

## Executive Summary

Consumer demand for healthy food continues to rise, yet farmer's profits remain dismal, with 90% of American farms operating at breakeven. These are two sides of the same problem, with one cost-effective solution: an engineered soil from SymSoil.

SymSoil products:

- Improve the value of the crop (increase flavor, nutrient density, crop yield).
- Provide an alternative to agrichemicals, a biology-based, organically certifiable way to cycle nutrients. This feeds plants the way nature intended, resulting in healthier soil, more vibrant plants with greater ability to resist pathogens.
- Reduce irrigation needs – with two different mechanisms that increase drought resistance.
- Sequester up to 10 tons of carbon, per acre/year.
- Provide solutions to farms (from vineyards to hay farmers), arborists (from LEED buildings to municipal parks and schools), home gardeners and cannabis cultivators (indoor and outdoor).

SymSoil seeks investors interested in a high cash flow return from helping SymSoil expand and building a national footprint. We are offering a Preferred Units in SymSoil Organic Soil Fund, which will use investor capital to fund multiple hubs, including the acquisition of land and equipment.

**Key Investment Amount: \$15 million/\$2.5 million per hub**

**Investor Return Rate:**

- **7% Participating Preferred**
- **70% of free cash flow until 125% of investment (\$3.125 million/hub) is returned**
- **25% of free cash flow for remainder of the fund life, after 125% of the pro-rata investment is returned to investor**

**Total Internal Rate of Return for 5 years: 24%**

**Term of deal: 10 years**

Structured as Participating Preferred Units, in a Delaware Limited Liability Company, the fund will function as a partnership managed by Sym Soil Inc. The 6 hubs in different regions will offer investors geographic diversification, as well as exposure to different crop types.



Use of funds:

**Establishment of Operations**, which for most hubs will require purchase of 10 acres of land, significant equipment, staff and modest increases in existing marketing to reach local customers.

This will require a \$2.5M capital investment, per hub of which more than 50% will be in tangible assets.

Existing customer in Humboldt, Los Angeles, San Diego, San Bernardino and throughout Colorado suggest revenues for the first three hubs will come online relatively quickly.

**Investment Return:**

**The financial projections, based upon a 58% Gross Margin, suggest investors will receive 24% Internal Rate of Return for the first five years. The \$15 million will fund 6 hubs.**

The portfolio will contain multiple hubs, each of which will have a \$2.5M capital funding.

If the fund closes at \$10M, 4 hubs will be built. Each hub will be held in the portfolio. Investor payout will be based upon the cash flow returns of individual hubs, but the minimum investment returns will be guaranteed by the Limited Partnership's Portfolio.

Free Cash Flow (FCF) is defined as Earnings, plus Depreciation, after Capital Expenditures for Equipment.

**Each hub will begin payout when it achieves positive FCF. The payout has three parts:**

- **7% Preferred Return:** The first payment, with positive FCF, will be a Preferred Return, up to 7% of the original investment.
- **First Tranche:** When a hub achieves positive FCF, 70% of the remaining FCF will be paid to the Preferred Unit holders (investors in SymSoil Organic Soil Opportunity Fund) up to 125% of the investment in the hub.
- **Second Tranche:** For the remainder of the fund's 10 year life, from the completion of the First Tranche, each hub will pay the higher of the 7% Preferred Return or 25% of the FCF will be paid out.

As each hub has FCF, that positive FCF will be distributed proportionately to all Preferred Unit holders. The return is only capped by the 10 year term of the fund. Each hub will be accounted for separately, and any hub with negative FCF will not affect payments from hubs that have positive FCF, with no claw backs.

Once each hub has become profitable, it will begin payout. Once the First Tranche is have completed for all hubs, the partnership will increase the investment returns, as described above, as necessary from the manager's income, to ensure all investors receive 125% of their initial investment.

For example, if the fund raises \$11M – Investors would receive payments from the First and Second Tranche of 4 hubs. Upon completion of the First Tranche payments from the 4<sup>th</sup> hub to be established, investor payouts from the first tranche, would be at 125% of the \$10 Million used to fund four hubs. Nevertheless, payouts would remain at this level until the 125% of the entire \$11M was paid out. The incremental increase to investors would come from the cash flow to the manager, from the portfolio of 4 hubs.

We will distribute to all preferred members based on the positive FCF of each Hub. If any hub is negative it will not affect the payments of the hubs that have positive FCF. Each year is independent and there are no claw backs. If, in any year, there is no FCF from any of the hubs, that year will not have any payments.