharge as a source of recharge. San Miguel CSD's Machado Wastewater Treatment Facility (WWTF) should provide 200 AFY in discharge, and the City of Paso Robles wastewater discharge is estimated to increase from 2,900 AFY in 2020 to 3,600 AFY in 2040. Agricultural groundwater demand is expected to remain consistent with historical water budget volume.

Since some reduction in groundwater use by agriculture will likely be necessary to achieve sustainability in the Subbasin, the GSP describes area-specific management actions which could include mandatory pumping limitations for specific groundwater users.

[7] Note: Future water budget scenario groups all non-agricultural water users under "Municipal" category.

Implementation of these programs can be expected by 2025[8]. If the future sustainable yield of 61,100 AFY (less 8,700 AFY for municipal and rural users) were allocated pro rata to currently irrigated lands, then these lands would receive approximately 1.30 AFY/acre of sustainable yield. Alternatives to an allocation-based extraction management program could include a temporary or long-term land retirement program.

5.2 Sustainable Management Criteria

In order to demonstrate sustainable groundwater management, all GSPs must develop sustainable management criteria (SMC) for up to six applicable groundwater sustainability indicators. SMCs include measurable objectives, interim milestones, and minimum thresholds. Undesirable results occur when sustainability indicators at sufficient representative monitoring sites (RMS) exceed the minimum thresholds defined in the GSP.

The Paso Robles Subbasin GSP developed SMCs for five applicable groundwater sustainability indicators.

[8] *Paso Robles Subbasin Groundwater Sustainability Plan. Section 9.4.1: Mandatory pumping limitations in specific areas*. Prepared for Paso Robles Subbasin Cooperative Committee and the Groundwater Sustainability Agencies. Revised June 13, 2022.

Table 5-2 summarizes the minimum thresholds and undesirable results for the five indicators.

Table 5-2. Paso Robles Subbasin Sustainable Management Criteria

Sustainability Indicator	Minimum Threshold	Undesirable Result
Chronic Lowering of Groundwater Levels	Monitoring wells: 30 feet below average 2017 non-pumping well groundwater levels	• Over 2 years, no more than 2 exceedances for the groundwater elevation minimum thresholds withing a 5-mile radius, or within a defined area of the Basin for any single aquifer. • A single monitoring well in exceedance for two consecutive years.
Reduction in Groundwater Storage	Same as MT for *Chronic Lower of Groundwater Levels*	During average hydrogeologic conditions, and as a long-term average over all hydrogeologic conditions, there shall be no persistent exceedances of the groundwater level proxy minimum threshold for change in groundwater storage.
Degraded Water Quality	Agricultural Wells: Fewer than 10% of additional agricultural production wells that are in GSP's monitoring program shall exceed 350 mg/L for chloride, and 0.5 mg/L for boron. Municipal Wells: Fewer than 10% of additional municipal or domestic productions wells that are in the GSP monitoring program shall exceed TDS secondary MCL of 500 mg/L, chloride secondary MCL of 250 mg/L, sulfate secondary MCL of 250 mg/L, nitrate MCL of 45 mg/L, and gross alpha radiation MCL of 15 pCi/L.	On average during any one year, no groundwater quality minimum threshold shall be exceeded in any aquifer as a direct result of projects or management actions taken as part of GSP implementation.
Land Subsidence	The measured subsidence between June of one year and June of the subsequent year shall be no more than 0.1 foot in any single year and a cumulative 0.5 foot in any five-year period	Pumping induced subsidence of greater than 0.1 foot in any single year and a cumulative 0.5 foot in any five-year period could, if left unchecked, substantially interfere with surface land use.
Depletion of Interconnected Surface Water	Decline in alluvial water table elevation that is: 1) likely caused by groundwater pumping in Paso Robles Formation Aquifer, 2) is more than 10 feet below the spring 2017 elevation, 3) persist for more than two consecutive years, 4) occurs along more than 15 percent of the length of any three streams (Salinas, Estrella, San Juan)	Additional data collection efforts are required to establish interconnectivity of surface water and groundwater.

The most recent draft 2022 annual report on the GSP[9] provided an assessment of current sustainability indicators relative to the adopted SMCs.

- **Groundwater Levels:** The recent dry period from 2020 – 2022 has corresponded with groundwater levels declining across much of the Subbasin, with largest decline (-30 to -40 feet) located between the City of Paso Robles and the communities of San Miguel and Whitley Gardens.
- **Groundwater Storage:** Depletion of groundwater storage is evaluated using groundwater elevations. The annual change of groundwater storage in 2022 was estimated to be -117,100 AF.
- **Groundwater Quality:** Groundwater quality remains good in the Subbasin with no recent exceedances of regulatory drinking water standards or minimum thresholds.
- **Subsidence:** Subsidence data show that zero land subsidence has occurred since October 2020, and there is no indication of an undesirable result.
- **Interconnected Surface Waters:** Additional data collection efforts are underway to establish the interconnectivity of surface water and groundwater.

Ongoing reduction of groundwater levels and storage are expected to accelerate the implementation of demand management actions to avoid undesirable results.

5.3 Projects and Management Actions

The Paso Robles Subbasin GSP describes Projects and Management Actions (PMAs) to maintain and manage sustainable groundwater conditions. Since the amount of future groundwater pumping is larger than the sustainable yield of 61,000 AFY, some high priority PMAs were initiated as soon as the original 2020 GSP was adopted. Certain areas of the Subbasin are more prone to experiencing specific groundwater-related conditions, such as subsidence or declining water levels, than others. The GSP presents basin-wide PMAs, as well as PMAs focused on addressing these localized conditions, including:

- **Basin-wide management actions:**
  - Monitoring, reporting and outreach
  - Promoting Best Water Use Practices
  - Promoting stormwater capture
  - Promoting voluntary fallowing of agricultural land
- **Location-specific management actions:**
  - **Mandatory pumping limitations in specific areas**: the Subbasin GSAs are expected to establish a regulatory program by 2025 to identify and enforce pumping limitations as necessary. To establish the regulation, methodology to determine baseline pumping volumes in specific areas and which uses must be

[9] *Paso Robles Subbasin Water Year 2022 Annual Report*. Prepared for the Paso Basin Cooperative Committee and the Groundwater Sustainability Agencies. Prepared by GSI Water Solutions, Inc. February 28th, 2023.

limited will be developed before a timeline for limitations on pumping will be established.

5.4 GSP Implementation Status

As reported in the most recent draft 2022 annual report, the Subbasin continues to experience persistent decline in groundwater storage, with a combined decrease in annual storage since 2016 of -113,200 AF, as detailed in **Table 5-3**. To address the continued declined, the GSAs describe the need for capital projects and structural policies to bring new imported water supplies to the Subbasin and reduce groundwater pumping.

Table 5-3. Annual Change in Groundwater Storage

Water Year	Annual Change (AF)
2017	+60,100
2018	+6,400
2019	+59,700
2020	-80,800
2021	-41,500
2022	-117,100

In July 2022, DWR awarded a Sustainable Groundwater Management Grant of $7.6 million to the County of San Luis Obispo GSA, which will enable the implementation of the following projects and high priority management actions:

- **Projects:**
  - **City of Paso Robles Recycled Water Project**: Design and environmental permitting of the recycled water distribution system are complete. Distribution system under development.
  - **San Miguel Recycled Water Project**: Final design phase, with the plan to treat wastewater into recycled water available for irrigation use by vineyards.
  - **GSP Data Gaps**: Development of monitoring well network, as well as supplemental hydrogeologic investigations.
- **High Priority Management Actions:**
  - Well Verification and Registration Program
  - Groundwater Extraction Measurement Program
  - Well Interference Mitigation Program to address equitable access to groundwater by rural residential communities of concern
  - Multi-Benefit Land Repurposing Program

6 Relevant Groundwater Management Policies and Programs

Notable groundwater management policies and programs that are currently active and may affect the Property are briefly described in the following sections.

6.1 Well Verification and Registration Program

Well metering standards and installation guidelines for the County of SLO – Paso Robles GSA are provided by the County of SLO's Department of Public Works. Procedures are dictated by two key County of SLO ordinances[10].

- **Ordinance 3246:** Water meters must be installed on all wells on properties with issued offset clearances. Evidence shall be submitted to the Public Works director that the property owner has installed a meter on the well serving the use to measure all groundwater used from that well.

- **Ordinance 2343:** The county engineer may require that a well permit applicant participate in a water monitoring program and install a water meter on the associated with the subject well permit.

Executive Order N-7-22

The Governor of California issued Executive Order (EO) N-7-22 on March 28, 2022, in response to sustained drought conditions. The provisions of the EO are in effect until otherwise rescinded. One of the orders in the EO requires that approval of any new agricultural well permits in high- or medium-priority basis (which includes the Paso Robles Subbasin) be contingent upon 1) the local GSA providing "written verification" that the well's proposed groundwater extraction be consistent with the sustainability program of the GSP and 2) a determination that the well is unlikely to cause unreasonable impacts to other nearby wells and infrastructure.

County of San Luis Obispo Health Agency, Environmental Health Services Division approved an updated well permitting process requiring 1) a letter from a licensed professional geologist reporting that the extraction from the groundwater well is in accordance with the executive order, and 2) a verification letter from the GSA.

6.2 Expansion of Monitoring Well Network

The purpose of the groundwater monitoring network expansion and refinement is to 1) enhance the Subbasin's set of monitoring wells that are measured manually in April and October and 2) establish a subset of wells equipped with continuous water level monitoring devices to better understanding the hydrogeology of the Subbasin and to capture the annual high and low groundwater elevations in each well, which are often at some date other than April and October.

Priorities in expanding and refining the Subbasin groundwater monitoring network include infilling spatial data gap areas, addressing monitoring deficiencies in the alluvial aquifer (key to determining surface water-groundwater interactions), addressing deficiencies associated with ongoing dry well occurrences, generally reported for rural domestic wells. An additional task included in this project is to develop a separate work plan to assess the connectivity

[10] Well Water Metering Standards and Installation Guidelines. County of San Luis Obispo, Department of Public Works. July 29. 2021

between the non-Basin Santa Margarita Formation aquifer and the Paso Robles Formation aquifer within the El Templeton Preserve area. This task will help inform future monitoring efforts and groundwater management decisions.

6.3 Ordinance No. 3456 – Paso Basin Land Use Ordinance: Agricultural Offset Requirements

In 2015, SLO County Board adopted Resolution 2015-288 that amended County Code (Title 22) to require new and/or expanded irrigated crop production to obtain an Agricultural Offset Clearance from the Department of Planning and Building to minimize further depletion of groundwater levels as part of its Countywide Water Conservation Program (CWWCP). The original Agricultural Offset Ordinance limits "sites" (defined as a contiguous set of parcels under common ownership) in the Paso Robles Subbasin to their historical irrigation use as of 2015 while allowing an Ag Offset Exemption for replanting the same area and crop and for one-time new site plantings up to 5 AFY of new use. In addition, a property owner can apply for an On-Site Agriculture Offset Clearance if they are currently growing one crop but wish to switch to a different crop on the same site. Although the new crop may cover more or less land area on the site, the projected water use must be the same as or less than the historical water use. Decreasing water use on a separate site (i.e. "off-site") to increase use on another site is currently not permitted.

On December 6th, 2022, SLO County Board of Supervisors adopted the Paso Basin Land Use Management Area (PBLUMA) Planting Ordinance (LRP2021-00001), increasing the Ag Offset Exemption for new site plantings from 5 AFY to up to 25 AFY per site. However, this adjustment also required that farmers seeking the new exemption must also implement new environmental mitigation measures. Following further consideration, the SLO County Board of Supervisors decided on February 7, 2023 to rescind the PBLUMA Planting Ordinance and reinstate the original Agricultural Offset Ordinance and 5 AFY one-time exemption limit. Furthermore, the Agricultural Offset Ordinance was extended through January 1, 2028.

The following describes the circumstances under which the Agricultural Offset Ordinance is applied:

- Any farmer or rancher in the Paso Subbasin who rotates to a different irrigated crop type (e.g., planting vegetables one year and planting a hay crop the next year) will be subject to the Ordinance.

- Replanting the same crop type and acreage that has been in production within 6 years preceding January 31, 2023 will be exempted and eligible to apply for an Ag Offset Exemption. However, the County has not been able to clarify if this exemption is removed if the replanting is happening in an area on the site that has not been cultivated within the previous 10 years.

- Anyone in the Paso Subbasin seeking to use the new 5 AFY allowance will be subject to the Ordinance and eligible to apply for an Ag Offset Exemption.

Additionally, within the Paso Basin, there is a subarea called the "area of severe decline" that has more stringent restrictions. Properties in the Area of Severe Decline are not eligible for the one-time 5 AFY Ag Offset Exemption for new irrigated crop production. The subject Property is presently outside but also near the western edge of, the Area of Severe Decline.

6.4 Multi-Benefit Irrigated Land Repurposing Program (MILR)

The continued decline in surface and groundwater availability in the Subbasin is likely to accelerate the implementation of a land fallowing program to reduce groundwater demand. In 2023, the PBCC created a committee to develop recommendations and proposals to participate in the MILR grant funding administered by California's Department of Conservation (DOC). DOC is accepting applications through March 29, 2023 for up to $40 million in Round 2 grants through its MILR program, which funds projects in Critically Overdrafted basins with the goal of improving groundwater supply by repurposing least viable agricultural land and reducing groundwater use. Eligible grant applicants include GSAs, California tribes, public agencies, nonprofit groups, and Watermasters implementing GSPs. Projects that improve community health, economic well-being, water supply, habitat, and climate benefits, in addition to conserving groundwater, will be supported by this program. In 2022, the year the program began, four Round 1 grants were awarded to organizations based in Tulare, Monterey, and Madera counties, along with a statewide award to provide support to block grantees. Round 2 grants are scheduled to be announced June 1st, 2023.

7 Summary of Risks

The Paso Robles Subbasin is a Critically Overdrafted High Priority basin that is required to achieve sustainable groundwater conditions by 2040 pursuant to the Sustainable Groundwater Management Act. Historically, the Subbasin has seen sustained reductions in groundwater storage, with large decreases in the last 2 years. Groundwater demand in 2022 was 87,092 AFY, or approximately 25,992 AFY higher than the estimated future sustainable yield of 61,100 AFY. Due to long-term conditions of overdraft, groundwater levels have declined by between 22 and 61 feet since 2010 in the vicinity of the Property.

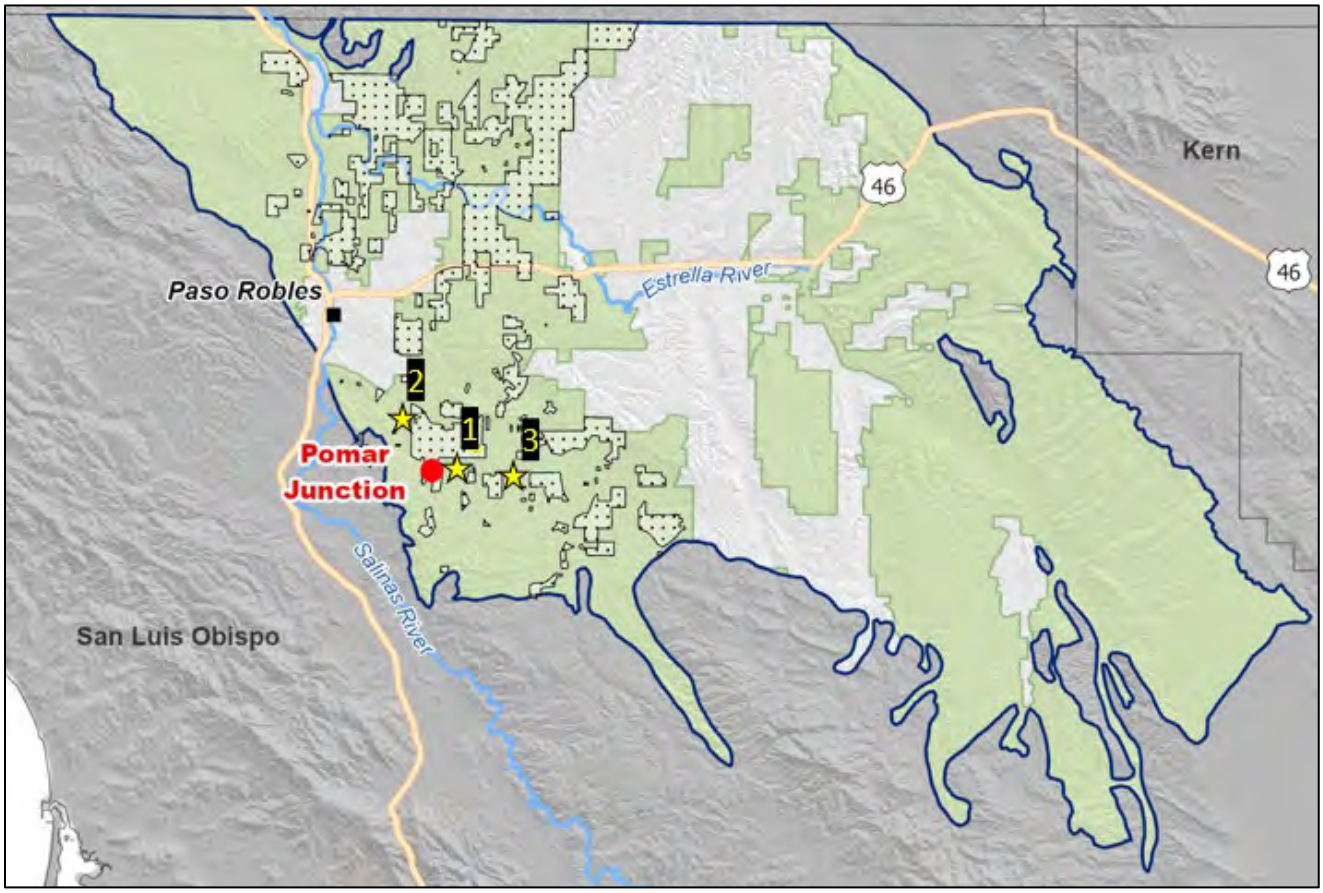
Near-term management activities being implemented by the four GSAs and other local agencies responsible for the Paso Robles Subbasin are focused on supply augmentation and data monitoring network development. General risks to be considered that may affect the cost of or access to groundwater for agricultural properties, such as Templeton Preserve, in the Paso Robles Subbasin include:

- **Groundwater Level Declines**: Groundwater levels have declined across the Paso Robles Subbasin since 1997 in response to drought and increased water demands. Declines in the Property's vicinity have ranged from 22 to 61 feet. Continued declines could accelerate the need for new management actions by the GSAs, resulting in increased costs and a heightened risk of restrictions on groundwater pumping. For example, EPCWD's assessment fee of $4.50 per irrigated acre may increase in the future. Furthermore, declines increase the cost of extraction due to the increased energy required to lift water from deeper portions of the aquifer and could increase the risk of failure of shallower wells.

- **Potential Pumping Limitations in Specific Areas:** A projected annual shortfall of 13,700 AFY is expected over the next 20 years based on groundwater demands and the sustainable yield estimated in the GSP. The sustainable yield assumed to be available for agricultural use is 52,400 AFY (1.30 AFY/currently irrigated acre). Area-specific mandatory pumping restrictions regulations are planned to be implemented by the GSAs by 2025, and the 2022 annual report identified the Groundwater Extraction Measurement Program as a high priority management action. These could affect the Property if such a program is implemented within its area.
- **Groundwater Use Monitoring & New Well Verification Requirements:** All new wells must follow well metering standards and evaluation requirements per the County of SLO and Executive order N-7-22. Additional monitoring program plans are being developed by the GSAs. In addition, new well permits must 1) receive a letter from a licensed professional geologist reporting that the extraction from the groundwater well is in accordance with the executive order and 2) a verification letter from the GSA prior to the County of SLO approving the application. These requirements affect the process of and requirements related to the drilling of any new wells for the Property.
- **Agricultural Offset Program:** The current Agricultural Offset Ordinance limits agricultural sites (defined as a contiguous set of parcels under common ownership) in the Paso Robles Subbasin to their historical irrigation use as of 2015 while allowing an Ag Offset Exemption for replanting the same area and crop and for one-time new site plantings (subject to implementation of environmental mitigation measures) of up to 5 AFY of new use. In addition, a property owner can apply for an On-Site Agriculture Offset Clearance if they are currently growing one crop but wish to switch to a different crop. Although the new crop may cover more or less land area on the site, the projected water use must be the same as or less than the historical water use. This program limits the ability to expand water use in the future.

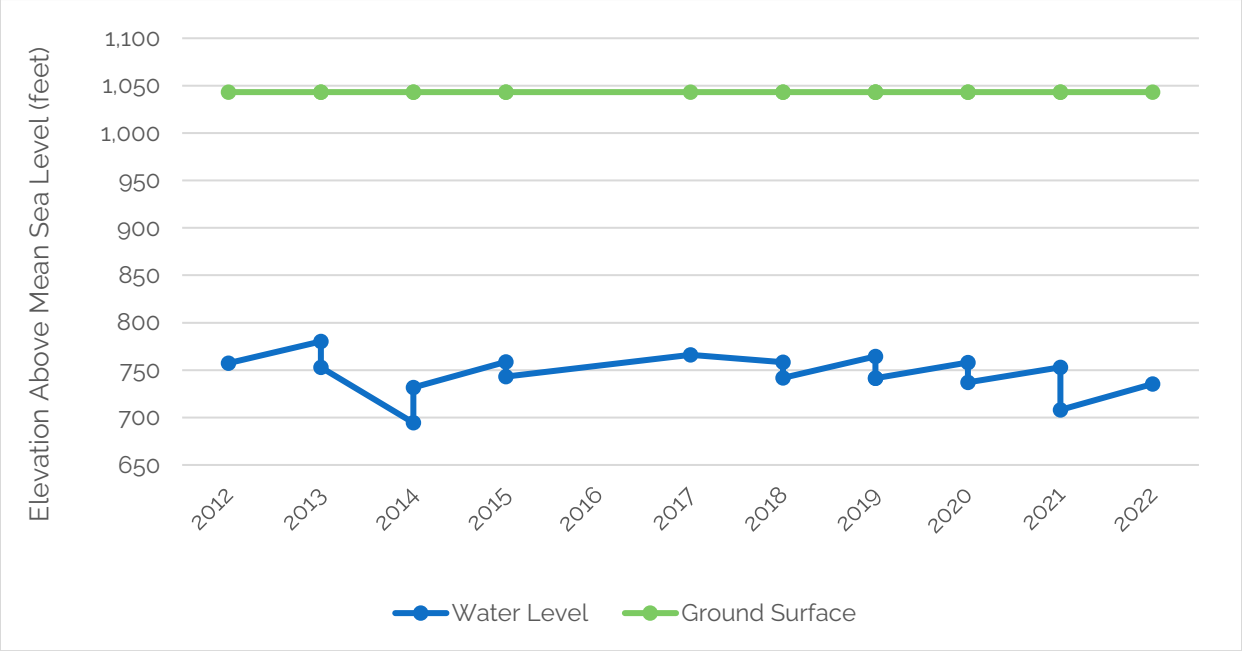
Appendix A: Groundwater Level Measurements from Selected Paso Robles Subbasin Wells (Measured above mean sea level [amsl])

Locations of Selected Monitoring Wells

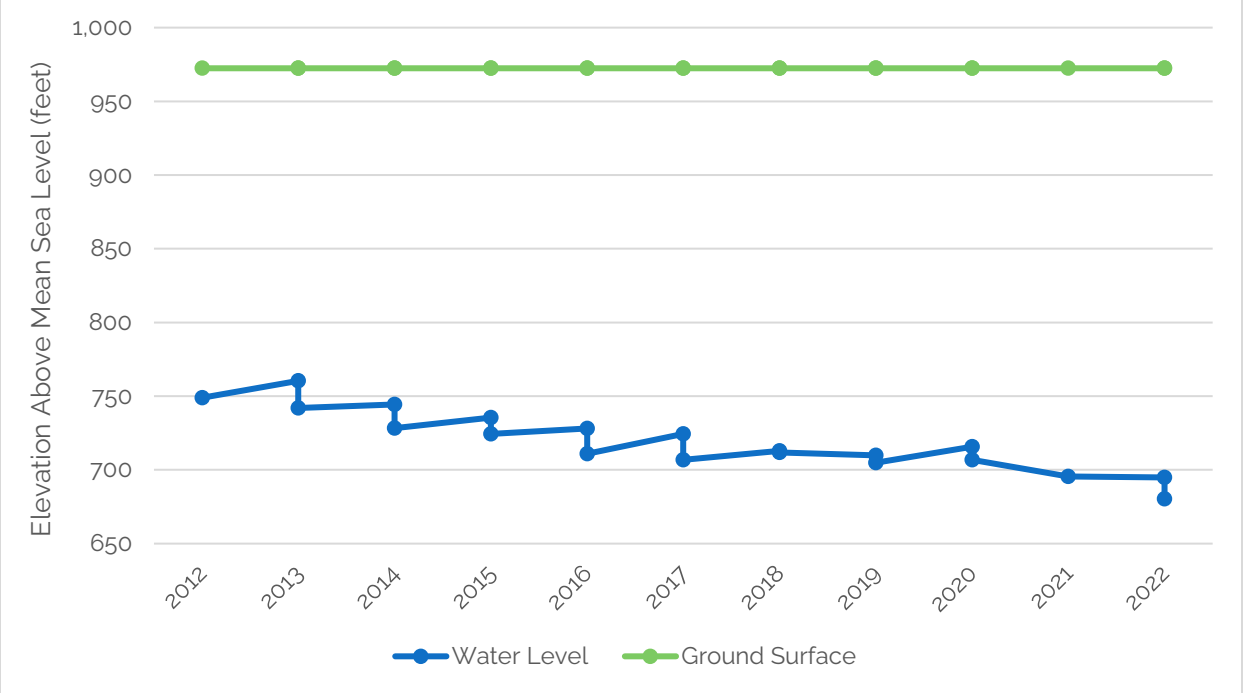


Groundwater Elevation Trends by Monitoring Site

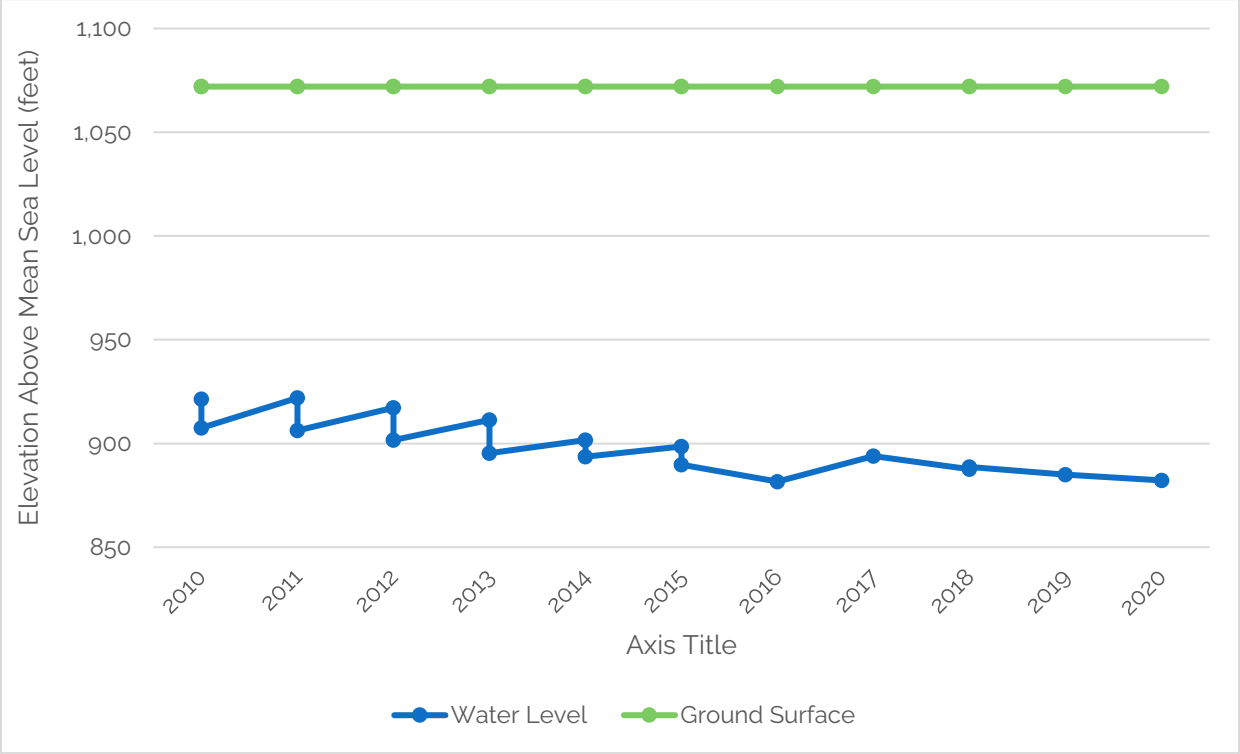
Site #1: 355535N1206154W001 (2012 – 2022)



Site #2: 355732N1206404W001 (2012 – 2022)



Site #3: 355511N1205795W001 (2010 – 2020)

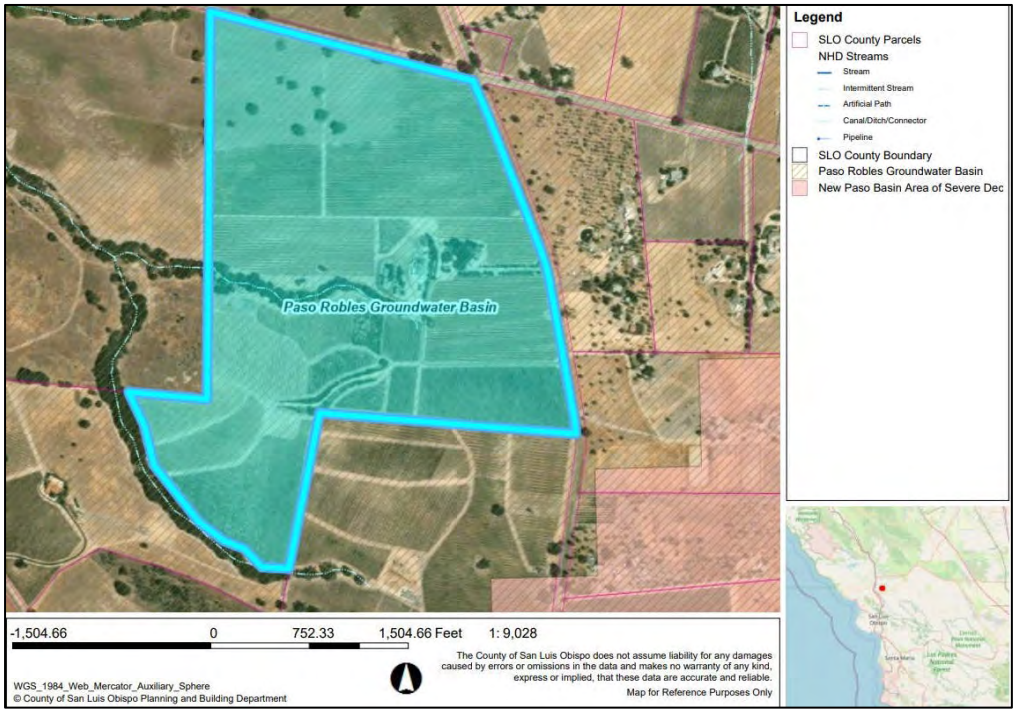


Kirk Consulting
A California Corporation

Date: **March 17, 2023**
To: **Andrew Jones**
From: **Lacey Zubak, Kirk Consulting**
RE: **Land Use Amendment Summary for Fableist Winery**

Kirk Consulting has been retained to advise on amendments to the existing Land Use entitlements and amending opportunities for the above referenced property.

Address: 1532 &1536 El Pomar Road, Templeton CA.
APN: 033-291-048
Zoning: Agriculture
Williamson Act: Yes, Resolution 2006-471
Combining Designation: Renewable Energy Overlay
Paso Robles Ground Water Basin: Yes, outside of Area of Severe Decline Overlay
Size: +/122 Acres
Existing Structures: Winery, Tasting Room, Residence, Ag buildings , Vineyard and Olive Grove
Legal Parcel: Yes – RHO ASUN ETAL PTN LTS 23 & 24



8830 Morro Road, Atascadero, CA 93422
Phone: 805-461-5765 Fax: 805-462-9466

Winery:

The original Land Use Permit, a Minor Use Permit DRC2006-00249 was a Phased Winery Project, approved 7/18/2008.

EXHIBIT B - CONDITIONS OF APPROVAL
Merrill DRC2006-00249

Approved Development

1. This approval authorizes the construction of a three-phased construction of a winery and tasting room. The following provides a breakdown of the proposed phases:

   Phase 1 To be vested by 2015 in accordance with Condition 33.
   a. Conversion of existing 1,400-square foot residence to tasting room and office
   b. Conversion of existing 4,500-square foot shop to processing facility with crush area
   c. Case Production of 5,000 cases

   Phase 2 To be vested by 2015 in accordance with Condition 33.
   a. Conversion of two shop buildings to 2,700 square feet of barrel storage
   b. Construction of expanded wastewater treatment facility (including 1,500-squre foot wetlands system and 4,800-square foot effluent storage pond)
   c. Case production of 15,000 cases

   Phase 3 To be vested by 2018 in accordance with Condition 33.
   a. Construction of new 10,440-square foot processing facility.
   b. Case production of 30,000 cases

2. This approval authorizes 6 special events for no more than 80 attendees in addition to industry wide events. Amplified music is permitted.

The supplemental Land Use Permit, a Conditional Use Permit DRC2014-00004 was a Phased Winery Project to increase winery special event program and modify time frames for previously approved, approved 2/11/16.

EXHIBIT B – REVISED CONDITIONS OF APPROVAL
Merrill DRC2014-00004

Approved Development

1. This approval authorizes the construction of a three-phased construction of a winery and tasting room. The following provides a breakdown of the proposed phases:

   A. **Phase I** - To be vested by 2021 in accordance with Condition 37.
   - Conversion of two shop buildings to 2,700 square feet of barrel storage
   - Construction of expanded wastewater treatment facility (including 1,500-square foot wetlands system and 4,800-square foot effluent storage pond)
   - Case production of 15,000 cases

   B. **Phase II** - To be vested by 2026 in accordance with Condition 37.
   - Construction of new 10,440-square foot processing facility
   - Case production of 30,000 cases

2. This approval authorizes 25 special events per year for no more than 200 attendees each, in addition to wine industry-wide events. Amplified music between the hours of 10:00 a.m. and 10:00 p.m. is permitted and subject to Conditions 48-49. Maximum noise levels shall not exceed 65 dB as measured at the property line. No events shall be located at or associated with the vacation rental.

3. This approval does not authorize other uses including bed and breakfasts or restaurants, and any events associated with these uses.

Phase 1 of the project is currently on the 2nd time extension, which extended Phase 1 until 5/10/23. There is one remaining time extension allowed for Phase 1. The Third and final time extension requires Planning Commission (hearing) approval and has an application fee of +/- $1,625 and if approved would extend the approval through 5/10/24. If the 3rd Time extension is applied for and approved, you would need to apply for and pull the building permit and make substantial site work, defined as construction occurring above grade. Given these are existing buildings being converted this definition has room for interpretation. Building permits are currently taking 6-9 months from application to approval.

In order to Build Phase II, you will need to vest Phase 1. The event program has been vested.

These land use permits runs with the land. The ownership change will not impact the current land use and building permit approvals.

RWQCB:
The current RWQCB Waiver allows up to 5,000 cases of wine to be produced on the site annually per RWQCB letter dated 8/22/08. Current land use permits allow up to 30,000 cases (Phase 2 of Conditional Use Permit DRC2014-00004). It is our understanding addition production is occurring that would exceed the waiver allowance. Once escrow closes, the RWQCB waiver will need to be updated with new ownership information and case production. As part of that process, the RWQCB may require the ownership to enroll in their new Tiered permitting system and update the system to comply with today's standards (i.e. no use of leach fields). Information should be obtained from a civil engineer well versed in winery wastewater systems to understand the cost and requirements to upgrade the existing winery process wastewater system. Case production could be increased beyond 10,000 cases a year if the wastewater system is upgraded to accommodate the additional wastewater flow and treatment requirements.

Below is a link to the updated Order from the RWQCB:

https://www.waterboards.ca.gov/water_issues/programs/waste_discharge_requirements/winery_order.html

Public Water Supply:
You will eventually need to file for a Public Water Supply (if not done already) through the Health Department. The Health Department is retroactively enforcing this new requirement as properties come to their attention and the Minor Use Permit Amendment will likely be conditioned to comply.
https://www.waterboards.ca.gov/drinking_water/certlic/drinkingwater/docs/class_dec_tree.pdf

Proposed Land Use Permit Amendment:
Based on feedback Andrew, the existing approved but unconstructed buildings and production limits in the current land use permits don't exactly align with the needs of Fableist Wines. The following components were identified as a result:

- Increase in annual case production to 50,000 cases.
- Retain approval for Phase 1 of Conditional Use Permit DRC2014-00004 for conversion of two shop buildings to 2,700 Sq.Ft. of Barrel Storage
    - 3rd time extension could likely no be achievable.
- Add 12-foot extension for outdoor work area (concrete) to each of the converted barrel storage buildings.
- Acknowledge the minor increase of extended crush pad on the existing winery building.
- Abandoned Phase 2 of Conditional Use Permit DRC2014-00004-New 10,400 Sq.Ft. processing facility.

Application: Phased_Minor Use Permit Amendment with approval through Planning Department Hearing.

- Phase 1- Increase in annual case production to 50,000 cases.
- Phase 2-
    - a) Extend Phase 1 of Conditional Use Permit DRC2014-00004 for conversion of two shop buildings to 2,700 Sq.Ft. of Barrel Storage
    - b) Add 12-foot extension for outdoor work area (concrete) to each of the converted barrel storage buildings.
    - c) Acknowledge the minor increase of extended crush pad on the existing winery building.
- Phase 3-OPTIONAL -Retain Phase 2 of Conditional Use Permit DRC2014-00004-New 10,400 Sq.Ft. processing facility.

Timing: Approximately 12-18 months from Application submittal to hearing- county has been inconsistent in recent years. Refer to attached Winery Process Outline

County Permit Estimated Fees: +/- $10,000-$15,000

Kirk Consulting Estimated Fees: +/- $25,000-$35,000 . Estimate only. This total does not include if the project is appealed to Board of Supervisors nor other actions/services outside of the winery Land Use Permit (i.e. other building permits, other land etc.). I assume no controversy and minimal input from Templeton Area Advisory Group (TAAG) and neighbors in this estimate. As a reminder, our contract is on a Real Time Basis, invoiced monthly and the costs will be the time billed.

Sincerely,

Lacey Zubak

Supervising Planner
KIRK CONSULTING|8830 MORRO RD | Atascadero, CA 93422 | 805.461.5765

Attached:
Land Use and Building Permits for Winery:
-DRC2006-00249 Notice of Final Action dated 7/22/08
-DRC2014-00004 Board Of Supervisors Resolution dated 5/10/16
RWQCB letter dated 8/22/08
Winery Process Outline
2007 Site plan

SAN LUIS OBISPO COUNTY
DEPARTMENT OF PLANNING AND BUILDING

VICTOR HOLANDA, AICP
DIRECTOR

July 22, 2008

Dana Merrill
P.O. Box 789
Templeton, CA 93465

Kirk Consulting
8830 Morro Road
Atascadero, CA 93422

NOTICE OF FINAL COUNTY ACTION

HEARING DATE: July 18, 2008

SUBJECT: MERRILL – County File Number: DRC2006-00249
DOCUMENT NO. 2008-076

LOCATED WITHIN COASTAL ZONE: NO

The above-referenced application was approved by the Hearing Officer, subject to the approved Findings and Conditions, which are attached for your records.

If the use authorized by this Permit approval has not been established or if substantial work on the property towards the establishment of the use is not in progress after a period of twenty-four (24) months from the date of this approval or such other time period as may be designated through conditions of approval of this Permit, this approval shall expire and become void unless an extension of time has been granted pursuant to the provisions of Section 22.64.070 of the Land Use Ordinance.

If the use authorized by this Permit approval, once established, is or has been unused, abandoned, discontinued, or has ceased for a period of six (6) months or conditions have not been complied with, such Permit approval shall become void.

Pursuant to County Land Use Ordinance Section 22.70.050, you have the right to appeal this decision to the Board of Supervisors up to 14 calendar days after the date of the action, in writing, to the Department of Planning and Building. The appeal fee is $560.00 and must accompany your appeal form. If you have any questions regarding this matter, please contact me at (805) 788-2947.

Sincerely,

Paula Wooley

PAULA WOOLEY, SECRETARY PRO TEM
PLANNING DEPARTMENT HEARINGS

976 OSOS STREET, ROOM 300 • SAN LUIS OBISPO • CALIFORNIA 93408 • (805) 781-5600

EMAIL: planning@co.slo.ca.us • FAX: (805) 781-1242 • WEBSITE: http//www.sloplanning.org

EXHIBIT A - FINDINGS

Environmental Determination

A. The Environmental Coordinator, after completion of the initial study, finds that there is no substantial evidence that the project may have a significant effect on the environment, and the preparation of an Environmental Impact Report is not necessary. Therefore, a Negative Declaration (pursuant to Public Resources Code Section 21000 et seq., and CA Code of Regulations Section 15000 et seq.) has been issued on June 5, 2008 for this project. Mitigation measures are proposed to address air quality, biological resources, geology and soils, public services, transportation/circulation, wastewater, water and land use and included as conditions of approval.

Minor Use Permit

B. The proposed project is a winery to process primarily on-site grapes with a small incidental tasting room which is consistent with the San Luis Obispo County General Plan because the use is an allowed use and as conditioned is consistent with all of the General Plan policies including the agricultural and open space policies and the Williamson Act contract.

C. As conditioned, the proposed project or use satisfies all applicable provisions of Title 22 of the County Code.

D. The establishment and subsequent operation or conduct of the use will not, because of the circumstances and conditions applied in the particular case, be detrimental to the health, safety or welfare of the general public or persons residing or working in the neighborhood of the use, or be detrimental or injurious to property or improvements in the vicinity of the use because the winery and tasting room does not generate activity that presents a potential threat to the surrounding property and buildings. This project is subject to Ordinance and Building Code requirements designed to address health, safety and welfare concerns.

E. The proposed project or use will not be inconsistent with the character of the immediate neighborhood or contrary to its orderly development because the winery and tasting room is similar to, and will not conflict with, the surrounding lands and uses.

F. The proposed winery and tasting room will not generate a volume of traffic beyond the safe capacity of all roads providing access to the project because the project is located on El Pomar Road, a designated collector road constructed to handle any additional traffic associated with this project.

EXHIBIT B - CONDITIONS OF APPROVAL
Merrill DRC2006-00249

Approved Development

1. This approval authorizes the construction of a three-phased construction of a winery and tasting room. The following provides a breakdown of the proposed phases:

   Phase 1 To be vested by 2015 in accordance with Condition 33.
   a. Conversion of existing 1,400-square foot residence to tasting room and office
   b. Conversion of existing 4,500-square foot shop to processing facility with crush area
   c. Case Production of 5,000 cases

   Phase 2 To be vested by 2015 in accordance with Condition 33.
   a. Conversion of two shop buildings to 2,700 square feet of barrel storage
   b. Construction of expanded wastewater treatment facility (including 1,500-squre foot wetlands system and 4,800-square foot effluent storage pond)
   c. Case production of 15,000 cases

   Phase 3 To be vested by 2018 in accordance with Condition 33.
   a. Construction of new 10,440-square foot processing facility.
   b. Case production of 30,000 cases

2. This approval authorizes 6 special events for no more than 80 attendees in addition to industry wide events. Amplified music is permitted.

<u>Conditions to be completed at the time of application for construction permits or prior to issuance of construction permits</u>

3. At the time of application for construction permits, submit a revised site to the Department of Planning and Building for review and approval. The revised plan shall indicate the following and development shall be consistent with this revised and approved plan:

   a. Improved parking to conform to the required spaces for each phase as follows:
      Phase 1 – 5 total spaces
      Phase 2 – 6 total spaces
      Phase 3 – 11 total spaces

   b. Event parking shall be unimproved and of an open area with a slope of 10 percent or less, at a ratio of 400 square feet per car, on a lot free of combustible material. Total number of spaces is based on the ratio of one space per 3 people in attendance at the event.

   c. Any gates located at the primary access shall be setback a minimum of 75 feet from the traveled way of El Pomar Road.

4. All development shall be consistent with the approved and revised site plan, floor plan, and architectural elevations.

5. The applicant shall obtain the following permits in addition to any and all other permits required by ordinance or code. Plans shall be prepared or certified by the licensed architect or engineer of record.
   a. A building permit for Phase 1, Phase 2 and Phase 3 building conversions, any proposed demolition and all new construction.

6. Site and grading, building plans, water and wastewater plans shall be reviewed by the following agencies. Provide the Department of Planning and Building with letter or other verification that these agencies have reviewed the project, together with any requirements imposed before issuance of a building permit:
   a. County Health Department
   b. Regional Water Quality Control Board

Exterior Lighting

7. At the time of application for construction permits, the applicant shall provide details on any proposed exterior lighting, if applicable. The details shall include the height, location, and intensity of all exterior lighting. All lighting fixtures shall be shielded so that neither the lamp nor the related reflector interior surface is visible from adjacent properties. Light hoods shall be dark colored.

Fire Safety

8. At the time of application for construction permits, all plans submitted to the Department of Planning and Building shall meet the fire and life safety requirements of the California Fire Code. Requirements shall include, but not be limited to those outlined in the Fire Safety Plan, prepared by the CDF/County Fire Department for this proposed project and dated August 1, 2007.

Air Quality

9. All required PM10 measures shall be shown on applicable grading or construction plans. In addition, the developer shall designate personnel to insure compliance and monitor the effectiveness of the required dust control measures (as conditions dictate, monitor duties may be necessary on weekends and holidays to insure compliance); the name and telephone number of the designated monitor(s) shall be provided to the APCD prior to construction/ grading permit issuance.
   a. Reduce the amount of the disturbed area where possible;
   b. Use water trucks or sprinkler systems in sufficient quantities to prevent airborne dust from leaving the site. Increased watering frequency would be required whenever wind speeds exceed 15 mph. Reclaimed (nonpotable) water should be used whenever possible;
   c. All dirt stock-pile areas should be sprayed daily as needed; and,
   d. All roadways, driveways, sidewalks, etc. to be paved should be completed as soon as possible. In addition, building pads should be laid as soon as possible after grading unless seeding or soil binders are used.

10. Prior to issuance of any construction permit to remove or demolish any buildings or utility pipes on the subject property, the applicant shall provide evidence they

have contacted APCD to determine: a) what regulatory jurisdictions apply to the proposed demolition, such as the National Emission Standard for Hazardous Air Pollutants (40CFR61, Subpart M – Asbestos NESHAP); b) District notification requirements; c) the need for an asbestos survey conducted by Certified Asbestos Inspector; and d) applicable removal and disposal requirements of the asbestos-containing material.

11. Prior to construction permit issuance, the applicant shall provide evidence they have contacted APCD on any proposed portable equipment requiring APCD or CARB registration, such as: 50-hp portable generators, IC engines, unconfined abrasive blasting operations, concrete batch plants, rock and pavement crushing, tub grinders, trammel screens, etc. Should any of these types of equipment be used during construction activities California statewide portable equipment registration (issued by the California Air Resources Board) or an APCD permit may be required.

12. Prior to construction permit issuance, the applicant shall submit plans demonstrating design standards to ensure vehicle speeds do not exceed 25 miles per hour on primary and secondary access roads. Prior to final inspection, the applicant shall post maximum speed limits signs of 25 miles per hour on proposed access roads. For the life of the project, the applicant shall use a California Air Resources Board (CARB) certified dust suppressant on access roads and parking areas.

13. Upon application for construction permits for the wastewater treatment facility, the applicant shall submit plans showing the use of best available technology for odor control.

14. Upon application for construction permit for new building, subject to Title 24 requirements, the applicant shall submit plans demonstrating that the building energy efficiency rating shall be increased by 10% above what is required by Title 24 requirements. This can be accomplished in a number of ways, including but not limited to:
    a. Increase attic, wall, or floor insulation;
    b. Install high efficiency windows;
    c. Use efficient interior lighting and energy star roofs and appliances;
    d. Plant native shade tree planting along southern exposures of buildings to reduce summer cooling needs;
    e. Plant native, drought resistant landscaping;
    f. Use locally or nearby produced building materials;
    g. Use renewable or reclaimed building materials; and,
    h. Install outdoor electrical outlets to encourage the use of electric appliances and tools.

Wastewater

15. Liquid waste generated by the winery operations must be discharged to a waste water system designed by a civil engineer with expertise in the design of winery wastewater systems and approved by the County Building Official or Regional Water Quality Control Board. Such system shall not create offensive odors or materially impair the quality of groundwater for domestic or agricultural use. Prior to discharge of winery wastewater, the applicant shall obtain approval/permits

from the Regional Water Quality Control Board. In no case shall winery wastewater be discharged into a stream or other surface water.

16. Waste Discharge permit or exemption from a permit from the Regional Water Quality Control Board. A copy of the permit or exemption from a permit shall be submitted to the County Planning and Building Department and Environmental Health Department.

17. Solid vegetable waste from the winery (pomace), shall be removed from the site to an approved composting/green waste facility or composted on the site and used as a soil amendment. In no case shall pomace be treated, stored, or disposed of in a manner that could result in runoff into any surface stream.

Biological Resources

18. Prior to issuance of construction permits, the "Project Limits" shall be clearly delineated on all construction plans. Prior to any construction work beginning, including any vegetation clearing, where creek habitat has been identified, sturdy high-visibility fencing shall be installed to protect this habitat. This fencing shall be placed a minimum of 100 feet from the edge of identified riparian habitat with the exception of the existing agricultural road proposed for improvement. Fencing shall be placed at the edge of the road, between the road and riparian habitat. No construction work (including storage of materials) shall occur outside of the "Project Limits". Any required fencing shall remain in place during the entire construction period and checked and repaired as needed by the resident engineer. Prior to final inspection or occupancy, whichever occurs first, the applicant shall provide verification to the satisfaction of the county that no disturbance occurred outside of the approved "project limits" line.

19. At the time of application for construction permits, the applicant shall clearly show on the project plans all trees within 50 feet of construction activities. No oak trees shall be removed. The project plans shall also show the type and location of tree protection measures to be employed. All trees to remain on-site that are within fifty feet of construction or grading activities shall be marked for protection (e.g., with flagging) and their root zone fenced prior to any grading. The outer edge of the tree root zone is 1-1/2 times the distance from the trunk to the drip line of the tree. Grading, utility trenching, compaction of soil, or placement of fill shall be avoided within these fenced areas. If grading in the root zone cannot be avoided, retaining walls shall be constructed to minimize cut and fill impacts. Care shall be taken to avoid surface roots within the top 18 inches of soil. If any roots must be removed or exposed, they shall be cleanly cut and not left exposed above the ground surface. Prior to final inspection or occupancy, whichever occurs first, the applicant shall provide verification to the satisfaction of the county that the above measures were incorporated into the project.

20. The applicant recognizes that trimming of oaks can be detrimental in the following respects and agrees to minimize trimming of the remaining oaks: removal of larger lower branches should be minimized to 1) avoid making tree top heavy and more susceptible to "blow-overs", 2) reduce having larger limb cuts that take longer to heal and are much more susceptible to disease and infestation, 3) retain the wildlife that is found only in the lower branches, 4) retains shade to keep summer temperatures cooler (retains higher soil moisture,

greater passive solar potential, provides better conditions for oak seedling volunteers) and 5) retain the natural shape of the tree. Limit the amount of trimming (roots or canopy) done in anyone season as much as possible to limit tree stress/shock (10% or less is best, 25% maximum). Excessive and careless trimming not only reduces the potential life of the tree, but can also reduce property values if the tree dies prematurely or has an unnatural appearance. If trimming is necessary, the applicant agrees to either use a skilled arborist or apply accepted arborist's techniques when removing limbs. Unless a hazardous or unsafe situation exists, trimming shall be done only during the winter for deciduous species. Smaller trees (smaller than 5 inches in diameter at four feet above the ground) within the project area are considered to be of high importance, and when possible, shall be given similar consideration as larger trees.

Conditions to be completed prior to issuance of a construction permit

21. Prior to issuance of construction permit(s), sedimentation and erosion control plans shall be submitted using Best Management Practices to minimize sediment from entering nearby water bodies or prominent drainage courses.

Conditions to be completed prior to any site disturbance

22. Prior to any work beginning, should the project need to span the riparian corridor, or disturb any riparian habitat, the applicant understands that they will need to contact the following agencies to determine the need for other state or federal permits: California Department of Fish and Game, U.S. Fish & Wildlife Service, National Marine Fisheries Service, Army Corps of Engineers. When such permits are required, any applicable requirement shall be shown on applicable construction plans and adhered to during construction.

23. Prior to commencement of grading activities, work area boundaries shall be clearly staked in a manner that all construction work shall avoid the creek and associated riparian vegetation.

24. Prior to issuance of construction permits, a hazardous materials spill response plan shall be developed and submitted to the county for county approval.

25. Prior to issuance of construction permits, the applicant shall submit revised plans showing a minimum 100-foot setback from the edge of riparian vegetation to the proposed wetland cells and effluent storage pond.

Conditions to be completed prior to occupancy or final building inspection /establishment of the use

Fire Safety

26. Prior to occupancy or final inspection, which ever occurs first, the applicant shall obtain final inspection and approval from CDF of all required fire/life safety measures.

Oak Tree Replacement

27. Prior to final inspection, the applicant shall replace, in kind at a 2:1 ratio for each oak tree impacted but not removed. No oak trees shall be removed as a result of the development of the project. Replanting shall be completed as soon as it is feasible (e.g. irrigation water is available, grading done in replant area). Replant areas shall be either in native topsoil or areas where native topsoil has been reapplied. If the latter, topsoil shall be carefully removed and stockpiled for spreading over graded areas to be replanted (set aside enough for 6-12" layer). Location of newly planted trees should adhere to the following, whenever possible: on the north side of and at the canopy/dripline edge of existing mature native trees; on north-facing slopes; within drainage swales (except when riparian habitat present); where topsoil is present; and away from continuously wet areas (e.g. lawns, leach lines).

    These newly planted trees shall be maintained until successfully established. This shall include protection (e.g. tree shelters, caging) from animals (e.g., deer, rodents), regular weeding (minimum of once early Fall and once early Spring) of at least a three-foot radius out from plant and adequate watering (e.g., drip-irrigation system). Watering should be controlled so only enough is used to initially establish the tree, and reducing to zero over a three-year period. If possible, planting during the warmest, driest months (June through September) shall be avoided. In addition, standard planting procedures (e.g., planting tablets, initial deep watering) shall be used.

<u>On-going conditions of approval (valid for the life of the project)</u>

Noise

28. The project shall comply with the County Noise Element: From 7:00 a.m. to 10:00 p.m.(daytime), noise levels at the property line shall not exceed an hourly average of 50 dB, with a maximum level of 70 dB, and a maximum impulsive noise level of 65dB. From 10:00 p.m. to 7:00 a.m. (nighttime), noise levels at the property line shall not exceed an hourly average of 45dB, with a maximum level of 65dB and maximum impulsive noise level of 60dB.

Outdoor Storage

29. Long term outdoor winery storage areas shall be screened by solid fencing or landscaping and shall not be higher than the associated solid fence screening or landscaping, unless the storage area is not visible from any public road or adjacent properties.

30. Any water tanks associated with the project shall be a neutral, non contrasting color, and landscape screening shall be provided so that the water tanks are not visible from any public road.

Developmental Burning

31. As of February 25, 2000, the APCD prohibits developmental burning of vegetative material within San Luis Obispo County. However, under certain circumstances where no technically feasible alternatives are available, limited developmental burning under restrictions may be allowed. Any such exception

must complete the following prior to any burning: APCD approval; payment of fee to APCD based on the size of the project; and issuance of a burn permit by the APCD and the local fire department authority. As a part of APCD approval, the applicant shall furnish them with the study of technical feasibility (which includes costs and other constraints) at the time of application. For any questions regarding these requirements, Karen Brooks of APCD's Enforcement Division may be contacted (805/781-5912).

32. During construction and ground disturbing activities, all refueling, maintenance, and staging of equipment and vehicles will occur at least 100 feet from riparian habitat or water bodies and not in a location from where a spill would drain directly toward aquatic habitat. Prior to commencement of grading/construction activities, the applicant will ensure that a plan is in place for prompt and effective response to any accidental spills. All workers will be informed of the importance of preventing spills and of the appropriate measures to take should a spill occur.

Time Limits

33. This land use permit is a phased project as described in condition 1. Each phase of this land use permit is considered to be vested once a construction permit has been issued and substantial site work has been completed for each phase as indicated in Condition 1. Substantial site work is defined by Land Use Ordinance Section 22.64.080 as site work progressed beyond grading and completion of structural foundations; and construction is occurring above grade.

34. All conditions of this approval shall be strictly adhered to, within the time frames specified, and in an on-going manner for the life of the project. Failure to comply with these conditions of approval may result in an immediate enforcement action by the Department of Planning and Building. If it is determined that violation(s) of these conditions of approval have occurred, or are occurring, this approval may be revoked pursuant to Section 22.74.160 of the Land Use Ordinance.

IN THE BOARD OF SUPERVISORS
COUNTY OF SAN LUIS OBISPO, STATE OF CALIFORNIA

Tuesday, May 10, 2016

PRESENT: Supervisors Frank R. Mecham, Bruce S. Gibson, Adam Hill, Debbie Arnold, and Chairperson Lynn Compton

ABSENT: None

RESOLUTION NO. 2016-129

RESOLUTION UPHOLDING THE APPEAL OF DANA MERRILL, MODIFYING AND AFFIRMING THE DECISION OF THE PLANNING COMMISSION, AND CONDITIONALLY APPROVING THE APPLICATION OF DANA MERRILL FOR CONDITIONAL USE PERMIT DRC2014-00004.

The following resolution is now offered and read:

WHEREAS, on February 11, 2016, the Planning Commission of the County of San Luis Obispo (hereinafter referred to as the Planning Commission) duly considered the application of Dana Merrill for Conditional Use Permit DRC2014-00004 and conditionally approved the application on February 11, 2016; and

WHEREAS, Dana Merrill has appealed the Planning Commission's decision to the Board of Supervisors of the County of San Luis Obispo (hereinafter referred to as the Board of Supervisors) pursuant to the applicable provisions of Title 22 of the San Luis Obispo County Code; and

WHEREAS, a public hearing was duly noticed and conducted by the Board of Supervisors on May 10, 2016, and determination and decision was made on May 10, 2016; and

WHEREAS, at said hearing, the Board of Supervisors heard and received all oral and written protests, objections, and evidence, which were made, presented, or filed,

and all persons present were given the opportunity to hear and be heard in respect to any matter relating to said appeal; and

WHEREAS, the Board of Supervisors has duly considered the appeal and finds that the appeal should be upheld and the decision of the Planning Commission modified and affirmed and that the application should be approved subject to the findings and conditions set forth below.

NOW, THEREFORE, BE IT RESOLVED AND ORDERED by the Board of Supervisors of the County of San Luis Obispo, State of California, as follows:

1. That the recitals set forth hereinabove are true, correct and valid.

2. That the Mitigated Negative Declaration prepared for this project represents the independent judgment and analysis of the County as Lead Agency and that it is hereby approved as complete and adequate and as having been prepared in accordance with the provisions of the California Environmental Quality Act.

3. That the Board of Supervisors makes all of the findings of fact and determinations set forth in Exhibit A attached hereto and incorporated by reference herein as though set forth in full.

4. That the appeal filed by Dana Merrill is hereby upheld, that the decision of the Planning Commission is modified and affirmed, and that the application of Dana Merrill for Conditional Use Permit DRC2014-00004 is hereby approved subject to the modified conditions of approval set forth in Exhibit B attached hereto and incorporated by reference herein as though set forth in full.

Upon motion of Supervisor Arnold, seconded by Supervisor Hill, and on the following roll call vote, to wit:

AYES: Supervisors Arnold, Hill, Mecham, and Chairperson Compton

NOES: Supervisor Gibson

ABSENT: None

ABSTAINING: None

the foregoing resolution is hereby adopted.

Lynn Compton
Chairperson of the Board of Supervisors

ATTEST:

TOMMY GONG
Clerk of the Board of Supervisors

By: Annette Ramirez
Deputy Clerk

[SEAL]

APPROVED AS TO FORM AND LEGAL EFFECT:

RITA L. NEAL
County Counsel

By: /s/ Whitney McDonald
Deputy County Counsel

Dated: May 10, 2016

STATE OF CALIFORNIA,)
) ss.
County of San Luis Obispo,)

I, TOMMY GONG, County Clerk and ex-officio Clerk of the Board of Supervisors, in and for the County of San Luis Obispo, State of California, do hereby certify the foregoing to be a full, true and correct copy of an order made by the Board of Supervisors, as the same appears spread upon their minute book.

WITNESS my hand and the seal of said Board of Supervisors, affixed this 10th day of May, 2016.

TOMMY GONG
County Clerk and Ex-Officio Clerk of the Board of Supervisors

(SEAL)

By _____
Deputy Clerk.

EXHIBIT B – REVISED CONDITIONS OF APPROVAL
Merrill DRC2014-00004

Approved Development

1. This approval authorizes the construction of a three-phased construction of a winery and tasting room. The following provides a breakdown of the proposed phases:

   A. **Phase I** - To be vested by 2021 in accordance with Condition 37.
      - Conversion of two shop buildings to 2,700 square feet of barrel storage
      - Construction of expanded wastewater treatment facility (including 1,500-square foot wetlands system and 4,800-square foot effluent storage pond)
      - Case production of 15,000 cases

   B. **Phase II** - To be vested by 2026 in accordance with Condition 37.
      - Construction of new 10,440-square foot processing facility
      - Case production of 30,000 cases

2. This approval authorizes 25 special events per year for no more than 200 attendees each, in addition to wine industry-wide events. Amplified music between the hours of 10:00 a.m. and 10:00 p.m. is permitted and subject to Conditions 48-49. Maximum noise levels shall not exceed 65 dB as measured at the property line. No events shall be located at or associated with the vacation rental.

3. This approval does not authorize other uses including bed and breakfasts or restaurants, and any events associated with these uses.

Conditions to be completed at the time of application for construction permits

Site Development

4. **At the time of application for construction permits**, submit a revised site to the Department of Planning and Building for review and approval. The revised plan shall indicate the following and development shall be consistent with this revised and approved plan:

   a. Improved parking to conform to the required spaces (15).

   b. Event parking shall be unimproved and of an open area with a slope of 10 percent or less, at a ratio of 400 square feet per car, on a lot free of combustible material. Total number of spaces is based on the ratio of one space per 3 people in attendance at the event.

   c. Any gates located at the access points shall be setback a minimum of 75 feet from the traveled way of El Pomar Road or South El Pomar Road.

5. **At the time of application for construction permits**, all development shall be consistent with the approved and revised site plan, floor plan, and architectural elevations.

Access

6. **At the time of application for construction permits**, the applicant shall submit plans prepared by a Registered Civil Engineer to the Department of Public Works to secure an Encroachment Permit and post a cash damage bond to install improvements within the

public right-of-way in accordance with County Public Improvement Standards. The plan is to include, as applicable:

a. Reconstruct the existing main winery driveway approach in accordance with County Public Improvement Standard B-1e drawing for high speed and/or high volume rural roadways and county sight distance standards.

b. Reconstruct the other existing site access driveway approaches in accordance with County Public Improvement Standard B-1 drawings for rural roadways and county sight distance standards.

c. Removal of all existing non-permitted obstructions from within the public right-of-way of the project frontage.

7. **At the time of application for construction permits**, the applicant shall provide evidence to the Department of Planning and Building that onsite circulation and pavement structural sections have been designed and shall be constructed in conformance with Cal Fire standards and specifications back to the nearest public maintained roadway.

Fire Safety

8. **At the time of application for construction permits**, all plans submitted to the Department of Planning and Building shall meet the fire and life safety requirements of the California Fire Code. Requirements shall include, but not be limited to those outlined in the Fire Safety Plan, prepared by the CDF/County Fire Department for this proposed project.

Biological Resources

9. **At the time of application for construction permits**, the applicant shall clearly show on the project plans all trees within 50 feet of construction activities. No oak trees shall be removed. The project plans shall also show the type and location of tree protection measures to be employed. All trees to remain on-site that are within fifty feet of construction or grading activities shall be marked for protection (e.g., with flagging) and their root zone fenced **prior to any grading**. The outer edge of the tree root zone is 1-1/2 times the distance from the trunk to the drip line of the tree. Grading, utility trenching, compaction of soil, or placement of fill shall be avoided within these fenced areas. If grading in the root zone cannot be avoided, retaining walls shall be constructed to minimize cut and fill impacts. Care shall be taken to avoid surface roots within the top 18 inches of soil. If any roots must be removed or exposed, they shall be cleanly cut and not left exposed above the ground surface. **Prior to final inspection or occupancy**, whichever occurs first, the applicant shall provide verification to the satisfaction of the county that the above measures were incorporated into the project.

Wastewater

10. Liquid waste generated by the winery operations must be discharged to a waste water system designed by a civil engineer with expertise in the design of winery wastewater systems and approved by the County Building Official or Regional Water Quality Control Board. Such system shall not create offensive odors or materially impair the quality of groundwater for domestic or agricultural use. Prior to discharge of winery wastewater, the applicant shall obtain approval/permits from the Regional Water Quality Control Board. In no case shall winery wastewater be discharged into a stream or other surface water.

11. Waste Discharge permit or exemption from a permit from the Regional Water Quality Control Board. A copy of the permit or exemption from a permit shall be submitted to the County Planning and Building Department and Environmental Health Department.

12. Solid vegetable waste from the winery (pomace), shall be removed from the site to an approved composting/green waste facility or composted on the site and used as a soil amendment. In no case shall pomace be treated, stored, or disposed of in a manner that could result in runoff into any surface stream.

Exterior Lighting

13. **At the time of application for construction permits**, the applicant shall provide details on any proposed exterior lighting, if applicable. The details shall include the height, location, and intensity of all exterior lighting. All lighting fixtures shall be shielded so that neither the lamp nor the related reflector interior surface is visible from adjacent properties. Light hoods shall be dark colored.

Conditions to be completed prior to issuance of a construction permit

Air Quality

14. **Prior to issuance of any construction permit** to remove or demolish any buildings or utility pipes on the subject property, the applicant shall provide evidence they have contacted APCD to determine: a) what regulatory jurisdictions apply to the proposed demolition, such as the National Emission Standard for Hazardous Air Pollutants (40CFR61, Subpart M – Asbestos NESHAP); b) District notification requirements; c) the need for an asbestos survey conducted by Certified Asbestos Inspector; and d) applicable removal and disposal requirements of the asbestos-containing material.

15. **Prior to construction permit issuance**, the applicant shall provide evidence they have contacted APCD on any proposed portable equipment requiring APCD or CARB registration, such as: 50-hp portable generators, IC engines, unconfined abrasive blasting operations, concrete batch plants, rock and pavement crushing, tub grinders, trammel screens, etc. Should any of these types of equipment be used during construction activities California statewide portable equipment registration (issued by the California Air Resources Board) or an APCD permit may be required.

16. **Prior to construction permit issuance**, the applicant shall submit plans demonstrating design standards to ensure vehicle speeds do not exceed 25 miles per hour on primary and secondary access roads. Prior to final inspection, the applicant shall post maximum speed limits signs of 25 miles per hour on proposed access roads. For the life of the project, the applicant shall use a California Air Resources Board (CARB) certified dust suppressant on access roads and parking areas.

Biological Resources

17. **Prior to issuance of construction permits**, the "Project Limits" shall be clearly delineated on all construction plans. Prior to any construction work beginning, including any vegetation clearing, where creek habitat has been identified, sturdy high-visibility fencing shall be installed to protect this habitat. This fencing shall be placed a minimum of 100 feet from the edge of identified riparian habitat with the exception of the existing agricultural road proposed for improvement. Fencing shall be placed at the edge of the road, between the road and riparian habitat. No construction work (including storage of materials) shall occur outside of the "Project Limits". Any required fencing shall remain in place during the entire construction period and checked and repaired as needed by the resident engineer. **Prior to final inspection or occupancy**, whichever occurs first, the applicant shall provide verification to the satisfaction of the county that no disturbance occurred outside of the approved "project limits" line.

18. **Prior to issuance of construction permits**, a hazardous materials spill response plan shall be developed and submitted to the county for county approval.

Water

19. **Prior to issuance of a construction permits** the applicant shall submit evidence that there is adequate water to serve the proposal, onsite.

20. **Prior to issuance of a construction permit,** applicant shall comply with all offset requirements set forth in Resolution 2015-0288 regarding the Paso Robles Groundwater Basin.

Wastewater

21. Liquid waste generated by the winery operations must be discharged to a waste water system designed by a civil engineer with expertise in the design of winery wastewater systems and approved by the County Building Official or Regional Water Quality Control Board. Such system shall not create offensive odors or materially impair the quality of groundwater for domestic or agricultural use. **Prior to discharge of winery wastewater**, the applicant shall submit documentation of a waste discharge permit or waiver issued by the Regional Water Quality Control Board. In no case shall winery wastewater be discharged into a stream or other surface water.

22. **Prior to issuance of construction permits**, the applicant shall submit revised plans showing a minimum 100-foot setback from the edge of riparian vegetation to the proposed wetland cells and effluent storage pond.

23. **Prior to issuance of construction permits for each phase of development**, the applicant shall submit documentation of a waste discharge permit or waiver issued by the Regional Water Quality Control Board.

Grading, Drainage, Erosion Control

24. Prior to issuance of construction permit(s), sedimentation and erosion control plans shall be submitted using Best Management Practices to minimize sediment from entering nearby water bodies or prominent drainage courses.

Fees

25. **Prior to issuance of a construction permit,** the applicant shall pay all applicable school and public facilities fees.

26. **Prior to issuance of a construction permit**, the applicant shall pay the housing impact fee as required by Section 22.12.080.F.1, or may defer fee payment pursuant to Section 22.12.080.J.4. As an alternative the applicant may provide housing units or a land donation, pursuant to Section 22.12.080.F.3.

27. **Prior to issuance of a construction permit,** the applicant shall pay all applicable road fees.

Health Department

28. **Prior to issuance of a construction permit** for the appropriate phase, the applicant shall obtain the appropriate Health Department permits. The Health Department will require at a minimum the following information:
    a. A Hazardous Materials Questionnaire.
    b. Evidence that there is adequate water to serve the proposal, on the site.
    c. If plan review for a cross connection determines that a device is necessary, then an annual device test shall be provided.
    d. If water is made available to 25 or more employees at any one time, or to members of the public, then the applicant shall be required to have public water supply system.

e. The applicant shall submit a site plan showing the location of water wells and the distance from wastewater systems.

Conditions to be completed during construction

Biological

29. **Prior to any work beginning**, should the project need to span the riparian corridor, or disturb any riparian habitat, the applicant understands that they will need to contact the following agencies to determine the need for other state or federal permits: California Department of Fish and Game, U.S. Fish & Wildlife Service, National Marine Fisheries Service, Army Corps of Engineers. When such permits are required, any applicable requirement shall be shown on applicable construction plans and adhered to during construction.

30. **During construction and ground disturbing activities,** all refueling, maintenance, and staging of equipment and vehicles will occur at least 100 feet from riparian habitat or water bodies and not in a location from where a spill would drain directly toward aquatic habitat. **Prior to commencement of grading/construction activities,** the applicant will ensure that a plan is in place for prompt and effective response to any accidental spills. All workers will be informed of the importance of preventing spills and of the appropriate measures to take should a spill occur.

31. **Prior to issuance of construction permits**, the applicant shall submit revised plans showing a minimum 100-foot setback from the edge of riparian vegetation to the proposed wetland cells and effluent storage pond.

32. **Prior to commencement of grading activities**, work area boundaries shall be clearly staked in a manner that all construction work shall avoid the creek and associated riparian vegetation.

Conditions to be completed prior to occupancy or final building inspection /establishment of the use

Site Development

33. **Prior to occupancy of any structure associated with this approval**, the applicant shall contact the Department of Planning and Building to have the site inspected for compliance with the conditions of this approval.

Access

34. **Prior to occupancy or final inspection,** all public improvements have been constructed or reconstructed in accordance with County Public Improvement Standards and to the satisfaction of the County Public Works Inspector.

Fire Safety

35. Prior to occupancy or final inspection, whichever occurs first, the applicant shall obtain final inspection and approval from CDF of all required fire/life safety measures.

Biological

36. **Prior to final inspection**, the applicant shall replace, in kind at a 2:1 ratio for each oak tree impacted but not removed. No oak trees shall be removed as a result of the development of the project. Replanting shall be completed as soon as it is feasible (e.g. irrigation water is available, grading done in replant area). Replant areas shall be either in native topsoil or areas where native topsoil has been reapplied. If the latter, topsoil shall be carefully removed and stockpiled for spreading over graded areas to be replanted (set aside enough for 6-12" layer). Location of newly planted trees should

adhere to the following, whenever possible: on the north side of and at the canopy/dripline edge of existing mature native trees; on north-facing slopes; within drainage swales (except when riparian habitat present); where topsoil is present; and away from continuously wet areas (e.g. lawns, leach lines).

These newly planted trees shall be maintained until successfully established. This shall include protection (e.g. tree shelters, caging) from animals (e.g., deer, rodents), regular weeding (minimum of once early Fall and once early Spring) of at least a three-foot radius out from plant and adequate watering (e.g., drip-irrigation system). Watering should be controlled so only enough is used to initially establish the tree, and reducing to zero over a three-year period. If possible, planting during the warmest, driest months (June through September) shall be avoided. In addition, standard planting procedures (e.g., planting tablets, initial deep watering) shall be used.

On-going conditions of approval (valid for the life of the project)

Time Limits

37. This land use permit is a phased project as described in Condition 1. Each phase of this land use permit is considered to be vested once a construction permit has been issued and substantial site work has been completed for each phase as indicated in Condition 1. Substantial site work is defined by Land Use Ordinance Section 22.64.080 as site work progressed beyond grading and completion of structural foundations; and construction is occurring above grade.

38. All conditions of this approval shall be strictly adhered to, within the time frames specified, and in an on-going manner for the life of the project. Failure to comply with these conditions of approval may result in an immediate enforcement action by the Department of Planning and Building. If it is determined that violation(s) of these conditions of approval have occurred, or are occurring, this approval may be revoked pursuant to Section 22.74.160 of the Land Use Ordinance.

Access

39. **On-going condition of approval (valid for the life of the project),** any gate constructed on a driveway where off-site grapes are delivered and/or product is exported from the site shall be a minimum of 75-feet from the traveled way of any road open to public traffic.

40. **On-going condition of approval (valid for the life of the project)**, and in accordance with County Code Section 13.08, no activities associated with this permit shall be allowed to occur within the public right-of-way including, but not limited to, project signage; tree planting; fences; etc without a valid Encroachment Permit issued by the Department of Public Works.

41. **On-going condition of approval (valid for the life of the project)**, the property owner shall be responsible for operation and maintenance of public road frontage landscaping in a viable condition and on a continuing basis into perpetuity or until specifically accepted for maintenance by a public agency.

Biological

42. The applicant recognizes that trimming of oaks can be detrimental in the following respects and agrees to minimize trimming of the remaining oaks: removal of larger lower branches should be minimized to 1) avoid making tree top heavy and more susceptible to "blow-overs", 2) reduce having larger limb cuts that take longer to heal and are much more susceptible to disease and infestation, 3) retain the wildlife that is found only in the lower branches, 4) retains shade to keep summer temperatures cooler

(retains higher soil moisture, greater passive solar potential, provides better conditions for oak seedling volunteers) and 5) retain the natural shape of the tree. Limit the amount of trimming (roots or canopy) done in anyone season as much as possible to limit tree stress/shock (10% or less is best, 25% maximum). Excessive and careless trimming not only reduces the potential life of the tree, but can also reduce property values if the tree dies prematurely or has an unnatural appearance. If trimming is necessary, the applicant agrees to either use a skilled arborist or apply accepted arborist's techniques when removing limbs. Unless a hazardous or unsafe situation exists, trimming shall be done only during the winter for deciduous species. Smaller trees (smaller than 5 inches in diameter at four feet above the ground) within the project area are considered to be of high importance, and when possible, shall be given similar consideration as larger trees.

Fees

43. **On-going condition of approval (valid for the life of the project)**, and in accordance with Title 13.01 of the County Code, the applicant shall be responsible for paying to the Department of Public Works the Templeton Area B Road Impact Fee. The fee shall be imposed at the time of application for building permits and shall be assessed for each building permit to be issued. These fees are subject to change by resolution of the Board of Supervisors. The applicant shall be responsible for paying the fee in effect at the time of application for building permits.

Outdoor Storage

44. Long term outdoor winery storage areas shall be screened by solid fencing or landscaping and shall not be higher than the associated solid fence screening or landscaping, unless the storage area is not visible from any public road or adjacent properties.

45. Any water tanks associated with the project shall be a neutral, non-contrasting color, and landscape screening shall be provided so that the water tanks are not visible from any public road.

Commercial Kitchen

46. This approval does not allow a commercial kitchen to function as a restaurant (limited food service facility).

Pomace

47. Solid vegetable waste from the winery (pomace) shall be removed from the site to an approved composting/green waste facility or composted on the site and used as a soil amendment. In no case shall pomace be treated, stored, or disposed of in a manner that could result in runoff into any surface stream.

Noise

48. **Prior to initiation of public events,** the applicant shall submit to the county a copy of a formal rental agreement for groups making use of the event site. The rental agreement shall include the disclaimer that outdoor amplified music will not exceed Lmax levels of 65 dB decibels noise standards at the property line. The rental agreement shall identify an on-site manager to be present during all events who will have a basic sound level meter to verify conformance with standards and to correct problem situations.

49. **For the life of the project,** the applicant shall designate an employee to serve as a noise monitor. For events that include outdoor amplified music, the noise monitor shall monitor noise levels, on an hourly basis, with a sound level meter at the property lines to ensure that the noise levels do not exceed those prescribed in the County Land Use Ordinance. The outdoor amplified music shall not exceed Lmax levels of 65 dB decibels

at the property line. The noise monitor shall be available by telephone to respond to any noise complaints and take corrective measures to ensure compliance with the County Land Use Ordinance. The applicant and successors in interest shall provide a telephone number to reach the designated noise monitor to the County and any neighbor who requests it. The telephone number provided shall allow the County and/or neighbor to reach the noise monitor during all events.

Notification

50. The applicant shall provide notification of events, through an email or letter, to owners of property within a minimum of 1,000 feet of the exterior boundaries of the proposed site. If a letter is used, it shall be delivered within 30 days prior to but not less than 3 days before each event occurrence. The following information shall be provided:
    a) A complete listing of all scheduled events including dates, times and number of attendees;
    b) 24-hour contact information for the on-site operator (cell phone), including e-mail and phone number, to be used to notify the operator of issues with the operation;
    c) Contact information for County Code Enforcement to be used if members of the public have complaints about the operation;
    d) Any identified problems shall be responded to and addressed as soon as possible.

    As an alternative to providing the annual listing of the events in a letter, a website may be used. If a web-site is used, notification shall first be provided by mail and contain the website address, the 24 hour local contact information and the approved number of events and attendee numbers. The website shall be maintained and kept current at all times.

Event Parking

51. Event parking shall be unimproved and of an open area with a slope of 10 percent or less, at a ratio of 400 square feet per car, on a lot free of combustible material. Total number of spaces is based on the ratio of one space per 3 people in attendance at the event.

Event Lighting

52. **For the life of the project,** use of exterior lighting in association with an event shall not extend beyond 10:30 p.m. Use of lighting beyond these hours is acceptable where necessitated for emergency purposes, provided that the use of lighting is minimized only to what is necessary to address the urgent conditions.

53. Any lighting used during events shall comply with Section 22.10.060 (Exterior Lighting). All lighting shall have minimized intensity. Sources shall be directed away from any road, highway, or adjacent residences.

Signs/Banners

54. **For the life of the project,** banners, signs, or decorative materials on the project site are limited to being posted on the day of the event, and shall be removed by the following day.

Recycling

55. On-going condition of approval (valid for the life of the project), the applicants shall provide recycling opportunities to all facility users at all events in accordance with Ordinance 2008-3 of the San Luis Obispo County Integrated Waste Management Authority (mandatory recycling for residential, commercial and events).

Trash

56. For the life of the project, the site shall be kept clean and free of trash and debris during each event and such materials shall be prevented from passing onto neighboring properties.

Toilet Facilities

57. Portable restroom facilities may be used, in lieu of permanent restrooms, provided they meet all state and local specifications and are sufficient to serve the maximum number of persons allowed at an event.

Water

58. The applicants shall comply with the Memorandum Regarding Water Offset Calculation (Wallace Group, July 7, 2014) recommendations for special events regarding use of temporary toilets and catering of meals. If applicant chooses to utilize permanent toilets and/or cook on-site for events, new water offset calculations shall be required.

Defense and Indemnity

59. **Within ten (10) days of final approval of this use permit**, the applicant shall, as a condition of approval, enter into and record an agreement, in a form approved by County Counsel and executed by the Director of the Department of Planning and Building, providing for the defense and indemnity of the County of San Luis Obispo, its present or former officers, agents, or employees, at the applicant's sole expense, against any action brought by a third party challenging either the decision to approve this use permit or the manner in which the County is interpreting or enforcing the conditions of this use permit, or any other action by a third party relating to or arising out of the approval or implementation of this use permit. The agreement shall provide that the applicant shall indemnify the County and reimburse it for any costs and/or attorney's fees which the County incurs as a result of such action, and that the County's participation or non-participation in any such litigation shall not relieve the applicant of his or her obligations under this condition or the agreement. The applicant's obligations to defend and indemnify the County are ongoing conditions of this permit.

California Regional Water Quality Control Board
Central Coast Region

Linda S. Adams
Secretary for Environmental Protection

www.waterboards.ca.gov/centralcoast
895 Aerovista Place, Suite 101 San Luis Obispo, CA 93401
Phone (805) 549-3147 • FAX (805) 543-0397

Arnold Schwarzenegger
Governor

August 22, 2008

Dana M. Merrill, Owner
Pomar Junction Winery
PO Box 789
Templeton, CA 93465-0789

Dear Mr. Merrill:

WAIVER OF WASTE DISCHARGE REQUIREMENTS, POMAR JUNCTION WINERY, SAN LUIS OBISPO COUNTY

Regional Water Quality Control Board (Water Board) staff reviewed your request for a Small Winery Waiver of Waste Discharge Requirements for the Pomar Junction Winery, located at 5036 South El Pomar Road in Templeton. We understand that Pomar Junction Winery will produce up to 5,000 cases of wine per year and generate minimal winery process wastewater. Produced wastewater will flow to a septic tank prior to vineyard re-use. Treated wastewater will be re-used on-site as a vineyard soil amendment where depth to groundwater will be greater than 20 feet. Domestic wastewater will go through a separate system. Although you proposed using winery wastewater for dust control, use of winery wastewater for dust control on compacted roads will void this waiver. Compacted roads do not have the ability to retain and treat winery wastewater sufficiently.

Considering the above, Pomar Junction Winery is hereby enrolled in the Small Winery Waiver pursuant to General Waste Discharge Requirements for Wineries, Order No. R3-2008-0018 (General WDRs). The Water Board may revoke this waiver and prescribe Waste Discharge Requirements at any time if Pomar Junction Winery fails to comply with the Prohibitions, Recommendations, and Specifications of the General Waste Discharge Requirements for Discharges of Winery Waste. This waiver expires **August 22, 2013**, or when wine production exceeds 5,000 cases per year, whichever is sooner. To renew your waiver, please contact Water Board staff by February 22, 2013. Water Board staff may periodically visit your winery in the future to ensure you continue to comply with the above conditions.

If you have questions, please feel free to contact **Tom Kukol at (805) 549-3689** or Burton Chadwick at (805) 542- 4786.

Sincerely,

for Burton Chadwick
Roger W. Briggs
Executive Officer

TK
126-01
Small Winery Waiver, SLO County
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San Luis Obispo County Land Use Permit Process

Phase I. Pre-Planning: 1-3 Months

Activity	Responsible Party	Processing Time
Initial Consultation Meeting	Kirk Consulting / Client	Project Specific
Preliminary Property Research	Kirk Consulting	Project Specific
Preliminary Meeting with Client and Architect to go over project	Kirk Consulting / Client	Project Specific
Set up Pre-Application Meeting with County (Optional)	Kirk Consulting	Project specific (typically takes 2 months to get a pre-application meeting)
Pre-Application Meeting (Optional)	Kirk Consulting/ Client	Project Specific
Revisions to project based on pre-application meeting	Client	20-45 days
Request accessory studies (i.e. visual, noise, biology, geology, hydrology, historical, archeological)	Kirk Consulting	14-21 days for proposals 30 - 60 days for studies to be completed

Phase II. Project and Site Plan: 1-3 Months

Activity	Responsible Party	Processing Time
Submit preliminary site plan, floor plans, elevations, grading plans to Kirk Consulting	Client	Project specific
Review project information; compare plan to ordinance requirements; recommend changes, if necessary, to assure compliance with ordinance	Kirk Consulting	14 days
Submit completed site plan, floor plans, elevations, grading plans to Kirk Consulting for inclusion with application	Client	Project specific

Phase III. Application: 1-2 Months From Receipt of Final Plans

Activity	Responsible Party	Processing Time
Create and deliver neighbor notice	Kirk Consulting	10 days prior to filing application
Neighborhood Meeting (Optional)	Kirk Consulting / Architect / Client	Project Specific
Prepare Project Description, Ordinance Analysis, Winery Questions	Kirk Consulting	Concurrent with 10-day neighbor notice period
Complete County Application	Kirk Consulting	Concurrent with 10-day neighbor notice period
Submit Application to County	Kirk Consulting	After 10-day notice period

Phase IV County Review: 3-6 Months

Activity	Responsible Party	Processing Time
County reviews application and either accepts or requests further information	County	30 days
Gather further information if requested to do so by County	Kirk Consulting	Project specific
Community Advisory Review	Kirk Consulting	Project specific

Phase V Environmental Review: 5-7 Months

Activity	Responsible Party	Processing Time
County staff completes Environmental Review and develops conditions	County	5-7 months
Review and recommend changes, if any, to conditions	Kirk Consulting	Project specific
Agree to final conditions; sign Developer's Statement	Client	Project specific

Phase VI. Hearing and Approval: 2 Months

Activity	Responsible Party	Processing Time
County Schedules Hearing and project moves forward for approval or denial	Client and Kirk Consulting attend hearing	45 days
Appeal period	Public right to appeal	14 days

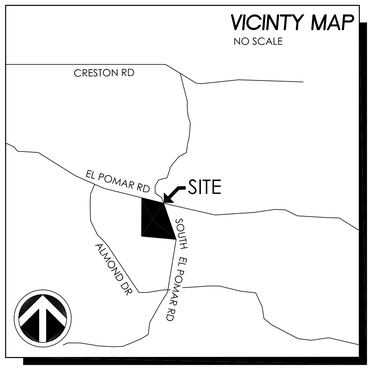
Total: Typical processing time total is 12-18 months for a Minor Use Permit and 18-24 months for a Conditional Use Permit, exclusive of project specific activities. Additional time may be necessary pending project specific activities.

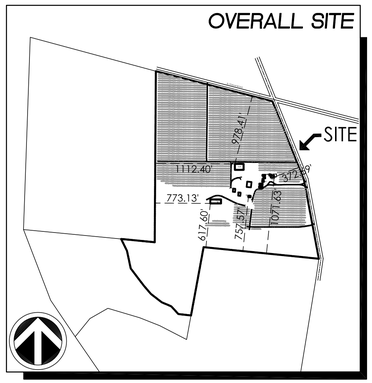
POMAR JUNCTION WINERY

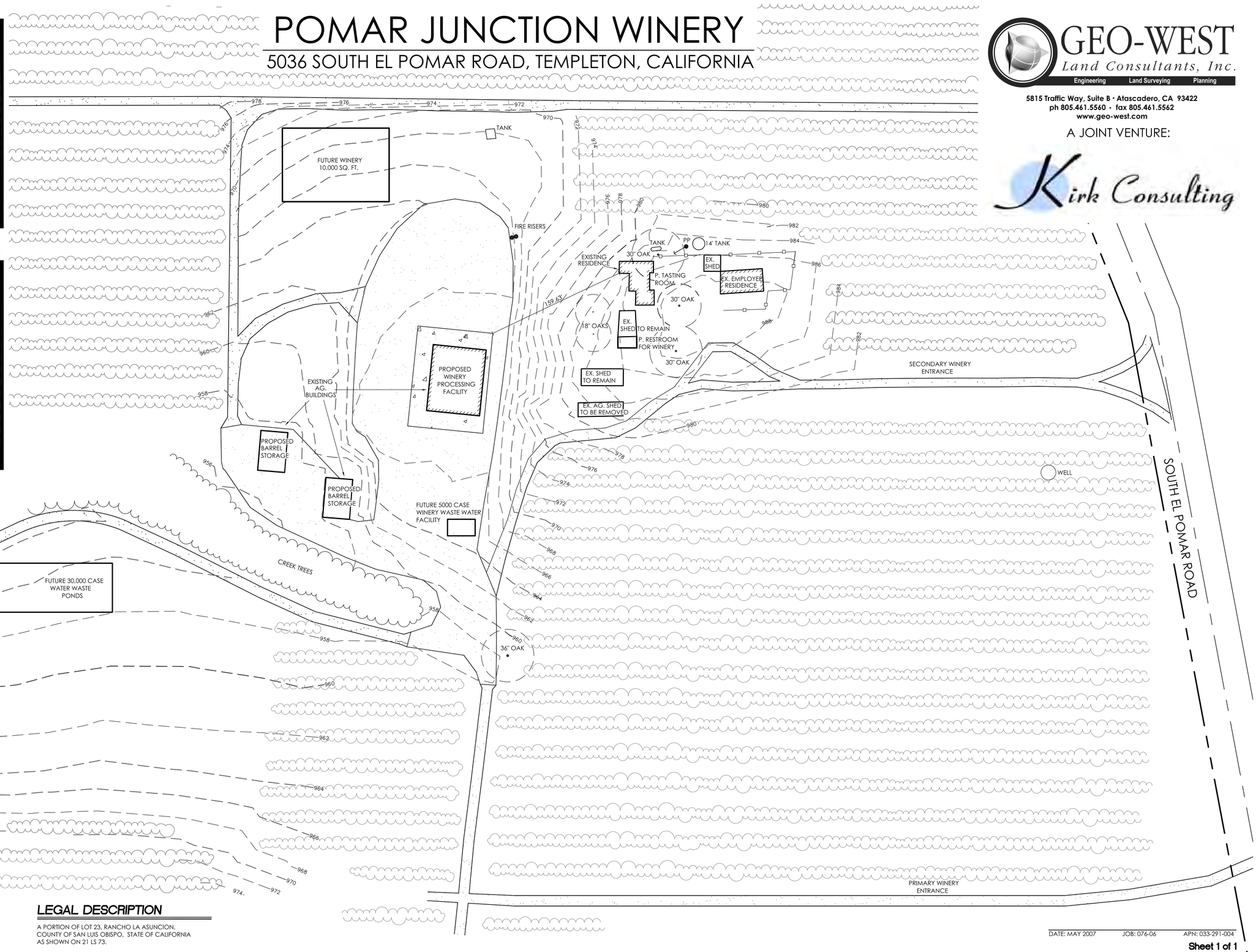
5036 SOUTH EL POMAR ROAD, TEMPLETON, CALIFORNIA

GEO-WEST
Land Consultants, Inc.
Engineering Land Surveying Planning
5815 Traffic Way, Suite B • Atascadero, CA 93422
ph 805.461.5560 • fax 805.461.5562
www.geo-west.com

A JOINT VENTURE:
Kirk Consulting







SURVEYOR'S STATEMENT

THIS MAP CORRECTLY REPRESENTS A SURVEY MADE BY ME OR UNDER MY DIRECTION. THE BOUNDARY WAS CALCULATED FROM FOUND MONUMENTS IN THE FIELD. EASEMENTS, IF ANY, HAVE NOT BEEN SHOWN HEREON.

BARAK J. MILES
PLS 7835, EXP. 12-31-2008

LICENSED LAND SURVEYOR
BARAK J. MILES
Exp. 12/31/08
No. 7835
STATE OF CALIFORNIA

GRAPHIC SCALE

50 0 25 50 100 200

(IN FEET)
1 inch = 50 ft.

LEGAL DESCRIPTION

A PORTION OF LOT 23, RANCHO LA ASUNCION, COUNTY OF SAN LUIS OBISPO, STATE OF CALIFORNIA AS SHOWN ON 21 LS 73.

DATE: MAY 2007 JOB: 076-06 APN: 033-291-004

Sheet 1 of 1

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