

CONFIDENTIAL:

Private Placement Memorandum

September 1, 2016

CAMELLIA STATION HOLDINGS, LLC



FOR THE EXCLUSIVE USE OF:

MEMORANDUM ID #:

Investing in Camellia Station Holdings, LLC involves a high degree of risk. Before investing you should review the entire Private Placement Memorandum including the "Risk Factors" highlighted on pages 7, 9, and 16-30.

Photograph is of Camellia Station, LLC Property



About the Offering

Camellia Station Holdings, LLC

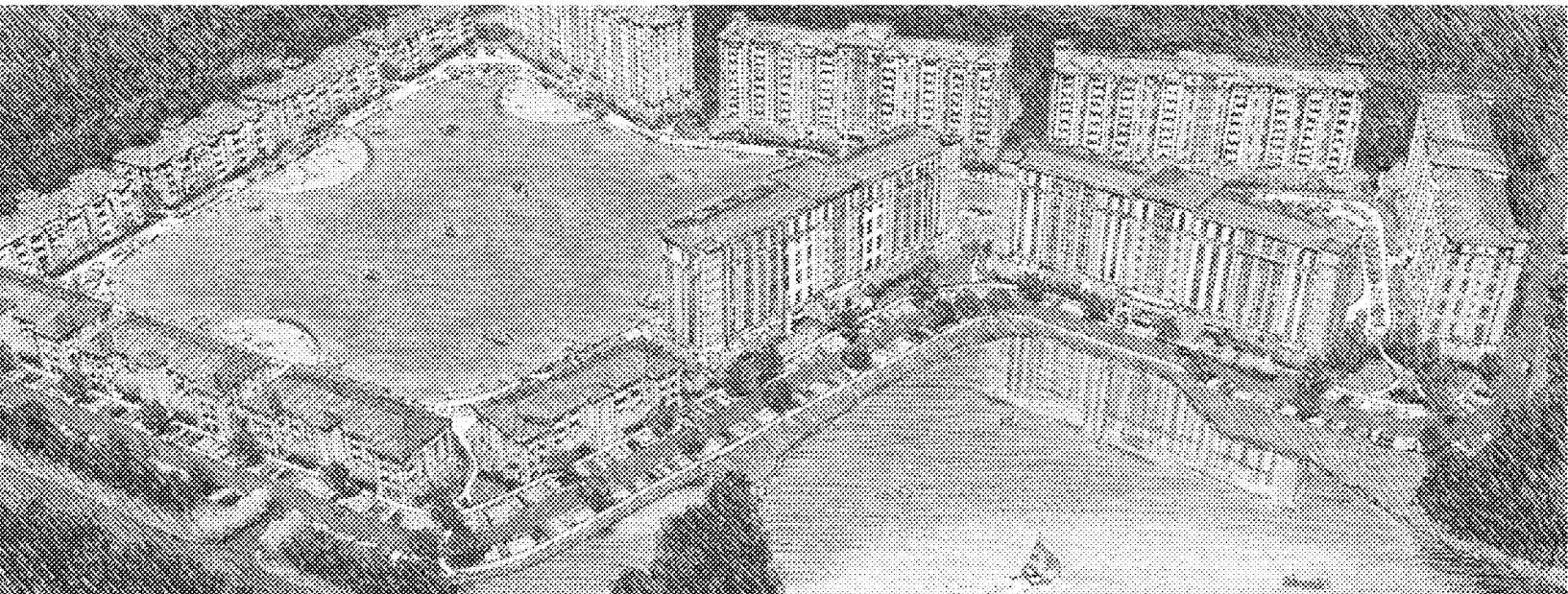
Camellia Station Holdings, LLC, a Delaware limited liability company (the “Company”), is offering units of membership interest (the “Units”) to *accredited investors only* at an offering price of \$13,026 per Unit (the “Offering Price”). A maximum of 945 Units (the “Maximum Offering”), which represents an approximate 99.47% ownership interest in the Company and an aggregate 94.5% ownership interest in Camellia Station, LLC, a Delaware limited liability company (the “Property Entity”), the owner of approximately 45.22 acres of unimproved real estate located in Horry County, South Carolina as further identified on the Survey and Map Description of Property, which is attached as Exhibit C (together with related development rights, the “Property”), are being offered (the “Offering”) pursuant to this Confidential Private Placement Memorandum (this “PPM”).

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these Units or passed upon the adequacy or accuracy of this PPM. Any representation to the contrary is a criminal offense.

Current Plans for the Property

Camellia Station Management, LLC, the manager of the Company (the “Manager”), has investigated the following possible uses for the Property, the election of which will be made pursuant to the procedures outlined in the Limited Liability Company Agreement of the Company at some time after the closing of the Offering:

- (1) Develop the Property into as many as 700 multi-family residential units for sale to the public (the “**Development Option**”);
- (2) Donate a conservation easement on the Property (the “**Conservation Option**”); or
- (3) Defer action and continue to hold the Property for investment (the “**Deferral Option**”).



Who May Invest

An investment in the Units involves a high degree of risk and may be purchased only by persons of substantial financial means who have no need for liquidity in this investment. This investment will be sold only to investors (the “Investors”) who (1) are *accredited investors*; (2) satisfy the other requirements and make the other representations set forth within this PPM; and (3) purchase a minimum of four Units, except that the Manager, in its sole discretion, may waive the minimum purchase requirement.

The offer and sale of the Units is being made in reliance on an exemption from the registration requirements of the Securities Act in accordance with Rule 506(b) of Regulation D promulgated thereunder. Accordingly, distribution of this PPM has been strictly limited to persons who are reasonably believed to be “accredited investors” within the meaning of Rule 501 of Regulation D.

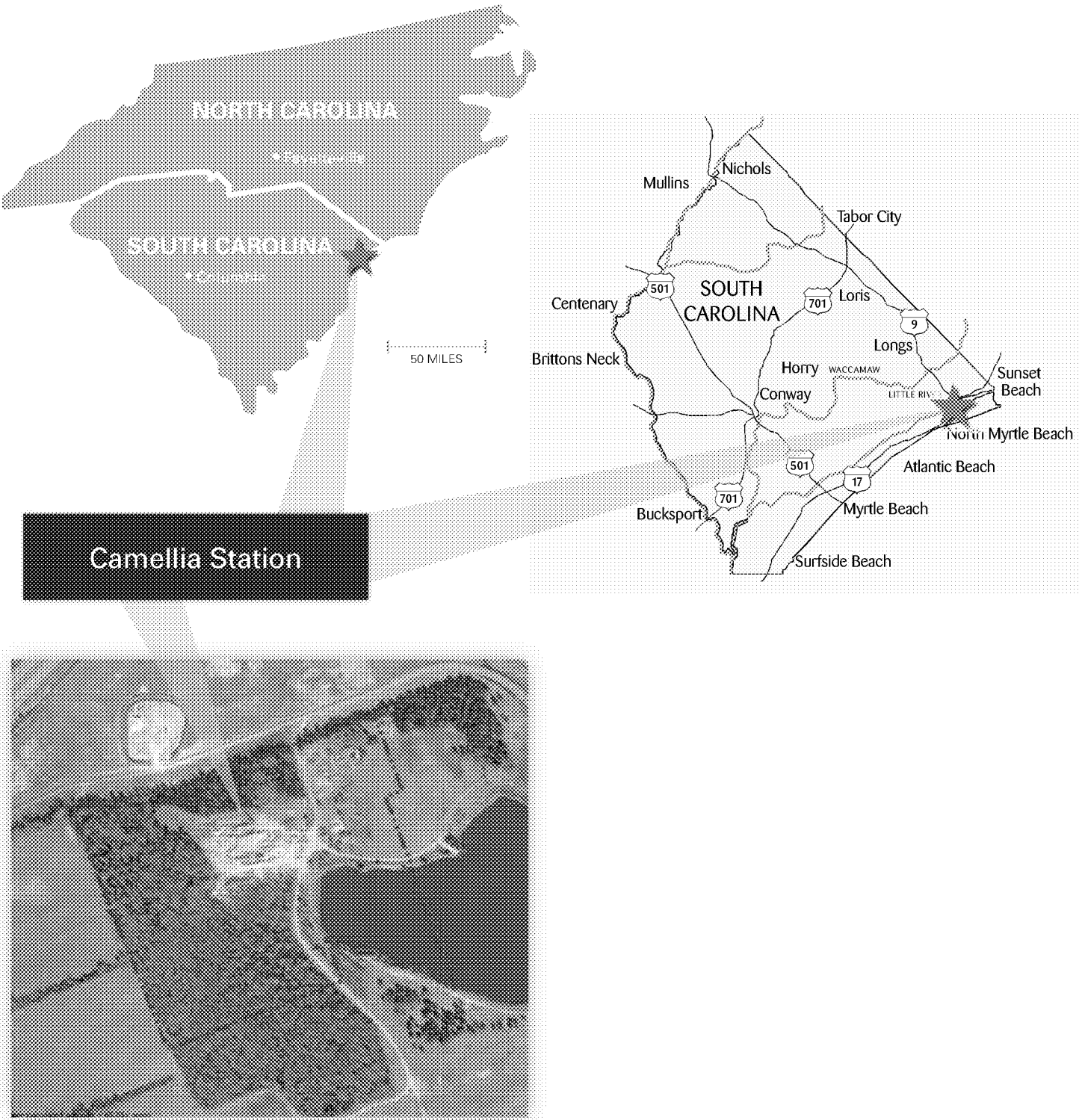
In addition to being an accredited investor, in order to invest in this Offering, a prospective purchaser must satisfy the requirements and make the representations set forth within this PPM. The Manager reserves the right, in its sole discretion, to declare any prospective purchaser ineligible to purchase Units based on any information which may become known or available to the Manager concerning the suitability of such prospective purchaser, for any other reason, or for no reason. The Company also has the option, in its sole discretion, to reduce the number of Units each Investor purchases in the event the Offering is oversubscribed.

Offering Details

Maximum Offering Size:	\$12,309,570
Property Location:	45.22 acres of unimproved real estate located in Horry County, South Carolina
Offering Structure:	Regulation D Private Placement
Unit Size:	\$13,026
Minimum Investment:	4 Units
Maximum Units Available:	945 Units
Eligible Investors:	Accredited Investors Only

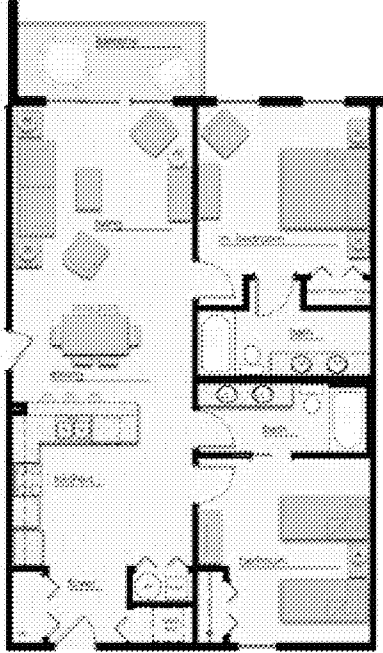
Rendering is of proposed development plan of the Camellia Station, LLC Property (for illustrative purposes only).

Property Location & Maps

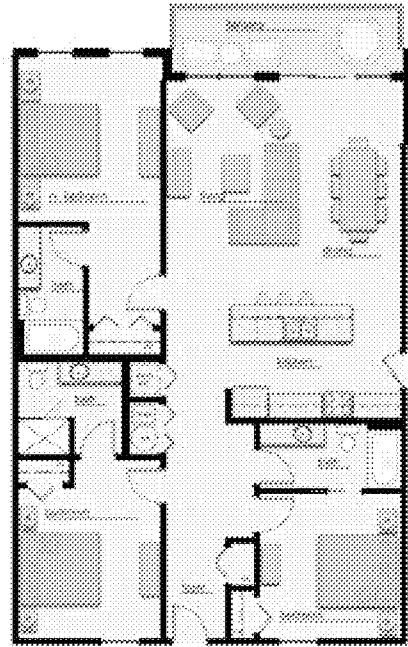


Further description of the Property location beginning on page 51.

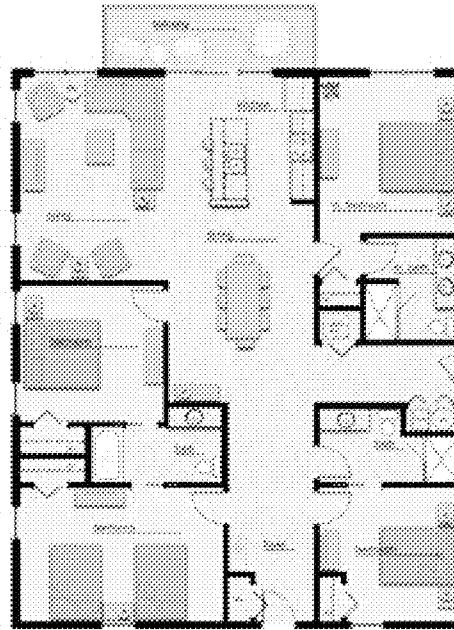
Sample Floor Plans



2 Bedroom



3 Bedroom



4 Bedroom

Sample floor plans of proposed development of Camellia Station, LLC Property are for illustrative purposes only. Camellia Station Development Company, LLC (the "Developer"), subject to approval by the Company, may adjust the type, number and mix of residential units contemplated in the proposed development plan contemplated under the Development Option.

Conceptual Development Plan



SITE DATA:

Existing Zoning	R4, R4I & RC
Total Upland:	±37.31 Acres
Total Lake:	±06.57 Acres
Total Wetland:	±01.34 Acres
Total Site:	±45.22 Acres*

*Inclusive of those portions of the 50' right-of-way on site.

Minimum Building Setbacks*:

Front	15'
Side	15'
Rear	15'

* Perimeter buffer of 25' required for R4I portion.

Parking Required:

2-Bedroom Unit:	1.5 Spaces/Unit
3-Bedroom Unit:	2 Spaces/Unit
4-Bedroom Unit:	2.5 Spaces/Unit

DENSITY:

90 Units Per 11-Story Building X 6 Buildings = 540 Units

20 Units Per 4-Story Building X 8 Buildings = 160 Units

Total Units 700 Units

700 Total Units / ±37.31 Total Upland Acres = ±18.8 Units Per Upland Acre

700 Total Units / ±45.22 Total Site Acres = ±15.5 Units Per Site Acre

BUILDING DATA:

Building A (11-Story)

2 Floors Parking & 9 Floors Residential

Total Buildings: 6 Buildings

2-Bedroom Units: 18 X 6 108 Units

3-Bedroom Units: 54 X 6 324 Units

4-Bedroom Units: 18 X 6 108 Units

Total Units: 90 X 6 540 Units

Total Parking Required: 1,080 Spaces (180 Spaces/Building)

Structured Parking: 768 Spaces (128/Building)

Surface Parking: 312 Spaces

Total Parking Provided: 1,080 Spaces

Building B (4-Story)

4 Floors Residential

Total Buildings: 8 Buildings

2-Bedroom Units: 04 X 8 032 Units

3-Bedroom Units: 12 X 8 096 Units

4-Bedroom Units: 04 X 8 032 Units

Total Units: 20 X 8 160 Units

Total Parking Required: 320 Spaces (40 Spaces/Building)

Total Parking Provided: 320 Spaces (40 Spaces/Building)

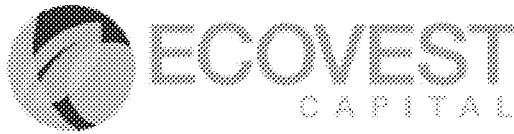
Conceptual development plan of Camellia Station, LLC Property is for illustrative purposes only. The Developer, subject to approval by the Company, may adjust the type, number and mix of residential units contemplated in the proposed development plan contemplated under the Development Option. Further discussion of the development plan on pages 59-61.



Risk Factors

The Units being offered hereby involve a high degree of risk, including risks associated with the ownership and/or development of real estate, conflicts of interest and management risks, and investment and operating risks as well as tax and financial risks associated with the transaction and the general economy.

- The Manager of the Company selected Camellia Station Development Company, LLC, a Delaware limited liability company (the "Developer"), to be the developer of the Property, and the Manager, the Developer and their affiliates will receive significant fees and expense reimbursements that were not negotiated at arm's length;
- The Manager, the Developer, and their affiliates will have conflicts of interest, including compensation arrangements and time constraints, that might affect the operation and management of the Company and the Property Entity;
- The Offering Price was determined by the Company and is not based upon any direct relationship to asset value, net worth, earnings, cash flow from operations, or any other established or measurable criteria of value of the Company;
- There can be no assurance that the value of the Units will appreciate over time if the Property is held for investment;
- Following the closing of the Offering, the members of the Company (the "Members") will elect to cause the Property Entity to pursue one of three alternative strategies with respect to the Property: develop the Property pursuant to the development plan for the Property described in this PPM (the "Development Plan"), donate a conservation easement on the Property, or defer action and continue to hold the Property for investment. You might not agree with the election made;
- Other than the election to develop the Property pursuant to the Development Plan, donate a conservation easement on the Property or defer action on the Property and continue to hold it for investment, Investors will have limited voting rights and will be required to rely on the Manager and the Developer to make all decisions with respect to the Company and the Property Entity;
- Real estate development is subject to significant market risk, and there is no guarantee that the projections presented in the Development Plan Financial Projections, which are attached as Exhibit K, will be achieved if the Company pursues development of the Property pursuant to the Development Plan;
- If the Company pursues development of the Property pursuant to the Development Plan, the Company will require significant additional capital to complete such development, which could require (i) the Company to seek debt financing, which might not be available in the future on acceptable terms or at all, or (ii) Investors to either contribute additional capital or have their interests diluted if additional equity capital is raised to pursue the completion of the Development Plan in its entirety;
- Conservation easements, the appraisal methodologies, and the applicable provisions of the Internal Revenue Code of 1986 are highly scrutinized by the Internal Revenue Service (the "IRS") and are subject to complex rules and requirements; if the Company causes the Property Entity to donate a conservation easement on the Property, the appraisal of the Property might not be accepted by the IRS or a court and could subject Investors to substantial negative tax consequences, up to and including total non-recognition of any claimed deduction and the imposition of penalties in addition to that non-recognition; and
- There are limits on charitable contribution deductions for Investors in connection with the donation of a conservation easement, and each Investor's circumstances are different.



CONFIDENTIAL PRIVATE PLACEMENT MEMORANDUM

CAMELLIA STATION HOLDINGS, LLC

Maximum Offering: 945 Units (\$12,309,570)

\$13,026 per Unit

Minimum Subscription Amount: 4 Units

Camellia Station Holdings, LLC, a Delaware limited liability company (the "Company"), is offering pursuant to this Private Placement Memorandum (this "PPM") units of membership interest (the "Units") to *accredited investors only* at an offering price of \$13,026 per Unit (the "Offering Price"). The Company is offering a maximum of 945 Units (the "Maximum Offering"), which represents an approximate 99.47% ownership interest in the Company and will represent, once the Company acquires the Purchased Interests (defined below), a 94.5% indirect ownership interest in Camellia Station, LLC, a Delaware limited liability company (the "Property Entity"). The Property Entity is the owner of approximately 45.22 acres of unimproved real estate located in Horry County, South Carolina as further identified on the Survey and Map Description of Property, which is attached as Exhibit C (together with related development rights, the "Property"). The manager of the Company, Camellia Station Management, LLC, a Delaware limited liability company (the "Manager"), has the discretion to close this offering of Units (the "Offering") prior to satisfaction of the Maximum Offering upon receipt of subscriptions in an amount that will provide sufficient working capital to the Company to permit it to achieve its investment objectives. The Offering is being conducted in reliance on an exemption from the registration requirements of the Securities Act of 1933, as amended (the "Securities Act"), in accordance with Rule 506(b) of Regulation D promulgated thereunder. No public market currently exists for any of the Units, and no such market is expected to develop in the future.

The Offering is being conducted for the primary purpose of raising money from investors (the "Investors") to allow the Company to acquire and own 950 units of membership interest (the "Purchased Interests") in the Property Entity to gain a controlling interest in the Property Entity.

Investing in the Units involves a high degree of risk and is speculative. You should purchase the Units only if you have no need for liquidity in this investment and can afford a total loss of your investment. See "Risk Factors" beginning on page 16, which include the following:

- The Manager selected Camellia Station Development Company, LLC, a Delaware limited liability company (the "Developer"), to be the developer of the Property, and the Manager, the Developer and their affiliates will receive significant fees and expense reimbursements that were not negotiated at arm's length;
- The Manager, the Developer, and their affiliates will have conflicts of interest, including compensation arrangements and time constraints, that might affect the operation and management of the Company and the Property Entity;
- The Offering Price was determined by the Company and is not based upon any direct relationship to asset value, net worth, earnings, cash flow from operations, or any other established or measurable criteria of value of the Company;
- There can be no assurance that the value of the Units will appreciate over time if the Property is held for investment;
- Following the closing of the Offering, the members of the Company (the "Members") will elect to cause the Property Entity to pursue one of three alternative strategies with respect to the Property: develop the Property pursuant to the development plan for the Property described in this PPM (the "Development Plan"), donate a conservation easement on the Property, or defer action and continue to hold the Property for investment. You might not agree with the election made;
- Other than the election to develop the Property pursuant to the Development Plan, donate a conservation easement on the Property or defer action on the Property and continue to hold it for investment, Investors will have limited voting rights and will be required to rely on the Manager and the Developer to make all decisions with respect to the Company and the Property Entity;

The date of this Confidential Private Placement Memorandum is September 1, 2016.

- Real estate development is subject to significant market risk, and there is no guarantee that the projections presented in the Development Plan Financial Projections, which are attached as Exhibit K, will be achieved if the Company pursues development of the Property pursuant to the Development Plan;
- If the Company pursues development of the Property pursuant to the Development Plan, the Company will require significant additional capital to complete such development, which could require (i) the Company to seek debt financing, which might not be available in the future on acceptable terms or at all, or (ii) Investors to either contribute additional capital or have their interests diluted if additional equity capital is raised to pursue the completion of the Development Plan in its entirety;
- Conservation easements, the appraisal methodologies, and the applicable provisions of the Internal Revenue Code of 1986 (the “Code”) are highly scrutinized by the Internal Revenue Service (the “IRS”) and are subject to complex rules and requirements; if the Company causes the Property Entity to donate a conservation easement on the Property, the appraisal of the Property might not be accepted by the IRS or a court and could subject Investors to substantial negative tax consequences, up to and including total non-recognition of any claimed deduction and the imposition of penalties in addition to that non-recognition; and
- There are limits on charitable contribution deductions for Investors in connection with the donation of a conservation easement, and each Investor’s circumstances are different.

All subscription funds (“Subscription Funds”) will be held pursuant to the terms of the Escrow Agreement, which is attached as Exhibit E (the “Escrow Agreement”), by UMB Bank, N.A., the escrow agent for the Offering (“Escrow Agent”), until the earlier of (a) December 31, 2016 (the “Termination Date”), (b) the receipt of subscriptions for the Maximum Offering or (c) the Manager determining to close the Offering prior to satisfaction of the Maximum Offering. Upon the closing of the Offering, the gross offering proceeds will be released to the Company for use as described in this PPM. If subscriptions for less than the Maximum Offering have been received by the Termination Date and the Manager has not closed the Offering prior to satisfaction of the Maximum Offering, the Company will terminate the Offering and return the Subscription Funds to the subscribers without interest or deduction of any fees.

NEITHER THE U.S. SECURITIES AND EXCHANGE COMMISSION (THE “SEC”) NOR ANY STATE SECURITIES COMMISSION HAS APPROVED OR DISAPPROVED OF THESE UNITS OR PASSED UPON THE ADEQUACY OR ACCURACY OF THIS PPM. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

	Price to Investors ⁽²⁾	Selling Commissions and Expenses ⁽³⁾	MIPA Purchase Price ⁽⁴⁾	Net Proceeds to the Company ⁽⁵⁾
Per Unit ⁽¹⁾	\$13,026.00	\$1,563.12	\$4,430.11	\$7,032.77
Total Maximum Offering	\$12,309,570	\$1,477,149	\$4,186,450	\$6,645,971

- (1) The minimum purchase is four Units. The Manager has the right, in its sole discretion, to waive the minimum purchase requirement. The purchase price for the Units is payable in full at the time of subscription. To purchase Units, an Investor must complete and execute the subscription package (the “Subscription Package”), which is attached as Exhibit D, including the investor subscription agreement. See “How to Invest.”
- (2) Upon the closing of the Offering, the Escrow Agent will retain, out of the proceeds of the Offering, \$400,000 for the establishment of an audit reserve (the “Audit Reserve”) for the payment of audit expenses, if any, incurred within the first six years after the closing of the purchase and sale transaction contemplated by the Membership Interest Purchase Agreement dated August 26, 2016, a copy of which is attached as Exhibit H (the “MIPA”).
- (3) Offers and sales of Units will be made on a “best efforts” basis by Triloma Securities, LLC, the dealer manager for the Offering (the “Dealer Manager”), and a network of broker-dealers participating in the distribution of the Offering (“Participating Broker-Dealers”). The Company will pay the Dealer Manager (a) selling commissions of up to 7.0% of the gross offering proceeds, all of which may be reallocated to Participating Broker-Dealers, (b) a non-accountable due diligence fee of 1.5% of the gross offering proceeds, all of which may be reallocated to Participating Broker-Dealers; (c) a dealer manager fee of 1.5% of the gross offering proceeds; and (d) a wholesale commission equal to 2.0% of the gross offering proceeds.
- (4) The MIPA permits the purchase by the Company of a 95% ownership interest in the Property Entity. The amount shown as the MIPA Purchase Price per Unit represents the amount of the Company’s purchase price under the MIPA attributable to each Unit assuming the Maximum Offering is achieved.
- (5) Net proceeds to the Company are calculated before deducting the expenses incurred in connection with the Offering or any other expenses to be paid by the Company including fees payable to the Manager and Developer. See “Estimated Use of Proceeds.”

NOTICE TO INVESTORS

This PPM and any other information or documents delivered in connection with this PPM are being furnished on a confidential basis solely for use by “accredited investors,” as defined in Rule 501 of Regulation D as promulgated under the Securities Act, in considering whether to purchase Units in the Offering. By accepting delivery of this PPM and related documents and information you acknowledge and agree that (a) all of the information contained in this PPM and any related documents and information is confidential and proprietary to the Company, (b) you will not reproduce this PPM or any related documents or information, in whole or in part, (c) you will not circulate this PPM or any related documents or information to another party without the Company’s prior written consent, (d) if you do not wish to participate in the Offering, you will return this PPM to the Company or destroy this PPM as soon as practicable, together with any other material relating to the Company that you may have received, and (e) you will obtain the Company’s prior written consent before taking any proposed actions that are inconsistent in any manner with the foregoing statements.

This PPM and the other information and materials provided in connection with the Offering constitute an offer only to the person whose name appears in the log to be maintained by or on behalf of the Company in connection with the distribution of such materials and who has represented to the Company in writing that he, she or it is an “accredited investor,” as defined in Regulation D as promulgated under the Securities Act. Delivery of such materials to anyone other than the person named or such person’s designated representative is unauthorized, and any reproduction of such materials, in whole or in part, without the Company’s prior written consent is prohibited.

The Offering is being made on a “best efforts” basis by Triloma Securities, LLC, the Dealer Manager and a registered member firm of the Financial Industry Regulatory Authority, Inc. (“FINRA”).

The Company is not making any representation to you regarding the legality of an investment in the Units under any applicable laws. No person has been authorized to give any information or to make any representations in connection with the Offering unless preceded or accompanied by this PPM and the other information and materials provided and made available to you herewith, nor has any person been authorized to give any information or to make any representation other than that contained in this PPM and the other information and materials provided and made available to you herewith and, if given or made, such information or representations must not be relied upon. This PPM and the other information and materials provided in connection with the Offering do not constitute an offer or solicitation in any jurisdiction in which it is unlawful to make such offer or solicitation or to any person to whom it is unlawful to make such offer or solicitation in such jurisdiction. You should assume that the information appearing in this PPM is accurate only as of the date on the front cover of this PPM. The Company’s business, financial condition, results of operations and prospects may have changed since that date. Neither the delivery of this PPM and the other information and materials provided in connection with the Offering nor any sale made hereunder will, under any circumstances, create an implication that there has been no change in the affairs of the Company since the date hereof.

THE UNITS HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OR THE SECURITIES LAWS OF ANY STATE AND ARE BEING OFFERED AND SOLD IN RELIANCE ON THE EXEMPTIONS FROM THE REGISTRATION REQUIREMENTS PROVIDED BY THOSE LAWS. THE UNITS MAY NOT BE RESOLD EXCEPT AS PERMITTED UNDER THE SECURITIES ACT AND APPLICABLE STATE SECURITIES LAWS, OR PURSUANT TO REGISTRATION OR AN EXEMPTION THEREFROM.

ALL DOCUMENTS REFERRED TO IN THIS PPM BUT NOT ATTACHED AS EXHIBITS ARE AVAILABLE FOR INSPECTION AT THE REQUEST OF A PROSPECTIVE INVESTOR OR HIS, HER OR ITS REPRESENTATIVE TO THE MANAGER AT THE OFFICE OF THE COMPANY. THE OBLIGATIONS OF THE PARTIES TO THE TRANSACTIONS CONTEMPLATED BY THIS PPM ARE DESCRIBED IN AND WILL BE GOVERNED BY THE DOCUMENTS ATTACHED AS EXHIBITS AND/OR REFERRED TO HEREIN. ALL STATEMENTS AND INFORMATION CONTAINED IN THIS PPM ARE QUALIFIED IN THEIR ENTIRETY BY THOSE DOCUMENTS. CONSEQUENTLY, PROSPECTIVE INVESTORS ARE URGED TO CAREFULLY READ THE DOCUMENTS ATTACHED TO AND/OR REFERENCED IN THIS PPM.

RECIPIENTS ARE NOT TO CONSTRUE THE CONTENTS OF THIS PPM OR ANY PRIOR OR SUBSEQUENT COMMUNICATIONS, WHETHER WRITTEN OR ORAL, FROM THE COMPANY OR ANY PERSON ASSOCIATED WITH THE OFFERING AS LEGAL, TAX OR INVESTMENT ADVICE. EACH PROSPECTIVE INVESTOR SHOULD CONSULT HIS, HER OR ITS OWN PERSONAL LEGAL COUNSEL, TAX ADVISOR, BUSINESS ADVISOR AND “PURCHASER REPRESENTATIVE” (AS SUCH TERM IS DEFINED IN RULE 501(a) OF REGULATION D UNDER THE SECURITIES ACT) AS TO LEGAL, TAX, ECONOMIC AND RELATED MATTERS CONCERNING THIS INVESTMENT AND ITS SUITABILITY.

FORWARD-LOOKING STATEMENTS

This PPM contains, in addition to historical information, forward-looking statements. Forward-looking statements made in this PPM are subject to risks and uncertainties. Forward-looking statements include statements that are predictive in nature, which depend upon or refer to future events or conditions and which include words such as “believes,” “plans,” “anticipates,” “estimates,” “expects,” “intends,” “seeks” or similar expressions. In addition, any statements the Company may provide concerning future financial performance, ongoing business strategies or prospects, and possible future actions, including the Company’s strategy following completion of the Offering and its plans for the Company, the Property Entity, and the Property are also forward-looking statements, including the following:

- Estimates of resulting revenues and expenses in the attached Development Plan Financial Projections;
- Estimates and appraisals of value of the Property;
- The net present value of certain fees payable to the Manager and the Developer, which are based on assumed discount rates; and
- Zoning and entitlements on the Property;

Forward-looking statements are based on current expectations and projections about future events and are subject to the following:

- National and local economic and business conditions that, among other things, may affect demand for the Property, including any impact on the ability to obtain a sufficient amount of pre-sales of the residential units developed on the Property pursuant to the Development Plan;
- Governmental approvals, actions and initiatives, including tax law changes, case law interpretations, and positions of the IRS with respect to conservation easements;
- The availability of capital;
- Changes in interest rates;
- Changes in laws and regulations with respect to environmental and safety requirements;
- Unanticipated environmental events, including, but not limited to, flooding and hurricanes, that may adversely affect the value of the Property;
- Determination of how the Company will cause the Property to be used or held;
- Future actions of other developers and/or landowners (affiliated or unaffiliated) in the immediate area that impact the value of the property, for its various intended potential uses; and
- The other risks described in the “Risk Factors” section.

You should not place undue reliance on forward-looking statements, which are based on current expectations. While the Company believes the assumptions on which the forward-looking statements are based are reasonable, there can be no assurance that these forward-looking statements will prove accurate. This cautionary statement is applicable to all forward-looking statements contained in this PPM and the materials accompanying this PPM. These forward-looking statements do not guarantee future performance. All forward-looking statements included in this PPM are made as of the date on the front cover of this PPM and, unless otherwise required by applicable law, the Company undertakes no obligation to publicly update any forward-looking statements, whether as a result of new information, future events or otherwise. Actual events and results may differ materially from those expressed or forecasted in forward-looking statements due to a number of factors.

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Exhibit B:	Form of Management Agreement
Exhibit C:	Survey and Map Description of Property
Exhibit D:	Subscription Package
Exhibit E:	Escrow Agreement
Exhibit F:	Tax Opinion
Exhibit G:	Form of Amended and Restated Limited Liability Company Agreement of Camellia Station, LLC
Exhibit H:	Membership Interest Purchase Agreement
Exhibit I:	Form of Development Agreement
Exhibit J:	Potential Yield Plan for Development of Property
Exhibit K:	Development Plan Financial Projections

WHO MAY INVEST

An investment in the Units involves a high degree of risk and may be purchased only by persons of substantial financial means who have no need for liquidity in this investment. This investment will be sold only to Investors who (1) are accredited investors, as discussed below under “Investor Qualifications”; (2) satisfy the other requirements and make the other representations set forth below under “Investor Representations”; and (3) purchase a minimum of four Units, except that the Manager, in its sole discretion, may waive the minimum purchase requirement.

The Manager reserves the right, in its sole discretion, to declare any prospective purchaser ineligible to purchase Units based on any information which may become known or available to the Manager concerning the suitability of such prospective purchaser, for any other reason, or for no reason.

Investor Qualifications

The offer and sale of the Units is being made in reliance on an exemption from the registration requirements of the Securities Act in accordance with Rule 506(b) of Regulation D promulgated thereunder. Accordingly, distribution of this PPM has been strictly limited to persons who are reasonably believed to be “accredited investors,” within the meaning of Rule 501 of Regulation D, which include the following:

A. Individuals and Joint Investors

1. The Investor subscribing for Units (the “Subscriber”) is a natural person whose individual net worth, or joint net worth with Subscriber’s spouse, at the time of Subscriber’s purchase exceeds \$1,000,000, excluding the value of the person’s primary residence, and (i) subtracting the amount of indebtedness secured by such primary residence (“primary residence mortgage debt”) in excess of its value, and (ii) subtracting the amount of any primary residence mortgage debt incurred in the 60 days prior to the date of this Subscription Agreement (unless incurred in connection with the purchase of the primary residence).
2. Subscriber is a natural person who had an individual income in excess of \$200,000 in each of the two most recent years or joint income with Subscriber’s spouse in excess of \$300,000 in each of those two years and has a reasonable expectation of reaching the same income level in the current year.
3. Subscriber is a natural person who is a director, executive officer, or general partner of the Company, or any director, executive officer, or general partner of a general partner of the Company.

B. Trusts and Entity Investors:

1. Subscriber is an entity all of the equity owners of which are “accredited investors” pursuant to or within the meaning of Rule 501 of Regulation D.
2. Subscriber is a trust, with total assets in excess of \$5,000,000, not formed for the specific purpose of acquiring Units and whose purchase is directed by a person who has such knowledge and experience in financial and business matters that he or she is capable of evaluating the merits and risks of an investment in Units.
3. Subscriber is a revocable trust all of the grantors of which are accredited investors within the meaning of Rule 501 of Regulation D.
4. Subscriber is an organization described in 501(c)(3) of the Code, a corporation, or a Massachusetts or similar business trust entity not formed for the specific purpose of acquiring the Units, with total assets in excess of \$5,000,000.
5. Subscriber is a bank as defined in Section 3(a)(2) of the Securities Act, or a savings and loan association as defined in Section 3(a)(5)(A) of the Securities Act, acting in its individual or fiduciary capacity.

6. Subscriber is a broker or dealer registered under Section 15 of the Exchange Act.
7. Subscriber is an insurance company as defined in Section 2 (a)(13) of the Securities Act.
8. Subscriber is an investment company registered under the Investment Company Act of 1940, as amended (the “Investment Company Act”).
9. Subscriber is a business development company as defined in section 2(a)(48) of the Investment Company Act.
10. Subscriber is 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.
11. Subscriber is a private business development company as defined in Section 202(a)(22) of the Investment Advisers Act of 1940, as amended.
12. Subscriber is 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.

Investor Representations

In addition to being an accredited investor, in order to invest in the Offering, a prospective purchaser must satisfy ALL of the requirements and make ALL of the representations set forth below:

- You have received, read and fully understand this PPM and all exhibits and supplements hereto. You are basing your decision to invest on this PPM and all exhibits hereto. You have relied on the information contained in such materials and have not relied upon any representations made by any other person;
- You understand that an investment in the Units involves substantial risks and you are fully cognizant of, and understand, all of the risk factors relating to a purchase of the Units, including, without limitation, those risks set forth below in “Risk Factors”;
- Your overall commitment to investments that are not readily marketable is not disproportionate to your individual net worth and allocation to other illiquid investments, and your investment in the Units will not cause such overall commitment to become excessive;
- You have adequate means of providing for your financial requirements, both current and anticipated, and have no need for liquidity in these investments;
- You can bear, and are willing to accept, the economic risk of losing your entire investment in the Units;
- You are acquiring the Units for your own account and for investment purposes only and have no present intention, agreement or arrangement for the distribution, transfer, assignment, resale or subdivision of the Units; and
- You have such knowledge and experience in financial and business matters that you are capable of evaluating the merits and risks of an investment in the Units and have the ability to protect your own interests in connection with such investment.

The Investor suitability requirements stated above represent the minimum suitability requirements, as established by the Manager from time to time. The satisfaction of such requirements by an Investor will not necessarily mean that the Units are a suitable investment for such Investor, or that the Manager will accept the Investor as a purchaser. Furthermore, the Manager, as appropriate, may modify such requirements, at its sole discretion from time to time, and any such modification may increase the suitability requirements for certain Investors.

The Company will not accept subscriptions for investments from individual retirement accounts, Keogh plans, “employee benefit plans” subject to Part 4 of Title I of the Employee Retirement Income Security

Act of 1974, as amended (“ERISA”), other “plans” subject to Section 4975 of the Code, and certain entities whose assets are considered “plan assets” within the meaning of ERISA.

Prospective purchasers who are unable or unwilling to make the foregoing representations may not purchase the Units. **If you do not meet the requirements described above, do not read further and immediately return this PPM to the Manager, the Dealer Manager or applicable Participating Broker-Dealer or destroy it. In the event you do not meet such requirements, this PPM will not constitute an offer to sell Units to you.**

Suitability of Potential Investment Options

The Company intends to acquire a controlling interest in the Property Entity upon the closing of the Offering, which will give the Company the right to direct the use and disposition of the Property thereafter. The decision as to the eventual use of the Property will be made pursuant to the procedures outlined in the Limited Liability Company Agreement of the Company, which is attached as Exhibit A (the “Company LLC Agreement”), at some time after the closing of the Offering. The Company will propose investment strategies for the Property to the holders of the Units, which include the development of the Property pursuant to the Development Plan, the donation of a conservation easement on the Property, or the deferral of action on the Property and the continued holding of the Property for investment. Each investment option has unique investment objectives, as described in “Investment Options for the Property.” In order for an Investor to be suitable for the Offering, the Investor should ensure that the Investor would be able to benefit from the investment objectives of EACH of the three investment options.

One of the investment options for the use and disposition of the Property following the closing of the Offering is the development of the Property in accordance with the Development Plan to achieve certain income and return objectives. The Manager anticipates that it would take approximately five years to fully complete the Development Plan. The Development Plan would be subject to economic, market demand, and materials expense risks over this extended five-year period. Investors who are not prepared to bear these risks should not invest in the Units.

Another of the investment options for the use and disposition of the Property following the closing of the Offering is the donation of a conservation easement on the Property to achieve certain tax, charitable and business objectives. The donation of a conservation easement on the Property would significantly limit the future prospects for any income or profit from the Property, and not every potential investor is capable of receiving a tax advantage if this investment option is implemented. Investors who are not able to benefit from the investment options or able to bear these risks should not invest in the Units.

Each prospective investor should consult his, her or its own personal legal counsel, tax advisor and business advisor as to the legal, tax, economic and related matters concerning this investment and its suitability for such prospective investor.

Restrictions on Transfer

The transferability of the Units is limited by the Company LLC Agreement, which is attached as Exhibit A.

Additionally, the Units offered pursuant to the Offering have not been registered under federal or state securities laws and, consequently, Units purchased pursuant to the Offering may not be transferred or sold by the purchaser without the approval of the Company and an opinion of counsel satisfactory to the Company that such transfer or sale will not contravene applicable federal and state securities laws. Therefore, the cover page of the Company LLC Agreement and any certificates that may be issued evidencing the Units purchased by an Investor will bear a restrictive legend in effect similar to the following:

THE UNITS REPRESENTED BY THIS CERTIFICATE (THE “UNITS”) HAVE BEEN (I) ACQUIRED FOR INVESTMENT AND (II) ISSUED AND SOLD IN ACCORDANCE WITH ALL APPLICABLE FEDERAL AND STATE SECURITIES LAWS. THE UNITS CANNOT BE OFFERED FOR SALE, SOLD OR TRANSFERRED OTHER THAN PURSUANT TO EVIDENCE SATISFACTORY TO THE COMPANY OF COMPLIANCE WITH ALL APPLICABLE FEDERAL AND STATE SECURITIES LAWS. THE COMPANY SHALL BE

ENTITLED TO RELY UPON AN OPINION OF COUNSEL SATISFACTORY TO IT WITH RESPECT TO COMPLIANCE WITH THE ABOVE LAWS. UNITHOLDERS SHOULD BE AWARE THAT THEY WILL BE REQUIRED TO BEAR THE FINANCIAL RISKS OF ANY INVESTMENT IN THE UNITS FOR AN INDEFINITE PERIOD OF TIME.

THE SALE OR TRANSFER OF THE UNITS IS SUBJECT TO THE TERMS AND CONDITIONS CONTAINED IN THE LIMITED LIABILITY COMPANY AGREEMENT OF THE COMPANY, AS MAY BE AMENDED FROM TIME TO TIME, A COPY OF WHICH IS ON FILE WITH THE MANAGER OF THE COMPANY AND MAY BE REVIEWED UPON REQUEST. BY ACCEPTANCE OF THIS CERTIFICATE, THE OWNER HEREOF AGREES TO BE BOUND BY THE TERMS OF THE LIMITED LIABILITY COMPANY AGREEMENT.

HOW TO INVEST

Prospective Investors who would like to subscribe for Units must first carefully read this PPM and the exhibits hereto. If you meet the applicable suitability standards described in “Who May Invest” and you wish to purchase Units, you must:

- Complete and sign all documents in the Subscription Package. Submit your original execution documents to your registered representative for review and approval by a supervisor.
- Immediately submit your payment for the Subscription Funds. Payments should be made to “UMB Bank, N.A., as escrow agent for Camellia Station Holdings, LLC.” Wire instructions are set forth in the Subscription Package.

The Subscription Funds amount is determined by multiplying the number of Units desired to be purchased by the Offering Price of \$13,026 per Unit. The minimum number of Units that may be purchased by an individual Investor is four, unless the Manager, in its sole discretion, waives the minimum purchase restriction. An Investor is permitted to purchase more than four Units, and Units in excess of this minimum purchase restriction may be purchased in single Unit lots. No Investor may purchase fractional Units in the Offering.

Subscription Funds must be wired from an account directly owned in the same name as the subscribing Investor (i.e., Subscription Funds wired on behalf of an individual Investor will not be accepted from a bank account owned by a corporation, even if the individual Investor is the sole owner of that corporation, and Subscription Funds wired on behalf of a trust or entity Investor will not be accepted from a bank account owned by an individual, even if such individual is an owner of the trust or entity Investor).

Subscriptions may be rejected for failure to conform to the requirements of the Offering or for any other reason, or for no reason, in the sole discretion of the Manager. The Company also has the option, in its sole discretion, to reduce the number of Units an Investor purchases in the event the Offering is oversubscribed.

For further questions regarding how to invest or to confirm receipt of a Subscription Package and/or Subscription Funds, please contact your registered representative or financial advisor.

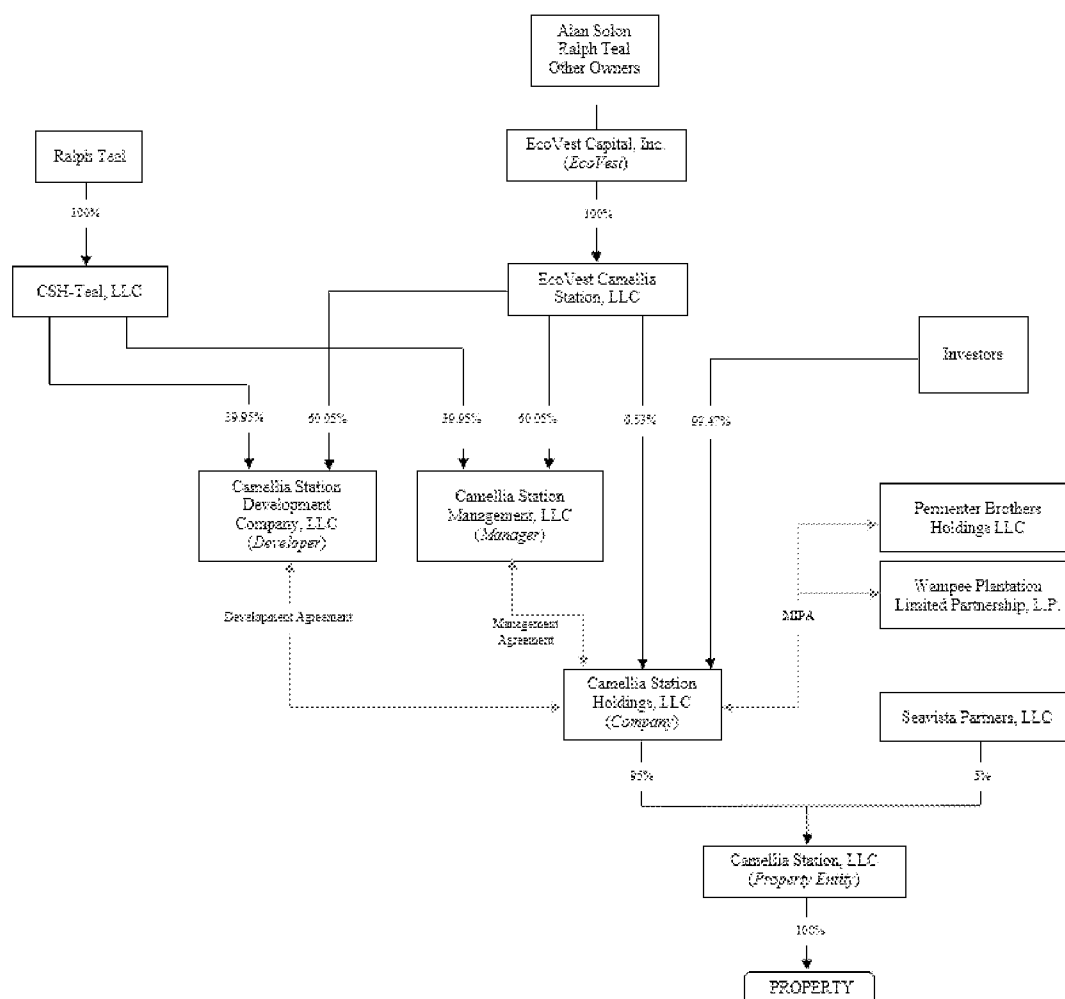
SUMMARY OF THE OFFERING

The Company

Camellia Station Holdings, LLC, a Delaware limited liability company, was formed on April 14, 2016, and is managed by the Manager as provided in the Company LLC Agreement, which is attached as Exhibit A. The Company LLC Agreement authorizes a total of 1,000 Units for issuance, five of which are currently issued, outstanding and owned by EcoVest Camellia Station, LLC, a Delaware limited liability company (“ECS”) that is a wholly owned subsidiary of EcoVest Capital, Inc., a Delaware corporation and the sponsor of the Offering (the “Sponsor” or “EcoVest”).

The Manager is owned by ECS and CSH-Teal, LLC, a Delaware limited liability company (“CSH-Teal”) that is wholly owned by Ralph Teal, Jr. The Manager is managed by ECS. The Company and the Property Entity intend to enter into a Management Agreement with the Manager, effective as of the closing of the Offering, for the exclusive management of the Company, the form of which is attached as Exhibit B (the “Management Agreement”). ECS and CSH-Teal are the sole members of Developer, which intends to enter into a development agreement with the Company, effective as of the closing of the Offering, for the development of the Property, the form of which is attached as Exhibit I (the “Development Agreement”).

A post-closing organizational chart of the entities described above is set forth below:



The Offering

A maximum of 945 Units are being offered for sale in the Offering to raise funds to allow the Company to acquire a 95% ownership interest in the Property Entity. The Offering Price is \$13,026 per Unit, and a minimum of four Units must be purchased by an Investor, which may be waived by the Manager in its sole discretion. The Manager has the discretion to close the Offering prior to the satisfaction of the Maximum Offering upon receipt of subscriptions in an amount no less than \$11,145,046 (the “Closing Amount”), which will provide sufficient working capital to the Company to permit it to achieve its investment objectives. All Subscription Funds will be held pursuant to the terms of the Escrow Agreement by the Escrow Agent until the earlier of (a) the Termination Date, (b) the receipt of subscriptions for the Maximum Offering or (c) the Manager closing the Offering prior to satisfaction of the Maximum Offering. After the Maximum Offering is met or the Manager determines to close the Offering prior to satisfaction of the Maximum Offering, all Subscription Funds (except the Audit Reserve) will be delivered to the Company and deposited in the Company’s bank account to be used for the purposes discussed in this PPM. See “Estimated Use of Proceeds.” At the Termination Date, if the Company has not received subscriptions for at least the Maximum Offering and the Manager has not closed the Offering prior to satisfaction of the Maximum Offering, the Company will terminate the Offering and promptly refund the Subscription Funds to the subscribers without interest or deduction of any fees. Persons wishing to purchase Units must subscribe for Units by fully completing the Subscription Package, which is attached as Exhibit D. See “How To Invest.”

Risk Factors

The Units being offered hereby involve a high degree of risk, including risks associated with the ownership and/or development of real estate, conflicts of interest, management risks, and investment and operating risks as well as tax and financial risks associated with the transaction and the general economy.

- The Manager, the Developer and their affiliates will receive significant fees and expense reimbursements that were not negotiated at arm’s length;
- The Manager, the Developer, and their affiliates will have conflicts of interest, including compensation arrangements and time constraints, that might affect the operation and management of the Company and the Property Entity;
- The Offering Price was determined by the Company and is not based upon any direct relationship to asset value, net worth, earnings, cash flow from operations, or any other established or measurable criteria of value of the Company;
- There can be no assurance that the value of the Units will appreciate over time if the Property is held for investment;
- Following the closing of the Offering, the Members will elect to cause the Property Entity to pursue one of three alternative strategies with respect to the Property: develop the Property pursuant to the Development Plan, donate a conservation easement on the Property, or defer action and continue to hold the Property for investment. You might not agree with the election made;
- Other than the election to develop the Property pursuant to the Development Plan, donate a conservation easement on the Property or defer action on the Property and continue to hold it for investment, Investors will have limited voting rights and will be required to rely on the Manager and the Developer to make all decisions with respect to the Company and the Property Entity;
- Real estate development is subject to significant market risk, and there is no guarantee that the projections presented in the Development Plan Financial Projections, which are attached as Exhibit K, will be achieved if the Company pursues development of the Property pursuant to the Development Plan;
- If the Company pursues development of the Property pursuant to the Development Plan, the Company will require significant additional capital to complete such development, which could require (i) the Company to seek debt financing, which might not be available in the future on acceptable terms or at all, or (ii) Investors to either contribute additional capital or have their interests diluted if additional equity capital is raised to pursue the completion of the Development Plan in its entirety;

- Conservation easements, the appraisal methodologies, and the applicable tax law are highly scrutinized by the IRS and are subject to complex rules and requirements; if the Company causes the Property Entity to donate a conservation easement on the Property, the appraisal of the Property might not be accepted by the IRS or a court and could subject Investors to substantial negative tax consequences, up to and including total non-recognition of any claimed deduction and the imposition of penalties in addition to that non-recognition; and
- There are limits on charitable contribution deductions for Investors in connection with the donation of a conservation easement, and each Investor's circumstances are different.

Investors should carefully review the information in the "Risk Factors" section before purchasing Units.

Conflicts of Interest

The Manager, the Developer and their affiliates will experience conflicts of interest in connection with the management and operation of the Company and the Property Entity. See "Conflicts of Interest" for a description of the material conflicts of interest that the Manager, the Developer and their affiliates will face.

The Property Entity

Camellia Station, LLC is a Delaware limited liability company initially formed on April 25, 2016. Permenter Brothers Holdings LLC, a South Carolina limited liability company ("Permenter Brothers"), contributed a portion of the Property to the Property Entity, pursuant to a limited warranty deed dated August 8, 2016 (the "Permenter-Wampee Deed"), in exchange for a 93.1% membership interest in the Property Entity, and Wampee Plantation Limited Partnership, L.P., a South Carolina limited partnership ("Wampee") contributed a portion of the Property to the Property Entity pursuant to the Permenter-Wampee Deed in exchange for a 1.9% membership interest in the Property Entity. Seavista Partners, LLC, a South Carolina limited liability company (the "Minority Owner"), contributed cash to the Property Entity in exchange for a 5% membership interest in the Property Entity. Charles L. Permenter currently serves as the manager of the Property Entity. The limited liability company agreement of the Property Entity, which originally became effective on August 8, 2016, will be amended and restated at the closing of the Offering, the form of which is attached hereto as Exhibit G (the "Property Entity LLC Agreement"). Upon the closing of the acquisition of the Purchased Interests, pursuant to the Property Entity LLC Agreement, the Manager will become the manager of the Property Entity in addition to being the manager of the Company.

The MIPA

The Company, the Property Entity, Permenter Brothers and Wampee have entered into the MIPA, pursuant to which, following the closing of the Offering, the Company will acquire and purchase from Permenter Brothers and Wampee the Purchased Interests for \$4,186,450 and thereby obtain Permenter Brothers and Wampee's collective 95% interest in the Property Entity. The Minority Owner will continue to hold a 5% interest in the Property Entity. See "Description of the Property – The MIPA."

The Property

The Property Entity's sole investment is the Property. Permenter Brothers originally acquired its interest in a portion of the Property on April 20, 2007 by virtue of (i) that certain deed recorded in Horry County, South Carolina in Deed Book 3239 at Page 1638, (ii) that certain deed recorded in Horry County, South Carolina in Deed Book 3239 at Page 1643, and (iii) that certain deed recorded in Horry County, South Carolina in Deed Book 3239 at Page 1647. Wampee originally acquired its interest in a portion of the Property on December 23, 2003 by virtue of that certain Deed recorded in Horry County, South Carolina in Deed Book 2679 at Page 674. Permenter Brothers and Wampee transferred their respective portions of the Property pursuant to the Permenter-Wampee Deed as a contribution to the capital of the Property Entity pursuant to Code § 721, in exchange for their collective 95% interest in the Property Entity, and the Minority Owner transferred cash to the Property Entity pursuant to Code § 721, in exchange for a 5% interest in the Property Entity.

Current Plans for the Property

The Manager has investigated the following possible uses for the Property, the election of which will be made pursuant to the procedures outlined in the Company LLC Agreement at some time after the closing of the Offering:

- (1) Develop the Property into as many as 700 multi-family residential units for sale to the public (the “Development Option”);
- (2) Donate a conservation easement on the Property (the “Conservation Option”); or
- (3) Defer action and continue to hold the Property for investment (the “Deferral Option”).

Neither the Property Entity nor the Company is under any obligation to do any of the foregoing. A majority of the membership interests in the Property Entity is required to approve any significant plans for the Property Entity, such as pursuing any development of the Property or donating a conservation easement on the Property.

Development Option

Based upon the Development Plan and various reports and opinions received from third-party real estate and engineering professionals, the Manager believes that the Property could support the development of as many as 700 multi-family residential units. See “Investment Options for the Property – Development Potential – Development Plan,” the Potential Yield Plan for Development of the Property, which is attached as Exhibit J, and the Development Plan Financial Projections, which are attached as Exhibit K.

Conservation Option

A conservation easement is a perpetual, bilateral contract between a land owner and a nonprofit conservation organization (often called a “land trust” or “conservancy”) or governmental agency regarding a distinct tract of real property in which the land owner agrees to restrict the development activity on the property, as well as other activity on the property, that might interfere with its scenic, environmental or other value as open space, including agricultural value where applicable. The restrictions of a conservation easement are enforceable by the conservation organization or governmental agency in perpetuity, are recorded in the deed records of the county courthouse and are considered to “run with the land.” A conservation easement also gives the conservation organization or governmental agency a right of access for inspection and enforcement purposes. If the conservation easement complies with the requirements of § 170(h) of the Code and Treasury Regulations, including the requirement that the restrictions accomplish one or more several specific “conservation purposes,” the owner who donated the conservation easement will receive a federal income tax deduction.

A proposed Deed of Conservation Easement (the “DCE”), which DCE is preliminary and has not been adopted by the Property Entity, has been prepared for the Property Entity and reviewed by the Company. A copy of such proposed DCE is available from the Manager upon request. Neither the Property Entity nor the Company is under any obligation to adopt the proposed DCE or any DCE at all. No DCE can be adopted by the Property Entity unless the Conservation Option is elected pursuant to the procedures outlined in the Company LLC Agreement and the Property Entity LLC Agreement.

Potential Investment Utilizing Excess Working Capital. The Offering is being conducted for the primary purpose of raising money from Investors to allow the Company to acquire and own the Purchased Interests to gain a controlling interest in the Property Entity. If the Development Option is chosen, the \$4,863,771 of working capital raised in the Offering (\$4,463,771 of working capital plus funds released from the Audit Reserve) is expected to be sufficient to complete the necessary “pre-planning” activities (architecture, construction site planning, permitting, engineering etc.) required to (1) put in place the financing necessary to fund construction on the Property and (2) complete all activities necessary for the Developer to be able to begin construction of the physical buildings and related infrastructure on the Property pursuant to the Development Plan. However, if the Conservation Option is chosen, the Company may, in the Manager’s sole discretion, choose to use all or a portion of the remaining working capital to make direct or indirect investments in real property not related to the Property. The Members will be entitled to the

proceeds earned from any development or sale of such real property investments, net of any fees paid pursuant to the Management Agreement, Development Agreement or any other agreement the Company enters into in connection with such investment. Any such investment made by the Company using Offering proceeds will not exceed the amount of excess working capital remaining after the payment of all fees and expenses paid and incurred in connection with implementing the Conservation Option. See “Estimated Use of Proceeds.” Further, the Company may, in the Manager’s sole discretion, use such excess working capital to make an investment in real property or an entity in which affiliates of the Company and/or controlling persons of the Manager are also investing or with which affiliates of the Company and/or controlling persons of the Manager are involved. See “Conflicts of Interest.”

Deferral Option

Under certain conditions, it could be beneficial to the Members to defer any decision to develop the Property or to adopt a DCE with respect to the Property and continue to hold the Property for investment until a future date. Accordingly, the Company could elect pursuant to the procedures outlined in the Company LLC Agreement and the Property Entity LLC Agreement to take no action with respect to the Property at the current time and continue to hold the Property for investment in the future.

Company LLC Agreement

Each Investor should read the Company LLC Agreement, which is attached as Exhibit A. The Company is managed by the Manager. The Manager may be removed for “Cause,” as such term is defined in the Company LLC Agreement, by the holders of a majority of the Units in the Company (the “Majority”). The Manager may also be removed without Cause by the holders of two-thirds of the Units in the Company.

The Manager is granted broad rights and authority in the Company LLC Agreement to manage the Company. The only actions that will require approval by the Majority are generally the following:

- except for the Management Agreement and the Development Agreement, both of which shall be deemed to be approved by the Members, entering into a vendor contract or service agreement that would commit or obligate the Company to expend more than \$150,000 of Company funds;
- filing bankruptcy for the Company, settling or compromising any claim of the Company in excess of \$100,000 or confessing a judgment against the Company;
- merging the Company;
- mortgaging, pledging, granting a security interest in, leasing or selling the Property, except as provided in the Company LLC Agreement, the Management Agreement or the Development Agreement;
- taking any action in derogation of the decision of the Members with respect to the Development Option, Conservation Option or Deferral Option;
- taking any action in contravention of the Company LLC Agreement or which would make it impossible for the Company to carry on its ordinary business;
- amending, modifying or replacing the compensation payable to the Manager as provided in the Management Agreement and described herein.

Actions reflected above that are disclosed or expressly contemplated in the MIPA, the Management Agreement, or the Development Agreement as occurring at or contemporaneously with the closing of the Offering have been previously approved by the Members upon entering into the Company LLC Agreement and do not require any further vote of the Members.

No later than two years from the date on which the Company acquires a membership interest in the Property Entity pursuant to the MIPA, the Members will be asked to vote on whether the Company should cause the Property Entity to pursue the Development Option, Conservation Option or Deferral Option, and prior to the Members’ vote, the Manager will provide the Members with documentation of the Manager’s analyses of each of the investment

options. Each Member then has the right and option (unless such right and option is waived by a Member in writing), immediately or at any time during the five calendar days after receipt of such analyses, to vote to elect to pursue the Development Option, Conservation Option or Deferral Option; provided that if the Members cast a majority of the Units in favor of one of the investment options prior to the end of the five-day voting period, the voting period shall terminate. The Company will cause the Property Entity to pursue the investment option that receives the largest number of Units cast in favor of such investment option.

Tax Audit Reserve

The Company will establish, out of the proceeds of the Offering, a special audit reserve in the amount of \$400,000 (the “Audit Reserve”). The Audit Reserve is to be set aside during the initial six-year period following the closing of the Offering for payment of any tax audit expenses incurred by the Property Entity or the Company in the event that the Property Entity or the Company is subject to an audit by the IRS. The Escrow Agent will retain, from the gross offering proceeds, an amount equal to the Audit Reserve in a noninterest-bearing account for the benefit of the Company. In the event that the Company or the Property Entity receives notice from the IRS during the six-year period following the closing of the Offering, or any continuation period of the Audit Reserve, indicating that one or more of its federal income tax returns are being audited, the Company will instruct the Escrow Agent to release a portion of the Audit Reserve to the Company; provided, however, that the Members have certain limited rights to dispute the release of the Audit Reserve under the Escrow Agreement. Upon the termination of the Audit Reserve or the election of the Development Option pursuant to the procedures outlined in the Company LLC Agreement, any remaining funds held by the Escrow Agent in the Audit Reserve will be released to the Company.

Cash Distributions

Any cash available for distribution to the Members will be paid first to the Members on a pro rata basis based upon such Member’s positive capital account, until such capital account is reduced to zero, and second to the Members on a pro rata basis in accordance with each Member’s respective ownership of Units. Distributions and any reserves retained by the Company will be made at the sole discretion of the Manager. See “Description of the Company – Summary of the Company LLC Agreement.”

Management Agreement

The Company and the Property Entity intend to enter into the Management Agreement with the Manager, effective as of the closing of the Offering, granting the Manager the exclusive right to oversee and manage the day-to-day operations of the Company and the Property Entity for an initial six-year term. The Management Agreement grants the Manager broad rights and authority to act as the manager of the Company and the Property Entity consistent with the functions and authority of the manager set forth in the limited liability company agreement of each entity, subject to certain limitations set forth in the Company LLC Agreement and the Property Entity LLC Agreement, as applicable, and applicable law.

The Management Agreement automatically renews for successive additional one-year terms after its initial six-year term unless the Manager or the Majority elects not to renew the Management Agreement pursuant to the terms outlined in the Management Agreement and provides notice of such non-renewal to the other party at least 30 days prior to the expiration of the then-current term. The Management Agreement provides for limited removal rights, indemnification and rights to payment of certain fees, including an arrangement fee, annual management fee and a disposition management fee, to the Manager. The arrangement fee payable to the Manager is \$400,000 and would be due and payable upon the execution of the Management Agreement at the time of the closing of the Offering (the “Arrangement Fee”). The annual management fee payable to the Manager is \$73,263 for each year of the initial six-year term of the Management Agreement, with the first annual payment due upon the execution of the Management Agreement (the “Annual Management Fee”). The disposition management fee payable to the Manager is an amount equal to 22.0% of all amounts available for distribution to the Members, with such amount due and payable to the Manager at the time of distribution to the Members or at dissolution of the Company (the “Disposition Management Fee”).

The Management Agreement further provides that to the extent that the working capital of the Company is insufficient to satisfy Company obligations (except with respect to the development of the Property), any unpaid

portion of the Annual Management Fee will be reduced by an amount sufficient to permit the Company to satisfy such Company obligations, it being understood that it is the obligation of the Manager to attempt to manage the working capital of the Company in a manner to permit the payment of all Company obligations during the term of the Management Agreement.

In the event the Majority elects not to renew the Management Agreement for any reason without the written consent of the Manager or the Manager is removed without “Cause” (as defined in the Company LLC Agreement), the Company will be required to pay the Manager, on the date on which such termination is effective, a one-time termination fee (the “Management Termination Fee”) in an amount equal to the remaining Annual Management Fee for the remainder of the then-current term of the Management Agreement plus the Disposition Management Fee. The Manager will not be entitled to the Management Termination Fee if the Company terminates the Manager for “Cause” (as described in the Management Agreement).

Development Agreement

The Company and the Property Entity intend to enter into the Development Agreement with the Developer, effective as of the closing of the Offering, appointing the Developer as agent for the development of the Property and all other real property acquired by the Company or over which the Company exercises any actual or beneficial control (each, a “Project”). Under the Development Agreement, the Developer is responsible for arranging, coordinating and administering all activities and services required for the development and construction of a Project, including the acquisition of all materials, utilities rights, tax abatements and incentives, compliance with applicable federal and state permit requirements, and other Project-related requirements, as well as negotiating with and overseeing the work of architects, engineers, contractors, landscapers, and other persons related to a Project.

Pursuant to the Development Agreement, the Developer is entitled to receive compensation in an amount equal to 15.0% of all of the “profits” of the Property Entity from the development or sale of all or any portion of the Property or Project, as applicable (the “Development Fee”), as measured with respect to the Property or Project, as applicable, following the commencement of development activities. For purposes of the Development Fee, the term “profits” means the amount received by the owner of a Project attributable to the sale or lease of the Project (or the fair market value of such Project as determined by independent third-party appraisal at the time of termination of the Development Agreement) in excess of all actual costs and out-of-pocket expenses associated with such Project. The Development Fee would be paid in connection with any development by the Developer on all or any portion of the Property or a Project, as applicable. In addition, in the event an affiliate of the Developer is selected to provide assistance in the purchase of any real estate related to a Project, a real estate commission will be paid to such affiliate in an amount equal to 6.0% of the purchase price of the real estate related to such Project (the “Brokerage Services Fee”).

The Development Plan contemplated under the Development Option may be terminated by the Company at any time to permit it to take any other action with respect to the Property in exchange for the payment of a termination fee in the amount of \$2,900,000 (the “Development Termination Fee”), which Development Termination Fee is in addition to all earned but unpaid Development Fees at such time. Such Development Termination Fee would be required to be paid by the Company in the event the Company did not elect to pursue the Development Option and instead chose to pursue the Conservation Option or the Deferral Option and the Development Plan contemplated under the Development Option is terminated. The Development Termination Fee is also required to be paid by the Company in the event that the Developer elects to otherwise terminate the Development Agreement due to certain breaches of the Development Agreement by the Company. The Company has set aside sufficient funds from the gross offering proceeds to permit the Company to pay the Development Termination Fee in the event that the Company elects to pursue the Conservation Option or the Deferral Option pursuant to the procedures outlined in the Company LLC Agreement. If the Company elects to pursue the Development Option, this reserved amount will be used by the Company as working capital to assist with the funding of an initial phase of development costs and to secure debt or additional equity to finance the Development Plan if necessary. In the event that the Conservation Option is chosen, the Development Agreement will remain in force should the Manager elect to pursue any other development of the Property, including the development pursuant to any reserved development rights under the terms of the conservation easement. See “Investment Options for the Property – Conservation Option – Reserved Rights.”

Compensation Paid to the Manager, the Developer and Their Affiliates

The following table summarizes the compensation the Company or the Property Entity will pay or reasonably expect to pay to the Manager, the Developer, and their affiliates in connection with the Offering, including amounts to reimburse their costs in providing services to the Company and the Property Entity.

Type of Compensation	Determination of Amount	Estimated Amount for Offering
<i>Arrangement Fee</i> (paid to the Manager)	The Arrangement Fee is to be paid to the Manager for its work in providing various transaction services to the Company prior to the closing of the Offering.	\$400,000
<i>Organization and Offering Expenses</i> (paid to the Manager and the Sponsor)	We will reimburse the Manager and the Sponsor for actual out-of-pocket expenses, the amounts of which are summarized in the “Estimated Use of Proceeds” section.	\$755,285 ⁽¹⁾
<i>Annual Management Fee</i> (paid to the Manager)	The Annual Management Fee will be \$73,263 per year for each of the initial six-year term of the Management Agreement for a total anticipated amount of \$439,577.	\$439,577
<i>Disposition Management Fee</i> (paid to the Manager)	The Disposition Management Fee is equal to 22.0% of all amounts available for distribution to the Members and upon the payment of distributions to the Members and upon dissolution of the Company.	\$10,734,597 (if the Development Option is selected) ⁽²⁾ or \$376,828 (if the Conservation Option is selected). ⁽³⁾ The amount cannot be determined at this time if the Deferral Option is selected.
<i>Management Termination Fee</i> (paid to the Manager)	The Management Termination Fee is an amount equal to the total Annual Management Fee for the remainder of the then-current term of the Management Agreement plus the unpaid Disposition Management Fee. The Management Termination Fee is earned by the Manager only in the event that the Majority elects not to renew the Management Agreement for any reason without the written consent of the Manager.	\$11,174,174 (if the Development Option is selected and the Management Agreement is immediately terminated prior to any payments to the Manager) or \$816,405 (if the Conservation Option is selected and the Management Agreement is immediately terminated prior to any payments to the Manager). The amount cannot be determined at this time if the Deferral Option is selected.

Type of Compensation	Determination of Amount	Estimated Amount for Offering
<i>Development Fee</i> (paid to the Developer)	The Development Fee is equal to 15.0% of all of the Company's "profits" from the development or sale of all or any portion of the Property or Project, as applicable, as measured with respect to the Property or a Project, as applicable, following the commencement of development activities.	\$10,414,679 (if the Development Option is selected and the Property is fully developed and sold) ⁽⁴⁾ or \$0 (if the Conservation Option or Deferral Option is selected; does not include any Development Fee that may be paid if the Reserved Rights Development Plan is pursued or with respect to any other Project not contemplated under the Development Plan).
<i>Development Termination Fee</i> (paid to the Developer)	The Development Termination Fee is equal to \$2,900,000, and is payable only if the Development Plan contemplated under the Development Option is terminated by the Company or the Development Agreement is terminated under certain circumstances.	\$2,900,000 (if the Development Plan or Development Agreement is terminated by the Company prior to the commencement of development of the Property). ⁽⁵⁾
<i>Brokerage Services Fee</i> (paid to an affiliate of the Developer)	In the event that an affiliate of the Developer is selected to provide assistance in the purchase of any real estate related to a Project, a Brokerage Services Fee will be paid in an amount equal to 6.0% of the purchase price of the real estate related to such Project.	The amount cannot be determined at this time if the Development Option is selected or \$0 (if the Conservation Option is selected). The amount cannot be determined at this time if the Deferral Option is selected.

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- (1) Includes amounts reimbursed to the Manager or Sponsor for offering expenses, legal fees, development services, surveying and engineering services, conservation planning and appraisal services. See "Estimated Use of Proceeds" for a breakdown of such expenses.
- (2) Amount assumes: (i) the Development Option is chosen; (ii) the Property generates a net cash flow of \$51,633,464, of which 95% is distributed to the Company and available for distribution to the Members, assuming the Maximum Offering is achieved; and (iii) the Development Fee has been paid to the Developer prior to this calculation. Amounts are the net present value of amounts expected to be received over a period of at least five years.
- (3) Amount assumes: (i) the Conservation Option is chosen; (ii) the residual value of the encumbered Property received by the Company upon sale is \$222,320 (based on the after value in the Qualified Appraisal); (iii) sales commission and legal expenses for such sale do not exceed 10.0%; and (iv) the Company has not used the working capital remainder.
- (4) Amount assumes the Development Option is chosen and the Property is fully developed and sold. Amount is the net present value of the amounts expected to be received over a period of at least five years.
- (5) Amount assumes the Development Option is not chosen and the Development Plan contemplated under the Development Option is terminated by either imposing a conservation easement on the Property that would make development impossible or selling the Property or the Company's interest in the Property Entity.

Tax Considerations

There are significant federal and state income tax risks associated with the purchase and ownership of Units. The tax aspects of owning Units are complex and are not free from doubt. The Company anticipates it will be treated as a partnership for federal income tax purposes, which means that the Company would not be subject to any federal income tax, and each Member would be required to take into account his, her or its allocable share of the Company's taxable income, gains, losses and deductions in computing his, her or its federal income tax liability.

A significant component of one of the Company's contemplated business plans involves the donation of a conservation easement on the Property to a qualified organization, as defined under § 170(h)(3) of the Code (a "Qualified Organization") as early as 2016. You should be aware that conservation easements, the appraisal methodologies and techniques used in establishing the value thereof, and the tax law applicable thereto, have come under significant scrutiny and criticism by Treasury officials in recent years, and proposed legislative changes have been identified as a means of increasing the Treasury revenues which, if enacted, would have a material adverse effect on the tax benefits which might otherwise arise from an investment in the Units. The donation of a conservation easement can have a significant federal and state income tax impact on the Members. Nevertheless, this impact can vary substantially from Member to Member depending upon the Member's particular tax circumstances. In addition, there are substantial risks associated with the donation of conservation easements, including but not limited to the valuation of the easement itself. Prospective Investors are advised that neither the Property Entity nor the Company is under any contractual obligation to donate a conservation easement on the Property. A conservation easement can only be donated upon the election of the Conservation Option pursuant to the procedures outlined in the Company LLC Agreement. Consequently, there can be no assurances that a conservation easement will be donated or that one will not be donated. Moreover, there is no assurance of the potential tax impact on a particular Investor in the event that such an easement is donated.

NO TAX ADVICE IS BEING PROVIDED HEREIN. TAX CONSEQUENCES ASSOCIATED WITH AN INVESTMENT IN THE UNITS WILL VARY WITH YOUR INDIVIDUAL CIRCUMSTANCES, AND YOU ARE URGED TO CONSULT WITH YOUR OWN TAX ADVISOR WITH RESPECT TO AN INVESTMENT IN THE UNITS AND VARIOUS RISK FACTORS ASSOCIATED THEREWITH. See "Risk Factors – Tax Risks" and "Material Federal Income Tax Considerations."

RISK FACTORS

An investment in the Units is highly speculative and involves a high degree of risk. In addition to the other information contained in this PPM, you should carefully consider the following risk factors in evaluating an investment in the Units and evaluating the Company and its business plans. If any of the following risks actually occur, the business, financial condition, and operating results of the Company may be materially and adversely affected. Prospective Investors should not consider an investment in the Units unless they are able to bear the risk of loss of their entire investment. The following risk factors reflect many, but perhaps not all, of the risks incident to a purchase of the Units. Each potential Investor must make an independent evaluation of the risks associated with a purchase of the Units.

Investment and Operating Risks

1. *Lack of Operating History.* Both the Company and the Property Entity are newly formed Delaware limited liability companies. Neither the Company nor the Property Entity has engaged in any material business activities since the date of their respective formations, and neither entity has any operating history. The Manager currently plans to continue to cause the Property Entity to hold the Property for investment absent the election to take any other action with respect to the Property pursuant to the procedures outlined in the Company LLC Agreement. If the Conservation Option is elected, the Manager expects the Property Entity and the Company to have limited operations in the foreseeable future other than causing the donation of such conservation easement and potentially developing any reserved rights of the Property under the terms of the conservation easement and thereafter maintaining and managing the Property in accordance with the conservation easement. If the Development Option is elected, the Manager would need to implement a complex business plan for the Property Entity's development and disposition of the Property, which is expected to require significant work and capital. The Property Entity or the Company might have to raise additional capital or partner with another party to fully develop the Property, and such activities would be subject to all of the risks inherent in a business enterprise that is commencing operations. It is impossible to predict whether the Property Entity or the Company will be successful, and there can be no assurance that the Property Entity or the Company will operate profitably.

2. *Determination of Offering Price.* The Offering Price of \$13,026 per Unit has been determined solely by the Company based on (a) the total purchase price to be paid by the Company under the MIPA for the Purchased Interests (the "MIPA Purchase Price"), which is based upon the purchase price Permenter Brothers and Wampee are willing to accept for the Purchased Interests, (b) the anticipated payment of certain fees and expenses associated with the Offering, (c) the anticipated capital needs to complete the necessary "pre-planning" activities related to the Development Plan contemplated under the Development Option, (d) the anticipated capital needs of the Company to donate a conservation easement on the Property, including terminating the Development Plan contemplated under the Development Option, (e) the anticipated capital needs of the Company to hold the Property for investment for at least six years pursuant to the Deferral Option, and (f) certain other limited anticipated capital needs of the Company in the near future. The Company might not have raised sufficient funds in connection with the Offering to fully implement the Development Option in the event timing issues of anticipated income relative to the payment of required expenses or any incorrect assumptions in the Development Plan. Such Offering Price is not an indication of the value of a Unit or the pro rata portion of the Company or the Property, and no assurance is given that any of the Units could be resold for the Offering Price or for any other amount.

3. *Closing of Offering Prior to Satisfaction of the Maximum Offering.* The Manager has the discretion to close the Offering prior to satisfaction of the Maximum Offering upon receipt of the Closing Amount. As such, if the Offering is closed prior to satisfaction of the Maximum Offering, the Company will have a smaller amount available for working capital than it would have if the Company raised the Maximum Offering, which could impact the Company's ability to implement development plans for the Property and could have an adverse effect on the Company's financial condition.

4. *Representation and Warranties in the MIPA.* There can be no assurance that the covenants, representations, warranties and indemnities given by Permenter Brothers and Wampee in the MIPA are sufficient to protect the Investors from all loss in connection with the purchase of the Purchased Interests. Each prospective

Investor is advised to read the MIPA carefully to make its own determination as to the sufficiency of the MIPA, which is attached as Exhibit H.

5. *Illiquidity of Investment.* The Units have not been registered under any federal or state securities laws and therefore cannot be resold or otherwise transferred unless they are subsequently registered under such laws, or unless an exemption from such registration is available. The Company does not intend to register the Units with the SEC or any state securities agencies, and you will have no right to require the Company or the Manager to register the Units. There is presently no public or other market for the Units, and it is not expected that such a market will develop in the future. In addition, certain restrictions on transfer of the Units are contained in the Company LLC Agreement, and if the Conservation Option is elected, such encumbrance will affect the value of the Property and subsequently, the Property Entity, the Company and the Units in a materially adverse manner. In the event the Property is ultimately encumbered by a conservation easement, you might be unable to recoup any amount of your original investment from the sale of Units, the Company's disposition of the Property Entity, the Property Entity's disposition of the Property, or the liquidation of the Company.

6. *Primary Purpose Might Not Be to Maximize Profits for Members.* One of the investment options that the Manager will propose to the Members for consideration following the completion of the Offering will be the donation of the conservation easement on the Property. Any such decision would be made pursuant to the procedures outlined in the Company LLC Agreement, and you might not agree with the decision. If the Conservation Option is elected, the principal asset of the Property Entity, the Property, would be encumbered and its future development would be restricted, which would diminish the value of the Property and severely hinder the ability of the Property Entity and the Company to maximize profits with respect to the Property. While the Conservation Option could create a charitable contribution tax deduction for the Members, the Company would not be in a position to maximize the profits that could be generated and distributions that could be made to the Members with respect to the Property. Because the Conservation Option could be the investment option elected, only Investors who are able to bear the risk of the Company not maximizing the potential cash return from an investment in the Units should consider purchasing the Units.

Real Estate Risks

1. *Speculative Investment in the Property Entity and Real Estate.* The Company intends to have as its sole investment the units of membership interest in the Property Entity, which in turn currently has the Property as its sole investment. Consequently, the purchase of the Units is an indirect investment in real estate.

An investment in real estate is inherently speculative. Over the course of the life of the Company, the Company will experience certain transactional and carrying costs incident to the ownership of the Property. There is no assurance that the Property will operate with positive cash flow or appreciate significantly, if at all. The risks inherent in the ownership of real estate which may cause the Property to operate profitably or either to appreciate or depreciate in value are, in large part, beyond the control of the Company, the Property Entity or the Manager. If the Company or the Property Entity have insufficient funds to pay expenses such as property taxes, then the Members would have to contribute additional capital, which would require the unanimous consent of the members of each of the Company and the Property Entity pursuant to their respective limited liability company agreements to require the contribution of additional capital, and/or the Company or the Property Entity might have to borrow additional funds or risk foreclosure of the Property resulting in a loss of the Company's investment, an event which would trigger undesirable tax consequences for the Investors. In addition, certain operating expenses of the Property (e.g., real estate taxes, labor costs, and insurance, maintenance and repair expenditures) could increase as a result of inflation or other factors. Thus, the cost of owning the Property could exceed the amount of the Company's or the Property Entity's available funds and additional funds might have to be borrowed or invested in order to protect the Company's investment in the Property Entity.

No representation or warranty is made as to future operations of the Property or as to the amount of profit, loss or cash flow from the operation of the Property Entity's business or the Company's business. Although the Manager will endeavor to protect the interests of the Members, a prospective Investor should not view the Manager as a guarantor of the financial success of the Company, the Property Entity or the Property. The value of the Property is speculative, and the Offering Price is not based in any way upon any appraised value of the Property. Pursuant to

the Offering, prospective Investors are subscribing for Units in the Company and not the Property Entity or the Property.

2. *Need for Additional Capital if Development Option is Chosen.* If the Development Option is chosen instead of the Conservation Option or Deferral Option, the Company and/or the Property Entity will need additional resources in the future to continue to operate. The proceeds of the Offering are estimated to be sufficient to allow the Property Entity to hold the Property for long-term investment or to donate a conservation easement on the Property; however, the proceeds of the Offering will be insufficient to complete the full development of the Property pursuant to the Development Plan without additional equity capital or debt financing. As a result, the Company would be required to seek debt financing, which may be in the form of construction loans, mortgage loans, or mezzanine loans, amongst others, which might not be available on attractive terms or at all and may use the Property or the Property Entity as collateral for such financing, or raise additional equity capital to pursue the completion of the Development Plan in its entirety. If the Company or the Property Entity raises additional funds by issuing additional securities, including preferred equity, the actual or beneficial percentage ownership of the Members could be diluted. Additional securities issued by the Company or the Property Entity in the future could have rights, preferences and privileges senior to those of the Units.

3. *Ability to Obtain Debt Financing to Fully Implement the Development Plan.* If the Development Option is chosen, the Company is uncertain of its sources for funding its capital needs to fully develop the Property pursuant to the Development Plan. If debt financing is unavailable on reasonable terms as a result of increased interest rates, underwriting standards, capital market instability or other factors, the Company might not be able to complete the Development Plan. There can be no assurance that additional debt financing will be available in the future on acceptable terms or at all, which might adversely affect the Company's ability to complete the full development of the Property pursuant to the Development Plan and make distributions to the Members. Increases in interest rates could increase the amount of debt payments and negatively impact operating results.

4. *Impact of Development and Construction Risks on the Company's Profitability.* If the Development Option is chosen, the development and construction activities necessary to fully implement the Development Plan could be exposed to the following risks, any of which might have a material adverse impact on the Company's financial condition and ability to make distributions to the Members:

- real estate demand could decrease below what the Company anticipated when the Property was acquired, the Company might not be able to recover its investment in the Property through sales of residential units;
- the Company might be unable to obtain, or face delays in obtaining, necessary building, occupancy, marina and other required governmental or third party permits and authorizations, which could result in increased development costs;
- the Company might incur construction costs for the Property that exceed original estimates due to increased materials, labor or other costs or unforeseen site or environmental conditions, which could make completion of the Development Plan uneconomical, and the Company might not be able to increase purchase prices of residential units or modify the mix of residential units being sold to compensate for the increase in construction costs;
- the Company might abandon the development of the Project after it has already commenced construction of all or a portion thereof, and it might fail to recover expenses already incurred in connection with the development and construction of the Project, causing potential impairment losses to be incurred;
- the Developer might be unable to complete construction of the Property on schedule and meet financial goals for the Company;
- because demand for the type of residential units available on the Property could fluctuate depending on a number of factors, including market and economic conditions, the Company might be unable to meet its financial projections for the Development Option; and
- uncertainties associated with warranty and related obligations for the residential units on the Property sold.

5. *Preparation of Development Option Financial Projections.* The Manager has prepared financial projections based upon the Development Plan in the event that the Development Option is elected, which involves making estimates, judgments and assumptions. Those estimates, judgments and assumptions include, but are not limited to, those related to future cash flows, which are based upon expectations of performance given current and projected forecasts of the economy in general and the real estate markets. In addition, the market value of the Property and the development of the Property pursuant to the Development Plan depend on market conditions. If real estate demand decreases below what the Company anticipated when the Property was acquired, the Company might not be able to recover its investment in the Property through sales of residential units. Accordingly, if any estimates, judgments or assumptions change in the future, including adverse conditions in the real estate market continuing for longer than expected or deteriorating further or if the performance of the Development Plan does not otherwise meet the Manager's expectations, the Company's financial condition and its ability to make distributions to the Members could be adversely affected.

6. *Competition from Other Developments.* An investment in real estate is frequently subject to the risk of competition from other properties in close proximity. Development at these other properties may possess substantially similar entitlements as the Property. Any attempt to sell or develop the Property later could be negatively impacted by the proposed sale or development of these other properties by increasing the supply of available land or residential units. There is an additional risk of competition from properties controlled by affiliates of the Sponsor through investment programs with characteristics substantially similar to an investment in the Company. Through such investment programs, affiliates of the Sponsor currently control, or may gain control of, properties in close proximity to the Property. Such investment programs may develop such properties, and any development on such properties create the potential for competition with any development on the Property pursuant to the Development Plan. Any development on such properties may negatively impact the Development Plan, and the Developer, subject to approval by the Company, may adjust the type, number and mix of residential units contemplated in the Development Plan in order to address such competition from neighboring properties.

7. *Conservation Easement Deductions.* If the Conservation Option is chosen, the Property Entity would donate a conservation easement on the Property to a Qualified Organization as early as 2016. The potential benefits to you arising from any such conservation easement will be dependent upon the valuation of such conservation easement and the potential application of provisions in the Code and Regulations, which lack a substantial body of interpretive case law. There is no assurance that the Property Entity or the Company will be able to achieve its business and tax objectives in connection with any conservation easement donated on the Property to a Qualified Organization. Further, the value of the conservation easement deduction is subject to change between the offering date and the eventual record date because of potential market shifts resulting from affiliated or unaffiliated competitive development in the local area affecting the value of the qualified appraisal.

8. *Lack of Cash Distributions if Conservation Easement is Donated.* If the Conservation Option is chosen, neither the Property Entity nor the Company is likely to engage in any substantial development activities or significant commercial operations, and the Company would therefore not expect to realize any significant profits. If the Property is encumbered with a conservation easement, the terms of such easement will materially limit the permitted uses of the Property and the Company's prospects for future income and profits. See "Material Federal Income Tax Considerations—Tax Issues Specific to the Conservation Option—Nature of Restrictions." Accordingly, if the Conservation Option is chosen, the Company would not expect to make any substantial cash distributions to Investors unless and until the Property is sold. Typically, the donation of a conservation easement substantially and permanently reduces the value of the property subject to such easement. The Company would likely experience that reduction in value if the Property were to be sold subject to a conservation easement placed on the Property pursuant to the Conservation Option. Consequently, there can be no assurance that any Member's share of the net proceeds of such a sale would result in that Member receiving an amount that is at least equal to the amount of such Member's investment in the Company.

Furthermore, the restrictions imposed on the Property in connection with any charitable contribution of a conservation easement on the Property pursuant to the Conservation Option would be perpetual, and the uses of the Property would be restricted permanently regardless of whether or the extent to which the Company or any of its Members are allowed to claim a charitable income tax deduction in connection with the donation of such conservation easement. Thus, it is possible that the Company charitably donates a conservation easement on the Property, which permanently and substantially restricts the commercial usefulness of the Property and the ability of the Property to

generate revenue, and the Members to realize tax benefits substantially less than expected, or no tax benefits at all, from such charitable donation.

9. *Inability to Evaluate Excess Working Capital Investment Prior to Purchasing Units.* If the Conservation Option is chosen, the Company may, in the Manager's sole discretion, choose to use all or a portion of the excess working capital to make direct or indirect investments in real property not related to the Property. The Manager has not yet identified any potential real property investments to acquire using the excess working capital if the Conservation Option is chosen. As a result, Investors will not have the opportunity to evaluate the economic merits, transaction terms or other financial or operational data of such investment before the Company makes it, and Investors must rely on the Manager to identify, evaluate and structure the terms of such potential investment. Because Investors are not able to evaluate such an investment in advance of purchasing Units, the Offering might entail more risk than other types of offerings.

10. *Uninsured Losses.* While the Property Entity may carry liability insurance for the Property, there are certain other types of catastrophic losses that are either uninsurable or not economically insurable. If the Company's liabilities exceed the level of its insurance coverage or arise from the types of losses for which the Company is not insured, the Property Entity might be unable to fund such liabilities, which could threaten the viability of the Property Entity.

11. *Hazardous Waste and Environmental Concerns.* Federal and state statutes impose liability on property owners or operators for the cleanup or removal of hazardous substances found on their property regardless of whether they had any involvement in placing the substance on the property. Additionally, such statutes allow the government to place liens for such liabilities against affected properties, which liens will be senior in priority to other types of liens. State and federal laws in this area are constantly evolving, and the Company intends to monitor such laws and take commercially reasonable steps to protect itself from the impact thereof. However, there can be no assurance that the Company will be fully protected from the impact of such laws. There has been a Phase I environmental study conducted on the Property and none of the Company, the Property Entity, the Manager, Permenter Brothers or Wampee are aware of any adverse environmental condition on the Property.

12. *Wetlands.* Portions of the Property contain wetlands which may be determined to be jurisdictional wetlands and accordingly could limit future construction or development activities at the Property. A third-party wetland consultant has indicated to the Manager its belief that none of the five wetland areas on the Property would be determined to be jurisdictional wetlands based on the current protocol employed by the U.S. Army Corps of Engineers. Regardless of such third-party wetland consultant's opinion, the U.S. Army Corps of Engineers is the sole authority for the determination of the existence of jurisdictional wetlands. There is no guarantee that the U.S. Army Corps of Engineers would arrive at the same conclusion as such third-party wetland consultant. To the extent that jurisdictional wetlands are determined to exist on the Property, any development impacting such wetlands, including development pursuant to the Development Plan, would require that a permit be obtained from the U.S. Army Corps of Engineers. No such permit has been obtained. The third-party wetland consultant has indicated to the Manager its belief that a permit could be obtained because cumulative wetland impacts on the Property pursuant to the Development Plan would be less than half an acre. Permit coverage may be obtained through the U.S. Army Corps of Engineers' nationwide permit program, which authorizes activities that have minimal individual and cumulative environmental effects. However, as with any federal permit, there can be no assurance that the U.S. Army Corps of Engineers would grant such permit if sought.

In addition to federal regulations, the five wetland areas on the Property are subject to regulation by the South Carolina Department of Health and Environmental Control, Office of Ocean and Coastal Resource Management ("OCRM"), even if none of the wetlands are determined to constitute jurisdictional wetlands. The third-party wetland consultant has indicated its belief that any necessary state permits for development could be obtained. However, there can be no assurance that the state would grant such permits if sought.

13. *Stormwater Permitting.* Any future development activities on the Property will be subject to certain National Pollutant Discharge Elimination System (NPDES) permitting requirements for stormwater discharges from construction activities, and such permits would need to be obtained by the Developer pursuant to the Development Agreement in order to pursue the Development Plan.

14. *Taking of Property by Eminent Domain.* It is possible that portions of the Property could be taken by governmental authority. Such a taking would result in a forced sale that could have adverse consequences on your investment. Even though condemning authorities must offer fair market value for property to be condemned, such a taking could materially and adversely affect an investment in the Company if the amount the Property Entity receives as compensation for taking is less than the perceived value of the Property.

15. *Adverse General Economic Conditions.* The value of real property often depends on the general state of the economy, and economic recessions can materially and adversely affect the viability of investments in real estate. Governmental, economic and tax policies may also render an additional element of uncertainty and risk in this as well as other investments.

Management Risks

1. *Limited Economic Incentive of Management.* The Sponsor and Manager have not made a significant investment in the Units and do not expect to do so. Therefore, the Sponsor and Manager do not have as strong an economic incentive to avoid losses as does a sponsor or manager that has made significant equity investments in a company. ECS, which is a member of the Company and a member of the Manager and the Developer, will have an approximate 0.53% ownership interest in the Company following the closing of the Offering if the Maximum Offering is sold, but has not invested significant capital in the Company. The Manager receives reimbursement for expenses, compensation for services rendered in the form of the Annual Management Fee under the Management Agreement, and potential compensation in the form of the Disposition Management Fee under the Management Agreement. The Developer receives compensation from the Development Fee pursuant to the Development Agreement in the event of the development of the Property or Project, as applicable, or from the Development Termination Fee pursuant to the Development Agreement in the event of the termination of the Development Plan contemplated under the Development Option by the Company. Upon the close of the Offering, the Company will reimburse the Manager for out-of-pocket expenses incurred in connection with the Offering, and the Manager will have little exposure to loss in the value of the Units.

2. *Lack of Investor Control.* Unless the approval of the Members is expressly required under the Company LLC Agreement or the Delaware Limited Liability Company Act, the Manager has full and complete authority, power and discretion to manage and control the business and operations of the Company. Similarly, unless the approval of the members of the Property Entity is expressly required under the Property Entity LLC Agreement or the Delaware Limited Liability Company Act, the Manager has full and complete authority, power and discretion to manage and control the business and operations of the Property Entity. The rights of the members to participate in the management and control of the Company or the Property Entity, as applicable, are restricted to a limited number of specific circumstances, and the Members have no right or authority to act for or bind the Company or the Property Entity. Under the Company LLC Agreement and the Property Entity LLC Agreement, certain significant decisions may require the approval of a majority of the members of the entity, notwithstanding the fact that one or more prospective Investors might object thereto. Accordingly, a prospective Investor should purchase Units only if such prospective Investor is willing to entrust significant aspects of the management of the Company and the Property Entity to the Manager.

3. *Limitations on the Manager's Liability to Members.* The Company LLC Agreement and the Property Entity LLC Agreement contain certain limitations of liability for the benefit of the Manager, which are intended to have the effect of reducing the liability and obligations of the Manager to the Company and the Property Entity. The Company LLC Agreement also contains provisions for binding arbitration in the event of a dispute, controversy or claim asserted by a Member arising out of the Company LLC Agreement or to the alleged breach by its Manager. In addition, the Company is required under the Company LLC Agreement and the Property Entity is required under the Property Entity LLC Agreement to indemnify and hold the Manager and its affiliates harmless from and against certain liabilities or damages incurred by them. Accordingly, a Member's rights and remedies in connection with the actions or omissions of the Manager or its affiliates might be more limited than would otherwise be the case absent such provisions in the Company LLC Agreement.

4. *Limitation on Operating Expense Obligation.* The obligation of the Manager and the Members under the Company LLC Agreement to bear operating expenses of the Company is limited to the amount of their respective

contributions to the Company in the Offering. In the event that the Company incurs financial obligations in excess of such amounts reserved in the Offering, including the unpaid management fees owed to the Manager that can be offset by the Company to pay additional working capital obligations, there can be no assurance that the Company will have funds to meet any such excess. Similarly, the obligation of the Manager and the members of the Property Entity under the Property Entity LLC Agreement to bear operating expenses of the Property Entity is limited to the amount of their respective contributions to the Property Entity. While the Company has established certain reserves to pay for certain anticipated expenses of the Property Entity, in the event that the Property Entity incurs financial obligations in excess of such amounts reserved for in the Offering, there can be no assurance that the Property Entity or the Company will have funds to meet any such excess.

Risks Related to Conflicts of Interest

1. *The Manager's Involvement in Other Business Activities.* Neither the Manager nor the controlling persons of the Manager will devote all of their time to the business and affairs of the Company, and the controlling persons of the Manager are involved in other business activities, including activities which may be competitive with the Company and the Property Entity. The controlling persons of the Manager currently own and/or are the manager of other entities that also own or expect to own, directly or indirectly, real estate in the vicinity of the Property and elsewhere. See "Conflicts of Interest." Certain of this other real estate may also be held for investment while other real estate may be held for development or for donating conservation easements.

All of such entities will be controlled by affiliates of the Manager. The controlling persons of the Manager owe or will owe fiduciary duties to these other entities and their members, which fiduciary duties may conflict with the duties that they owe to the Company and the Members. Loyalties to these other entities could result in actions or inactions that are detrimental to the Company, which could harm the implementation of its business strategy. Conflicts with the Company's business and interests are most likely to arise from involvement in activities related to (a) allocation of management time and services between the Company and the other entities, (b) the management of the Property, or sale of properties to, affiliated entities, (c) the timing and terms of the development of the Property or sale of the Property, (d) development of the Property by the Developer, which is an affiliate of the Manager, and (e) compensation to and reimbursement of the Developer. If these individuals act in a manner that is detrimental to the Company's business or favor one entity over another, they might be subject to liability for breach of fiduciary duty. Under the circumstances, the interests of the controlling members of the Manager might conflict with the interests of the Company in various ways. Moreover, the Manager can only be removed without "Cause" if the holders of two-thirds of the Company's outstanding Units approve such removal.

2. *Significant Fees are Payable to the Manager under the Management Agreement.* The Management Agreement provides for an Arrangement Fee, Annual Management Fee and a Disposition Management Fee, all of which are payable to the Manager under most circumstances. In the event that the Majority elects not to renew the Management Agreement for any reason, the Company will pay to the Manager, on the date on which such termination is effective, the Management Termination Fee equal to the remaining Annual Management Fee for the remainder of the then-current term of the Management Agreement plus the Disposition Management Fee. The Manager will not be entitled to the Management Termination Fee if the Company terminates the Manager for "Cause" (as such term is defined in the Management Agreement). Because the Manager does not maintain any equity interest in the Company and is entitled to receive substantial minimum compensation through the Arrangement Fee, Annual Management Fee and Disposition Management Fee regardless of performance, the Manager's interests are not wholly aligned with those of the Members.

3. *Excess Working Capital Investment with Affiliated Persons or Entities.* If the Conservation Option is chosen, the Company may, in the Manager's sole discretion, choose to use all or a portion of the excess working capital to make direct or indirect investments in real property not related to the Property. The Company may, in the Manager's sole discretion, determine to use such excess working capital to make an investment in real property in which affiliates of the Company and/or controlling persons of the Manager are also directly or indirectly investing or with which affiliates of the Company and/or controlling persons of the Manager are involved. The terms of such investment with an affiliated person or in an affiliated entity might not be negotiated at arm's length and might be less favorable than the terms of an investment with an unaffiliated third party.

4. *No Reliance on Affiliated Purchases.* Purchases of Units by the Sponsor, Manager, Developer and their affiliates in the Offering should not be considered by prospective Investors as any endorsement and should not influence any prospective Investor's investment decision with respect to the Units or the Offering. The Sponsor, Manager, Developer and their affiliates, including those persons who have had prior business and/or personal relationships with the Sponsor, Manager, Developer, may purchase Units, and any such purchases will be included for purposes of determining whether the Closing Amount required to release funds from the Escrow Account has been sold. There are currently no written or other binding commitments with respect to the acquisition of Units by these parties and there can be no assurance as to the amount, if any, of Units these parties might acquire in the Offering. Any Units purchased by the Sponsor, Manager, Developer and their affiliates will be purchased for investment purposes only. You should consult your own financial, legal and tax advisors with respect to an investment in the Units and the Company, and you should be aware that the decision by the Sponsor, Manager, Developer and their affiliates to purchase Units cannot be considered an independent decision and might not be as meaningful as a purchase by an unaffiliated investor.

5. *Lack of Independent Legal Counsel.* Alston & Bird LLP is legal counsel for the Sponsor and the Company in connection with the Offering and also represents the Manager and the Developer. Alston & Bird LLP is not acting as counsel for prospective Investors. The use of the same legal counsel might, at times, result in a lack of independent review. Thus, prospective Investors should not rely on such legal counsel to represent and protect their respective interests. Prospective Investors are accordingly urged to consult with their own legal advisors before investing in the Units.

Tax Risks

1. *General Considerations.* There are significant federal and state income tax risks associated with the purchase and ownership of Units. **The tax aspects of owning Units are complex, and are not free from doubt. Neither the Manager nor the Company is offering any prospective Investor tax advice. Tax consequences associated with an investment in the Units will vary with your individual circumstances, and you are urged to consult with your own tax advisor with respect to an investment in the Units and various risk factors associated therewith.**

2. *No Ruling Requests.* Neither the Manager nor the Company has requested nor do they intend to request any ruling or other guidance from the IRS with respect to any federal income tax consequences of an investment in the Units, or in connection with the Company's business and tax objectives.

3. *Potential Changes in Law.* There can be no assurance that the Code or existing Treasury regulations thereunder (the "Regulations") will not be amended in such a manner as to alter the present form of computing the federal income tax liability of Investors, or to otherwise change in a materially adverse way the potential tax consequences from an investment in the Units. In addition, there are numerous conservation easement cases currently in litigation in the Tax Court, and many more tax returns with conservation easement deductions under IRS audit that might ultimately be litigated. The occurrence of any adverse results arising from the resolution of any of these cases could have a materially adverse impact upon the Company and the Members in the event that the Conservation Option is chosen.

4. *Risks of Conservation Easements.* A significant component of one of the Company's contemplated business plans involves the donation of a conservation easement on the Property to a Qualified Organization as early as 2016. **You should be aware that conservation easements, the appraisal methodologies and techniques used in establishing the value thereof, and the tax law applicable thereto, have come under significant scrutiny and criticism by Treasury officials in recent years, and proposed legislative changes have been identified as a means of increasing the Treasury revenues which, if enacted, would have a material adverse effect on the tax benefits which might otherwise arise from an investment in the Units.** The donation of a conservation easement can have a significant federal and state income tax impact on the Members. Nevertheless, this impact can vary substantially from Member to Member depending upon the Member's particular tax circumstances. In addition, there are substantial risks associated with the donation of conservation easements, including but not limited to the valuation of the easement itself. Prospective Investors are advised that neither the Property Entity nor the Company is under any contractual obligation to donate a conservation easement. A conservation easement can only be donated upon the election of the

Conservation Option pursuant to the procedures outlined in the Company LLC Agreement. Consequently, there can be no assurances that a conservation easement will be donated or that one will not be donated. Moreover, there is no assurance of the potential tax impact on a particular Investor in the event that such an easement is donated.

The Company has obtained a legal opinion from Alston & Bird LLP, counsel for the Company, addressing certain tax issues with respect to the proposed donation of the conservation easement by the Property Entity, which is attached as Exhibit F. Prospective Investors are encouraged to read the opinion, including the limitations described therein, for an explanation and appreciation of the issues involved. It is important to note that such opinion has been issued to the Company only and has not been issued to any Investor, and no Investor may rely upon such opinion for any purpose whatsoever without the prior written consent of the opinion giver. However, the applicability of any penalty, addition to tax, or additional amount which relates to an adjustment to a partnership item for any Investor would be determined at the level of the Company and the Property Entity in accordance with Code § 6221. Consequently, the due diligence performed by the Company and the Property Entity on the donation of the conservation easement, if selected, including, without limitation, the legal opinion from counsel addressing certain tax issues, could benefit the Investors in the event of any audit of such conservation easement by the IRS. It is also important to note that the opinion is not a guaranty that the tax treatment will be sustained if challenged. Rather, it only represents counsel's opinion that one or more significant federal tax issues should be resolved in the taxpayer's favor. PROSPECTIVE INVESTORS ARE URGED TO CONSULT WITH AND RELY ONLY UPON THE ADVICE OF THEIR OWN TAX ADVISORS WITH REGARD TO ALL TAX ASPECTS OF INVESTMENT IN THE COMPANY WITH SPECIFIC REFERENCE TO THEIR OWN TAX SITUATION.

5. *Charitable Contribution Limits.* Current tax law limits the available charitable contribution deduction for calendar year 2016 relating to conservation easements to 50.0% of such individual's contribution base (which is increased to 100% for farmers and ranchers) or 10.0% of a corporation's taxable income (subject to certain adjustments) for such year. Such limitation will be applied to an Investor's aggregate charitable contributions, including an Investor's allocable share of any Contribution Deduction claimed by the Company. Additionally, for 2016, the American Taxpayer Relief Act of 2012 made charitable contribution deductions (e.g. conservation easement deductions) subject to an additional itemized deduction limitation. For high earners, Code § 68 provides an inflation-adjusted phase out of allowable itemized deductions (also known as the "Pease Amendment"). For the 2016 tax year, itemized deductions must be reduced by 3.0% of the amount of a taxpayer's AGI that exceeds \$311,300 for married taxpayers filing jointly, and \$259,400 for single taxpayers. Accordingly, your ability to utilize the potential contribution deduction will depend on your individual income, other charitable contributions, and other particular circumstances. Current tax law during 2016 allows any unused charitable contribution deduction relating to conservation easements to be carried forward for up to fifteen years. If you are unable to fully utilize your allocable share of any Contribution Deduction for the year in which the Company claims such deduction, you should consider the possibility that future tax law changes could limit or otherwise affect your ability to carry forward and utilize any unused portion of such deduction in future years.

6. *Increased Risk of Audit.* Continuing recent scrutiny of conservation easement transactions, as well as recent and proposed changes to IRS forms and reporting requirements for such transactions, discussed under "Material Federal Income Tax Considerations – Tax Issues Specific to the Conservation Option," may increase the likelihood that the Company's return might be reviewed for possible audit.

Additionally, the past and continuing business activities of other persons associated with the Property Entity or the Company might increase the likelihood that the Company's return would be reviewed for possible audit. For example, the tax returns of certain entities sponsored by the Sponsor, or for which the Sponsor or certain members of the Sponsor's current management team previously acted as consultants, that donated conservation easements have been selected for audit by the IRS. From time to time, additional entities sponsored by the Sponsor that elect to donate a conservation easement may also have their tax returns selected by the IRS for audit. Due to the sensitive and confidential nature of tax audits, the Sponsor and its affiliates, at the advice of counsel, have adopted a policy for the protection of investors that strictly limits the information the Sponsor and its affiliates may disclose about any such audits to third parties. In addition, the resolution of a tax audit can extend for a long period of time, particularly if the results are challenged by the taxpayer. Therefore, you will not know the status or results of any pending or future tax audits of entities sponsored by the Sponsor or for which the Sponsor or members of its management team acted as consultants at the time that you make your investment in the Units.

In addition, the appraiser selected by the Company has previously delivered numerous conservation easement appraisals for other clients, the tax returns of some of which have subsequently been audited by the IRS. A significant portion of the business of such appraiser consists of performing appraisals for similarly situated persons. Similarly, legal counsel for the Company, certain anticipated Participating Broker-Dealers, the land trust selected by the Property Entity, and various consultants to the Property Entity or the Company and their employees and contractors have assisted and intend to continue to assist other persons and entities who have subsequently imposed or might impose conservation easements on land owned, directly or indirectly, by such other persons and entities. Many of these persons are expected to continue to be associated with other persons who will likely elect to impose conservation easements on land owned, directly or indirectly, by such other persons.

As discussed above, the tax returns of some persons and entities, sponsored by, associated with or assisted by the Sponsor, members of the Sponsor's current management team, the Company's appraiser and the Company's legal counsel have previously been selected for audit by the IRS and others could also be selected for audit by the IRS in the future. The continuing audit or new audit by the IRS of any one of such prior or future tax returns could result in a decision of the IRS to audit the return of the Property Entity or the Company in the event that a conservation easement is subsequently imposed by the Property Entity on the Property. The existence of any of such other conservation easements could increase the likelihood that the Company's or the Property Entity's return would be reviewed for possible audit as well.

In addition, if the Company or the Property Entity is audited, the Company or the Property Entity might not possess sufficient resources in order to successfully defend an audit. Although money will be set aside for the Audit Reserve, there can be no assurance that such funds will be available or sufficient in order to defend an audit and any litigation resulting therefrom. For instance, even though the Audit Reserve is required to be maintained for the benefit of the Company and its affiliates for the period within which an audit of any of them can generally be legally commenced in the event the Conservation Option is elected and the Company causes the Property Entity to donate a conservation easement on the Property, there are several events that could cause the statutory time period for assessing tax against the Members to be extended beyond the existence of the Audit Reserve, including, but not limited to, the following: (1) the filing of a fraudulent tax return by a Member, regardless of whether the fraudulent position is related to the Company, (2) a Member claiming the deductions attributable to a conservation easement contribution on an untimely filed return, and (3) a Member claiming the deductions attributable to a conservation easement contribution in a year subsequent to the year of the closing of the Offering. If the statutory time period for assessing tax against a Member has not expired for any reason, the IRS may be able to commence an audit of the Member through a partnership-level proceeding against the Company or the Property Entity.

Moreover, neither the Company LLC Agreement nor the Property Entity LLC Agreement requires additional capital contributions from its Members. The value of the Property after the donation of a conservation easement on the Property might also be insufficient to permit the Property Entity or the Company to borrow against such Property. Accordingly, neither the Property Entity nor the Company might have sufficient funds or resources to allow it to provide an adequate defense to any such audit or litigation. In order to protect their interests in any such audit or litigation, each Member or Investor might determine that they need to use their own resources to protect their interests in the case of an audit or litigation.

CONSEQUENTLY, IF YOU ARE AVERSE TO AN AUDIT BY THE IRS, YOU MIGHT WISH TO FOREGO AN INVESTMENT IN THE COMPANY. FURTHERMORE, YOU SHOULD CONSULT WITH YOUR OWN TAX ADVISOR CONCERNING WHETHER THE POTENTIAL CONTRIBUTION DEDUCTION, THE POSSIBILITY THE COMPANY MIGHT BE REQUIRED TO NOTIFY THE IRS OF A REPORTABLE TRANSACTION, OR OTHER FEATURES OF THE COMPANY'S BUSINESS PLAN AND TAX OBJECTIVES INVOLVE AN UNACCEPTABLE RISK OF AUDIT OR MIGHT OTHERWISE CAUSE AN INVESTMENT IN THE COMPANY TO BE INAPPROPRIATE GIVEN A PARTICULAR PROSPECTIVE INVESTOR'S INDIVIDUAL CIRCUMSTANCES.

7. *Potential Limitation of the Charitable Contribution Deduction if the Property does not Constitute Long-Term Capital Gain Property.* In general, if a taxpayer makes a charitable contribution of property (including a conservation easement), the amount of the charitable contribution deduction is the fair market value of the contributed property. However, if the property being contributed constitutes property held primarily for sale to customers in the course of a taxpayer's business (i.e., dealer or inventory property) or has a holding period of less than one year, the

charitable contribution deduction generally will be limited to the lesser of the value of the property or the taxpayer's adjusted basis of the property, which is, in the case of the Property, substantially less than its fair market value. The Company believes that the Property will constitute a long-term capital gain property in the hands of the Property Entity, as Permenter Brothers and Wampee's prior ownership of the Property should be tacked to the ownership of the Property Entity such that the Property Entity will be deemed to have continuously owned the Property for more than one year; additionally, the Property has not been associated with any development activities. Although the Manager believes that the Property constitutes long-term capital gain property in the hands of the Property Entity, there is a risk that the IRS could take a contrary position, even though such a position by the IRS would be inconsistent with the intent of the Property Entity in acquiring the Property and other relevant evidence relating thereto which the Property Entity and the Company believes supports capital gain treatment.

8. *Partnership Anti-Abuse Rule and Common Law Tax Doctrines.* The IRS is authorized pursuant to regulations promulgated by the U.S. Department of Treasury ("Anti-Abuse Regs.") to recast a partnership transaction as deemed appropriate, or one or more aspects of a partnership transaction, if the transaction has a principal purpose of substantially reducing the partners' federal income tax liability in a manner inconsistent with the intent of subchapter K. The Anti-Abuse Regs. are very broad and provide little guidance about determining whether a transaction violates them. They do provide, however, that a substantial reduction in partners' federal income tax liability, standing alone, will not trigger application of the regulations. The IRS may only recast a transaction if the substantial reduction in tax liability is also contrary to the intent of subchapter K. The Anti-Abuse Regs. also authorize the IRS to recast the form of a partnership transaction if the transaction is part of a larger series of transactions in order for the larger series of transactions to be recast in accordance with their substance. In addition, the IRS may utilize common law tax doctrines such as the substance-over form doctrine, the step transaction doctrine, the economic substance doctrine, and other similar principles to recharacterize the form of a transaction for federal income tax purposes ("Common Law Tax Doctrines"). The Manager, based upon the Tax Opinion, does not believe that the application of the Anti-Abuse Regs. or the Common Law Tax Doctrines is appropriate in this situation, and the Manager is unaware of any circumstances where the IRS has made this argument in a similar fact situation. There can be no assurance, however, that the IRS will not make any of these potential arguments, and if made, there can be no assurance that the IRS will not prevail.

The case of *Historic Boardwalk Hall, LLC v. Commissioner*, 136 T.C. No. 1 (2011), which was subsequently reversed by the United States Court of Appeals for the Third Circuit, demonstrates some potential arguments the IRS might make regarding the partnership anti-abuse rules in a context analogous, in some respects, to the transaction and potential transactions described in this PPM (the "Subject Transactions").

In *Historic Boardwalk Hall, LLC*, a partnership was formed for the purpose of allowing an investor to utilize tax credits generated by a partnership which were attributable to historic rehabilitation development activities undertaken by the partnership. The IRS argued that the allocation of the tax credits to the investor should be disallowed on three alternative grounds relating to the partnership anti-abuse rules: (1) the transaction, in substance, was akin to a selling of the tax credits to the investor; (2) the partnership was a "sham" and that the investor, who only joined the partnership to obtain the tax credits, was never a "true" partner for federal income tax purposes, and (3) the property giving rise to the tax credits was never substantively transferred to the partnership.

The Tax Court rejected the IRS's argument in *Historic Boardwalk Hall, LLC*, finding that the partnership structure utilized by the parties to allocate the tax credits to the investor was appropriate based, in large part, on the legislative history applicable to the tax credit provision. Specifically, the Tax Court found that the lack of a significant pre-tax profit potential for the investor was not determinative of the legitimacy of the partnership structure because Congress intended the tax credit at issue to encourage investors to participate in transactions which would, absent the tax credit, lack profit potential. Accordingly, the Tax Court determined that using a partnership structure for the purpose of transferring tax credits to an investor was not, under the facts, impermissible.

The IRS appealed the Tax Court's decision in *Historic Boardwalk Hall, LLC* to the Court of Appeals for the Third Circuit. The Third Circuit reversed the Tax Court's decision, determining that the investor in the transaction was not a bona fide partner in *Historic Boardwalk Hall, LLC* (*Historic Boardwalk Hall v. Commissioner*, 694 F.3d 425 (3rd Cir. 2012), cert. denied, 133 S. Ct. 2734 (2013)). As a result, the investor was not allowed to utilize the tax credits allocated to it under the partnership agreement.

Although the facts of Historic Boardwalk Hall, LLC are distinguishable from the Subject Transactions, the decision of the Tax Court and the Third Circuit's reversal of that decision provide some insight into how the courts might analyze the Subject Transactions. First, the Tax Court's decision provides some support that the Subject Transactions do not violate the partnership anti-abuse regulations. Specifically, although Historic Boardwalk Hall, LLC involved a type of tax credit which was described by the Tax Court as intended by Congress to facilitate such investment activity (whereas the Subject Transactions involve the allocation of charitable contribution deductions), the Tax Court's recognition that the legitimacy of a partnership structure does not depend on the presence of a pre-tax profit motivation is supportive of the Subject Transactions. For instance, if it is ultimately determined by a court that the Investors are participating in the Subject Transactions for the sole purpose of obtaining the charitable contribution deduction attributable to the conservation easement, the lack of a pre-tax profit motivation for the Investors will not necessarily violate the partnership Anti-Abuse Regs. under the rationale provided by the Tax Court in Historic Boardwalk Hall, LLC.

Under the "Golsen Rule," which was established in the Tax Court decision *Golsen v. Commissioner*, 54 TC 742 (1970), the Tax Court will follow a decision of the Circuit Court of Appeals to which the case could be appealed. Therefore, the Third Circuit's opinion in Historic Boardwalk Hall, LLC will be followed by all courts, including the Tax Court, when an appeal would be to the Court of Appeals to the Third Circuit. Moreover, an appellate court's decision to reverse the Tax Court's decision might, in certain instances, inform the analysis applied by the Tax Court even in future cases not governed by the Golsen Rule. Accordingly, the Third Circuit's decision has some relevance to the Subject Transactions. The Third Circuit determined that the investor in Historic Boardwalk Hall, LLC should not be treated as a bona fide partner because the investor did not have a "meaningful stake in the success or failure of the partnership." In so holding, the Third Circuit focused primarily on the following facts: (i) For a variety of reasons, including a "tax benefit guaranty," the court determined the investor had no meaningful downside risk in the partnership and that the investor was "for all intents and purposes, certain to recoup the contributions it had made" to the partnership; (ii) The investor lacked meaningful upside potential in the profits of the partnership because the investor would only participate in partnership profits in the unlikely event certain primary payments were made by the partnership, leaving little potential for investor profit.

Unlike the facts in Historic Boardwalk Hall, LLC, the Subject Transactions do not involve any type of tax benefit guaranty assuring the Investors that they will receive the tax benefits attributable to a conservation easement donation on the Property. Moreover, should the Members decide to develop the Property, the Members would each recognize their proportional share of the profits (or losses) attributable to such development activity, with no limitation on the upside (or downside) potential to a Member.

Following the reversal of the Tax Court's decision in Historic Boardwalk Hall, LLC, the IRS issued Rev. Proc. 2014-12, 2014-3 IRB 415 to provide a safe-harbor under which the IRS will not challenge partnership allocations of rehabilitation credits by a partnership to its partners. The intent of the safe-harbor is to define a structure that can be used to validly claim rehabilitation credits under § 47 of the Code.

While there are significant differences between the requirements for rehabilitation credits under § 47 of the Code and the requirements for conservation easements under § 170(h) of the Code, the safe-harbor under Rev. Proc. 2014-12 informs on certain elements in rehabilitation credit transactions that will likely be considered favorable by the IRS in transactions involving conservation easements. Some of the favorable elements include the following:

(a) The safe-harbor requires the principles and the investors who own interests in the partnerships in rehabilitation tax credit transactions to maintain certain minimum percentage interests in each material item of income, gain, loss, deduction and credit at all times during the existence of the partnerships.

(b) Each of the partners' interest in such partnership transactions must be considered bona fide equity investments with a reasonably anticipated value commensurate with the investor's overall percentage interest in the partnership, separate from any federal, state and local tax deductions, allowances, credits and other tax attributes to be allocated by the partnership to the investor. For this purpose, an investor's partnership interest is a bona fide equity investment only if that reasonably anticipated value is contingent on the partnership's net income, gain and loss, and is not substantially fixed in amount. Moreover, the investor must not be substantially protected from losses from partnership activities and must participate in profits from partnership activities in a manner that is not limited to a preferred return that is in the nature of a payment for capital.

(c) The safe-harbor contains a minimum unconditional cash contribution by each investor. Because of the nature of rehabilitation credit transactions, where funds are raised to rehabilitate buildings over time, cash needs are logically phased in over time. The safe-harbor allows the investor minimum contribution to be paid in over time, provided that at least 20.0% of the investor's total expected capital contributions required under the agreement relating to the partnership are made as of the date the building is placed in service.

(d) At least 75.0% of an investor's total expected capital contributions must be fixed in amount before the date the building is placed in service.

(e) The safe-harbor prohibits any person involved in any part of a rehabilitation transaction to either (1) pay an investor's costs or indemnify an investor for the investor's costs if the IRS challenges the investor's claim of the § 47 rehabilitation credit or (2) offers a guarantee that is not an unfunded guarantee. For this purpose, the only unfunded guarantees that may be provided to an investor include:

- (i) guarantees for the performance of any acts necessary to claim § 47 rehabilitation credits;
- (ii) guarantees for the avoidance of any act (or omission) that would cause the partnership to fail to qualify for the § 47 tax credit or that would result in a recapture of such credits; and
- (iii) guarantees that are not described in as impermissible guarantees under the Revenue Procedure.

(f) The safe-harbor prohibits a principal or the partnership from having a call option or other contractual right or agreement to purchase or redeem an investor's interest at a future date (other than a contractual right or agreement for a present sale). Moreover, the safe-harbor prohibits an investor from having a contractual right or other agreement to require any person involved in any part of the rehabilitation transaction to purchase or liquidate the investor's interest in the partnership at a future date at a price that is more than fair market value determined at the time of exercise of the contractual right to sell.

(g) The safe-harbor requires that allocations under the partnership agreement must satisfy the substantial economic effect requirements of § 704(b) and the regulations thereunder. It is noteworthy that the regulation dealing with the allocation of tax credits provides that because allocations of tax credits and tax credit recapture are not reflected by adjustments to the partners' capital accounts, such allocations cannot have "economic effect" under § 704(b) regulations. Instead, the tax credits and tax credit recapture must be allocated in accordance with the partners' interest in the partnership as of the time the tax credit or tax credit recapture arises.

The foregoing described elements found in Rev. Proc. 2014-12 are similar to those found in the structure of the Company and provide support to the tax position that could be taken by the Company in the event that the Company caused the Property Entity to donate a conservation easement on the Property. However, there can be no assurance that the IRS will not seek to use the Anti-Abuse Regs. or the Common Law Tax Doctrines to challenge the Company in the event that the Company caused the Property Entity to donate a conservation easement, and if made, there can be no assurance that the IRS will not prevail.

9. *Codified Economic Substance Doctrine.* In 2010, Congress enacted § 7701(o) of the Code codifying the economic substance doctrine (the "Statutory Economic Substance Doctrine"). The IRS could attempt to use the Statutory Economic Substance Doctrine to recast the purchase of the Units by the Investors as a direct purchase by them of the Property, which, if the IRS were successful, would substantially reduce the amount of conservation easement deduction if the conservation easement is donated prior to one year and one day after the closing of the Offering. While counsel for the Company does not believe such a position by the IRS would succeed, if the IRS does take this position and prevails, the amount of the conservation easement deduction will be limited at most to the lesser of the value of the Property or the purchase price paid for the Units.

Under Code § 7701(o), "certain transactions to which the doctrine applies" must satisfy both an objective and subjective test in order for the transactions to be respected for tax purposes. Under Code § 6662(b)(6) a strict liability penalty equal to 20.0% of the amount of understated tax will be applied to a transaction which is found to

lack economic substance. Under Code § 6662(i), the penalty is increased to 40.0% of the underpayment if there is a nondisclosure of a noneconomic substance transaction. There is no reasonable cause exception to the penalties imposed under Code §§ 6662(b)(6) and 6662(i), so reliance on a tax opinion will not provide a taxpayer with a defense to the penalties imposed by the statutes.

In order for a transaction to be subject to the requirements of Code § 7701(o), the transaction must be the type of “transaction to which the economic substance doctrine applies.” In the case of an individual, this means the transaction must be entered into in connection with a “trade or business or an activity engaged in for the production of income.” However, when making the determination as to whether a transaction is subject to Code § 7701, the term “transaction” includes a series of transactions.

If a transaction is subject to the economic substance analysis, the transaction will only be deemed to have economic substance if the transaction (or series of transactions when viewed together) satisfy a two-prong test: (1) the transaction changes the taxpayer’s economic position in a meaningful way (apart from federal income tax effects) and (2) the taxpayer has a substantial purpose (apart from federal income tax effects) for entering into the transaction. For purposes of the Code, the term “economic substance doctrine” means the common law economic substance doctrine, and prior common law guidance is controlling.

The Manager, based upon the Tax Opinion, does not believe that the Statutory Economic Substance Doctrine is appropriate in this situation because the Manager does not believe any of the potential transactions that the Manager may propose is a “transaction to which the doctrine applies” and the Manager believes that, should the transaction constitute a transaction to which the doctrine applies, the transaction would satisfy the two-part test set forth in § 7701(o). However, there is very little guidance as to the application of § 7701(o), and there can be no assurance that the IRS will not make any of these potential arguments, and if made, there can be no assurance that the IRS will not prevail. See “Material Federal Income Tax Considerations — The Property Entity’s Holding Period.”

10. *Substantial Valuation Misstatement Penalty.* Section 6662 of the Code provides generally for a penalty of 20.0% of an underpayment of tax attributable to a substantial valuation misstatement, where such underpayment of tax exceeds \$5,000 for individual taxpayers. A substantial valuation misstatement exists where the reported value is 150.0% or more of the amount determined to be the correct amount. A 40.0% penalty applies where the reported value is 200.0% or more of the amount determined to be the correct amount. If all or a portion of the charitable contribution deduction for the conservation easement is disallowed based on an overstatement of the value of the conservation easement, this penalty could apply.

There can be no assurance that the IRS will recognize the conservation easement as a qualified real property interest or, if it does, that it will accept the amount of the claimed charitable contribution deductions. Neither the Property Entity nor the Company has obtained (and neither plans to obtain) a letter ruling from the IRS that it will recognize the conservation easement for purposes of charitable contribution deduction. It is highly unlikely that a letter ruling would be issued even if the Property Entity or Company were to seek one. Given the magnitude of the charitable contribution that the Property Entity would likely claim, there is a risk that the IRS could audit the Property Entity’s information return on which such contribution deduction is claimed. A successful challenge by the IRS could result in the disallowance of some or all of the charitable contribution deductions taken by the Property Entity and the Company, with the result that the Members could owe additional tax and interest and possibly a penalty. In addition, there are significant changes in the federal tax laws governing conservation easements that in recent years have been under discussion in Congress that, if enacted, could significantly reduce or eliminate the expected tax benefit of a conservation easement. In the event that the conservation easement is donated, there can be no assurance that such new tax laws adversely affecting the Property Entity and the Company will not be enacted with an effective date prior to the date of such donation.

Because neither the Property Entity nor the Company can verify that the conservation easement will be determined by a court to have the value set forth in the Appraisal, there can be no assurance that the value of the conservation easement will be determined by a court not to result in valuation penalties. Although § 6664(c) provides a reasonable cause exception for the penalties imposed under § 6662, in the case of a valuation penalty, the reasonable cause exception will only apply if the court finds that (1) the value of the claimed deduction for the conservation easement was based on a qualified appraisal made by a qualified appraiser, and (2) the Property Entity made a good faith investigation of the value of the conservation easement. The determination of whether an appraisal or an

appraiser are “qualified” for purposes of the Code and whether the Property Entity made a good faith investigation of the value of the conservation easement involve subjective determinations which pose risks to the Property Entity and the Company and the ability of the Property Entity and the Company to avoid the potential application of valuation penalties. Moreover, there is no reasonable cause exception available with respect to the 40.0% penalty. Accordingly, there can be no assurance that a valuation penalty will not be applied to an investor in connection with any valuation adjustment that may be made by the IRS against the Property Entity and the Company.

11. *Assessment of Penalty against Qualified Appraiser.* The qualified appraiser selected by the Manager to assist the Property Entity and the Company in preparing a qualified appraisal for the Property Entity in the event that the Company causes the Property Entity to donate the conservation easement on the Property following the closing of the Offering has previously received notice from the IRS that it intended to recommend the assessment of a penalty against him pursuant to § 6695A for substantial valuation misstatement under § 6662(e) for an appraisal rendered by him on an unrelated project completed in December of 2007 that was previously the subject of audit. The Company has been informed by such appraiser that he has successfully challenged the assessment of such penalty. Further discussion of the role of the qualified appraiser and the relevant penalty provisions can be found in “Material Federal Income Tax Considerations – Tax Issues Specific to the Conservation Option – Discussion of Certain Penalty Provisions Applicable to Qualified Appraisers.” The assessment of any such penalty against an appraiser should not, by itself, result in any material adverse effect on the Property Entity or the Company or any appraisal prepared on behalf of the Property Entity or the Company in the event that the Conservation Option is chosen. However, because such a penalty is assessed before an appraiser is afforded the opportunity to finally challenge such penalty assessment, such penalty assessment could have other effects, such as making the IRS more likely to audit the tax returns of the Property Entity or the Company and its Members claiming a conservation easement deduction, prejudicing the trier of fact as to the accuracy of the qualified appraisal submitted by the Property Entity, or increasing the costs to the Property Entity and/or the Company and/or its Members of any IRS audit defense.

12. *Further Assessments against Qualified Appraiser.* The assessment by the IRS of penalties under § 6695A and § 6701 are typically confidential pursuant to federal law and not subject to disclosure pending the suspension or disqualification of such appraiser. Consequently, the Company and its Members are unlikely to learn of the outcome of any penalty assessment against the Company’s appraiser or any other appraiser absent the consent of such appraiser. The appraiser currently engaged by the Property Entity has voluntarily stated that he is not currently the subject of any penalty assessment by the IRS. However, such appraiser is under no obligation to update the Company or its Members as to the occurrence or status of any penalty assessment that might be levied in the future, if any. Consequently, in the event of the donation of the conservation easement by the Property Entity, the Members will have to trust that any penalty assessment imposed upon the Property Entity’s chosen appraiser will not result in any material adverse harm to the conservation easement deduction claimed in the event of any subsequent audit thereof by the IRS.

CONFLICTS OF INTEREST

The Company and the Property Entity might be subject to various conflicts of interest arising out of its relationship with the Manager, the Developer, and their affiliates, including conflicts related to compensation arrangements and time constraints. There is a possibility that not all conflicts will be resolved in a manner favorable to the Company. The conflicts of interest in transactions with the Manager, the Developer and their affiliates are described below.

Involvement in Similar Real Estate Investment Programs

Affiliates of the Manager and the Developer have previously sponsored and intend to sponsor in the future one or more real estate investment programs, some of which have similar investment objectives and purposes to the Company. For example, EcoVest is a sponsor of and is directly or indirectly the manager of all of the real estate investment programs set forth below, each of which has completed, commenced or intends to commence a private offering to investors similar to the Offering.

- Arcadian Quay Cove Holdings, LLC has entered into a Membership Interest Purchase Agreement to acquire a majority interest in Arcadian Quay, LLC, which has as its sole investment approximately 30.27 acres of unimproved land in Horry County, South Carolina.
- North Bay Cove Holdings, LLC has entered into a Membership Interest Purchase Agreement to acquire a majority interest in North Bay Cove, LLC, which has as its sole investment approximately 28.04 acres of unimproved land in Horry County, South Carolina.
- Lakeshore Resort Holdings, LLC has entered into a Membership Interest Purchase Agreement to acquire a majority interest in Lakeshore Resort, LLC, which has as its sole investment approximately 44.23 acres of unimproved land in Horry County, South Carolina.
- White Sands Village Holdings, LLC has entered into a Membership Interest Purchase Agreement to acquire a majority interest in White Sands Village, LLC, which has as its sole investment approximately 181.20 acres of unimproved land in Horry County, South Carolina.
- Ocean Grove Resort Holdings, LLC has entered into a Membership Interest Purchase Agreement to acquire a majority interest in Ocean Grove Resort, LLC, which has as its sole investment approximately 225.50 acres of unimproved land in Horry County, South Carolina.
- Myrtle West Resort Holdings, LLC has acquired a majority interest in Myrtle West Resort, LLC, which has as its sole investment approximately 27.43 acres of unimproved land in Horry County, South Carolina.
- Coastavista Palms Holdings, LLC has acquired a majority interest in Coastavista Palms, LLC, which has as its sole investment approximately 213.956 acres of unimproved land in Jasper County, South Carolina.
- Bellavista Grove Holdings, LLC has acquired a majority interest in Bellavista Grove, LLC, which has as its sole investment approximately 116.555 acres of unimproved land in Jasper County, South Carolina.
- South Bay Cove Holdings, LLC has acquired a majority interest in South Bay Cove, LLC, which has as its sole investment approximately 27.46 acres of unimproved real estate in Horry County, South Carolina.
- Seavista Resort Holdings, LLC has acquired a majority interest in Seavista Resort, LLC, which has as its sole investment approximately 29.03 acres of unimproved real estate in Horry County, South Carolina.
- Diamond Grande Resort Holdings, LLC has acquired a majority interest in Diamond Grande Resort, LLC, which has as its sole investment approximately 67.22 acres of unimproved real estate in Horry County, South Carolina.

- Belle Harbour Resort Holdings, LLC has acquired a majority interest in Belle Harbour Resort, LLC, which has as its sole investment approximately 36.64 acres of unimproved real estate in Horry County, South Carolina.
- Beech Springs Resort Holdings, LLC has acquired a majority interest in Beech Springs Resort, LLC, which has as its sole investment approximately 253.56 acres of unimproved real estate in Trigg County, Kentucky.
- River Trace Resort Holdings, LLC has acquired a majority interest in River Trace Resort, LLC, which has as its sole investment approximately 276.95 acres of unimproved real estate in Stewart County, Tennessee.
- Sanibel Resort Holdings, LLC has acquired a majority interest in Sanibel Resort, LLC, which has as its sole investment approximately 28.53 acres of unimproved real estate in Horry County, South Carolina.
- Cypress Cove Marina Holdings, LLC has acquired a majority interest in Cypress Cove Marina, LLC, which has as its sole investment approximately 28.04 acres of unimproved real estate in Horry County, South Carolina.
- Magnolia Bay Resort Holdings, LLC has acquired a majority interest in Magnolia Bay Resort, LLC, which has as its sole investment approximately 150.55 acres of unimproved real estate in Horry County, South Carolina.
- Azalea Bay Resort Holdings, LLC has acquired a majority interest in Azalea Bay Resort, LLC, which has as its sole investment approximately 269.41 acres of unimproved real estate in Horry County, South Carolina.
- Long Bay Marina Holdings, LLC has acquired a majority interest in Long Bay Marina, LLC, which has as its sole investment approximately 60.70 acres of unimproved real estate in Horry County, South Carolina.
- Carolina Bays Resort Holdings, LLC has acquired a majority interest in Carolina Bays Resort, LLC, which has as its sole investment approximately 115.74 acres of unimproved real estate in Horry County, South Carolina.
- Garden Lakes Estates Holdings, LLC has acquired a majority interest in Garden Lakes Estates, LLC, which has as its sole investment approximately 822.28 acres of unimproved real estate in Jasper County, South Carolina.
- New River Preserve Holdings, LLC has acquired a majority interest in New River Preserve, LLC, which has as its sole investment approximately 471.48 acres of unimproved real estate in Jasper County, South Carolina.
- Hickory Preserve Holdings, LLC has acquired a majority interest in Hickory Preserve, LLC, which has as its sole investment approximately 1,732.82 acres of unimproved real estate in Chester County, South Carolina.
- Rocky Creek Plantation Acquisitions, LLC has acquired a majority interest in Rocky Creek Plantation, LLC, which has as its sole investment approximately 2,145.21 acres of unimproved real estate in Chester County, South Carolina.
- Wilderness Lake Holdings, LLC has acquired a majority interest in Wilderness Lake, LLC, which has as its sole investment approximately 2,202.08 acres of unimproved real estate in Chester County, South Carolina.
- Birch Equestrian Holdings, LLC has acquired a majority interest in Birch Equestrian, LLC, which has as its sole investment approximately 315.90 acres of unimproved real estate located in DeKalb County, Alabama.
- Brunswick Highlands Holdings, LLC has acquired a majority interest in Brunswick Highlands, LLC, which has as its sole investment approximately 373.45 acres of unimproved real estate located in Brunswick County, North Carolina.

- Leland Forest Holdings, LLC has acquired a majority interest in Leland Forest, LLC, which has as its sole investment approximately 448.66 acres of unimproved real estate located in Brunswick County, North Carolina.
- Greenway Holdings Acquisitions, LLC has acquired a majority interest in Greenway Landing, LLC, which has as its sole investment approximately 332.76 acres of unimproved real estate located in Georgetown County, South Carolina.

Mr. Teal and EcoVest, the sole members of each of the Developer and the Manager, are also indirect owners and managers of separate development companies formed for the purpose of serving as the exclusive developers for each of the above parcels of real estate in a manner similar to the Developer with respect to the Property. Consequently, EcoVest will have a financial interest in the success of each such real estate investment program, and Mr. Teal is also expected to have a direct or indirect ownership interest and/or management role in several of the above acquiring companies and development companies and will thus also have a financial interest in the success of each such real estate investment program. A conflict of interest will exist to the extent that Mr. Teal's and EcoVest's indirect ownership and management responsibilities relating to any of other real estate investment programs have any impact on the ownership and management of the Property Entity or the Company.

The controlling persons of these entities also owe fiduciary duties to these other entities and their owners, which fiduciary duties might conflict with the duties that they owe to the Company and the Members. Their loyalties to these other entities could result in actions or inactions that are detrimental to the Company's business, which could harm the implementation of its business strategy and its development or investment opportunities. Conflicts with the Company's business and interests are most likely to arise from involvement in activities related to (a) the allocation of development and management time and services between the Company and the other real estate investment programs, (b) its purchase of properties from, or sale of properties to, affiliated entities, (c) the timing and terms of the investment in or sale of an asset, (d) the development of the Company's properties by affiliates, and (e) the compensation to the Manager and the Developer.

Potential Investment Utilizing Excess Working Capital

If the Conservation Option is chosen, the Company may, in the Manager's sole discretion, choose to use all or a portion of the remaining working capital to make direct or indirect investments in real property not related to the Property. The Company may, in the Manager's sole discretion, determine to make an investment in real property in which affiliates of the Company and/or controlling persons of the Manager are also directly or indirectly investing or with which affiliates of the Company and/or controlling persons of the Manager are involved. The terms of such investment with an affiliated person or in an affiliated entity might not be negotiated at arm's length and could be less favorable than the terms of an investment with an unaffiliated third party.

Competing and/or Separate Activities by Sponsor

Certain of the real estate programs identified in "Involvement in Similar Real Estate Investment Programs" above have invested portions of their respective excess working capital in a real estate fund that has made and intends to continue to make other real estate investments that are in addition to those investments described above under "Involvement in Similar Real Estate Investment Programs." The Sponsor and certain controlling persons of the Company have invested in a joint venture that has made an additional real estate investment, and the Sponsor intends to continue making additional real estate investments in the future. A conflict of interest may exist to the extent the Sponsor's responsibilities related to the joint venture or other similar joint ventures or real estate investments negatively impact its ability to provide services to the Manager, the Developer and/or the Company.

Allocation of the Manager's and the Developer's Time

The Company and the Property Entity will rely solely on the controlling persons of the Manager, the Developer and their affiliates to manage operations and perform the day-to-day management of the Company and the Property Entity. Such individuals are not required to spend all of their time on the Company's or the Property Entity's affairs. The management and possible development of multiple real estate investment programs may significantly reduce the amount of time the controlling persons of the Manager and the Developer are able to spend on activities

related to the Company and the Property Entity. The controlling persons of the Manager and the Developer will have concurrent and/or overlapping duties relating to capital raising, acquisition, operational, disposition and liquidation activities, and conflicts of interest related to these entities will arise throughout the life of the Company with respect to, among other things, finding investors, managing properties, potentially managing development activities, and disposing of properties. The conflicts of interest each of the controlling persons will face may delay certain activities of the management of the Company and the Property Entity due to competing time demands.

Related Parties

Alan Solon is a shareholder of SFA Holdings, Inc. (“SFA Holdings”), which is the parent company of The Strategic Financial Alliance, Inc. (“SFA”). It is anticipated that SFA will become a Participating Broker-Dealer in the Offering. If so, SFA could be deemed a related party of the Company, and each Investor should be aware of the potential conflict of interest that may arise from the purchase of Units in the Offering from SFA in its capacity as a broker-dealer. Such a conflict of interest would not arise from a purchase from another Participating Broker-Dealer not affiliated with EcoVest.

Lack of Separate Representation

Alston & Bird LLP is legal counsel for the Sponsor and the Company in connection with the Offering and also represents the Manager and the Developer. There is a possibility that in the future the interests of the various parties might become adverse, and under the Code of Professional Responsibility of the legal profession, Alston & Bird LLP might be precluded from representing any one or all of such parties. If a dispute were to arise, separate counsel for such matters would be retained as and when appropriate.

The use of the same legal counsel might, at times, result in a lack of independent review, and legal counsel is not acting as counsel for the Investors in connection with the Offering. Thus, the prospective Investors should not rely on Alston & Bird LLP to represent and protect their interests. Prospective Investors are urged to consult with their own advisors before investing in the Units.

ESTIMATED USE OF PROCEEDS

The Company is offering for sale a maximum of 945 Units in the Offering. The Company will deposit and hold Subscription Funds in escrow until the closing of the Offering, following the receipt of subscriptions for the Maximum Offering, the Manager's determination to close the Offering prior to satisfaction of the Maximum Offering upon receipt of the Closing Amount, or the Termination Date. If the Maximum Offering is not achieved by the Termination Date and the Manager has not closed the Offering prior to satisfaction of the Maximum Offering, the Escrow Agent will return all Subscription Funds to the Investors without interest and without deduction of expenses.

The table below shows the Company's best estimate of the use of the gross offering proceeds if the Maximum Offering is achieved and estimates the expenses if the Development Option, the Conservation Option or the Deferral Option is chosen. The general expenses set forth below would be payable regardless of the investment option chosen. The additional expenses for each separate option below represent alternative scenarios depending upon the investment option chosen. Because the amounts in the table are estimates, these amounts may not accurately reflect the use of the gross offering proceeds.

	<u>Maximum Offering</u>	<u>Percentage of Gross Offering Proceeds</u>
Gross Offering Proceeds	\$12,309,570	100.0%
General Expenses		
Selling Commissions ⁽¹⁾	\$861,670	7.00%
Dealer Manager Fees ⁽²⁾	\$615,479	5.00%
Organization and Offering Expenses ⁽³⁾		
Offering Expenses ⁽⁴⁾	\$186,250	1.51%
Legal Fees ⁽⁵⁾	\$177,500	1.44%
Project Management Services ⁽⁶⁾	\$110,435	0.90%
Surveying and Engineering ⁽⁷⁾	\$48,600	0.39%
Conservation Planning ⁽⁸⁾	\$155,000	1.26%
Appraisal ⁽⁹⁾	\$77,500	0.63%
Transfer Agent and Investor Processing ⁽¹⁰⁾	\$141,338	1.15%
MIPA Purchase Price	\$4,186,450	34.01%
Arrangement Fee ⁽¹¹⁾	\$400,000	3.25%
Total Annual Management Fees ⁽¹²⁾	\$439,577	3.57%
Property Taxes ⁽¹³⁾	\$6,000	0.05%
Audit Reserve ⁽¹⁴⁾	\$400,000	3.25%
Accounting Fees ⁽¹⁵⁾	\$40,000	0.32%
Total General Expenses	\$7,845,799	63.74%
Additional Development Option Expenses		
Disposition Management Fee ⁽¹⁶⁾	—	—
Development Termination Fee ⁽¹⁷⁾	—	—
Development Fee ⁽¹⁸⁾	—	—
Working Capital Reserve ⁽¹⁹⁾	\$4,463,771	36.26%
Total Additional Development Option Expenses	\$4,463,771	36.26%
Total Expenses for Development Option	\$12,309,570	100.0%

Additional Conservation Option Expenses

Disposition Management Fee ⁽²⁰⁾	—	—
Development Termination Fee ⁽²¹⁾	\$2,900,000	23.56%
Development Fee ⁽²²⁾	—	—
Conservation Easement Costs ⁽²³⁾	\$40,000	0.32%
Working Capital Reserve ⁽²⁴⁾	\$1,523,771	12.38%
Total Additional Conservation Option Expenses	\$4,463,771	36.26%
Total Expenses for Conservation Option	\$12,309,570	100.0%

Additional Deferral Option Expenses

Disposition Management Fee ⁽²⁵⁾	—	—
Development Termination Fee ⁽²⁶⁾	\$2,900,000	23.56%
Development Fee ⁽²⁷⁾	—	—
Working Capital Reserve ⁽²⁸⁾	\$1,563,771	12.70%
Total Additional Deferral Option Expenses	\$4,463,771	36.26%
Total Expenses for Deferral Option	\$12,309,570	100.0%

- (1) Offers and sales of Units will be made on a “best efforts” basis. The Dealer Manager will receive selling commissions of up to 7.0% of the gross offering proceeds, all of which may be reallocated to Participating Broker-Dealers.
- (2) The Company will pay the Dealer Manager dealer manager fees of up to 5.0% of the gross offering proceeds, which will consist of (a) a non-accountable due diligence fee of 1.5% of the gross offering proceeds, all of which may be reallocated to Participating Broker-Dealers; (b) a dealer manager fee of 1.5% of the gross offering proceeds; and (c) a wholesale commission equal to 2.0% of the gross offering proceeds. The Company or the Sponsor has also agreed to reimburse the Dealer Manager for any reasonable marketing fees and other expenses incurred by the Dealer Manager in connection with the Offering, if any.
- (3) The aggregate amount of organization and offering expenses is \$755,285.
- (4) The Company expects to pay other estimated closing costs, including document production and mailing expenses, securities filing fees, escrow agent fees, travel costs, third-party due diligence costs, and marketing costs.
- (5) Legal services provided to the Company, Permenter Brothers and their affiliates in connection with the Offering, the MIPA, and all investigations and other transactions related thereto.
- (6) Third-party services for certain marketing and development consulting, including preparing an analysis and rendering a professional opinion of the reasonableness of the value of the Property to assist the appraiser, certain research services, certain conservation easement investigation services, land planning services and certain environmental investigatory services.
- (7) Surveying and other engineering services on the Property in connection with the Development Plan.
- (8) Third-party services for certain conservation easement investigation services, including the amounts paid to NALT associated with the investigation of the imposition of the conservation easement on the Property.
- (9) The Company has obtained an initial appraisal of the Property from a qualified appraiser with Clark ~ Davis, PC, Real Estate Appraisers. This amount also reflects additional costs incurred for third-party market analysis reports and independent reasonableness reviews of such independent appraisal.
- (10) These fees and costs will be paid to DST Systems, Inc. (the “Transfer Agent”) during the initial six years of the company, pursuant to the Agency Agreement among the Transfer Agent, EcoVest, and the Company.
- (11) The Arrangement Fee payable under the Management Agreement is \$400,000 for services provided in connection with the investigation, selection, purchase, financing, development planning, and conservation planning of the Property.
- (12) The Annual Management Fee is equal to \$73,263 and is shown as the total amount expected to be paid for the initial six-year term of the Management Agreement of \$439,577.
- (13) Estimated property taxes due for years one through six.
- (14) The Audit Reserve will be held by the Escrow Agent and used for any audit-related expenses actually incurred in connection with the Property.
- (15) The Manager expects to pay approximately \$40,000 for accounting fees during the initial six years of the Company.

- (16) The Disposition Management Fee payable under the Management Agreement pursuant to the Development Option would be expected to be approximately \$10,734,597, assuming the Maximum Offering is achieved, but would be payable out of operations of the Company and not out of gross offering proceeds. Amount assumes: (i) the Development Option is chosen; (ii) the Property generates a net cash flow of \$51,633,464, of which 95% is distributed to the Company and available for distribution to the Members, assuming the Maximum Offering is achieved; and (iii) the Development Fee has been paid to the Developer prior to this calculation. Amounts are the net present value of the amounts expected to be received over a period of at least five years.
- (17) If the Development Option is chosen, it is not anticipated that any Development Termination Fee will be paid.
- (18) A Development Fee payable to the Developer if the Development Option is chosen would be expected to be approximately \$10,414,679, but such amounts will be payable out of the operations of the Company and not out of the gross offering proceeds. Amount assumes the Development Option is chosen and the Property is fully developed and sold. Amount is the net present value of the amounts expected to be received over a period of at least five years.
- (19) Includes liability insurance costs and management expenses as well as general working capital to permit the Company to fund an initial phase of the Development Plan and/or to seek additional capital or obtain financing to pursue the Development Option. If the Offering is closed prior to satisfaction of the Maximum Offering, the Company will have less working capital available than if it had raised the Maximum Offering; however, such amount for general working capital needs will be no less than \$4,177,200.
- (20) The Disposition Management Fee payable under the Management Agreement, in the event the Conservation Option is selected, would be paid at such time as all or any part of the Property (as encumbered, in the event that the Conservation Option is selected) or any other Company asset is sold and funds are available for distribution to the Members pursuant to the Company LLC Agreement and not out of gross offering proceeds. Such amount would be equal to 22.0% of amounts available for distribution to the Members pursuant to the Company LLC Agreement upon the payment of a distribution to the members of the Company, including a distribution following a sale of all or any part of the Property or the Company's interest in the Property Entity, and would be expected to be approximately \$376,828 at the Maximum Offering.
- (21) If the Conservation Option is chosen, the Company would be required to pay a Development Termination Fee of \$2,900,000 to the Developer in connection with the Company terminating the Development Plan contemplated under the Development Option and donating a conservation easement instead of developing the Property pursuant to the Development Plan.
- (22) A Development Fee may be payable to the Developer if the Conservation Option is chosen should the Company decide, in the Manager's sole discretion, to pursue the Reserved Rights Development Plan (as defined herein) or to make a real estate investment not related to the Property using the excess working capital and engage in development activities with respect to such real estate investment.
- (23) The cost to donate the conservation easement to NALT includes all stewardship donations and associated fees that would be expected to be paid to NALT in connection with the imposition of the conservation easement assuming that the Conservation Option is chosen.
- (24) This amount is estimated to be sufficient to satisfy expected liability insurance costs, property management costs, any additional management expenses, and general working capital needs. If the Offering is closed prior to satisfaction of the Maximum Offering, the Company will have less working capital available if it had raised the Maximum Offering; however, such amount for general working capital needs will be no less than \$1,237,200.
- (25) The Disposition Management Fee payable under the Management Agreement, in the event the Deferral Option is selected, is undeterminable at this time but would be equal to 22.0% of amounts available for distribution to the Members pursuant to the Company LLC Agreement upon any sale of all or any part of the Property, the Company's interest in the Property Entity or any other Company asset.
- (26) If the Deferral Option is chosen, the Company would not be required to pay any Development Termination Fee until such time as the Company voluntarily terminated the Development Plan or took future action that required the termination of the Development Plan, such as electing to donate a conservation easement or selling the Property and thus prohibiting future development of the Property or selling its interest in the Property Entity. Upon any such termination of either the (i) Development Plan or (ii) the Development Agreement by the Company under certain circumstances or by the Developer due to the Company's default under the Development Agreement, the Company would be required to pay a \$2,900,000 Development Termination Fee to the Developer.
- (27) A Development Fee will not be payable unless and until the Property is developed in the future or the Company decides, in the Manager's sole discretion, to make a real estate investment not related to the Property using the excess working capital and engage in development activities with respect to such real estate investment.

- ⁽²⁸⁾ This amount is estimated to be sufficient to satisfy expected liability insurance costs, property management costs, any additional management expenses, and general working capital needs associated with continuing to hold the Property for investment, including financing any potential future investment opportunities.

THE OFFERING

Purpose of the Offering

The Offering is being conducted for the primary purpose of raising money from Investors to allow the Company to acquire and own the Purchased Interests to gain a controlling interest in the Property Entity. Following the closing of the Offering, the Members will be given the option to elect, with respect to the Property, the Development Option, the Conservation Option or the Deferral Option.

Upon the closing of the Offering and the closing of the MIPA, there will be 950 Units issued and outstanding in the Company, of which 945 Units will be held by the Investors, assuming the Maximum Offering is met. Following the closing of the Offering, the Company expects to pay approximately \$1,477,149 in selling commissions and dealer manager fees to the Dealer Manager, a portion of which may be reallocated to Participating Broker-Dealers, and \$4,186,450 to Permenter Brothers and Wampee collectively under the MIPA. The remaining \$6,645,971 raised in the Offering will be used by the Company to pay the expenses of the Offering, pay the consulting and other investigative fees associated with the potential development of the Property or donation of the conservation easement, fund the Company's operating costs, and establish certain reserves as described in this PPM. See "Estimated Use of Proceeds."

If the Maximum Offering is achieved, ECS's ownership interest would represent an aggregate of approximately 0.53% of the total issued and outstanding Units. The Investors would own the remainder of the ownership interests in the Company proportionate to the number of Units purchased in the Offering, such that, at the Maximum Offering, the Investors would own an aggregate 99.47% of the total issued and outstanding Units.

Determination of Offering Price

The Offering Price of \$13,026 for each Unit has been determined solely by the Company based on (1) the MIPA Purchase Price; (2) the anticipated payment of certain fees and expenses associated with the Offering; (3) the anticipated capital needs to complete the necessary "pre-planning" activities related to the Development Plan contemplated under the Development Option; (4) the anticipated capital needs of the Company to donate a conservation easement on the Property, including terminating the Development Plan contemplated under the Development Option, if the Conservation Option is chosen; (5) the anticipated capital needs of the Company to hold the Property for investment for at least six years, if the Deferral Option is chosen; and (6) certain other limited anticipated capital needs of the Company in the near future. The Offering Price is not based upon any direct relationship to asset value, net worth, earnings, cash flow, or any other established or measurable criteria of value of the Company or the Property. No outside party has established that the Offering Price is fair or that the Company has used an accurate means to value the Units. The Company makes no representations, whether express or implied, as to the value of the Units offered hereby. No assurances can be given that the Units could be resold for the Offering Price or for any amount.

Terms of Purchase

The Units will be sold only for cash, and no deferred payment will be accepted. Payment must be made by wire transfer in the full amount of the Purchase Price for the Units being purchased upon subscription. The minimum purchase amount is four Units, unless the Manager, in its sole discretion, waives this minimum purchase requirement. No Investor may purchase fractional Units in the Offering.

Offering Period

The Offering terminates on the earlier of (i) the Termination Date, (ii) the receipt of subscriptions for the Maximum Offering, or (iii) the determination of the Manager to close the Offering prior to the satisfaction of the Maximum Offering upon the receipt of the Closing Amount (the "Offering Period").

Plan of Distribution

The Company is offering a maximum of 945 Units at an Offering Price of \$13,026 per Unit pursuant to this PPM. The Sponsor and the Company have entered into a Dealer Manager Agreement with the Dealer Manager, a registered member firm of FINRA, to offer and sell the Units on an exclusive “best efforts” basis and to manage the offering and sale of the Units by Participating Broker-Dealers.

Compensation of the Dealer Manager

Subject to certain discounts described below, the Company has agreed to pay the Dealer Manager the following compensation: (i) selling commissions in an amount of up to 7.0% of the gross offering proceeds, all of which may be reallocated to Participating Broker-Dealers; (ii) a non-accountable due diligence fee of 1.5% of the gross offering proceeds, all of which may be reallocated to Participating Broker-Dealers; (iii) a dealer manager fee of 1.5% of the gross offering proceeds; and (iv) a wholesale commission equal to 2.0% of the gross offering proceeds, each of which is payable by the Company concurrently with release of the Offering proceeds from escrow or otherwise upon acceptance of the Offering proceeds and issuance of the Units to the Investors. The Company expects the Dealer Manager to select and manage certain Participating Broker-Dealers that are also FINRA members to sell the Units pursuant to this PPM.

The maximum amount of selling commissions and dealer manager fees the Company may pay to the Dealer Manager and Participating Broker-Dealers is set forth in the table below.

Compensation Type	Maximum Aggregate Amount⁽¹⁾
Selling Commissions (up to 7.0% of gross Offering proceeds)	\$ 861,670
Dealer Manager Fees (aggregate of up to 5.0% of gross Offering proceeds)	615,479
Total	\$ 1,477,149

(1) The Dealer Manager may reallocate all of the selling commissions and a portion of the dealer manager fees to Participating Broker-Dealers in certain cases.

The Dealer Manager will be responsible for paying all costs associated with the marketing of the Offering, including conference fees, sales-related travel and entertainment expenses and training and education expenses.

In addition, the Company and the Sponsor have agreed to indemnify the Dealer Manager and Participating Broker-Dealers against specified liabilities.

Discount Purchases of Units

The Company may also sell Units at a discount to the Offering Price per Unit at its discretion in the event that the Investor:

- pays a broker a single fee, for example, a percentage of assets under management, for investment advisory and broker services, which is frequently referred to as a “wrap fee;”
- engages the services of a registered investment advisor or an investment advisor exempt from registration with whom the Investor has agreed to pay compensation for investment advisory or other financial services in lieu of receiving a selling commission, other than a registered investment advisor that is also registered as a broker-dealer who does not have a wrap fee or similar arrangement with the Investor;
- purchases a large number of Units through a broker that charges a reduced commission; or
- invests through a bank acting as trustee or fiduciary.

If an Investor purchases Units through one of these distribution channels in the Offering, the Company will sell the Units at a discount of up to 7.0%, or \$12,114.18 per Unit, reflecting that selling commissions are not being paid in connection with such purchases. The net proceeds to the Company will not be affected by any such reduction in selling commissions. If an Investor purchases Units partially through one of these distribution channels in the Offering and partially through an alternative distribution channel for which a reduced overall selling commission would be required to be paid by the Company, or if an Investor's Participating Broker-Dealer agrees to accept a reduced commission rate for such purchase, the Company may, in its sole discretion, elect to sell the Units at a corresponding discount reflecting the reduced selling commissions that would not be paid in connection with such purchases so long as the net proceeds to the Company would not be affected by any such reduced purchase price.

None of the Dealer Manager, Participating Broker-Dealers or their respective affiliates will compensate any person engaged as an investment advisor by a potential Investor as an inducement for such investment advisor to advise favorably for an investment in the Units.

In addition, the Company may sell Units to Participating Broker-Dealers, their representatives, employees and family members at a purchase price as low as \$12,114.18 per Unit, which is equal to the Offering Price less selling commissions. For purposes of this discount, the Company considers a family member to be a spouse, parent, child, sibling, cousin, mother- or father-in-law, son- or daughter-in-law or brother- or sister-in-law. The net offering proceeds the Company receives will not be affected by any discounted sales of such Units.

Escrow of Subscription Funds

Potential purchasers of the Units must complete the Subscription Package and receive approval from their Participating Broker-Dealer prior to acceptance by the Company. After receipt of the completed Subscription Package, the Company will determine, in its sole discretion, whether to accept the subscription in whole or in part. All potential purchasers must meet the minimum suitability requirements. The Company has the option, in its sole discretion, after review of a potential Investor's completed Subscription Package, to reject, in whole or in part, the subscription of a proposed Investor by returning to Investor the payment for the Units without interest. Subscriptions may be rejected for failure to conform to the requirements of the Offering or for any other reason, or for no reason, in the sole discretion of the Manager of the Company. The Company also has the option, in its sole discretion, to reduce the number of Units an Investor purchases in the event the Offering is oversubscribed.

All Subscription Funds will be held pursuant to the terms of the Escrow Agreement by the Escrow Agent during the Offering Period. If subscriptions for less than the Maximum Offering have been received prior to the Termination Date and the Manager has not closed the Offering prior to the satisfaction of the Maximum Offering, then the Company will terminate the Offering and refund the Subscription Funds to Investors without interest or deduction of any fees. Following the sale of the Maximum Offering prior to the Termination Date or the Manager's determination to close the Offering prior to the satisfaction of Maximum Offering, the Subscription Funds will be delivered to the Company and deposited in the Company's bank account; provided, however, that the Escrow Agent will retain the funds for the establishment of the Audit Reserve. The Audit Reserve will be retained in a noninterest-bearing account and released to the Company by the Escrow Agent prior to the termination of the Audit Reserve only in the event that the Company or its affiliates receives notice from the IRS indicating that one or more of the federal income tax returns of the Company or its affiliates are being audited and delivers instructions to the Escrow Agent for release of the Audit Reserve (the "Demand Notice"). Following the delivery of the Demand Notice, the Members have certain limited rights to dispute the release of the Audit Reserve to the Company. On the termination of the Audit Reserve, the Escrow Agent will release all amounts remaining in the Audit Reserve to the Company, together with the interest earned on such funds. The Escrow Agent will have no liability to any potential Investor.

COMPENSATION OF THE MANAGER, THE DEVELOPER AND THEIR AFFILIATES

The Company has no paid employees. The following table summarizes all of the compensation and fees the Company will pay or reasonably expect to pay to the Manager, the Developer and their affiliates, including amounts to reimburse their costs in providing services to the Company and the Property Entity.

Type of Compensation	Determination of Amount	Estimated Amount for Maximum Offering
<i>Arrangement Fee</i> (paid to the Manager)	The Arrangement Fee is to be paid to the Manager for its work in providing various transaction services to the Company prior to the closing of the Offering.	\$400,000
<i>Organization and Offering Expenses</i> (paid to the Manager and the Sponsor)	The Company will reimburse the Manager and the Sponsor for their actual out-of-pocket expenses, the amounts of which are summarized in the “Estimated Use of Proceeds” section.	\$755,285 ⁽¹⁾
<i>Annual Management Fee</i> (paid to the Manager)	The Annual Management Fee will be \$73,263 per year for the initial six-year term of the Management Agreement for a total anticipated amount of \$439,577.	\$439,577
<i>Disposition Management Fee</i> (paid to the Manager)	The Disposition Management Fee is equal to 22.0% of all cash available for distribution to the Members, with such amounts due and payable to the Manager at the time of distribution to the Members and at dissolution of the Company.	\$10,734,597 (if the Development Option is selected) ⁽²⁾ or \$376,828 (if the Conservation Option is selected). ⁽³⁾ The amount cannot be determined at this time if the Deferral Option is selected.
<i>Management Termination Fee</i> (paid to the Manager)	The Management Termination Fee is an amount equal to the total Annual Management Fee for the remainder of the then-current term of the Management Agreement plus the unpaid Disposition Management Fee. The Management Termination Fee is earned by the Manager only in the event that the Majority elects not to renew the Management Agreement for any reason without the written consent of the Manager.	\$11,174,174 (if the Development Option is selected and the Management Agreement is immediately terminated prior to any payments to the Manager) or \$816,405 (if the Conservation Option is selected and the Management Agreement is immediately terminated prior to any payments to the Manager). The amount cannot be determined at this time if the Deferral Option is selected.

<i>Development Fee</i> (paid to the Developer)	The Development Fee is equal to 15.0% of all of the Company's "profits" from the development or sale of all or any portion of the Property or Project, as applicable, as measured with respect to the Property or a Project, as applicable following the commencement of development activities.	\$10,414,679 (if the Development Option is selected and the Property is fully developed and sold) ⁽⁴⁾ or \$0 (if the Conservation Option or Deferral Option is selected; does not include any Development Fee that may be paid if the Reserved Rights Development Plan is pursued or with respect to any other Project not contemplated under the Development Plan).
<i>Development Termination Fee</i> (paid to the Developer)	The Development Termination Fee is equal to \$2,900,000 and is payable only if the Development Plan contemplated under the Development Option is terminated by the Company or the Development Agreement is terminated under certain circumstances.	\$2,900,000 (if the Development Plan or Development Agreement is terminated by the Company prior to the commencement of development of the Property). ⁽⁵⁾
<i>Brokerage Services Fee</i> (paid to an affiliate of the Developer)	In the event that an affiliate of the Developer is selected to provide reasonable assistance in the purchase of any real estate related to a Project, a Brokerage Services Fee will be paid in an amount equal to 6.0% of the purchase price of the real estate related to such Project.	The amount cannot be determined at this time if the Development Option is selected or \$0 (if the Conservation Option is selected). The amount cannot be determined at this time if the Deferral Option is selected.

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- (1) Includes amounts reimbursed to the Manager or Sponsor for offering expenses, legal fees, development services, surveying and engineering services, conservation planning and appraisal services. See "Estimated Use of Proceeds" for a breakdown of such expenses.
- (2) Amount assumes: (i) the Development Option is chosen; (ii) the Property generates a net cash flow of \$51,633,464, of which 95% is distributed to the Company and available for distribution to the Members, assuming the Maximum Offering is achieved; and (iii) the Development Fee has been paid to the Developer prior to this calculation. Amounts are the net present value of the amounts expected to be received over a period of at least five years.
- (3) Amount assumes: (i) the Conservation Option is chosen; (ii) the residual value of the encumbered Property received by the Company upon sale is \$222,320 (based on the after value in the Qualified Appraisal); (iii) sales commission and legal expenses for such sale do not exceed 10.0%; and (iv) the Company has not used the working capital remainder.
- (4) Amount assumes the Development Option is chosen and the Property is fully developed and sold. Amount is the net present value of the amounts expected to be received over a period of at least five years.
- (5) Amount assumes the Development Option is not chosen and the Development Plan contemplated under the Development Option is terminated by either imposing a conservation easement on the Property that would make development impossible or selling the Property or the Company's interest in the Property Entity.

DESCRIPTION OF THE COMPANY

General Overview

The Company is an externally managed Delaware limited liability company that was formed on April 14, 2016. There are currently 1,000 Units authorized for issuance by the Company, five of which are currently issued and outstanding. If the Maximum Offering is achieved, the five Units currently issued and outstanding will remain issued and outstanding in addition to the 945 Units to be issued to Investors pursuant to the Offering. The Company LLC Agreement divides the equity interests of the Company into units of membership interest that represent a pro rata ownership interest in the assets, profits, losses, and distributions of the Company.

The principal office of the Company is 3424 Peachtree Road NE, Suite 1550, Atlanta, Georgia 30326, and the Manager can be reached by telephone at (470) 440-3300.

Current Member

The current sole member of the Company is ECS, which owns all outstanding five Units. ECS, which is wholly owned and controlled by EcoVest, received its ownership interest in the Company in connection with its formation of the Company and not by the contribution of significant capital to the Company. Upon achieving the Maximum Offering, ECS will own approximately 0.53% of the total equity interests in the Company.

At the closing of the Offering, the Company will also simultaneously close the MIPA using proceeds from the Offering to acquire the Purchased Interests, such that the Company's sole investment immediately following the closing of the Offering will be such ownership interest in the Property Entity, which will in turn own the Property consisting of approximately 45.22 acres of unimproved real estate located in Horry County, South Carolina as further described on the Survey and Map Description of Property, which is attached as Exhibit C, and related development rights. Neither the Company nor the Property Entity currently has any other material asset or interest in any other property or business interest.

Manager

The Company and the Property Entity intend to enter into the Management Agreement with the Manager effective as of the closing of the Offering, for the exclusive management of each of the Company and the Property Entity. The rights, limits and obligations of the Manager are set forth in the Company LLC Agreement and the Management Agreement. The Manager is a Delaware limited liability company that was formed on April 14, 2016 and is in turn owned by ECS and CSH-Teal and managed by ECS.

Sponsor

The Sponsor is EcoVest Capital, Inc., which was initially organized as a Delaware limited liability company in 2012 and converted to a Delaware corporation in February 2015. The day-to-day operations are conducted by Alan Solon, Robert McCullough, Jed Linsider and Adam Lloyd. Mr. Solon serves as its Chairman, President and Chief Executive Officer; Mr. McCullough serves as its Senior Vice President, Chief Financial Officer, Secretary and Treasurer; Mr. Linsider serves as its Senior Vice President, Investments; and Mr. Lloyd serves as its Senior Vice President and Chief Operating Officer. The Sponsor is currently controlled by a board of directors consisting of Messrs. Solon and Teal. See "Management."

EcoVest is a sponsor of real estate investment programs designed to create economic, environmental and social benefits for accredited investors. These investment programs offer the potential for value creation by establishing multiple investment strategies for a given property. Opportunities available within the investment programs include socially responsible characteristics such as environmental protection and/or eco-friendly enhancement.

The manager for each individual investment program provides investors an analysis of each of the investment options based on current market conditions and potential risk and return analytics. The investors in each investment

program have the opportunity to approve one of the investment options through an investor vote. The investment program will pursue the investment option that receives the largest number of Units cast in favor of such investment option. EcoVest believes that providing multiple viable investment strategies for a given property equips investors with the ability to react appropriately to micro and macro changes in the real estate market in order to achieve certain investment objectives.

Summary of the Company LLC Agreement

The following is a summary of certain provisions of the Company LLC Agreement. *This summary does not purport to be a complete description of the terms and conditions of the Company LLC Agreement and is qualified in its entirety by express reference to the Company LLC Agreement, which is attached as Exhibit A. You should carefully review the entire Company LLC Agreement and consult your advisor as to its terms and provisions, before deciding to invest in the Company.*

Member's Units. The owners of the Company are called Members. The equity interests in the Company are divided into and represented by Units and have identical voting and economic rights. A Member's interest in voting and in the profits, losses, gains, deductions, distributions and other attributes of ownership of the Company will be determined by the number of all Units owned by such Member divided by the total number of all issued and outstanding Units. There are currently 1,000 Units authorized for issuance by the Company, five of which are currently issued and outstanding. Upon achieving the Maximum Offering, the five Units currently issued and outstanding will remain issued and outstanding in addition to the 945 Units issued to Investors pursuant to the Offering.

Term. The term of the Company is perpetual; however, it is subject to dissolution upon the occurrence of certain events including the vote of Members holding two-thirds of the Units following a recommendation by the Manager to dissolve, an administrative or judicial decree of dissolution, the sale of all of the assets of the Company and the Manager's determination to dissolve the Company, and the disposition of all of the Property by the Property Entity and the Manager's determination to dissolve the Company.

Management. The Company LLC Agreement provides for centralized management, in the form of one or more managers. Camellia Station Management, LLC serves as the Manager. The Manager does not directly own any ownership interest in the Company and will be appointed effective as of the closing of the Offering as Manager of both the Company and the Property Entity, which grants the Manager the exclusive right to serve as the manager of the Company and the Property Entity for an initial term of six years. Unless the approval of the Members is expressly required by the Company LLC Agreement or Delaware law, the Manager has full and complete authority, power and discretion to oversee and manage the day-to-day operations of the Company, to make all decisions regarding those matters and to perform any and all other acts and activities customary or incidental to the management of the Company. The Manager can be removed with "Cause," as such term is defined in the Company LLC Agreement and the Management Agreement, by a majority vote of the outstanding Units. The Manager may also be removed without "Cause" by a vote of at least two-thirds of the outstanding Units of the Company.

Member Participation in Management. The right of the Members to participate in the management of the Company's operations is limited to certain significant circumstances in which the ability of the Manager to take certain actions without the consent of the Majority is restricted, such as:

- (i) Except for the Management Agreement and the Development Agreement, both of which shall be deemed to be approved by the Members, enter into a vendor contract or service agreement which would obligate the Company to expend more than \$150,000 of Company funds;
- (ii) File bankruptcy for the Company, settle or compromise any claim in excess of \$100,000, or confess a judgment against the Company;
- (iii) Cause the Company to be a party to a merger;
- (iv) Mortgage, pledge, encumber, grant a security interest in, lease or sell the Property, except as provided in the Company LLC Agreement, the Management Agreement or the Development Agreement;

- (v) Take any action in derogation of the decision of the Members;
- (vi) Act in contravention of the Company LLC Agreement or in a way that makes it impossible to carry on the ordinary business of the Company; or
- (vii) Amend, modify or replace the compensation payable to the Manager as provided in the Management Agreement and described herein.

Should the Manager desire to take any of such restricted actions, the Manager is required to notify each of the Members of such fact, and if any Member so notified fails to respond either affirmatively or negatively in writing to the Manager within five calendar days of the receipt of such notice, such Member will be deemed to have consented to the action proposed by the Manager. A Member has no right or authority to act as an agent for or to bind the Company, unless that Member is also a manager of the Company. Accordingly, a prospective Investor should purchase Units in the Company only if such prospective Investor is willing to relinquish control over the management of the Company.

Development Option, Conservation Option or Deferral Option. No later than two years from the date on which the Company acquires a membership interest in the Property Entity pursuant to the MIPA, the Members will be asked to vote on whether the Company should cause the Property Entity to pursue the Development Option, Conservation Option or Deferral Option. Prior to the Members' vote, the Manager will provide the Members with documentation of the Manager's analyses of each of the investment options. Each Member then has the right and option (unless such right and option is waived by a Member in writing), immediately or at any time during the five calendar days after receipt of such analyses, to vote to elect to pursue the Development Option, Conservation Option or Deferral Option; provided that if the Members cast a majority of the Units in favor of one of the investment options prior to the end of the five-day voting period, the voting period shall terminate. The Company will cause the Property Entity to pursue the investment option that receives the largest number of Units cast in favor of such investment option.

Manager's Fees and Obligations. The Manager is not entitled to receipt of any fees under the Company LLC Agreement; however, the Management Agreement provides for the payment to the Manager of an Annual Management Fee, an Arrangement Fee, a Disposition Management Fee and a Management Termination Fee, if any, upon certain circumstances. The Manager is also entitled to be reimbursed for all reasonable expenses incurred in managing the Company and carrying out its duties as manager under the Management Agreement.

Additional Capital Contributions. No Member will be obligated to make any Capital Contributions to the Company other than as initially made in the Offering. However, if the Development Option is chosen, the Company may request additional capital contributions from the Members to pursue such option.

Allocation among Members. Subject to certain limitations set forth in the Company LLC Agreement, any profits and losses of the Company will be allocated among the Members based upon their relative Unit ownership. Any charitable contribution deduction of the Company will be allocated to the Members in accordance with their relative Unit ownership as separately stated items under § 702 of the Code. The amount and timing of distributions will be at the sole discretion of the Manager. After repayment of any loans advanced by the Manager, any net cash flow (minus any reserves to be retained by the Company or otherwise to be paid to the Manager in accordance with the Management Agreement and/or to be paid to the Developer in accordance with the Development Agreement) will be distributed to the Members so as to discharge positive capital accounts, and then in accordance with their relative Unit ownership. Because the Company will be taxed as a partnership for federal and state tax purposes, profits and losses will be allocated to the Members regardless of whether any distributions are made.

Admission of Additional Members. The consent of the Manager or the Majority is required to admit any additional Members into the Company.

Transfers. A Member is generally permitted, subject to compliance with applicable securities laws, to transfer a Unit to: (i) a revocable trust of which the transferring Member is the grantor, trustee and primary beneficiary, (ii) the estate of a Member who is a natural person upon such Member's death, or (iii) an entity wholly owned by the Member (each, a "Permitted Transfer"). Provided, however, that upon the transfer of said Units, the assignee of such

Units will continue to be bound by all of the terms and conditions of the Company LLC Agreement as it applied to the transferring Member and the assignee of such Units will execute such documents as are deemed reasonably necessary by the attorneys for the Company to bind said assignee to the provisions of the Company LLC Agreement. Other than a Permitted Transfer, a Member may not voluntarily sell, assign, transfer, gift, pledge or otherwise dispose of such Member's Units without the consent of the Manager.

Withdrawal from the Company. A Member may not voluntarily withdraw from the Company without the consent of the Manager or without the occurrence of certain specified events such as death of an individual Member, dissolution of an entity Member, or a bankruptcy event. A Member is not entitled to a return of such Member's capital.

Books and Records. The Manager is required to keep the books and records of account of the Company, which books and records will be available for inspection by the Members.

Dissolution. The Company is to be dissolved upon the first to occur of (i) a vote by the holders of two-thirds of the Units following a recommendation by the Manager to dissolve; (ii) an administrative or judicial decree of dissolution; (iii) the sale of the assets of the Company and the Manager's determination to dissolve the Company; and (iv) the disposition of all of the Property and the Manager's determination to dissolve the Company. Except as provided in (i) above, the Members shall have no authority to dissolve the Company by any act, including by vote or written consent. Upon dissolution of the Company in accordance with the Company LLC Agreement or by law, the Managers will undertake to liquidate the Company's assets as promptly as practicable. After satisfaction of the claims of creditors, if any, the proceeds from such liquidation, together with the assets distributed in kind, will be distributed to the Members as provided in the Company LLC Agreement.

Waiver of Trial by Jury. All Members will have waived their right to a trial by jury with respect to any disputes under the Company LLC Agreement.

DESCRIPTION OF THE PROPERTY ENTITY

General Overview

The Property Entity is an externally managed, Delaware limited liability company that was formed on April 25, 2016, which is owned by Permenter Brothers, Wampee and the Minority Owner. Permenter Brothers and Wampee collectively contributed the Property to the Property Entity pursuant to the Permenter-Wampee Deed in exchange for a collective 95% membership interest in the Property Entity, and the Minority Owner contributed cash to the Property Entity in exchange for a 5% membership interest in the Property Entity. The Property Entity LLC Agreement divides the equity interests of the Property Entity into units that represent a pro rata ownership interest in the assets, profits, losses, and distributions of the Property Entity. Charles L. Permenter currently serves as the manager of the Property Entity. However, upon the closing of the Offering and the acquisition of the Purchased Interests, the Manager will become the manager of the Property Entity pursuant to the Property Entity LLC Agreement.

Permenter Brothers, Wampee, the Company and the Property Entity have entered into the MIPA, pursuant to which Permenter Brothers and Wampee have agreed to assign to the Company the Purchased Interests. After the consummation of the purchase and sale transaction contemplated by the MIPA, the Company will own a 95% membership interest in the Property Entity, and the Minority Owner will own a 5% membership interest in the Property Entity.

The Property Entity's sole investment is the Property, approximately 45.22 acres of unimproved real estate located in Horry County, South Carolina as further described on the Survey and Map Description of the Property, which is attached as Exhibit C and related development rights. The Property Entity currently does not have any other material asset or interest in any other property or business interest.

Objectives and Purposes

The current principal objective and purpose of the Property Entity is to hold the Property for investment. The majority of the interests in the Property Entity will elect to develop the Property, donate a conservation easement on the Property or defer action and continue to hold the Property for investment. The option elected by a majority of the interests in the Property Entity will be determined by the Members of the Company as provided in the Company LLC Agreement. Under the Property Entity LLC Agreement, the Property Entity will be authorized to engage in any lawful act or activity which the Manager deems appropriate.

WHILE THE MANAGER HAS INVESTIGATED THE FEASIBILITY OF DEVELOPING (OR MAKING OTHER ARRANGEMENTS FOR THE DEVELOPMENT OF) THE PROPERTY AND ENCUMBERING THE PROPERTY WITH A CONSERVATION EASEMENT AT SOME POINT IN THE FUTURE, IT IS IMPORTANT TO NOTE THAT NONE OF THE MEMBERS OR THE PROPERTY ENTITY ARE UNDER ANY LEGAL OBLIGATION TO DEVELOP OR ENCUMBER THE PROPERTY, AND THE PROPERTY ENTITY MAY HOLD THE PROPERTY FOR LONG-TERM INVESTMENT OR TAKE ANY OTHER LEGALLY PERMITTED ACTIONS AS DEEMED APPROPRIATE BY THE MANAGER AND APPROVED BY THE MEMBERS AS PROVIDED IN THE COMPANY LLC AGREEMENT. SEE "RISK FACTORS."

Summary of the Property Entity LLC Agreement

The following is a summary of certain provisions of the Property Entity LLC Agreement. *This summary does not purport to be a complete description of the terms and conditions of the Property Entity LLC Agreement and is qualified in its entirety by express reference to the Property Entity LLC Agreement, the form of which is attached as Exhibit G. You should carefully review the entire Property Entity LLC Agreement, and consult your advisor as to its terms and provisions, before deciding to invest in the Company.*

Member's Units. The owners of the Property Entity are called members. The equity interests in the Property Entity are divided into and represented by units. The units currently consist of only one class and, except as otherwise provided in the Property Entity LLC Agreement, have identical voting and economic rights. A member's interest in

voting and in the profits, losses, gains, deductions, distributions and other attributes of ownership of the Property Entity will be determined by the number of all units owned by such member divided by the total number of all issued and outstanding units. There are currently 1,000 units authorized for issuance by the Property Entity, all of which are currently issued and outstanding to Permenter Brothers, Wampee and the Minority Owner.

Term. The term of the Property Entity is perpetual; however, it is subject to dissolution upon the occurrence of certain events including the unanimous written consent of its members, including the sale of all of the assets of the Property Entity or the disposition the Property.

Management. The Property Entity LLC Agreement provides for centralized management in the form of one or more managers. Upon the closing of the Offering, Camellia Station Management, LLC will serve as the Manager of the Property Entity. Unless the approval of the members of the Property Entity is expressly required by the Property Entity LLC Agreement, Delaware law or the Management Agreement, the Manager has full and complete authority, power and discretion to oversee and manage the day-to-day operations of the Property Entity, to make all decisions regarding those matters and to perform any and all other acts and activities customary or incidental to the management of the Property Entity. The Manager can be removed with "Cause," as such term is defined in the Property Entity LLC Agreement and the Management Agreement, by a vote of a majority of the outstanding units of the Property Entity. The Manager can also be removed without "Cause" by the vote of at least two-thirds of the outstanding units of the Property Entity.

Member Participation in Management. The right of the members of the Property Entity to participate in the management of the Property Entity's operations is limited to certain significant circumstances in which the ability of the Manager to take certain actions without the consent of a majority of the members of the Property Entity is restricted, such as:

- (i) Except for the Management Agreement and the Development Agreement, both of which shall be deemed to be approved by the Members, enter into a vendor contract or service agreement which would commit the Property Entity to expend more than \$150,000 of Property Entity funds;
- (ii) File bankruptcy, settle or compromise any claim in excess of \$100,000, or confess a judgment against the Property Entity;
- (iii) Make loans of Property Entity funds;
- (iv) Cause the Property Entity to be a party to a merger;
- (v) Mortgage, pledge, encumber, grant a security interest in, lease or sell the Property, except as provided in the Company LLC Agreement, the Management Agreement or the Development Agreement;
- (vi) Take any action in derogation of the decision of the members of the Property Entity; or
- (vii) Act which is in contravention of the Property Entity LLC Agreement or in a way that makes it impossible to carry on the ordinary business of the Property Entity.

Should the Manager desire to take any of such restricted actions, the Manager is required to notify each of the members of the Property Entity of such fact. The Manager may not take the proposed action unless and until it has received the affirmative written consent of members of the Property Entity holding at least a majority of the outstanding units of ownership in the Property Entity. A member has no right or authority to act as an agent for or to bind the Property Entity, unless that member is also a manager. Accordingly, a prospective Investor should purchase Units in the Company only if such prospective Investor is willing to relinquish control over the management of the Property Entity.

Manager's Fees and Obligations. The Manager is not entitled to any fees under the Property Entity LLC Agreement; however, the Management Agreement provides for the payment to the Manager of an Annual Management Fee, an Arrangement Fee and a Disposition Management Fee, if any, under most circumstances. The

Manager is also entitled to be reimbursed for all reasonable expenses incurred in managing the Property Entity and carrying out its duties as manager.

Additional Capital Contributions. No member will be obligated to make any Capital Contributions to the Property Entity. However, the Company has established certain reserves to permit the Company to make additional capital contributions to the Property Entity in the event that the Development Option or the Conservation Option is chosen to cover the expected costs of such action. The Company has established reserves that the Manager believes sufficient to permit the Company to satisfy the initial capital needs of development or all capital needs in the event of the donation of a conservation easement.

Allocation among Members. Any profits and losses of the Property Entity will be allocated among the members of the Property Entity based upon their relative unit ownership. Any charitable contribution deduction of the Property Entity will be allocated to the members in accordance with their relative unit ownership, as separately stated items under § 702 of the Code. The amount and timing of distributions will be at the sole discretion of the Manager. After repayment of any loans advanced by the Manager, any net cash flow (minus a reserve) will be distributed to the members of the Property Entity so as to discharge positive capital accounts, and then in accordance with their relative unit ownership. Because the Property Entity will be taxed as a partnership for federal and state tax purposes, profits and losses will be allocated to the members of the Property Entity and thereafter passed through to the members of the Company regardless of whether any distributions are made.

Admission of Additional Members. Subject to certain limitations set forth in the Property Entity LLC Agreement, the consent of members of the Property Entity holding at least a majority of the outstanding units of ownership in the Property Entity is required to admit an additional member into the Property Entity.

Transfers. A member is generally permitted, subject to compliance with applicable securities laws, to transfer a unit to: (i) a revocable trust of which the transferring member is the grantor, trustee and primary beneficiary, (ii) the estate of a member who is a natural person upon such member's death, or (iii) an entity wholly owned by the member (each, a "Permitted Transfer"). Provided, however, that upon the transfer of said units, the assignee of such units will continue to be bound by all of the terms and conditions of the Property Entity LLC Agreement as it applied to the transferring member and the assignee of such units will execute such documents as are deemed reasonably necessary by the attorneys for the Property Entity to bind said assignee to the provisions of the Property Entity LLC Agreement. Other than a Permitted Transfer, a member may not voluntarily sell, assign, transfer, gift, pledge or otherwise dispose of such member's units without the consent of the Manager.

Withdrawal from the Property Entity. A member may not voluntarily withdraw from the Property Entity without the consent of the Manager or without the occurrence of certain specified events such as death of an individual member, dissolution of an entity member, or a bankruptcy event. A member is not entitled to a return of such member's capital.

Books and Records. The Manager is required to keep the books and records of account of the Property Entity, which books and records will be available for inspection by the members.

Dissolution. The Property Entity is to be dissolved upon the first to occur of (i) the unanimous written agreement of all of the members to dissolve the Property Entity; (ii) an administrative or judicial decree of dissolution; (iii) the sale of all of the assets of the Property Entity; or (iv) the disposition of all of the Property. Upon dissolution of the Property Entity in accordance with the Property Entity LLC Agreement, or by law, the Manager will undertake to liquidate the Property Entity's assets as promptly as practicable. After satisfaction of the claims of third parties, if any, the proceeds from such liquidation, together with the assets distributed in kind, will be distributed to the members as provided in the Property Entity LLC Agreement.

Waiver of Trial by Jury. All members will have waived their right to a trial by jury with respect to any disputes under the Property Entity LLC Agreement.

DESCRIPTION OF THE PROPERTY

General Overview

The Property Entity's sole investment is the Property. The Property Entity obtained the Property on August 8, 2016 by the Permenter-Wampee Deed. The Manager obtained a recent Commitment for Title Insurance with respect to the Property that was issued by Chicago Title Insurance Company (the "Title Report"). Copies of the Permenter-Wampee Deed and Title Report are available from the Manager upon request.

Some of the statements contained in this section, "Description of the Property," and the following section, "Description of the Surrounding Area," are drawn from an appraisal report for the Property prepared by Claud Clark, III, with Clark ~ Davis, PC, Real Estate Appraisers and the strategic planning market analysis prepared for the Property by Ralph Stuart Bowden, Inc. Real Estate Counselors. These statements may be representative of opinions of the parties that prepared those reports or other independent third parties who may have supplied information used in such reports or in connection with the preparation thereof. A copy of the appraisal report is available from the Manager upon request.

The MIPA

The Company, the Property Entity, Permenter Brothers and Wampee have entered into the MIPA, pursuant to which, following the closing of the Offering, Permenter Brothers and Wampee will collectively assign to the Company the Purchased Interests. Upon closing of the Offering and the closing of the transaction contemplated by the MIPA, the Company will purchase Permenter Brothers' entire 93.1% membership interest and Wampee's entire 1.9% membership interest in the Property Entity, at which time the Company will hold a 95% membership interest in the Property Entity and the Minority Owner will continue to hold a 5% membership interest in the Property Entity.

Under the MIPA, Permenter Brothers and Wampee are making certain representations and warranties concerning the Purchased Interests, the Property Entity and the Property. For example, Permenter Brothers and Wampee are making representations and warranties to the Company that: (i) the MIPA does not conflict with any agreements or orders to which Permenter Brothers, Wampee or the Property are subject or bound; (ii) the Property Entity owns good and marketable fee simple title to the Property, free and clear of any encumbrances, other than as shown in the real property records or Horry County, South Carolina; and (iii) hazardous substances have not been used, generated, released discharged or disposed of in, onto, under or from the Property by Permenter Brothers, Wampee or by any predecessor-in-title or agent of Permenter Brothers or Wampee, or to the knowledge of Permenter Brothers and Wampee, by any other person at any time. Under the MIPA, the Company, Permenter Brothers and Wampee are also making usual and customary representations and warranties to each other regarding their respective authorities to enter into the MIPA. The MIPA further provides for usual and customary remedies by a party in the event of default or breach by another party. The closing of the purchase and sale transaction contemplated by the MIPA is subject to certain closing conditions.

Location

The Property is referred to as Camellia Station and is located off Sandridge Road, south of Carolina Bays Parkway, west of Robert Edge Parkway and north of the Intracoastal Waterway, in North Myrtle Beach, Horry County, South Carolina.

Access/Frontage

The Property benefits from good ingress and egress, as it is close to state, county, and private roads. The public roads are typically two-lane roads primarily comprised of asphalt or tar and chip. These roads are considered adequate and provide sufficient access to the Property.

The overall access of the Property is above average. The property is located off Sandridge Road, south of Carolina Bays Pkwy, west of Robert Edge Pkwy, and north of the Intracoastal Waterway. It would provide for

outstanding scenic quality that would significantly benefit the Property. This makes the Property more than adequate for development as a proposed residential development.

Dimensions/Shape

The shape of the Property is irregular. See the Survey and Map Description of Property, which is attached as Exhibit C, for dimensions.

Vegetation

The Property is located very close to the Atlantic coastline and has vegetation typical of such an area. It has native grasses and shrubs, as well as limited areas of hardwoods and pines.

Topography

The Property is typically level, providing scenic views both within the Property and of the surrounding properties.

Flood Hazards

The Property has a flood designation of X, as shown on FEMA Flood Map #45051C0579H, with an effective date of August 23, 1999. Zones B, C, & X are the flood insurance rate zones that correspond to areas outside of the 1% annual chance sheet flow flooding where average depths are less than 1 foot, areas of 1% annual chance of stream flooding where the contributing drainage area is less than square mile, or areas protected from the 1% annual chance flood by levees. No base flood elevations or depths are shown within this zone. Flood insurance is not required in these zones.

Mineral Rights

The Title Report does not indicate that anyone other than the Property Entity possesses mineral rights with respect to the Property.

View and Special Characteristics

The Property is considered to have good views both within the Property and of surrounding properties. The Property is located close to the Intracoastal Waterway and the beaches on the Atlantic Ocean. It is one of a few remaining undeveloped tracts in a very popular residential and resort market area.

Zoning

The Property is zoned by the City of North Myrtle Beach as Resort Residential (“R4”), R4I Inland Multi-family Residential and Resort Commercial (“RC”). The purpose of the R4 district is to provide for the orderly development of certain areas within the community where both year-round and seasonal or resort housing may be developed and where, because of proximity to the ocean, such “mixed development” would promote year-round use of public facilities, and permit housing choices in response to market demands, but not at the expense of ocean visibility and access by the community. This zoning permits dwellings (single-family detached, semi-detached, patio homes, duplexes, multiplexes, townhomes, multi-family apartments and boarding houses), resort accommodation (hotels, motels, inns, lodges), accessory uses incidental to dwellings, accessory uses incidental to resort accommodation (restaurants, gift shops, retail shops, newsstands, health clubs, etc.), parking lots and signs.

The R4I Inland Multi-family Residential district provides for a reduced-intensity multi-family district in areas inland from the ocean, which are distinct from resort-style development represented along the oceanfront or with an oceanfront view.

The purpose of the RC District is to create and protect areas wherein compatible residential, recreational, and commercial uses may be established and maintained on a sound basis. Standards are so designed as to encourage both seasonal and permanent occupancy of dwellings within this district; to permit commercial activities, such as marinas, boat serve stations, restaurants, and other selected retail establishments which are compatible with resort-oriented residential and recreational development; to encourage the discontinuance of nonconforming uses; and to prohibit any use that would substantially interfere with the development or continuance of resort-oriented commercial establishments, recreational, and residential structures in the district. This zoning permits all permitted uses allowed in any General Residential District; hotels, motels and tourist homes; all permitted uses allowed in any Neighborhood Commercial District; accessory units; stealth communications facilities on existing structures (within restrictions); commercial marinas; and free-standing commercial parking lots.

Water Rights

There are no specific water rights known to be associated with the Property, other than with respect to the 6.57 acres of the existing lake and frontage along the existing lake on the Property, as further identified on the Survey and Map Description of the Property, which is attached as Exhibit C, and any lakes or ponds created pursuant to the Development Plan. Prior to the closing of the Offering and the closing of the transaction contemplated by the MIPA, the Property Entity and the owner of the remaining portion of the existing lake shall enter into an agreement addressing the usage, maintenance, and access rights of such lake.

Wetlands

The Property contains non-jurisdictional wetlands and may contain jurisdictional wetlands. Pursuant to Section 404 of the Clean Water Act, 33 U.S.C. § 1344, discharge of dredged or fill material into waters of the United States is prohibited unless permitted by the Secretary of the Army. Impacts to non-jurisdictional wetlands are subject to regulation by the OCRM.

Utilities

All utilities are currently available or can be made available to the Property. The City of North Myrtle Beach agrees to provide all services to the Property that it provides to its residents and businesses, except where such services are required to be provided by other entities, such as Grand Strand Water and Sewer Authority.

Hazardous Material

No hazardous materials or environmental problems are known to exist on or about the Property. The Property Entity commissioned and obtained an environmental site assessment of the Property, dated July 26, 2016.

Site Improvements

There are no structures on the Property, as it is vacant land.

Title Encumbrances

The Title Report does not indicate that the Property is subject to any mortgages, deeds of trust, liens or encumbrances securing indebtedness.

DESCRIPTION OF THE SURROUNDING AREA

General Area Analysis

The Property is located off Sandridge Road, south of Carolina Bays Parkway and west of Robert Edge Parkway. It is north of the Intracoastal Waterway in North Myrtle Beach, Horry County, South Carolina. The Property is located less than three miles from the Atlantic Coast of South Carolina and approximately 13 miles from Myrtle Beach, proper. The Property is approximately two miles from the Atlantic Intracoastal Waterway and has excellent overall access to secondary roadways and to major roadways within proximity to the Property.

The Property is approximately a 20-minute drive from Myrtle Beach, South Carolina and approximately a two-hour drive from both Charleston, South Carolina and Fayetteville, North Carolina. Raleigh and Charlotte, North Carolina are both within a three-hour drive of the Property.

The South Carolina/North Carolina state line is approximately seven miles north of the Property.

The South Carolina/Georgia state line is approximately 185 miles southwest of the Property.

Area Growth Patterns

The real estate market in the immediate subject neighborhood and in the surrounding area of Myrtle Beach, South Carolina has experienced explosive growth. Research indicates that demand for second-home/vacation properties is average to good in the Property's neighborhood. Retirees make up a large percentage of the ownership in the area. The climate plays a very significant role in the demand. Secondly, the Northeast is only a day's drive. This makes it more convenient to return home for visits to family. Most developers are looking for an adequately sized parcel with adequate utilities available that can be developed into lots that could then be sold to area builders. The parcels in the Property's immediate neighborhood are developed. Vacant tracts available for development are located much further away from the beach.

Neighborhood Data

Geography

South Carolina is the 40th largest of the 50 states with a total area of 32,020 square miles. North Carolina forms the state's northern border and Georgia forms the border of the state along the southwest side. The entire eastern side of the state fronts the Atlantic Ocean. This location places South Carolina within a day's drive of more than half of the U.S. population via highways and interstates.

South Carolina is composed of five geographic areas, whose boundaries roughly parallel the Atlantic coastline. The southeastern part of the state is Coastal Plains, which can be divided into the Outer and Inner Coastal Plains. From north to south, the coast is divided into three separate areas: the Grand Strand, the Santee River Delta, and the Sea Islands. Further inland are the Sandhills, which are ancient sand dunes that marked the South Carolina coast millions of years ago. The Fall Line marks the limit of navigable rivers and runs along the boundary of the Sandhills and the Piedmont, which has rolling hills and clay soils. The Blue Ridge Mountains are located in the northwest corner of the state and represent its smallest geographical region.

The coastline of South Carolina contains many salt marshes and estuaries, as well as natural ports such as Georgetown and Charleston. An unusual feature of the coastal plain is a large number of Carolina Bays. The bays tend to be oval, lining up in a northwest to southeast orientation. The terrain is flat and the soil is composed entirely of recent sediments such as sand, silt, and clay. Areas with better drainage make excellent farmland, though some land is swampy. The natural areas of the coastal plain are part of the Middle Atlantic coastal forests ecoregion.

The Grand Strand is located in this coastal region and consists of a large stretch of beaches extending from Little River to Georgetown. It is approximately 60+ miles along an essentially uninterrupted arc of beach land.

Cost of Living

The Myrtle Beach cost of living compares favorably to other Southeastern cities. Based on the Council for Community and Economic Research that compiles and publishes the Cost of Living Index, which is a measure of living costs in more than 300 U.S. cities, the greater Myrtle Beach market area ranks below the national average score of 100, relative to its composite index of cost of living items, including housing, utilities, transportation, healthcare, groceries and miscellaneous goods and services. Myrtle Beach has a score of 94.1, making the market area more affordable than Hilton Head (107.4), Miami, Florida (107.2), Asheville, North Carolina (102.4), Charleston, South Carolina (100.2), and Wilmington, North Carolina (97.3), which are just a few popular southeastern residential market areas. This lower cost of living rating serves in attracting people relocating to the area, especially retirees.

Climate

The Myrtle Beach area has a humid subtropical climate that is heavily influenced by the Atlantic Ocean, giving the area a more oceanic feel. The area experiences cool winters and hot, humid summers. The average annual high is 75.4°F and the low is 53.3°F. The average high in July is 91°F and the average low in January is 34°F. Rainfall is plentiful throughout the whole year, but most is concentrated during the summer months, when it is not uncommon for everyday to have at least a 30% chance of rain. The area is also susceptible to strong thunderstorms, especially in the summer months. These typically have a very short duration, although some may have intense hail and even tornadoes on rare occasions. Snowfall is extremely rare in this portion of the state, but it does occasionally occur. The average annual precipitation is 52.01 inches.

Economy

The economy of the Grand Strand is dominated by the tourism industry, with it bringing in millions of dollars each year. Hotels, motels, resorts, restaurants, attractions, and retail developments exist in abundance to service visitors. The Grand Strand hosts over 14.6 million visitors annually, with the largest influx of visitors being during the spring and summer seasons, although, it is also very popular with snowbirds during the winter months.

There are over 250 golf courses in and around Myrtle Beach, as the golfing industry represents a significant presence in the area.

Two significant motorcycle rallies, Myrtle Beach Bike Week and Black Biker Week, attract as many as 200,000 and 400,000 visitors to the area respectively. The influx of visitors is significant to the economy of the area.

A manufacturing base produces plastic, rubber, cardboard, foam, and ceramic products, usually in small scale.

Recreation

The number one source of recreation in the area is the beach. The 60+ miles of Atlantic coastline draw over 14.6 million visitors from all over the country annually. All of the typical recreational activities associated with a beach location can be found in the Grand Strand, such as swimming, fishing and boating.

The North Myrtle Beach Park and Sports Complex opened in March 2014 and over 60 sports tourism events were held at the park in the remaining nine months of the year. Its state-of-the-art facilities include six regulation baseball/softball fields, eight regulation soccer/lacrosse fields, eight batting tunnels, umpire/official rooms and dugouts enhanced with misting fans. Park amenities include concession areas, picnic shelters, playgrounds, an amphitheater, walking and bike trails, a three-acre dog park, a 25-acre lake and 10 acres of meadows. In its first year, comprising nine months in operation, the sports complex was projected to generate \$6.9 million in direct visitor spending. By its fifth year, that number is expected to reach \$28.4 million annually. Two-thirds of the additional visitor revenue will occur outside of the peak summer tourism season.

The area is home to numerous golf courses and mini-golf courses along the Grand Strand and further inland. Myrtle Beach has been called the “Golf Capital of the World” because of the 120 golf courses located there, the record

4.3 million rounds played (2001), and many miniature golf courses. In 2009, seven of Golf Digest's "America's 100 Greatest Public Courses" were located in the Grand Strand; only four courses in the entire state of Florida ranked on the list. 3.2 million total rounds of golf were played in 2013. The area also hosts some of the game's most popular amateur tournaments, including the Myrtle Beach World Amateur Handicap Championship, a 72-hole event that attracts between 3,000 to 5,000 players, and the Palmetto High School Golf Championship, the nation's largest high school golf tournament. The area is also home to the Hootie & the Blowfish Monday After the Masters Celebrity Pro-Am, an event that has raised more than \$3 million for charity since coming to the Grand Strand. The majority of the area's golf courses are public.

Myrtle Beach Bike Week is a weeklong motorcycle rally that started in 1940 and attracts as many as 200,000 visitors to the area every May. Black Bike Week, founded in 1980, takes place the weekend around Memorial Day Weekend, is the largest African American motorcycle rally in the United States and attracts as many as 400,000 visitors each year. The influx of visitors is also significant to the economy of the area.

Attractions

The area's attractions include its beaches and numerous golf courses, as well as a number of amusement parks, an aquarium, an IMAX Theater, retail developments, and over 1,900 restaurants. The area has dinner theaters, nightclubs, and many tourist shops. Myrtle Beach has an estimated 460 hotels, with many being beachfront, and approximately 89,000 accommodation units in total.

Myrtle Waves is a water park located in Myrtle Beach and is one of the largest water parks on the eastern seaboard. It has a lazy river and a 20,000 square foot Ocean in Motion wave pool, as well as multiple water slides and rides.

The Myrtle Beach State Park was established in 1935 and has just under a mile of Grand Strand beach, making it a prime location for swimming, hiking, biking, and fishing.

The Myrtle Beach Boardwalk opened in 2010 and has been recognized as the nation's #3 boardwalk by National Geographic and one of the best U.S. boardwalks by Travel+Leisure magazine. The Myrtle Beach Skywheel opened at the boardwalk in 2011 and is a 200-foot observation wheel, similar to a Ferris wheel, with glass gondolas that look over the Atlantic Ocean. This is the first wheel of its kind in the United States.

The Myrtle Beach Convention Center is a large facility that hosts an array of different meetings, conferences, exhibits, and special events every year. The expansive center, which opened in 2003, also features a Sheraton hotel and resort.

Although gambling is not legal in the state of South Carolina, Myrtle Beach residents and visitors have easy access to gambling by boat, which transport passengers into international waters and beyond the boundaries of state and federal gambling laws.

Arts/Culture:

The Carolina Opry offers various musical, comedy, dance, and entertainment shows. These include The Carolina Opry variety show; Good Vibrations, the best of the 60s, 70s, and 80s; and LIGHT - a Laser Extravaganza. During the holiday season, the venue hosts The Carolina Opry Christmas Special.

Myrtle Beach is home to Coastal Uncorked, a food and wine festival held annually in the late spring.

With numerous professional fireworks displays along the oceanfront, Myrtle Beach is recognized among the top destinations for Fourth of July travel. Priceline.com ranked Myrtle Beach among its top 20 destinations for the Fourth of July in 2010.

Shopping

The Myrtle Beach area has many different stores and malls, and is one of the largest shopping areas in the Southeastern United States. It is the largest shopping destination in South Carolina.

- Barefoot Landing opened in 1988 and has 100 stores, restaurants, and attractions; including a golf resort and the Alabama Theatre for traditional country music concerts.
- Coastal Grand Mall opened in 2004 and is the largest indoor mall in the state, with a gross leasable area of 1,047,732 square feet containing five anchor stores, a 14-screen movie theater, a food court, and roughly 170 stores total.
- Myrtle Beach Mall features three anchor stores, a 12-screen movie theater, a food court, and a variety of specialty stores.
- Tanger Outlets at Myrtle Beach features over 100 brand name outlets from many of the country's most popular brands.
- Broadway at the Beach is a shopping complex set on 250 acres along the Highway 17 Bypass, featuring three theaters, 17 restaurants, and more than 100 specialty shops. It also has attractions, nightclubs, and three hotels, all surrounding the 23-acre Lake Broadway. It is the largest festival complex in South Carolina, with notable attractions being an IMAX Theater, Ripley's Aquarium, and the Pavilion Nostalgia Park. The Pavilion is an amusement park with a carousel, rides, and midway.
- The Market Common Myrtle Beach is a lifestyle center featuring several upscale shops and a movie theater. It is located on the site of the former Myrtle Beach Air Force Base.

Hospitals

The Grand Strand Regional Medical Center is a 219-bed acute care hospital serving residents and visitors of Horry County and surrounding counties. The hospital offers the only cardiac surgery program in the area and is also a designated trauma center. Over 250 physicians serve at the facility.

Fire Stations

The City of North Myrtle Beach Public Safety Department operates five engine companies, two ladder companies and one command vehicle. The department also operates two water rescue units, a vehicle extrication squad and a technical rescue unit. There are five fire stations located in and around the city.

Airports

The Myrtle Beach International Airport is a county-owned, public-use airport that opened in 1976 and is located on the south side of town. The airport had seven gates and an expansion added six more in 2012.

The Grand Strand Airport is located in the North Myrtle Beach area and is a single-terminal airport, primarily serving banner planes and small aircraft. A private helicopter facility operated by Omniflight services Myrtle Beach and the surrounding areas.

Higher Education

The following colleges and post-secondary schools are located in the Myrtle Beach metropolitan area:

- Coastal Carolina University;
- Horry-Georgetown Technical College;

- Webster University – Myrtle Beach Campus;
- Cathedral Bible College;
- Golf Academy of America;
- Miller-Motte Technical College; and
- NAIA Flight School.

INVESTMENT OPTIONS FOR THE PROPERTY

General

The Manager has investigated potential investment options for the Property, including all of the following, the election of which will be made pursuant to the procedures outlined in the Company LLC Agreement:

(1) *Development Option*. The Manager has investigated the feasibility of developing the Property into as many as 700 multi-family residential units for sale to the public, and has prepared a Development Plan that the Manager believes could be fully implemented within a period of approximately five years. See “— Development Option.”

(2) *Conservation Option*. The Manager has investigated the feasibility of donating a conservation easement on the Property. See “— Conservation Option.”

(3) *Deferral Option*. The Company could defer any action with respect to the Property and continue to hold the Property for investment purposes or for later development, conservation or sale. See “— Deferral Option.”

Development Option

In General

The Property is located in Horry County, South Carolina. There has already been residential development in proximity to the Property. Based upon the Development Plan and opinions received from various affiliated and independent real estate and engineering professionals relating to the economic and physical feasibility with respect to any potential development of the Property, the Manager believes that the Property could support such development. The reports and opinions of the real estate and engineering professionals are available from the Manager upon request.

Development Plan

The Development Plan currently contemplates a total expense budget of approximately \$265.5 million, \$132.7 million of which is expected to be incurred in the first three years of development of the Property pursuant to the Development Plan. The Developer expects to realize the first revenues from sales of residential units in an amount of \$45.9 million in the second year after commencing development, with a total of \$361.4 million of revenue realized over a five-year period. If the Development Option is chosen, the \$4.9 million of working capital raised in the Offering (\$4.5 million of working capital plus funds released from the Audit Reserve) is expected to be sufficient to complete the necessary “pre-planning” activities (architecture, construction site planning, permitting, engineering etc.) required to (1) put in place the financing necessary to fund construction on the Property and (2) complete all activities necessary for the Developer to be able to begin construction of the physical buildings and related infrastructure on the Property pursuant to the Development Plan. Subsequently, the Development Plan contemplates the need for additional financing of \$45.5 million to fund additional development and construction expenses incurred over the first three years of the development of the Property pursuant to the Development Plan.

If the Development Option is chosen, the Company is uncertain of its sources for funding its capital needs to fully develop the Property pursuant to the Development Plan, and the Company and/or the Property Entity will require additional resources in the future to continue to operate. The proceeds of the Offering are expected to be sufficient to allow the Property Entity to commence the implementation of the Development Plan, to donate a conservation easement on the Property, or to continue to hold the Property for long-term investment. However, the proceeds of the Offering are insufficient to complete the full development of the Property pursuant to the Development Plan without additional equity capital or debt financing. As a result, if the Development Option is selected, the Company will be required to seek debt financing, which may be in the form of construction loans, mortgage loans and mezzanine loans, amongst others, and may use the Property or the Property Entity as collateral for such financing. In addition, the Company may be required to raise additional equity capital, which may be in the form of preferred equity, to pursue the completion of the Development Plan. It is not anticipated that any Member will be required to guarantee any indebtedness of the Company or the Property Entity or otherwise make any additional capital contributions to the

Company or the Property Entity; however, Members could wish to guarantee indebtedness for or make additional capital contributions to the Company to prevent dilution and/or subordination that would occur should there be a subsequent offering to raise additional capital.

If debt financing is unavailable on reasonable terms as a result of increased interest rates, underwriting standards, capital market instability or other factors, the Company might not be able to complete the Development Plan. There can be no assurance that additional debt financing will be available in the future on acceptable terms or at all. If insufficient debt financing is available to the Company or the Property Entity, or if the Manager determines that it is in the best interests of the Company to raise additional equity capital, the Company may recommend that the Company and/or the Property Entity raise additional funds by issuing additional securities. If the Manager authorizes the issuance of additional securities in the Company and/or the Property Entity to raise capital, the ownership percentage of the Members will be diluted. In addition, any such additional securities issued by the Company and/or the Property Entity in the future could have rights, preferences and privileges senior to those of the Units.

The Manager has prepared financial projections based upon the Development Plan in the event that the Development Option is elected. Copies of the Financial Projections, based upon satisfaction of the Maximum Offering, are attached as Exhibit K. These projections reflect the Manager's expectations for the costs and expenses expected to be incurred in connection with the Development Plan. The Manager believes that the projections are an indication of the results of operations that would occur based solely on the assumptions disclosed in the Development Plan, which are derived from industry research performed by the Manager. These assumptions and estimates relate to, among other things, the Offering, the ability to sell residential units on the Property, general economic conditions, operating results of the Company and income tax laws. While the projections and underlying assumptions regarding the Development Plan have been preliminarily reviewed by independent parties, all such projections and underlying assumptions are still subject to several variables that could cause such assumptions to be materially inaccurate, and there can be no assurance that these projections and assumptions will prove true. All or any one of the factors cited in the Development Plan might be materially affected by changes in circumstances over which the Company has no control. The projections must be read only in conjunction with this PPM.

Currently, there are a variety of utilities available to the Property. At the moment, there is no water or sewage service to the Property; however, the Manager engaged a civil engineer with knowledge of the Property to review the Development Plan and the civil engineer has confirmed that the existing water and sewer mains near the Property have adequate capacity. The civil engineer has also confirmed that electrical power and natural gas are available to the Property.

The proposed development of the Property is planned as a residential master-planned community targeting active adult and working family homebuyers. The residential sites are expected to total 700 multi-family units. Pursuant to the Development Agreement, the Developer, subject to approval by the Company, may adjust the type, number and mix of residential units contemplated in the Development Plan in order to maximize revenues or obtain financing. In addition, the Development Plan contemplates the sale of fractional ownership of residential units. Fractional ownership divides a residential unit into more affordable segments for individual homebuyers and a fractional share gives the owners certain privileges, such as a number of days or weeks when they can use the residential unit. Fractional ownership provides for multiple homebuyers for the same residential unit, with each homebuyer purchasing a fractional interest of the residential unit.

The Manager believes that many of the homebuyers contemplated in the Development Plan would be expected to come from the Northeast and Mid-Atlantic regions of the United States, while others would come from feed markets in the Southeast and Midwest regions. South Carolina has historically been one of the top markets in the country for active adults looking for retirement housing.

Development Agreement

This summary does not purport to be a complete description of the terms and conditions of the Development Agreement and is qualified in its entirety by express reference to the Development Agreement included as Exhibit I. You should carefully review the entire Development Agreement and consult your advisor as to its terms and provisions, before deciding to invest in the Company.

The Developer has assisted the Company in the investigation of the Property for development, and the Company and the Property Entity intend to enter into the Development Agreement with the Developer pursuant to which the Developer will serve as agent for the development of the Property and any and all other Projects. The Developer's responsibilities under the Development Agreement consist primarily of arranging, coordinating and administering all activities and services required for the development and construction of a Project, including the acquisition of all materials, utilities rights, tax abatements and incentives, compliance with applicable federal and state permit requirements, and other Project-related requirements, as well as negotiating with and overseeing the work of architects, engineers, contractors, landscapers, and other persons related to a Project. The Developer is expected to prepare any design or engineering plans or specifications, perform any of the construction work or furnish any of the materials required. The Developer will use its best efforts to promptly commence development activities, ensuring that all necessary licenses and permits which are required are obtained, competitive pricing is secured, and that development is expedited, if possible.

Pursuant to the Development Agreement, the Developer is entitled to receive the Development Fee in an amount equal to 15.0% of all of the Company's "profits" from the development or sale of all or any portion of the Property or Project, as applicable, as measured with respect to the Property or Project, as applicable, following the commencement of development activities for the Property. For purposes of the Development Fee, the term "profits" means the amount received by the owner of a Project attributable to the sale or lease of the Project (or the fair market value of such Project as determined by independent third-party appraisal at the time of termination of the Development Agreement) in excess of all actual costs and out-of-pocket expenses associated with such Project. The Development Fee would be paid in connection with any development by the Developer of all or any portion of the Property or a Project, as applicable. In addition, in the event an affiliate of the Developer is selected to provide assistance in purchase of any real estate related to a Project, the Brokerage Services Fee will be paid to such affiliate in amount equal to 6.0% of the purchase price of the real estate related to such Project.

The Development Plan contemplated under the Development Option may be terminated by the Company at any time to permit it to take any other action with respect to the Property in exchange for the payment of the Development Termination Fee in the amount of \$2,900,000, which Development Termination Fee is in addition to all earned but unpaid Development Fees at such time. Such Development Termination Fee would be required to be paid by the Company in the event the Company did not pursue the Development Option and instead pursued the Conservation Option or the Deferral Option. The Development Termination Fee is also required to be paid by the Company in the event that the Developer elects to otherwise terminate the Development Agreement due to certain breaches of the Development Agreement by the Company. The Company has set aside sufficient funds from the gross offering proceeds to permit the Company to pay the Development Termination Fee in the event that the Company pursues the Conservation Option or the Deferral Option. If the Company pursues the Development Option, this reserved amount will be used by the Company as working capital to assist with the funding of the first phase of development costs and to secure debt or additional equity to finance the Development Plan if necessary. In the event that the Conservation Option is chosen by the Members, the Development Agreement will remain in force should the Manager elect to pursue any other development of the Property, including the development of any reserved rights of the Property under the terms of the conservation easement. See "-- Conservation Option -- Reserved Rights."

Conservation Option

General

The Manager has investigated the feasibility of donating a conservation easement on the Property to achieve certain business and tax objectives and has concluded that such a donation is possible. While neither the Company nor the Property Entity is under any legal obligation to pursue the conservation easement, the Property Entity has preliminarily negotiated with North American Land Trust ("NALT"), a Qualified Organization, to accept the conservation easement in accordance with applicable law to permit the Property Entity to receive a charitable

contribution deduction pursuant to § 170(h) of the Code as described in “Material Federal Income Tax Considerations.”

Based upon the preliminary appraisal received by the Property Entity, the Manager expects that the donation of the conservation easement would generate a charitable contribution deduction in the approximate amount of \$53,405,000, which would inure to the Members based upon their relative beneficial ownership percentage in the Property Entity. However, there can be no assurance that this or any amount will ultimately be available to the Members as a charitable contribution deduction. See “Risk Factors” and “Material Federal Income Tax Considerations – Tax Issues Specific to the Conservation Option.”

Conservation Purposes

Preliminary studies undertaken by NALT indicate that the Property will satisfy three of the “conservation purposes” defined under Code § 170(h)(4)(A) and Treasury Regulations § 1.170A-14(d): (1) preservation of the Property as a relatively natural habitat of fish, wildlife, or plants or similar ecosystems; (2) preservation of the Property as open space which provides scenic enjoyment to the general public and yields a significant public benefit; and (3) preservation of the Property as open space which, if preserved, will advance a clearly delineated Federal, State or local governmental conservation policy and will yield a significant public benefit. A copy of the baseline documentation prepared by NALT (the “Baseline Documentation”) is available for inspection from the Manager upon request.

The Baseline Documentation also identifies the below-listed conservation values on the Property:

- The Property provides wildlife corridors, breeding habitat, foraging habitat and shelter for at least 50 species of animals.
- The Property provides the natural ecological requirements for at least 100 species of plants.
- The Property is highly visible from Sandridge Road along the northern boundary of the property, thus providing a natural scenic view to the general public.
- The Property contains a Nonriverine Wet Hardwood Forest natural community.
- The Property supports at least nine bird species considered Species of Regional Importance by the Partners In Flight Species Assessment Database: Eastern Wood Pewee (*Contopus virens*), Ruby-throated Hummingbird (*Archilochus colubris*), Tufted Titmouse (*Baeolophus bicolor*), Yellow-throated Warbler (*Dendroica dominica*), Chimney Swift (*Chaetura pelagica*), Red-bellied Woodpecker (*Melanerpes carolinus*), Eastern Kingbird (*Tyrannus tyrannus*), Brown Thrasher (*Toxostoma rufum*) and Pileated Woodpecker (*Dryocopus pileatus*).

Reserved Rights

If the Conservation Option is chosen, the proposed DCE reserves to the Property Entity the right to develop a limited portion of the Property. Under the proposed DCE, the Company may, in the Manager’s sole discretion, implement a limited development plan (the “Reserved Rights Development Plan”) for one acre of the Property. The Reserved Rights Development Plan may include either one residence or one resort residential building, but not both. Pursuant to the Development Agreement, the Developer would receive the Development Fee in an amount equal to 15.0% of all of the Company’s “profits” from the development or sale of all or any portion of the Property earned in connection with the Reserved Rights Development Plan, as measured with respect to the Property following the commencement of development activities for the Property.

If the Conservation Option is chosen, there can be no assurance that the Company will implement, in the Manager’s sole discretion, the Reserved Rights Development Plan. The conservation easement would impose substantial restrictions on the uses available for the Property, and further, the Company may be prevented from

implementing the Reserved Rights Development Plan should such development threaten the qualification of the conservation easement.

The Appraisal

The Company has reviewed a copy of an appraisal report for the Property prepared by Claud Clark, III, with Clark ~ Davis, PC, Real Estate Appraisers, estimating the market value of the fee simple interest of the Property as of August 2, 2016, and before the Property is encumbered by any conservation easement, at \$53,627,227, which appraisal is stated as being subject to all of the assumptions, limitations, qualifications and other terms and provisions set forth therein. A copy of such appraisal report is available from the Manager upon request. The Manager has not reviewed or commissioned any other appraisal of the Property and does not intend to do so prior to the closing of the Offering. Such appraisal might have to be updated prior to any donation of a conservation easement, to comply Regulations requiring that a qualified appraisal value a property as of a date within 60 days of the date of charitable donation.

The Manager has reviewed such summary appraisal in connection with investigation of the feasibility of donating a conservation easement on the Property. HOWEVER, NONE OF THE PROPERTY ENTITY, THE COMPANY, THE COMPANY'S COUNSEL, THE MANAGER OR THE SPONSOR EXPRESS ANY OPINION WHATSOEVER CONCERNING THE VALUE OF THE PROPERTY FOR ANY PURPOSE, INCLUDING, WITHOUT LIMITATION, THE VALUE OF THE PROPERTY FOR PURPOSES OF COMPUTING ANY CHARITABLE CONTRIBUTION DEDUCTION WHICH MIGHT BE AVAILABLE TO THE MEMBERS IN THE EVENT THAT A CONSERVATION EASEMENT IS DONATED TO A QUALIFIED ORGANIZATION WITH RESPECT TO THE PROPERTY.

Deed of Conservation Easement

A preliminary proposed DCE has been prepared for the Property Entity and reviewed by the Manager and has not been adopted or approved by the Company, the Property Entity or the members of the Company or the Property Entity. A copy of such proposed DCE is available from the Manager upon request. None of the Property Entity, the Company or the members of the Company or the Property Entity is under any obligation to adopt the proposed DCE or any DCE at all. No DCE can be adopted by the Property Entity unless the Conservation Option is elected pursuant to the procedures outlined in the Company LLC Agreement.

For further discussion of issues related to the conservation easement potential of the Company, see "Material Federal Income Tax Considerations – Tax Issues Specific to the Conservation Option."

Potential Investment Utilizing Excess Working Capital

The Offering is being conducted for the primary purpose of raising money from Investors to allow the Company to acquire and own the Purchased Interests to gain a controlling interest in the Property Entity. If the Development Option is chosen, the \$4,863,771 of working capital raised in the Offering (\$4,463,771 of working capital plus \$400,000 in funds released from the Audit Reserve) is expected to be sufficient to complete the necessary "pre-planning" activities (architecture, construction site planning, permitting, engineering etc.) required to (1) put in place the financing necessary to fund construction on the Property and (2) complete all activities necessary for the Developer to be able to begin construction of the physical buildings and related infrastructure on the Property pursuant to the Development Plan. However, if the Conservation Option is chosen, the Company may, in the Manager's sole discretion, choose to use all or a portion of the remaining working capital to make direct or indirect investments in real property not related to the Property. The Members will be entitled to the proceeds earned from any development or sale of such real property investments, net of any fees paid pursuant to the Management Agreement, Development Agreement or any other agreement the Company enters into in connection with such investment. Any such investment made by the Company using Offering proceeds will not exceed the amount of excess working capital remaining after the payment of all fees and expenses paid and incurred in connection with implementing the Conservation Option. See "Estimated Use of Proceeds." Further, the Company may, in the Manager's sole discretion, use such excess working capital to make an investment in real property in which affiliates of the Company and/or controlling persons of the Manager are also directly or indirectly investing or with which affiliates of the Company and/or controlling persons of the Manager are involved. See "Conflicts of Interest."

Deferral Option

The Property Entity originally acquired the Property for investment purposes and has held it in such capacity for the duration of its ownership of the Property. The Property Entity could defer action with respect to the Property and continue to hold the Property for investment purposes. If the Company does not elect the Development Option or the Conservation Option or the taking of some other significant action with respect to the Property, the Property Entity would be expected to continue to hold the Property for investment purposes.

MANAGEMENT

General

The management of the Company and the Property Entity will be conducted by the Manager pursuant to the Company LLC Agreement, the Property Entity LLC Agreement and the Management Agreement. The Manager is owned by ECS and CSH-Teal and managed by ECS. The controlling person of CSH-Teal is Ralph R. Teal, Jr., its sole member, and the controlling person of ECS is EcoVest, the Sponsor, ECS's sole member. The Sponsor's day-to-day operations are managed by the following officers: Mr. Solon, Chairman, President and Chief Executive Officer; Mr. McCullough, Senior Vice President, Chief Financial Officer, Secretary and Treasurer; Mr. Linsider, Senior Vice President, Investments; and Mr. Lloyd, Senior Vice President and Chief Operating Officer. The Sponsor is currently controlled by a board of directors consisting of Messrs. Solon and Teal. See "Summary of the Offering – The Company" for an organizational chart detailing the current ownership structure of these entities.

Management Agreement

The Company, the Property Entity and the Manager intend to enter into the Management Agreement, effective as of the closing date of the Offering, pursuant to which the Manager will have the exclusive authority to oversee and manage the day-to-day operations of the Company and the Property Entity subject to the limitations set forth in each of the Management Agreement, the Company LLC Agreement and the Property Entity LLC Agreement. The Manager is not required to devote all or a substantial portion of its time to the management of the Company and the Property Entity and is only required to devote the amount of time it deems necessary to manage the Company and the Property Entity. The managers, officers and employees of the Manager are similarly not required to devote all or a substantial portion of their time to discharge their duties to the Manager. See "Conflicts of Interest."

The management services for which the Manager will receive fees and reimbursements pursuant to the Management Agreement include, but are not limited to, the following:

Transaction Services

- serving as the Company's and the Property Entity's investment and financial advisor and obtaining and/or providing relevant market research and economic and statistical data in connection with the Company's and the Property Entity's assets and investment objectives and policies;
- structuring and negotiating the terms and conditions of transactions related to the Company's and the Property Entity's assets, including, but not limited to, arranging and obtaining financing in the amount, and on the terms, necessary to fully implement the Development Plan;
- seeking, negotiating for and arranging financing related to the Company's and the Property Entity's assets and any related real estate transactions;
- performing due diligence on potential investments and other transactions and preparing any necessary reports to include recommendations and supporting documentation necessary to evaluate any such potential investments and transactions;
- commissioning the production of and obtaining any reports, where appropriate, concerning the value of contemplated investments of the Company and the Property Entity;
- investigating the potential for development of and obtaining a potential development plan for the Property, including, but not limited to, performing, preparing or otherwise commissioning the performance or preparation of various studies, investigations, site surveys, site evaluations, tests, conceptual designs, plans and specifications, engineering studies, zoning investigations and studies, construction phase services, drawing reviews, and/or operating and maintenance manuals;
- serving as the authorized representative of the Company and the Property Entity with respect to all development decisions involving the Property, subject to any required initial consent of the Company to commence development;

- investigating the potential for donating a conservation easement on the Property, including, but not limited to, reviewing any potential conservation purpose of the Property, identifying and negotiating with any potential Qualified Organization to accept the donation of a conservation easement on the Property, commissioning any and all third-party reports necessary to evaluate the feasibility of a federal tax deduction as a result of any such donation, and reviewing any such third-party reports relating to such donation and any deduction that might be claimed as result thereof; and
- serving as the authorized representative of the Company and the Property Entity with respect to all communication with a Qualified Organization relating to the Property.

Asset Management Services

- subject to the rights of the Members to elect the Development Option, the Conservation Option or the Deferral Option, managing and making all investment decisions with respect to the Company's and the Property Entity's assets, including acquisitions and disposition of the assets, such as the sale of a residential lot, resort lot or a recreational building lot under the Reserved Rights Development Plan, regardless of whether such lots have been developed pursuant to the Reserved Rights Development Plan;
- conducting negotiations on behalf of the Company and the Property Entity with purchasers, trustees, and brokers and, if applicable, their respective agents and representatives;
- conducting periodic on-site property visits and inspecting the physical condition of the Property, and, where necessary, maintaining, improving or repairing the physical condition of the Property;
- monitoring applicable markets and obtaining reports where appropriate concerning the value and potential modes of use of the Assets;
- monitoring and evaluating the investment performance of the Company's and the Property Entity's assets;
- providing daily management services to the Company and performing and supervising the various management and operational functions related to the Assets;
- reviewing annually the potential for higher and better use of the Property, including but not limited to disposition analysis, analysis with respect to the potential for one or more revenue generating substitute businesses, and practices potentially available to the Property; and
- investing available capital of the Company in additional direct and indirect investments in property not related to the Property, as described in this PPM.

Administrative Services

- overseeing and managing the day-to-day operations and performing and supervising the performance of such other administrative functions necessary to the management of the Company and the Property Entity;
- communicating on behalf of the Company and the Property Entity with any and all third parties, including without limitation, governmental bodies or agencies;
- furnishing periodic reports and providing communication to the members of each of the Company and the Property Entity detailing the status of the Company's and the Property Entity's assets;
- furnishing requested periodic reports and providing communication to Company and Property Entity member representatives, such as brokers, accountants, attorneys and other representatives;
- maintaining a member relations representative to communicate with brokers and other Company and Property Entity member representatives;
- causing the Company and the Property Entity to retain qualified accountants and legal counsel, as applicable, to assist in developing appropriate accounting procedures and systems, internal controls and other compliance procedures and testing systems with respect to financial reporting obligations;

- causing the Company and the Property Entity to qualify to do business in all applicable jurisdictions and obtain and maintain all appropriate governmental and third-party licenses;
- causing the Company and the Property Entity to comply with all regulatory requirements applicable to them in respect of their business activities, including preparing or causing to be prepared all financial statements required under applicable regulations and contractual undertakings and all reports and documents, if any;
- coordinating the preparation on behalf of the Company and the Property Entity of all required tax filings and reports;
- handling and resolving all claims, disputes or controversies (including all litigation, arbitration, settlement or other proceedings or negotiations) in which the Company and/or the Property Entity may be involved or to which they may be subject arising out of the Company's and Property Entity's day-to-day operations;
- using commercially reasonable efforts to cause expenses incurred by or on behalf of the Company and the Property Entity to be commercially reasonable or commercially customary; and
- using commercially reasonable efforts to cause the Company and the Property Entity to comply with applicable laws.

The Manager, its officers, directors, managers, partners and personnel will not be liable to the Company or the Property Entity, their respective members, shareholders or partners for any acts or omissions by any such person performed pursuant to or in accordance with the Management Agreement, except by reason of acts or omissions constituting bad faith, willful misconduct, gross negligence, or reckless disregard of the Manager's duties under the Management Agreement. The Company and the Property Entity are also required, to the full extent of the law, to reimburse, indemnify and hold the Manager, its officers, members, managers, directors, personnel, any person controlling or controlled by the Manager and any person providing sub-advisory services to the Manager, harmless of and from any and all expenses, losses, damages, liabilities, demands, charges and claims of any nature whatsoever (including attorneys' fees) in respect of or arising from any acts or omissions of such person made in good faith in the performance of the Manager's duties under the Management Agreement and not constituting such person's bad faith, willful misconduct, gross negligence, or reckless disregard of duties under the Management Agreement.

The Management Agreement automatically renews for successive additional one-year terms after its initial six-year term unless the Manager or the Majority elects not to renew the Management Agreement pursuant to the terms outlined in the Management Agreement and provides notice of such non-renewal to the other party at least 30 days prior to the expiration of the then-current term. The Management Agreement provides for limited removal rights, indemnification and rights to payment of certain fees, including an Arrangement Fee, Annual Management Fee, and Disposition Management Fee. See "Compensation of the Manager, the Developer and Their Affiliates."

The Company and the Property Entity are each entitled to terminate the Management Agreement and remove the Manager only for "Cause," as such term is defined in the Management Agreement. The Manager is permitted to justifiably resign for Cause in the event that the Company or the Property Entity, without the consent of the Manager, (i) amends its respective limited liability company agreement to affect the authority of the manager of such entity; (ii) becomes insolvent or bankrupt, or makes an assignment for the benefit of creditors; (iii) consents to the appointment of a trustee or receiver, or a trustee or receiver being appointed for such entity or for a substantial part of its property without its consent; or (iv) insolvency proceedings are instituted by or against such entity. In the event that the Majority elects not to renew the Management Agreement for any reason without the written consent of the Manager, the Company and the Property Entity shall be responsible for paying the Manager, on the date on which such termination is effective, the Management Termination Fee equal to the remaining Annual Management Fee for the remainder of the then-current term of the Management Agreement plus the Disposition Management Fee. The Manager will not be entitled to the Management Termination Fee if the Company terminates the Manager for "Cause."

Controlling Persons

The individuals most directly responsible for the management of the Company and Property Entity on behalf of the Manager are Messrs. Teal, Solon, McCullough, Linsider and Lloyd. In addition to Mr. Solon, Mr. Teal currently

serves on the board of directors of the Sponsor, with Mr. Solon serving as Chairman and Mr. Teal serving as Vice Chairman. The following provides certain biographical information on Messrs. Teal, Solon, McCullough, Linsider and Lloyd.

Ralph R. Teal, Jr. was raised in Chapel Hill, North Carolina where he graduated from the University of North Carolina Chapel Hill in 1984. Mr. Teal has been a member of the board of directors of EcoVest since December 2015. During the period 1984 to 1989, Mr. Teal worked exclusively in the marketing and sales of new homes in the Myrtle Beach, South Carolina area. In 1990, Mr. Teal, James Callihan and Jeff Skelley formed multiple entities to build new homes and conduct real estate brokerage and vacation rental services. They successfully sold their new homes division, Pinehurst Builders, to Crossmann Communities, a publicly traded homebuilder, in 1998. After working for Crossmann Communities and completing his contractual obligations, Mr. Teal started a new coastal homebuilder, Nations Homes, which he ran until 2005 when it was sold in an asset purchase transaction to Beazer Homes USA Inc., headquartered in Atlanta, Georgia, a top 10 national homebuilder with homes for sale across the United States. In 2009, Mr. Teal again began a new regional homebuilder focused on specific markets in the southeastern United States, Citizens Homes, which was sold to UCP, Inc. in 2014. Simultaneous with the growth of Nations Homes and Citizens Homes, Mr. Teal led a third business, Plantation Sales, LLC, which marketed homesites to individual customers (primarily from the Northeast United States) in a series of planned communities in the Myrtle Beach and Hilton Head areas of South Carolina. These communities included Plantation Lakes, Cypress River Plantation, Wild Wing Plantation and Hilton Head Lakes. Plantation Sales, LLC has sold more than 3,000 homesites over a 10-year period.

Alan N. Solon received his Bachelor of Arts from the State University of New York at Geneseo. In 2012, Mr. Solon became the Chairman, Chief Executive Officer and a manager of EcoVest and, following its conversion to a Delaware corporation in February 2015, he now serves as the Chairman, President and Chief Executive Officer and a director of EcoVest. From January 2010 to August 2012, Mr. Solon served as Chief Marketing Officer for SFA, a holding company formed in February 2003 for the purpose of operating a diversified financial services business through its subsidiaries, The Strategic Financial Alliance, Inc. and SFA Insurance Services, Inc., an insurance agency where he also served as President of its wholly owned subsidiary Conservation Resources, Inc. From 1990 through 2010, Mr. Solon was President and Chief Executive Officer of Solon Group, a real estate development firm, as well as Solon Advertising & Marketing, a full service, advertising and marketing agency, both located in Atlanta, Georgia.

Robert (Bob) M. McCullough received his Bachelor of Arts from Vanderbilt University and a Masters of Business Administration with a concentration in Accounting from Georgia State University. In January 2014, Mr. McCullough became the Senior Vice President and Chief Financial Officer of EcoVest and, following its conversion to a Delaware corporation in February 2015, he now serves as Senior Vice President, Chief Financial Officer, Secretary and Treasurer of EcoVest. From 2008 to 2014, Mr. McCullough served as the Chief Financial Officer of Wells Real Estate Funds, Inc. ("Wells REF"), a national real estate investment management company that has invested over \$12 billion in commercial real estate for more than 300,000 investors in 18 publicly registered and 12 private investment programs. From 2002 to 2008, Mr. McCullough served in various financial and operational roles at Wells REF. Mr. McCullough also served as the Chief Financial Officer and Financial and Operations Principal for Wells Investment Securities, Inc., a wholly-owned broker-dealer subsidiary of Wells REF. From 1998 to 2002 Mr. McCullough worked for Arthur Andersen, LLP in its Atlanta, Georgia office.

Jed C. Linsider received his Bachelor of Arts from Columbia University and a Masters of Business Administration from Emory University's Goizueta School of Business. In January 2014, Mr. Linsider became the Vice President of Investments of EcoVest and now serves as Senior Vice President, Investments, of EcoVest. From 2011 to 2014, Mr. Linsider served as the Vice President of Strategy & Finance for Columbia Property Trust, Inc. ("Columbia"), a \$5 billion publicly traded commercial office real estate investment trust where he led and directed strategic and financial planning and analysis and coordinated capital markets and investment banking activity. Prior to joining Columbia, Mr. Linsider was Director of Strategic Planning and Analysis for Wells REF. Mr. Linsider joined Wells REF in 2004 and through 2010, he served in various financial, strategic, and new product development roles. From 1997 to 2003, Mr. Linsider worked in the Commercial Operations/Trading Group at Mirant Corporation, an independent power producer trading U.S.-based energy commodity products.

Adam S. Lloyd received his Bachelor of Science in Accounting and Management from Lipscomb University and a Masters of Business Administration in Finance from Georgia State University. Mr. Lloyd joined EcoVest as

Vice President of Operations in August 2013 and now serves as Senior Vice President and Chief Operating Officer. Prior to joining EcoVest, Mr. Lloyd worked as a consultant and advisor to the executive management team of a large real estate investment product sponsor through his firm Peachtree Street Advisors, LLC. From 2002 to 2012, Mr. Lloyd worked for Wells REF, serving in various financial and operational roles including Financial Operations Officer, Director of Institutional Operations, Vice President of Finance, and Vice President of Financial Strategy and Analysis. Mr. Lloyd began his career working in various accounting roles at companies including Parker, Parker & Stickel, a public accounting firm in Nashville, Tennessee, Corrections Corporation of America in Nashville, Tennessee, and Internet Security Systems, Inc. in Atlanta, Georgia.

Compensation of Controlling Persons

None of Messrs. Teal, Solon, McCullough, Linsider or Lloyd is anticipated to receive any direct compensation from the Company or the Property Entity. All compensation to any of them in consideration for the management services provided on behalf of the Company or the Property Entity would be received through the fees paid to the Manager pursuant to the Management Agreement or to the Developer pursuant to the Development Agreement.

Limited Liability and Indemnification

The Company is permitted to limit the liability of the Manager and its related parties to the Company and the Members for monetary damages and to indemnify and advance expenses to them to the extent permitted under Delaware law and the Company LLC Agreement and the Property Entity LLC Agreement, as applicable. The Company has contractually agreed in the Management Agreement that the Manager, its officers, directors, managers, partners and personnel will not be liable to the Company or the Property Entity, or their respective members, shareholders or partners, for any acts or omissions by any such person performed pursuant to or in accordance with the Management Agreement, except by reason of acts or omissions constituting bad faith, willful misconduct, or reckless disregard of the Manager's duties under the Management Agreement, as determined by a final non-appealable order of a court of competent jurisdiction. The Company and the Property Entity are also required, to the full extent of the law, to reimburse, indemnify and hold the Manager, its officers, members, managers, directors, personnel, any person controlling or controlled by the Manager and any person providing sub-advisory services to the Manager harmless of and from any and all expenses, losses, damages, liabilities, demands, charges and claims of any nature whatsoever (including attorneys' fees) in respect of or arising from any acts or omissions of such person made in good faith in the performance of the Manager's duties under the Management Agreement and not constituting such person's bad faith, willful misconduct, gross negligence, or reckless disregard of the Manager's duties under the Management Agreement.

Affiliated Entities

The Developer is owned by ECS and CSH-Teal and managed by ECS. The Developer has been engaged by the Company to serve as the Company's agent for the development of the Property and any and all other Projects. The Development Agreement will continue in effect until the later of (i) six years and (ii) the date on which development and construction have been completed and all obligations of the Company and Developer have been performed and discharged in accordance with the terms of this Agreement with respect to any Project for which development activities have commenced, unless sooner terminated as provided therein.

The individuals most directly responsible for the management of the activities of the Developer are Messrs. Teal, Solon, McCullough, Linsider and Lloyd. The Developer is entitled to receive the Development Fee in an amount equal to 15.0% of all of the Company's "profits" from the development or sale of all or any portion of the Property as measured with respect to the Property following the commencement of development activities for the Property. In addition to the Property, the Development Agreement also extends to any and all other real property acquired by the Company or over which the Company exercises any actual or beneficial control, and a Development Fee may be payable to the Developer in connection with the development of any such real property.

The Manager has entered into an advisory services agreement (the "Advisory Services Agreement") with Triloma Land Development, LLC, an affiliate of the Dealer Manager (the "Servicing Agent"), pursuant to which the Servicing Agent has been engaged by the Manager as an independent contractor to provide certain management

support and investor relation services required of the Manager under the Management Agreement. The Manager has agreed in the Advisory Services Agreement to pay to the Servicing Agent the total amount of \$170,000 for the provision of such services; \$45,000 of such amount will be payable to the Servicing Agent promptly after the Manager's receipt of the Arrangement Fee and the remaining \$125,000 will be payable to the Servicing Agent in annual installments over the term of the Management Agreement.

The Developer has entered into a development services agreement (the "Development Services Agreement") with the Servicing Agent, pursuant to which the Servicing Agent has been engaged by the Developer as an independent contractor to provide certain development services required of the Developer under the Development Agreement. The Developer has agreed in the Development Services Agreement to pay the Servicing Agent the total amount of \$62,500 (the "Development Services Fee") for the provision of such services. Such amount will be payable to the Servicing Agent either within 10 days of the Developer's receipt of Development Fees in a cumulative amount equal to twice the amount of the Development Services Fee, or, alternatively, within 10 days of the Developer's receipt of the Development Termination Fee. The Company will be obligated to make payments to the Developer as provided under the Development Agreement, and to the Manager as provided under the Management Agreement, but will not have any direct obligations to the Servicing Agent under either the Development Services Agreement or the Advisory Services Agreement.

MATERIAL FEDERAL INCOME TAX CONSIDERATIONS

You are urged to consult with your personal tax advisor regarding the federal, state, and local tax considerations and reporting consequences of the purchase of a Unit.

This section is provided for general information only and is a summary of certain federal income tax considerations of an investment in the Company and is based upon the Code and the Regulations, published rulings and practices of the IRS and court decisions. The tax risks and summary are not intended to be an exhaustive list of the general or specific tax risks and rules relating to ownership of Units. This summary is based upon current authorities, and there can be no assurance that future legislative or administrative changes or court decisions will not significantly modify the law regarding the matters described herein. Further amendments to the Code are likely in the future. Prospective Members should recognize that it is possible that the present federal income tax treatment of investments in limited liability companies could be modified by legislative, judicial or administrative action at any time, and such action may be applied retroactively or prospectively or otherwise in a manner which could adversely affect investments and commitments previously made.

In addition to the federal income tax considerations discussed below, ownership of Units could subject a Member to state, local, estate, inheritance, or intangibles taxes that may be imposed by various jurisdictions. Except as specifically indicated below, the following discussion does not address the various tax implications of an investment in the Company by any corporations, partnerships, tax-exempt entities, trusts, and other non-individual taxpayers. All references herein to the tax return of the Company or the tax treatment of the Company should be read to refer to the tax return of the Property Entity or the tax treatment of the Property Entity, as applicable, as well.

THE COMPANY HAS SOUGHT AN OPINION OF COUNSEL ON FEDERAL INCOME TAX CONSEQUENCES OF AN INVESTMENT IN THE COMPANY, WHICH IS ATTACHED AS EXHIBIT F. However, this tax opinion is not a guaranty of any particular tax treatment. Accordingly, you might wish to seek and rely on your own professional tax advisor in evaluating the tax consequences of an investment in the Company.

The Company will make a number of decisions with respect to the tax treatment of particular transactions on the Company's tax return. There can be no assurance that all of the positions taken by the Company will be accepted by the IRS. Such non-acceptance could adversely affect the Members.

YOU SHOULD ASSUME THAT THE IRS WILL AUDIT THE COMPANY'S TAX RETURN, AND THAT SUCH AN AUDIT COULD RESULT IN THE LOSS OF SOME OR ALL OF THE TAX BENEFITS ANTICIPATED TO BE DERIVED FROM AN INVESTMENT IN THE COMPANY. YOU SHOULD ASSUME THAT THE IRS WILL AUDIT THE PROPERTY ENTITY'S TAX RETURN AS WELL. MOREOVER, THE POTENTIAL TAX BENEFITS TO YOU ARISING OUT OF ANY CONTRIBUTION DEDUCTION WILL DEPEND UPON YOUR INDIVIDUAL TAX CIRCUMSTANCES, INCLUDING YOUR EFFECTIVE MARGINAL TAX BRACKET AND OTHER CHARITABLE CONTRIBUTIONS MADE BY YOU OR AVAILABLE TO BE CARRIED FORWARD FROM PRIOR YEARS. ACCORDINGLY, YOU SHOULD REVIEW CAREFULLY THE TAX RISKS DESCRIBED IN THIS PPM AND YOU ARE URGED TO CONSULT WITH AND RELY UPON YOUR OWN PERSONAL TAX ADVISORS WITH RESPECT TO THE TAX CONSEQUENCES ARISING FROM THE PURCHASE OF THE UNITS BEFORE MAKING A DECISION TO INVEST IN THE COMPANY.

THE INCOME TAX LAWS APPLICABLE TO THE COMPANY AND TO INVESTORS THEREIN ARE EXTREMELY COMPLEX, AND THE FOLLOWING SUMMARY IS NOT EXHAUSTIVE AND DOES NOT CONSTITUTE TAX ADVICE. A PERSON CONSIDERING AN INVESTMENT IN THE COMPANY SHOULD CONSULT ITS TAX ADVISOR IN ORDER TO UNDERSTAND FULLY THE FEDERAL, STATE, LOCAL, AND FOREIGN INCOME TAX CONSEQUENCES OF AN INVESTMENT WITH RESPECT TO THE INVESTOR'S PARTICULAR SITUATION. IN NO EVENT WILL THE MANAGER, ITS AFFILIATES, COUNSEL OR OTHER PROFESSIONAL ADVISORS BE LIABLE TO ANY MEMBER FOR ANY FEDERAL, STATE, LOCAL, FOREIGN OR OTHER TAX CONSEQUENCES OF AN INVESTMENT IN THE COMPANY, WHETHER OR NOT SUCH CONSEQUENCES ARE AS DESCRIBED BELOW.

General

Taxation as a Partnership

Under current law, the Company intends to be classified and treated as a partnership for U.S. federal income tax purposes and not as an association or “*publicly traded partnership*” taxable as a corporation. However, the Company could fail to be treated as a partnership for U.S. federal income tax purposes in future years as a result of a variety of developments including, without limitation, characterization of the Company as a publicly traded partnership as a result of the volume and nature of contributions and redemptions of capital and transfers of Units. A publicly traded partnership is any partnership the interests of which are traded on an established securities market or which are readily tradable on a secondary market (or the substantial equivalent thereof). Interests in the Company will not be traded on an established securities market and Treasury Regulations pertaining to publicly traded partnerships provide certain safe harbors under which interests in a partnership will not be considered readily tradable on a secondary market (or the substantial equivalent thereof). Based on certain assumptions and representations concerning compliance with certain rules with respect to such safe harbors, the Manager expects that both the Company and the Property Entity should qualify under these safe harbors so as to not be classified as a publicly traded partnership, although no assurance can be provided in this regard. In addition, the IRS could challenge the status of the Company as a partnership on the ground that the Company fails to meet the Code’s definition of a partnership due to a lack of a business purpose. The Manager expects that both the Company and the Property Entity should be able to demonstrate a business purpose that complies with the Code’s requirements.

Failure to qualify as a partnership for U.S. federal income tax purposes could result in the Company being treated as a corporation subject to an entity-level U.S. federal income tax. Treatment of the Company as an association or publicly traded partnership taxable as a corporation would substantially reduce the anticipated benefits of an investment in the Company. If the Company were determined to be taxable as a corporation, its taxable income would be taxed at corporate income tax rates when recognized by the Company, any distributions to the Members would be taxable as dividends to the Members to the extent of the current or accumulated earnings and profits of the Company, and Members would not be entitled to report profits, losses, and certain deductions realized by the Company.

The remainder of this discussion assumes that the Company will be treated as a partnership for U.S. federal income tax purposes.

UNLESS OTHERWISE INDICATED, REFERENCES IN THE FOLLOWING DISCUSSION OF THE TAX CONSEQUENCES OF COMPANY INVESTMENTS, ACTIVITIES, INCOME, GAIN, AND LOSS INCLUDE THE DIRECT INVESTMENTS, ACTIVITIES, INCOME, GAIN, AND LOSS OF THE COMPANY, AND THOSE INDIRECTLY ATTRIBUTABLE TO THE COMPANY AS A RESULT OF IT BEING AN INVESTOR IN THE PROPERTY ENTITY THAT IS TREATED AS A PARTNERSHIP FOR U.S. FEDERAL INCOME TAX PURPOSES.

Member’s Basis in Units

Your basis in your Unit is determined initially by the adjusted basis of property and the amount of cash you have contributed to the Company. This basis will be increased by (i) additional capital contributions; (ii) your allocable share of the Company’s liabilities; and (iii) your distributive share of the Company’s taxable income. Your basis in Units is decreased by (a) the amount of cash or the basis of any property distributed to you and (b) your allocable share of the Company’s taxable losses and nondeductible expenditures. Likewise, the Company’s adjusted basis in its interests in the Property Entity will be determined in a similar manner.

Neither the Company nor the Property Entity presently intends to incur significant indebtedness. However, if the Company does incur significant indebtedness later, such indebtedness could have an effect on a Member’s basis in his, her or its Units. Different rules apply depending upon whether such indebtedness will be considered recourse or nonrecourse indebtedness.

Allocation of Company Profits and Losses

Your distributive share of the Company's income, gain, loss, and deduction will be determined by the LLC Agreement, unless an allocation is determined not to have "substantial economic effect" or is not in accordance with the "partners' interests in the partnership," both of which are determined under § 704(b) of the Code and the Regulations thereunder (the "Allocation Regulations"). The Allocation Regulations contain complex provisions that deal with numerous issues that should not be a problem for the Company. Subject to certain limitations set forth in the Company LLC Agreement, all items of income, gain, loss, and deduction will be allocated among the Members in accordance with their relative Unit ownership. Likewise, the Property Entity's distributive share of income, gain, loss, and deduction will be determined in a similar manner.

Limitations on Losses

Your ability to claim any losses attributable to the Company is subject to various limitations relating to your adjusted basis in the Company, passive activity losses, and at-risk limitation in the Company. If your distributive share of Company losses is greater than your available adjusted basis, the excess loss cannot be claimed in that year but must instead be carried forward until you once again have adjusted basis available to offset the loss.

Neither the Company nor the Property Entity expects to generate any significant losses. The charitable contribution deduction, discussed below, is a separately stated item, which would be passed through from the Property Entity to the Company and ultimately to you as a Member of the Company, and is not considered an expense at either the Property Entity or the Company level for purposes of calculating income or loss. However, if the Conservation Option is chosen and the Manager invests excess working capital (an "Outside Investment") as described above, it is possible the Outside Investment could generate losses that could pass through to the Members. Those losses would potentially be subject to the limitations discussed above.

Cash Distributions

Cash distributions by the Company will be taxable to Members only to the extent such distributions or amounts received exceed a Member's adjusted tax basis in the Units. Similarly, in the case of distributions other than pursuant to a complete liquidation of a Member's Units, the Member's adjusted tax basis in the Units will be reduced by the amount of the cash distribution.

Sale or Disposition of Units

Upon a sale of Units, the gain or loss recognized for federal income tax purposes by the selling Member will be, in general, equal to the difference between the adjusted tax basis in such Member's Units and the amount realized by him on such sale. For purposes of computing such gain or loss, the amount realized on the sale includes not only the cash and the value of any other property received but also the selling Member's share (if any) of Company liabilities included in the basis of the Units. If a Member's basis in the Units has been reduced below his, her or its share of Company liabilities (by, for example, the allocation of losses), the amount of his, her or its taxable gain (and possibly even tax liability) on the disposition may exceed the amount of cash that is received. In addition to the recognition of gain or loss from the disposition, any Company losses of the selling Member that had been suspended pursuant to the limitations on "passive losses" may also be used upon certain dispositions of Units.

There are special rules with respect to a Member's share of the potential "depreciation recapture", "unrealized receivables" or "substantially appreciated inventory items" of the Company, as defined in § 751(c) and (d) of the Code. A Member will realize ordinary income as a result of the deemed disposition of such items. In the case of the Company, however, so long as the Company does not authorize the Property Entity to pursue the Development Option substantially all the assets of the Company are expected to consist of the Purchased Interests in the Property Entity. Substantially all of the Property Entity's assets, in turn, are expected to consist of real property, which is not depreciable. Accordingly, so long as the Company does not cause the Property Entity to pursue the Development Option, depreciation recapture is not likely to occur as a result of the sale or exchange of the Company's assets. However, it is possible that an Outside Investment could give rise to depreciation recapture with respect to a sale or disposition of that Outside Investment or its underlying assets.

Dissolution or Liquidation of the Company

Upon the dissolution and liquidation of the Company, a Member will recognize gain only to the extent that a liquidating distribution of money exceeds his, her or its adjusted tax basis in the Units immediately before the distribution. § 731(a) of the Code. No gain will be recognized to a recipient Member as a result of a distribution of property other than money (which term includes marketable securities), and the Member's basis for the distributed property will be the same as his, her or its basis in the Units, reduced by the amount of any money distributed to him in liquidation. § 732(b) of the Code. Furthermore, gain will be recognized to a recipient Member only to the extent that any money distributed exceeds the adjusted basis of such Member's interest in the Company immediately before the distribution and loss will be recognized in a liquidating distribution only if such distribution is limited to money, unrealized receivables and substantially appreciated inventory items, and the amount of money plus the Member's basis in the unrealized receivables and substantially appreciated inventory items is less than his, her or its adjusted tax basis for the Units. § 731(a)(2) of the Code. Such gain or loss will be considered gain or loss arising from the sale or exchange of Units. § 731(a) of the Code.

Tax Shelter Disclosure

Treasury Regulations promulgated under § 6011 of the Code require every taxpayer (defined to include any corporation, partnership, individual or trust) that has participated in a "reportable transaction" and who is required to file a tax return, to file with its tax return a disclosure on Form 8886. A "reportable transaction" is any transaction described in any one of six categories set forth in the Treasury Regulations.

At the present time, the Company does not believe that any of the transactions contemplated involving the Company constitute reportable transactions under existing Treasury Regulations and administrative rulings. However, the Company cannot predict with certainty whether any such transaction will constitute a reportable transaction in the future as a result of (i) published guidance designating the same or similar transaction as a listed transaction, (ii) satisfaction of the thresholds for a loss transaction, or (iii) new legislation or differing interpretations of existing law resulting in the classification of any transaction as a reportable transaction. Each prospective Member should consult with his, her or its own tax advisor regarding the disclosure requirements resulting from an investment in the Company.

Investors are urged to consult with their tax advisors regarding the tax consequences of purchasing Units prior to making an investment.

Tax Issues Specific to the Development Option

General

The Manager may propose to the Members that they consider causing the Property Entity to develop the Property pursuant to the Development Plan. In the event that the Development Option is chosen, the Company and its Members will be subject to all tax implications of an investment in an operating company taxed as a partnership. For example, the Members could derive taxable income from their investment that is not matched by a corresponding distribution of cash. In addition, special provisions of the Code might be applicable to certain of the Property Entity's investments from the development, and might affect the timing of the Property Entity's income, requiring the Property Entity to recognize (and, consequently, allocate to the Company and in turn to the Members) taxable income or gain before any cash attributable to such income is received by the Property Entity from the development and available for distribution to the Company and the Members. Accordingly, it is possible that U.S. federal income tax liability with respect to a Member's allocable share of the Company's, and in turn the Property Entity's, income from the development for a particular taxable year could exceed any cash distribution received for the year, which could require the Members to pay any associated tax liability from other sources.

In general, a Member's tax basis in the Units will equal the amount paid for such Units, increased by the Company's items of income and gain allocated to such Member and decreased (but not below zero) by the sum of (1) distributions to such Member in respect of such Units and (2) the Company's items of loss allocated to such Member. In addition, a Member's tax basis in the Units will be adjusted from time to time to reflect such Member's allocable share of Company liabilities, if any.

Losses from Passive Activities

Under § 469 of the Code, losses from passive activities generally may be used only to offset income from passive activities. Disallowed losses are suspended and carried over indefinitely as passive activity losses in each succeeding taxable year. Any suspended losses (after offsetting any gain on the sale of the property which generated the losses) are allowed in full against other income (including salary and portfolio income) when the entire interest in the passive activity is sold to an unrelated person or otherwise completely terminated in a taxable transaction.

The term “passive activity” means any interest in a trade or business in which the taxpayer does not materially participate, and any rental activity (with certain exceptions). Generally, all rental activities, including rental real estate, are treated as passive activities, regardless of the taxpayer’s participation in such activities. The passive activity rules apply generally to individuals (including partners and S corporation shareholders) estates, trusts, personal service corporations and certain closely-held C corporations.

Fees to the Manager and Developer and Other Expenditures

Certain fees and compensation, including, for example, the management fees payable to the Manager and Developer will be deducted currently by the Company as an ordinary and necessary expense of carrying on its trade or business. Because of the essentially factual nature of this determination, there is no clear authority concerning the deductibility of the foregoing fees and it is not possible to predict the outcome of any challenge by the IRS to the deductibility of such fees.

It is anticipated that the Company will also deduct real estate taxes and other operating expenditures incident to the operation of the assets in which the Company is invested. There can be no assurance that the IRS will not, upon audit, attempt to challenge the deductibility of some or all of such items.

To the extent that amounts paid to the Manager, Developer and their respective affiliates, or other persons, are attributable to services performed in connection with the acquisition of a property, such amounts will be included in the basis of such property and recovered through cost recovery deductions. If any such amounts are attributable to services performed in connection with the acquisition of financing for a property or the refinancing of debt, such amounts will be capitalized and amortized over the term of the debt to which the services relate.

Sale or Other Disposition of the Company’s Assets

In the event of the sale of any or all of the Company’s investment properties or a foreclosure on a mortgage to which any property is subject, the Company would generally realize income equal to the excess of the amount realized on the sale or foreclosure over the adjusted tax basis of the property. The amount realized on a sale of property encumbered by a nonrecourse mortgage would include the balance of the indebtedness due under the mortgage. Therefore, the income from such disposition may exceed the cash proceeds, if any, received by the Company and the Members, and taxable income may arise even though no cash is received by the Company, or by the Members, as a result of the sale or foreclosure. Moreover, even if there are cash proceeds from the disposition, the tax payable by a Member on its share of such income may substantially exceed the cash it receives as a result of the disposition.

Assuming that the Company is not deemed to be a dealer with respect to its properties, gain or loss will generally be taxable under § 1231 of the Code. A Member’s share of the gains or losses resulting from the sale of Company properties would generally be combined with any other § 1231 gains or losses realized by the Member in that year from sources other than the Company, and the net § 1231 gain or loss is generally treated as long term capital gain (subject to depreciation or cost recovery allowance recapture, if any) or ordinary loss, as the case may be. Prospective investors should be aware that the amount of taxable gain allocated to Members with respect to the sale of Company properties may exceed the cash proceeds received with respect to such sale.

The Company has been organized for the purpose of acquiring real estate for investment purposes, indirectly through its interest in the Property Entity. However, if the Company or the Property Entity were at any time deemed for tax purposes to be a “dealer” in real property (one who holds real estate primarily for sale to customers in the

ordinary course of business), any gain recognized upon a sale of such real property would be taxable as ordinary income, rather than as capital gain.

Under existing law, whether property is held primarily for sale to customers in the ordinary course of business must be determined from all the facts and circumstances surrounding the particular property and disposition in question. These include the number, frequency, regularity and nature of dispositions of real estate by the holder and activities of the company in facilitating dispositions. They may also include activities taken by the property owner to facilitate the subdivision and sale of properties. If the Development Option is chosen, then it is likely the Property Entity would be treated as a dealer in real property for federal income tax purposes. Dealer status would result in gains from the sale of lots or other property dispositions being taxed at higher ordinary income rates rather than as capital gains.

If the Conservation Option is chosen, the proposed DCE reserves to the Property Entity the right to develop a limited portion of the Property pursuant to the Reserved Rights Development Plan. See “Investment Options for the Property – Conservation Option – Reserved Rights.” Under the DCE, the Property Entity may build either one residence or one resort residential building, but not both, and one recreational building in an area designated as the “Building Zone.” If the Property Entity chooses to exercise that reserved right, then it is likely that any net income derived from those development activities also would be taxed at ordinary income rates.

Tax on Net Investment Income

Section 1411 of the Code imposes an additional 3.8% tax on the “net investment income” received by an individual if certain adjusted gross income thresholds are exceeded. For married individuals filing a joint income tax return, the threshold is \$250,000 (or one-half that amount if filing separately); for single individuals, the threshold amount is \$200,000. The tax also applies to estates and certain trusts to the extent they have undistributed net investment income.

Net investment income is defined to include, among other things, income derived from a trade or business if such trade or business is a passive activity with respect to the taxpayer or involves trading in financial instruments or commodities.

As noted above, § 469 contains the rules for determining whether or not a trade or business activity is a passive activity with respect to a taxpayer; and those rules also apply for purposes of § 1411. In order to avoid characterization of an activity as passive, a taxpayer generally must demonstrate that he or she “materially participates” in the activity. In the case of an activity conducted by an entity, such as a partnership, the material participation test is performed at the partner level, not at the entity level. Consequently, it is highly unlikely that any Member will be considered to materially participate in the business activities of the Company. As a result, any net income of the Company allocable to a Member will likely constitute net investment income for purposes of § 1411. In addition, any gain recognized by a Member from distributions by the Company or from a sale or exchange of the Units also will likely be considered net investment income and subject to the additional 3.8% tax.

Tax Issues Specific to the Conservation Option

General

The Manager may propose to the Members that they consider causing the Property Entity to encumber the Property by conveying a conservation easement to a Qualified Organization at some point in the future. However, the Manager may alternatively determine that the Development Option or the Deferral Option is the best alternative for the Property Entity and/or the Company. Neither the Company nor the Property Entity is under any legal obligation to encumber or otherwise cause the encumbrance of the Property with a conservation easement, and the Members are under no legal obligation to approve the encumbrance of the Property with a conservation easement. If the Conservation Option is chosen and the Manager elects to make an Outside Investment of excess working capital, then the tax consequences of that Outside Investment will depend upon the type of investment made. If the business activity of the Outside Investment is developing real estate, then many of the tax issues described above pertaining to the Development Option could be applicable; other kinds of activities could generate other tax issues that might be

unfavorable given an investor's unique tax situation.

Specific Requirements under Code and Regulations

The charitable contribution deduction allowed under § 170(h) of the Code represents a particular and specific type of the charitable contributions for which deductions are more generally allowed. In the case of a conservation easement, the Property Entity, as the grantor, is permitted to retain and reserve certain rights that are not inconsistent with the conservation purposes such a conservation easement is intended to serve. As such, the federal tax deduction for a qualified conservation easement constitutes a limited exception to the more general rule restricting charitable contributions of partial interests in property. It is important for prospective Members to be aware that the Property Entity's proposed conservation easement with respect to the Property must meet the specific requirements outlined in the Code and Regulations in order for the Property Entity, and ultimately the Company, to successfully claim and sustain any charitable contribution deduction (the "Contribution Deduction").

Nature of Restrictions

The conservation easement would impose substantial restrictions granted in perpetuity on the uses which may be made of the Property. Such restrictions would be enforceable under the terms of the South Carolina Conservation Easement Act of 1991.

The following covenants and restrictions are among the limitations which likely would be applicable to the Property in perpetuity in the event that the Property Entity encumbers it with a conservation easement: (1) the Property could not be used for any commercial, institutional, or industrial purpose or purposes; (2) the nature of any structures which may be built on the Property would be severely limited; (3) the cutting, removal or destruction of living trees would be restricted but not prohibited; (4) signage, billboards or outdoor advertising structures would be limited; (5) filling, excavation, surface mining, drilling, dumping and material changes in the topography would be precluded; (6) generally no livestock grazing on the Property would be allowed, but some small scale agricultural use would be permitted, and; (7) any other use or activity, not expressly reserved under the conservation easement, which would be inconsistent with or materially threaten the conservation purposes would be prohibited. While certain development or usage rights would be reserved to the Property Entity under the conservation easement which are considered to be consistent with the conservation purposes, the Property Entity, or future owners of the Property, would be required to notify the Qualified Organization as defined below in writing before exercising any such rights, and the Qualified Organization must be satisfied that the proposed use or activity will have no material adverse effect on the conservation purposes or on the significant environmental features of the Property established under the reports, plans, photographs, documentation and exhibits assembled by the Qualified Organization which describe the Property's present significant ecological and scenic features.

Qualified Organization

The likely Qualified Organization under any conservation easement with respect to the Property would be NALT, a Pennsylvania nonprofit corporation. NALT was established as a public charity for purposes of preserving and conserving natural habitats and environmentally sensitive areas and for other charitable scientific and educational purposes. The Company is aware that NALT has received a determination from the IRS of its status as a publicly supported organization under Code § 501(c)(3) as described in §§ 509(a)(1) and 170(b)(1)(A)(vi) of the Code. NALT will be required to represent to the Property Entity in any such conservation easement, if and when it is executed, delivered and filed, that NALT constitutes a "Qualified Organization" under § 170(h)(3) of the Code, which is one of the Property Entity's prerequisites to claim and maintain the Contribution Deduction.

Conservation Purposes

Any qualified conservation contribution must be exclusively for conservation purposes. The recognized conservation purposes are limited to the following: (1) preservation of land areas for outdoor recreation by, or the education of, the general public; (2) protection of a relatively natural habitat of fish, wildlife, or plants, or similar ecosystem; (3) the preservation of open space for the scenic enjoyment of the general public or pursuant to a clearly

delineated federal, state or local governmental conservation policy, yielding a significant public benefit; or (4) the preservation of an historically important land area or a certified historical structure.

The conservation purposes which are expected to be served if a conservation easement is donated on the Property would include (1) preservation of the Property's relatively natural habitat of fish, wildlife, or plants, or similar ecosystem, (2) preservation of the Property as open space which provides scenic enjoyment to the general public and yields a significant public benefit, and (3) preservation of the Property as open space (including farmland and forest land) which, if preserved, will advance a clearly delineated governmental conservation policy and will yield a significant public benefit.

Because each tract of land possesses a unique mix of conservation values, the determination of whether a particular contribution satisfies a specific conservation purpose can be subject to some uncertainty. Therefore, it would be important that the Property Entity attempt to ensure that the Property and any such proposed conservation easement will satisfy one or more of the required conservation purposes.

Treatment of Charitable Contributions

Section 170(a)(1) of the Code allows a deduction with respect to a contribution or gift to or for the use of a corporation, trust, community chest, fund or foundation organized and operated exclusively for charitable or educational purposes. For individual taxpayers, charitable contribution deductions are limited under §170(b)(1) to certain percentages of the contribution base (defined to mean adjusted gross income computed without regard to any net operating loss carry back). Such percentages vary depending upon the type of charitable organization to which the gift or contribution is made and the type of property contributed.

A charitable contribution of property generally entitles a donor to a deduction in an amount equal to the fair market value of the property contributed. If the contributed property is not a capital asset held for more than one year by the donor, then the amount of the deduction is limited to the lesser of the value of the property or the donor's adjusted basis in the property contributed. Each of Permenter Brothers and Wampee held their respective portions of the Property for more than one year prior to their contribution of the Property by virtue of the Permenter-Wampee Deed, which was made simultaneously with the Minority Owner's contribution of cash, to the Property Entity pursuant to Code §721. Under Code §723, the basis of the Property in the "hands" of the Property Entity will be the sum of the adjusted bases of the Property in the "hands" of Permenter Brothers and Wampee at the time of their contribution. Since the Property has the same basis in the hands of the Property Entity as it had in the hands of Permenter Brothers and Wampee at the time of their contribution, the Property Entity's holding period in the Property includes the period during which the Property was held by Permenter Brothers and Wampee. See Code §1223(2); Treas. Reg. §1.723-1. Accordingly, the Manager believes that the Property will constitute a capital asset held for more than one year in the hands of the Property Entity. See "— Ordinary Income Property."

Current tax law limits the available charitable contribution deduction for calendar year 2016 relating to conservation easements to 50.0% of an individual's contribution base (100% for farmers and ranchers) or 10.0% of a corporation's taxable income (subject to certain adjustments) for such year. Such limitation will be applied to an Investor's aggregate charitable contributions, including an Investor's allocable share of the Contribution Deduction claimed by the Property Entity. Accordingly, your ability to utilize the potential Contribution Deduction will depend on your individual income, other charitable contributions, and other particular circumstances. Current tax law during 2016 allows any unused charitable contribution deduction relating to conservation easements to be carried forward for up to fifteen years. If you are unable to fully utilize your allocable share of any Contribution Deduction for the year in which the Property Entity claims such deduction, you should consider the possibility that future tax law changes may limit or otherwise affect your ability to carry forward and utilize any unused portion of such deduction in future years.

For 2016, the American Taxpayer Relief Act of 2012 made charitable contribution deductions (e.g. conservation easement deductions) subject to additional itemized deduction limitations. For high earners, Code § 68 reinstates an inflation-adjusted phase out of allowable itemized deductions. For the 2016 tax year, itemized deductions must be reduced by 3.0% of the amount of a taxpayer's AGI that exceeds \$311,300 for married taxpayers filing jointly. The threshold amount is less for other taxpayers.

Under Code §170(f)(3)(A), a donor may take a charitable contribution deduction for a contribution of land only if the donor conveys the entire interest in the land to a qualified organization. However, a deduction is permitted in the case of a contribution of a “partial” interest in very limited circumstances; namely, (i) a remainder interest in a personal residence or farm; (ii) an undivided portion of the taxpayer’s entire interest in the property; (iii) a partial interest transferred to certain trusts; and (iv) a qualified conservation easement.

The Contribution Deduction

In the event that the Property Entity does in fact encumber the Property with a conservation easement, the Property Entity will claim a Contribution Deduction on account thereof on its federal tax return for the year in which such conservation easement is donated that would flow through and be similarly claimed by the Company on its federal tax return. Under § 702(a)(4) of the Code, each Member will take into account separately his, her or its distributive share (determined in accordance with their percentage interests) of the Company’s share of the Property Entity’s Contribution Deduction. The amount of the Contribution Deduction will be determined in accordance with an appraisal that would be obtained by the Property Entity valuing the Property for these purposes.

Substantiation of Value of Conservation Easement

Under § 1.170A-14(h) of the Regulations, where no substantial record of marketplace sales of comparable easement rights is available, the fair market value of a perpetual conservation restriction (i.e., the allowable amount of the Contribution Deduction) is equal to the difference between the fair market value of the property it encumbers before the donation of the conservation easement (the “Before Value”) and the fair market value of the encumbered property after the donation of the conservation easement (the “After Value”). Under §1.170A-14(h)(3)(ii) such “before-and-after” valuation must take into account not only the current use of the property in question, but also an objective assessment of how immediate or remote the likelihood is that such property, absent the conservation easement’s restrictions, would in fact be developed, as well as any effect from zoning, conservation or historic preservation laws that already restrict the property’s potential highest and best use.

If the amount claimed or reported as a charitable contribution deduction exceeds \$5,000, the deduction must be substantiated through a “qualified appraisal” by a “qualified appraiser” under §1.170A-13(c) of the Regulations. Prior to the donation of any such easement, the Property Entity would obtain a supportable qualified appraisal to estimate the difference between the fair market value of the Property before the conservation easement would be donated and the fair market value of the Property afterwards. PROSPECTIVE MEMBERS SHOULD RECOGNIZE THAT THE VALUATION OF CONSERVATION EASEMENTS CAN BE CONSIDERED ESPECIALLY PROBLEMATIC AND HIGHLY SPECULATIVE, CONSIDERING THAT IN GENERAL THERE IS LIMITED MARKET OR COMPARABLE SALES DATA TO SUPPORT SUCH VALUATIONS, SO THAT THE VALUATION ANALYSIS IS DEPENDENT UPON ASSUMPTIONS MADE BY THE APPRAISER. Qualified appraisals are not to be construed as a guaranty of value, or as an assurance that the value could be maintained on any audit by the IRS.

The valuation of a qualified conservation easement or other charitable gift of real estate has been contested in over 50 reported decisions that have come to the attention of the Property Entity’s legal counsel. The results in those cases have been highly variable, ranging from court approval of deductions greater than the taxpayer’s deduction as claimed, to a complete disallowance of the contribution as claimed. In the vast majority of cases, the amount of the deduction claimed by the taxpayer was substantially reduced by the court.

The resolution of each valuation issue depended entirely on the characteristics and conditions of the property under consideration in the particular reported case. In addition, the results in reported decisions might not be representative of the manner in which any valuation disputes concerning qualified conservation easements have been resolved through settlement or administrative proceedings.

In the majority of the cases involving the most substantial court-ordered reductions of a taxpayer’s claim, the “highest and best use” cited in support of the taxpayer’s value was found to be not feasible or viable, was subject to a development moratorium or even prohibited. (See *Tidler, Great Northern Nekoosa, McMurray, Garrison, Todd, Akers and Stanley Works.*) Substantial reductions also have arisen in the valuation of “facade” easements. (See *Griffin, Richmond and Nicoladis.*)

Under Regulation 1.170A-13(c)(3), the qualified appraisal substantiating any conservation easement by the Property Entity must be made no earlier than sixty (60) days prior to the date of contribution. **BECAUSE NEITHER THE PROPERTY ENTITY NOR THE COMPANY WILL LIKELY OBTAIN A FINAL QUALIFIED APPRAISAL UNTIL CLOSER TO THE DATE OF ANY CONTRIBUTION, THE AMOUNT OF ANY FINAL APPRAISAL IS NOT KNOWN AT THE CURRENT TIME. THERE CAN BE NO ASSURANCE THAT THE AMOUNT OF ANY SUCH CONTRIBUTION DEDUCTION WOULD NOT BE REDUCED ON AUDIT BASED ON IRS EXPERT APPRAISAL REPORTS AND TESTIMONY INVOLVING EVEN MORE CONSERVATIVE ASSUMPTIONS.**

Enhancement Issues

Under Regulation §1.170A-14(h)(3)(i) if the Property Entity's donation of a conservation easement has the effect of increasing the value of any other property owned by the Property Entity or a related person, the amount of the Contribution Deduction must be reduced by the amount of the increase in the value of the other property, whether or not such property is contiguous. **YOU ARE ENCOURAGED TO CONSULT YOUR OWN TAX ADVISOR WITH REGARD TO SUCH MATTERS BEFORE MAKING A DECISION TO INVEST IN THE COMPANY.**

The Property Entity's Holding Period

Under § 170(e)(1)(A) of the Code, the amount of any charitable contribution of property otherwise taken into account is to be reduced by the amount of any gain which would not have been long-term capital gain if the property contributed had been sold by the taxpayer at its fair market value (determined at the time of such contribution). As a consequence, if the Property Entity were to donate the conservation easement before the Property Entity's holding period in the Property exceeded one year, any Contribution Deduction would in general be limited to the lesser of the value of the Property or the taxpayer's adjusted basis of the Property, notwithstanding the fact that the value established under any final appraisal might substantially exceed such amount.

Permenter Brothers and Wampee contributed the Property, simultaneously with the Minority Owner's contribution of cash, to the Property Entity pursuant to Code § 721. Permenter Brothers and Wampee each held their respective portions of the Property for more than one year prior to their contribution of the Property to the Property Entity by virtue of the Permenter-Wampee Deed. Under Code §723, the basis of the Property in the "hands" of the Property Entity will be the sum of the adjusted bases of the Property in the "hands" of Permenter Brothers and Wampee at the time of their contribution of the Property to the Property Entity. Since the Property has the same basis in the hands of the Property Entity as it had in the hands of Permenter Brothers and Wampee at the time of their contribution, the Property Entity's holding period in the Property includes the period during which the Property was held by Permenter Brothers and Wampee. See Code §1223(2); Treas. Reg. §1.723-1. Accordingly, the Manager believes that the Property will constitute a capital asset held for more than one year in the hands of the Property Entity. See "— Ordinary Income Property."

Section 708(b)(1)(B) of the Code provides that the taxable year of a partnership will terminate if within a 12-month period there is a sale or exchange of 50 percent or more of the total interest in partnership capital and profits. Under the proposed and withdrawn Section 1.707 Regulations, § 708(b)(1)(B) would apply to disguised sales of partnership interests. When a partnership is terminated pursuant to section 708(b)(1)(B), there is a deemed transfer of the assets from the "old" partnership to the "new" partnership, followed by a transfer of the interests in the new partnership to the partners of the old partnership (an "assets-over" transaction). There is normally no recognition of gain or loss on the deemed contribution and distribution under this provision. This deemed contribution and distribution results in a transferred basis and tacked holding period in the assets of the "new" partnership, and there is no revaluation of capital accounts. Upon the occurrence of a termination of a partnership pursuant to § 708(b)(1)(B), the partnership's taxable year closes with respect to all partners on the date the partnership terminates, and separate partnership returns would be required for the periods before and after termination under § 708(b)(1)(B).

Therefore, the holding period, adjusted basis and character of the assets of the Property Entity (including the Property) should be unaffected as a result of this termination of the Property Entity pursuant to § 708(b)(1)(B) of the Code. Because the conservation easement, if approved by the Members, would be donated to NALT after the termination of the Property Entity under § 708(b)(1)(B), the charitable contribution deduction attributable to the conservation easement would appear on the short-year partnership tax return (Form 1065) for that portion of the

taxable year following the closing of the Offering. See the Tax Opinion, which is attached as Exhibit F. See Treas. Reg. § 1.708-1(b)(3) and (4); Notice 2001-5, 2001-1 C.B. 327 (both terminating and new partnership file short period returns; both use the same employer identification number); see also FSA 200132009. Because the Company is buying the Purchased Interests from Permenter Brothers and Wampee, the Property Entity's holding period in the Property should not be affected and the amount of any charitable contribution attributable to the conservation easement should not be reduced under § 170(e)(1)(A) of the Code.

Charitable Contributions by Partnerships

Under § 702(a)(4) of the Code, in determining his, her or its income tax liability for a year a qualified contribution easement is donated by the Property Entity, each Member of the Property Entity will take into account separately a distributive share of the Property Entity's charitable contributions, based on the respective beneficial ownership interest of the Members of the Company in the Property Entity. Assuming that the Maximum Offering is sold in the Offering, the Investors are expected to receive at the closing of the Offering a beneficial ownership interest in the Property Entity of approximately 94.5%. Since charitable contributions are excluded from the computation of partnership income or loss under § 703(a)(2)(C) of the Code, and are taken into account separately by the Members, it is likely that the Company's allocable share of the Contribution Deduction will not be limited to the Company's adjusted basis in the Purchased Interests and that a prospective Member's allocable share of any Contribution Deduction will not be limited to that Member's adjusted basis of the Units. Stated differently, subject to the conservation purpose, valuation, and other issues described in this PPM, a Member's allocable share of any Contribution Deduction would not be limited to the amount of such Member's investment in the Property Entity. See PLR 8405084 (11/3/83).

Ordinary Income Property

Property held by the donor primarily for sale to customers in the ordinary course of trade or business constitutes "ordinary income property." All charitable contributions of "ordinary income property," regardless of the charitable donee's identity, are required to be reduced by the amount of ordinary income which would have resulted had the contributed property been sold at its fair market value as determined at the time of contribution. In effect, the charitable contribution deduction for the donation of ordinary income property is limited to the donor's tax basis in such property. The determination of whether property is held by the donor primarily for sale to customers in the ordinary course of trade or business (i.e., ordinary income property) is based on a number of factors including number, frequency and continuity of sales, duration of ownership, and purpose for acquisition.

Property that has been held by the Property Entity for less than one year can be deemed to be ordinary income property. Furthermore, to the extent that it is determined that the Property Entity's development and other activities with respect to the Property are significant enough to characterize the Property Entity as a "dealer" of subdivided real estate parcels, the Property would be considered ordinary income property. In either such case, the charitable contribution for a conservation easement would be limited to the Property Entity's basis in the conservation easement with respect to that property. Additionally, any gain or loss realized by the Property Entity on the sale of such property would be treated as ordinary income or loss for federal income tax purposes.

The Company has obtained a representation from Permenter Brothers and Wampee to the effect that the Property does not constitute ordinary income property. Currently, it is not anticipated that the basis limitations applicable to ordinary income property treatment will have a material adverse effect on the amount of any Contribution Deduction.

Basis Reduction

Following the contribution of the conservation easement, if approved by the Members, the Property Entity's tax basis in the Property must be reduced by that part of the total basis that is allocable to the conservation easement. The amount of the basis that is allocable to the conservation easement bears the same ratio to the total basis of the Property as the value of the conservation easement bears to the fair market value of the Property before the donation of the conservation easement. Additionally, the Company's basis in its Purchased Interests is decreased (but not below zero) by the Company's allocable share of the Property Entity's basis in the Property that is the subject of the conservation easement. As a result, each Member's basis in the Units will ultimately be decreased (but not below

zero) by the Member's allocable share of the Company's reduced basis. It is not anticipated that such basis reductions will have a material adverse effect on a Member's ability to take a charitable contribution deduction for his, her or its allocable share of any conservation easement donated.

IRS Scrutiny and Criticism of Conservation Easements

A "census of progress" released on November 16, 2011 by the Land Trust Alliance ("LTA"), a national association representing land trusts since 1982, reflects a dramatic growth in land trusts and acres protected under private conservation initiatives during recent years. As of December 31, 2010, some 47 million acres were protected through arrangements with state, local and national land trusts, an increase of about 10 million acres since 2005 and 23 million acres since 2000, which represents an aggregate acreage more than twice the size of all the national parks in the contiguous United States combined. According to the LTA census, the number of local and regional land trusts in operation increased from 1,213 in 1998 to 1,723 at the end of 2010, 1,699 state and local groups and 24 organizations categorized as national land trusts.

One main reason for this growth is the increased public awareness of the tax benefits associated with the donation of qualified conservation easements. With the potential for tax benefits of the magnitude frequently associated conservation easement deductions necessarily comes the possibility of abuse. Published reports and statements of persons both within and outside of the IRS in the past have been very critical of the practices, structure and technique in certain "abusive" conservation easement transactions. While such transactions are believed to represent a small percentage of the overall number of conservation easements which are established each year, the IRS nevertheless carefully scrutinizes claimed conservation easement deductions in the event of any audit. Furthermore, the IRS has appeared to be fairly critical of such deductions in the past based upon their experience with those who have chosen to abuse such transactions. The IRS has repeatedly stated that it intends to disallow charitable contribution deductions for transfers of certain easements on real property to charitable organizations that it deems improper, and that, in appropriate cases, it may impose applicable penalties and excise taxes.

The IRS has a long history of auditing returns claiming charitable contribution deductions and has developed specific procedures based upon its extensive experience to educate and guide its auditors, appraisers and others in their examination of such returns and the valuation of any such claimed deductions. The development of such procedures has necessarily resulted in an increase in the knowledge and sophistication of the individuals participating on behalf of the IRS in the review of such returns and claimed deductions. For example, on January 3, 2012, the IRS further revised its Conservation Easement Audit Technique Guide ("ATG"), which provides extensive insight into the statutory requirements for qualified conservation contributions, valuation issues, IRS examination procedures, penalties, and state tax credits associated with such contributions. While the ATG is not an official pronouncement of the law or position of the IRS and cannot be used, cited, or relied upon as such, it is useful in better understanding some of the various issues involved in the IRS review of any claimed conservation easement deduction and some of the issues frequently cited in rejecting any such claimed deduction. The ATG identifies a number of issues frequently associated with deficient conservation easement contribution claims, including the following: ... failure to meet charitable contribution rules; ... noncompliance with substantiation requirements; ... inadequate documentation or lack of conservation purpose; ... failure to provide the donee organization with a right to proceeds in the event of termination; ... use of improper appraisal methodologies and overvalued conservation easements; and ... failure to report income from the sale of state tax credits. A copy of such ATG can be found online at <http://www.irs.gov/Businesses/Small-Businesses-&Self-Employed/Conservation-Easement-Audit-Techniques-Guide>. A copy is also available upon request of the Manager.

The ATG makes it clear that IRS scrutiny of audited returns claiming a conservation easement deduction involves an in-depth development of facts to ensure that such claimed deduction meets all statutory and regulatory requirements, including specific substantiation requirements. An IRS audit of a return claiming a conservation easement deduction will likely involve specific scrutiny to ensure such compliance. Each return filed claiming such a deduction is required to be identified by the filing of a Form 8283. All donors of conservation easements are required to complete Form 8283 and file it with their tax return for each applicable year in which a charitable contribution deduction in excess of \$500 is claimed on noncash contributed property. Form 8283 requires each donor to attach a statement that: (1) identifies the conservation purposes furthered by such donation, (2) shows, if before and after valuation is used, the fair market value of the underlying property before and after the gift; (3) states whether the donor made the donation in order to get a permit or other approval from a local or other governing authority and whether the

donation was required by a contract, and (4) if the donor or a related person has any interest in other property nearby, and describes that interest. Additionally, Form 8283 requires (1) that the taxpayer must either: describe the easement terms in detail, or attach a copy of the easement deed; (2) that if a taxpayer uses appraisals by more than one appraiser, or if two or more appraisers contribute to a single appraisal, all the appraisers must sign the appraisal; (3) that appraisers must declare on the form whether they “perform appraisals on a regular basis”; and (4) that the taxpayer must clarify which “basis” they are reporting. The Property Entity will be required to complete this form in filing its tax return in any year in which a conservation easement on the Property is donated, if at all, and each Investor should attach it to his, her or its individual income tax return in which such a deduction is claimed. Consequently, a return claiming a conservation easement deduction that is selected for audit could be readily identified and is likely to be very carefully scrutinized by the IRS for compliance with all such statutory or regulatory requirements.

The discovery by the IRS of a deficiency on a Form 8283 filed by another taxpayer or any other issue deemed to exist by the IRS on the return of such taxpayer for which a person associated with the Company was associated, could result in the increased likelihood of audit of the return of the Company or any of its members in the future. Various persons associated with the Company have previous and/or continuing association with other taxpayers who have already or who may in the future donate a conservation easement on property owned by them that could come to the attention of the IRS. For example, the appraiser selected by the Company has previously delivered numerous conservation easement appraisals for other clients, the tax returns of some of which have subsequently been selected for audit by the IRS. A significant portion of the business of such appraiser consists of performing appraisals for similarly situated persons. Similarly, legal counsel for the Company, the Dealer Manager, the Participating Broker-Dealers, the land trust selected by the Company, and various consultants to the Company and their employees and contractors have all assisted other persons and entities who have subsequently imposed conservation easements on land owned, directly or indirectly, by such other persons and entities. Many of these persons are expected to continue to be associated with other persons who will likely elect to impose conservation easements on land owned, directly or indirectly, by such other persons.

The tax returns of several of the other persons and entities associated with one or more of the above persons have previously been selected for audit by the IRS, and others could continue to be selected for audit by the IRS in the future. The continuing audit or new audit by the IRS of any one of such prior or future tax returns could result in a decision of the IRS to audit the return of the Company or the Property Entity in the event that a conservation easement is subsequently imposed by the Property Entity on the Property. The existence of any of such other conservation easements could increase the likelihood that the Company’s or the Property Entity’s tax return would be reviewed for possible audit as well.

Karen Gross, a supervisory attorney in the IRS Office of Chief Counsel, stated in a University of Utah Law School webcast that the next big frontier for the IRS in attacking “abusive conservation easements” will come in the area of partnerships. “We are really going to look at conservation easement partnerships and see what the Company can do,” Ms. Gross was reported to have said. Ms. Gross stated that the IRS is spending a vast amount of its resources auditing and litigating conservation easements, with more than 200 cases currently in litigation in Tax Court. The law in this area is potentially subject to change as these cases continue to be tried by the IRS. The occurrence of any adverse results arising from these cases could have a materially adverse impact upon the Company and the Members in the event that the Members subsequently elect to cause the Property Entity to donate a conservation easement on the Property.

Potential Legislative Changes

In recent years, a number of potential legislative changes affecting qualified conservation easements have been proposed or discussed which could materially affect the Company and prospective Members. PROSPECTIVE MEMBERS SHOULD RECOGNIZE THE RISK THAT LEGISLATIVE CHANGES OCCURRING SUBSEQUENT TO THE PURCHASE BUT PRIOR TO THE DONATION OF ANY CONSERVATION EASEMENT COULD HAVE A MATERIAL ADVERSE AFFECT ON THE COMPANY AND PROSPECTIVE MEMBERS.

Partnership Anti-Abuse Rule and Common Law Tax Doctrines

The Anti-Abuse Regs. authorize the IRS to recast a partnership transaction, or one or more aspects of a partnership transaction, if the transaction has a principal purpose of substantially reducing the partners’ federal income

tax liability in a manner inconsistent with the intent of subchapter K. The Anti-Abuse Regs. are very broad and provide little guidance about determining whether a transaction violates them. They do provide, however, that a substantial reduction in partners' federal income tax liability, standing alone, will not trigger application of the regulations. The IRS may only recast a transaction if the substantial reduction in tax liability is also contrary to the intent of subchapter K. The Anti-Abuse Regs. also authorize the IRS to recast the form of a partnership transaction if the transaction is part of a larger series of transactions in order for the larger series of transactions to be recast in accordance with their substance. In addition, the IRS may utilize common law tax doctrines such as the substance-over form doctrine, the step transaction doctrine, the economic substance doctrine, and other similar principles to recharacterize the form of a transaction for federal income tax purposes ("Common Law Tax Doctrines"). The Manager, based upon the Tax Opinion, does not believe that the application of the Anti-Abuse Regs. or the Common Law Tax Doctrines is appropriate in this situation, and the Manager is unaware of any circumstances where the IRS has made this argument in a similar fact situation. There can be no assurance, however, that the IRS will not make any of these potential arguments, and if made, there can be no assurance that the IRS will not prevail.

Codified Economic Substance Doctrine

In 2010, Congress enacted § 7701(o) of the Code codifying the economic substance doctrine (the "Statutory Economic Substance Doctrine"). The IRS could attempt to use the Statutory Economic Substance Doctrine to recast the purchase of the Units as a direct purchase of the Property, which, if the IRS was successful, would substantially reduce the amount of conservation easement deduction if the conservation easement is donated prior to one year and one day after the closing of the Offering. While the Manager, based upon the Tax Opinion, does not believe such a position by the IRS would succeed, if the IRS does take this position and prevails, the amount of the conservation easement deduction will be limited at most to the lesser of the value of the property or the purchase price paid for the Units.

Additionally, under Code § 7701(o), "certain transactions to which the doctrine applies" must satisfy both an objective and subjective test in order for the transactions to be respected for tax purposes. Under Code § 6662(b)(6) a strict liability penalty equal to 20.0% of the amount of understated tax will be applied to a transaction that is found to lack economic substance. Under Code § 6662(i) the penalty is increased to 40.0% of the underpayment if there is a nondisclosure of a noneconomic substance transaction. There is no reasonable cause exception to the penalties imposed under Code §§ 6662(b)(6) and 6662(i), so reliance on a tax opinion will not provide a taxpayer with a defense to the penalties imposed by the statutes.

In order for a transaction to be subject to the requirements of § 7701(o), the transaction must be the type of "transaction to which the economic substance doctrine applies." In the case of an individual, this means the transaction must be entered into in connection with a "trade or business or an activity engaged in for the production of income." However, when making the determination as to whether a transaction is subject to § 7701, the term "transaction" includes a series of transactions.

If a transaction is subject to the economic substance analysis, the transaction will only be deemed to have economic substance if the transaction (or series of transactions when viewed together) satisfy a two-prong test: (1) the transaction changes the taxpayer's economic position in a meaningful way (apart from federal income tax effects) and (2) the taxpayer has a substantial purpose (apart from federal income tax effects) for entering into the transaction. For purposes of the Code, the term "economic substance doctrine" means the common law economic substance doctrine, and prior common law guidance is controlling.

The Manager, based upon the Tax Opinion, does not believe that the Common Law Tax Doctrines or the Statutory Economic Substance Doctrine is appropriate in this situation because the Manager does not believe the situation is a "transaction to which the doctrine applies" and the Manager believes that, should the transaction constitute a transaction to which the doctrine applies, the transaction would satisfy the two-part test set forth in § 7701(o). However, there is very little guidance as to the application of § 7701(o), and there can be no assurance that the IRS will not make any of these potential arguments, and if made, there can be no assurance that the IRS will not prevail. See "Federal Income Tax Considerations –The Property Entity's Holding Period."

Substantial Valuation Misstatement Penalty

Section 6662 of the Code provides generally for a penalty of 20.0% of an underpayment of tax attributable to a substantial valuation misstatement, where such underpayment of tax exceeds \$5,000 for individual taxpayers. A substantial valuation misstatement exists where the reported value is 150.0% or more of the amount determined to be the correct amount. A 40.0% penalty applies where the reported value is 200.0% or more of the amount determined to be the correct amount. If all or a portion of the charitable contribution deduction for the conservation easement is disallowed based on an overstatement of the value of the conservation easement, this penalty may be applicable.

There can be no assurance that the IRS will recognize the conservation easement as qualified real property interests or, if it does, that it will accept the amount of the claimed charitable contribution deductions. Neither the Property Entity nor the Company has obtained (and does not plan to obtain) a letter ruling from the IRS that it will recognize the conservation easement for purposes of charitable contribution deduction. It is highly unlikely that a letter ruling would be issued even if the Property Entity were to seek one. Given the magnitude of the charitable contribution that the Property Entity would likely claim, there is a risk that the IRS could audit the Property Entity's information return on which such contribution deduction is claimed. A successful challenge by the IRS could result in the disallowance of some or all of the charitable contribution deductions taken by the Property Entity, with the result that the Members could owe additional tax and interest and possibly a penalty. In addition, there are significant changes in the federal tax laws governing conservation easements that in recent years have been under discussion in Congress that, if enacted, could significantly reduce or eliminate the expected tax benefit of a conservation easement. In the event that the conservation easement is donated, there can be no assurance that such new tax laws adversely affecting the Property Entity will not be enacted with an effective date prior to the date of such donation.

Because the Property Entity cannot verify that the value of conservation easement will be determined by a court to have the value set forth in the Appraisal, there can be no assurance that a deduction based on the Appraisal's value will not result in valuation penalties. Although § 6662A provides a reasonable cause exception for the penalties imposed under § 6662, in the case of a valuation penalty, the reasonable cause exception will only apply if the court finds that (1) the value of the claimed deduction for the conservation easement was based on qualified appraisal made by a qualified appraiser, and (2) the Property Entity made a good faith investigation of the value of the conservation easement. The determination of whether an appraisal or an appraiser are "qualified" for purposes of the Code and whether the Property Entity made a good faith investigation of the value of the conservation easement involve subjective determinations which pose risks to the Property Entity and the ability of the Property Entity to avoid the potential application of valuation penalties; accordingly, there can be no assurances that a valuation penalty will not be applied against the Company. Moreover, § 6662A does not provide a reasonable cause exception for a Gross Valuation Statement under § 6662.

Discussion of the Role of a Qualified Appraiser

Code § 170(f)(11)(C) requires every donor of a conservation easement to obtain a qualified appraisal for contributions of property for which a deduction of more than \$5,000 is claimed. Section 170(f)(11)(E) of the Code defines "qualified appraisal" in part as an appraisal prepared by a qualified appraiser. A qualified appraiser is an appraiser that has received an "appraiser designation from a recognized professional appraiser organization (i.e., a licensed appraiser) and an individual that regularly performs appraisals for compensation. Section 170(f)(11)(E)(ii)(III) of the Code authorizes the Secretary to prescribe other requirements in the regulations that an appraiser must meet to be deemed a "qualified appraiser."

IRS Notice 2006-96, 2006-2 C.B. 902 and Treas. Reg. § 1.170A-13(c)(5) expound on the requirements of a qualified appraiser. The qualified appraiser must include, in an appraisal summary, that the individual holds himself or herself out to the public as a practicing appraiser, that the appraiser's qualifications make the appraiser a "qualified appraiser," that the appraiser is not an "excluded appraiser" (e.g., a party to the transaction giving rise to the claimed deduction or related to such party), and a statement that the appraiser understands that an intentionally false or fraudulent overstatement of value may subject the appraiser to civil penalties under § 6701 of the Code.

Treasury Regulation § 1.170A-13(c)(3)(ii) requires a qualified appraisal to contain several specific pieces of information, including, among others, (i) the date (or expected date) of contribution to the donee; (ii) the terms of any agreement or understanding entered into (or expected to be entered into) by or on behalf of the donor or donee that

relates to the use, sale, or other disposition of the property contributed; (iii) the date (or dates) on which the property was appraised; (iv) the appraised fair market value (within the meaning of § 1.170A-1(c)(2)), of the property on the date (or expected date) of contribution; (v) the method of valuation used to determine the fair market value, such as the income approach, the market-data approach, and the replacement-cost-less-depreciation approach; and (vi) the specific basis for the valuation, such as specific comparable sales transactions or statistical sampling, including a justification for using sampling and an explanation of the sampling procedure employed. In addition, the qualified appraisal must be made no earlier than 60 days before the contribution and no later than the due date of the tax return. The qualified appraiser must sign and date the appraisal, and the appraiser must not have received a prohibited appraisal fee, which is a fee based on a percentage of the appraised value of the property. See Treas. Reg. § 1.170A-13(c)(3)(i); Treas. Reg. § 1.170A-13(c)(6)(i).

There are several Tax Court cases where the appraisal was found not to be a qualified appraisal. Such a finding may lead not only to the taxpayer being denied a deduction, but may also lead to the IRS assessing penalties against the appraiser. In *Lord v. Commissioner*, T.C. Memo 2010-196 (2010), the court held that the taxpayer's appraisal was not a qualified appraisal because the appraisal did not include significant information required by the Treasury regulations, including the contribution date, the date the appraisal was performed, and the appraised fair market value of the easement contribution on the contribution date.

In *Scheidelman v. Commissioner*, T.C. Memo 2010-151 (2010), the taxpayers failed to obtain a qualified appraisal for a contributed façade easement. The appraiser purported to use the “before and after” method as sanctioned by the regulations and the courts. However, the appraiser mechanically applied an 11.33% deduction to the “before” value based solely on the IRS's acceptance of similar figures in prior controversies. The appraisal was found unreliable because it contained an unrecognized methodology in valuing architectural façade easements. Other aspects of the appraisal failed to satisfy certain requirements of Treas. Reg. § 1.170A-13(c)(3)(ii), such as the lack of a description of the contributed property, the lack of the terms of the easement deed, and the lack of a statement that the appraisal was prepared for income tax purposes.

In a Tax Court case, *Boltar, L.L.C. v. Commissioner*, 136 T.C. No. 14 (2011), the taxpayer's expert report (i.e., the taxpayer's appraisal) was ruled inadmissible into evidence. The court found the appraisal to be unreliable because of the “peculiar methodology” used instead of the before and after methodology. The court explained that “there may be cases in which the before and after methodology is neither feasible nor appropriate, [but] petitioner has not provided any persuasive reason for not applying it in this case.” *Id.* at 4. As mentioned above, the defective appraisals in *Lord*, *Scheidelman*, and *Boltar*, as well as an alleged overvaluation of the property, may cause the IRS to assess penalties against the appraiser and the taxpayer. The failure of a taxpayer to obtain a qualified appraisal or the failure of a qualified appraisal to be admissible in connection with any audit of a return of a taxpayer associated with the donation of a conservation easement could have a material adverse effect on the donation of any such conservation easement for the reasons specified below.

Discussion of Certain Penalty Provisions Applicable to Qualified Appraisers

The Code contains two notable penalty provisions that are applicable to Qualified Appraisers: the § 6695A penalty and the § 6701 penalty.

A. Section 6695A. Section 6695A is directly applicable to qualified appraisers. The § 6695A penalty was added by § 1219 of the Pension Protection Act of 2006, Pub. L. No. 109-280, 120 Stat. 780 (2006) (the “PPA”) and applies to all appraisals prepared for returns or submissions filed after August 17, 2006 and imposes a penalty against an appraiser if such appraiser knows or reasonably should have known that the appraisal prepared by him would be used in connection with a return or a claim for refund and the claimed value of the property on such return or claim for refund which is based on such appraisal results in a “substantial valuation misstatement” or a “gross valuation misstatement” with respect to such property. The penalty amount is the lesser of (1) the greater of 10.0% of the amount of the underpayment or \$1,000, or (2) 125.0% of the gross income received by the appraiser in exchange for preparing the appraisal. I.R.C. § 6695A(b). The penalty does not apply if the appraiser establishes that the value established in the appraisal “was more likely than not the proper value.” I.R.C. § 6695A(c). However, the § 6695A penalty does not require that the appraiser have knowledge of any resulting understatement of tax.

A “substantial valuation misstatement” generally occurs if the value of property is 150 percent or more of the amount determined to be the correct amount of such valuation. A “gross valuation misstatement” occurs when the claimed value of the property is 200 percent or more of the correct amount of such valuation. If a taxpayer that has relied on an appraiser’s appraisal in connection with filing a return is under examination, the examiner has the responsibility to assert the penalty and will make the determination of whether the I.R.C. § 6695A penalty is warranted. I.R.M. 20.1.12.2 and I.R.M. 20.1.12.6 (08-27-2010). Following an examination by the IRS of the auditor, if the appraiser cannot satisfy the “more likely than not” exception under I.R.C. § 6695A(c), the examiner must propose a § 6695A penalty. I.R.M. 20.1.12.6 (08-27-2010). If the penalty is proposed, the examiner prepares a Form 8278, *Assessment and Abatement of Miscellaneous Civil Penalties*, and Form 886-A, *Explanation of Items*, or its equivalence. *Id.*

Appraisers are also subject to oversight by the Office of Professional Responsibility (“OPR”), and examiners “should exercise discretion” when referring an appraiser to the OPR. I.R.M. 20.1.12.7 (08-27-2010). Review in the OPR is discussed below. Code § 6695A penalties have post-assessment (but prepayment) penalty appeal rights. I.R.M. 20.1.12.10 (08-27-2010). First, the appraiser may file a claim for refund or request for abatement utilizing Form 843, *Claim for Refund and Request for Abatement*. *Id.* If the claim or request is denied, and the appraiser has not had post-assessment Appeals consideration, administrative appeals rights will be granted. *Id.* If the penalty has been paid in full, the appraiser may bring a refund suit in either the U.S. Court of Federal Claims or in a district court immediately upon denial of the claim or after the expiration of six months after the date of filing the claim if the IRS has not acted within that time frame. The appraiser’s suit must be within two years of the date of denial of the claim. I.R.M. 20.1.12.10.

B. Section 6701. Section 6701 imposes a penalty of \$1,000 on any person (1) who aids or assists in, procures, or advises with respect to the preparation or presentation of any portion of a return, affidavit, claim or other document, (2) who knows, or has reason to believe, that such portion will be used in connection with any material matter arising under the internal revenue laws, and (3) who knows that such portion, if so used, would result in an understatement of the tax liability of another person.

In the context of appraisers, the first two requirements are typically satisfied. The appraisal is a “document” prepared by the appraiser, and because the appraiser must fill out the appraisal summary on the Form 8283, *Noncash Charitable Contributions*, filed by the donor, the appraiser knows that the client will use the appraisal in connection with the valuation of a charitable gift, which is a material matter. Therefore, the element of proof is in applying the third requirement, which is that the appraiser knows that such portion (if so used) would result in an understatement of the tax liability of another person.

Like the § 6695A penalty, the § 6701 penalty is normally assessed by revenue agents and office auditors at a IRS area office as a result of an examination of a tax return or document or in connection with a tax shelter registration examination. I.R.S. CCA 200512016 (2005). The appraiser has many avenues to challenge the § 6701 penalty, and I.R.S. CCA 200512016 (2005) elaborates on these avenues. Like the § 6695A penalty, the appraiser has post-assessment Appeals rights. However, unlike the § 6695A penalty, Appeals rights are post-payment rights.

The penalty is subject to the special administrative provisions of § 6703. Under that section, if within 30 days, the appraiser pays 15.0% of the imposed penalty, the appraiser is entitled to administrative (by filing a claim for refund) and judicial review. A suit for refund must be brought in district court. If the appraiser initiates suit, the IRS is prohibited from collecting the penalties imposed under § 6701 until there has been a final resolution of the § 6703 proceeding. The appraiser can also bring refund actions under § 7422 in district court or the United States Court of Federal Claims. To bring suit, the appraiser must make some payment of the assessed taxes due before the matter may be adjudicated. To successfully challenge the assessed penalty, the appraiser must show that there was a reasonable basis for the valuation.

Discussion of the Consequences to a Qualified Appraiser of Having Penalties Assessed

Appraisers are subject to oversight by the OPR, which administers and enforces the regulations governing practice before the IRS. These governing regulations are found in title 31, Code of Federal Regulations, part 10, and are published in pamphlet form known as “Circular 230.” As a result of 1985 amendments, Circular 230 authorizes the OPR Director (by delegation as explained below) to disqualify appraisers who provide supporting valuations for

internal revenue matters. As explained in I.R.S. CCA 200512016 (2005), “In 1985, the IRS amended Circular 230 to conform to legislative changes requiring the disqualification of an appraiser who is assessed a penalty under § 6701 of the Code for aiding and abetting the understatement of a tax liability. 50 Fed. Reg. 42014.”

Section 10.60(b) of Circular 230 provides that “the Director of the Office of Professional Responsibility may reprimand . . . [or] institute a proceeding for disqualification of the appraiser” if the Director is advised of or becomes aware that a § 6701 penalty has been assessed against the appraiser. Whether or not such a proceeding is instituted, the Director may confer with the appraiser concerning allegations of misconduct. Circular 230, § 10.61. The Director may institute proceedings to suspend the appraiser for a certain period of time. *Id.* at § 10.62. Whether disqualification or suspension is sought, an Administrative Law Judge presides over the proceeding. *Id.* at § 10.72. An allegation of fact that is necessary for a finding of disqualification against an appraiser must be proved by clear and convincing evidence in the record. *Id.* at § 10.76.

If the ALJ decides in favor of the Director and thus suspends or disqualifies the appraiser, the Director of the Office of Professional Responsibility “may give notice of the . . . suspension . . . or disqualification to appropriate officers and employees of the Internal Revenue Service and to interested departments and agencies of the Federal government. The Director of the Office of Professional Responsibility may determine the manner of giving notice to the proper authorities of the State by which the . . . suspended or [disqualified] person was licensed to practice.” *Id.* at § 10.80. The appraiser may petition the OPR for reinstatement after the expiration of 5 years following disqualification, and such reinstatement is at the discretion of the Director of OPR. *Id.* at § 10.81.

Given the above procedures and rules governing appraiser suspension and disqualification, the imposition or assessment of a penalty against an appraiser does not by itself affect the appraiser’s ability to prepare an appraisal for use in connection with the filing of a tax return. The Director of OPR must file a complaint and thus begin formal administrative proceedings against the appraiser.

Independent of the assertion of penalties, the accusation of appraiser misconduct can lead to disqualification of the appraiser. 31 C.F.R. § 10.50. Specifically, the Secretary of the Treasury, or his delegate, after due notice and opportunity for hearing, may disqualify any appraiser for a violation of these rules as applicable to appraisers. 31 C.F.R. § 10.50(b). Any appraiser thus disqualified is barred from presenting evidence or testimony in any administrative proceeding before the Department of the Treasury or the IRS, unless and until authorized to do so by the Director of the OPR, regardless of whether the evidence or testimony would pertain to an appraisal made prior to or after the effective date of disqualification. *Id.* Appraisals made by a disqualified appraiser after the effective date of disqualification will not have any probative effect in any administrative proceeding before the Department of the Treasury or the IRS. An appraisal otherwise barred from admission into evidence pursuant to the foregoing may be admitted into evidence solely for the purpose of determining the taxpayer’s reliance in good faith on such appraisal. *Id.*

For example, in March 2014, the IRS announced that the OPR had entered into a settlement agreement with a group of appraisers from the same firm accused of aiding in the understatement of federal tax liabilities by overvaluing facade easements for charitable donation purposes given pursuant to § 170(h) of the Code. Under the settlement agreement, the appraisers admitted to violating relevant sections of Circular 230 related to due diligence and submitting accurate documents to the government. The appraisers agreed to a five-year suspension of valuing facade easements and undertaking any appraisal services that could subject them to penalties under the Internal Revenue Code, including conservation easement appraisals.

While a qualified appraisal rendered by a qualified appraiser prior to suspension or disqualification should remain a qualified appraisal for purposes of supporting a conservation easement deduction, a subsequent suspension or disqualification could have the effect of reducing the probative value of any such previously rendered appraisal in an audit or challenge. Because a disqualified appraiser cannot present evidence or testimony in any administrative proceeding before the IRS, *regardless of whether the appraisal was performed before or after the effective date of the disqualification*, reliance by a taxpayer upon an appraisal performed by a disqualified appraiser is effectively barred by regulation. While no such statute or regulation bars a disqualified appraiser from presenting evidence or testimony in a proceeding before the Tax Court in an audit challenge, a court could take such disqualification before the IRS into account when the judge is deciding whether to qualify the expert as an expert witness in court. Consequently, the suspension or disqualification of an appraiser by the OPR could have an adverse effect on the ability of such appraiser

to testify in court in connection with a taxpayer challenge of an adverse audit by the IRS. Such suspension or disqualification could result in increased audit defense costs by the Company or its Members as a result of having to analyze the effects of such suspension or disqualification upon such defense, having to engage additional appraisal experts to assist in such defense, or otherwise having to alter the Company's audit defense strategy.

State and Local Taxes

In addition to the federal tax consequences described above, prospective Members should consider potential state and local tax consequences of an investment in the Company. Each prospective Member is advised to consult his, her or its own tax advisor for advice as to state and local taxes which may be payable in connection with an investment in the Company. Although the State of South Carolina has provided for state income tax credits to be made available to donors of conservation easements under certain circumstances, the Manager does not anticipate that either the Company or the Property Entity will apply for such credits.

Professional Advice

Prior to purchasing an Interest, each prospective Member should discuss with his, her or its tax advisor the tax provisions mentioned above, as well as all other tax provisions. No attempt is made here to identify all aspects of the tax laws with which each Investor in the Company should be familiar or to analyze in full detail those tax aspects which are mentioned.

THE SUMMARY OF FEDERAL TAX CONSIDERATIONS SET FORTH ABOVE IS NOT INTENDED TO BE A COMPLETE SUMMARY OF THE TAX CONSEQUENCES OF AN INVESTMENT IN THE COMPANY. EACH PROSPECTIVE MEMBER IS ADVISED TO CONSULT WITH HIS, HER OR ITS OWN TAX ADVISOR CONCERNING THE TAX CONSIDERATIONS OF AN INVESTMENT IN THE COMPANY.

WHERE YOU CAN OBTAIN MORE INFORMATION

This is an offering to Investors who accept the responsibility for conducting their own investigation, for consulting with their professional advisors in connection with their investment, and who meet certain Investor suitability requirements. Statements contained in this PPM as to the contents of any agreements or documents are not necessarily complete, and in each instance reference is made to such agreement or document and each such statement is qualified in all respects by such agreement or document so referenced. Copies of all agreements and documents referred to in this will be furnished to any prospective Investor upon request. Prospective Investors may be required to execute nondisclosure agreements as a prerequisite to reviewing documents determined by the Manager to contain proprietary, confidential, or otherwise sensitive information. Authorized representatives of the Company are also available to answer questions regarding the terms and conditions of the Offering, and any prospective Investor (or his, her or its authorized representative) who wishes to discuss the Offering or to obtain any additional information to verify the accuracy of the information contained in this PPM should call Investor Relations at (470) 440-3302.

Exhibit A

Limited Liability Company Agreement of Camellia Station Holdings, LLC

[See attached]

**LIMITED LIABILITY COMPANY AGREEMENT
OF
CAMELLIA STATION HOLDINGS, LLC**

INVESTING IN CAMELLIA STATION HOLDINGS, LLC (THE “COMPANY”) IS SPECULATIVE AND CARRIES A HIGH DEGREE OF RISK. IT IS POSSIBLE THAT AN INVESTOR’S ENTIRE INVESTMENT MAY BE IMPAIRED DUE TO THE SPECULATIVE NATURE OF THE BUSINESS OF THE COMPANY. SUBSTANTIAL RESTRICTIONS ON THE RESALE OF THE UNITS (THE “UNITS”) OF THE COMPANY ARE IMPOSED BY THIS LIMITED LIABILITY COMPANY AGREEMENT.

THE UNITS REPRESENTED BY THIS LIMITED LIABILITY COMPANY AGREEMENT HAVE BEEN (I) ACQUIRED FOR INVESTMENT; AND (II) ISSUED AND SOLD IN ACCORDANCE WITH ALL APPLICABLE FEDERAL AND STATE SECURITIES LAWS. THE UNITS CANNOT BE OFFERED FOR SALE, SOLD OR TRANSFERRED OTHER THAN PURSUANT TO EVIDENCE SATISFACTORY TO THE COMPANY OF COMPLIANCE WITH ALL APPLICABLE FEDERAL AND STATE SECURITIES LAWS. THE COMPANY SHALL BE ENTITLED TO RELY UPON AN OPINION OF COUNSEL SATISFACTORY TO IT WITH RESPECT TO COMPLIANCE WITH THE ABOVE LAWS. UNITHOLDERS SHOULD BE AWARE THAT THEY WILL BE REQUIRED TO BEAR THE FINANCIAL RISKS OF ANY INVESTMENT IN THE UNITS FOR AN INDEFINITE PERIOD OF TIME.

THE SALE OR TRANSFER OF THE UNITS IS SUBJECT TO THE TERMS AND CONDITIONS CONTAINED IN THIS LIMITED LIABILITY COMPANY AGREEMENT, AS MAY BE AMENDED FROM TIME TO TIME, A COPY OF WHICH IS ON FILE WITH THE MANAGER OF THE COMPANY AND MAY BE REVIEWED UPON REQUEST. BY ACCEPTANCE OF UNITS, THE OWNER HEREOF AGREES TO BE BOUND BY THE TERMS OF THIS LIMITED LIABILITY COMPANY AGREEMENT.

**LIMITED LIABILITY COMPANY AGREEMENT
OF
CAMELLIA STATION HOLDINGS, LLC**

WITNESSETH:

THIS LIMITED LIABILITY COMPANY AGREEMENT OF CAMELLIA STATION HOLDINGS, LLC, a limited liability company organized pursuant to the Delaware Limited Liability Company Act, is entered into and shall be effective as of the Effective Date, by and among the Manager and the Person executing this Agreement as the Member, and shall supersede any and all prior limited liability company agreements and any amendments thereto.

**ARTICLE I
DEFINITIONS**

The following terms used in this Agreement shall have the following meanings (unless the context clearly indicates otherwise):

1.1 “1940 Act” means the U.S. Investment Company Act of 1940, as amended, as the same may be further amended from time to time.

1.2 “Adjusted Capital Account Deficit” means, with respect to any Member, the deficit balance, if any, in such Member’s Capital Account as of the end of the relevant Fiscal Year, after giving effect to the following adjustments:

(a) Credit to such Capital Account any amounts which such Member is obligated to restore pursuant to any provision of this Agreement or is deemed to be obligated to restore pursuant to the penultimate sentences of Sections 1.704-2(g)(l) and 1.704-2(i)(5) of the Regulations; and

(b) Debit to such Capital Account the items described in Sections 1.704-1(b)(2)(ii)(d)(4), (5) and (6) of the Regulations.

The foregoing definition of Adjusted Capital Account Deficit is intended to comply with the provisions of Section 1.704-1(b)(2)(ii)(d) of the Regulations and shall be interpreted consistently therewith.

1.3 “Agreement” means this limited liability company agreement as originally executed and as amended from time to time.

1.4 “2015 Budget Act” means the Bipartisan Budget Act of 2015 (Pub. L. 114-74).

1.5 “2015 Budget Act Audit Rules” means the provisions of Subchapter C of Chapter 63 of the Code, as revised by Section 1101 of the 2015 Budget Act, as such provisions may thereafter be amended and including Treasury Regulations or other guidance issued thereunder.

1.6 “Capital Account” means, with respect to any Member, the Capital Account maintained for such Member in accordance with the following provisions:

(a) To each Member’s Capital Account there shall be credited such Member’s Capital Contributions, such Member’s distributive shares of Profits and any items in the nature of income or gain which are specially allocated pursuant to Section 9.3 or Section 9.4 hereof, and the amount of any

Company liabilities assumed by such Member or which are secured by any Property distributed to such Member.

(b) To each Member's Capital Account there shall be debited the amount of cash and the Gross Asset Value of any Property distributed to such Member pursuant to any provision of this Agreement, such Member's distributive share of Losses and any items in the nature of expenses or Losses which are specially allocated pursuant to Section 9.3 or Section 9.4 hereof, and the amount of any liabilities of such Member assumed by the Company or which are secured by any Property contributed by such Member to the Company.

(c) In the event all or any portion of an interest in the Company is transferred in accordance with the terms of this Agreement, the transferee shall succeed to the Capital Account of the transferor to the extent it relates to the transferred interest.

(d) In determining the amount of any liability for purposes of this definition, there shall be taken into account Code Section 752(c) and any other applicable provisions of the Code and Regulations.

The foregoing provisions and the other provisions of this Agreement relating to the maintenance of Capital Accounts are intended to comply with Regulations Section 1.704-1(b), and shall be interpreted and applied in a manner consistent with such Regulations. In the event the Manager shall determine that it is prudent to modify the manner in which the Capital Accounts, or any debits or credits thereto (including, without limitation, debits or credits relating to liabilities which are secured by contributed or distributed Property or which are assumed by the Company or Members), are computed in order to comply with such Regulations, the Manager may make such modification, provided that it is not likely to have a material effect on the amounts distributable to any Member pursuant to Article XIV hereof upon the dissolution of the Company. The Manager also shall make any adjustments that are necessary or appropriate to maintain equality between the Capital Accounts of the Members and the amount of Company capital reflected on the Company's balance sheet, as computed for book purposes, in accordance with Regulations Section 1.704-1(b)(2)(iv)(g) and shall make any appropriate modifications in the event unanticipated events might otherwise cause this Agreement not to comply with Regulations Section 1.704-1(b).

1.7 "Capital Contribution" means any contribution to the capital of the Company in cash or property by a Member whenever made, and shall include the amount of money and the initial Gross Asset Value of any property (other than money) contributed to the Company with respect to the interest in the Company held by such Member. The principal amount of a promissory note which is not readily traded on an established securities market and which is contributed to the Company by the maker of the note shall not be included in the Capital Account of any Person until the Company makes a taxable disposition of the note or until (and to the extent) principal payments (but not interest payments) are made on the note, all in accordance with Regulations Section 1.704-1(b)(2)(iv)(d)(2).

1.8 "Certificate of Formation" means the Certificate of Formation of Camellia Station Holdings, LLC, as filed with the Secretary of State of Delaware, as the same may be amended from time to time.

1.9 "Code" means the Internal Revenue Code of 1986, as amended from time to time.

1.10 "Company" means Camellia Station Holdings, LLC.

1.11 "Company Minimum Gain" has the meaning given the term "partnership minimum gain" set forth in Regulations Sections 1.704-2(b)(2) and (d).

1.12 “Company Representative” has the meaning ascribed to such term in Section 15.12(b).

1.13 “Delaware Act” means the Delaware Limited Liability Company Act at Del. Code tit. 6, §§ 18-101, seq.

1.14 “Depreciation” means, for each Fiscal Year or other period, an amount equal to the depreciation, amortization or other cost recovery deduction allowable with respect to an asset for such Fiscal Year or other period, except that if the Gross Asset Value of an asset differs from its adjusted basis for federal income tax purposes at the beginning of such Fiscal Year or other period, 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 Fiscal Year or other period bears to such beginning adjusted tax basis; provided, however, that if the adjusted tax basis for federal income tax purposes of an asset at the beginning of such Fiscal Year or other period is zero, Depreciation shall be determined with reference to such beginning Gross Asset Value using any reasonable method selected by the Manager.

1.15 “Development Agreement” means that certain Development Agreement by and between the Company and Camellia Station Development Company, LLC, a Delaware limited liability company and affiliate of the Manager, providing for the potential development of the Real Property.

1.16 “Distributable Cash” means all cash, revenues and funds received by the Company from Company operations or otherwise, less the sum of the following to the extent paid or set aside by the Company: (a) all principal and interest payments on indebtedness of the Company and all other sums paid to lenders; (b) all cash expenditures incurred incident to the normal operation of the Company’s business; and (c) such reserves as the Manager deems reasonably necessary for the proper operation of the Company’s business, including but not limited to the Operating Reserve.

1.17 “Economic Interest” means a Member’s or Economic Interest Holder’s share of the Company’s Profits, Losses and distributions of the Property pursuant to this Agreement and the Delaware Act. An Economic Interest shall not include any right to participate in the management of the business and affairs of the Company, including any rights to vote on, consent to or otherwise participate in any decision or action of the Members granted pursuant to this Agreement or the Delaware Act.

1.18 “Economic Interest Holder” means any holder of an Economic Interest other than a Member.

1.19 “EcoVest” means EcoVest Camellia Station, LLC, a Member of the Company.

1.20 “Effective Date” means, for purposes of this Agreement, the date on which the Certificate of Formation was filed with the Secretary of State of Delaware.

1.21 “Entity” means, any general partnership, limited partnership, limited liability company, corporation, joint venture, trust, business trust, cooperative or association, any foreign trust or foreign business organization, or any government, governmental agency, or political subdivision.

1.22 “Fiscal Year” means the Company’s fiscal year, which shall be the calendar year.

1.23 “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 Member to the Company shall be the gross fair market value of such asset, as determined by the contributing Member and the Company;

(b) The Gross Asset Values of all Company assets shall be adjusted to equal their respective gross fair market values, as determined by the Manager (except as provided in Section 14.4(b)(iv)(1) hereof), as of the following times: (i) the acquisition of an additional interest in the Company after the date hereof by any new or existing Member in exchange for more than a de minimis Capital Contribution; (ii) the acquisition of an interest in the Company (other than a de minimis interest) as consideration for the provision of services to or for the benefit of the Company by any new or existing Member or by any new Member in anticipation of being a Member; (iii) the distribution by the Company to a Member of more than a de minimis amount of Property as consideration for an interest in the Company; (iv) in situations where guidance is otherwise lacking, in accordance with Regulations Section 1.704-1(b)(2)(iv)(g); and (v) the liquidation of the Company within the meaning of Regulations Section 1.704-1(b)(2)(ii)(g); provided, however, that adjustments pursuant to clauses (i), (ii), (iii), and (iv) above shall be made only if the Manager reasonably determines that such adjustments are necessary or appropriate to reflect the relative economic interests of the Members in the Company;

(c) The Gross Asset Value of any Company asset distributed to any Member shall be the gross fair market value of such asset on the date of distribution as determined by the Manager; 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 Code Section 734(b) or Code Section 743(b), but only to the extent that such adjustments are taken into account in determining Capital Accounts pursuant to Regulations Section 1.704-1(b)(2)(iv)(m) and Article IX hereof; provided, however, that Gross Asset Values shall not be adjusted pursuant to this subparagraph (d) to the extent the Manager determines that an adjustment pursuant to subparagraph (b) is necessary or appropriate in connection with a transaction that would otherwise result in an adjustment pursuant to this subparagraph (d).

If the Gross Asset Value of an asset has been determined or adjusted pursuant to subparagraph (a), subparagraph (b) or subparagraph (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.

1.24 “Losses” has the meaning set forth in the definition of Profits and Losses.

1.25 “Majority” means the affirmative vote or consent of Members owning Units which, taken together, exceed fifty percent (50%) of the aggregate of all Units entitled to vote thereon.

1.26 “Management Agreement” means that certain Management Agreement by and among the Company, the Subsidiary and the Manager for the provision of certain management and other services described herein.

1.27 “Manager” means the manager of the Company, which shall have the rights and duties set forth in Article V hereof. The Company shall have a sole initial Manager, which shall be Camellia Station Management, LLC, a Delaware limited liability company. The number of Managers may be increased or decreased from time to time by the approval of a Majority of the Members. At any time there is only one Manager of the Company, all references to the Managers in the plural shall be deemed to refer to such Manager.

1.28 “Member” means each of the parties who execute this Agreement or a counterpart of this Agreement as a Member and each of the parties who may hereafter become Members. Unless specifically stated otherwise, all references to a Member shall include a Member acting as a Manager. References in this Agreement to a “Member” shall also refer to an Economic Interest Holder but only to the extent that the reference relates to an Economic Interest.

1.29 “Member Nonrecourse Debt” has the meaning given the term “partner nonrecourse debt” set forth in Section 1.704-2(b)(4) of the Regulations.

1.30 “Member Nonrecourse Debt Minimum Gain” means an amount, with respect to each Member Nonrecourse Debt, equal to the Company Minimum Gain that would result if such Member Nonrecourse Debt were treated as a Nonrecourse Liability, determined in accordance with Section 1.704-2(b)(3) of the Regulations.

1.31 “Member Nonrecourse Deductions” has the meaning given the term “partner nonrecourse deductions” as set forth in Sections 1.704-2(i)(1) and (2) of the Regulations.

1.32 “Membership Interest” means a Member’s entire interest in the Company including such Member’s Economic Interest and the right to participate in the management of the business and affairs of the Company, including the right to vote on, consent to, or otherwise participate in any decision or action of or by the Members granted pursuant to this Agreement or the Delaware Act. A Member’s Membership Interest shall be designated in Units.

1.33 “Nonrecourse Deductions” has the meaning set forth in Section 1.704-2(b)(1) of the Regulations.

1.34 “Nonrecourse Liability” has the meaning set forth in Section 1.704-2(b)(3) of the Regulations.

1.35 “Operating Reserve” means the reserve account for the Company established by the Manager for Company purposes, including debt service (if any), taxes, insurance, maintenance, accrued or deferred expenses, and other working capital needs, contingent liabilities, taxes and purchases. The Operating Reserve shall be excluded from Distributable Cash as the Manager deems reasonably necessary for the proper operation of the Company’s business.

1.36 “Ownership Interest” means the proportion that a Member’s Units bear to the aggregate Units owned by all Members from time to time.

1.37 “Person” means any individual or Entity, and the heirs, executors, administrators, legal representatives, successors, and assigns of such “Person” where the context so permits.

1.38 “Profits” and “Losses” means, for each Fiscal Year, an amount equal to the Company’s taxable income or loss for such Fiscal Year, determined in accordance with Code Section 703(a) (for this purpose, all items of income, gain, loss, or deduction required to be stated separately pursuant to Code Section 703(a)(1) shall be included in taxable income or loss), with the following adjustments (without duplication):

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

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

(iii) In the event the Gross Asset Value of any Company asset is adjusted pursuant to subparagraphs (b) or (c) of the definition of Gross Asset Value, the amount of such adjustment shall be treated as an item of gain (if the adjustment increases the Gross Asset Value of the asset) or an item of loss (if the adjustment decreases the Gross Asset Value of the asset) from the disposition of such asset and shall be taken into account for purposes of computing Profits or Losses;

(iv) Gain or loss resulting from any disposition of 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;

(v) 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 allocation year, computed in accordance with the definition of Depreciation;

(vi) To the extent an adjustment to the adjusted tax basis of any Company asset pursuant to Code Section 734(b) is required, pursuant to Regulations Section 1.704-(b)(2)(iv)(m)(4), to be taken into account in determining Capital Accounts as a result of a distribution other than in liquidation of a Member’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 such basis) from the disposition of such asset and shall be taken into account for purposes of computing Profits or Losses; and

(vii) Notwithstanding any other provision of this definition, any items which are specially allocated pursuant to Section 9.3 or Section 9.4 hereof shall not be taken into account in computing Profits or Losses.

The amounts of the items of Company income, gain, loss or deduction available to be specially allocated pursuant to Sections 9.3 and 9.4 hereof shall be determined by applying rules analogous to those set forth in subparagraphs (i) and (vi) above.

1.39 “Property” means all that real and personal property owned by the Company, including its ownership of units of the Subsidiary, and shall include both tangible and intangible property.

1.40 “Real Property” means that certain real property owned by the Subsidiary consisting of approximately 45.22 acres of unimproved real estate located in Horry County, South Carolina, as more specifically identified on Exhibit A attached hereto, together with all easements, rights of access, riparian rights, mineral and mining rights, and all other property rights relating thereto.

1.41 “Regulations” means the Federal Income Tax Regulations promulgated under the Code, as such regulations may be amended from time to time (including corresponding provisions of succeeding regulations).

1.42 “Subsidiary” means Camellia Station, LLC, a Delaware limited liability company, which owns the Real Property.

1.43 “Tax Matters Member” has the meaning ascribed to such term in Section 15.12(b).

1.44 “Transferring Member” means a Member who sells, assigns, pledges, hypothecates or otherwise transfers for consideration or gratuitously all or any portion of his Membership Interest.

1.45 “Units” means the denomination of Membership Interests of the Company. The Members’ respective Ownership Interests in the Company may be calculated by dividing the number of Units held by any Member by the total number of outstanding Units. The interest in the Company reflected by Units includes a Member’s Economic Interest and the right to participate in the management of the business and affairs of the Company, including the right to vote on, consent to, or otherwise participate in any decision or action of or by the Members granted pursuant to this Agreement or the Delaware Act. There shall be one class of Units in the Company and each Unit shall carry with it the right to vote (except as may be specifically limited herein) on the basis of one vote per Unit. There shall be initially 1,000 Units authorized for issuance by the Company.

Each of the following terms shall have the meaning given such terms as set forth in the section of this Agreement set forth below opposite such term:

<u>Defined Term</u>	<u>Section</u>
Cause	5.9
Conservation Easement	13.1
Conservation Option	13.2(b)
Covered Person	5.6
Deferral Option	13.2(c)
Development Option	13.2(a)
Development Plan	13.1
Gift	11.1
Investment Options	13.2(c)
Notices	15.13
Postal Service	15.13
Proposed Grantee	13.1
Regulatory Allocations	9.4
Sale	11.1
Withdrawing Member	14.1(a)

ARTICLE II FORMATION OF COMPANY

2.1 Formation. The Company was formed by its organizer as a Delaware limited liability company by executing and delivering the Certificate of Formation to the Secretary of State of Delaware in accordance with the provisions of the Delaware Act.

2.2 Name. The name of the Company is Camellia Station Holdings, LLC.

2.3 Principal Place of Business. The principal place of business of the Company is 3424 Peachtree Road NE, Suite 1550, Atlanta, Georgia 30326. The Company may locate its places of business and registered office at any other place or places as the Manager may from time to time deem advisable.

2.4 Registered Office and Registered Agent. The Company's initial registered office shall be at the office of its registered agent at 1209 Orange Street, Wilmington, Delaware 19801, and the name of its registered agent at such address is The Corporation Trust Company. The registered office and registered agent may be changed from time to time by filing the address of the new registered office and/or the name of the new registered agent with the Secretary of State of Delaware pursuant to the Delaware Act and the applicable rules promulgated thereunder.

2.5 Term. The term of the Company shall commence on the date the Certificate of Formation was filed with the Secretary of State of Delaware and shall continue perpetually thereafter, unless sooner terminated and dissolved in accordance with the provisions of this Agreement or the Delaware Act.

ARTICLE III

BUSINESS OF COMPANY

3.1 Permitted Businesses. The business of the Company shall be to engage in any lawful act or activity to which for which limited liability companies may be formed under the Delaware Act and to engage in any and all activities necessary or incidental thereto.

ARTICLE IV

NAMES, ADDRESSES AND UNITS OF MEMBERS

4.1 Members. The names, addresses and number of Units owned by each of the Members is as set forth on Exhibit B attached hereto, which exhibit may be updated by the Managers from time to time as necessary to reflect the then current Members of the Company.

ARTICLE V

RIGHTS AND DUTIES OF THE MANAGER

5.1 Management. The business and affairs of the Company shall be managed by its Manager. Except for situations where the approval of the Members is expressly required by this Agreement or by nonwaivable provisions of applicable law, the Manager shall have full and complete authority, power and discretion to manage and control the business, affairs and properties of the Company, to make all decisions regarding those matters and to perform any and all other acts or activities customary or incident to the management of the Company's business. The Manager shall have all authority, rights and powers conferred by law and those required or appropriate to the management of the Company's business. At any time when there is more than one Manager, any one Manager may take any action permitted to be taken by the Manager.

5.2 Certain Powers of the Manager. Without limiting the generality of Section 5.1 and subject to Section 5.3, and except as provided in Section 5.11 hereof, the Manager shall have the absolute power and authority on behalf of the Company:

(a) To acquire any property in the ordinary course of business from any Person as the Manager may determine. The fact that a Manager is directly or indirectly affiliated or connected with any such Person shall not prohibit the Manager from dealing with that Person.

(b) To borrow money for the Company from banks, other lending institutions, the Members, or affiliates of the Members on such terms as the Manager deems appropriate. No debt shall be contracted or liability incurred by or on behalf of the Company except by the Manager, or by agents or employees of the Company expressly authorized by the Manager to contract such debt or incur such liability.

(c) To purchase liability and other insurance to protect the Company's Property and business.

(d) To hold or own any Property in the name of the Company or to sell or dispose of any Property in the ordinary course of the Company's business.

(e) To invest any Company funds temporarily (by way of example but not limitation) in time deposits, short-term governmental obligations, commercial paper or other investments.

(f) To execute on behalf of the Company all instruments and documents, including, without limitation, checks; drafts; notes and other negotiable instruments; mortgages, security deeds or deeds of trust; security agreements; financing statements; documents providing for the acquisition, mortgage or disposition of the Property; deeds; assignments; bills of sale; leases; partnership agreements, limited liability company agreements or operating agreements of other limited liability companies; and any other instruments or documents necessary, appropriate or convenient, in the opinion of the Manager, to the business of the Company.

(g) To employ accountants, legal counsel, managing agents or other experts to perform services for the Company and to compensate them from Company funds.

(h) To enter into the Management Agreement and the Development Agreement.

(i) To enter into any and all other agreements on behalf of the Company, with any other Person for any purpose, in such forms as the Manager may approve.

(j) To do and perform all other acts as may be necessary or appropriate for the conduct of the Company's business.

(k) To vote the membership or other ownership interests the Company has in any other Entity, including, but not limited to, the units of the Subsidiary held by the Company.

(l) To make any loans of Company funds, including loans to operating companies and loans not secured by real estate, but only to the extent that the making or holding of any such loan does not subject the Company or any of its subsidiaries to regulation under the 1940 Act as an "investment company" (as defined in the 1940 Act).

Unless authorized to do so by this Agreement or by the Manager, no attorney-in-fact, employee or other agent of the Company shall have any power or authority to bind the Company in any way, to pledge its credit or to render it liable pecuniarily for any purpose.

5.3 Liability for Certain Acts. The Manager shall act in a manner which he, she or it believes in good faith to be in the best interest of the Company and with such care as an ordinarily prudent person in a like position would use under similar circumstances. A Manager is not liable to the Company, or any Member for any action taken in managing the business or affairs of the Company if he, she or it performs the duty of his, her or its office in compliance with the standard contained in this Section 5.3. No Manager has guaranteed nor shall have any obligation with respect to the return of a Member's Capital Contribution or Profits from the operation of the Company. No Manager shall be liable to the Company or to any Member for any loss or damage sustained by the Company or any Member except loss or damage resulting from intentional misconduct or knowing violation of law or a transaction for which such Manager received a personal benefit in violation or breach of the provisions of this Agreement. The

Manager shall be entitled to rely on information, opinions, reports or statements, including, but not limited to, financial statements or other financial data, prepared by the Company.

5.4 Manager Has No Exclusive Duty to Company. The Manager shall not be required to manage the Company as its sole and exclusive function and it may have other business interests and may engage in other activities in addition to those relating to the Company. The Manager shall incur no liability to the Company or to any of the Members as a result of engaging in any other business or venture.

5.5 Bank Accounts. The Manager may from time to time open bank accounts in the name of the Company, and the Manager shall be the sole signatory thereon, unless the Manager determines otherwise. All funds of the Company shall be deposited in its name in an account or accounts as shall be designated from time to time by the Manager. All funds of the Company shall be used solely for the business of the Company. All withdrawals from the Company bank accounts shall be made only by the Manager or by such other persons as the Manager may designate from time to time.

5.6 Indemnity of the Manager, Employees and Other Agents. To the fullest extent permitted under the Delaware Act, the Company shall indemnify the Manager and make advances for expenses to it with respect to its duties (including fiduciary duties to the extent any such duties exist) and liabilities arising out of or connected with its capacity as Manager. The Company shall indemnify its employees and other agents other than the Manager (if any) to the fullest extent permitted by law with respect to their duties and liabilities arising out of or connected with their capacities as employees of the Company. It shall be a requirement of any indemnification set forth in this Section 5.6 that the person seeking such indemnification (a “Covered Person”) (i) acted in good faith and in a manner believed by such Covered Person to be in, or not opposed to, the best interests of the Company and, with respect to any criminal proceeding, had no reasonable cause to believe his conduct was unlawful, and (ii) such Covered Person’s conduct did not constitute fraud or gross negligence by such Covered Person, in either case as determined by a final, nonappealable order of a court of competent jurisdiction. In connection with the foregoing, the termination of any action, suit or proceeding by judgment, order, settlement, conviction, or upon a plea of nolo contendere or its equivalent, shall not, of itself, create a presumption that the Covered Person did not act in good faith or, with respect to any criminal proceeding, had reasonable cause to believe that such Covered Person’s conduct was unlawful, or that the Covered Person’s conduct constituted fraud or gross negligence.

5.7 Term. Each Manager’s term (subject to removal in accordance with Section 5.9) shall be for the remaining term of the Company.

5.8 Resignation. Any Manager of the Company may resign at any time by giving written notice to the Members of the Company. The resignation of any Manager shall take effect upon receipt of notice thereof or at such later time as shall be specified in such notice; and, unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective. The resignation of a Manager who also is a Member shall not affect the Manager’s rights as a Member and shall not constitute a withdrawal of a Member.

5.9 Removal. All or any lesser number of Managers may be removed at any time for Cause by the vote of a Majority. In addition, all or any lesser number of Managers may be removed at any time without Cause by the vote of at least two-thirds of the outstanding Units of the Company. For purposes of this Section 5.9, “Cause” shall mean: (i) the perpetration by such Manager of willful fraud against the Company; or (ii) the willful breach by such Manager of any of his, her or its covenants or agreements contained in this Agreement, which is not cured within 30 days following written notice provided by the

Majority. The removal of a Manager who also is a Member shall not affect the Manager's rights as a Member and shall not constitute a withdrawal of a Member.

5.10 Vacancies. Any vacancy occurring for any reason in the number of Managers of the Company may be filled by the vote of a Majority. A Manager elected to fill a vacancy shall hold office until the expiration of his term and until his successor shall be elected and shall qualify or until his earlier death, resignation or removal. If for any reason at any time there is not at least one Manager, then each of the Members shall automatically become a Manager until such time as the Members, by the vote of a Majority thereof, have designated one or more Managers.

5.11 Limitations on Manager's Authority. Except as specifically provided for elsewhere in this Agreement, no Manager shall have the power or authority to take any of the following actions without a vote of a Majority:

(a) Except for the Management Agreement, which authorizes the payment of certain fees and expense reimbursements to the Manager, and the Development Agreement, which authorizes the payment of certain amounts to an affiliate of the Manager, both of which shall be deemed to be approved by the Members, enter into a vendor contract or service agreement which would commit or obligate the Company to expend more than \$150,000 of Company funds;

(b) File bankruptcy for the Company, settle or compromise any claim of the Company in excess of \$100,000, or confess a judgment against the Company;

(c) Cause the Company to be a party to a merger, acquisition or other consolidation;

(d) Mortgage, pledge, encumber, grant a security interest in, lease or sell the Real Property, except in compliance with Article XIII hereof or as provided for in the Management Agreement or Development Agreement;

(e) Take any action in derogation of the decision of the Members under Article XIII hereof;

(f) Take any action which is in contravention of this Agreement or which would make it impossible to carry on the ordinary business of the Company; or

(g) To vote its membership interest in the Subsidiary to cause the Subsidiary to take any action outlined in subsection (a)-(g) above.

Should any Manager desire to take any of the above-described actions, such Manager shall notify each of the Members of such fact in accordance with the notice provisions set forth in Section 15.13. In the event any Member so notified fails to respond either affirmatively or negatively in writing to the Manager within five (5) calendar days of the effective date of such notice, such Member shall be deemed to have consented to the action proposed by the Manager. Notwithstanding any other provision of this Agreement, an Economic Interest Holder shall not have any of the approval rights set forth in this Section 5.11 or any vote or Membership Interest (other than an Economic Interest) in the Company.

5.12 Compensation. The Manager shall be entitled to receive the compensation and reimbursements set forth in the Management Agreement in accordance with its terms, but shall not otherwise be entitled to any other compensation for carrying out its duties or acting as Manager. The compensation and reimbursements provided for in the Management Agreement shall not be amended, modified or replaced on behalf of the Company by the Manager without the written consent of a Majority.

Notwithstanding the foregoing, the Manager shall be reimbursed for all reasonable expenses incurred in managing the Company and carrying out his duties hereunder.

ARTICLE VI

RIGHTS AND OBLIGATIONS OF MEMBERS; MEETINGS

6.1 No Liability to Third Parties. Each Member's liability to third parties shall be limited to the fullest extent permitted by the Delaware Act.

6.2 Liability for Certain Acts. No Member has guaranteed nor shall any Member have any obligation with respect to the return of a Member's Capital Contributions or distributions from the Company. No Member shall be liable to the Company or to any Member for any loss or damage sustained by the Company or any Member except loss or damage resulting from intentional misconduct or knowing violation of law or a transaction for which such Member received a personal benefit in violation or breach of the provisions of this Agreement. Each Member shall be entitled to rely on information, opinions, reports or statements, including but not limited to financial statements or other financial data prepared or presented in accordance with the provisions of the Delaware Act.

6.3 Indemnity of Members. To the fullest extent permitted under the Delaware Act, the Company shall indemnify the Members and make advances for expenses to them with respect to their duties (including fiduciary duties to the extent any such duties exist) and liabilities arising out of or connected with their respective capacities as Members.

6.4 List of Members. Upon written request of any Member, the Manager shall provide a list showing the names, addresses and Membership Interests of all Members and the other information maintained pursuant to Section 10.2.

6.5 Priority and Return of Capital. Except as may be expressly provided in Sections 8.1 and 14.4, no Member shall have priority over any other Member, either as to the return of Capital Contributions or as to other distributions. This Section shall not apply to loans (as distinguished from Capital Contributions) which a Member has made to the Company.

6.6 Members Have No Exclusive Duty to Company. The Members may have other business interests and may engage in other activities in addition to those relating to the Company. Neither the Company nor any Member shall have any right, by virtue of this Agreement, to share or participate in such other investments or activities of the Member or to the income or proceeds derived therefrom. The Member shall incur no liability to the Company or to any or the Members as a result of engaging in any other business or venture.

6.7 Loans to Company. No Member shall be required to make any loans to the Company. To the extent approved by the Manager, Members may be permitted to make loans to the Company if and to the extent they so desire and the Company requires such funds. The making of any loan by a Member shall not create any fiduciary duty as between the Member and the Company and shall not otherwise restrict the right to foreclose, or restrict any other legal remedies which may be exercised by the Member as may be provided to a third party creditor under law. Any Member who shall lend money to the Company under the terms of this Section 6.7 shall be considered an unrelated creditor with respect to such loan to the extent allowed by applicable law.

6.8 No Annual or Other Meetings Required. Notwithstanding anything in the Delaware Act to the contrary, no annual or other meetings of the Members shall be required, the same being hereby

waived, but the Members may meet from time to time as they desire in accordance with such procedures (if any) as the Manager may from time to time prescribe.

6.9 No Requirements of Minutes. Although the Company may maintain books of minutes or other records of proceedings of the Company, neither the Manager, the Members nor the Company shall be required to maintain minutes of the Company or other records of its proceedings.

ARTICLE VII

CONTRIBUTIONS TO THE COMPANY AND CAPITAL ACCOUNTS

7.1 Members' Capital Accounts. The Members' Capital Accounts shall be set and maintained in accordance with the definition of "Capital Accounts" in this Agreement.

7.2 Initial Capital Contributions. Each Member executing this Agreement has made an initial Capital Contribution as set forth on Exhibit B and each Person who thereafter purchases Units from the Company shall make a Capital Contribution in an amount determined by the Manager.

7.3 Additional Capital Contributions. No Member shall be required to make any additional Capital Contributions. To the extent approved by a Majority, a Member may be permitted to make additional Capital Contributions but only with the consent of such Member.

ARTICLE VIII

DISTRIBUTIONS TO MEMBERS

8.1 Distributions. All distributions of Distributable Cash shall be made, at times and in amounts as approved by the Manager, as follows:

(a) First, to the Members, pro rata, based upon their positive Capital Accounts, until their Capital Accounts are reduced to zero;

(b) Then, all remaining Distributable Cash shall be distributed to the Members, pro rata, in accordance with their Ownership Interests.

8.2 Amounts Withheld. The Company is authorized to withhold from payments and distributions, with respect to allocations to the Members, and to pay over to any federal, state and local government or any foreign government, any amounts required to be so withheld pursuant to the Code or any provisions of any other federal, state or local law or any foreign law, and shall allocate such amounts to the Members with respect to which such amount was withheld.

8.3 Limitation Upon Distributions. No distribution shall be made to Members if prohibited by the Delaware Act.

ARTICLE IX

ALLOCATIONS

9.1 Profits. After giving effect to the special allocations set forth in Sections 9.3 and 9.4 hereof, Profits for any Fiscal Year shall be allocated to the Members, pro rata, based upon their respective Ownership Interests.

9.2 Losses. After giving effect to the special allocations set forth in Sections 9.3 and 9.4 hereof, Losses for any Fiscal Year shall be allocated to the Members in the following order and priority:

(a) Except as provided in Section 9.2(b) hereof, Losses for any Fiscal Year shall be allocated to the Members pro rata, based upon their respective Ownership Interests.

(b) The Losses allocated to a Member pursuant to Section 9.2(a) shall not exceed the maximum amount of Losses that can be allocated to such Member without causing such Member to have an Adjusted Capital Account Deficit as of the end of the Fiscal Year to which the allocations relate. The limitations set forth in this Section 9.2(b) shall be applied on a Member-by-Member basis.

9.3 Special Allocations. The following special allocations shall be made in the following order:

(a) Minimum Gain Chargeback. Except as otherwise provided in Regulations Section 1.704-2(f), and notwithstanding any other provision of this Article IX, if there is a net decrease in Company Minimum Gain during any Fiscal Year, each Member shall be specially allocated items of Company income and gain for that Fiscal Year (and, if necessary subsequent Fiscal Years) in an amount equal to such Member's share of the net decrease in Company Minimum Gain, determined in accordance with Regulations Section 1.704-2(g). Allocations pursuant to the previous sentence shall be made in proportion to the respective amounts required to be allocated to each Member pursuant thereto. The items to be so allocated shall be determined in accordance with Regulations Sections 1.704-2(f)(6) and 1.704-2(j)(2). This Section 9.3(a) is intended to comply with the Minimum Gain Chargeback requirement in Regulations Section 1.704-2(f) and shall be interpreted consistently therewith.

(b) Member Minimum Gain Chargeback. Except as otherwise provided in Regulations Section 1.704-2(i)(4), and notwithstanding any other provisions of this Article IX, if there is a net decrease in Member Nonrecourse Debt Minimum Gain during any Fiscal Year, each Member who has a share of the Member Nonrecourse Debt Minimum Gain attributable to such Member Nonrecourse Debt, determined in accordance with Section 1.704-2(i)(5) of the Regulations, shall be specially allocated items of Company income and gain for such Fiscal Year (and, if necessary, subsequent Fiscal Years) in an amount equal to such Member's share of the net decrease in Member Nonrecourse Debt Minimum Gain attributable to such Member Nonrecourse Debt, determined in accordance with Regulations Sections 1.704-2(i)(4). Allocations pursuant to the previous sentence shall be made in proportion to the respective amounts required to be allocated to each Member pursuant thereto. The items to be so allocated shall be determined in accordance with Regulations Sections 1.704-2(i)(4) and 1.704-2(j)(2). This Section 9.3(b) is intended to comply with the Minimum Gain Chargeback requirement of Regulations Section 1.704-2(i)(4), and shall be interpreted consistently therewith.

(c) Qualified Income Offset. In the event any Member unexpectedly receives any adjustments, allocations, or distributions described in Regulations Sections 1.704-1(b)(2)(ii)(d)(4), (d)(5), or (d)(6), items of Company income and gain shall be specially allocated to each such Member in an amount and manner sufficient to eliminate, to the extent required by the Regulations, the Adjusted Capital Account Deficit of such Member as quickly as possible, provided that an allocation pursuant to this Section 9.3(c) shall be made only if and to the extent that such Member would have an Adjusted Capital Account Deficit after all other allocations provided for in this Article IX have been tentatively made as if this Section 9.3(c) were not in the Agreement.

(d) Gross Income Allocation. In the event any Member has an Adjusted Capital Account Deficit at the end of any Fiscal Year, the Member shall be specially allocated items of Company income and gain in the amount of such deficit as quickly as possible, provided that an allocation pursuant to this Section 9.3(d) shall be made only if and to the extent that such Member would have an Adjusted Capital Account Deficit after all other allocations provided for in this Article IX have been made as if Section 9.3(c) hereof and this Section 9.3(d) were not in the Agreement.

(e) Member Nonrecourse Deductions. Any Member Nonrecourse Deductions for any Fiscal Year or other period shall be specially allocated to the Member who bears the economic risk of loss with respect to the Member Nonrecourse Debt to which such Member Nonrecourse Deductions are attributable in accordance with Regulations Sections 1.704-2(i)(I).

(f) Section 754 Adjustments. To the extent 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 Regulations Sections 1.704-1(b)(2)(iv)(m)(2) or (4), to be taken into account in determining Capital Accounts, the amount of such adjustment to the Capital Accounts shall be treated as an item of gain (if the adjustment increases the basis of the asset) or loss (if the adjustment decreases such basis) and such gain or loss shall be specially allocated to the Members in accordance with their interest in the Company in the event that Regulations Section 1.704-1(b)(2)(iv)(m)(2) applies, or to the Member to whom such distribution was made in the event that Regulations Section 1.704-1(b)(2)(v)(m)(4) applies.

(g) Nonrecourse Deductions. Nonrecourse Deductions for any year or other period shall be allocated to the Members, pro rata, based upon their respective Ownership Interests as set forth herein.

9.4 Curative Allocations. The allocations set forth in Sections 9.2(b) and 9.3 (the “Regulatory Allocations”) are intended to comply with certain requirements of the Regulations. It is the intent of the Members that, to the extent possible, all Regulatory Allocations shall be offset either with other Regulatory Allocations or with special allocations of other items of Company income, gain, loss or deduction pursuant to this Section 9.4. Therefore, notwithstanding any other provisions of this Article IX (other than the Regulatory Allocations), the Manager shall make such offsetting special allocations of Company income, gain, loss or deduction in whatever manner it determines appropriate so that, after such offsetting allocations are made, each Member’s Capital Account balance is, to the extent possible, equal to the Capital Account balance which the Member would have had if the Regulatory Allocations were not part of the Agreement. In exercising this discretion under this Section 9.4, the Manager will take into account future Regulatory Allocations, that, although not yet made, are likely to offset other Regulatory Allocations previously made.

9.5 Other Allocation Rules.

(a) For purposes of determining the Profits, Losses, or any other items allocable to any period, Profits, Losses, and any such other items shall be determined on a daily, monthly, or other basis, as determined by the Manager using any permissible method under Code Section 706 and the Regulations thereunder.

(b) Except as otherwise provided in this Agreement, all items of Company income, gain, loss, deduction, credit and any other allocations not otherwise provided for shall be divided among the Members in the same proportions as they share Profits or Losses, as the case may be, for the Fiscal Year.

(c) The Members are aware of the income tax consequences of the allocations made by this Article IX and hereby agree to be bound by the provisions of this Article IX in reporting their respective shares of Company income, gain, loss, deduction and credit for income tax purposes.

(d) To the extent permitted by Regulations Section 1.704-2(h)(3), the Manager shall endeavor to treat distributions of Distributable Cash as having been made from the proceeds of a Nonrecourse Liability or a Member Nonrecourse Debt only to the extent that such distributions would cause or increase an Adjusted Capital Account Deficit for any Member.

9.6 Tax Allocations: Code Section 704(c).

(a) In accordance with Code Section 704(c) and the Regulations thereunder, income, gain, loss, and deduction with respect to any property contributed to the capital of the Company shall, solely for tax purposes, be allocated among the Members so as to take account of any variation between the adjusted basis of such Property to the Company for federal income tax purposes and its initial Gross Asset Value (computed in accordance herewith), using any method selected by the Manager and permitted under the Regulations.

(b) In the event the Gross Asset Value of any Company asset is adjusted in accordance with this Agreement, subsequent allocations of income, gain, loss, and deduction with respect to such asset shall take account of any variation between the adjusted basis of such asset for federal income tax purposes and its Gross Asset Value in the same manner as under Code Section 704(c) and the Regulations thereunder.

(c) Allocations pursuant to this Section 9.6 are solely for purposes of federal, state, and local taxes and shall not affect, or in any way be taken into account in computing, any Member's Capital Account or share of Profits, Losses, other items, or distributions pursuant to any provisions of this Agreement.

ARTICLE X
BOOKS AND RECORDS

10.1 Accounting Period. The Company's accounting period shall be the calendar year.

10.2 Records, Audits and Reports. At the expense of the Company, the Manager shall maintain records and accounts of all operations and expenditures of the Company. The Company shall keep at its principal place of business the following records:

- (a) A current list of the full name and last known address of each Member;
- (b) Copies of records to enable a Member to determine such Member's relative voting rights, if any;
- (c) A copy of the Certificate of Formation of the Company and all amendments thereto;
- (d) Copies of the Company's federal, state, and local income tax returns and reports, if any, for the three most recent years;
- (e) Copies of this Agreement, together with any amendments thereto; and
- (f) Copies of any financial statements of the Company for the three most recent years.

10.3 Tax Returns. At the expense of the Company, the Manager shall cause the preparation and timely filing of all tax returns required to be filed by the Company pursuant to the Code and all other tax returns deemed necessary and required in each jurisdiction in which the Company does business. Copies of such returns, or pertinent information therefrom, shall be furnished to the Members within a reasonable time after the end of the Fiscal Year.

10.4 Reports to Members. In the event that the Company should vote its membership interest in the Subsidiary in favor of causing the Subsidiary to pursue the Development Option in accordance with the procedures set forth in Article XIII, commencing with the Fiscal Year in which the Manager begins implementation of the Development Option, the Manager shall send to each Person who was a Member during such period audited annual financial statements for such Fiscal Year, prepared on an accrual basis and in accordance with generally accepted accounting principles.

ARTICLE XI

TRANSFERABILITY

11.1 General. Except as otherwise provided for in this Article XI, without the prior written approval of the Manager, no Member shall have the right (i) to sell, assign, pledge, hypothecate, transfer, exchange or otherwise transfer for consideration (in each case, constituting a “Sale”) or (ii) to gift, bequeath or otherwise transfer for no consideration (whether or not by operation of law, except in the case of bankruptcy) (in each case, constituting a “Gift”) all or part of his or her Membership Interest.

11.2 Permitted Transfers. Notwithstanding anything in this Article XI to the contrary, any Member may, without first obtaining an approval of the Manager, transfer all, but not less than all, of his, her or its Membership Interest in the Company to: (i) a revocable trust of which the Transferring Member is the grantor, trustee and primary beneficiary or (ii) an Entity wholly-owned by the Member; provided, however, that upon the transfer of said Membership Interest, said assignee of such Membership Interest shall continue to be bound by all of the terms and conditions of this Agreement as it applied to the Transferring Member and the assignee of such Membership Interest shall execute such documents as are deemed reasonably necessary by the attorneys for the Company to bind said assignee to the provisions of this Agreement.

11.3 Transfers of Economic Interests.

(a) Notwithstanding anything contained herein to the contrary, if a Member proposes to transfer all or part of his Membership Interest to a transferee or donee which is not a Member immediately prior to the Sale or Gift but does not obtain prior approval of the Manager to the proposed transfer pursuant to Section 11.1, then the Transferring Member may only transfer an Economic Interest and the proposed transferee or donee shall have no right to participate in the management of the business and affairs of the Company or to become a Member. The transferee or donee shall merely be an Economic Interest Holder. No transfer of Units, or any transfer of an Economic Interest which has not been approved by the Manager, shall be effective unless and until written notice (including the name and address of the proposed, transferee or donee and the date of such transfer) has been provided to the Manager and the non-Transferring Member(s).

(b) Upon and contemporaneously with any Sale or Gift of a Transferring Member’s Economic Interest in the Company which does not at the same time transfer the balance of the rights associated with the Economic Interest transferred by the Transferring Member (including, without limitation, the rights of the Transferring Member to participate in the management of the business and affairs of the Company), the Company shall purchase from the Transferring Member, and the Transferring Member shall sell to the Company for a purchase price of \$100.00, all remaining rights and Units retained by the Transferring Member which immediately prior to such Sale or Gift were associated with the transferred Economic Interest.

11.4 Effect of Transfer on Company’s Taxable Status. Notwithstanding anything contained herein to the contrary, no Member shall be entitled to purchase or sell any Membership Interest, if such purchase or sale would affect the Company’s status as a partnership for federal income tax purposes. If a

purchase would terminate the Company's status as such, the Manager may designate a third party to purchase such Membership Interest in accordance with the terms of this Agreement and such third party would only be an Economic Interest Holder, unless otherwise determined by the Manager.

ARTICLE XII

ADDITIONAL MEMBERS

From the date of the formation of the Company, any Person acceptable to the Manager may become a Member of this Company either by the issuance by the Company of Units for such consideration as the Manager, or the Members, by a vote of a Majority, shall determine, or as a transferee of any of a Member's Membership Interest, or any portion thereof, subject to the terms and conditions of this Agreement. No new Members shall be entitled to any retroactive allocation of Losses, income or expense deductions incurred by the Company. The Manager may, at its option, at the time a Member is admitted, close the Company books (as though the Company's tax year had ended) or make pro rata allocations of Loss, income and expense deductions to a new Member for that portion of the Company's tax year in which a Member was admitted in accordance with the provisions of Code Section 706(d) and the Regulations promulgated thereunder.

ARTICLE XIII

RIGHTS AND DUTIES REGARDING REAL PROPERTY

13.1 Certain Acknowledgments. The Manager acknowledges that the Subsidiary has obtained a development plan (the "Development Plan"), reflecting the potential development of the Real Property with a residential development and has contacted the North American Land Trust (the "Proposed Grantee") concerning the potential encumbrance of the Real Property through the execution and delivery to the Proposed Grantee of a conservation easement (the "Conservation Easement") by the Subsidiary.

13.2 Certain Obligations.

(a) It is anticipated that the Manager shall review and analyze the Development Plan, and shall develop an option (the "Development Option") to develop the Real Property in accordance with the Development Plan or otherwise, which shall include the anticipated benefits to the Subsidiary, the Company, and the Members in connection therewith, a plan for the sale of the Real Property by the Subsidiary, and the projection of the costs of developing the Real Property for sale, lease, investment, appreciation or otherwise, including offering option preparation, referral fees, commissions, property taxes, appraisal costs, insurance premiums and any other project costs, net of income anticipated from the sale, lease, investment, appreciation or otherwise of the Real Property under the terms of the Development Plan.

(b) It is anticipated that the Manager shall review and analyze the potential encumbrance of the Real Property through the execution and delivery to the Proposed Grantee of the Conservation Easement, and shall develop an option (the "Conservation Option") concerning the delivery of the Conservation Easement to the Proposed Grantee, which shall include the anticipated tax consequences to the Company and the Members in connection therewith, a plan for the use and management of the Real Property, subject to the terms of the Conservation Easement, and the projection of the costs of holding the Real Property, including option preparation, property taxes, steward fees, appraisal costs, insurance premiums, and any other project costs, net of income, if any, anticipated from the use and operation of the Real Property under the terms permitted by the Conservation Easement and written acknowledgment by the Proposed Grantee that it is willing to accept and administer the Conservation Easement.

(c) It is anticipated that the Manager shall review and analyze the Development Plan, and shall develop an option (the “Deferral Option” and, together with the Development Option and the Conservation Option, the “Investment Options”) to hold the Real Property for investment and appreciation pending a future sale to one or more third party developers of the Real Property for development under the Development Plan or otherwise, which shall include the anticipated benefits to the Subsidiary, the Company, and the Members in connection therewith, a plan for the sale of the Real Property by the Subsidiary, and the projection of the costs of holding the Real Property for investment and appreciation pending a future sale, including offering option preparation, referral fees, commissions, property taxes, appraisal costs, insurance premiums and any other project costs, net of income anticipated from the sale of the Real Property under the terms of the Development Plan.

(d) The Members shall be asked to vote, within two (2) years from the date on which the Company acquires a membership interest in the Subsidiary, on whether the Company should vote its membership interest in the Subsidiary in favor of causing the Subsidiary to pursue the Development Option, Conservation Option or Deferral Option.

13.3 Right of the Members. Prior to the Members’ vote referenced in Section 13.2(d) hereof, the Manager shall provide, pursuant to the provisions of Section 15.13 of this Agreement, each of the Members with documentation of the Manager’s analyses of each of the Investment Options and the means to cast such Member’s vote in favor of one of the Investment Options. Each of the Members then has the right and option (unless such right and option is waived by a Member in writing), immediately or at any time during the five calendar days after the deemed receipt of such information, in which the Member may vote to cause the Subsidiary to elect to pursue one of the Investment Options; provided that if the Members cast a majority of the Units in favor of one of the Investment Options prior to the end of such five-day voting period, such voting period shall terminate. The Company shall vote its membership interest in the Subsidiary to cause the Subsidiary to pursue the Investment Option that receives the largest number of Units cast in favor of such Investment Option.

13.4 Duty of Manager to Implement Selected Option.

(a) Development Option. If the Development Option is the option elected pursuant to Section 13.3, then the Manager shall vote the Company’s interests in the Subsidiary in favor thereof, and shall be responsible for carrying out any obligations on behalf of the Company in furtherance of the implementation thereof.

(b) Conservation Option. If the Conservation Option is the option elected pursuant to Section 13.3, then the Manager shall vote the Company’s interests in the Subsidiary in favor thereof, and shall take such actions as may be necessary or appropriate in connection with the Company’s contribution deduction as a result thereof.

(c) Deferral Option. If the Deferral Option is the option elected pursuant to Section 13.3, then the Manager shall vote the Company’s interests in the Subsidiary in favor thereof, and shall be responsible for carrying out any obligations on behalf of the Company in furtherance of the implementation thereof.

13.5 Access and Encumbrances. If the Conservation Option is elected pursuant to Section 13.3, the Manager shall have the right to vote the Company’s interest in the Subsidiary to cause the Subsidiary to grant access and use encumbrances to third parties following the execution, delivery and recording of the Conservation Easement, including leases and easements; provided, that such encumbrances do not violate the provisions of the Conservation Easement and such agreements do not impose additional financial or legal burdens on the Company.

ARTICLE XIV
WITHDRAWAL, DISSOLUTION AND TERMINATION

14.1 Withdrawal.

(a) Notwithstanding Section 18-304 of the Delaware Act, a Member shall cease to be a member of the Company only upon the occurrence of one of the following events:

(i) The Member Sells or Gifts all of his Membership Interest in accordance with Article XI herein;

(ii) The Member's entire Membership Interest is purchased or redeemed by the Company; or

(iii) The Member dies.

(b) Except as permitted by the Manager, a Member shall not withdraw from the Company or take any other action which causes such Member to withdraw from the Company. A Member who withdraws (a "Withdrawing Member") shall become an Economic Interest Holder and shall not be entitled to receive any distributions to which such Member would not have been entitled had such Member remained a Member, and such Withdrawing Member shall receive distributions only at the time (if any) and in the amounts (if any) that such distributions would have been made had the Withdrawing Member remained a Member.

14.2 Dissolution. The Company shall be dissolved only upon the occurrence of one or more of the following events:

(a) Following the recommendation of the Manager, by the vote of at least two-thirds of the outstanding Units of the Company to dissolve the Company;

(b) An administrative or judicial decree of dissolution;

(c) The sale of all of the Property and the Manager's determination to dissolve the Company; or

(d) The disposition of all of the Real Property and the Manager's determination to dissolve the Company.

Except as provided in Section 14.2(a) above, the Members shall have no authority to dissolve the Company by any act, including by vote or written consent.

14.3 Effect of Dissolution. Upon dissolution, the Company shall cease to carry on its business, except as permitted by the Delaware Act.

14.4 Winding Up; Liquidation and Distribution of Assets.

(a) Upon dissolution, an accounting shall be made by the Company's independent accountants of the accounts of the Company and of the Company's assets, liabilities and operations, from the date of the last previous accounting until the date of dissolution. The Manager shall immediately proceed to wind up the affairs of the Company.

(b) If the Company is dissolved and its affairs are to be wound up, the Manager shall:

(i) Sell or otherwise liquidate all of the Property as promptly as practicable (except to the extent the Manager may determine to distribute any assets to the Members in kind),

(ii) Allocate any Profit or Loss resulting from such sale or liquidation to the Members in accordance with Article IX hereof,

(iii) Discharge all liabilities of the Company, including liabilities to Members who are creditors and establish such reserves as may be reasonably necessary to provide for contingent or other liabilities of the Company, and

(iv) Distribute the remaining assets in the following order:

(1) If any assets of the Company are to be distributed in kind, the net fair market value of such assets as of the date of dissolution shall be determined by independent appraisal or by agreement of the Members. Such assets shall be deemed to have been sold as of the date of dissolution for their fair market value, and the Capital Accounts of the Members shall be adjusted pursuant to the provisions of this Agreement to reflect such deemed sale.

(2) The positive balance (if any) of each Member's Capital Account (as determined after taking into account all Capital Account adjustments for the Company's taxable year during which the liquidation occurs) shall be distributed to the Members, either in cash or in kind, as determined by the Manager, with any assets distributed in kind being valued for this purpose at their fair market value. Any such distributions to the Members in respect of their Capital Accounts shall be made in accordance with the time requirements set forth in Regulations Section 1.704-1(b)(2)(ii)(b)(2).

(c) Notwithstanding anything to the contrary in this Agreement, upon a liquidation within the meaning of Regulations Section 1.704-1(b)(2)(ii)(g), if any Member has a deficit Capital Account (after giving effect to all contributions, distributions, allocations and other Capital Account adjustments for all taxable years, including the year during which such liquidation occurs), such Member shall have no obligation to make any Capital Contribution, and the negative balance of such Member's Capital Account shall not be considered a debt owed by such Member to the Company or to any other Person for any purpose whatsoever.

(d) Upon completion of the winding up, liquidation and distribution of the assets, the Company shall be deemed terminated.

(e) The Manager shall comply with any applicable requirements of applicable law pertaining to the winding up of the affairs of the Company and the final distribution of its assets.

14.5 Certificate of Cancellation. When all debts, liabilities and obligations have been paid and discharged or adequate provisions have been made therefor and all of the remaining Property and assets have been distributed to the Members, a Certificate of Cancellation may be executed and filed with the Secretary of State of Delaware in accordance with the Delaware Act.

14.6 Return of Contribution Nonrecourse. Except as provided by law or as expressly provided in this Agreement, upon dissolution, each Member shall look solely to the assets of the Company for the return of his or her Capital Contribution. If Property remaining after the payment or discharge of the debts

and liabilities of the Company is insufficient to return the cash contribution of one or more Members, such Member or Members shall have no recourse against the Manager or any other Member.

ARTICLE XV

MISCELLANEOUS PROVISIONS

15.1 Application of Delaware Law. This Agreement and the interpretation hereof, shall be governed exclusively by its terms and by the laws of the State of Delaware, and specifically the Delaware Act.

15.2 No Action for Partition. No Member has any right to maintain any action for partition with respect to the Company.

15.3 Execution of Additional Instruments. Each Member hereby agrees to execute such other and further statements of interest and holdings, designations, powers of attorney and other instruments necessary to comply with any laws, rules or regulations.

15.4 Construction. Whenever the singular number is used in this Agreement and when required by the context, the same shall include the plural and vice versa, and the masculine gender shall include the feminine and neuter genders and vice versa.

15.5 Headings. The headings in this Agreement are inserted for convenience only and are in no way intended to describe, interpret, define, or limit the scope, extent or intent of this Agreement or any provision hereof.

15.6 Waivers. The failure of any party to seek redress for violation of or to insist upon the strict performance of any covenant or condition of this Agreement shall not prevent a subsequent act, which would have originally constituted a violation, from having the effect of an original violation.

15.7 Rights and Remedies Cumulative. The rights and remedies provided by this Agreement are cumulative and use of any one right or remedy by any party shall not preclude or waive the right not to use any or all other remedies. Such rights and remedies are given in addition to any other rights the parties may have by law, statute, ordinance or otherwise.

15.8 Severability. If any provision of this Agreement or the application thereof to any person or circumstance shall be invalid, illegal or unenforceable to any extent, the remainder of this Agreement and the application thereof shall not be affected and shall be enforceable to the fullest extent permitted by law.

15.9 Heirs, Successors and Assigns. Each and all of the covenants, terms, provisions and agreements herein contained shall be binding upon and inure to the benefit of the parties hereto and, to the extent permitted by this Agreement, their respective heirs, legal representatives, successors and assigns.

15.10 Creditors. None of the provisions of this Agreement shall be for the benefit of or enforceable by any creditors of the Company.

15.11 Counterparts. This Agreement may be executed in any number of counterparts and all of such counterparts shall for all purposes constitute a single agreement, notwithstanding that all parties are not signatories to the same counterpart, and further, the pages of the counterparts on which appear the signatures of the Members may be detached from the respective counterparts of the Agreement and attached all to one counterpart which shall represent the final Agreement.

15.12 Certain Federal Income Tax Matters.

(a) Tax Elections in General. Except as otherwise stated in this Agreement, all elections required or permitted to be made by the Company under the Code shall be made by the Manager as determined in its sole discretion.

(b) Designation. For any period during which the Company is permitted or required to have a tax matters partner within the meaning of Code Section 6231(a)(7) as in effect immediately prior to the effective date of its amendment by the 2015 Budget Act (“Tax Matters Member”), EcoVest shall be the Tax Matters Member, provided that EcoVest qualifies as Tax Matters Member and does not resign from such position. For all periods other than those described in the preceding sentence, the Manager shall be the “partnership representative” of the Company within the meaning of Code Section 6223 (as amended by the 2015 Budget Act) (the “Company Representative”) and shall serve as such until its successor is duly designated by the Manager. Each Member hereby approves of each such designation and agrees to execute, certify, acknowledge, deliver, swear to, file and record at the appropriate public offices such documents as may be deemed necessary or appropriate to evidence such approval. To the extent and in the manner provided by applicable Code sections and regulations thereunder, the Tax Matters Member or Company Representative, as applicable, (a) shall furnish the name, address, profits interest and taxpayer identification number of each Member to the IRS and each Member shall provide such information to the Tax Matters Member or Company Representative, as applicable, upon request and (b) shall inform each Member of administrative or judicial proceedings for the adjustment of Company items required to be taken into account by a Member for federal income tax purposes.

(c) Authority. The Tax Matters Member shall have all the powers and authority of a “tax matters partner” within the meaning of Code Section 6231(a)(7) as in effect immediately prior to the effective date of its amendment by the 2015 Budget Act. The Company Representative shall have authority to take any action that may be taken by a “partnership representative” under the 2015 Budget Act Audit Rules.

(d) No Compensation. Neither the Tax Matters Member nor the Company Representative shall receive any compensation for the services set forth in this Section 15.12. All third-party costs (including Affiliate costs) and expenses incurred by the Tax Matters Member or Company Representative in performing its duties as such (including legal and accounting fees) shall be borne by the Company. Nothing herein shall be construed to restrict the Company from engaging an accounting firm to assist the Tax Matters Member or Company Representative in discharging its duties hereunder.

(e) No Early Election into the 2015 Budget Act Audit Rules. The Company will not elect, under Section 1101(g)(4) of the 2015 Budget Act or otherwise, for any portion of the 2015 Budget Act Audit Rules to apply to the Company for any taxable years beginning before January 1, 2018.

(f) Election out of Imputed Underpayment. To the maximum extent permitted under the 2015 Budget Act Audit Rules, as determined by the Company Representative in consultation with the Company’s tax advisers, either (i) the Company will elect, and each Member will cooperate in electing, under Code Section 6226(a) (as amended by the 2015 Budget Act) or otherwise, for Code Section 6225 (as amended by the 2015 Budget Act) not to apply, and for each Member to take any adjustment into account as provided in Code Section 6226(a) (as amended by the 2015 Budget Act) or (ii) upon the request of the Company Representative, each Member will file any amended U.S. federal income tax return, and any applicable state and local income tax return, and pay any tax owing in connection therewith in accordance with Code Section 6225(c)(2) (as amended by the 2015 Budget Act) or applicable state or local tax law.

(g) Survival. The provisions of this Section 15.12 shall survive the termination of the Company or the termination of any Membership Interest and shall remain binding on the Members for as long a period of time as is necessary to resolve with the Internal Revenue Service and other applicable taxing authorities any and all matters regarding the taxation of the Company, or of the Members with respect to the Company.

15.13 Notices. Any and all notices, offers, demands or elections required or permitted to be made under this Agreement (“Notices”) shall be in writing, signed by the party giving such Notice, and shall be deemed given and effective (a) when hand-delivered (either in person by the party giving such notice, or by his or her designated agent, or by commercial courier), (b) on the second business day (which term means a day when the U.S. Postal Service, or its legal successor (“Postal Service”) is making regular deliveries of mail on all of its regularly appointed week-day rounds in Atlanta, Georgia) following the day (as evidenced by proof of mailing) upon which such Notice is deposited, postage pre-paid, certified mail, return receipt requested, with the Postal Service, and addressed to the other party at such party’s respective address as set forth on the records of the Company, or at such other address as the other party may hereafter designate by Notice, (c) by electronic mail (sent with the name of the Company included in the subject line of such electronic mail) with a copy sent for delivery the next business day by any U.S. mail or other courier or delivery service, at such party’s respective e-mail address and address as set forth on the records of the Company, or at such other e-mail address and/or address as the other party may hereafter designate by Notice, with such delivery being deemed effective upon sender’s notice of the sent e-mail, or (d) by facsimile with a copy sent for delivery the next business day by any U.S. mail or other courier or delivery service, at such party’s respective facsimile number and address as set forth on the records of the Company, or at such other facsimile number and/or address as the other party may hereafter designate by Notice, with such delivery being deemed effective upon sender’s notice of the sent facsimile.

15.14 Amendments. The Manager shall have the right to amend the Certificate of Formation and this Agreement without the consent of any Members for the following purposes: (i) to authorize and issue new or additional Units and to admit a Person as a Member or substituted Member of the Company as authorized herein; (ii) to change the name or address of a Member; (iii) to change the name of the registered office or registered agent of the Company; (iv) in the opinion of the Manager, it is necessary or appropriate to correct or clarify an inconsistent, ambiguous, false or erroneous provision in this Agreement provided such amendment does not adversely affect the rights of the Members under this Agreement; or (v) in the opinion of counsel for the Company, it is necessary or appropriate to satisfy a requirement of the Code with respect to partnerships or of any federal or state securities laws or regulations, provided such amendments do not adversely affect the interests of the Members. Any amendment to the Certificate of Formation or this Agreement not otherwise expressly addressed in this Article XV shall require the approval of a Majority.

15.15 Invalidity. The invalidity or unenforceability of any particular provision of this Agreement shall not affect the other provisions hereof, and the Agreement shall be construed in all respects as if such invalid or unenforceable provision were omitted. If any particular provision herein is construed to be in conflict with the provisions of the Delaware Act, the Delaware Act shall control and such invalid or unenforceable provisions shall not affect or invalidate the other provisions hereof, and this Agreement shall be construed in all respects as if such conflicting provision were omitted.

15.16 Determination of Matters Not Provided For In This Agreement. Unless otherwise stated in this Agreement, any matter determined by the Members shall be determined by Majority consent.

15.17 Further Assurances. The Members each agree to cooperate, and to execute and deliver in a timely fashion any and all additional documents necessary to effectuate the purposes of the Company and this Agreement.

15.18 Time. TIME IS OF THE ESSENCE OF THIS AGREEMENT, AND TO ANY PAYMENTS, ALLOCATIONS AND DISTRIBUTIONS SPECIFIED UNDER THIS AGREEMENT.

[Signatures on the following page.]

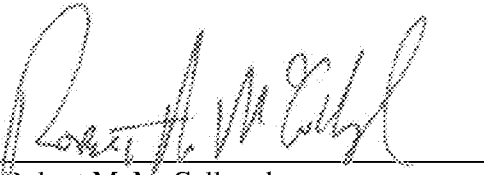
IN WITNESS WHEREOF, the undersigned Manager has executed and delivered this Agreement by its duly authorized representative effective as of the Effective Date.

MANAGER:

CAMELLIA STATION MANAGEMENT, LLC

By: EcoVest Camellia Station, LLC, its Manager

By: EcoVest Capital, Inc., its sole Member

By: 
Robert M. McCullough
Chief Financial Officer, Senior Vice President,
Secretary and Treasurer

IN WITNESS WHEREOF, the undersigned Member has executed and delivered this Agreement by its duly authorized representative effective as of the Effective Date.

MEMBER:

ECOVEST CAMELLIA STATION, LLC

By: EcoVest Capital, Inc., its sole Member

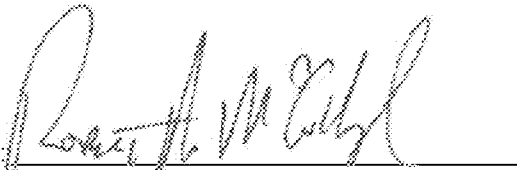
By: 
Robert M. McCullough
Chief Financial Officer, Senior Vice President,
Secretary and Treasurer

Exhibit A

REAL PROPERTY

ALL AND SINGULAR that certain piece, parcel or tract of land, lying and being in the City of North Myrtle Beach, Horry County, South Carolina, designated as **PARCEL 2, 1,969,845 SQ. FT., 45.22 ACRES** as shown on that certain plat entitled “**BOUNDARY/SUBDIVISION SURVEY OF TRACTS 5, 6 & 7, LOCATED AT NORTH MYRTLE BEACH, HORRY COUNTY, SOUTH CAROLINA**” dated July 27, 2016 prepared by The Brigman Company and recorded August 5, 2016 in Plat Book 271 at Page 207, in the public records of Horry County, South Carolina. Said parcels having such metes, bounds, courses, shapes and distances as will appear by reference to the aforesaid plat which is incorporated herein and made a part and parcel hereof which plat is craved as forming a part of this description.

Exhibit B

MEMBERS

Member Name and Address	Units	Ownership Percentage
EcoVest Camellia Station, LLC 	5	100%

Exhibit B

Form of Management Agreement

[See attached]

MANAGEMENT AGREEMENT

THIS MANAGEMENT AGREEMENT is made as of _____, 2016, by and among **CAMELLIA STATION MANAGEMENT, LLC**, a Delaware limited liability company (together with its permitted assignees, "Manager"), **CAMELLIA STATION HOLDINGS, LLC**, a Delaware limited liability company (the "Company"), and **CAMELLIA STATION, LLC**, a Delaware limited liability company (the "Subsidiary").

WHEREAS, the Company was organized for the purpose of acquiring, owning, holding for investment and ultimately disposing of or otherwise investing in or engaging in activities related to certain units of membership interest in the Subsidiary;

WHEREAS, the Subsidiary owns certain real property described on Exhibit A (the "Real Property");

WHEREAS, the Company and the Subsidiary desire to retain the Manager to provide to the Company and the Subsidiary management and other services on the terms and conditions hereinafter set forth, and the Manager wishes to be retained to provide such services.

NOW THEREFORE, in consideration of the mutual agreements herein set forth, the parties hereto agree as follows:

Section 1. Appointment and Duties of the Manager.

(a) The Manager has been appointed as the manager of the Company and the Subsidiary pursuant to the limited liability company agreement of the Company, as amended from time to time (the "Company LLC Agreement") and the limited liability company agreement of the Subsidiary, as amended from time to time (the "Subsidiary LLC Agreement"), respectively, and in such capacities the Manager is hereby appointed to manage (i) the assets of the Company, which shall include, but not be limited to, the units of membership interest in the Subsidiary, and (ii) the assets of the Subsidiary, including without limitation the Real Property (collectively, the "Assets"), subject to the further terms and conditions set forth in this Agreement, and the Manager hereby agrees to use commercially reasonable efforts to perform each of the duties set forth herein. The appointment of the Manager shall be exclusive to the Manager except to the extent that the Manager otherwise agrees, in its sole and absolute discretion, and except to the extent that the Manager elects, subject to the terms of this Agreement, to cause the duties of the Manager hereunder to be satisfied by third parties.

(b) The Manager, in its capacity as manager of the Assets and the day-to-day operations of the Company and the Subsidiary, will have such responsibilities and authority as the Company hereby delegates to it including, without limitation, all of the responsibilities and authority of the manager set forth in the Company LLC Agreement and the Subsidiary LLC Agreement, and the functions and authority identified herein and delegated to the Manager. The Manager will be responsible for overseeing and managing the day-to-day operations of the Company and the Subsidiary and will perform (or cause to be performed), subject to the restrictions contained in the Company LLC Agreement and the Subsidiary LLC Agreement and the investment objectives and policies, as applicable, such services and activities relating to the Assets and operations of the

Company and the Subsidiary as may be appropriate, that include the following (the “Management Services”):

(i) Transaction Services. Including, without limitation:

(1) serving as the Company’s and the Subsidiary’s investment and financial advisor and obtaining and/or providing relevant market research and economic and statistical data in connection with the Assets and investment objectives and policies of the Company and the Subsidiary;

(2) structuring and negotiating the terms and conditions of transactions related to the Assets;

(3) seeking, negotiating for and arranging financing related to the Assets and any related real estate transactions, including, but not limited to, arranging and obtaining financing in the amount, and on the terms, necessary to fully implement the development plan for the Real Property contemplated under the development option and described in the Confidential Private Placement Memorandum dated September 1, 2016 (the “PPM”);

(4) performing due diligence on potential investments and other transactions and preparing any necessary reports to include recommendations and supporting documentation necessary to evaluate any such potential investments and transactions;

(5) commissioning the production of and obtaining any reports, where appropriate, concerning the value of contemplated investments of the Company and the Subsidiary;

(6) investigating the potential for development of and obtaining any potential development plans for the Real Property, including, but not limited to, performing, preparing or otherwise commissioning the performance or preparation of various studies, investigations, site surveys, site evaluations, tests, conceptual designs, plans and specifications, engineering studies, zoning investigations and studies, construction phase services, drawing reviews, and/or operating and maintenance manuals;

(7) serving as the authorized representative of the Company and the Subsidiary with respect to all development decisions involving the Real Property, subject to any required initial consent of the Company to commence such development;

(8) investigating the potential for granting a conservation easement on all or any part of the Real Property, including, but not limited to, reviewing any potential conservation purpose of the Real Property, identifying and negotiating with any potential “qualified organization” (as defined under Section 170(h)(3) of the Internal Revenue Code of 1986, as amended) to accept the grant of a conservation easement on the Real Property, commissioning any and all third-party reports necessary to evaluate the feasibility of a federal tax deduction as a result of any such grant, and reviewing any such third-party reports relating to such grant and any deduction that might be claimed as result thereof; and

(9) serving as the authorized representative of the Company and the Subsidiary with respect to all communication with a “qualified organization” relating to the Real Property.

(ii) Asset Management Services. Including, without limitation:

(1) subject to Article XIII of the Company LLC Agreement and Article XIII of the Subsidiary LLC Agreement, managing and making all investment decisions, including acquisitions or dispositions, with respect to the Assets;

(2) conducting negotiations on behalf of the Company and the Subsidiary with potential purchasers, trustees, and brokers and, if applicable, their respective agents and representatives, including with respect to the sale of any residential lots reserved under the Reserved Rights Development Plan (as defined in the PPM), regardless of whether such lots have been developed pursuant to the Reserved Rights Development Plan;

(3) conducting or overseeing periodic on-site property visits and inspection of the physical condition of the Real Property, and, where necessary, oversight of the maintenance, improvement or repair of the physical condition of the Real Property;

(4) monitoring applicable markets and obtaining reports where appropriate concerning the value and potential modes of use of the Assets;

(5) monitoring and evaluating the investment performance of the Assets;

(6) providing daily management services to the Company and performing and supervising the various management and operational functions related to the Assets;

(7) reviewing annually the potential for higher-and-better use of the Real Property, including but not limited to disposition analysis, analysis with respect to the potential for one or more revenue generating substitute businesses, and practices potentially available to the Real Property; and

(8) investing available capital of the Company in additional direct and indirect investments in real property as described in the PPM.

(iii) Administrative Services. Including, without limitation:

(1) overseeing and managing the day-to-day operations and performing and supervising the performance of such other administrative functions necessary to the management of the Company and the Subsidiary;

(2) communicating on behalf of the Company and the Subsidiary with any and all third parties, including without limitation, governmental bodies or agencies;

(3) furnishing periodic reports and providing communication to the members of each of the Company and the Subsidiary detailing the status of the Assets;

(4) furnishing requested periodic reports and providing communication to Company and Subsidiary member representatives, such as brokers, accountants and attorneys;

(5) maintaining a member relations representative to communicate with brokers and other Company and Subsidiary member representatives;

(6) causing the Company and the Subsidiary to retain qualified accountants and legal counsel, as applicable, to assist in developing appropriate accounting procedures and systems, internal controls and other compliance procedures and testing systems with respect to financial reporting obligations;

(7) causing the Company and the Subsidiary to qualify to do business in all applicable jurisdictions and obtain and maintain all appropriate governmental and third-party licenses;

(8) causing the Company and the Subsidiary to comply with all regulatory requirements applicable to them in respect of their business activities, including preparing or causing to be prepared all financial statements required under applicable regulations and contractual undertakings and all reports and documents, if any;

(9) coordinating the preparation on behalf of the Company and the Subsidiary of all required tax filings and reports;

(10) handling and resolving all claims, disputes or controversies (including all litigation, arbitration, settlement or other proceedings or negotiations) in which the Company and/or the Subsidiary may be involved or to which they may be subject arising out of the Company's and the Subsidiary's day-to-day operations;

(11) using commercially reasonable efforts to cause expenses incurred by or on behalf of the Company and the Subsidiary to be commercially reasonable or commercially customary; and

(12) using commercially reasonable efforts to cause the Company and the Subsidiary to comply with applicable laws.

(c) For the period of and on the terms and conditions set forth in this Agreement, and subject to the restrictions on the Manager's authority set forth in the Company LLC Agreement and Subsidiary LLC Agreement, each of the Company and the Subsidiary hereby constitutes, appoints and authorizes the Manager as its true and lawful agent and attorney-in-fact, in its name, place and stead, to negotiate, execute, deliver and enter into such agreements and arrangements on its behalf, on such terms and conditions as the Manager, acting in its sole and absolute discretion, deems necessary or appropriate. This power of attorney is deemed to be coupled with an interest.

(d) The Manager may enter into agreements with other parties, including its Affiliates, for the purpose of engaging one or more parties for and on behalf, and, except as otherwise agreed,

at the sole cost and expense, of the Company and the Subsidiary, to provide credit analysis, risk management services, asset management and/or other services to the Company and the Subsidiary; *provided* that the terms of such agreement(s) are then customary for agreements regarding the provision of services to companies that have assets similar in type, quality and value to the Assets; and *further provided* that any such agreements entered into with Affiliates of the Manager shall be on terms substantially no more favorable to such Affiliate than would be obtained from a third party in an agreement negotiated on an arm's-length basis.

(e) To the extent that the Manager deems necessary or advisable, the Manager may from time to time propose to retain one or more additional entities for the provision of sub-advisory services to the Manager in order to enable the Manager to provide the Management Services to the Company and the Subsidiary under this Agreement.

(f) The Manager may retain, for and on behalf and, at the sole cost and expense of the Company and the Subsidiary, such services of accountants, legal counsel, appraisers, insurers, brokers, transfer agents, and others as the Manager deems necessary or advisable in connection with the management and operations of the Company and the Subsidiary. Notwithstanding anything contained herein to the contrary, the Manager shall have the right to cause any such services to be rendered by its employees or Affiliates. The Company and the Subsidiary shall pay or reimburse the Manager or its Affiliates performing such services for the cost thereof; *provided* that such costs and reimbursements are generally no greater than those which would be payable to third-party professionals or consultants engaged to perform such services pursuant to agreements negotiated on an arm's-length basis.

(g) As may be reasonably requested by the Company, the Manager shall, at the sole cost and expense of the Company and the Subsidiary, prepare, or cause to be prepared, with respect to any Investment, reports and other information with respect to the Assets.

(h) The Manager shall prepare, or cause to be prepared, at the sole cost and expense of the Company and the Subsidiary, all reports, financial or otherwise, with respect to the Company and the Subsidiary in order for the Company and the Subsidiary to comply with their the respective LLC Agreements or any other materials required to be filed with any governmental body or agency, and shall prepare, or cause to be prepared, all materials and data necessary to complete such reports and other materials including, without limitation, any required audit of the Company's and the Subsidiary's books of account by an independent public accounting firm.

(i) Notwithstanding anything contained herein to the contrary, the Manager shall not be required to expend money ("Excess Funds") in connection with any expenses that are required to be paid for or reimbursed by the Company and the Subsidiary pursuant to Section 8 in excess of that contained in any applicable Company Account or otherwise made available by the Company and the Subsidiary to be expended by the Manager hereunder.

(j) In performing its duties under this Section 1, the Manager shall be entitled to reasonable reliance on qualified experts and professionals (including, without limitation, accountants, legal counsel and other service providers) hired by the Manager at the Company's and the Subsidiary's sole cost and expense.

(k) The Manager shall at all times during the term of this Agreement maintain “errors and omissions” insurance coverage and other insurance coverage which is customarily carried by managers performing functions similar to those of the Manager under this Agreement with respect to assets similar to the Assets, in an amount which is comparable to that customarily maintained by other managers or servicers of similar assets, the cost of which shall be paid by the Company.

(l) The Manager shall comply with the restrictions upon the authority of the Manager set forth in the Company LLC Agreement and the Subsidiary LLC Agreement.

(m) The Company agrees to take, or cause to be taken, all actions reasonably required to permit and enable the Manager to carry out its duties and obligations under this Agreement.

(n) For purposes of this Agreement, the term “Affiliate” refers to (i) any Person directly or indirectly controlling, controlled by, or under common control with such other Person; (ii) any executive officer, general partner or employee of such other Person; (iii) any member of the board of directors or board of managers (or bodies performing similar functions) of such Person; and (iv) any legal entity for which such Person acts as an executive officer or general partner.

For purposes of this Agreement, the term “Person” means any individual, corporation, partnership, joint venture, limited liability company, estate, trust, unincorporated association, any federal, state, county or municipal government or any bureau, department or agency thereof and any fiduciary acting in such capacity on behalf of any of the foregoing.

Section 2. Devotion of Time; Additional Activities.

(a) The Manager and its Affiliates will provide the Company and the Subsidiary with a management team along with appropriate support personnel sufficient, to provide the Management Services to the Company and the Subsidiary hereunder, the members of which team shall be selected in the sole discretion of the Manager and its Affiliates such management team shall devote such portion of their time to the management of the Company and the Subsidiary as the Manager deems necessary and appropriate to enable the Company and the Subsidiary to operate their business. None of the managers, partners, officers or employees of the Manager will be dedicated exclusively to the management of the Company and/or the Subsidiary.

(b) Nothing in this Agreement shall prevent the Manager or any of its Affiliates’ managers, partners, officers, directors, employees or personnel, from engaging in other businesses or from rendering services of any kind to any other Person, including, without limitation, investing in, or rendering advisory services to other entities, whether or not the investment objectives or policies of any such other Person or entity are similar to those of the Company or the Subsidiary.

(c) Managers, partners, officers, employees, personnel and agents of the Manager or Affiliates of the Manager may serve as directors, officers, employees, partners, personnel, agents, nominees or signatories for the Company and/or the Subsidiary, to the extent permitted by their respective LLC Agreements or by any resolutions duly adopted pursuant to the Company LLC Agreement or the Subsidiary LLC Agreement. When executing documents or otherwise acting in such capacities for the Company or the Subsidiary, such persons shall use their respective titles in the Company or the Subsidiary.

Section 3. Agency. The Manager shall act as agent of the Company and the Subsidiary in making, acquiring, financing and disposing of investments, disbursing and collecting the funds of the Company and the Subsidiary, paying the debts and fulfilling the obligations of the Company and the Subsidiary, supervising the performance of professionals engaged by or on behalf of the Company and the Subsidiary and handling, prosecuting and settling any claims of or against the Company and the Subsidiary, holders of the Company's securities or representatives or assets of the Company and the Subsidiary. Bank Accounts. The Manager may establish and maintain one or more bank accounts in the name of the Company or the Subsidiary (any such account, a "Company Account"), and may collect and deposit funds into any such Company Account or Company Accounts, and disburse funds from any such Company Account; and the Manager shall from time to time render appropriate accountings of such collections and payments to the Company and, upon request, to the auditors of the Company or the Subsidiary.

Section 5. Records; Confidentiality. The Manager shall maintain appropriate books of accounts and records relating to services performed under this Agreement, and such books of account and records shall be accessible for inspection by representatives of the Company or the Subsidiary at any time during normal business hours upon reasonable advance notice. The Manager shall keep confidential any and all information obtained in connection with the Management Services and shall not disclose any such information (or use the same except in furtherance of its duties under this Agreement) to unaffiliated third parties except (i) with the prior written consent of the Company or the Subsidiary, as applicable; (ii) to legal counsel, accountants and other professional advisors; (iii) to appraisers, financing sources and others in the ordinary course of the Company's and the Subsidiary's business; (iv) to governmental officials having jurisdiction over the Company or the Subsidiary; (v) in connection with any governmental or regulatory filings of the Company or the Subsidiary, or disclosure or presentations to the Company's or Subsidiary's members; (vi) as required by law or legal process to which the Manager or any Person to whom disclosure is permitted hereunder is a party; or (vii) to the extent such information is otherwise publicly available through the actions of a Person other than the Manager not resulting from the Manager's violation of this Section 5.

Section 6. Compensation.

(a) Arrangement Fee. The Company shall pay the Manager, as compensation for the Management Services performed prior to the Effective Date, including, without limitation, the transaction services contemplated in Section (1)(b)(i) of this Agreement, an arrangement fee equal to \$400,000 (the "Arrangement Fee"), payable upon the execution of this Agreement.

(b) Annual Management Fee. During the term of this Agreement, the Company shall pay the Manager, as compensation for the services to be performed by Manager, an annual management fee (the "Annual Management Fee") equal to \$73,263 annually in advance commencing with the first year in which this Agreement was executed and on each annual anniversary date of the execution of this Agreement. The Annual Management Fee is payable independent of the performance of the Assets. To the extent that the working capital of the Company is not sufficient to satisfy Company obligations, the Manager agrees that any unpaid portion of the Annual Management Fee shall be reduced by an amount sufficient to permit the Company to satisfy such Company obligations, it being understood that it is the obligation of the

Manager to attempt to manage the working capital of the Company in a manner to permit the payment of all Company obligations.

(c) Disposition Management Fee. In recognition of the level of effort expended and services provided by the Manager prior to the Effective Date, which is necessary to structure the Company and acquire the Assets, and the commitment of resources by the Manager, in addition to the Arrangement Fee and Annual Management Fee, the Company shall pay to the Manager a disposition management fee (the “Disposition Management Fee”) in an amount equal to twenty-two percent (22%) of all amounts available for distribution to the members of the Company upon the payment of a distribution to the members of the Company and upon the dissolution of the Company during the term of this Agreement but for the existence of this contract right, from time to time and at such time as any of the Assets are sold or otherwise disposed of by the Company or the Subsidiary.

Section 7. Expenses of the Company.

(a) The Company and the Subsidiary shall pay all of their expenses and shall reimburse the Manager for documented expenses of the Manager incurred on their behalf (collectively, the “Expenses”) in connection with the provision of the Management Services. Without limiting the generality of the foregoing, it is specifically agreed that the following costs and expenses of the Company or the Subsidiary shall be paid by the Company and the Subsidiary and shall not be paid by the Manager or its Affiliates:

(i) costs and expenses associated with the issuance and transaction costs incident to the acquisition, disposition and financing of Assets;

(ii) costs of legal, tax, accounting, consulting, auditing, administrative and other similar services rendered for the Company and the Subsidiary by providers retained by the Manager or, if provided by the Manager’s personnel, in amounts which are no greater than those which would be payable to outside professionals or consultants engaged to perform such services pursuant to agreements negotiated on an arm’s-length basis;

(iii) costs associated with the establishment and maintenance of any of the Company’s or the Subsidiary’s credit or other indebtedness of the Company or the Subsidiary (including commitment fees, accounting fees, legal fees, closing and other similar costs);

(iv) costs associated with any computer software or hardware, electronic equipment or purchased information technology services from third-party vendors that is used by the Company and/or the Subsidiary;

(v) out-of-pocket expenses incurred by managers, officers, personnel and agents of the Manager in connection with the purchase, financing, refinancing, sale or other disposition of the Assets;

(vi) all taxes and license fees;

(vii) all insurance costs incurred in connection with the operation of the Company's and the Subsidiary's business, except for the costs attributable to the insurance that the Manager elects to carry for itself and its personnel;

(viii) costs and expenses incurred in contracting with third parties, including Affiliates of the Manager, for the disposition of the Assets;

(ix) all other costs and expenses relating to the Company's and the Subsidiary's business and investment operations, including, without limitation, the costs and expenses of acquiring, owning, protecting, maintaining, developing and disposing of the Assets;

(x) expenses connected with the payments of interest, dividends or distributions in cash or any other form to or on account of holders of units of membership interest of the Company or the Subsidiary;

(xi) any judgment or settlement of pending or threatened proceedings (whether civil, criminal or otherwise) against the Company or the Subsidiary, or against any trustee, director, partner, member or officer of the Company or of the Subsidiary in his, her or its capacity as such for which the Company or the Subsidiary is required to indemnify such Person by any court or governmental agency; and

(xii) all other expenses actually incurred by the Manager which are reasonably necessary for the performance by the Manager of its duties and functions under this Agreement.

(b) The provisions of this Section 7 shall survive the expiration or termination of this Agreement to the extent such expenses have previously been incurred or are incurred in connection with such expiration or termination.

Section 8. Calculations of Expenses. The Manager shall prepare a statement documenting the expenses during each fiscal quarter, and shall deliver such statement to the Company and the Subsidiary within thirty (30) days after the end of each fiscal quarter. Expenses shall be reimbursed by the Company and the Subsidiary to the Manager no later than thirty (30) days immediately following the date of delivery of such statement; *provided, however*, that such reimbursements may be offset by the Manager against amounts due to the Company and the Subsidiary. The provisions of this Section 8 shall survive the expiration or termination of this Agreement.

Section 9. Limits of the Manager's Responsibility; Indemnification.

(a) The Manager assumes no responsibility under this Agreement other than to render the Management Services in good faith. The Manager, its officers, directors, managers, partners and personnel or any Person controlling or controlled by the Manager and any Person providing sub-advisory services to the Manager and the officers, directors, managers, partners and personnel of the Manager will not be liable to the Company or the Subsidiary, or the Company's or the Subsidiary's members, shareholders or partners for any acts or omissions by any such Person performed pursuant to or in accordance with this Agreement, except by reason of acts or omissions constituting bad faith, willful misconduct, or reckless disregard of the Manager's duties under this Agreement, as determined by a final non-appealable order of a court of competent jurisdiction.

The Company and the Subsidiary shall, to the full extent lawful, reimburse, indemnify and hold the Manager, its officers, members, managers, directors, personnel, any Person controlling or controlled by the Manager and any Person providing sub-advisory services to the Manager (each a “Manager Indemnified Party”) harmless of and from any and all expenses, losses, damages, liabilities, demands, charges and claims of any nature whatsoever (including attorneys’ fees) in respect of or arising from any acts or omissions of such Manager Indemnified Party made in good faith in the performance of the Manager’s duties under this Agreement and not constituting the Manager Indemnified Party’s bad faith, willful misconduct, gross negligence or reckless disregard of the Manager’s duties under this Agreement.

(b) The Manager shall, to the full extent lawful, reimburse, indemnify and hold the Company and the Subsidiary, their directors and officers, members, partners, stockholders, personnel, agents and each other Person, if any, controlling or controlled by the Company and the Subsidiary (together with a Manager Indemnified Party, an “Indemnitee”), harmless of and from any and all expenses, losses, damages, liabilities, demands, charges and claims of any nature whatsoever (including attorneys’ fees) in respect of or arising from acts of the Manager constituting bad faith, willful misconduct, or reckless disregard of its duties under this Agreement or any claims by the Manager’s personnel relating to the terms and conditions of their employment by the Manager.

(c) The Indemnitee will promptly notify the party against whom indemnity is claimed (the “Indemnitor”) of any claim for which it seeks indemnification; *provided, however*, that the failure to so notify the Indemnitor will not relieve the Indemnitor from any liability which it may have hereunder. The Indemnitor shall have the right to assume the defense and settlement of such claim; *provided* that the Indemnitor notifies the Indemnitee of its election to assume such defense and settlement within thirty (30) days after the Indemnitee gives the Indemnitor notice of the claim. In such case, the Indemnitee will not settle or compromise such claim, and the Indemnitor will not be liable for any such settlement made without its prior written consent. If the Indemnitor is entitled to, and does, assume such defense by delivering the aforementioned notice to the Indemnitee, the Indemnitee will (i) have the right to approve the Indemnitor’s counsel (which approval will not be unreasonably withheld, delayed or conditioned), (ii) be obligated to cooperate in furnishing evidence and testimony and in any other manner in which the Indemnitor may reasonably request and (iii) be entitled to participate in (but not control) the defense of any such action, with its own counsel and at its own expense.

(d) The provisions of this Section 9 shall survive the expiration or termination of this Agreement.

Section 10. Independent Contractor. The Manager is, and shall at all times during the term of this Agreement be, an independent contractor. In performing the Management Services, the Manager shall act solely as the agent of the Company and all contracts and agreements entered into by the Manager in connection with such services shall be on behalf of and for the account of the Company. Nothing contained in this Agreement shall be deemed or construed to create a partnership or joint venture between the Manager and the Company.

Section 11. Term; Termination.

(a) Term. Until this Agreement is terminated in accordance with its terms, the term of this Agreement (the “Term”) shall commence on the Effective Date and shall remain in effect for six (6) full calendar years thereafter, *provided* that this Agreement shall automatically renew for successive additional terms of one year unless the Manager, on the one hand, or a majority of the members of the Company, on the other hand, shall serve written notice on the other at least thirty (30) days prior to the expiration of such initial Term not to renew this Agreement.

(b) Termination.

(i) Termination by the Company. (A) The Company shall be permitted to terminate this Agreement for “Cause” in the following circumstances: (x) the willful breach by the Manager of any of its covenants or agreements contained in this Management Agreement, which is not cured within thirty (30) days following written notice of such breach provided by the Company, which notice of termination must be approved by the majority of the members of the Company or the Subsidiary; or (y) removal of the Manager with “Cause” as manager of the Company or the Subsidiary pursuant to the Company LLC Agreement or Subsidiary LLC Agreement, respectively. (B) The Company shall also be permitted to terminate the Manager without “Cause” upon the removal of the Manager without “Cause” as manager of the Company or the Subsidiary pursuant to the Company LLC Agreement or Subsidiary LLC Agreement, respectively. The removal of the Manager, if the Manager is also a member of the Company or the Subsidiary, shall not affect the Manager’s rights as a member and shall not constitute a withdrawal as a member.

(ii) Termination by the Manager. The Manager shall be permitted to terminate this Agreement for “Cause” in the event that the Company or the Subsidiary, without the consent of the Manager, (A) shall amend their respective LLC Agreements during the term of this Agreement to adversely affect the authority of the manager of such entity set forth therein; (B) shall become insolvent or bankrupt, or make an assignment for the benefit of creditors; or (C) shall consent to the appointment of a trustee or receiver, or a trustee or receiver being appointed for such entity or for a substantial part of its property without its consent; or insolvency proceedings being instituted by or against such entity.

(iii) Resignation by Manager. The Manager shall be permitted to resign at any time by giving written notice to the Members of the Company. The resignation of any Manager shall take effect upon receipt of notice thereof or at such later time as shall be specified in such notice; and, unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective. The resignation of the Manager, if the Manager is also a member of the Company or the Subsidiary, shall not affect the Manager’s rights as a member and shall not constitute a withdrawal as a member.

(c) Effect of Termination.

(i) In the event that a majority of the members of the Company elect not to renew this Agreement for any reason without the written consent of the Manager, or if the Company terminates the Manager pursuant to Section 11(b)(i)(B) of this Agreement, the Company and the Subsidiary shall be jointly and severally liable to pay to the Manager, on the expiration date of this Agreement, a management termination fee (the “Management Termination Fee”) equal

to the remaining Annual Management Fee for the remainder of the then-current term of this Agreement plus the Disposition Management Fee as determined and calculated in accordance with Section 6(c) hereof. The obligation of the Company and the Subsidiary to pay the Management Termination Fee shall survive the termination of this Agreement.

(ii) In the event that this Agreement is terminated by the Company pursuant to Section 11(b)(i)(A) or the Manager pursuant to Section 11(b)(ii), this Agreement shall terminate without any further liability or obligation of either party to the other, other than for payment by the Company of any then due and unpaid portion of the Annual Management Fee for such year.

(iii) In the event of the resignation of the Manager pursuant to Section 11(b)(iii), the Manager shall pay to the Company an amount equal to the product of (x) one-twelfth of the Annual Management Fee already paid for such year multiplied by (y) the number of months remaining in the current year, including the month in which this Agreement was terminated pursuant to Section 11(b)(iii).

(iv) In the event that the Company and the Subsidiary are dissolved or otherwise liquidated pursuant to their respective LLC Agreements, this Agreement shall terminate without any further liability or obligation of either party to the other, other than for payment by the Company of any then unpaid portion of the Annual Management Fee for such year and any unpaid portion of the Management Termination Fee.

Section 12. Assignment.

(a) Except as set forth in Section 12(b) of this Agreement, this Agreement shall not be assigned, in whole or in part, by any party to this Agreement.

(b) Notwithstanding any provision of this Agreement, the Manager may subcontract and assign any or all of its responsibilities under Section 1(b), Section 1(c) and Section 1(d) of this Agreement to any of its Affiliates in accordance with the terms of this Agreement applicable to any such subcontract or assignment, and the Company and the Subsidiary hereby consents to any such assignment and subcontracting. In addition, the Manager may assign this Agreement to any of its Affiliates without the approval of the Company or the Subsidiary.

Section 13. Representations and Warranties.

(a) The Company and the Subsidiary each hereby represent and warrant to the Manager as follows:

(i) The Company and the Subsidiary are each duly organized, validly existing and in good standing under the laws of the State of Delaware, have the limited liability company power and authority and the legal right to own and operate their assets, to lease any property they may operate as lessee and to conduct the business in which they are now engaged and are duly qualified as a foreign corporation and in good standing under the laws of each jurisdiction where their ownership or lease of property or the conduct of their respective businesses require such qualification, except for failures to be so qualified, authorized or licensed that could not in the aggregate have a material adverse effect on the business operations, assets or financial condition of the Company and the Subsidiary.

(ii) The Company and the Subsidiary each have the limited liability company power and authority and the legal right to make, deliver and perform this Agreement and all obligations required hereunder and have taken all necessary action to authorize this Agreement on the terms and conditions hereof and the execution, delivery and performance of this Agreement and all obligations required hereunder. No consent of any other Person, including members and creditors of the Company and the Subsidiary, and no license, permit, approval or authorization of, exemption by, notice or report to, or registration, filing or declaration with, any governmental authority is required by the Company or the Subsidiary in connection with this Agreement or the execution, delivery, performance, validity or enforceability of this Agreement and all obligations required hereunder. This Agreement has been, and each instrument or document required hereunder will be, executed and delivered by a duly authorized officer of the Company and the Subsidiary, and this Agreement constitutes, and each instrument or document required hereunder when executed and delivered hereunder will constitute, the legally valid and binding obligation of the Company and the Subsidiary enforceable against the Company and the Subsidiary in accordance with its terms.

(iii) The execution, delivery and performance of this Agreement and the documents or instruments required hereunder will not violate any provision of any existing law or regulation binding on the Company or the Subsidiary, or any order, judgment, award or decree of any court, arbitrator or governmental authority binding on the Company and the Subsidiary, of the Company LLC Agreement and the Subsidiary LLC Agreement, or any securities issued by the Company or the Subsidiary or of any mortgage, indenture, lease, contract or other agreement, instrument or undertaking to which the Company or the Subsidiary is a party or by which the Company or any of its assets may be bound, the violation of which would have a material adverse effect on the business operations, assets or financial condition of the Company and the Subsidiaries, if any, taken as a whole, and will not result in, or require, the creation or imposition of any lien or any of its property, assets or revenues pursuant to the provisions of any such mortgage, indenture, lease, contract or other agreement, instrument or undertaking.

(b) The Manager hereby represents and warrants to the Company and the Subsidiary as follows:

(i) The Manager is duly organized, validly existing and in good standing under the laws of the State of Delaware, has the limited liability company power and authority and the legal right to own and operate its assets, to lease the property it operates as lessee and to conduct the business in which it is now engaged and is duly qualified as a foreign limited liability company and in good standing under the laws of each jurisdiction where its ownership or lease of property or the conduct of its business requires such qualification, except for failures to be so qualified, authorized or licensed that could not in the aggregate have a material adverse effect on the business operations, assets or financial condition of the Manager.

(ii) The Manager has the limited liability company power and authority and the legal right to make, deliver and perform this Agreement and all obligations required hereunder and has taken all necessary action to authorize this Agreement on the terms and conditions hereof and the execution, delivery and performance of this Agreement and all obligations required hereunder. No consent of any other Person, including members and creditors of the Manager, and no license, permit, approval or authorization of, exemption by, notice or report to, or registration, filing or

declaration with, any governmental authority is required by the Manager in connection with this Agreement or the execution, delivery, performance, validity or enforceability of this Agreement and all obligations required hereunder. This Agreement has been, and each instrument or document required hereunder will be, executed and delivered by a duly authorized officer of the Manager, and this Agreement constitutes, and each instrument or document required hereunder when executed and delivered hereunder will constitute, the legally valid and binding obligation of the Manager enforceable against the Manager in accordance with its terms.

(iii) The execution, delivery and performance of this Agreement and the documents or instruments required hereunder will not violate any provision of any existing law or regulation binding on the Manager, or any order, judgment, award or decree of any court, arbitrator or governmental authority binding on the Manager, of the limited liability company agreement of the Manager, of any securities issued by the Manager or of any mortgage, indenture, lease, contract or other agreement, instrument or undertaking to which the Manager is a party or by which the Manager or any of its assets may be bound, the violation of which would have a material adverse effect on the business operations, assets or financial condition of the Manager, and will not result in, or require, the creation or imposition of any lien or any of its property, assets or revenues pursuant to the provisions of any such mortgage, indenture, lease, contract or other agreement, instrument or undertaking.

Section 14. Notices. Unless expressly provided otherwise in this Agreement, all notices, requests, demands and other communications required or permitted under this Agreement shall be in writing and shall be deemed to have been duly given, made and received when delivered against receipt or upon actual receipt of (i) personal delivery, (ii) delivery by reputable overnight courier, (iii) delivery by facsimile transmission with telephonic confirmation or (iv) delivery by registered or certified mail, postage prepaid, return receipt requested, addressed to the principal address of the applicable party last provided to such party in writing.

Either party may alter the address to which communications or copies are to be sent by giving notice of such change of address in conformity with the provisions of this Section 14 for the giving of notice.

Section 15. Binding Nature of Agreement; Successors and Assigns. This Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective heirs, personal representatives, successors and permitted assigns as provided in this Agreement.

Section 16. Entire Agreement. This Agreement contains the entire agreement and understanding among the parties hereto with respect to the subject matter of this Agreement, and supersedes all prior and contemporaneous agreements, understandings, inducements and conditions, express or implied, oral or written, of any nature whatsoever with respect to the subject matter of this Agreement. The express terms of this Agreement control and supersede any course of performance and/or usage of the trade inconsistent with any of the terms of this Agreement.Amendments. Neither this Agreement, nor the terms hereof, may be modified, amended or supplemented other than by an agreement in writing signed by the parties hereto.

Section 18. GOVERNING LAW. THIS AGREEMENT AND THE RIGHTS AND OBLIGATIONS OF THE PARTIES UNDER THIS AGREEMENT SHALL BE GOVERNED

BY, AND CONSTRUED AND INTERPRETED IN ACCORDANCE WITH, THE LAW OF THE STATE OF DELAWARE, WITHOUT REGARD TO CONFLICTS OF LAW PRINCIPLES TO THE CONTRARY. EACH OF THE PARTIES HERETO IRREVOCABLY SUBMITS TO THE EXCLUSIVE JURISDICTION OF THE COURTS OF THE STATE OF DELAWARE AND THE U.S. DISTRICT COURT FOR ANY DISTRICT WITHIN SUCH STATE FOR THE PURPOSE OF ANY ACTION OR JUDGMENT RELATING TO OR ARISING OUT OF THIS AGREEMENT OR ANY OF THE TRANSACTIONS CONTEMPLATED HEREBY AND TO THE LAYING OF VENUE IN SUCH COURT. No Waiver; Cumulative Remedies. No failure to exercise and no delay in exercising, on the part of any party hereto, any right, remedy, power or privilege hereunder shall operate as a waiver thereof; nor shall any single or partial exercise of any right, remedy, power or privilege hereunder preclude any other or further exercise thereof or the exercise of any other right, remedy, power or privilege. The rights, remedies, powers and privileges herein provided are cumulative and not exclusive of any rights, remedies, powers and privileges provided by law. No waiver of any provision hereunder shall be effective unless it is in writing and is signed by the party asserted to have granted such waiver. Headings. The headings of the sections of this Agreement have been inserted for convenience of reference only and shall not be deemed part of this Agreement.

Section 21. Counterparts. This Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original as against any party whose signature appears thereon, and all of which shall together constitute one and the same instrument. This Agreement shall become binding when one or more counterparts of this Agreement, individually or taken together, shall bear the signatures of all of the parties reflected hereon as the signatories.

Section 22. Severability. Any provision of this Agreement that is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof, and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

Section 23. Gender. Words used herein regardless of the number and gender specifically used, shall be deemed and construed to include any other number, singular or plural, and any other gender, masculine, feminine or neuter, as the context requires.

Section 24. Survival of Representations and Warranties. All representations and warranties made hereunder, and in any document, certificate or statement delivered pursuant hereto or in connection herewith, shall survive the execution and delivery of this Agreement.

[Signature page follows.]

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date first written above.

CAMELLIA STATION MANAGEMENT, LLC

By: **ECOVEST CAMELLIA STATION, LLC**, its Manager

By: **ECOVEST CAPITAL, INC.**, its Sole Member

By: _____
Robert M. McCullough
Senior Vice President, Chief Financial Officer, Secretary
and Treasurer

CAMELLIA STATION HOLDINGS, LLC

By: **CAMELLIA STATION MANAGEMENT, LLC**, its
Manager

By: **ECOVEST CAMELLIA STATION, LLC**, its Manager

By: **ECOVEST CAPITAL, INC.**, its Sole Member

By: _____
Robert M. McCullough
Senior Vice President, Chief Financial Officer, Secretary
and Treasurer

CAMELLIA STATION, LLC

By: **CAMELLIA STATION MANAGEMENT, LLC**, its
Manager

By: **ECOVEST CAMELLIA STATION, LLC**, its Manager

By: **ECOVEST CAPITAL, INC.**, its Sole Member

By: _____
Robert M. McCullough
Senior Vice President, Chief Financial Officer, Secretary
and Treasurer

EXHIBIT A

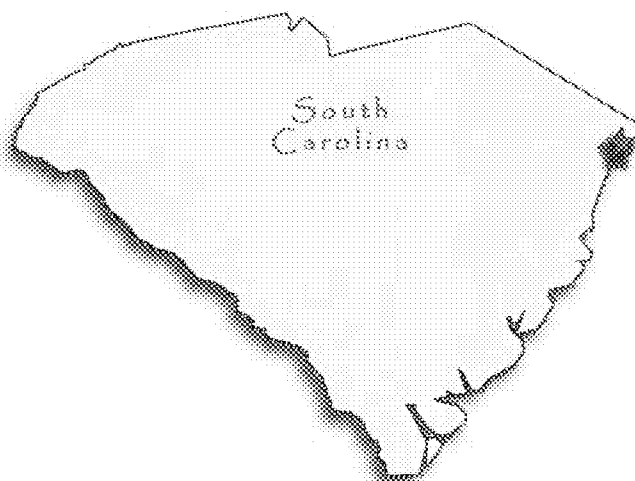
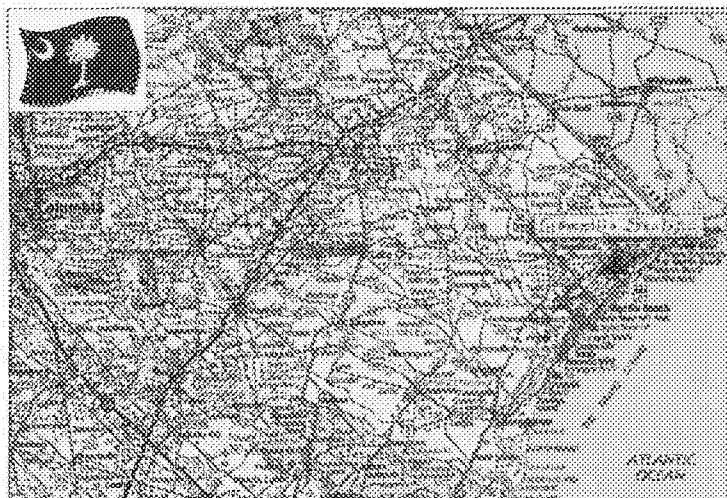
DESCRIPTION OF THE REAL PROPERTY

ALL AND SINGULAR that certain piece, parcel or tract of land, lying and being in the City of North Myrtle Beach, Horry County, South Carolina, designated as **PARCEL 2, 1,969,845 SQ. FT., 45.22 ACRES** as shown on that certain plat entitled “**BOUNDARY/SUBDIVISION SURVEY OF TRACTS 5, 6 & 7, LOCATED AT NORTH MYRTLE BEACH, HORRY COUNTY, SOUTH CAROLINA**” dated July 27, 2016 prepared by The Brigman Company and recorded August 5, 2016 in Plat Book 271 at Page 207, in the public records of Horry County, South Carolina. Said parcels having such metes, bounds, courses, shapes and distances as will appear by reference to the aforesaid plat which is incorporated herein and made a part and parcel hereof which plat is craved as forming a part of this description.

Exhibit C

Survey and Map Description of Property

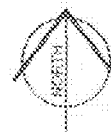
[See attached]



LEGEND



Approximate Location
of Property



CAMELLIA STATION

Horry County,
South Carolina

LOCATION MAP

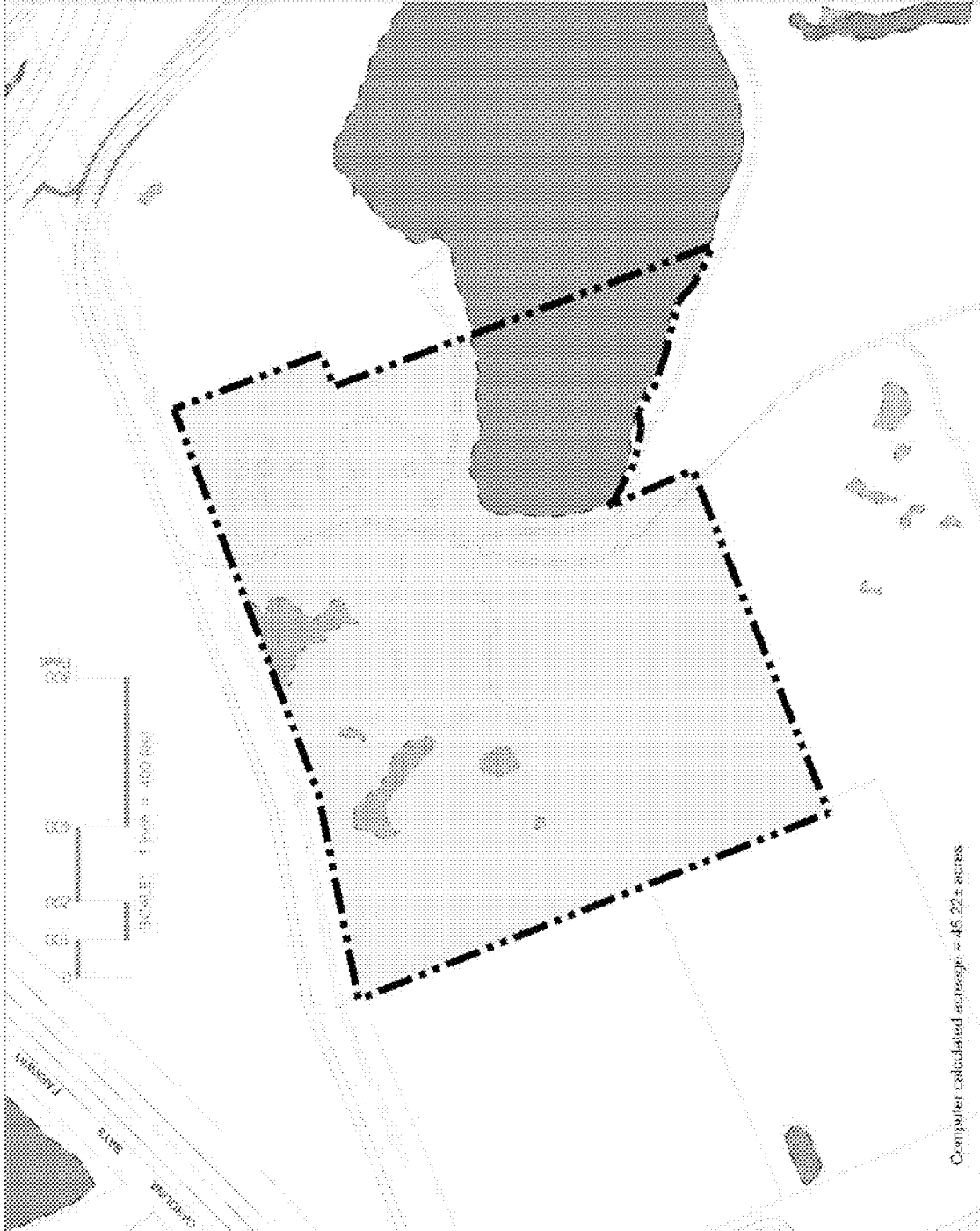
North
American
LAND TRUST

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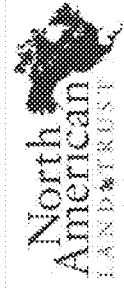
BASE MAP

LEGEND:

- Subject Property
- Wetlands



- NOTES:
1. Aerial photography used in this map is from the National Aerial Photography Program, dated 1994.
 2. Aerial photography used in this map is from the National Aerial Photography Program, dated 1994.
 3. Topographic data used in this map is from the National Aerial Photography Program, dated 1994.
 4. Data interpretation was done by the National Aerial Photography Program, dated 1994.
 5. Wetlands were identified by the National Aerial Photography Program, dated 1994.
 6. Wetlands were identified by the National Aerial Photography Program, dated 1994.



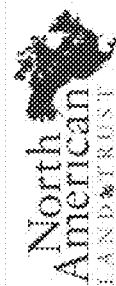
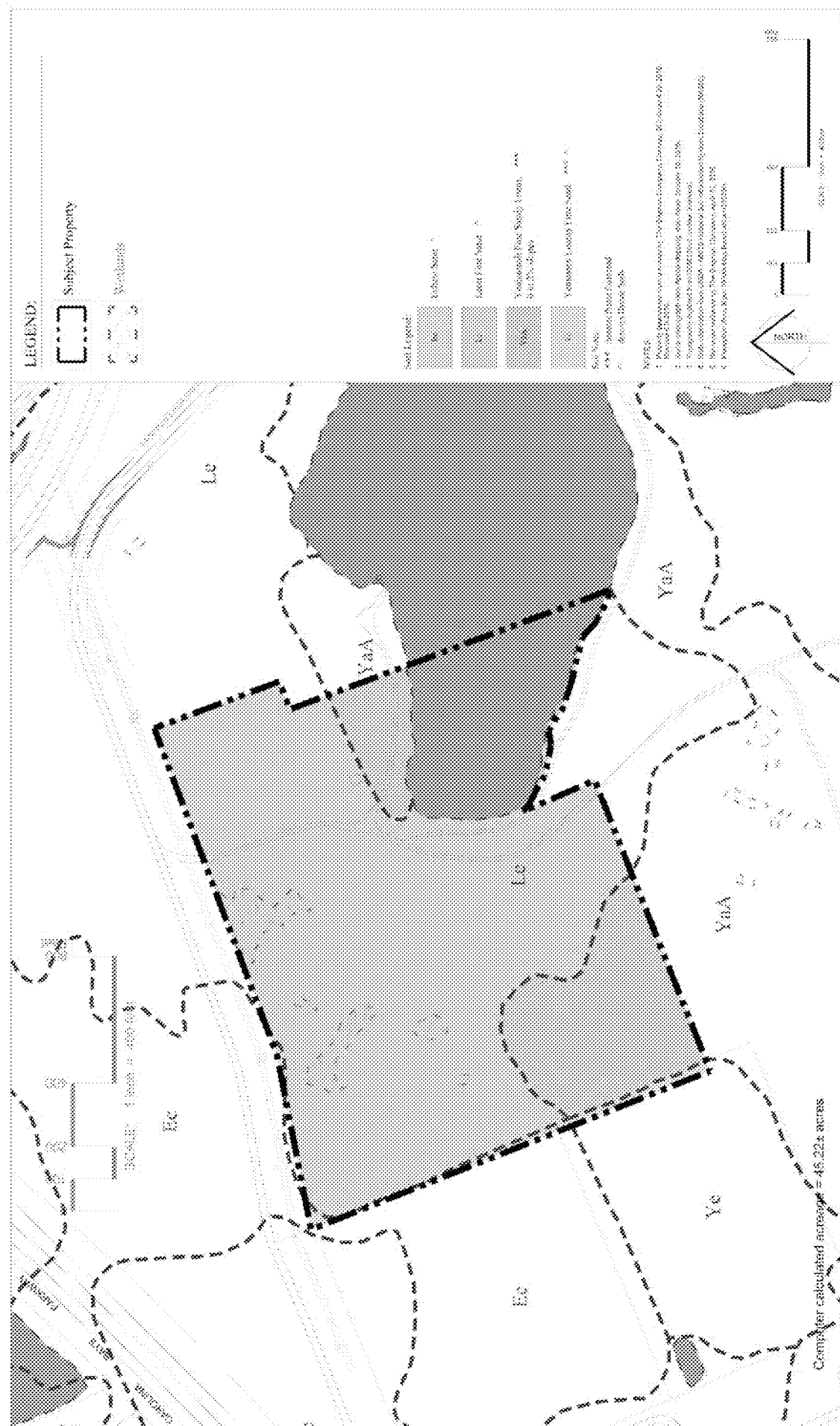
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BASE MAP

CAMELLIA STATION

HORRY COUNTY, SOUTH CAROLINA

SOILS MAP



SECTION

SOILS MAP

CAMELLIA STATION

HORRY COUNTY, SOUTH CAROLINA



Camellia Station, Horry County, South Carolina

CAMELLIA STATION

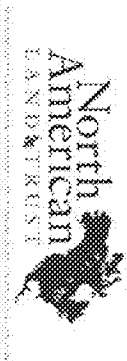
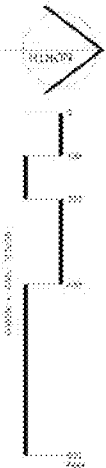
HORRY COUNTY, SOUTH CAROLINA

AERIAL PHOTOGRAPH

LEGEND

 Subject Property

- NOTES:
1. This map was prepared by the Horry County Planning Department, 2010.
 2. All areas shown on this map are subject to the Horry County Zoning Ordinance, 2010.
 3. The Horry County Planning Department is not responsible for the accuracy of the information shown on this map.
 4. The Horry County Planning Department is not responsible for the accuracy of the information shown on this map.
 5. The Horry County Planning Department is not responsible for the accuracy of the information shown on this map.
 6. The Horry County Planning Department is not responsible for the accuracy of the information shown on this map.
 7. The Horry County Planning Department is not responsible for the accuracy of the information shown on this map.



AERIAL PHOTOGRAPH

Exhibit D

Subscription Package

[See attached]



CAMELLIA STATION HOLDINGS, LLC SUBSCRIPTION PACKAGE

INSTRUCTIONS

1. Please complete and sign the following three documents:

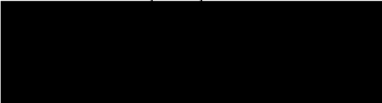
- **Subscription Agreement**, completed by investor(s);
- **Substitute Form W-9 Certification**, completed by investor(s); and
- **Participating Broker-Dealer Affirmation or Participating Investment Advisor Affirmation**, completed by either the selling registered representative or investment advisor and an appropriate broker-dealer principal.

2. Once these documents have been completed by the:

- **Investor** – Please submit this Subscription Agreement to your *Financial Advisor* per their instructions.
- **Financial Advisor and Broker-Dealer** – Once all documents have been completed, please mail, fax or email these to:

Regular Mail

EcoVest Capital, Inc. Investor Relations



Overnight Deliveries

EcoVest Capital, Inc. Investor Relations



Fax



Email



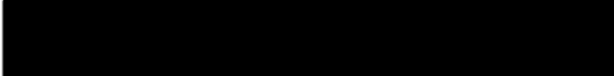
3. **Investor**, please immediately wire your payment for the Subscription Funds made payable to “UMB Bank, as escrow agent for “Camellia Station” in the name of the individual(s) or entity(ies) completing the Subscription Agreement.

Wire the Subscription Funds from an account directly owned by the Investor as follows:

Intermediary (Receiving) Bank:

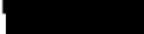
UMB Bank, N.A.

Intermediary Bank Address:



Intermediary Bank Contact:

ABA Routing Number:



Account Number:



Account Name:

UMB Bank Escrow Agent for Camellia Station

Reference:

[Investor Name]

The Subscription Funds must be wired to the escrow account from an account directly owned in the same name as the subscribing Investor (i.e., Subscription Funds wired on behalf of an individual Investor will not be accepted from a bank account owned by a corporation, even if the individual Investor is the sole owner of that corporation, and Subscription Funds wired on behalf of a trust or entity Investor will not be accepted from a bank account by an individual, even if such individual is an owner of the trust or entity Investor).



Subscription Agreement | CAMELLIA STATION HOLDINGS, LLC

1. Investment

Number of Units to be purchased: _____

Purchase price per Unit (Check the appropriate box):

☐	Gross Offering Price	\$13,026.00
☐	Reduced Selling Commission (1%)	\$12,244.44
☐	No Selling Commission	\$12,114.18

Total purchase price for Units to be purchased: \$_____

2. Type of Ownership (Check the appropriate box and include any required supporting documents)

For the following ownership types, fill out **Part A** of the *Accredited Investor Status* section (Section 3) and *Investor Information* (Section 4):

☐	Individual (One signature required)
☐	Tenants in Common (All parties must sign)
☐	Joint Tenants with Right of Survivorship (All parties must sign)
☐	Husband and Wife, Community Property (Two signatures required)

For the following ownership types, fill out **Part B** of the *Accredited Investor Status* section (Section 3) and *Investor Information* (Section 4):

☐	Trust _____ Revocable _____ Irrevocable (Please attach the pages of the trust document which lists the names of the trust, trustees, signatures and date.)
☐	Limited Liability Company, Corporation or Partnership Was the entity formed for the purpose of investing in the Company? _____ YES _____ NO

Please attach the pages of the trust document (or corporate resolution) which lists the names of the trust, trustees, signatures and date. The EcoVest Trustee Certification of Investment Powers (TCIP) Form for Trust Accounts (or a comparable form required by your broker-dealer) may be completed in lieu of providing trust documents. Please email InvestorRelations@ecovestcap.com for a copy of this form, as necessary.

3. Accredited Investor Status (Check the appropriate box)

A FOR INDIVIDUAL AND JOINT INVESTORS:

☐	1. Subscriber is a natural person whose individual net worth, or joint net worth with Subscriber's spouse, at the time of Subscriber's purchase exceeds \$1,000,000, excluding the value of the person's primary residence, and (i) subtracting the amount of indebtedness secured by such primary resident ("primary residence mortgage debt") in excess of its value, and (ii) subtracting the amount of any primary residence mortgage debt incurred in the 60 days prior to the date of this Subscription Agreement (unless incurred in connection with the purchase of the primary residence).
☐	2. Subscriber is a natural person who had an individual income in excess of \$200,000 in each of the two most recent years or joint income with Subscriber's spouse in excess of \$300,000 in each of those two years and has a reasonable expectation of reaching the same income level in the current year.

B FOR TRUST AND ENTITY INVESTORS:

☐	3. Subscriber is an entity in which all of the equity owners are "accredited investors" pursuant to or within the meaning of this Section 3.
☐	4. Subscriber is a trust, with total assets in excess of \$5,000,000, not formed for the specific purpose of acquiring Units and whose purchase is directed by a person who has such knowledge and experience in financial and business matters that he or she is capable of evaluating the merits and risks of an investment in Units.
☐	5. Subscriber is a revocable trust in which all of the grantors of such trust are accredited investors under this Section 3.
☐	6. If you meet one of the other definitions for an accredited investor set forth on pages 1-2 of the Confidential Private Placement Memorandum of Camellia Station Holdings, LLC (the "Company"), please provide the definition here:

****The Company will not accept subscriptions for investments from individual retirement accounts, Keogh plans, "employee benefit plans" subject to Part 4 of Title I of ERISA, other "plans" subject to Section 4975 of the Code, and certain entities whose assets are considered "plan assets" within the meaning of ERISA.**



Subscription Agreement | CAMELLIA STATION HOLDINGS, LLC

4. Investor Information (Please print)

A

Investor Name: _____ (first, middle, last)

SSN: _____ Date of Birth: _____

Country of Citizenship: _____

Co-Investor Name _____ (first, middle, last)

SSN: _____ Date of Birth: _____

Country of Citizenship: _____

Mailing Address: _____ (city/state) (zip)
(You must include a permanent street address even if your mailing address is a P.O. Box)

U.S. Street Address: _____ (city/state) (zip)
(Leave blank if your U.S. street address and mailing address are the same)

Home Phone: _____ Alternate Phone: _____

By providing my email address below I am consenting to the receipt of documents and communications regarding the Company and my investment in the Company (including valuation information, subscription and withdrawal activity, K-1's, tax documents, annual and other updates of the Company's privacy policies and procedures) exclusively in electronic form without separate mailing of paper copies:

Email Address: _____

B

Trust/Corp/Partnership/Other: _____

SSN/Tax ID#: _____ Date of Formation: _____

Mailing Address: _____ (city/state) (zip)
(You must include a permanent street address even if your mailing address is a P.O. Box)

U.S. Street Address: _____ (city/state) (zip)
(Leave blank if your U.S. street address and mailing address are the same)

Trustee(s): _____ SSN/Tax ID#: _____ Date of Birth: _____

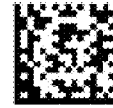
Co-Trustees(s): _____ SSN/Tax ID#: _____ Date of Birth: _____

Business Phone: _____ Alternate Phone: _____

Officer(s), General Partner or Authorized Person(s): _____
(Please attach the pages of the trust or plan document for corporate resolution which lists the names of the trust or plan, trustees, signatures and date)

By providing my email address below I am consenting to the receipt of documents and communications regarding the Company and my investment in the Company (including valuation information, subscription and withdrawal activity, K-1's, tax documents, annual and other updates of the Company's privacy policies and procedures) exclusively in electronic form without separate mailing of paper copies:

Email Address: _____



CAMELLIA STATION HOLDINGS, LLC

5. Client Acknowledgement of Receipt of Documents and Advice to See Independent Tax and Legal Advice

In connection with my investment in the Company, the undersigned hereby makes the following representations, declarations, warranties and covenants to the Company, Sponsor and Dealer Manager, with the intent and understanding that the Company, Sponsor and Dealer Manager will rely thereon:

<u>Initials</u>	<u>Initials</u>	(Place your initials in the space to the left of each statement)
_____	_____	I/We have received a copy of the Confidential Private Placement Memorandum of the Company (the "PPM") and the Exhibits thereto, including the Limited Liability Company Agreement of the Company (the "Company Operating Agreement").
_____	_____	I/We have carefully read and understand the PPM and the Company Operating Agreement.
_____	_____	This investment involves various tax and legal consequences, some of which may be particular to me/us.
_____	_____	I/We have been advised that none of the Company, Sponsor, Dealer Manager nor any officer, director, manager, employee or registered representative of the Company, Sponsor or Dealer Manager (collectively, "Selling Parties") offers or gives tax or legal advice and that is my/our responsibility to seek out and obtain my/our own independent tax and/or legal advice regarding an investment in the Company.
_____	_____	I/We have not relied upon any of the Selling Parties for any tax or legal advice regarding an investment in the Company or in regard to any future plans or proposals of the Company to potentially develop, sell or grant a conservation easement if such an election is made by the members of the Company as provided in the Company Operating Agreement.
_____	_____	I/We have been advised to consult my/our own attorney(s) or business advisor(s) as to the legal, business, tax and related matters concerning my/our investment. I/We understand and acknowledge that the Company will pursue an investment option with respect to the real estate in which the Company will acquire a controlling interest only after the closing of my/our investment in the Company and that I/we need to ensure that all of such potential investment options are suitable to me/us personally.
_____	_____	I/We have been advised to request any additional information that I/we may consider necessary in making an informed investment decision and that such information will be made available to me/us to the extent the Company possesses such information or can acquire it without unreasonable effort or expense.
_____	_____	I/We have been advised that any such additional information will only be in writing and will be specifically identified as additional information provided by the Company.

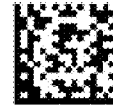
6. Subscription Agreement Terms and Conditions

- Subscription for Units of Camellia Station Holdings, LLC. The undersigned ("Subscriber") intending to be legally bound hereby agrees to purchase from Camellia Station Holdings, LLC, a Delaware limited liability company (the "Company"), the number of Units of membership interest in the Company (the "Units") set forth in Section 1 hereof, which are being offered by the Company pursuant to the Confidential Private Placement Memorandum, dated as of September 1, 2016 (the "PPM"), with respect to a maximum of 945 Units, representing an approximate 99.47% ownership interest in the Company, at a subscription price of up to \$13,026 per Unit (the "Offering Price"). Following the events to be completed simultaneously with the acceptance of this subscription by the Company, the Company will own an aggregate 95% beneficial ownership interest in Camellia Station, LLC, a Delaware limited liability company (the "Property Entity"). The minimum investment amount per investor is four Units, unless otherwise permitted by the Manager of the Company, in its sole discretion. Units in excess of the four-Unit minimum may be purchased in single-Unit lots. All capitalized terms that are not defined in this Subscription Agreement shall have the meanings set forth in the PPM.
- Acceptance by the Company. This Subscription Agreement is subject to acceptance by the Company in its sole and absolute discretion. The Company may determine not to accept any Subscription Agreement for any reason or for no reason at all. The Company also has the option, in its sole discretion, to reduce the number of Units each Subscriber purchases in the event the Offering is oversubscribed. In the event that this Subscription Agreement is not accepted by the Company, in whole or in part, then any Subscription Funds transmitted herewith not used for the purchase of Units shall be returned to Subscriber without interest or deduction of any fees and if no Units are purchased this Subscription Agreement shall not have any effect.



CAMELLIA STATION HOLDINGS, LLC

3. Representations, Warranties and Covenants of Subscriber. By executing this Subscription Agreement, Subscriber makes the following representations, declarations, warranties and covenants to the Company, with the intent and understanding that the Company will rely thereon:
- (a) SUBSCRIBER ACKNOWLEDGES THAT THE UNITS HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT IN RELIANCE UPON AN EXEMPTION FROM SUCH REGISTRATION, NOR HAVE THEY BEEN REGISTERED WITH ANY STATE REGULATORY AUTHORITIES. THE UNITS ARE ALSO BEING SOLD HEREUNDER IN RELIANCE UPON EXEMPTIONS FROM APPLICABLE STATE SECURITIES LAWS. SUBSCRIBER UNDERSTANDS THAT NEITHER THE U.S. SECURITIES AND EXCHANGE COMMISSION NOR THE SECURITIES COMMISSION OF EACH OF THE STATES IN WHICH THESE UNITS ARE BEING OFFERED HAVE PASSED UPON THE ADEQUACY OR THE ACCURACY OF THIS OFFERING OF SECURITIES.
 - (b) Subscriber has received and read a copy of the PPM, including the Exhibits thereto, and Subscriber has consulted with such legal and financial advisors (the "Advisors") as Subscriber deemed necessary to evaluate the information in the PPM. Subscriber and the Advisors have received such other information from the Company as they deem necessary and appropriate for a prudent and knowledgeable investor to verify the accuracy of the information in the PPM and to otherwise evaluate the merits and risks of an investment in the Units. Subscriber further acknowledges that Subscriber and the Advisors have had the opportunity to ask questions of the Manager and other agents of the Company and that all such questions have been answered to the full satisfaction of Subscriber. All documents, records and books pertaining to this investment that Subscriber has requested have been made available for inspection by him/her/it and/or his/her/its attorney, accountant and other advisor(s).
 - (c) Subscriber is basing its decision to invest in the Units solely on the PPM, and Subscriber has relied only on the information contained in the PPM and has not relied upon any representation made by any person, whether written or oral. Subscriber acknowledges that, except as set forth therein, no representations or warranties have been made to Subscriber by the Company or others with respect to the business plans of the Company and its financial prospects. Subscriber understands that an investment in the Units is speculative and involves substantial risks, and Subscriber is fully cognizant of and understands all of the risk factors relating to a purchase of the Units, including, but not limited to, those risks set forth in the "Risk Factors" section of the PPM.
 - (d) Subscriber is purchasing the Units solely for Subscriber's own account, and not with a view toward the transfer, sale, fractionalization, subdivision or other disposition of the Units. Unless specified herein, Subscriber is not acting in a fiduciary capacity or for any person who directly or indirectly supplied all or part of the funds for the purchase of the Units.
 - (e) Subscriber is an "accredited investor" within the meaning of Rule 501 of Regulation D under the Securities Act. All of the information provided by Subscriber pursuant to Section 3 hereof is true, correct and complete in all respects.
 - (f) Subscriber is not an individual retirement account, Keogh plan, "employee benefit plan" subject to Part 4 of Title I of the Employee Retirement Income Security Act of 1974, as amended ("ERISA"), other "plan" subject to Section 4975 of the Code, or an entity whose assets are considered "plan assets" within the meaning of ERISA.
 - (g) Subscriber has substantial experience in making investment decisions of this type.
 - (h) Subscriber (i) has such knowledge and experience in financial and business matters, or has such knowledge and experience combined with that of a purchaser representative, that Subscriber is capable of evaluating the merits and risks of an investment in the Units and the proposed activities of the Company, and (ii) has carefully considered the suitability of an investment in Units for Subscriber's particular financial and tax situation and has determined that the Units are a suitable investment for Subscriber. Subscriber has read and satisfies the suitability standards set forth in the "Who May Invest" section of the PPM.
 - (i) The sale of Units to Subscriber has not been accompanied by the publication of any advertisement or any general solicitation or general advertising.
 - (j) If a natural person, Subscriber represents and warrants to the Company that Subscriber is of legal age in Subscriber's state of residence and has legal capacity to execute, deliver and perform all of Subscriber's obligations under this Subscription Agreement.
 - (k) If a Subscriber is a corporation, partnership, limited liability company or partnership, trust or other entity, it represents that (i) it is duly organized, formed or incorporated, as the case may be, validly existing and in good standing in its jurisdiction of incorporation or organization and has all requisite power and authority to invest in the Units as provided herein; (ii) such investment does not result in any violation of, or conflict with, any term or provision of the charter, bylaws or other organizational documents of the undersigned or any other instrument or agreement to which the undersigned is a party or is subject; (iii) such investment has been duly authorized by all necessary action on behalf of the undersigned; and (iv) this Subscription Agreement has been duly executed and delivered on behalf of the undersigned and constitutes a legal, valid and binding agreement of the undersigned.
 - (l) If Subscriber is a corporation, partnership, limited liability company or partnership, the person signing this Subscription Agreement on its behalf hereby represents and warrants that the information being provided by signing this Subscription Agreement is true and correct with respect to such corporation, partnership, limited liability company or partnership, as the case may be.
 - (m) Subscriber has sufficient liquid assets to pay the purchase price for the Units subscribed for hereby, has adequate net worth and means of providing for his or her current financial needs and possible personal contingencies, is able to bear the substantial economic risks of an investment in the Units for an indefinite period of time and has no present or anticipated need for liquidity of an investment in the Company and, at present time, could afford a complete loss of such investment. The investment of Subscriber in the Company is reasonable in relation to his or her net worth and financial needs.
 - (n) Subscriber understands that the Offering Price has been arbitrarily determined by the Company and not by an independent accountant or auditor, and that no assurances have been given about the value of such Units.



CAMELLIA STATION HOLDINGS, LLC

- (o) Subscriber understands that he, she or it must bear the economic risk of an investment in the Units for an indefinite period. Subscriber has been advised and is aware that: (i) there is no public market for the Units purchased and it is highly unlikely that any public market will develop; and (ii) the Units have not been registered under the Securities Act or the securities laws of any state or other jurisdiction. SUBSCRIBER AGREES NOT TO SELL OR OTHERWISE DISPOSE OF THE UNITS ACQUIRED BY SUBSCRIBER, except as permitted by the Limited Liability Company Agreement of the Company (as may be amended and/or restated from time to time, the "Company Operating Agreement") and unless such Units are subsequently registered under the Securities Act and such state securities laws as are applicable or unless there are available exemptions from such registration that are supported by an opinion of counsel for Subscriber, which opinion is satisfactory to the Company, in its sole and absolute discretion.
- (p) Subscriber recognizes that any information furnished by the Company does not constitute investment, accounting, legal or tax advice. Subscriber is not relying on the Company with respect to the economic or tax considerations of Subscriber relating to this investment, in particular the possibility of the Company receiving a charitable deduction in the event that the members vote to cause the Property Entity to donate a conservation easement on the Property as provided in the Company Operating Agreement. In regard to such considerations, Subscriber has relied on the advice of, or has consulted with, only his or her own advisor(s). Subscriber has had the opportunity to review this Subscription Agreement and the Company Operating Agreement with an attorney and/or another Advisor and understands the meaning and legal consequences of the foregoing representations and warranties and the provisions of the Company Operating Agreement.
- (q) All of the information that Subscriber has furnished to the Company in connection with executing this Subscription Agreement or which is included in the Subscription Agreement is true, correct and complete as of the date of this Subscription Agreement or, if provided thereafter, as of that later date and will be true, correct and complete on the date of the closing of the sale of the Units to Subscriber (the "Closing") and will continue to be true, correct and complete thereafter. If there should be any material change to that information, Subscriber will immediately furnish revised or corrected information to the warranties and agreements of Subscriber for the offer and sale of the Units hereunder to be exempt from registration under the Securities Act and applicable state securities laws. The foregoing representations, warranties and agreements, together with all other representations and warranties made or given by the undersigned to the Company in any other written statement or document delivered in connection with the transactions contemplated hereby, shall be true and correct in all respects on and as of the date of the Closing as if made on and as of such date and shall survive such date. If more than one person is signing this Subscription Agreement, each representation, warranty and undertaking herein shall be the joint and several representation, warranty and undertaking of each such person.
4. **Covenants of the Company.** The Company hereby covenants to Subscriber that the Company shall be duly and validly organized and shall constitute a legally valid limited liability company under the laws of the State of Delaware; shall have full power and authority to own and manage the assets to be owned by it; and is or will become qualified under the laws of all other jurisdictions in which such qualification is necessary to enable it to engage in its business.
5. **Indemnity.** Subscriber hereby agrees to indemnify and hold harmless the Company, the Manager and each limited partner, member, shareholder, officer, director, employee and agent of the Company and the Manager and any person who controls the Company and the Manager as defined in Section 15 of the Securities Act from and against any and all loss, liability, claim, damage and expense whatsoever (including, without limitation, attorneys' fees and disbursements) suffered, incurred, arising out of or as a result of any misrepresentation or breach of any representation, warranty, covenant or agreement made by Subscriber in this Subscription Agreement or in any other document furnished by Subscriber in connection with this transaction.
6. **Escrow Agent.** Subscriber acknowledges and agrees that UMB Bank, N.A. is acting only as an escrow agent in connection with the Offering described herein, and has not endorsed, recommended or guaranteed the purchase, value or repayment of the Units.
7. **Additional Information.** Subscriber hereby acknowledges and agrees that the Company may make or cause to be made such further inquiry and obtain such additional information as it may deem appropriate with regard to the suitability of Subscriber as an investor in the Units.
8. **Survival.** Subscriber hereby acknowledges that the representations, warranties and covenants of the undersigned set forth herein shall survive the Termination Date.
9. **Admission and Agreement to Be Bound.** **Subscriber does hereby acknowledge receipt of a copy of the Company Operating Agreement and has read, understands and fully agrees to the terms and conditions of the Company Operating Agreement effective upon acceptance by the Company of this Subscription Agreement. Pursuant to the Company Operating Agreement, by the execution of this Subscription Agreement and acceptance by the Company hereof, the undersigned is hereby admitted to the Company as an additional Member and agrees to be bound by all of the terms and conditions of the Company Operating Agreement.**
10. **Power of Attorney.** The undersigned Subscriber hereby grants the Manager, Camellia Station Management, LLC, a special limited power of attorney, making, constituting and appointing the Manager as the undersigned's attorney-in-fact, with power and authority to act in the undersigned's name and on the undersigned's behalf solely to execute, acknowledge and swear to the execution and acknowledgment of the Company Operating Agreement as well as any other documents as shall be necessary to create, operate, dissolve or liquidate the Company in accordance with the terms of the Company Operating Agreement and this Subscription Agreement. This special limited power of attorney is a special power of attorney coupled with an interest, is irrevocable, and shall survive the death or legal incapacity of the Undersigned.
11. **Miscellaneous.**
- (a) Captions of the Subscription Agreement are for convenience of reference only and shall not limit or otherwise affect the interpretation or affect any term or provision hereof.
- (b) This Subscription Agreement and the rights, powers and duties set forth herein, except as otherwise herein set forth, shall bind and enure to the heirs, executors, administrators, legal representatives and successors of the parties hereto.
- (c) This Subscription Agreement may be executed in counterparts, all of which, when taken together, shall be deemed to be one original.



CAMELLIA STATION HOLDINGS, LLC

The undersigned hereby represents, agrees and certifies that (1) the undersigned has carefully read and understands the PPM, Subscription Agreement and Company Operating Agreement, and (2) the execution of this signature page constitutes the execution of, and agreement to be bound by all the provisions of, the Subscription Agreement and the Company Operating Agreement.

A For Subscribers who are INDIVIDUALS or JOINT INVESTORS:

Signature:

Date:

Signature: (For Joint Investor, if any. If community property state, both signatures required.)

Date:

B For Subscribers that are ENTITIES:

(Including corporations, partnerships, limited liability companies and trusts)

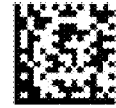
*The undersigned warrants that he/she has full power and authority to execute this Agreement on behalf of the named entity, and an investment by such entity in the Units offered pursuant to the Offering is not prohibited by the governing documents of the entity or by any law applicable to such entity.

Signature:

Date:

Signature:

Date:



SUBSTITUTE IRS FORM W-9 CERTIFICATION
CAMELLIA STATION HOLDINGS, LLC

Note: For joint investors, you must return a completed Substitute IRS Form W-9 Certification for each investor.

Under penalties of perjury, I certify that:

1. The number set forth below is my correct and current taxpayer identification number;
2. I am not subject to backup withholding because: (a) I am exempt from backup withholding, or (b) I have not been notified by the Internal Revenue Service ("IRS") that I am subject to backup withholding as a result of a failure to report all interest or dividends, or (c) the IRS has notified me that I am no longer subject to backup withholding;
3. I am a U.S. person (including a U.S. resident alien); and
4. I am exempt from FATCA reporting.

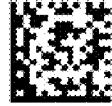
SSN/EIN:

The Internal Revenue Service does not require your consent to any provision of this document other than the certifications required to avoid backup withholding.

Investor Signature:

Date:

Printed Name of Person Signing:



SUBSTITUTE IRS FORM W-9 CERTIFICATION
CAMELLIA STATION HOLDINGS, LLC

Note: For joint investors, you must return a completed Substitute IRS Form W-9 Certification for each investor.

Under penalties of perjury, I certify that:

1. The number set forth below is my correct and current taxpayer identification number;
2. I am not subject to backup withholding because: (a) I am exempt from backup withholding, or (b) I have not been notified by the Internal Revenue Service ("IRS") that I am subject to backup withholding as a result of a failure to report all interest or dividends, or (c) the IRS has notified me that I am no longer subject to backup withholding;
3. I am a U.S. person (including a U.S. resident alien); and
4. I am exempt from FATCA reporting.

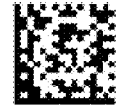
SSN/EIN:

The Internal Revenue Service does not require your consent to any provision of this document other than the certifications required to avoid backup withholding.

Investor Signature:

Date:

Printed Name of Person Signing:



PARTICIPATING BROKER-DEALER AFFIRMATION

CAMELLIA STATION HOLDINGS, LLC

The undersigned registered representative of the broker-dealer named below hereby certifies that the subscribing investor is an **accredited investor**. The undersigned further warrants that he or she has: (i) performed suitability analysis in accordance with applicable FINRA rules with respect to this investment and in light of the investor's needs, objectives, understandings and financial capabilities; (ii) verified that the investor is properly identified; (iii) discussed the purchase of the Units with the investor, **particularly including apprising the investor of the investment's illiquidity for a substantial period of time, associated potential tax risks and of the possible loss of their investment**. The undersigned affirms the investor understands the risks associated with this investment and can suffer any related loss that may occur.

Name of Investor(s):

Broker-Dealer Firm Name:

Registered Representative Name: (first, middle, last)

Mailing Address: (street) (city/state) (zip)

Registered Representative Number: Branch Phone:

Email Address:

I hereby certify that I am registered in the following state:

Registered Representative Signature:

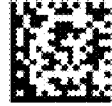
Date:

Print Name of OSJ Manager or Registered Principal:

Print Name of Brokerage Firm:

Signature of OSJ or Registered Principal:

Date:



PARTICIPATING INVESTMENT ADVISOR AFFIRMATION CAMELLIA STATION HOLDINGS, LLC

The undersigned investment advisor of the firm named below hereby certifies that the subscribing investor is an **accredited investor**. The undersigned further warrants that he or she has: (i) performed fiduciary analysis in accordance with applicable rules with respect to this investment and in light of the investor's needs, objectives, understandings and financial capabilities; (ii) verified that the investor is properly identified; (iii) discussed the purchase of the Units with the investor, **particularly including apprising the investor of the investment's illiquidity for a substantial period of time, associated potential tax risks and of the possible loss of their investment**. The undersigned affirms the investor understands the risks associated with this investment and can suffer any related loss that may occur.

Name of Investor(s):

RIA Firm Name:

Advisor Name: (first, middle, last)

Mailing Address: (street) (city/state) (zip)

Advisor Number (if any): Branch Phone:

Email Address:

I hereby certify that I am registered in the following state:

Advisor Signature:

Date:

For Triloma Securities Use Only

.....

Print Name of Reviewing Representative:

Registered Representative Number: Branch Phone:

Print Name of Registered Principal:

Signature of Reviewing Representative:

Date:

Signature of OSJ or Registered Principal:

Date:

Exhibit E

Escrow Agreement

[See attached]

ESCROW AGREEMENT

THIS ESCROW AGREEMENT (this “Agreement”) is made and entered into and effective as of September 1, 2016 by and between Camellia Station Holdings, LLC, a Delaware limited liability company (the “Company”) and UMB Bank, N.A., as escrow agent, a national banking association organized and existing under the laws of the United States of America (the “Escrow Agent”).

RECITALS

WHEREAS, the Company proposes to offer and sell up to 945 units of membership interest (the “Units”) at an initial purchase price of \$13,026 per Unit (the “Offering”) payable in cash pursuant to the Company’s Private Placement Memorandum dated September 1, 2016 (the “Offering Document”) and Investor Subscription Agreement (the “Subscription Agreement”). The Company intends to use the proceeds of the Offering, in part, to acquire a majority interest in Camellia Station, LLC (the “Subsidiary”).

WHEREAS, the Units are proposed to be offered for sale to investors (the “Subscribers”) by participating broker-dealers pursuant to an exemption from registration under the Securities Act of 1933, as amended (the “Securities Act”), and pursuant to exemptions from registration under certain state securities laws.

WHEREAS, the Company desires to establish an escrow account (the “Escrow Account”), as further described herein in which funds received from Subscribers will, except as otherwise specified herein, be deposited into a non-interest-bearing account entitled “Camellia Station Holdings Subscription Account,” and the Company desires that UMB Bank, N.A. act as escrow agent to the Escrow Account, and Escrow Agent is willing to act in such capacity.

WHEREAS, in the event that at least \$11,145,046 (the “Closing Amount”) in Subscription Proceeds (as defined below) is received by December 31, 2016 (the “Termination Date”) and there is a closing (the “Closing”) of the Offering, the Company desires to establish a second escrow account in which the Escrow Agent shall retain \$400,000 of the deposit funds paid by the Subscribers to the Escrow Agent (the “Supplemental Escrow Amount”) in accordance with the terms of this Escrow Agreement.

WHEREAS, the Company desires that Escrow Agent act as escrow agent as provided for in this Agreement and Escrow Agent is willing to act in such capacity.

WHEREAS, the Escrow Agent has engaged DST Systems, Inc. (the “Transfer Agent”) to receive, examine for “good order” and facilitate subscriptions into the Escrow Account as further described herein and to act as record keeper, maintaining on behalf of the Escrow Agent the ownership records for the Escrow Account. In so acting Transfer Agent shall be acting solely in the capacity of agent for the Escrow Agent and not in any capacity on behalf of the Company, nor shall the Transfer Agent have any interest other than that provided in this Agreement in assets in Transfer Agent’s possession as the agent of the Escrow Agent.

AGREEMENT

NOW, THEREFORE, the Company and Escrow Agent agree to the terms of this Agreement as follows:

1. Establishment of Escrow Account; Escrow Period. On or prior to the commencement of the offering of Units pursuant to the Offering Document, the Company shall establish the Escrow Account with the

Escrow Agent, which shall be entitled “UMB Bank, N.A., as Escrow Agent for Camellia Station Holdings, LLC.”

2. Operation of the Escrow. The Company shall deposit or cause to be deposited with the Escrow Agent, to be held in escrow under the terms of this Agreement, all proceeds received from the sale of the Units to the Subscribers (the “Subscription Proceeds”). The Escrow Agent shall have no responsibility for the Subscription Proceeds until such proceeds are actually received, clear through normal banking channels and constitute collected funds. The Escrow Agent shall have no duty to collect or seek to compel payment of any Subscription Proceeds, except to place such proceeds or instruments representing such proceeds for deposit and payment through customary banking channels. During the term of this Agreement, wire payments for the Subscription Proceeds furnished by Subscribers shall be made payable to: UMB Bank, N.A., as Escrow Agent for Camellia Station Holdings, LLC.
3. Funds in Escrow Account. Upon receipt of funds from subscribers, the Escrow Agent shall hold such funds in escrow pursuant to the terms of this Agreement. All such funds held in the Escrow Account shall be held un-invested in accordance with this Agreement.

The Company or the Transfer Agent shall periodically deliver to the Escrow Agent schedules disclosing the name and address of each of the Subscribers, the number of Units subscribed for by each Subscriber, the Federal tax identification number of each of the Subscribers, the amount of Subscription Proceeds received from each Subscriber, and such other information as will enable the Escrow Agent to attribute to a particular Subscriber all Subscription Proceeds received by the Escrow Agent. The Escrow Agent shall also provide to the Company monthly statements (or more frequently as reasonably requested by the Company) on the account balance in the Escrow Account and the activity in such accounts since the last report.

4. Rejection of Subscription Agreement. Any Subscription Agreement may be rejected by the Company in whole or in part. The Company, in its sole discretion, may also reduce any Subscriber’s Subscription Proceeds if the Offering is oversubscribed. The Company shall promptly notify the Escrow Agent in writing (which may include notification by facsimile or email as provided in Section 13) in the event of any such rejection or reduction. Upon the receipt of a written notice of rejection or reduction from the Company pertaining to any Subscription Agreement, the Escrow Agent shall return to the Subscriber whose name appears on the rejected or reduced Subscription Agreement (i) if the Subscription Agreement was rejected in its entirety, the Subscription Agreement (if then in the Escrow Agent’s possession) and (ii) the Subscription Proceeds tendered by such Subscriber not used to acquire any Units, without payment of interest or any deduction; provided such Subscriber’s Subscription Proceeds constitute collected funds held by the Escrow Agent. Notwithstanding the foregoing, the Escrow Agent shall not return funds to any Subscriber until after it has received an executed and valid IRS Form W-9, or valid substitute thereto, from the Subscriber.

In the event the Escrow Agent receives written notice from the Company that a Subscription Agreement has been withdrawn by a Subscriber, the Escrow Agent shall return to such Subscriber whose name appears on the withdrawn Subscription Agreement (i) the Subscription Agreement (if then in the Escrow Agent’s possession) and (ii) the Subscription Proceeds tendered by such Subscriber, without payment of interest or any deduction; provided such Subscriber’s Subscription Proceeds constitute collected funds held by the Escrow Agent. Notwithstanding the foregoing, the Escrow Agent shall not return funds to any Subscriber until after it has received an executed and valid IRS Form W-9, or valid substitute thereto, from the Subscriber.

5. Disbursements. If on or before the Termination Date, Subscription Proceeds in an amount no less than the Closing Amount have been delivered to the Escrow Agent, then the Company shall provide to the Escrow Agent an affidavit or certification (the “Break Escrow Affidavit”) stating (i) that Subscription Proceeds in an amount no less than the Closing Amount have been delivered to the Escrow Agent, (ii) the date on which the Closing shall occur (the “Closing Date”) and (iii) the actual total number of Units sold as of the Closing Date. Following the receipt of the Break Escrow Affidavit, the Escrow Agent shall, subject to the actual receipt of such Subscription Proceeds, (A) establish the Supplemental Escrow Account as provided in Section 6 and place the Supplemental Escrow Amount therein and (B) disburse all remaining Subscription Proceeds then held by the Escrow Agent and any earnings thereon to the account of the Company in accordance with written directions provided by the Company.

If the Escrow Agent has not received a Break Escrow Affidavit on or prior to the Termination Date and the Company has not theretofore notified the Escrow Agent in writing of an extension of the Offering, then the Escrow Agent shall refund to each of the Subscribers the full amount of Subscription Proceeds held by the Escrow Agent for such Subscriber, without payment of interest or deduction; provided, however, that the Escrow Agent shall not return funds to any Subscriber until after it has received an executed and valid IRS Form W-9, or valid substitute thereto, from the Subscriber. Upon disbursement of all of the Subscription Proceeds and earnings thereon held by the Escrow Agent as provided in this Section 5, this Agreement (except as otherwise provided herein) shall terminate.

6. Supplemental Escrow Account

(a) Certain Definitions.

“Audit Receipt” shall mean a written notice from the Company or the Majority Members delivered to the Escrow Agent that an audit of the Company, or the Subsidiary, has been commenced accompanied by an IRS Audit Notice.

“IRS Audit Notice” shall mean a copy of written notice from the U.S. Internal Revenue Service indicating that one or more federal tax returns of the Company, or the Subsidiary, are being audited.

“Majority Members” shall mean Members of the Company owning in the aggregate at least a majority of the issued and outstanding Units in the Company. The Escrow Agent may assume conclusively and without independent inquiry that any instrument which purports to be executed by the Majority Member conforms to this definition.

“Members” shall mean the members of the Company and each, a “Member.”

“Supplemental Escrow Account Termination Date” shall mean the later of (i) the sixth (6th) anniversary of the Closing Date, or (ii) in the event the Escrow Agent shall have received an IRS Audit Notice prior to the expiration of the sixth (6th) anniversary of the date of the closing of the Offering, the thirtieth (30th) day following the receipt by the Escrow Agent of written notice from the Company stating that all audits of the Company referenced in an Audit Notice have been completed, withdrawn or otherwise concluded by the IRS.

(b) Establishment of Supplemental Escrow Account. In the event that at least the Closing Amount is received and there is a Closing, the Escrow Agent shall establish for the benefit of the Company a non-interest-bearing supplemental escrow account with the Escrow Agent (the “Supplemental

Escrow Account”) into which the Supplemental Escrow Amount shall be placed, retained and invested as stated below.

(c) Term of Supplemental Escrow Account. On the Supplemental Escrow Account Termination Date, the Escrow Agent shall pay and deliver to the Company the remaining Supplemental Escrow Amount.

(d) Demand Notices. At any time prior to the Supplemental Escrow Account Termination Date, the Company may deliver to the Escrow Agent a written notice (a “Demand Notice”), with a copy thereof to all of the then-current Members, which (x) specifically instructs the Escrow Agent to deliver a specific amount of the Supplemental Escrow Amount (the “Release Amount”), and (y) includes an IRS Audit Notice. The Company shall certify to the Escrow Agent that a copy of the Demand Notice has been delivered to each of the Members.

(e) Dispute of Release Amount. If the Majority Members dispute the release of all or any part of the Release Amount, or the accuracy, genuineness or timeliness of, such Demand Notice, such Members may, within ten (10) days after the Escrow Agent’s receipt of such Demand Notice, deliver to the Escrow Agent a Dispute Notice (as defined in subsection (f) below), with a copy thereof to the Company, specifying each such objection. If no Dispute Notice is received by the Escrow Agent with respect to any Demand Notice within such 10-day period, then the Escrow Agent shall deliver the Release Amount stated therein in accordance with the instructions of the Company as set forth in the Demand Notice.

(f) Dispute Notice. In the event that the Escrow Agent receives from the Majority Members any written instructions or written notice which disputes the Release Amount in, or the accuracy, genuineness or timeliness of, any Demand Notice (a “Dispute Notice”), the Escrow Agent shall refuse to comply with the Demand Notice and shall refrain from taking any action other than to retain possession of the Supplemental Escrow Amount until either (a) the propriety of the Demand Notice shall have been fully and finally adjudicated by a court (or arbitrator) of competent jurisdiction, or (b) all differences shall have been adjusted and all doubt resolved by agreement among the Company and a group constituting the Majority Members, and the Escrow Agent shall have been so notified thereof in a written instrument signed by all such parties. In any such event, the Escrow Agent shall not be or become liable in any way or to any person for its failure or refusal to act.

(g) Release of Supplemental Escrow Amount. The Escrow Agent shall release the Supplemental Escrow Amount in any amounts and in any manner specified in written instructions jointly executed by the Company and the Majority Members, subject to the provisions in this Section 6. Notwithstanding the above, if the Company provides written notice to the Escrow Agent that the Majority Members have elected the Development Option (as defined in the Operating Agreement of the Company (the “Operating Agreement”)) pursuant to the provisions of the Operating Agreement with respect to the Real Property (as defined in the Operating Agreement), the Escrow Agent shall release the entire Supplemental Escrow Amount in the manner specified in the written notice executed by the Company; provided, however, that the Escrow Agent shall not disburse any funds to any payee until after it has received an executed and valid IRS Form W-9, or valid substitute thereto.

(h) Reliance. The Escrow Agent shall be entitled to rely conclusively and without independent inquiry on any written notice which purports to be a Dispute Notice and may assume conclusively and without further inquiry that such notice constitutes a Dispute Notice which conforms to the

requirements of this Agreement. The Escrow Agent shall be entitled to rely conclusively and without independent inquiry on (i) any written instrument purporting to be signed by the Company and the Majority Members as conforming to the requirements of this Agreement, and (ii) any instrument purporting to be a final adjudication relating to such Dispute Notice by a court (or arbitrator) of competent jurisdiction or arbitrator as conforming to the requirements of this Agreement.

(i) Termination. Upon the release of the entire Supplemental Escrow Amount pursuant to the terms of this Section 6, this Agreement shall terminate.

7. Duties of the Escrow Agent. The Escrow Agent shall have no duties or responsibilities other than those expressly set forth in this Agreement, and no implied duties or obligations shall be read into this Agreement against the Escrow Agent. The Escrow Agent is not a party to, or bound by, any other agreement among the other parties hereto with respect to the subject matter hereof, and the Escrow Agent's duties shall be determined solely by reference to this Agreement. The Escrow Agent shall have no duty to enforce any obligation of any person, other than as provided herein. The Escrow Agent shall be under no liability to anyone by reason of any failure on the part of any party hereto or any maker, endorser or other signatory of any document or any other person to perform such person's obligations under any such document.
8. Liability of the Escrow Agent and the Transfer Agent; Indemnification. The Escrow Agent acts hereunder as a depository only. The Escrow Agent is not responsible or liable in any manner for the sufficiency, correctness, genuineness or validity of this Escrow Agreement or with respect to the form of execution of the same. Each of the Escrow Agent and the Transfer Agent shall not be liable for any action taken or omitted by it, or any action suffered by it to be taken or omitted, in good faith, and in the exercise of its own best judgment, and may rely conclusively and shall be protected in acting upon any order, notice, demand, certificate, opinion or advice of counsel (including counsel chosen by the Escrow Agent or the Transfer Agent), statement, instrument, report or other paper or document (not only as to its due execution and the validity and effectiveness of its provisions, but also as to the truth and acceptability of any information therein contained) which is believed by the Escrow Agent or the Transfer Agent to be genuine and to be signed or presented by the proper person(s). Each of the Escrow Agent and the Transfer Agent shall not be held liable for any error in judgment made in good faith by an officer or employee of either unless it shall be proved that the Escrow Agent or the Transfer Agent, as appropriate, was grossly negligent or reckless in ascertaining the pertinent facts or acted intentionally in bad faith. The Escrow Agent shall not be bound by any notice of demand, or any waiver, modification, termination or rescission of this Agreement or any of the terms hereof, unless evidenced by a writing delivered to the Escrow Agent signed by the proper party or parties and, if the duties or rights of the Escrow Agent are affected, unless it shall give its prior written consent thereto.

Either of the Escrow Agent and the Transfer Agent may consult legal counsel and shall exercise reasonable care in the selection of such counsel, in the event of any dispute or question as to the construction of any provisions hereof or its duties hereunder, and it shall incur no liability and shall be fully protected in acting in accordance with the reasonable opinion or instructions of such counsel.

Each of the Escrow Agent and the Transfer Agent shall not be responsible, may conclusively rely upon and shall be protected, indemnified and held harmless by the Company, for the sufficiency or accuracy of the form of, or the execution, validity, value or genuineness of any document or property received, held or delivered by it hereunder, or of the signature or endorsement thereon, or for any description therein; nor shall the Escrow Agent or the Transfer Agent be responsible or liable in any respect on account of the identity, authority or rights of the persons executing or delivering or purporting to execute or deliver any document, property or this Agreement.

In the event that either the Escrow Agent or the Transfer Agent shall become involved in any arbitration or litigation relating to the funds in the Escrow Account, each is authorized to comply with any decision reached through such arbitration or litigation.

The Company hereby agrees to indemnify both the Escrow Agent and the Transfer Agent for, and to hold it harmless against, any loss, liability or expense incurred in connection herewith without gross negligence, recklessness or willful misconduct on the part of either of the Escrow Agent or the Transfer Agent, including without limitation legal or other fees arising out of or in connection with its entering into this Agreement and carrying out its duties hereunder, including without limitation the costs and expenses of defending itself against any claim of liability in the premises or any action for interpleader. Neither the Escrow Agent, nor the Transfer Agent, shall be under any obligation to institute or defend any action, suit, or legal proceeding in connection herewith, unless first indemnified and held harmless to its satisfaction in accordance with the foregoing, except that neither shall be indemnified against any loss, liability or expense arising out of its own gross negligence, recklessness or willful misconduct. Such indemnity shall survive the termination or discharge of this Agreement or resignation of the Escrow Agent.

9. The Escrow Agent's Fee. Escrow Agent shall be entitled to fees and expenses for its regular services as Escrow Agent as set forth in Exhibit A. Additionally, Escrow Agent is entitled to reasonable fees for extraordinary services and reimbursement of any reasonable out of pocket and extraordinary costs and expenses related to its obligations as Escrow Agent under this Agreement, including, but not limited to, reasonable attorneys' fees. All of the Escrow Agent's compensation, costs and expenses shall be paid by the Company.
10. Security Interests. No party to this Escrow Agreement shall grant a security interest in any monies or other property deposited with the Escrow Agent under this Escrow Agreement, or otherwise create a lien, encumbrance or other claim against such monies or borrow against the same.
11. Dispute. In the event of any disagreement between the undersigned or the person or persons named in the instructions contained in this Agreement, or any other person, resulting in adverse claims and demands being made in connection with or for any papers, money or property involved herein, or affected hereby, the Escrow Agent shall be entitled to refuse to comply with any demand or claim, as long as such disagreement shall continue, and in so refusing to make any delivery or other disposition of any money, papers or property involved or affected hereby, the Escrow Agent shall not be or become liable to the undersigned or to any person named in such instructions for its refusal to comply with such conflicting or adverse demands, and the Escrow Agent shall be entitled to refuse and refrain to act until: (a) the rights of the adverse claimants shall have been fully and finally adjudicated in a court assuming and having jurisdiction of the parties and money, papers and property involved herein or affected hereby, or (b) all differences shall have been adjusted by agreement and the Escrow Agent shall have been notified thereof in writing, signed by all the interested parties.
12. Resignation of Escrow Agent. Escrow Agent may resign or be removed, at any time, for any reason, by written notice of its resignation or removal to the proper parties at their respective addresses as set forth herein, at least 60 days before the date specified for such resignation or removal to take effect; upon the effective date of such resignation or removal:

(a) All cash and other payments and all other property then held by the Escrow Agent hereunder shall be delivered by it to such successor escrow agent as may be designated in writing by the Company, whereupon the Escrow Agent's obligations hereunder shall cease and terminate;

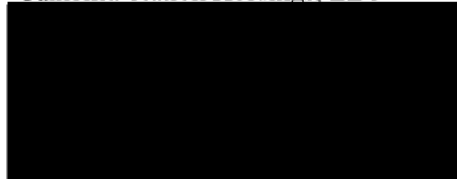
(b) If no such successor escrow agent has been designated by such date, all obligations of the Escrow Agent hereunder shall, nevertheless, cease and terminate, and the Escrow Agent's sole responsibility thereafter shall be to keep all property then held by it and to deliver the same to a person designated in writing by the Company or in accordance with the directions of a final order or judgment of a court of competent jurisdiction.

(c) Further, if no such successor escrow agent has been designated by such date, the Escrow Agent may petition any court of competent jurisdiction for the appointment of a successor agent; further the Escrow Agent may pay into court all monies and property deposited with Escrow Agent under this Agreement.

13. Notices. All notices, demands and requests required or permitted to be given under the provisions hereof must be in writing and shall be deemed to have been sufficiently given, upon receipt, if (i) personally delivered, (ii) sent by telecopy or email or (iii) mailed by registered or certified mail, with return receipt requested, or by overnight courier with signature required, delivered to the addresses set forth below, or to such other address as a party shall have designated by notice in writing to the other parties in the manner provided by this paragraph:

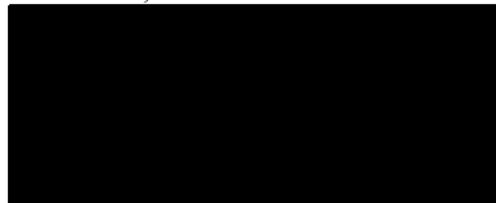
(1) If to Company:

Camellia Station Holdings, LLC



Company Wire Instructions: [To be provided as necessary]

(2) If to the Escrow Agent: UMB Bank, N.A.



Escrow Agent Wiring Instructions:

UMB Bank, N.A.

ABA Routing Number:

Account Number:

Account Name: UMB Bank Escrow Agent for Camellia Station Holdings LLC

Reference: [INVESTOR INFO]

14. Governing Law. This Agreement shall be construed and enforced in accordance with the laws of the State of Missouri without regard to the principles of conflicts of law.
15. Binding Effect; Benefit. This Agreement shall be binding upon and inure to the benefit of the permitted successors and assigns of the parties hereto.

16. Modification. This Agreement may be amended, modified or terminated at any time by a writing executed by the Company and the Escrow Agent.
17. Assignability. This Agreement shall not be assigned by the Escrow Agent without the Company's prior written consent.
18. Counterparts. This Agreement may be executed in one or more counterparts, each of which will be deemed an original, but all of which together will constitute one and the same instrument. Copies, telecopies, facsimiles, electronic files and other reproductions of original executed documents shall be deemed to be authentic and valid counterparts of such original documents for all purposes, including the filing of any claim, action or suit in the appropriate court of law. The parties hereto agree that the transactions described herein may be conducted and related documents may be stored by electronic means.
19. Headings. The section headings contained in this Agreement are inserted for convenience only, and shall not affect in any way, the meaning or interpretation of this Agreement.
20. Severability. This Agreement constitutes the entire agreement among the parties and supersedes all prior and contemporaneous agreements and undertakings of the parties in connection herewith. No failure or delay of the Escrow Agent in exercising any right, power or remedy may be, or may be deemed to be, a waiver thereof; nor may any single or partial exercise of any right, power or remedy preclude any other or further exercise of any right, power or remedy. In the event that any one or more of the provisions contained in this Agreement, shall, for any reason, be held to be invalid, illegal or unenforceable in any respect, then to the maximum extent permitted by law, such invalidity, illegality or unenforceability shall not affect any other provision of this Agreement.
21. Patriot Act Compliance; OFAC Search Duties. The Company shall provide to Escrow Agent upon the execution of this Agreement any documentation requested and any information reasonably requested by the Escrow Agent to comply with the USA Patriot Act of 2001, as amended from time to time. The Escrow Agent, or its agent, shall complete an OFAC search, in compliance with its policy and procedures, of each subscription and shall inform the Company if a subscription fails the OFAC search.
22. Miscellaneous. This Agreement shall not be construed against the party preparing it, and shall be construed without regard to the identity of the person who drafted it or the party who caused it to be drafted and shall be construed as if all parties had jointly prepared this Agreement and it shall be deemed their joint work product, and each and every provision of this Agreement shall be construed as though all of the parties hereto participated equally in the drafting hereof; and any uncertainty or ambiguity shall not be interpreted against any one party. As a result of the foregoing, any rule of construction that a document is to be construed against the drafting party shall not be applicable.
23. Third Party Beneficiaries. The Transfer Agent shall be a third party beneficiary under this Agreement, entitled to enforce any rights, duties or obligations owed to it under this Agreement notwithstanding the terms of any other agreements between the Transfer Agent and any Party hereto.
24. Termination of the Escrow Agreement. This Escrow Agreement, except for Sections 8 and 12 hereof, which shall continue in effect, shall terminate upon written notice from the Company to the Escrow Agent. Unless otherwise provided, final termination of this Escrow Agreement shall occur on the date that (a) all funds held in the Escrow Account or the Supplemental Escrow Account are distributed as provided in this Agreement and the Company has informed the Escrow Agent in writing to close the Escrow Account or (b) all funds held in the Escrow Account or the Supplemental Escrow Account are distributed to a successor escrow agent upon written instructions from the Company.

25. Relationship of Parties. The Company and the Escrow Agent are unaffiliated parties, and this Agreement does not create any partnership or joint venture among them.

[SIGNATURE PAGES FOLLOW]

IN WITNESS WHEREOF, the undersigned have caused this Agreement to be executed by their duly authorized representatives as of the date first written hereinabove:

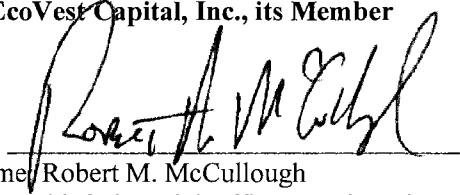
COMPANY:

CAMELLIA STATION HOLDINGS, LLC

**By: Camellia Station Management, LLC, its
Manager**

By: EcoVest Camellia Station, LLC, its Manager

By: EcoVest Capital, Inc., its Member

By: 

Name: Robert M. McCullough

Title: Chief Financial Officer, Senior Vice
President, Secretary and Treasurer

ESCROW AGENT:

UMB BANK, N.A.

By: 

Name: Lara L. Stevens

Title: Vice President

EXHIBIT A
ESCROW FEES AND EXPENSES

One-Time Fee

Review document, establish accounts, and	\$4,000
Set up recon file/feeds with Transfer Agent	

Annual Fee

Annual Escrow Agent	
During Supplemental Escrow Period	\$1,500

Transactional Fees

Outgoing Wire Transfer	\$15 each
Online Access	\$15 per month
Overnight Delivery/Mailings	\$16.50 each

One-Time fee will be payable at the initiation of the escrow. Annual Escrow Agent fee and Transactional fees during the Supplemental Escrow Period will be effective at the start of the Supplemental Escrow Period and will be billed annually in arrears from such effective date. Other fees and expenses will be billed as incurred.

Fees specified are for the regular, routine services contemplated by the Escrow Agreement, and any additional or extraordinary services, including, but not limited to disbursements involving a dispute or arbitration, or administration while a dispute, controversy or adverse claim is in existence, will be charged based upon time required at the then standard hourly rate. In addition to the specified fees, all expenses related to the administration of the Escrow Agreement (other than normal overhead expenses of the regular staff) such as, but not limited to, travel, postage, shipping, courier, telephone, facsimile, supplies, legal fees, accounting fees, etc., will be reimbursable.

Exhibit F

Tax Opinion

[See attached]

ALSTON & BIRD LLP



September 1, 2016

Camellia Station Holdings, LLC



Re: Proposed Donation of Conservation Easement
by Camellia Station, LLC

Ladies and Gentlemen:

We are acting as counsel to Camellia Station Holdings, LLC, a Delaware limited liability company (the "Company"), in connection with its efforts to raise capital to fund the acquisition of a membership interest in Camellia Station, LLC, a Delaware limited liability company (the "Investment Company"), and certain transactions the Company and the Investment Company might enter into subsequent to that acquisition.

You have requested our opinion as to the availability of federal income tax deductions under section 170(h) of the Internal Revenue Code of 1986 ("Code") if a conservation easement is donated by the Investment Company, as described in the Confidential Private Placement Memorandum dated September 1, 2016 ("PPM").

In preparing this opinion letter, we have reviewed the documents described in Exhibit "A", attached hereto and incorporated herein by reference. Our opinion letter is based solely on the information and representations in such documents.

For purposes of this opinion letter, we have assumed (i) the genuineness of all signatures on documents we have examined, (ii) the authenticity of all documents submitted to us as originals, (iii) the conformity to the original documents of all documents submitted to us as copies, (iv) the conformity, to the extent relevant to our opinions, of final documents to all documents submitted to us as drafts, (v) the authority and capacity of the individual or individuals who executed any such documents on behalf of any person, (vi) due execution and delivery of all such documents by all the parties thereto, (vii) the compliance of each party with all material provisions of such documents, and (viii) the accuracy and completeness of all records made available to us.

Further, we have assumed, with your consent, that (i) the factual representations set forth in the Certificate of the Manager of Camellia Station Holdings, LLC, referred to in Exhibit "A" (the "Manager's Certificate") and the description of the Company and the Investment Company and their activities in the PPM are true, accurate and complete as of the date hereof, (ii) the Company and the Investment Company will operate in a manner that will make the representations contained in the

Manager's Certificate and the description of the Company and the Investment Company and their proposed activities in the PPM true for future years, (iii) neither the Company nor the Investment Company will make any amendment to organizational documents or make any election after the date of this opinion that would affect the qualification of either as a partnership for any taxable year and (iv) no action will be taken after the date hereof by the Company or the Investment Company that would have the effect of altering the facts upon which the opinions set forth below are based.

For purposes of our opinion, we have not made an independent investigation of the facts, representations, and covenants set forth in the Manager's Certificate, the PPM, or in any other document. Consequently, we have assumed, and relied on your representations, that the information presented in the Manager's Certificate, the PPM, and other documents accurately and completely describe all material facts relevant to our opinion. We have assumed that such representations are true without regard to any qualification as to knowledge or belief. Our opinion is conditioned on the continuing accuracy and completeness of such statements, representations and covenants. Any material change or inaccuracy in the facts referred to, set forth, or assumed herein or in the Manager's Certificate may affect our conclusions set forth.

The opinions expressed herein are given as of the date hereof and are based upon the Code, the U.S. Treasury Regulations promulgated thereunder, current administrative positions of the U.S. Internal Revenue Service ("IRS") and existing judicial decisions, any of which could be changed at any time, possibly on a retroactive basis. Any such changes could adversely affect the opinions rendered herein. In addition, as noted above, our opinions are based solely on the documents that we have examined and the representations that have been made to us and cannot be relied upon if any of the facts contained in such documents or in such additional information is, or later becomes, inaccurate or if any of the representations made to us are, or later become, inaccurate. We are not aware, however (after reasonable due diligence), of any facts or circumstances contrary to or inconsistent with the information, assumptions, and representations we have relied on for purposes of this opinion. Our opinions are limited to the U.S. federal income tax matters specifically covered herein. We have not opined on any other tax consequences to the Company, the Investment Company, or any other person. Further, we express no opinion with respect to other federal laws or the laws of any other jurisdiction.

I. BACKGROUND AND PROPOSED TRANSACTIONS

The Company was formed on April 14, 2016, and is governed by its operating agreement, a copy of which is attached as Exhibit "B" (the "Company Operating Agreement"). The manager of the Company is Camellia Station Management, LLC, a Delaware limited liability company (the "Manager"). The Company intends to raise capital through a private placement of up to 945 units of membership interest to accredited investors, as described in the PPM (the "Offering"). The Investment Company was formed on April 25, 2016, and currently is owned by Permenter Brothers Holdings LLC ("PB"), Wampee Plantation Limited Partnership, L.P. ("WP"), and Seavista Partners, LLC ("SP"). The Investment Company's principal asset is approximately 45.22 acres of unimproved real estate located in Horry County, South Carolina (together with related development rights, the "Property"). A portion of the Property was previously owned by PB, which contributed its interest in

the Property to the capital of the Investment Company in exchange for a 93.1% membership interest in the Investment Company. The remainder of the Property was previously owned by WP, which contributed its interest in the Property to the capital of the Investment Company in exchange for a 1.9% membership interest in the Investment Company. SP contributed cash to the capital of the Investment Company in exchange for a 5% membership interest in the Investment Company.

The Company, the Investment Company, PB and WP have entered into the Membership Interest Purchase Agreement ("MIPA") pursuant to which, following the closing of the Offering, the Company will purchase a 95% membership interest in the Investment Company for \$4,186,450.00 (the "Acquisition").

Mr. Charles L. Permenter currently serves as manager of the Investment Company. Pursuant to the terms of the MIPA, the operating agreement of the Investment Company will be amended and restated at the closing of the Acquisition, the form of which is attached as Exhibit "C" (the "Investment Company Operating Agreement"). Upon the closing of the Acquisition, pursuant to the Investment Company Operating Agreement, the Manager, Camellia Station Management, LLC, will become the manager of the Investment Company in addition to being the manager of the Company.

The Company has investigated the following investment options for the Property following the closing of the Offering, the election of which will be made, following an analysis of the options provided by the Manager, by a vote of the members of the Company, which would be implemented by the Investment Company by virtue of the Company's controlling ownership interest in the Investment Company upon the closing of the Acquisition:

- (1) Develop the Property into multi-family residential units for sale to the public either by itself or in conjunction with others or the sale of the Property in the future;
- (2) Donate a conservation easement on the Property; or
- (3) Defer action and continue to hold the Property for investment.

Neither the Investment Company nor the Company is under any obligation to do any of the foregoing. The members of the Company are entitled to vote to implement one of the investment options for the Investment Company, such as pursuing development of the Property or donating a conservation easement on the Property.

For purposes of this opinion letter, we have assumed that a plurality in interest of the Company's members elect to pursue the donation of a conservation easement on the Property. Our opinion relates to the tax benefits that would potentially result from such a contribution.

II. CHARACTERIZATION OF THE COMPANY AND THE INVESTMENT COMPANY FOR FEDERAL INCOME TAX PURPOSES

A. General.

The availability of the contemplated tax benefits to the members of the Company ("Members") is dependent, in substantial part, upon the classification of both the Company and the Investment Company as partnerships, rather than as associations taxable as corporations for federal income tax purposes. Neither the Company nor the Investment Company will request a ruling from the IRS that it will be treated as a partnership. In the absence of a ruling, the IRS could challenge the classification of the Company or the Investment Company as a partnership.

B. Check the Box Regulations.

Treasury Regulations sections 301.7701-1 through 301.7701-3, known as the "check-the-box" regulations, provide that most unincorporated business entities organized in the United States and having more than one owner will be taxed as partnerships and, as such, will not be separately taxable entities. An unincorporated business entity that has two or more members automatically is classified as a partnership unless the entity elects to be classified as an association taxable as a corporation. The "default" to partnership classification does not apply to a business entity organized under a federal or state statute if the statute describes or refers to the entity as "incorporated" or as a "corporation, body corporate, or body politic" or to certain other specified entities, including unincorporated entities that elect corporate classification. It does, however, apply to business entities, such as the Company and the Investment Company, organized under a state limited liability company statute. The Investment Company has represented that the Investment Company has not elected and will not elect to be treated as an association taxable as a corporation and the Manager has represented that the Company has not elected and will not elect to be treated as an association taxable as a corporation.

C. Conclusion.

Under current federal income tax law and current judicial and administrative interpretations of that law, it is our opinion that both the Company and the Investment Company should be classified as partnerships for federal income tax purposes and should not be subject to federal income tax as associations taxable as corporations. With respect to the Investment Company, it should be classified as a partnership for federal income tax purposes both before and after the admission of the Company as a Member.

III. PUBLICLY TRADED PARTNERSHIP CHARACTERIZATION

A. Statutory Provisions.

Under section 7704 of the Code, a publicly traded partnership will be treated as a corporation for federal income tax purposes unless the partnership meets certain gross income requirements, described below. For this purpose, a publicly traded partnership is one the ownership interests in which are (a) traded on an established securities market, or (b) readily tradable on a secondary market (or the substantial equivalent thereof). No public market currently exists for the membership interests in either the Company or the Investment Company, and no such public market is expected to develop in the future.

B. Treasury Regulations.

The Regulations issued under section 7704 of the Code provide, among other things, that, subject to a limited exception which is not applicable in the instant case, interests in a partnership are not readily tradable on a secondary market or the substantial equivalent thereof if (1) all interests in the partnership were issued in a transaction (or transactions) that was not required to be registered under the Securities Act of 1933, as amended, and (2) the partnership does not have more than 100 partners at any time during the taxable year of the partnership. For purposes of determining the number of partners in a partnership, persons owning an interest through a flow-through entity are treated as partners in the partnership only if (a) substantially all of the value of the flow-through entity is attributable to the lower-tier partnership interest, and (b) a principal purpose of the tiered arrangement is to permit the partnership to satisfy the 100-partner requirement. It is anticipated that both the Company and the Investment Company will qualify under the "safe harbor" rules set forth in the Treasury Regulations issued under Code section 7704.

C. Special Rules.

Even if the Company or the Investment Company is treated as publicly traded under Code section 7704, they would not be classified as corporations if 90% or more of their income for the taxable year is qualifying income. For this purpose, qualifying income includes interest, dividends, real property rents, gain from the sale or other disposition of real property and income and gains derived from the exploration, development, mining or production, processing, refining, transportation, or the marketing of any mineral or natural resource (including fertilizer, geothermal energy, and timber). It is anticipated that 90% or more of the gross income of both the Company and the Investment Company will consist of such qualifying income. Accordingly, it is anticipated that neither the Company nor the Investment Company will be treated as an association taxable as a corporation for federal income tax purposes under Code section 7704, even if they were to be considered "publicly traded."

D. Conclusion.

Based on the foregoing, it is our opinion that neither the Company nor the Investment Company should be treated as a publicly traded partnership under Code section 7704.

IV. ALLOCATION OF PROFITS, LOSSES, AND DEDUCTIONS

A. General.

Code section 704(b) provides that, for federal income tax purposes, the allocation of partnership income, gains, losses, and deductions among the partners will be controlled by the partnership agreement as long as the allocation has substantial economic effect. If the partnership agreement is silent or provides for an allocation that does not have substantial economic effect, a partner's share of partnership items will be determined in accordance with such partner's interest in the partnership, determined by taking into account all of the facts and circumstances.

Pursuant to the Treasury Regulations issued under section 704(b) of the Code (the "Allocation Regulations"), an allocation of partnership income, gain, loss, or deduction to a partner will be

considered to have "substantial economic effect" if (1) the allocation has "economic effect" and (2) such economic effect is "substantial."

Under Code section 702(a)(4), each partner in a partnership takes into account separately its share of the partnership's charitable contributions which, pursuant to Code section 703(a)(1), must be separately stated and are not taken into account in determining the partnership's net income.

B. Economic Effect.

An allocation of partnership items among the partners will be considered to have "economic effect" if (1) the partnership properly maintains capital accounts for the partners and such allocation is reflected through an appropriate increase or decrease in such capital accounts, (2) liquidating distributions are required to be made in accordance with the partners' respective positive capital account balances as determined by taking into account all capital adjustments for the partnership taxable year during which such liquidation occurs, by the end of such taxable year (or, if later, within 90 days after the date of such liquidation), and (3) any partner with a deficit in its capital account following the liquidation of its interest in the partnership, as determined after taking into account all capital account adjustments for the partnership taxable year during which such liquidation occurs, is unconditionally required to restore the amount of such deficit by contributing such amount to the capital of the partnership by the end of such taxable year (or, if later, within 90 days after the date of such liquidation), which amount shall, upon liquidation of the partnership, be paid to creditors of the partnership or distributed to other partners in accordance with their positive capital account balances.

If the first two requirements for economic effect (proper maintenance of capital accounts and the distribution of proceeds of liquidation in accordance with capital accounts) are met but, in lieu of obligating a partner to restore the full amount of any deficit balance in its capital account upon liquidation, the partnership agreement contains a "qualified income offset" provision, then an allocation nevertheless will be considered to have "economic effect" to the extent that such allocation does not cause or increase a deficit balance in such partner's capital account (determined after reducing that account for certain "expected" adjustments, allocations, and distributions specified in the Allocation Regulations) beyond the amount such partner is obligated to restore. For this purpose, a partner is deemed to be obligated to restore a deficit balance in its capital account to the extent of its share of "partnership minimum gain," as defined in section 1.7042(d)(1) of the Allocation Regulations ("Partnership Minimum Gain"). Partnership Minimum Gain is the amount by which the nonrecourse liabilities of a partnership exceed the book value (generally, the adjusted tax basis) of the properties securing such liabilities. Such excess represents the minimum amount of gain that the partnership would realize on account of the relief from such nonrecourse liabilities in the event of a sale or other disposition of such properties, including a foreclosure. In addition, even if an allocation does not satisfy the primary or alternate tests for economic effect, an allocation nevertheless may be deemed to have economic effect if a liquidation of the partnership as of the end of each partnership taxable year will produce the same economic results to the partners as would occur if such requirements were satisfied.

A partner's share of Partnership Minimum Gain for a fiscal year generally is increased by the sum of (1) "nonrecourse deductions," as defined in section 1.704-2(b)(1) of the Allocation Regulations (the "Nonrecourse Deductions") allocated to it and (2) proceeds of a nonrecourse

liability distributed to it during such fiscal year. Nonrecourse Deductions are deductions attributable to nonrecourse liabilities of the partnership and generally are measured for any fiscal year as any net increase in Partnership Minimum Gain for such year in excess of any proceeds of a nonrecourse liability distributed during such year. Nonrecourse Deductions consist first of depreciation or cost recovery deductions with respect to partnership property subject to one or more partnership nonrecourse liabilities and then, if necessary, a pro rata portion of the partnership's other deductions, losses and items described in section 705(a)(2)(B) of the Code. A partner's share of Partnership Minimum Gain for a fiscal year generally is reduced by its share (based on the ratio that its share of Partnership Minimum Gain at the end of the preceding fiscal year bears to the Partnership Minimum Gain at the end of the preceding fiscal year) of any net decrease in Partnership Minimum Gain during such fiscal year.

C. Capital Account Provisions.

Under the terms of the Company Operating Agreement and the Investment Company Operating Agreement, a capital account is to be maintained for each Member in the Company and the Investment Company in accordance with the requirements of the Allocation Regulations, and allocations of items of income, gain, loss, and deduction to such Member are required to be reflected by an appropriate increase or decrease in its capital account. In addition, the Company Operating Agreement and the Investment Company Operating Agreement provide that distributions upon the liquidation of the Company or the Investment Company are required to be made in accordance with positive capital account balances of the respective members. The Company Operating Agreement and the Investment Company Operating Agreement also contain "qualified income offset" and "minimum gain chargeback" provisions as defined in the Allocation Regulations.

D. Substantiality.

An allocation has economic effect that is substantial under section 1.704-1(b)(2)(iii) of the Allocation Regulations if the allocation (1) does not shift tax consequences among partners within a single year, (2) is not transitory, and (3) passes an "overall substantiality" test. The overall substantiality test is met if, at the time the allocation is agreed to, there is a strong likelihood that at least one partner will, on a present value basis, suffer a substantial after-tax economic detriment from the allocation, compared to what that partner's economic consequences would be if the allocation were not contained in the partnership agreement.

The Company Operating Agreement provides that, subject to certain special allocation and limitation provisions, profits and losses from operations are allocated to the Members in accordance with their percentage ownership interest throughout the term of the Company. The Company Operating Agreement provides that cash flow distributions will be made to the Members based on their positive capital accounts until they are reduced to zero, and thereafter pro rata, in accordance with their percentage interests. In addition, tax items that are not otherwise provided for, such as charitable contributions, are allocated to the Members in accordance with their percentage ownership interest. Therefore, the foregoing allocations should be considered neither shifting nor transitory within the meaning of section 1.704-1(b)(2)(iii) of the Allocation Regulations and should satisfy the overall substantiality test set forth therein.

The Investment Company Operating Agreement provides that cash flow distributions will be made to the members based on their positive capital accounts until they are reduced to zero, and thereafter pro rata, in accordance with their percentage ownership interests. Subject to certain special allocation provisions, profits and losses from operations of the Investment Company will be allocated to the members in accordance with their percentage interests throughout the term of the Investment Company. In addition, tax items that are not otherwise provided for, such as charitable contributions, are allocated to the members in accordance with their percentage ownership interest. Therefore, the foregoing allocations should be considered neither shifting nor transitory within the meaning of section 1.704-1(b)(2)(iii) of the Allocation Regulations and should satisfy the overall substantiality test set forth therein.

V. CHARITABLE CONTRIBUTIONS

Code section 170 provides the general rule for the deductibility of a charitable contribution, which is defined to include a gift to a corporation created or organized in the United States or under the law of any state in the United States that is organized and operated exclusively for charitable purposes. Under Code section 170(b)(1), a charitable contribution of capital gain property by an individual is deductible to the extent that the contribution and all other charitable contributions by that taxpayer during the taxable year do not exceed 30% of the taxpayer's adjusted gross income for the taxable year of the charitable contribution. Qualified conservation contributions are subject to a special rule where deductions may be taken up to 50% (100% for certain farmers and ranchers) of adjusted gross income. Under Code section 170(b)(2), charitable contributions by a corporation are limited, in the aggregate, to 10% of the corporation's taxable income for the year in question. If an individual or corporate taxpayer's charitable contributions exceed the applicable percentage limitation, then the taxpayer can carry forward the excess contributions for an additional five years. Qualified conservation contributions are subject to a special rule that allows excess deductions to be carried forward for fifteen years. Under Code section 170(f)(3), no deduction is allowed for an outright contribution of less than a taxpayer's entire interest in property except for a contribution of a remainder interest in a personal residence or farm, a contribution of an undivided interest in property, or a qualified conservation contribution.

No provision of the Code permits the transfer of a charitable contribution deduction by the donor to another taxpayer. A recent Administrative Proceeding by the Securities and Exchange Commission, *In Re Paul Edward "Ed" Lloyd, Jr., CPA*, File No. 3-16182, concluded that the sale of membership interests in a limited liability company that subsequently donated a conservation easement was not the sale of a security, but was instead the sale of tax deductions. The Administrative Law Judge determined that, under the unique facts applicable to the case, the purchasers of the membership interests did not have an expectation of profit. We do not believe the *Lloyd* decision would constitute binding precedent on the Tax Court. See, *Golsen v. Comm'r*, 54 T.C. 742 (1970). However, even if the Tax Court were to consider an SEC Administrative Proceeding as informative precedent, the facts here are distinguishable from those present in *Lloyd*. As described in the PPM, investors in the Company will have the opportunity to choose to develop the Property in accordance with the plans devised by the Manager. Those plans indicate a significant

profit potential could be realized through the expertise of the Manager and its affiliates, and are vastly different than the "boilerplate warning that the land might be held for development" found in *Lloyd*. The possibility of a profit could be realized even if the members of the Company choose to donate a conservation easement, through the exercise of reserved rights under the Easement. For those reasons, we do not believe the *Lloyd* decision negatively impacts our analysis.

VI. CONSERVATION EASEMENTS

As defined in the Uniform Conservation Easement Act, the term conservation easement means: a nonpossessory interest of a holder in real property imposing limitations or affirmative obligations, the purposes of which include retaining or protecting natural, scenic or open-space values of real property; assuring its availability for agricultural, forest, recreational, or open-space use; protecting natural resources; maintaining or enhancing air or water quality; or preserving the historical, architectural, archeological, or cultural aspects of real property. As used therein, "holder" means a governmental body or charitable entity that is authorized to own real estate and, in the case of a charity, has as one of its purposes protecting the natural or historical aspects of property.

In practice, a conservation easement usually takes the form of a conveyance made in a "deed of conservation easement" between the owner of the real estate involved (the "donor") and the governmental unit or charity chosen by the donor as the recipient (the "donee").

The restriction imposed by the donor generally relates to its right to develop the property or otherwise use it in a way that would adversely affect the conservation values of the property. The donor often reserves the right to use or develop the property in limited ways that preserve some benefit of its continued ownership of the property.

Code section 170(h)(1) defines a "Qualified Conservation Contribution" as a contribution

- (A) of a qualified real property interest,
- (B) to a qualified organization,
- (C) exclusively for conservation purposes.

A. Qualified Real Property Interest.

Code section 170(h)(2) defines a "qualified real property interest" to include:

- (A) the entire interest of the donor other than a qualified mineral interest,
- (B) a remainder interest, and
- (C) a restriction (granted in perpetuity) on the use which may be made of the real property.

A "perpetual conservation restriction" is a qualified real property interest, and is a restriction granted in perpetuity on the use which may be made of real property — including an easement or other interest in real property that under state law has attributes similar to an easement (for example, a restrictive covenant or equitable servitude). The terms "conservation easement", "conservation restriction", and "perpetual conservation restriction" mean the same thing for purposes of these tax rules. Treasury Regulations section 1.170A-14(b)(2).

B. Qualified Organization.

To be deductible, a gift of a qualified real property interest must be made to a "qualified organization." Qualified organizations are described in Code section 170(h)(3), and include most charitable organizations that are not private foundations. The Treasury Regulations contemplate the possibility that the qualified organization might transfer the conservation easement subsequent to its receipt. To guard against actions that might jeopardize the conservation purposes of the easement, the Treasury Regulations provide that a deduction will be allowed only if in the instrument of conveyance the donor prohibits the donee from subsequently transferring the easement, whether or not for consideration, unless the donee organization, as a condition of the subsequent transfer, requires that the conservation purposes which the contribution was originally intended to advance continue to be carried out. Moreover, subsequent transfers must be restricted to organizations that, at the time of the subsequent transfer, are themselves a "qualified organization". If later an unexpected change in the conditions surrounding the property makes it impossible or impractical to continue use of the property for conservation purposes, the requirements will be met if the property is sold or exchanged and any proceeds are used by the donee organization in a manner consistent with the conservation purposes of the original contribution.

C. Exclusively for Conservation Purposes.

Code section 170(h)(4) defines a "conservation purpose" to include: (i) the preservation of land for outdoor recreation by, or the education of, the general public; (ii) the protection of a relatively natural habitat of fish, wildlife, or plants, or a similar ecosystem; (iii) the preservation of open space where such preservation is for the scenic enjoyment of the general public or pursuant to a clearly delineated federal, state, or local governmental conservation policy that will yield a significant public benefit; or (iv) the preservation of an historically important land area or a certified historic structure.

The donation of a qualified real property interest to protect a significant relatively natural habitat in which a fish, wildlife, or plant community, or a similar ecosystem, normally lives will meet the conservation purposes test. The fact that the habitat or environment has been altered to some extent by human activity will not result in a deduction being denied if the fish, wildlife, or plants continue to exist there in a relatively natural state.

Significant habitats and ecosystems include, but are not limited to, habitats for rare, endangered, or threatened species of animals, fish, or plants; natural areas that represent high quality examples of a terrestrial community or aquatic community, such as islands that are undeveloped or not intensely developed where the coastal ecosystem is relatively intact; and natural areas which are

included in, or which contribute to, the ecological viability of a local, state, or national park, nature preserve, wildlife refuge, wilderness area, or other similar conservation area.

The Treasury Regulations provide a donation of a qualified real property interest to preserve open space (including farmland and forest land) will meet the conservation purposes test if such preservation is either pursuant to a clearly delineated federal, state, or local governmental conservation policy and will yield a significant public benefit, or for the scenic enjoyment of the general public and will yield a significant public benefit.

The requirement that the preservation of open space be pursuant to a clearly delineated federal, state, or local governmental policy is intended to protect the types of property identified by representatives of the general public as worthy of preservation or conservation.

A contribution made for the preservation of open space may be for the scenic enjoyment of the general public. Preservation of land may be for the scenic enjoyment of the general public if development of the property would impair the scenic character of the local rural or urban landscape or would interfere with a scenic panorama that can be enjoyed from a park, nature preserve, road, waterbody, trail, or historic structure or land area, and such area or transportation way is open to, or utilized by, the public. "Scenic enjoyment" is evaluated considering all facts and circumstances germane to the contribution. The application of a particular objective factor to help define a view as "scenic" in one setting may in fact be entirely inappropriate in another setting. Among the factors to be considered are:

- The compatibility of the land use with other land in the vicinity;
- The degree of contrast and variety provided by the visual scene;
- The openness of the land (which would be a more significant factor in an urban or densely populated setting or in a heavily wooded area);
- Relief from urban closeness;
- The harmonious variety of shapes and textures;
- The degree to which the land use maintains the scale and character of the urban landscape to preserve open space, visual enjoyment, and sunlight for the surrounding area;
- The consistency of the proposed scenic view with a methodical state scenic identification program, such as a state landscape inventory; and
- The consistency of the proposed scenic view with a regional or local landscape inventory made pursuant to a sufficiently rigorous review process, especially if the donation is endorsed by an appropriate state or local governmental agency.

To satisfy the requirement of scenic enjoyment by the general public, visual (rather than physical) access to or across the property by the general public is sufficient. Under the terms of an open space easement on scenic property, the entire property need not be visible to the public for a donation to qualify under this Code section, although the public benefit from the donation may be insufficient to qualify for a deduction if only a small portion of the property is visible to the general public.

All contributions made for the preservation of open space must yield a significant public benefit. Public benefit is evaluated by considering all pertinent facts and circumstances germane to the contribution. Factors germane to the evaluation of public benefit from one contribution may be irrelevant in determining public benefit from another contribution. No single factor will necessarily be determinative. Among the factors considered are:

- The uniqueness of the property to the area;
- The intensity of land development in the vicinity of the property (both existing development and foreseeable trends of development);
- The consistency of the proposed open space use with public programs for conservation in the region, including programs for outdoor recreation, irrigation or water supply protection, water quality maintenance or enhancement, flood prevention and control, erosion control, shoreline protection, and protection of land areas included in, or related to, a government approved master plan or land management area;
- The likelihood that development of the property would lead to or contribute to degradation of the scenic, natural, or historic character of the area;
- The opportunity for the general public to use the property or to appreciate its scenic values;
- The importance of the property in preserving a local or regional landscape or resource that attracts tourism or commerce to the area;
- The cost to the donee of enforcing the terms of the conservation restriction;
- The population density in the area of the property; and
- The consistency of the proposed open space use with a legislatively mandated program identifying particular parcels of land for future protection.

The Treasury Regulations provide that the preservation of an ordinary tract of land would not in and of itself yield a significant public benefit, but the preservation of ordinary land areas in conjunction with other factors that demonstrate significant public benefit or the preservation of a unique land area for public employment would yield a significant public benefit.

With respect to the relationship between the requirements of "scenic enjoyment" and "significant public benefit," since the degrees of scenic enjoyment offered by a variety of open space easements are

subjective and not as easily delineated as are increasingly specific levels of governmental policy, the significant public benefit of preserving a scenic view must be independently established in all cases.

In some cases, open space easements may be both for scenic enjoyment and pursuant to a clearly delineated governmental policy.

Merely articulating a conservation purpose in the easement is not enough — the conservation purpose must be "exclusive". Code section 170(h)(5) provides that no deduction is allowed "unless the conservation purpose is protected in perpetuity". Under that rationale, the possibility that inconsistent uses, such as surface mining activities, could occur on the property would violate the perpetual protection requirement. Consequently, surface mining must be expressly prohibited. The Treasury Regulations provide additional guidance on what would constitute an "inconsistent use" of the property that might jeopardize the deduction.

D. Enforceable in Perpetuity.

The Treasury Regulations also clarify the other requirements that must be met in order to satisfy the Code's parenthetical prerequisite that a restriction or use be "granted in perpetuity".

Any interest in the property retained by the donor (and the donor's successors in interest) must be subject to legally enforceable restrictions (for example, by recordation in the land records of the jurisdiction in which the property is located) that will prevent uses of the retained interest inconsistent with the conservation purposes of the donation.

No deduction is allowed for an interest in property which is subject to a mortgage unless the mortgagee subordinates its rights in the property to the right of the qualified organization to enforce the conservation purposes of the gift in perpetuity.

However, a deduction will not be disallowed merely because the interest that passes to the donee organization may be defeated by the performance of some act or the happening of some event, if on the date of the gift it appears that the possibility that such act or event will occur is so remote as to be negligible. For example, a state's statutory requirement that use restrictions must be rerecorded every 30 years to remain enforceable will not, by itself, render an easement nonperpetual.

If the donor reserves rights, the exercise of which might impair the conservation interests associated with the property, the donor must make available to the donee, prior to the time the donation is made, documentation sufficient to establish the condition of the property at the time of the gift. Typically, the qualified organization will ask for a "baseline study", which is a comprehensive review of the conservation values of the property. The baseline documentation is designed to protect the conservation interests associated with the property that could be adversely affected by the exercise of the reserved rights.

The donor must agree to notify the donee, in writing, before exercising any reserved right, for example, the right to extract certain minerals, which may have an adverse impact on the conservation interests associated with the qualified real property interest. The terms of the easement must provide a right of the donee to enter the property at reasonable times for the purpose of

inspecting the property to determine if there is compliance with the terms of the donation. Additionally, the terms of the easement must provide a right of the donee to enforce the conservation restrictions by appropriate legal proceedings, including but not limited to, the right to require the restoration of the property to its condition at the time of the donation.

E. Exception to Perpetuity Requirement.

The Treasury Regulations provide that if a subsequent unexpected change in the conditions surrounding the property that is the subject of a donation can make impossible or impractical the continued use of the property for conservation purposes, the conservation purpose can nonetheless be treated as protected in perpetuity if the restrictions are extinguished by judicial proceeding and all of the donee's proceeds from a subsequent sale or exchange of the property are used by the donee organization in a manner consistent with the conservation purposes of the original contribution.

In addition, at the time of the gift the donor must agree that the donation of the perpetual conservation restriction gives rise to a property right, immediately vested in the donee organization, with a fair market value that is at least equal to the proportionate value that the perpetual conservation restriction at the time of the gift bears to the value of the property as a whole at that time, and the proportionate value of the donee's property rights must remain constant. Consequently, when a change in conditions give rise to the extinguishment of a perpetual conservation restriction, the donee organization, on a subsequent sale, exchange, or involuntary conversion of the subject property, must be entitled to a portion of the proceeds at least equal to that proportionate value of the perpetual conservation restriction, unless state law provides that the donor is entitled to the full proceeds from the conversion without regard to the terms of the prior perpetual conservation restriction.

F. Amount of Deduction.

The amount allowable as a deduction with respect to a charitable contribution of property is usually determined by the fair market value of the property donated, that is, the price at which the property would change hands between a willing buyer and a willing seller on the date of the gift. Treasury Regulations section 1.170A-1(c)(2). Conservation easements, however, normally are contributed as a charitable gift. As a result, there rarely is an established market that can be referred to in order to determine the value of the donated easement.

Recognizing the lack of an established market, the Tax Court has adopted a methodology for valuing conservation easements. In *Symington v. Commissioner*, 87 TC 892 (1986), the court determined that it is usually necessary to value a qualified conservation contribution by applying a "before and after" analysis. The court will compare the fair market value of the property before the conveyance of the easement with the fair market value of the property after the easement is conveyed. Presumably, the imposition of the easement results in a diminution in the value of the property. That reduction in value is ascribed to the fair market value of the easement itself, and forms the basis for the deduction. The "before and after" approach is the method preferred by the IRS, as well. Rev. Rul. 73-339 (1973) 2 C.B. 68. In determining value, the entire property must be considered, not just the portion of the property affected by the easement. In addition, any increase

in value of other property owned by the donor or a related person (whether or not contiguous) that results from the conservation easement must be taken into account in determining the value of the deduction for the easement. Treasury Regulations section 1.170A-14(h)(3).

G. Limitations on Deduction.

The deduction for a Qualified Conservation Contribution is subject to the general limitations that apply to deductions of charitable contributions under Code section 170(b)(1). As a general rule, an individual's charitable contribution deduction in any year is limited to the "applicable percentage" of his "contribution base". The "applicable percentage" is either 50% or 30%, depending on the donee organization and the property contributed. The "contribution base" of an individual is equal to his adjusted gross income, computed without regard to any net operating loss carryback.

An individual may deduct Qualified Conservation Contributions in a particular year to the extent that the aggregate amount of such contributions does not exceed the individual's unused contribution base. The individual's unused contribution base is the amount by which his contribution base exceeds the sum of his other charitable contributions. In other words, if the sum of the individual's Qualified Conservation Contributions and his other charitable contributions in a taxable year exceeds 50% of his contribution base for such year, he will not be able to deduct the full amount of the Qualified Conservation Contribution in such year. The unused portion of any Qualified Conservation Contribution may be carried forward for up to fifteen years.

Code section 170(e) provides that, as a general rule, the amount of any charitable contribution of capital gain property otherwise taken into account under Code section 170 shall be reduced by the amount of gain which would not have been long-term capital gain if the property contributed had been sold by the taxpayer at its fair market value on the date of the contribution. Code section 1221 defines a "capital asset" as property held by the taxpayer other than (1) stock in trade or other inventory, (2) property used in a trade or business of a character which is subject to depreciation or real property used in a trade or business, (3) certain copyrights, literary, musical or artistic compositions, letters, memoranda and other similar property, (4) accounts or notes receivable received in the ordinary course of a trade or business for services rendered or for sales of inventory, (5) publications of the U.S. government, (6) commodities derivative financial instruments held by a commodities derivatives dealer, (7) a hedging transaction or (8) supplies of a type regularly used or consumed by the taxpayer in the ordinary course of a trade or business. Code section 1222 defines a "long-term capital gain" as gain from the sale or exchange of a capital asset held for more than one year.

Pursuant to Code section 1223(2) a partnership's holding period for a contributed asset includes the holding period of the asset in the hands of the contributing partner. This provision would not apply in the case of a sale of property to a partnership, and Code section 707(a)(2)(B) provides that a contribution of property by a partner to a partnership may be re-characterized as a disguised sale if the partnership distributes to the contributing partner cash or other property that is, in substance, consideration for the contribution. However, under Treasury Regulations section 1.707-4(d), such distributions are not treated as being part of a sale to the extent that they reimburse the contributing partner for capital expenditures incurred with respect to the contributed property

during the two-year period preceding the transfer to the partnership, as long as the reimbursement does not exceed 20% of the fair market value of the property as of the date it is contributed to the partnership. Further, pursuant to Treasury Regulations section 1.707-5(a)(5)(i), if a partnership receives contributed property subject to a liability, the liability is a "qualified liability" and the contribution is not otherwise treated as a sale, the partnership's assumption of the liability is not treated as part of a sale. The definition of a "qualified liability" in Treasury Regulations section 1.707-5(a)(6)(i) includes a liability incurred more than two years prior to the earlier of the date the partner agrees in writing to transfer the property or the date the partner transfers the property to the partnership and that has encumbered the transferred property throughout that two-year period.

Code section 708(b)(1)(B) provides that the taxable year of a partnership will terminate if within a 12-month period there is a sale or exchange of 50% or more of the total interest in partnership capital and profits. Upon the closing of the Acquisition, the taxable year of the Investment Company will terminate. When a partnership is terminated pursuant to Code section 708(b)(1)(B), there is a deemed transfer of the assets from the "old" partnership to the "new" partnership, followed by a transfer of the interests in the new partnership to the partners of the old partnership (an "assets-over" transaction). Normally, gain or loss is not recognized on the deemed contribution and distribution. The deemed contribution and distribution results in a transferred basis and tacked holding period in the assets of the "new" partnership.

When a partnership terminates pursuant to Code section 708(b)(1)(B), the partnership's taxable year closes with respect to all partners on the date the partnership terminates. Separate partnership returns are required for the periods before and after termination under Code section 708(b)(1)(B). If a conservation easement is donated after the termination of the Investment Company under Code section 708(b)(1)(B), but within the same calendar year, the charitable deduction attributable to that contribution would appear on the short-year partnership tax return for the period between the closing of the Acquisition and the end of the calendar year.

H. Substantiation Requirements; Qualified Appraisal.

Code section 170(f)(11)(A), together with Code section 170(f)(11)(D), provides that no deduction will be allowable for a contribution by an individual, partnership or corporation of property for which a deduction of more than \$500,000 is claimed unless the donor attaches to its tax return a qualified appraisal of the contributed property. Treasury Regulations section 1.170A-13(c)(2) requires that a donor who claims (or reports) a deduction that is subject to Code section 170(f)(11)(D) must comply with three substantiation requirements. First, the donor must obtain a "qualified appraisal". Second, the donor must attach a fully completed appraisal summary to the tax (or information) return on which the deduction is claimed (or reported). Third, the donor must maintain records containing the information required by Treasury Regulations section 1.170A-13 (b)(2)(ii).

Code section 170(f)(11)(E) defines a "qualified appraisal" as an appraisal of property that is treated as a qualified appraisal under applicable Treasury Regulations and that is conducted by a qualified appraiser in accordance with generally accepted appraisal standards (a "Qualified Appraisal"). Treasury Regulations section 1.170A-13(c)(3) provides that, to be a Qualified Appraisal, an appraisal document must:

- Relate to an appraisal that is made no more than 60 days before the date of contribution nor later than the due date (including extensions) of the return on which a deduction is first claimed (or reported) with respect to the donated property.
- Include the following information:
 - a description of the property in sufficient detail for a person who is not generally familiar with the type of property to ascertain that the property that was appraised is the property that was (or will be) contributed;
 - the physical condition of the property;
 - the date (or expected date) of contribution to the donee;
 - the terms of any agreement or understanding entered into (or expected to be entered into) by or on behalf of the donor or donee that relates to the use, sale, or other disposition of the property contributed, including, for example, the terms of any agreement or understanding that (i) restricts temporarily or permanently a donee's right to use or dispose of the donated property, (ii) reserves to, or confers upon, anyone (other than a donee organization or an organization participating with a donee organization in cooperative fund-raising) any right to the income from the contributed property or to the possession of the property, including the right to acquire the property by purchase or otherwise, or to designate the person having such income, possession, or right to acquire, or (iii) earmarks donated property for a particular use;
 - the name, address, and (if a taxpayer identification number is otherwise required by Code section 6109 and the Treasury Regulations thereunder), the identifying number of the qualified appraiser;
 - the qualifications of the qualified appraiser who signs the appraisal, including the appraiser's background, experience, education, and membership, if any, in professional appraisal associations;
 - a statement that the appraisal was prepared for income tax purposes;
 - the date (or dates) on which the property was appraised;
 - the appraised fair market value (within the meaning of Treasury Regulations section 1.170A-1(c)(2)) of the property on the date (or expected date) of contribution;
 - the method of valuation used to determine the fair market value, such as the income approach, the market-data approach, and the replacement-cost-less-depreciation approach; and

- the specific basis for the valuation, such as specific comparable sales transactions or statistical sampling, including a justification for using sampling and an explanation of the sampling procedure employed.
- Does not involve an appraisal fee any part of which is based, in effect, on a percentage of the appraised value of the property.

Treasury Regulations section 1.170A-13(c)(4) requires an appraisal summary in a form prescribed by the IRS (currently Section B of Form 8283), be prepared, signed, and dated by an individual who includes on such appraisal summary, a declaration that:

- the individual either holds himself out to the public as an appraiser or performs appraisals on a regular basis,
- because of the appraiser's qualifications as described in the appraisal, the appraiser is qualified to make appraisals of the type of property being valued,
- the appraiser is not: (i) the donor or the taxpayer who claims (or reports) a deduction for the contribution of the property being appraised, (ii) a party to the transaction in which the donor acquired the property being appraised, (iii) the donee of the property being appraised, (iv) any person employed by any of the persons in the foregoing clauses, (v) any person related to any of the foregoing persons, or (vi) an appraiser who is regularly used by any person described in the foregoing clauses (i), (ii) or (iii) and who does not perform a majority of his appraisals during his taxable year for other persons; and
- the appraiser understands that an intentionally false or fraudulent overstatement of the value of the property described in the qualified appraisal may subject the appraiser to a civil penalty under Code section 6701 for aiding and abetting an understatement of tax liability, and, moreover, the appraiser may have appraisals disregarded.

Treasury Regulations section 1.170A-14(i) requires that a donor who makes a qualified conservation contribution and claims a deduction must maintain written records of the fair market value of the underlying property before and after the donation and the conservation purpose furthered by the donation.

I. Application to the Easement.

The Investment Company proposes to donate a conservation easement to North American Land Trust ("NALT") through the execution of a conservation easement in the form attached hereto as Exhibit "D" (the "Easement"), which we assume would be recorded in the appropriate records in Horry County, South Carolina. The Easement imposes numerous perpetual restrictions on how the Property could be used, and provides that the restrictions on the development of the Property would serve conservation purposes by protecting a significant natural habitat of fish, wildlife, or plants, or

similar ecosystem, and by preserving open space for the scenic enjoyment of the public and pursuant to clearly delineated governmental policies, and thereby yielding a significant public benefit.

The Baseline Documentation, prepared by NALT, provides the supporting facts and circumstances that underscore the conservation purposes that would be served by the Easement, which we assume to be adequate and correct. We therefore assume the Easement would serve conservation purposes. The Easement contains the provisions required by the Code and applicable Treasury Regulations to ensure the donation is exclusively for conservation purposes and can be enforced in perpetuity. Under the terms of the MIPA, any mortgage affecting the Property will be fully paid and discharged upon the closing of the Acquisition. We therefore conclude the donation of the Easement would constitute a qualified real property interest within the meaning of Code section 170(h)(1)(A) and that such a donation would be made exclusively for conservation purposes within the meaning of Code section 170(h)(1)(C).

The Easement will be contributed to NALT. NALT is an organization described in Code section 501(c)(3) that normally receives a substantial part of its support from a governmental unit or from direct or indirect contributions from the general public. NALT has a commitment to protect the conservation purposes of the donation and has the resources to enforce the restrictions. We therefore conclude NALT is a "qualified organization" within the meaning of Code section 170(h)(1)(B).

The amount of the Qualified Conservation Contribution deduction as a result of the contribution of the Easement to NALT will be equal to the fair market value of the Property prior to the donation of the Easement minus the fair market value of the Property after the donation of the Easement. Because the valuation of the Property, and therefore the value of the Easement, are inherently factual matters, we offer no opinion on the amount of any Qualified Conservation Contribution resulting from the contribution of the Easement to NALT. The IRS is free to, and often does, challenge the valuation of a Qualified Conservation Contribution. We can give no assurance that the value of the Easement would not be challenged by the IRS and, if so challenged, there can be no assurance that a court ultimately would not reduce the value of the Easement and, consequently, decrease the amount of the deduction available for the contribution of the Easement.

Based on the representations of the Investment Company, and we have no knowledge to the contrary, the Property does not constitute stock in trade or inventory in the hands of the Investment Company. Further, the Property is not one of the other asset types listed in Code section 1221 that cannot be classified as a capital asset. Consequently, we believe the Property is a capital asset in the hands of the Investment Company.

PB acquired its interest in the Property in 2007. PB subsequently contributed its interest in the Property to the capital of the Investment Company in exchange for a 93.1% membership interest in the Investment Company. WP acquired its interest in the Property in 2003. WP subsequently contributed its interest in the Property to the capital of the Investment Company in exchange for a 1.9% membership interest in the Investment Company. SP contributed cash to the capital of the Investment Company in exchange for a 5% membership interest in the Investment Company. In accordance with Code sections 723 and 1223, the Investment Company's holding period in the

Property should include PB's and WP's holding periods in their respective portions of the Property contributed to the Investment Company. Because SP will continue to hold 5% of the membership interest in the Investment Company after the admission of the Company as a Member, the Investment Company's holding period for the Property should not be affected. The Investment Company's holding period with respect to the Property should be more than one year, and thus any gain from the sale of the Property would be long-term capital gain within the meaning of Code section 1222. The Company, as a member of the Investment Company, would treat any gain derived from such a sale in the same manner, as the character of the gain would flow through to the Members as a separately stated item. Accordingly, the Investment Company should not be required to reduce the amount of the deduction for the Qualified Conservation Contribution under Code section 170(e), and no such reduction should be required for the Company's share of such contribution.

The appraiser, Claud Clark III, with Clark—Davis, PC (the "Appraiser"), has represented that he will issue a Qualified Appraisal, as described in the draft Summary Report prepared by the Appraiser dated August 2, 2016 ("Appraisal") within 60 days of the donation of the Easement. The Appraisal provides that the Appraiser is a qualified appraiser as defined in Treasury Regulations section 1.170A-13(c)(5), that he is a licensed and certified appraiser for property of the same type as the Property in the state of South Carolina, that he has completed the Valuation of Conservation Easement Certificate Program, and that he has appraised the value of the conservation easements on numerous occasions. The Appraisal includes a copy of the Appraiser's resume. The Appraisal fixes the fair market value of the Easement at \$53,405,000, using a before and after method of determining fair market value using the discounted cash flow approach and taking into account any required enhancement in the value of other property owned by the donor or a related person.

The Appraiser has represented that he will complete, sign and date Section B of IRS Form 8283, which provides, in part, a declaration of the Appraiser that:

I declare that I am not the donor, the donee, a party to the transaction in which the donor acquired the property, employed by, or related to any of the foregoing persons, or married to any person who is related to any of the foregoing persons. And, if regularly used by the donor, donee, or party to the transaction, I performed the majority of my appraisals during my tax year for other persons. Also, I declare that I hold myself out to the public as an appraiser or perform appraisals on a regular basis; and that, because of my qualifications as described in the appraisal, I am qualified to make appraisals of the type of property being valued. I certify that the appraisal fees were not based on a percentage of the appraised property value. Furthermore, I understand that a false or fraudulent overstatement of the property value as described in the qualified appraisal or this Form 8283 may subject me to the penalty under section 6701(a) (aiding and abetting the understatement of tax liability). In addition, I understand that a substantial or gross valuation misstatement resulting from the appraisal of the value of the property that I know, or reasonably should know, would be used in connection with a return or claim for refund, may subject me to the penalty under section 6695A. I affirm that I have not been barred from presenting evidence or testimony by the Office of Professional Responsibility.

Based on the foregoing discussion, and the Appraiser's representations, we assume that the Appraiser will issue an appraisal that meets all of the requirements for a qualified appraisal, as set forth in Treasury Regulations section 1.170A-13(c)(3).

VII. APPLICATION OF THE AT-RISK RULES TO THE CONTRIBUTION OF A CONSERVATION EASEMENT

Pursuant to Code section 465, the at-risk rules limit the deductibility of certain losses to the amount that partners have "at risk" with respect to their investment in a partnership. The at risk rules are applicable to individuals who invest in partnerships. Code section 465 applies to losses allocated to the partners of a partnership that are attributable to the conduct of a trade or business. Deductions that are not conditioned upon the conduct of a trade or business, however, are not limited by the at-risk rules. The deductibility of a charitable contribution is not conditioned upon its relationship to the conduct of a trade or business. Rather, Code section 170 provides that an individual subject to the percentage limitation set forth in Code section 170(b), may claim a deduction for the fair market value of property that would qualify for capital gain treatment.

We have opined that the Property should qualify as a capital asset whose holding period exceeds one year. Accordingly, the at-risk rules should not apply to a deduction claimed with respect to the contribution of the Easement.

VIII. ACCURACY-RELATED PENALTIES

Code section 6662 imposes an accuracy-related penalty on any portion of an underpayment of tax resulting from certain valuation misstatements. A 20% penalty applies to a "substantial" valuation misstatement. The penalty is increased to 40% for a "gross" valuation misstatement. A valuation is "substantial" if the value or adjusted basis of any property claimed on any income tax return is 150% or more of the correct amount of the valuation or adjusted basis and is "gross" if the value claimed is 200% or more of the correct amount. The foregoing penalties are imposed only if the underpayment attributable to the misstatement exceeds a certain dollar amount. This dollar amount is \$10,000 for corporations (other than S corporations and Code section 542 personal holding companies) and \$5,000 for other taxpayers. In the case of any underpayment attributable to a substantial valuation overstatement with respect to charitable deduction property, Code section 6664(c) provides that no penalty will be imposed under Code section 6662 if (i) the claimed value of the property was based on a qualified appraisal made by a qualified appraiser and (ii) in addition to obtaining such appraisal, the taxpayer made a good faith investigation of the value of the contributed property.

We offer no opinion as to whether a deduction claimed with respect to the contribution of the Easement by the Investment Company will be subject to the substantial valuation misstatement or gross valuation misstatement penalties under section 6662 of the Code.

IX. REPORTING AND PENALTY PROVISIONS

There are substantial penalties for any taxpayer who fails to disclose with its tax return certain information with respect to each so-called "reportable transaction" in which the taxpayer participates. There is also an accuracy-related penalty that applies to reportable transactions with a significant tax-avoidance purpose (a "reportable avoidance transaction").

Section 6707A of the Code provides a taxpayer that fails to file a return under Code section 6011 with respect to certain reportable transactions will incur a penalty of \$10,000 if such taxpayer is a natural person or \$50,000 in any other case. The categories of "reportable transactions" include any transaction that the IRS believes has the potential for tax avoidance or evasion, but lacks sufficient information to determine whether the transaction should be identified specifically as a tax-avoidance transaction (a so-called "transaction of interest"). The rules regarding reportable transactions apply both to transactions of interest and transactions that are substantially similar to transactions of interest.

Notice 2009-55 provides a current list of the various IRS Notices, including Notice 2007-72, that have identified different transactions of interest. Pursuant to Notice 2007-72, a transaction in which a taxpayer acquires a future interest in real property (directly or indirectly) or in an entity which holds real property (directly or indirectly), transfers the future interest more than one year after the acquisition to an organization described in Code section 170(c) (which includes governmental entities and charitable organizations), and claims a charitable deduction under Code section 170 that is significantly higher than the amount that the taxpayer paid to acquire the future interest is considered a transaction of interest. At present, although there is considerable uncertainty concerning the scope and application of the new rules in the case of investments that are or may be "substantially similar" to transactions of interest, the IRS has taken the position that the term "substantially similar" should be broadly construed in favor of disclosure.

Treasury Regulations sections 1.6011-4(d) and (e) require that the disclosure of a reportable transaction to the IRS must be complete and made by the taxpayer on IRS Form 8886, "Reportable Transaction Disclosure Statement," which must be attached to the taxpayer's tax return for each year that the taxpayer participates in a reportable transaction. A copy of the disclosure statement must also be sent to the Office of Tax Shelter Analysis when such disclosure statement is first filed.

As noted above, in addition to the foregoing reporting penalty, an accuracy-related penalty applies to a reportable avoidance transaction. For this purpose, the term "reportable transaction" has the same meaning as for purposes of the penalty for failing to disclose reportable transactions.

The amount of the penalty varies, depending on whether or not the reportable avoidance transaction is adequately disclosed. In the case of a reportable avoidance transaction that is adequately disclosed, a 20% accuracy-related penalty is imposed on any understatement of tax, except that the penalty will not apply with respect to any portion of an understatement if it can be shown that there was reasonable cause for the taxpayer's treatment of such portion and the taxpayer acted in good faith. In the case of a reportable avoidance transaction that is not adequately disclosed,

the reasonable cause exception is not available and the penalty is increased from 20% to 30% of the understatement.

To satisfy the reasonable cause exception to the 20% penalty, the taxpayer must demonstrate that (i) there was adequate disclosure of the facts affecting the transaction in accordance with the applicable Treasury Regulations, (ii) there is or was substantial authority for such treatment, and (iii) the taxpayer reasonably believed that such treatment was more likely than not the proper treatment. A taxpayer will be treated as having such a reasonable belief only if such belief (i) is based on the facts and law that exist at the time the tax return relating to the item is filed, and (ii) relates solely to the taxpayer's chances of success on the merits and does not take into account the possibility that (x) a tax return will not be audited, (y) the treatment in question will not be raised on audit, or (z) the treatment in question will be resolved through settlement if it is raised. Although under some circumstances a taxpayer may rely on an opinion of a tax advisor to establish its reasonable belief with respect to the tax treatment of an item, the existence of a reasonable belief cannot be based on an opinion of a tax advisor where the opinion is provided by a so-called "disqualified tax advisor."

For this purpose, a disqualified tax advisor includes (i) a "material advisor" who participates in the organization, management, promotion or sale of a reportable avoidance transaction or (ii) an advisor who is compensated directly or indirectly by a party who is a "material advisor" with respect to a reportable avoidance transaction. A "material advisor" means any person who provides material aid, assistance, or advice with respect to organizing, managing, promoting, selling, implementing, or carrying out any reportable transaction and who derives gross income in excess of \$50,000 in the case of a reportable transaction substantially all of the tax benefits from which are provided to natural persons or \$250,000 in any other case.

If the Investment Company donates the Easement to NALT and the Appraiser concludes the value of the Easement is similar to that shown in the Appraisal, the charitable deduction available to the Company is likely to be significantly greater than the Company's basis in the Property. In that respect, and only in that respect, the proposed donation of the Easement is similar to the transaction described in Notice 2007-72. However, the donation of a conservation easement is substantially different from the transaction described in Notice 2007-72 in most other respects, including the valuation of the contribution, which in Notice 2007-72 involves the use of actuarial tables to value the future interest. Because of the material differences between the two, the donation of a conservation easement would not appear to be a transaction that is substantially similar to that described in Notice 2007-72. Consequently, in our opinion, it is more likely than not the donation of a conservation easement is not a transaction of interest described in Notice 2007-72.

X. SECTION 701 REGULATIONS

The partnership anti-abuse regulations promulgated under section 701 of the Code (the "Anti-Abuse Regulations") provide that if a partnership or limited liability company is formed or availed of in connection with a transaction a principal purpose of which is to reduce substantially the present value of the partners' aggregate tax liability in a manner that is inconsistent with the

intent of the comprehensive system of partnership taxation rules found in Subchapter K of the Code ("Subchapter K"), the IRS can recast the transaction for federal income tax purposes so as to achieve tax results that are consistent with the intent of Subchapter K, taking into account the applicable statutory and regulatory provisions and the pertinent facts and circumstances. The Regulations state that: "even though the transaction may fall within the literal words of a particular statutory or regulatory provision, the Commissioner can determine, based on all the particular facts and circumstances, that to achieve tax results that are consistent with Subchapter K - (1) the purported partnership should be disregarded . . . , (2) one or more of the purported partners of the partnership should not be treated as a partner, (3) the methods of accounting . . . should be adjusted to clearly reflect . . . income, (4) the partnership's items of income, gain, loss, deduction, or credit should be reallocated, or (5) the claimed tax treatment should otherwise be adjusted or modified." Treasury Regulations section 1.701-2(b).

The Anti-Abuse Regulations provide that Subchapter K is intended to permit taxpayers to conduct joint business (including investment) activities through a flexible economic arrangement without incurring an entity-level tax. For this purpose, the Anti-Abuse Regulations are applied to limited liability companies in the same manner as they are applied to partnerships. For ease of reference, we will discuss limited liability companies as partnerships and members as partners. The Anti-Abuse Regulations articulate three requirements necessary in order for a transaction to comport with the intent of Subchapter K: (i) a partnership must be "bona fide" and each partnership transaction or series of related transactions must be entered into for a "substantial business purpose;" (ii) the form of each partnership transaction must be respected under substance over form principles; and (iii) the tax consequences under Subchapter K to each partner of partnership operations and of transactions between the partner and the partnership generally must "accurately reflect the partners' economic agreement and clearly reflect the partners' income." Treasury Regulations section 1.701-2(a).

The "bona fide" requirement of the Anti-Abuse Regulations appears merely to require that the partnership and the transaction be real. The Investment Company will continue to own and operate the Property. The "bona fide" requirement should be satisfied in the proposed transactions. The members of the Company will have contributed substantial capital to the Company, which will, in turn, use those funds to complete the Acquisition.

The Anti-Abuse Regulations also provide that each partnership transaction must be entered into for a "substantial business purpose." The "business purpose" requirement should not be applicable to a charitable contribution of a conservation easement. If the Company were to decide to develop the Property, the "business purpose" requirement would clearly be satisfied. A decision to donate a conservation easement in lieu of undertaking the development of the Property is consistent with the statutory purpose of Code section 170(h)(1) to serve conservation purposes Congress has recognized as important. The Anti-Abuse Regulations should not be applied in a manner that precludes taxpayers from acting in accordance with Congressional purpose. Accordingly, there appears to be a compelling argument that the current transaction is intended to implement a form of investment that is specifically approved by Congress and this should serve as a sufficient business purpose.

The "substance over form" requirement articulated in the Anti-Abuse Regulations appears to be a regulatory incorporation of the judicially-developed doctrine of substance over form. This doctrine is well established in judicial decisions over the years. We believe the form of the proposed transactions accurately reflects their substance.

The third requirement of the intent of Subchapter K test is that the "tax consequences under Subchapter K . . . must accurately reflect the partners' economic agreement and clearly reflect the partners' income . . . ,"

The application of the Anti-Abuse Regulations is dependent upon the facts and circumstances of the specific transaction being examined. In Treasury Regulations section 1.701-2(c), the IRS identifies a number of factors that may provide an indication that an abusive situation exists, none of which apply to the proposed transactions.

As a general matter, the question of whether an entity has been formed or availed of with a principal purpose of reducing federal tax liabilities in a manner that is inconsistent with the intent of Subchapter K is inherently factual in nature. We believe it would be inappropriate to apply the Anti-Abuse Regulations to transactions like the proposed transactions. Nevertheless, there can be no absolute assurance that, based on its analysis of all the facts and circumstances, the IRS would not assert that the Anti-Abuse Regulations apply in the current situation.

XI. APPLICATION OF ECONOMIC SUBSTANCE CODIFICATION PENALTY

The "Economic Substance Doctrine" is a judicially created series of principles under which courts have disallowed tax benefits claimed in transactions where the literal requirements of a Code provision are satisfied but the transaction lacks "economic substance separate and distinct from the economic benefit achieved solely by tax reduction." *ACM Company v. Commissioner*, 73 T.C.M. 2189 (1997), *aff'd*, 157 F.3d 231 (3rd Cir. 1998).

The various court decisions that have applied and interpreted the economic substance test lack uniformity. *Collins v. Commissioner*, 857 F.2d 1383 (9th Cir. 1988). For example, courts have differed as to whether a transaction requires both a business purpose and economic substance, or must meet only one of these two tests. See *Pasternak v. Commissioner*, 990 F.2d 893 (6th Cir. 1993); *Klamath Strategies Investment Fund v. United States*, 568 F.2d (5th Cir. 2009); *Rice's Toyota World v. Commissioner*, 752 F.2d 89 (4th Cir. 1989); *IES Industries v. United States*, 253 F.3d 350 (8th Cir. 2001); *Sacks v. Commissioner*, 69 F.3d 982 (9th Cir. 1995); *Coltec Industries, Inc. v. United States*, 62 Fed. Cl. 716 (2004); vacated and remanded, 454 F.3d 1340 (Fed. Cir. 2006). The courts have also reached inconsistent results in considering the type of non-tax economic benefit a taxpayer must establish in order to demonstrate that a transaction possesses economic substance. Accounting benefits have been disregarded in the analysis. *American Electric Power, Inc. v. United States*, 136 F. Supp 762 (S.D. Ohio 2001), *aff'd* 326 F.3d 737 (6th Cir. 2003). Likewise, courts have disallowed tax benefits where tax detriments were allocated to tax indifferent parties while the tax benefits were allocated to taxable parties. See *ACM Company*, *supra*.

When a transaction has no possibility of generating an economic return, the courts have generally disregarded the transaction and disallowed the claimed tax benefits. *Knetsch v. United States*, 364 U.S. 361 (1960); *Goldstein v. Commissioner*, 364 F.2d 734 (2d Cir. 1966). In *Knetsch*, the Supreme Court disallowed interest deductions claimed by a taxpayer with respect to "loans" obtained to acquire deferred annuity savings bonds where the taxpayer also borrowed 99% of the increase in value of the annuity. The net effect of the transaction was to accelerate deductions for interest that the taxpayer had paid with borrowed money. The annual value of the interest deduction exceeded the annual cash investment made by the taxpayer and the guaranteed return on the savings bonds made the investment risk-free. The Supreme Court held that there was no indebtedness for federal income tax purposes and that "there was nothing of substance to be realized by Knetsch for this transaction beyond a tax deduction." 364 U.S. at 366. In *Knetsch*, the taxpayer was mathematically certain to lose money for his investment if the tax benefits were disregarded.

When the taxpayer has a possibility of generating a profit, the courts have typically declined to establish a minimum threshold of the required economic return. *Carol Hilton v. Commissioner*, 671 F.2d 316 (9th Cir. 1982). "Economic Substance Doctrine" and applied an automatic 20% penalty to tax benefits improperly claimed with respect to transactions that lack economic substance. Code section 6662(b)(6). If the transaction is not disclosed to the IRS, the penalty is increased to 40%. Code section 6662(i).

Code section 7701(o) provides that where the economic substance doctrine is "relevant," a transaction will possess economic substance only if (A) the transaction changes in a meaningful way (apart from federal income tax effects) the taxpayer's economic position, and (B) the taxpayer has a substantial purpose (apart from the federal income tax effects) for entering into such transaction. When the potential for profit is taken into account for purposes of meeting the economic substance test, the present value of the reasonably expected profit must be substantial in relation to the present value of the expected net tax benefits. For this purpose, fees and transactional costs are taken into account in the calculation of economic benefits, but neither state and local tax savings nor accounting benefits are considered. Code section 7701(o)(3) and (4).

Although Code section 7701(o) does not explicitly exclude investments made with an intent to donate a conservation easement with respect to a property from its application, the new provisions apply only where the economic substance test is "relevant." The statutory language does not contain any guidance as to what is considered to be "relevant."

Because of the unique legislative process by which the differences between the health bills passed by the House and Senate (and to which the Economic Substance Codification provision was attached) were reconciled, no House, Senate or Conference Committee report addresses the new provisions. The most contemporaneous indication of the legislative intent is found in the description prepared by the staff of the Joint Tax Committee (JCX-18-10, June 21, 2010). In the Joint Tax Committee description, the staff states that the "determination of whether Economic Substance Codification is relevant to a transaction shall be made in the same manner as if the provision had never been enacted. Thus, the provision does not change current law standards in determining when to utilize an economic substance analysis." Footnote 344 of the Joint Committee description further clarifies that the Economic Substance Doctrine should not apply to disallow tax benefits in

transactions, such as the donation of a conservation easement, "if the realization of the tax benefits...; is consistent with the Congressional purpose or plan that the tax benefits were designed by Congress to effectuate."

Although descriptions prepared by the Joint Tax Committee do not constitute traditional legislative history (see, *Allen v. Commissioner*, 118 T.C. 1 (2002)), where there is no traditional legislative history, a description prepared by the Joint Tax Committee should be accorded interpretive weight. Treasury Regulations section 1.6662-4(d)(3)(iii) includes the description prepared by the Joint Tax Committee as authority for purposes of the application of the accuracy related penalty under Code section 6662, the same section that applies the Economic Substance Codification penalty. Furthermore, the approach taken by the Joint Tax Committee staff is consistent with existing case law. For example, in *Sacks v. Commissioner*, supra, a case involving an alternative energy investment, the Ninth Circuit held that the taxpayer was entitled to the tax benefits produced by this investment even though the investment was unlikely to generate a profit without regard to tax benefits. The Ninth Circuit stated that:

[t]he fact that favorable tax consequences were taken into account ... is no reason for disallowing those consequences. *Frank Lyon*, 435 U.S. at 580. Where a transaction has economic substance, it does not become a sham merely because it is likely to be unprofitable on a pre-tax basis. If in a sale-leaseback, the purchaser retains significant risks and benefits of ownership and is the one whose capital was committed based on cash or negotiable full recourse promissory notes, then the possible imprudence of his investment does not disqualify him from taking the depreciation deductions and tax credits. *Id.* at 18, 1302. This is true even though the investor paid more because [the investor] anticipated the benefit of the depreciation deductions. *Id.* at 1302.

In reaching its conclusion in *Sacks*, the Ninth Circuit cited the Ways and Means Committee report that set forth the legislative intent to subsidize alternative energy investments:

[t]he committee recognizes that solar and wind energy equipment technology is presently at an early stage of commercialization. In view of this, the committee feels that there is a need to encourage the purchase and installation of this equipment. Thus, the committee decided to provide a credit for a limited number of years in order to accelerate the purchase and installation of this equipment and the development of solar and wind energy technology. H.R. Rep. No. 496 (III), 95th Cong., 1st Sess. 1977, 1978 U.S.C.C.A.N. 8304, 8335-36.

The court stated:

The larger the tax advantage of a particular kind of investment, the greater the difference between before tax and after tax profitability is likely to be.

If the government treats tax-advantaged transactions as shams unless they make economic sense on a pre-tax basis, then it takes away with the executive hand what

it gives with the legislative. A tax advantage such as Congress awarded for alternative energy investments is intended to induce investments which otherwise would not have made....

If the Commissioner were permitted to deny tax benefits when the investments would not have been made but for the tax advantages, then only those investments would be made which would have been made without the Congressional decision to favor them. The tax credits were intended to generate investments in alternative energy technologies that would not otherwise be made because of their low profitability. See H.R. Rep. No. 496 at 8304. Yet the Commissioner in this case at bar proposes to use the reason Congress created the tax benefits as a ground for denying them. That violates the principle that statutes ought to be construed in light of their purpose. *Cabell v. Markham*, 148 F.2d 737 (2d Cir. 1945) (L. Hand, J.).

The Economic Substance Doctrine under this approach should be narrowly applied and limited in scope to situations in which the taxpayer arguably did not own a recognizable interest in the ownership entity or the owner entity arguably had not made a recognizable investment in the entity that donated the conservation easement. Those policy reasons aside, the donation of a conservation easement results in the donor relinquishing valuable property rights and changes the donor's economic position in a meaningful way. That fact perhaps explains why no court has ever concluded a donation of a conservation easement lacked economic substance. Consequently, even following the enactment of Code section 7701(o), the proposed transactions should be respected for federal income tax purposes and the resulting tax benefits should not be disallowed under Code section 7701(o).

Accordingly, it is our opinion that the Economic Substance Doctrine as applied under Code section 7701(o) should not be applicable to the investment by the Company in the Investment Company and the penalty provided in Code section (b)(6) should have no application to the Members' investment in the Company or the Company's investment in the Investment Company.

XII. APPLICATION OF HISTORIC BOARDWALK HALL

The Third Circuit held in *Historic Boardwalk Hall, LLC v. Commissioner*, 694 F.3d 425 (4th Cir. 2012) (reversing the Tax Court opinion, found at 136 T.C. No. 1 (2011)) that the investor in a historic rehabilitation project, the rehabilitation of a portion of the Atlantic City Convention Center, should not be treated as a partner for tax purposes because the investor did not have a meaningful stake in either the success or failure of the project owner. The analysis of the Third Circuit assumed, without deciding, that the transaction had economic substance, and did not opine whether, under *Sacks*, federal income tax credits can be evaluated in considering whether a transaction has economic substance. Accordingly, under the Third Circuit's analysis, even if a transaction has economic substance, it may still fail if the investor does not possess a meaningful stake in the success or failure of the venture. The Court did not specify any particular level of upside potential or downside risk that would be considered "meaningful." Even if the *Historic Boardwalk Hall* analysis is applied to the proposed transactions, there are significant differences in the nature of a

historic rehabilitation transaction and the donation of a conservation easement. First, a taxpayer is not required to possess a "profit motive" to claim a deduction for the donation of a conservation easement. To claim an investment tax credit with respect to an asset, that asset must be used in a trade or business as to which a taxpayer has the possibility of profit or loss. Charitable donations are not subject to those rules, so the existence of risk of loss or profit potential is irrelevant in the current situation.

Additionally, the Company and the Members should be found to have a meaningful risk of loss and opportunity for profit. At the time the Company will invest in the Investment Company, the conservation easement decision would not have been made. The Company will have a choice to develop the Property, in which case the Company would clearly share in the profit and loss generated by the development plan, to donate a conservation easement to NALT, or to continue to hold the Property for investment. The courts have routinely upheld the validity of such independent choices that were made after the transfer of interests in an entity. If some event or occurrence eliminated the conservation or development value of the Property after the Company acquired its interest in the Investment Company and before the Easement was donated, the taxpayer would bear the full risk of loss with respect to its investment. On the other hand, if a third-party purchaser made an offer to buy the Property at its market value after the Company acquired its interest in the Investment Company and before the conservation easement decision was made, the Company would have shared in the substantial profit generated by the sale of the Property. Accordingly, prior to the conservation easement vote, the taxpayer would have a substantial share in both profit and loss with respect to its interest in the venture. After the donation of a conservation easement, the value of the Property subject to the easement could still increase or decrease and the Company would be entitled to the benefit of any increase or the risk of any loss in value. From this perspective, the Company should meet the standards articulated by the Third Circuit in *Historic Boardwalk Hall* and should be found to have a meaningful risk of loss and opportunity for profit. For these reasons, we believe that the Third Circuit's decision in *Historic Boardwalk Hall* should not affect the availability of a conservation easement deduction in this transaction.

XIII. CONCLUSION

Based on the foregoing, it is our opinion that, if the Easement is donated to NALT, each Member of the Investment Company at the time of the donation should be entitled to a charitable contribution deduction equal to that Member's pro rata share, based on percentage ownership in the Investment Company, of the fair market value of the Easement and that, in turn, each Member should be entitled to a charitable contribution deduction equal to that Member's pro rata share, based on percentage ownership in the Company, of the Company's share of the charitable contribution deduction. Because it is a question of fact, we do not express any opinion as to the fair market value of the Easement.

An opinion of counsel merely represents counsel's best judgment with respect to the probable outcome on the merits and is not binding on the IRS or the courts. There can be no assurance that positions contrary to our opinion will not be taken by the IRS or that a court considering the issues would not hold contrary to our opinion.

Camellia Station Holdings, LLC

September 1, 2016

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No opinions other than those expressly contained herein may be inferred or implied. Also, we undertake no obligation to update this opinion letter, or to ascertain after the date thereof whether circumstances occurring after such date may affect the conclusions set forth herein.

Very truly yours,

ALSTON & BIRD LLP

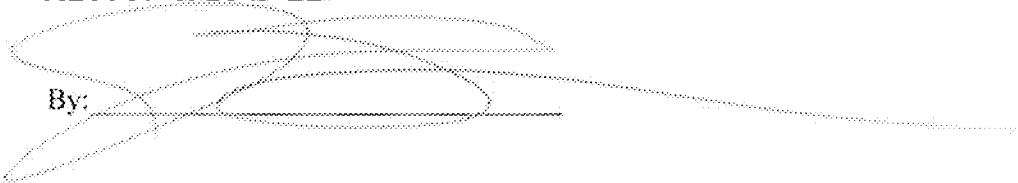
By: 

EXHIBIT "A"

LIST OF DOCUMENTS

- Certificate of Formation of Camellia Station, LLC
- Restated Operating Agreement of Camellia Station, LLC
- Certificate of Formation of Camellia Station Holdings, LLC
- Operating Agreement of Camellia Station Holdings, LLC
- Deed Conveying the Property to Camellia Station, LLC
- Membership Interest Purchase Agreement by which Camellia Station Holdings, LLC will acquire an interest in Camellia Station, LLC
- Draft of Conservation Easement and Declaration of Restrictions and Covenants for Camellia Station, LLC
- Baseline Documentation Report for Camellia Station, LLC
- Appraisal Report dated August 2, 2016 by Claud Clark
- Certificate of the Manager of Camellia Station Holdings, LLC

Exhibit B

Draft Form of Conservation Easement

[See attached]

After recording please return to:
North American Land Trust

**NOTICE OF CONVEYANCE
AND TRANSFER PAYMENT
REQUIRED – SEE ARTICLE 7**

**CONSERVATION EASEMENT
AND
DECLARATION OF RESTRICTIONS AND COVENANTS**

THIS CONSERVATION EASEMENT AND DECLARATION OF RESTRICTIONS AND COVENANTS (“Conservation Easement”) first executed on _____, 2016, to be effective on _____, 2016, is made by and between **CAMELLIA STATION, LLC**, a Delaware limited liability company (“Owner”), having an address of _____ and **NORTH AMERICAN LAND TRUST** (“Holder”), a Pennsylvania non-profit corporation having an address of _____

ARTICLE 1. BACKGROUND

- 1.1 Owner is the owner of certain real property in Horry County, South Carolina, that consists of approximately _____ acres (hereinafter called the “Conservation Area”) as most recently described in a deed [**deeds**] granted to Owner and recorded [**the office for recording of deeds**] at Book _____, page _____. The Conservation Area is intended to include any gaps and gores lying between the described Conservation Area and adjoining tracts of land.
- 1.2 Holder is a non-profit corporation, having a tax-exempt status under Section 501(c)(3) of the Internal Revenue Code of 1986, as amended (hereinafter called the “Code”), which has been established as a public charity for the purpose of preserving and conserving scenic landscapes, natural habitats and environmentally sensitive areas and for other charitable, scientific and educational purposes and which is a “qualified organization” under Section 170(h)(3) of the Code (hereinafter a “Qualified Organization”).
- 1.3 Preservation of the Conservation Area by this Conservation Easement shall serve the following purposes pursuant to 26 U.S.C. § 170 (h)(4)(a) and 26 CFR §1.170A-14(d)(1), (the “Conservation Purposes”):

- 1.3.1 Preservation of the Conservation Area as a relatively natural habitat of fish, wildlife, or plants or similar ecosystem; and
 - 1.3.2 Preservation of the Conservation Area as open space which provides scenic enjoyment to the general public and yields a significant public benefit; and
 - 1.3.3 Preservation of the Conservation Area as open space which, if preserved, will advance a clearly delineated Federal, State or local governmental conservation policy and will yield a significant public benefit.
- 1.4 The Conservation Purposes and the natural, physical or other characteristics of the Conservation Area that support and justify the Conservation Purposes (which may be hereinafter called the “Conservation Values”) have been documented and established in the reports, plans, photographs, and documents assembled by, and retained in the offices of, North American Land Trust (collectively called the “Baseline Documentation”), pursuant to 26 CFR §1.170A-14(g)(5). The Baseline Documentation describes the following Conservation Values of the Conservation Area, among others:
- 1.4.1 The Conservation Area provides wildlife corridors, breeding habitat, foraging habitat and shelter for at least fifty species of animals.
 - 1.4.2 The Conservation Area provides the natural ecological requirements for at least one hundred species of plants.
 - 1.4.3 The Conservation Area is highly visible from Sandridge Road Ext along the northern boundary of the property, thus providing a natural scenic view to the general public.
 - 1.4.4 The Conservation Area contains a Nonriverine Wet Hardwood Forest natural community.
 - 1.4.5 The Conservation Area supports emergent and forested wetland areas important to amphibian and macroinvertebrate fauna for breeding and foraging.
 - 1.4.6 The Conservation Area supports at least nine bird species considered Species of Regional Importance by the Partners In Flight Species Assessment Database: Eastern Wood Pewee (*Contopus virens*), Ruby-throated Hummingbird (*Archilochus colubris*), Tufted Titmouse (*Baeolophus bicolor*), Yellow-throated Warbler (*Dendroica dominica*), Chimney Swift (*Chaetura pelagica*), Red-bellied Woodpecker (*Melanerpes carolinus*), Eastern Kingbird (*Tyrannus tyrannus*), Brown Thrasher (*Toxostoma rufum*), and Pileated Woodpecker (*Dryocopus pileatus*).
- 1.5 The following government conservation policies are supported by the grant of this Conservation Easement and the Conservation Values described above achieve a significant public benefit towards the fulfillment of these conservation policies:

1.5.1 The Horry County Parks and Open Space Plan sets forth the following public objectives that are advanced by the conservation of the Conservation Area by this Conservation Easement:

- (a) Promote the preservation of open space, scenic areas and vistas, greenways, squares and village greens;
- (b) Promote the protection and conservation of environmental or natural resources.

This will be accomplished by protecting natural forested views highly visible from multiple public roads as well as wetlands and their surrounding vegetated buffer areas.

1.5.2 The Horry County Comprehensive Plan sets forth the following public Water Resource needs and goals that are advanced by the conservation of the Conservation Area by this Conservation Easement:

- (a) Maintain and improve the surface water quality for all waterbodies located in Horry County.
- (b) Maintain and improve water quality in the coastal zone.
- (c) Conserve the essential flood reduction, groundwater recharge, pollution filtering, and recreation functions of wetlands.
- (d) Recognize the link between land use and water quality, use a combination of regulation and incentives to ensure that new development adequately mitigates its impacts on water quality.
- (e) Encourage development techniques which maintain or improve water quality.

This will be accomplished by the protection of significant land area in a natural state, and the restriction on the extent of development that would lead to non-source point pollution from buildings and/or impervious surfaces in the Conservation Area.

1.5.3 The Horry County Comprehensive Plan sets forth the following public Land Resource needs and goals that are advanced by the conservation of the Conservation Area by this Conservation Easement:

- (a) Horry County needs to protect and conserve its forests, agriculture, plant and animal habitat, and urban trees while increasing its preserved open areas, scenic areas and recreational opportunities.
- (b) Protect, promote, and enhance, the forestlands of Horry County in a manner consistent with achieving the greatest good for its citizens.

- (c) Recognize the fragmentation of the natural landscape that is occurring and take steps to mitigate these effects.
- (d) The use of native species should be encouraged whenever possible.

The Conservation Area supports these needs and goals by protecting a significant acreage of natural forests highly visible to the public and in close proximity to other protected areas in Horry County.

1.5.4 The Horry County Comprehensive Plan sets forth the following public Implementation Strategies that are advanced by the conservation of the Conservation Area by this Conservation Easement:

- (a) Cooperate with the Natural Resource Conservation Service to promote the Wetlands Reserve Program as a viable conservation option for qualified landowners.
- (b) Provide incentives for developers to preserve natural vegetation at residential development sites.
- (c) Encourage private forest landowners to participate in the SCFC Forest Stewardship Program and the Forest Land Enhancement Program.
- (d) Use the open space fund to purchase large tracts of land designated as ecologically significant by the open space plan.
- (e) Explore creative planning techniques, such as transfer of development rights, as a means to conserve important natural and scenic features of the County.

The Conservation Easement implements by private conservation the same goals as these government programs and does so perpetually, which these programs generally cannot.

1.5.5 The Conservation Area helps to fulfill the goals of the South Carolina Forest Legacy Program, including the following specified goals: “protect river systems, wetlands, and their associated upland habitats; reduce forest fragmentation caused by development; provide buffer areas and connectivity to already protected areas; and promote Best Management Practices for forestry”. This will be accomplished by avoidance of residential development and retaining natural and semi-natural forested cover, protection of the associated wetland communities described herein, as well as providing buffer areas and connectivity to protected acreage south of the Conservation Area and the surrounding areas already both publicly and privately protected.

1.5.6 South Carolina Code Annotated 48-59-20 et seq., states that “rapid land development and economic growth which has benefited the state's people and economy, but has also led to the loss of forestlands, farmlands, wildlife

habitats, outstanding natural areas, beaches and public areas for outdoor recreation; and has impacted the health of the state's streams, rivers, wetlands, estuaries, and bays, all of which impacts the quality of life of the state's current and future citizens and may jeopardize the well-being of the state's environment and economy if not addressed appropriately”

- 1.5.7 South Carolina Code Annotated 48-59-20 et seq., also notes that “the protection of open space by acquisition of interests in real property from willing sellers is essential to ensure that the State continues to enjoy the benefits of wildlife habitats, forestlands, farmlands, parks, historical sites, and healthy streams, rivers, bays, and estuaries; for recreational purposes, for scientific study, for aesthetic appreciation, for protection of critical water resources, to maintain the state's position as an attractive location for visitors and new industry, and to preserve the opportunities of future generations to access and benefit from the existence of the state's outstanding natural and historical sites.
- 1.6 Owner and Holder desire to perpetually accomplish, fulfill and protect the Conservation Purposes and conserve the Conservation Values.
- 1.7 Owner intends to grant the easement and impose the restrictive covenants on the Conservation Area as stated in this Conservation Easement to accomplish the Conservation Purposes.
- 1.8 Owner and Holder intend that this document be a “conservation easement” as defined in the Conservation Easement Act of 1991, as amended (the “State Conservation Easement Law”), Sections 27-8-10 et seq. of the South Carolina Code of Laws.

NOW, THEREFORE, for no consideration and as an absolute charitable gift and further in consideration of the above premises, the mutual covenants, terms, conditions, restrictions, and promises contained in this Conservation Easement, and intending to be legally bound hereby, Owner hereby voluntarily, unconditionally and absolutely grants and conveys unto Holder, its successors and assigns, perpetual conservation easement and the easements, covenants, prohibitions, and restrictions in this Conservation Easement, in perpetuity, to accomplish the Conservation Purposes. Holder hereby accepts the grant of such easement and the right to enforce such covenants, prohibitions and restrictions and agrees to hold such easements and rights exclusively for the Conservation Purposes and to enforce the terms of the covenants, prohibitions and restrictions in this Conservation Easement.

ARTICLE 2. GRANT OF EASEMENT OF ACCESS

Owner hereby voluntarily, unconditionally and absolutely grants and conveys unto Holder, its successors and assigns, a perpetual conservation easement and easement in gross over the Conservation Area for the purpose of preserving and protecting the Conservation Purposes and enforcing the restrictive covenants set forth below. In addition, Owner hereby grants and conveys unto Holder, its successors and assigns, pursuant to 26 CFR §1.170A-14(g)(5)(ii), the easement and right of Holder and its agents to enter upon and inspect the Conservation Area for

compliance with this Conservation Easement at any time and from time to time. Holder shall make a reasonable effort to give Owner notice of any such entry and inspection at least seven (7) days in advance, except in instances when Holder reasonably suspects or knows of a violation of this Conservation Easement.

ARTICLE 3. OWNER'S DECLARATION OF COVENANTS AND RESTRICTIONS

Owner, for Owner and Owner's successors and assigns, covenants and declares that the Conservation Area shall be, and hereby is, bound by and made subject to the following covenants and restrictions in perpetuity, SUBJECT TO AND EXCEPTING however the Reserved Rights (hereinafter defined) which are reserved to Owner and Owner's successors and assigns in Article 4 of this Conservation Easement:

- 3.1 Use Restrictions. The Conservation Area shall not be used for a residence or for any commercial, institutional, industrial or agricultural purpose or purposes. Among the uses prohibited by the preceding sentence are, without limiting the meaning or interpretation of the preceding sentence, any of the following: (1) construction or occupancy of any dwellings; (2) manufacture or assembly of any products, goods, equipment, chemicals, materials or substances of any kind or nature whatsoever; (3) sale of any products, goods, equipment, chemicals, materials, substances or services of any kind or nature whatsoever; (4) storage of any products, goods, equipment, chemicals, materials or substances of any kind or nature, except if stored for use upon the Conservation Area in connection with activities not prohibited by this Conservation Easement; and (5) offices for persons involved in the sale, manufacture or assembly of goods or services or for the performance of services.
- 3.2 Structures Prohibited. No Structure (hereinafter defined) of any kind shall be built, erected, installed, placed, affixed or assembled within or upon the Conservation Area or upon any trees or other natural features upon the Conservation Area. "Structure" shall mean any assembly of material forming a construction for occupancy or use for any purpose and erected upon or attached to the ground including, for example but not to limit the foregoing definition, the following: building; platform; shed; bin; shelter; dam; dike; tower; tank; antenna; bulkhead; paved, stone or concrete street, driveway or vehicle parking area; riding arena; and riding ring with a surface that is impervious to percolation of storm water.
- 3.3 Removal of Ground or Surface Water from Conservation Area. No ground or surface water from the Conservation Area shall be removed, collected, impounded, stored, transported, diverted or otherwise used for any purpose or use outside the Conservation Area unless approved by Holder in its sole discretion without obligation to do so nor for any purpose or use within the Conservation Area that is prohibited by this Conservation Easement.
- 3.4 Roads, Driveways, Etc. There shall not be constructed, cut, created, paved with impervious material or placed on the Conservation Area any road, driveway, cartway, path or other means or right of passage across or upon the Conservation Area. No road,

driveway, cartway, path or other means or right of passage located on the Conservation Area shall be used for access to any use (whether or not upon the Conservation Area) which is prohibited by this Conservation Easement.

- 3.5 Live Trees. No cutting, removal or destruction of live trees shall be permitted upon or within the Conservation Area.
- 3.6 Signs and Similar Structures. No signs, billboards or outdoor advertising structures shall be placed, erected or maintained within the Conservation Area.
- 3.7 Land Disturbance; Mineral Extraction. There shall be no filling, excavating, dredging, surface mining, drilling or any removal of topsoil, sand, gravel, rock, peat, gas, oil, coal, other minerals or other materials, upon or from the Conservation Area; provided however that this Conservation Easement shall not prohibit production of natural gas, oil and accompanying liquids from beneath the Conservation Area provided that (a) only horizontal or similar drilling methods from surface locations not within the Conservation Area are used; (b) within the Conservation Area no surface mining or drilling methods are used, and no pipeline construction, equipment or water storage, or other land disturbance occurs; (c) no visible or discernible impact on the surface of the Conservation Area occurs; (d) no methods shall be permitted which enter or interfere with the water bearing zones under the Conservation Area; and (e) any impact upon the biological, aquatic, hydrologic or other natural resources of the Conservation Area is prohibited.
- 3.8 Dumping and Pollution. There shall be no dumping of ashes, trash, garbage, or any other unsightly or offensive materials at any place on, under or within the Conservation Area. There shall be no discharge of chemicals, waste water or other pollutants onto the Conservation Area or into any permanent or intermittent water course within the Conservation Area.
- 3.9 Change of Topography. There shall be no change in the topography of the Conservation Area by any means or method.
- 3.10 Water Courses. There shall be no dredging, channelizing or other manipulation of natural water course or of any other water course existing within the Conservation Area as of the date of this Conservation Easement except that manmade drainage swales, ditches or storm water management facilities may be dredged or otherwise altered for maintenance purposes or to maintain its function for its intended purpose on the date of this Conservation Easement.
- 3.11 Wetland and Riparian Protection Area.
- 3.11.1 “Wetland and Riparian Protection Area” shall mean that part of the Conservation Area that lies within, or within 100 feet of: (a) any body of water or permanent or intermittent watercourse (including but not limited to any lake or pond, but excluding manmade storm water swales or ditches not fed by a spring, pond or other natural source) as defined by its banks or the mean water elevation as Holder deems relevant and appropriate in the circumstances; (b) any wetland under the regulatory jurisdiction of the federal

or state government; and (c) a Southern Atlantic Coastal Plain Depression Pond.

- 3.11.2 There shall be no clearing, cutting or removal of live or dead trees, other clearing or removal of vegetation, clearing or removal of leaf litter or other natural detritus, or digging, earth movement or other alteration of the earth surface or topography within the Wetland and Riparian Protection Area, except that areas within the Wetland and Riparian Protection Area that are predominantly in grasses on the date of this Conservation Easement may be mowed.
- 3.11.3 Owner shall be responsible for ascertaining the boundaries of the Wetland and Riparian Protection Area, at Owner's expense, in consultation with Holder, before undertaking any action that is or may be prohibited in the Wetland and Riparian Protection Area. If the banks of a water course are not clearly defined then Holder shall, in its reasonable discretion, establish a line of the mean water elevation to substitute for that purpose upon request by Owner, relying on available topographic, hydrologic information, and other maps and relevant information. Owner shall bear the expense of any survey or field work necessary to establish the line.
- 3.11.4 Any approvals by Holder of Reserved Rights to be conducted within the Wetland and Riparian Protection Area, if permitted under this Conservation Easement subject to approval by Holder, shall be granted by Holder only if Holder concludes that the Reserved Rights shall have no material adverse effect on the habitat within the Wetland and Riparian Protection Area and thus on the Conservation Values and Conservation Purposes pertaining to the Wetland and Riparian Protection Area.
- 3.12 Soil Erosion and Sedimentation Control. All activity on the Conservation Area shall be conducted so as to avoid the occurrence of soil erosion and sedimentation of streams or other water courses. Without limitation of the foregoing, Owner and Holder shall, in identifying practices that will prevent soil erosion and sedimentation, refer to the soil conservation practices as then established or recommended by the Natural Resources Conservation Service of the United States Department of Agriculture or any successor governmental office or organization performing the same function within the United States government, as approved by Holder.
- 3.13 Transfers of Development Rights or Development Density Credits. The Conservation Area may not be used as open space for purposes of obtaining or qualifying for governmental approval of any subdivision or development on lands outside the boundaries of the Conservation Area nor, without limitation of the foregoing, may the Conservation Area be used in the calculation of the amount or density of housing units or other construction for development or other impervious ground coverage on lands outside the boundaries of the Conservation Area or for sale by Owner.

- 3.14 No Subdivision. There shall be no subdivision or other division of the Conservation Area into one or more lots, tracts or parcels of land under separate ownership.
- 3.15 Notice of Exercise of Reserved Rights. As required by 26 C.F.R. § 1.170A-14(g)(5)(ii), Owner shall notify Holder in writing before exercising any Reserved Right that may impair the conservation interests associated with the Conservation Area.
- 3.16 Preservation of Conservation Area. The parties recognize that this Conservation Easement cannot address every circumstance that may arise in the future, and the parties agree that the purpose of this Conservation Easement is to preserve the Conservation Values of the Conservation Area and to fulfill the Conservation Purposes in accordance with 26 U.S.C. § 170(h). Without limiting the preceding covenants and restrictions, and in fulfillment of the requirements of 26 CFR §§1.170A-14(g)(1) and 1.170A-14(e)(2), any right, use or activity which is not reserved in Article 4 of this Conservation Easement and which is inconsistent with the Conservation Purposes or which materially threatens the Conservation Purposes is prohibited.
- 3.17 Restrictions Cumulative. The prohibitions and restrictions in this Conservation Easement shall be considered cumulative. No prohibition or restriction contained herein shall be interpreted as a limitation on the meaning, effect, interpretation or enforceability of another prohibitive or restrictive provision.
- 3.18 Rights of Ownership Generally. Owner retains, not as Reserved Rights but incidental to its ownership of the Conservation Area, in addition to the Reserved Rights set forth in Article 4, all rights accruing from ownership of the Conservation Area, including the right to engage in or permit others to engage in all uses of the Conservation Area except to the extent prohibited, restricted, limited or conveyed to Holder according to the terms of this Conservation Easement, including the rules of construction and interpretation of this Conservation Easement, subject to procedures set forth in this Conservation Easement or provided in applicable law.
- 3.19 **[Insert this section if this has not been completed before the Conservation Easement is recorded. Site Restoration.** Before the exercise of any of the Reserved Rights, and in no event later than one year from the date of this Conservation Easement, Owner shall satisfy Holder that is has removed from the Building Zone (hereinafter defined) a pile of earth and construction debris that presently exists there, restored native vegetative cover to the area of disturbance from such pile and debris, and conducted independent soil testing to confirm the absence of any contamination of the soil or water under the pile from petroleum-based or other regulated chemical or substance. In the event contamination is discovered, Owner shall satisfy Holder that is has remediated such contamination in accordance with applicable law before the exercise of any of the Reserved Rights. Owner shall provide the written result of such testing to Holder upon receipt. Owner warrants and represents to Holder that the pile does not, to the best of Owner's knowledge, after investigation, contain any petroleum-based or other hazardous chemical or substance.]

ARTICLE 4. RESERVED RIGHTS

Owner reserves for Owner and Owner's successors and assigns who may now or hereafter be an owner of all or part of the Conservation Area the rights set forth in this Article 4 (the "Reserved Rights"). Owner and Holder intend that these Reserved Rights and the activities and uses which are described below as the Reserved Rights are exceptions to the prohibitions and restrictions set forth in Article 3 and, hence, may be conducted as described below without having an adverse effect on the Conservation Purposes; except, however, that none of the Reserved Rights shall supersede the protections of the Wetland And Riparian Protection Area set forth in Article 3 except with the approval of Holder which may be given or withheld in its discretion. A Reserved Right to "construct" a Structure or other improvement shall include the right to maintain, repair, replace, use, and occupy such Structure or improvement for the purpose and within the limitations stated in this Article.

4.1 Dwelling and other Buildings in Building Zone.

- 4.1.1 Within the area described as the "Building Zone" in Exhibit "A" (the "Building Zone") attached to and incorporated in this Conservation Easement Owner may construct either one Residence (hereinafter defined) or one Resort Building, (hereinafter defined) but not both, subject to the limitations in this Section.
- 4.1.2 "Residence" shall mean one single family dwelling. The single family dwelling and Structures customarily accessory to residential use, such as a shed, kennel, garage, gazebo, septic system, well, or swimming pool, shall be constructed within a Building Area to be identified and located within the Building Zone as provided below. Use of the Residence shall include, in addition to use as a residence, customary home occupations such as an office for a home-based business or a craft business such as furniture making, provided that the business is actively operated by one or more of the residents of the permitted dwelling and that the business use does not occupy more than one half of the space within the buildings in the Building Area in which the business use is contained.
- 4.1.3 "Resort Building" shall mean one building containing not more than one kitchen and up to 12 bedrooms for use by any persons, whether or not for compensation, as the Owner may choose. The Resort Building shall be constructed within a Building Area to be identified and located within the Building Zone as provided below.
- 4.1.4 In addition to the foregoing uses permitted, within the Building Zone Owner may:
 - (a) remove vegetation and perform grading to the extent reasonably necessary to facilitate the construction and use of the buildings and other Structures permitted in this Section;

- (b) install landscaping and other vegetation (including ornamental gardens) and irrigation systems;
- (c) construct storm water drainage systems; and
- (d) install roads, driveways, utilities, and walkways.
- (e) Any permitted clearing or construction shall be done so as to minimize the impact on surrounding vegetation, and shall be done in accordance with best management practices.

4.1.5 The “Building Area” shall mean and be identified and located as follows:

- (a) The Building Area shall be located within the Building Zone and shall be no more than one acre in area.
- (b) Owner shall notify Holder of the location and dimensions of the Building Area and the permitted driveways serving the Building Area at least 30 days before any removal of vegetation, excavation or construction has occurred within the proposed Building Area. The notice shall include a map showing the location and dimensions of the proposed Building Area and driveways in such detail as Holder requests. Permanent survey monuments such as iron pins shall be placed by a licensed professional surveyor at the corners of the surveyed boundaries of the Building Area before any excavation or construction occurs within the proposed Building Area.
- (c) The legal description of the Building Area shall be set forth in a written document signed by Holder and Owner shall be recorded in the same place of public record in which this Conservation Easement was recorded.

4.2 Driveway. Owner may construct and pave with pervious or impervious material (such as bituminous asphalt, concrete or crushed stone) a driveway for access to the Building Area in a location approved by Holder. The width of the driveway and any area of land disturbance, grading or tree removal for such driveway shall be no greater than the minimum necessary to meet any legal requirements or, to the extent no legal requirements apply or are lawfully waived, the minimum practicable consistent with sound engineering techniques and methods.

4.3 Alternative Energy Structures. In the Building Area Owner may construct, or attach to existing Structures, Structures to generate energy for the conduct of any of the permitted activities under this Conservation Easement provided that the energy is derived from a natural source such as solar or wind energy, substantially all of the energy produced is consumed on the Conservation Area for the permitted uses and not sold or otherwise transferred for use off of the Conservation Area, and the Structure is not visible from any property, street, trail or waterway accessible to the general public.

- 4.4 Picnic Shelters and Areas. Owner may construct in locations approved by Holder roofed shelters for outdoor picnicking and similar outdoor recreation uses provided they are open, without walls, on at least three sides and that the aggregate ground coverage area of all such shelters shall not exceed 2,500 square feet for all shelters. Insect screens are permitted on the roofed shelters and will not be considered a wall for purposes of these restrictions. Owner may construct picnic tables and benches, charcoal cooking grills, fire pits or rings, and similar Structures commonly associated with outdoor picnicking and similar outdoor recreation.
- 4.5 Dock and Boat Launch. Owner may construct a dock and a cleared and graded area for launching kayaks, canoes and other watercraft not powered by internal combustion engines with a location and design approved by Holder.
- 4.6 Buildings for Storage. Owner may construct, outside of the Building Area, buildings for storage of equipment and materials used in the maintenance of the Conservation Area, also commonly referred to as a shed or barn, provided that the aggregate ground coverage area of all such buildings shall not exceed 2,700 square feet either within the Building Zone or otherwise only in locations approved by Holder. This ground coverage limitation shall not apply to permitted buildings within the Building Area.
- 4.7 Unpaved Vehicle Trails. Owner may also construct unpaved vehicle trails for limited vehicular access to the areas of the Conservation Area otherwise inaccessible by vehicle for use in maintenance, emergency access, and other permitted uses of the Conservation Area if the following requirements and conditions are satisfied: (a) the surface of such trails shall have a pervious surface (such as dirt or crushed stone that is not so fine as to create the equivalent of a paved condition); (b) such trails shall be located, to the extent possible, in the path of roads or trails existing on the date of this Conservation Easement; (c) the width of the area cleared for such trails shall not exceed that which is necessary for a single lane of vehicular traffic and some intermittent wider areas designed for vehicle passing; (d) and such trails shall be otherwise constructed in a manner to avoid unnecessary tree removal and land disturbance; (e) if such trails require any grading or change in topography, then such grading shall blend into the natural topography of the Conservation Area, shall control erosion, and shall be of a design and location approved, in advance, by the Holder in its discretion; and (f) Holder approves the proposed service vehicle trail based on the foregoing requirements.
- 4.8 Trails and Raised Walkways. Owner may construct trails or paths for nature education and outdoor recreation purposes if the following requirements and conditions are satisfied: (a) the surface of the trail shall remain pervious (such as dirt, wood chips or gravel); (b) the trail shall be located, to the extent possible, in the path of a trail or forestry road existing on the date of this Conservation Easement; (c) the width of the area cleared and improved for the trail shall not exceed that which is necessary for pedestrian or equestrian use; and (d) the trail shall be otherwise constructed in a manner to avoid unnecessary tree removal, grading and other land disturbance. Owner may construct raised walkways (but not bridges or similar structures for motor vehicle use) for access to any or all of the land within the Conservation Area if the following requirements and conditions are satisfied: (a) it can be demonstrated to Holder that it is not feasible to use

any existing walkway or pathway or to improve any existing walkway or pathway for such access purpose; (b) Owner shall comply with all other covenants and restrictions of this Conservation Easement; and (c) Holder approves the proposed walkway based on the foregoing requirements.

- 4.9 Permitted Work within a Wetland And Riparian Protection Area. Owner may, with the approval of Holder, dredge or otherwise manipulate previously-altered natural or manmade water courses within the Wetland and Riparian Protection Area or perform work, including the removal of vegetation or disturbance of land, within the Wetland and Riparian Protection Area if necessary to (a) maintain wetlands existing on the Conservation Area, (b) restore wetlands previously existing on the Conservation Area, or (c) restore natural stream channel morphology and natural wetland hydrology.
- 4.10 Participation in Ecological Programs. Owner may participate in, and retain revenue from, future conservation, preservation, or mitigation programs involving ecological assets, including but not limited to, carbon sequestration credits, wetland and stream credits, endangered species credits, water quality credits, and ground water credits, located within the Conservation Area, even if protected by this Conservation Easement, so long as (a) such participation does not require any use or action upon the Conservation Area that is prohibited by this Conservation Easement nor is any such use or action permitted by this Section; (b) any approval by Holder required by this Conservation Easement for any use or action permitted by this Conservation Easement is obtained; (c) the uses and the Conservation Purposes that are intended to be protected by this Conservation Easement remain protected as provided in this Conservation Easement; and (d) notice is provided to Holder at least 30 days before Owner enters into any agreement by which Owner will be legally obligated to participate in any such program.
- 4.11 Subdivision and Allocation of Reserved Rights. Owner may, with prior approval from Holder, subdivide the Conservation Area into lots for separate conveyance and ownership. Holder's review and decision whether to approve subdivision shall take into consideration the effect of the proposed lot boundaries and intended transfer upon the Conservation Purposes, the lot size and combination with the Building Area that would be most likely to promote the long term care, maintenance and stewardship of the Conservation Area, and the burdens of monitoring and enforcing this Conservation Easement. Subdivision shall result in no addition to or other amendment of the Reserved Rights and any parcel subdivided from out of the Conservation Area shall remain under and subject to this Conservation Easement. Owner acknowledges that, if the Conservation Area is subdivided, Reserved Rights which are limited in number or area must be allocated between the lots resulting from such subdivision. In connection with any subdivision or partition of the Conservation Area by any means, the following procedures shall apply:
- 4.11.1 Owner shall allocate, but not increase, such Reserved Rights between or among the lots resulting from such subdivision. Such allocation shall be stated in a document which shall be subject to review and approval by Holder and which shall be recorded in the place of public record in which this Conservation Easement has been recorded before any conveyance of an

interest in the lots resulting from such subdivision. Such allocation shall specifically identify, with respect to number or the allowable ground coverage, how much of the unused coverage or other Reserved Rights permitted by this Conservation Easement will be allocated to the respective lots.

- 4.11.2 If Owner fails to make such allocation in a written document for such purpose before conveying title to or any beneficial interest in any of the lots resulting from such subdivision, then the Reserved Rights, whether or not built, shall be allocated proportionately among the lots resulting from such subdivision, in proportion to the relative area of such lots, as determined by Holder in its discretion, it being understood that this allocation shall not result in allowing any increase in the Reserved Rights.
- 4.11.3 After any subdivision of the Conservation Area and conveyance of one or more lots resulting from such subdivision, and subject to Holder's prior approval thereof (such approval not to be unreasonably withheld, consistent with and taking into consideration the fulfillment of the Conservation Purposes and the preservation of the Conservation Values), the owners of such respective lots may mutually agree among themselves to re-allocate, but not increase, such Reserved Rights in a manner different from the original allocation as determined above, provided that such allocation or re-allocation of Reserved Rights as among such lots does not result in any increase in Reserved Rights, is reflected in a document that is signed by all owners of such lots and by Holder and is recorded in the place of public record in which this Conservation Easement has been recorded. The form and content of any such document shall be subject to Holder's review and approval.
- 4.12 Fences. Owner may construct fences, provided that no fence shall be permitted if, in the reasonable opinion of Holder, it would impair the scenic view into the Conservation Area in any material respect. Any fence that would be visible from a public road or a waterway accessible to the public must be approved by Holder before construction.
- 4.13 Wildlife Stands, Nests and "Blinds". Owner may construct a reasonable number of wildlife hunting or observation stands and "blinds" and houses, nests or perches for birds or other wildlife; provided that in the construction of any such Structure Owner shall comply with all other covenants and restrictions of this Conservation Easement.
- 4.14 Existing Structures. Structures existing on the Conservation Area on the date of this Conservation Easement, whether or not such Structure would be permitted to be constructed on the Conservation Area under these Reserved Rights, may, nevertheless, be repaired, restored or replaced but only within the vertical and horizontal dimensions in which the Structure existed on date of this Conservation Easement, but with no change of use except to a use that would be permitted under this Conservation Easement in its location; provided however that an existing structure located within a Building Area shall not be subject to the limitations on dimensions in this Section but instead shall be

subject to the covenants and restrictions imposed on any Structure located within a Building Area.

- 4.15 Utility Installations. Owner may install cables and pipelines normally used in connection with supplying water, electricity, communications, natural gas or similar utility services, removing sanitary sewage effluent, or controlling storm water runoff if the following requirements and conditions are satisfied: (a) such facilities may only be constructed and used to serve the uses, Structures and improvements permitted under the terms of this Conservation Easement; (b) all such facilities shall be located underground to the extent feasible; (c) all such construction and maintenance is conducted in a manner designed to produce no material adverse effect on the Conservation Purposes; and (d) Holder approves the proposed utility facility based on the foregoing requirements.
- 4.16 Wildlife Harvesting Not Prohibited. Nothing in this Conservation Easement shall be construed to limit the right of Owner and Owner's guests and invitees to hunt, trap, and otherwise harvest fish and other wildlife.
- 4.17 Tree Cutting and Forest Management. Owner shall have the right, for the benefit of Owner and Owner's representatives, agents, contractors, subcontractors, licensees, and lessees, to conduct the following activities within the Conservation Area if the requirements of this Section are met:
- 4.17.1 A live tree that has been damaged or disturbed by forces of nature or by disease or that is evidently at risk of falling may be cut and removed if such tree presents a threat of injury to persons or livestock or other property or blocks a trail, road or other means of access to any part of the Conservation Area.
- 4.17.2 Trees may be removed within a Building Area.
- 4.17.3 Trees may be removed outside of a Building Area to the most limited extent necessary to construct the Structures and other improvements expressly permitted in this Conservation Easement, according to a plan approved in advance by Holder.
- 4.17.4 Early successional tree species may be selectively removed within areas existing in a meadow condition at the time this Conservation Easement is granted, for the purpose of preserving such areas as meadow.
- 4.17.5 "Forestry Activities" shall mean (i) harvesting, cutting, removal and sale of trees and forest products (including, but not limited to, trees, logs, poles, posts, pulpwood, firewood, chips, seeds, bark, pinestraw, stumps and other forest products); (ii) planting and growing of trees for the foregoing purposes; (iii) treating trees with herbicides, pesticides and fertilizer customarily used in the forest industry; (iv) constructing forest skid trails in connection with tree harvesting operations; (v) placing or storing sawdust, bark, sawtimber, logs, or other forest products in the Conservation Area; (vi) conducting prescribed burning; and (vii) undertaking such activities as may be necessary to facilitate

production of forest products or to protect forest health. Owner may conduct Forestry Activities only if all of the following requirements are met:

- (a) Forestry Activities shall not be conducted within the Wetland and Riparian Buffer Protection Area, within mixed hardwood forest outside the Wetland And Riparian Protection Area or within areas reasonably determined by Holder to be [**Freshwater Emergent Wetland or Forested and Shrub Wetland**] except (i) in accordance with a Forest Management Plan and (ii) only for the purpose of promoting the maturing and ecological enhancement of forest conditions. **In determining areas that are Freshwater Emergent Wetland or Forested and Shrub Wetland Holder may refer to the methodology used by the U.S. Fish & Wildlife Service for its National Wetland Inventory or similar methodology selected by Holder, though the area need not be shown as such on a National Wetland Inventory map.**
- (b) Before conducting Forestry Activities Owner shall prepare a tree harvest and forest management plan (the "Forest Management Plan"). The Forest Management Plan shall be submitted to and approved by Holder.
- (c) The Forest Management Plan must address and provide information regarding the following matters in such detail as Holder may reasonably request: the proposed location of harvesting activity, wetland delineation within the harvest area, harvesting plans and protocols, proposed road locations and design standards, erosion control measures, and replanting plans and schedule. The Forest Management Plan shall also contain: a statement of Owner's forest management objectives and goals, including the Forest Management Objectives (hereinafter defined); forest stand descriptions, including species composition, age classes and, where available, soil types; a forest stand map; and an outline of proposed silvicultural practices.
- (d) The Forest Management Plan must be prepared at Owner's expense by qualified natural resource personnel (e.g. a registered forester), who are experienced in the preparation of forest management plans.
- (e) The Forest Management Plan shall be prepared in a manner that is designed to achieve the following purposes and forest management objectives (collectively, the "Forest Management Objectives"):
 - (i) minimizing insect infestation; (ii) identifying and protecting habitat for exceptionally rare, threatened or endangered species;
 - (iii) avoidance of water pollution from Forestry Activities, erosion or sedimentation; (iv) protection of the Conservation Values and fulfillment of the Conservation Purposes; (v) promotion of sustainable forestry; (vi) assuring artificial or natural regeneration of the forest in

both sufficient quantity and quality; (vii) compliance with all applicable federal, state and local laws, rules, orders and regulations; (viii) identifying strategies to promote wildlife habitat and private recreational activities permitted by this Conservation Easement; and (ix) compliance with then-current best management practices published by the South Carolina Forestry Commission or its successor (“BMPs”). In the event of a conflict between the preceding Forest Management Objectives, the protection of the Conservation Values and fulfillment of the Conservation Purposes shall be the paramount consideration.

- (f) All Forestry Activities shall be conducted in accordance with (a) the Forest Management Plan; (b) BMPs; and (c) this Conservation Easement.

4.18 Signs. Owner may construct a reasonable number of signs of the following types:

- 4.18.1 regulatory or directional signs including, for example but not for limitation of the foregoing, “no trespassing” signs, “no gunning” signs, or “no hunting” signs;
- 4.18.2 signs stating the common name of the Conservation Area, the names and addresses of the occupants or both;
- 4.18.3 signs advertising or directing participants to an activity permitted under the provisions of this Conservation Easement;
- 4.18.4 signs advertising buildings or lots within the Conservation Area as being for sale or for rent, but only during the time that the building or lot is being offered for sale or rent and then until the sale or lease is consummated;
- 4.18.5 signs identifying the interest of Owner or Holder in the Conservation Area; and
- 4.18.6 signs educating the public as to the ecology of the area.

Notwithstanding the foregoing, any sign that is greater than four square feet in surface area and visible from any public road or waterway accessible to the public shall be prohibited unless such sign shall have no material adverse effect upon the Conservation Purposes and such sign is approved in writing by Holder.

4.19 Maintenance of Roads, Trails, Etc. Owner may maintain in passable condition the Structures, roads, trails or walkways existing within the Conservation Area at the date of this Conservation Easement or, if applicable, constructed pursuant to the Reserved Rights in this Article 4, by such activities as the following: the pruning trees or other vegetation which threaten the safety of persons who may use or maintain the road, trail or walkway; installing or applying materials necessary to correct or impede erosion; grading earth to

maintain a passable condition or to control or impede erosion; replacing existing culverts, water control structures and bridges; and dredging roadside swales and ditches. The right of maintenance in this section includes the right to, and therefore allows the Owner to, repave roads or driveways that are paved with bituminous asphalt, concrete or similar impervious material on the date of granting this Conservation Easement but does not include the right to pave with impervious material a road or driveway that is not paved on the date of granting this Conservation Easement unless such paving is permitted under another provision of this Conservation Easement.

4.20 Notice and Approval Before Exercise of Certain Reserved Rights. None of the Reserved Rights for which the approval of Holder is expressly required in any Section of this Article 4 may be exercised or undertaken unless Owner has first satisfied the following conditions and requirements:

- 4.20.1 Owner shall notify Holder in writing before exercising any of such Reserved Rights.
- 4.20.2 Holder must be satisfied, as evidenced by its prior written approval of Owner's proposed exercise of a Reserved Right, that any use or activity done in the exercise of the Reserved Right will meet the requirements and conditions for such Reserved Right, will have no material adverse effect on the Conservation Purposes or on the Conservation Values or other significant environmental features of the Conservation Area, will not alter or permit the alteration, disturbance or destruction of the use of the Conservation Area that is intended to be protected by this Conservation Easement.
- 4.20.3 Notwithstanding anything in this Conservation Easement to the contrary, if Owner undertakes to exercise a Reserved Right or other action, without prior approval of Holder, where such approval is expressly required under this Conservation Easement, then such exercise of the Reserved Right by Owner may be treated by Holder, in Holder's sole discretion, as an action that was prohibited by this Conservation Easement as fully as if the Reserved Right or other right was not contained in, or reserved to Owner under, this Conservation Easement. Should Holder elect, in its discretion, to decline to assert this prohibition and to waive a violation of the Conservation Easement arising solely from Owner's failure to seek and obtain Holder's approval before exercising a Reserved Right or other right where such approval is required, Holder shall not be thereby obligated to do so in any future circumstance or event and Holder's waiver shall not be construed to require any waiver in a subsequent instance.
- 4.20.4 Notwithstanding the foregoing, in the event the Conservation Area is affected or in imminent danger of being affected by casualty damage resulting from an Act of God, fire or other event beyond Owner's control then the prior approval requirements of this Section shall be waived as to any action that would otherwise require such approval but which must be undertaken by Owner immediately in order to prevent loss, damage or injury to persons or

property or to prevent ecological damage to the Conservation Area or neighboring property (an “Emergency Restoration Action”); provided that Owner makes a good faith effort to notify Holder prior to undertaking such Emergency Restoration Action and to keep Holder informed of its ongoing actions.

4.20.5 Holder’s prior written approval of the exercise of Reserved Rights for which approval of Holder is required shall be obtained, conditionally obtained or declined according to the procedure provided in this Section. At least forty-five (45) days before Owner begins, or allows, any exercise of Reserved Rights on the Conservation Area Owner must notify Holder in writing of Owner’s intentions to do so; provided, however that Holder may, upon written request, reduce the period of time for notice of the proposed exercise of Reserved Rights for simpler requests, in Holder’s discretion. Such notice must include plans depicting, in such detail as Holder requests, the construction or other use or activity, and location thereof, which Owner intends to undertake. Owner may also be required to present to Holder for review any applications to, and approvals or permits issued by, any governmental entity that is required for the exercise of the Reserved Right for which Holder’s approval is sought. Holder may request additional information or details not provided by Owner regarding Owner’s proposed exercise of Reserved Rights as Holder reasonably believes necessary to determine compliance with this Article. Holder shall not be obligated to accept or respond to any request for approval of a Reserved Right if the Owner is then in violation of this Conservation Easement in any material respect. Holder shall have thirty (30) days from receipt of the notice or, if later, any additional information regarding the proposed use or activity requested by Holder, in which to make one of the following determinations:

- (a) Approve Owner’s proposed exercise of a Reserved Right in accordance with the materials submitted by Owner (“Approval”). Approval on such terms shall constitute a covenant by Owner to exercise the Reserved Right solely in accordance with the notice and other information submitted to Holder; which covenant shall be enforceable by Holder as fully as if stated in this Conservation Easement.
- (b) Approve Owner’s proposed exercise of a Reserved Right in accordance with the materials submitted by Owner but subject, however, to such qualifications and conditions as Holder may impose in its notice of approval. Such qualifications and conditions shall be limited to those which Holder deems necessary to: assure compliance by Owner with any of the express covenants or restrictions of this Conservation Easement, preserve and protect the Conservation Purposes or restrict Owner’s exercise of the Reserved Rights to that which Owner has represented to Holder. Approval on such terms shall constitute a covenant by Owner to exercise the Reserved Right, if at

all, only in accordance with the notice and other information submitted to Holder, as modified or supplemented by the qualifications and conditions that Holder imposed; which covenant shall be enforceable by Holder as fully as if stated in this Conservation Easement.

- (c) Decline to grant approval of Owner's proposed exercise of a Reserved Right on the basis of the notice and other materials submitted. Should Holder decline to grant approval Holder shall state in writing its reasons.

- 4.20.6 Holder shall exercise reasonable judgment in applying the standards of review and approval for the exercise of Reserved Rights, consistent with and taking into consideration the fulfillment of the Conservation Purposes and the preservation of the Conservation Values.
- 4.20.7 Holder may grant, with or without conditions, approval for recurrent exercises of Reserved Rights, particularly but not necessarily limited to activities of a de minimis nature, if Holder concludes that doing so will have no material adverse effect on the Conservation Purposes or on the burden on, and effectiveness of, Holder's monitoring and enforcement in accordance with this Conservation Easement. Such approval must be in writing and shall, as with other approvals of the exercise of Reserved Rights, be limited to the description of the proposed exercise of Reserved Rights in Owner's proposal as modified or limited by the conditions in Holder's written approval.
- 4.20.8 In the event that Holder's approval is required and Holder fails to respond within the time period specified above and further fails to respond within ten days after a second written request by Owner to Holder, then the Holder shall be deemed to have granted Approval (as defined above) unless the activity for which approval is required is plainly prohibited by this Conservation Easement.
- 4.20.9 Owner shall be responsible for obtaining all necessary government permits and approvals for any activity for which Holder's approval is required and Holder shall have the right, but not the obligation, to require that such permits and approvals be produced for inspection by Holder before Holder's approval is granted or as a condition to approval.
- 4.20.10 Owner shall be responsible, as a condition of the right to exercise the Reserved Rights for which the approval of Holder is expressly required, for payment of Holder's reasonable costs and expenses, including legal and consultant fees, associated with review of Owner's request for approval; provided, however, that Holder will notify Owner before incurring any costs or expenses which it believes Owner may be obligated to pay under this Section though Holder shall not be required to predict the exact amount of the cost or expense. Holder may condition consideration of a proposal for exercise of Reserved Rights upon the deposit of a sum of money with Holder

to secure payment of Holder's reasonable costs of review. The time period for Holder's consideration of Owner's request shall not run until such deposit is made.

- 4.20.11 While the parties believe that each of the Reserved Rights as to which Holder's prior approval is required can be exercised in some manner without adverse effect on the Conservation Purposes of this Conservation Easement, no assurance is given that the above Reserved Rights may be exercised in specifically the manner as Owner might initially propose without having an adverse effect on the Conservation Purposes or other significant ecological values of the Conservation Area. The foregoing procedure is established for the purpose of making that determination and preventing any activity on or use of the Conservation Area that may have such an adverse effect.
- 4.20.12 In consideration for Holder accepting the perpetual responsibility and obligation to review the proposed exercise of Reserved Rights by Owner, Owner hereby waives, for Owner, and Owner's successors, legal representatives, and assigns, to the fullest extent allowed by law, any and all right to seek or recover damages from Holder in any litigation or other legal action arising from a dispute over Holder's exercise of its rights, obligations or interpretations under this Article 4 and agrees that the sole remedy or legal right to seek redress arising from any decision of Holder pursuant to this Article 4 shall be to seek a declaratory judgment or other legal declaration by a court of competent jurisdiction as to the rights of Owner hereunder.

ARTICLE 5. HOLDER'S COVENANTS

- 5.1 Best Efforts to Enforce. Holder shall use its best efforts to enforce both the rights granted to it and the restrictions imposed upon the Conservation Area under this Conservation Easement.
- 5.2 Inability to Enforce: Procedure. If at any time Holder is unable to enforce this Conservation Easement or if Holder or any successor or assignee of Holder's rights under this Conservation Easement ceases to exist or ceases to be a Qualified Organization and if, within a reasonable period of time after the occurrence of any of these events, Holder or any successor or assignee fails to assign all of its rights and responsibilities under this Conservation Easement to a Qualified Organization and "holder", then the rights and responsibilities under this Conservation Easement shall become vested in and fall upon another Qualified Organization in accordance with a proceeding before, and the order of, any court of competent jurisdiction.
- 5.3 Assignment by Holder. Notwithstanding the foregoing or anything else in this Conservation Easement to the contrary, Holder and its successors and assigns shall have the right to assign, either wholly or partially, its right, title and interest hereunder provided that (a) the assignee is a Qualified Organization; (b) the assignee shall hold the Conservation Easement exclusively for the Conservation Purposes; and (c) the assignee agrees that the Conservation Purposes continue to be carried out. Holder agrees to notify

Owner of its intent to assign the Conservation Easement, including disclosing the identity of the intended assignee, at least 30 days prior to such assignment and to offer Owner, during such period after notice and until assignment, an opportunity to comment on, but not approve or disapprove, such assignment.

ARTICLE 6. REMEDIES AND ENFORCEMENT

- 6.1 Remedies Generally. Holder shall have the right to enforce by proceedings at law or in equity each and every one of the covenants and restrictions in this Conservation Easement. The foregoing shall not limit any of the rights or remedies available to Holder in any law or in this Conservation Easement. Holder's remedies described in this Conservation Easement shall be cumulative and concurrent and shall be in addition to all remedies now or hereafter available or existing at law or in equity.
- 6.2 Violation of Conservation Easement. If Holder determines that this Conservation Easement is being or has been violated or that a violation is threatened or imminent then the following provisions shall apply:
- 6.2.1 Holder must notify Owner of the violation. Holder's notice may, in Holder's discretion, include its recommendations of measures to be taken by Owner to cure the violation and restore features of the Conservation Area damaged or altered as a result of the violation.
- 6.2.2 Holder shall afford Owner a period to cure the violation as stated below before undertaking action in court to enforce the Conservation Easement, provided, however, that no cure period is required if circumstances require prompt action to prevent or mitigate irreparable harm or alteration to, or destruction of, any natural resource or other feature of the Conservation Area described in the Conservation Purposes and Conservation Values.
- 6.2.3 Owner's cure period, if a cure period is required under the preceding paragraph, shall expire thirty (30) days after the date of Holder's notice to Owner but shall be extended for the time reasonably necessary to cure the violation if, and only if, all of the following conditions are satisfied: (a) Owner ceases the activity constituting the violation promptly upon receipt of Holder's notice; (b) Owner and Holder agree in writing, within the initial thirty (30) day period after Holder's notice to Owner or such longer time as Holder may afford in its discretion, upon the measures Owners will take to cure the violation; (c) Owner commences to cure the violation within the initial thirty (30) day period or such longer time as Holder may afford in its discretion; and (d) Owner continues thereafter to use best efforts and due diligence to complete the cure measures that Holder and Owner have agreed upon in writing. In no event shall Holder be obligated, notwithstanding the foregoing, to allow a cure period of more than 90 days or to refrain from commencing a legal action in court during the cure period if Holder concludes it is necessary to do so in order to preserve its right to enforce the Conservation Easement. Nothing in this paragraph shall require or prohibit

settlement of a litigation or threatened litigation arising from an actual or alleged violation.

- 6.3 Remedy of Specific Performance. Without limitation of any other rights of Holder in this Conservation Easement, Holder's right of enforcement of this Conservation Easement shall include the right to seek specific performance by Owner of the restoration of the Conservation Area to its condition at the time of the donation of the Conservation Easement as required by 26 C.F.R. § 1.170A-14(g)(5)(ii) or to its condition prior to any activity that violates this Conservation Easement or as otherwise may be necessary to remedy any violation of any easement, covenant, prohibition or restriction in this Conservation Easement, as Holder may elect.
- 6.4 Non-Binding Mediation. Any dispute, controversy or claim arising out of, or related to, this Conservation Easement shall be subject to mediation in accordance with this Section. If Owner and Holder are unable to resolve any dispute, controversy or claim, they shall first submit the dispute, controversy or claim to an independent third party mediator acceptable to them. Unless agreed to by Owner and Holder, neither of them shall be required to participate in mediation sessions exceeding a total of eight (8) hours as to any one dispute, controversy or claim. The cost of the mediation shall be split equally between the parties. The mediation process may be initiated by either Owner or Holder upon written request to the other. If Owner and Holder cannot agree on a mediator within fifteen (15) days of the written request, either Owner or Holder may file a request for mediation with the American Arbitration Association ("AAA") office nearest the Conservation Area, and selection of the mediator shall proceed under the Rules then established by the AAA. Within ten (10) days of selection of the mediator, Owner and Holder shall submit a written summary of its position to the mediator, with any other reasonable documentation it believes is relevant to the dispute. These submissions will be exchanged between Owner and Holder. At a time and place convenient to Holder and Owner, but not later than thirty (30) days after submission of written materials to the mediator, Owner and Holder shall meet with the mediator, discuss any nonbinding recommendations the mediator may have, and attempt in good faith to resolve the dispute. In the event Owner and Holder have not resolved the dispute, controversy or claim within thirty (30) days of the meeting with the mediator, Owner and Holder shall each have the right to initiate legal proceedings concerning such dispute, controversy or claim without further notice to the other. If Owner or Holder breaches this obligation by refusing to participate in the mediation process outlined above (and in accordance with the established schedule), the other shall be entitled to initiate legal proceedings immediately on any dispute, controversy or claim. The content of any documents, discussions, negotiations, offers made, offers declined, settlements proposed, mitigations suggested or proposed or other matters that arise or that are produced during the mediation shall not be admissible as evidence or used as argument in any contemporaneous or subsequent legal proceeding. Notwithstanding anything in this Section to the contrary, the requirements of this Section: (a) do not create or give rise to any independent or substantive rights or cause of action not stated in this Conservation Easement and (b) shall not apply, nor shall be construed to limit or delay the right of Holder to commence and pursue litigation to enforce this Conservation Easement, in regard to any dispute, controversy or claim arising from a violation of this Conservation

Easement that, in the sole and independent judgment of Holder, represents an ongoing or imminent material adverse impact upon the Conservation Values or the Conservation Purposes or upon the ultimate ability of the Owner to restore the condition of the Conservation Area.

- 6.5 Remedy of Damages. If Owner violates this Conservation Easement in such a manner as to cause damage to, extract or remove any trees, mineral resources, pond, wetland, stream, or other natural resource protected by this Conservation Easement, including violation resulting from failure to obtain Holder's approval, Holder shall be entitled to payment of damages in the amount of the value of the protected natural resource; provided, however, that if the natural resource effected by the Owner's violation of this Conservation Easement can be restored to its condition prior to the violation and if Owner does restore the natural resource to its condition prior to the violation within a time period accepted by Holder in writing, then Holder shall accept such restoration in lieu of damages. Holder may seek payment and recovery of such damages by any means available at law. The value of the protected natural resource shall be the greater of (a) the market value of the resource or, (b) the cost of immediate restoration of the Conservation Area and all resources to its condition prior to the violation. If such restoration is not reasonably possible then double the market value of the resource shall be the amount of liquidated damages. If the resource does not have a readily determinable market value then the amount of damages shall be the amount which a court having jurisdiction may determine, taking into account the importance of the resource to the fulfillment of the Conservation Purposes. Nothing in this Section is intended to limit, waive or release Holder's right so seek specific performance or other equitable remedy.
- 6.6 Rights and Remedies in Relation to Third Parties. As the owner of a real property interest under this Conservation Easement, Holder shall have the right, without limitation of any rights herein as against Owner, to assert and enforce any of the rights and remedies in this Conservation Easement against any person or entity other than Owner that engages in any action upon the Conservation Area that constitutes a violation of any of the covenants or restrictions of this Conservation Easement, whether such person or entity enters upon the Conservation Area as a tenant, guest or invitee of Owner, by an act of trespass or by any claim of right and Owner shall cooperate with Holder by joining in any action or proceeding commenced by Holder for such purpose.
- 6.7 Remedy: Failure to Pay Certain Charges. If Owner fails to pay any assessments, fees, fines, levies, penalties, taxes, and other charges imposed by a government, governmental agency, or governmental authority that can become a lien on the Conservation Area or upon this Conservation Easement or the rights it represents or that it grants to Holder (collectively, "Governmental Charges"), Holder may, but shall have no obligation to, pay such Governmental Charges or any part thereof upon ten (10) days after sending written notice to Owner, according to any bill, statement, or estimate procured from the appropriate public office. Payment made by Holder shall become a lien on the Conservation Area in favor of Holder upon payment by Holder and shall bear interest until Holder is paid by Owner at the rate of twelve percent (12%) per annum or at the highest rate of interest per annum as is allowed by applicable law, whichever is less.

- 6.8 Certain Events Not a Violation. Notwithstanding anything herein to the contrary, Holder shall not bring any action seeking to enforce this Conservation Easement against Owner, nor shall this Conservation Easement be considered to have been violated by Owner, as a result of any damage to the Conservation Area if such damage was solely the result of: (a) a natural event such as an earthquake or flood, wind, lightning or other storm event, including those events commonly referred to as “acts of God”; (b) damage by persons trespassing upon the Conservation Area; or (c) any emergency measures reasonably and prudently taken by Owner to abate or mitigate significant injury to the Conservation Area as a result of any such natural event or trespass.
- 6.9 Enforcement After Permitted Subdivision. If ownership of the Conservation Area has been subdivided in accordance with this Conservation Easement such that the Conservation Area is no longer owned by one owner and, thereafter, a violation of this Conservation Easement occurs or appears to Holder to have occurred, Holder need only give notice of violation or enforcement action to, and need only undertake legal and other enforcement action against, the owner of that portion of the Conservation Area on which the event, condition or circumstance which constitutes a violation has occurred or exists. Notwithstanding the foregoing, Holder may, in its discretion, give notice of a violation or enforcement action to, undertake enforcement action against and make a party to any legal action, such other owners or parties as Holder deems necessary or appropriate to the correction of the violation, monitoring or management of the Conservation Area or the Conservation Easement, protection of Holder’s rights, or fulfillment of the Conservation Purposes of this Conservation Easement.
- 6.10 Limitation on Certain Rights. This Conservation Easement may only be enforced by Owner and Holder and no third party beneficiary rights, rights of enforcement or other rights are created or intended to be created or granted by this Conservation Easement in or to any other person or entity, any person or entity that was once an “Owner” but is no longer an owner of the Conservation Area, the public generally or any governmental authority except to the limited extent necessary to undertake an action under Section 5.2 or as required by statute (and only to the extent such statute cannot be waived by agreement of Holder and Owner). Owner and Holder do not intend that this Conservation Easement be or create a trust. Without limitation of the foregoing, no person or entity that has been an Owner shall have any rights under this Conservation Easement after such Owner has conveyed that Owner’s legal ownership interest in the Conservation Area and no person or entity that is an Owner as to a part of the Conservation Area shall have any rights under this Conservation Easement as to any part of the Conservation Area not owned by that Owner.
- 6.11 Reimbursement of Expenses of Enforcement. In the event that Holder acts, after violation of the Conservation Easement, to enforce this Conservation Easement or any obligation hereunder, all reasonable expenses incurred by Holder shall be charged to and paid by Owner, including reasonable attorneys’ fees regardless of whether an action or proceeding is commenced and whether incurred before or after the expiration of any cure period provided in this Conservation Easement; except however that Owner shall not be responsible to Holder for costs of a frivolous action by Holder or an action brought in bad faith by Holder, as determined by a court of competent jurisdiction. All such reasonable

expenses, together with costs of collection (including reasonable attorneys' fees), shall be recoverable by Holder and be subject to collection by all lawful means for the collection of a debt under the law of the state in which the Conservation Area is located.

- 6.12 No Merger of Title. Notwithstanding anything to the contrary in this Conservation Easement, should Holder become an Owner of any portion of the Conservation Area, this Conservation Easement shall not merge with any interest in the Conservation Area upon conveyance to Holder and title shall be transferred subject to the continued validity and enforceability of this Conservation Easement in accordance with the laws of the State in which the Conservation Area is located. In such event the rights of Holder under this Conservation Easement as to the portion of the Conservation Area owned by Holder shall forthwith be transferred to a Qualified Organization in accordance with Section 5.3. or, if necessary, 5.2.
- 6.13 Reimbursement of Expenses of Litigation. Owner acknowledges that for the fulfillment of Owner's purposes and intentions for this Conservation Easement, Owner requires Holder to accept perpetual obligations for the interpretation and enforcement of this Conservation Easement and that, pursuant to 26 CFR § 1.170A-14(c), Holder must maintain its reserve capacity to enforce this Conservation Easement. It is therefore agreed that, should Owner or anyone acting by, through, under or on behalf of Owner, commence litigation against Holder to enforce any rights hereunder or to dispute any actions or inaction of Holder, to enforce any alleged duty or obligation of Holder hereunder or to seek damages or specific performance against Holder then unless Holder is finally determined by a court of competent jurisdiction, beyond right of appeal, to have acted contrary to the terms of this Conservation Easement and to have failed to exercise reasonable judgment taking into account the Conservation Purposes, the Conservation Values and the circumstances of which Holder had actual knowledge at the relevant time, then Owner shall reimburse Holder on demand for all reasonable costs and expenses, including attorney's fees, reasonably incurred by Holder in its defense in such litigation. Holder shall not be considered to have failed to exercise reasonable judgment as aforesaid solely based on the fact that Holder did not or does not prevail in legal proceedings or that Holder is determined to have adopted an interpretation of this Conservation Easement not accepted by the court.
- 6.14 No Waiver of Rights of Enforcement. The failure of Holder to exercise any of its rights under this Conservation Easement on any occasion shall not be deemed a waiver of said rights and Holder retains the right in perpetuity to require full compliance by Owner of the covenants and restrictions in this Conservation Easement.

ARTICLE 7. GENERAL PROVISIONS

- 7.1 Owner and Holder Further Defined. The term "Owner" used in this Conservation Easement shall mean and include the above-named Owner and any of Owner's successors or assigns, whether one or more, that are the legal owners of the Conservation Area or any part thereof as to such part of the Conservation Area. The term "Holder" used in this Conservation Easement shall mean and include the above-named Holder and its successors and assigns, it being understood and agreed that any assignee of the rights of

Holder hereunder must be a Qualified Organization and shall carry out the obligations of Holder and the intent of this Conservation Easement.

- 7.2 Vesting of Real Property Interest. This Conservation Easement gives rise to a real property right and interest immediately vested in Holder with a fair market value that is at least equal to the proportionate value that this Conservation Easement at the time of this gift bears to the value of the Conservation Area as a whole at that time. That proportionate value of the Holder's property rights shall remain constant. The fair market value of this Conservation Easement shall be the difference between the fair market value of the Conservation Area unrestricted by this Conservation Easement and the fair market value of the Conservation Area as restricted by this Conservation Easement.
- 7.3 Rules of Construction and Interpretation. The parties recognize the environmental, scenic, and natural values of the Conservation Area and have the common purpose of preserving these values. Any general rule of construction to the contrary notwithstanding, this Conservation Easement shall be liberally construed in favor of the grant to promote, protect and fulfill the Conservation Purposes and the policies and purposes of Holder. If any provision in this Conservation Easement is found to be ambiguous, an interpretation consistent with the Conservation Purposes that would render the provision valid should be favored over any interpretation that would render it invalid. If any provision of this Conservation Easement is determined by final judgment of a court having competent jurisdiction to be invalid, such determination shall not have the effect of rendering the remaining provisions of this Conservation Easement invalid. The parties intend that this Conservation Easement, which is by nature and character primarily prohibitive (in that Owner has restricted and limited the rights inherent in ownership of the Conservation Area), shall be construed at all times and by all parties to promote, protect and fulfill the Conservation Purposes.
- 7.4 Indemnification. Owner covenants and agrees to indemnify, defend, reimburse, and hold harmless Holder, its directors, officers and employees (an "Indemnified Party") from, for and against any Loss (hereinafter defined) to the extent such Loss arose from an Indemnified Cause (hereinafter defined). A "Loss" shall mean any loss, cost, liability, penalty, fine, or damage of any kind or nature whatsoever which an Indemnified Party may reasonably be concluded to have suffered, paid or incurred. The term "cost" shall include, but shall not be limited to, reasonable attorneys' fees and witness and court fees. An "Indemnified Cause" shall mean any of the following: the violation or alleged violation of any law in, upon or involving the Conservation Area by Owner or anyone acting by, for, through or under the direction of Owner, including but not limited to any tenant, contractor, agent, licensee or invitee of Owner; any tax or assessment upon the Conservation Area or upon this Conservation Easement or the rights it represents or that it grants to Holder; any death or injury to any person occurring on or about the Conservation Area; any lien or attempts to enforce a lien asserted against the Conservation Area; the costs of performing any work on the Conservation Area; any loss or damage to any property on or about the Conservation Area; or any lawsuit or governmental administrative or law enforcement action which is commenced or threatened against an Indemnified Party or to which any Indemnified Party is made a party or called as a witness; but notwithstanding the foregoing, "Indemnified Cause"

shall not, as to an Indemnified Party, include any cause which results from acts which are finally determined by a court to have been the result of bad faith, negligence or willful misconduct by that Indemnified Party. It is further agreed that no person shall have an indemnification obligation or liability under this Section as to any Indemnified Cause which arises entirely and solely from events which occurred after such person is no longer the legal owner of the Conservation Area or any part thereof and is no longer in possession of the Conservation Area or any part thereof (it being understood that one or more subsequent Owners shall have such indemnification, defense, reimbursement, and holding harmless obligation).

- 7.5 Responsibilities and Liabilities of Owner. Without limitation of anything herein to the contrary, Owner shall (a) retain all responsibilities and shall bear all costs and liabilities of any kind related to the ownership, operations, upkeep, and maintenance of the Conservation Area, including the general liability insurance coverage and obligation to comply with applicable law and (b) pay all Governmental Charges.
- 7.6 Allocating Proceeds Following Extinguishment of Conservation Easement. It is the intention of the parties that no change in conditions, including for example but not for limitation of the foregoing changes in the use of properties adjoining or in the vicinity of the Conservation Area, will at any time or in any event result in the extinguishment of any of the covenants, restrictions or easements contained in this Conservation Easement. If, however, notwithstanding the foregoing intention, any cause or circumstance gives rise to the extinguishment of this Conservation Easement or a material term or provision hereof by judicial proceeding then Holder, on any subsequent sale, exchange or involuntary conversion of the Conservation Area, shall be entitled, as required in 26 CFR 1.170A-14(g)(6)(ii), to a portion of the proceeds at least equal to the proportionate value that the Conservation Easement at the time of this gift bears to the value of the Conservation Area as a whole at that time, unless state law provides that the Owner is entitled to the full proceeds from the conversion without regard to the terms of this Conservation Easement. All such proceeds received by Holder shall be used in a manner consistent with the Conservation Purposes.
- 7.7 Allocating Proceeds of Condemnation. Whenever all or part of the Conservation Area is taken by exercise of eminent domain by public, corporate or other authority so as to abrogate the restrictions imposed by this Conservation Easement, Owner and Holder shall join in appropriate actions at the time of such taking to recover the full value of the taking and all incidental or direct damages resulting from the taking. All reasonable expenses incurred by Owner and Holder, including reasonable attorneys' fees, in any such action shall be paid out of the recovered proceeds. Holder shall be entitled to a portion of the recovered proceeds proportioned to Holder's real property interest and shall use such proceeds in a manner consistent with the Conservation Purposes. The respective rights of the Owner and Holder in Section 7.6 and this Section 7.7 shall be in addition to and not in limitation of, any rights they may have in common law with respect to a modification or termination of this Conservation Easement by reason of changed conditions or the exercise of powers of eminent domain as aforesaid.

- 7.8 Covenants, Etc. Run With The Land. This Conservation Easement and all of the covenants, indemnifications, releases, easements and restrictions in this Conservation Easement shall run with the land and be binding upon Owner and Owner's successors and assigns, unless otherwise expressly provided in this Conservation Easement.
- 7.9 Limitation on Owner Liability. An Owner shall be and remain liable, even after ownership has been transferred, for any breach or violation of this Conservation Easement if, but only if, such breach or violation occurred during such time as such Owner was the legal or equitable owner of, or is in possession of, the entire Conservation Area or that part of the Conservation Area on which the breach or violation occurred.
- 7.10 Effect on Mortgages and Other Liens. All mortgages, deeds of trust and other liens or encumbrances upon all or any part of the Conservation Area which either come into existence or are recorded in the place for the recording of such liens or encumbrances after the date of this Conservation Easement will be subject to and subordinate to this Conservation Easement.
- 7.11 Right of Conveyance Retained; Notice Required. Nothing in this Conservation Easement shall limit the right of Owner, Owner's successors or assigns to grant or convey the Conservation Area, provided that any such grant or conveyance shall be under and subject to this Conservation Easement. Owner shall notify Holder in writing of any sale, transfer, lease or other disposition of the Conservation Area or any part thereof, whether by operation of law or otherwise, not later than 30 days after such disposition and such notice shall include a copy of the deed, lease, or other declaration of transfer, the date of transfer, and the name or names and addresses for notices of the transferee.
- 7.12 Transfer Payment. In consideration of the perpetual obligations assumed by Holder in this Conservation Easement, the costs of which are unpredictable, including, but not necessarily limited to, the obligations to travel to and inspect the Conservation Area for compliance with this Conservation Easement, communicate with present and future owners and respond to questions and other matters, and maintain financial resources for the enforcement of compliance when necessary in fulfillment of Holder's obligation to be a Qualified Organization under 26 CFR §1.170A-14(c)(1), and in consideration of Owner's desire to support Holder in its charitable mission with respect to the Conservation Area and other properties in which Holder may have accepted conservation easement restrictions, Owner agrees for itself, Owner's successors and assigns, that there shall be paid to Holder the Transfer Payment (hereinafter defined) at the time of each Qualifying Transfer (hereinafter defined) and in the manner stated in this Section.
- 7.12.1 The "Transfer Payment" shall be the amount equal to one percent (1.0%) of the Purchase Price (hereinafter defined) of the Conservation Area or part thereof, the improvements on the Conservation Area and all of the other land and improvements that are included in the Qualifying Transfer.
- 7.12.2 A "Qualifying Transfer" shall mean the conveyance of legal title to the Conservation Area or any part thereof, the improvements on the Conservation Area, and any other land and improvements which are conveyed by the same

deed of conveyance with which the Conservation Area or part thereof is conveyed.

- 7.12.3 The “Purchase Price” shall be the sum of all of the following given in consideration for a Qualifying Transfer: (a) payment of money, (b) transfer of real or personal property or other tangible consideration, (c) purchase money indebtedness, and (d) the assumption of indebtedness. Owner shall be obligated to provide to Holder a true and correct copy of the agreement of sale pertaining to the Qualifying Transfer or other documents verifying the Purchase Price to the reasonable satisfaction of Holder.
- 7.12.4 In the event of a Qualifying Transfer in which all or part of the consideration to seller is in the form of real or personal property rather than the payment of money, purchase money indebtedness or assumption of indebtedness, the Purchase Price shall include an amount equal to the fair market value of such real or personal property given in consideration for the Qualifying Transfer as determined by a qualified appraiser approved by Holder in its reasonable judgment. Appraisals used in the determination of the Purchase Price shall be based upon the guidelines and ethical standards of the Appraisal Institute, as then in effect, for the type of property involved. However, Owner and Holder may, if they so elect in their discretion, without obligation to do so, accept an alternate method of establishing the value of property including by contemporaneous agreement.
- 7.12.5 Purchase Price shall not impute fair market value to that portion of a Qualifying Transfer that is a gift, devise, bequest or other transfer not involving consideration by the payment of money, transfer of real or personal property, purchase money indebtedness or assumption of indebtedness.
- 7.12.6 The Transfer Payment shall not be applicable to a Qualifying Transfer into a corporation, limited liability company or general or limited partnership where the Owner that is the transferor receives all of the shares of the transferee entity as consideration and receives no other consideration.
- 7.12.7 The obligation for payment of the Transfer Payment shall be binding upon the Owner that is the transferor in the Qualifying Transfer and the purchaser or grantee that is the transferee in the Qualifying Transfer, all of whom shall be jointly and severally liable for the payment of the Transfer Payment, and also shall be binding upon their respective successors and assigns, and shall run with the land until paid.
- 7.12.8 The Transfer Payment shall be paid to Holder at or before the time of transfer of legal title as aforesaid. The amount of any Transfer Payment not paid in the amount and at the time required herein shall, (a) accrue interest payable to Holder in the amount of twelve percent (12%) per annum and (b) constitute, together with the accrued interest, to the extent permitted by applicable law, a lien on the Conservation Area in favor of the Holder until paid in full,

provided that such lien shall not be superior to any mortgage, deed of trust or other lien that was executed, recorded and otherwise validly established against the Conservation Area prior to the date of the Qualifying Transfer.

- 7.12.9 Owner shall be liable for reasonable attorneys' fees and other costs of collection reasonably incurred by Holder in the enforcement of this Section.
- 7.12.10 If and to the extent the law of the state in which the Conservation Area is located so requires in order to preserve the validity of this Section, it is agreed that the Transfer Payment shall not apply to any Qualifying Transfer that occurs after the lifetime plus twenty-one (21) years of any biological child of Stephen Thor Johnson, President of the North American Land Trust.
- 7.12.11 Without limitation of any other provision of this Conservation Easement, neither the validity of this Section nor compliance with or enforcement of this Section shall have any bearing whatever on the validity or enforceability of any other provision of this Conservation Easement.
- 7.13 Managerial Control Retained by Owner. Nothing in this Conservation Easement shall be construed as giving rise to any right or ability of Holder to exercise physical or managerial control over day-to-day operations of the Conservation Area, or any of Owner's activities on the Conservation Area, or otherwise to become an operator with respect to the Conservation Area within the meaning of the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended.
- 7.14 Compliance With Law. Notwithstanding provisions hereof to the contrary, if any, Owner shall be solely responsible for complying with all federal, state and local laws and regulations in connection with the conduct of any use of the Conservation Area or the erection of any Structure permitted hereunder, and Owner shall be solely responsible for obtaining any required permits, approvals from the relevant governmental authorities in connection therewith.
- 7.15 Public Access Not Created. Nothing in this Conservation Easement shall be construed to create any right of access to the Conservation Area by the public.
- 7.16 Notices. All notices required of Owner under the terms of this Conservation Easement, and all requests for the approval by Holder, shall be in writing shall be deemed to have been given when either served personally or when sent by certified mail, with return receipt requested and postage prepaid, addressed to Holder at the address stated on the first page of this Conservation Easement or such other address provided by notice from Holder or Owner to the other for the purpose. Notices by Holder to an Owner need only be given to the Owner of the portion of the Conservation Area that is the subject of the notice.
- 7.17 Headings. The underlined headings preceding the Sections in this Conservation Easement are intended for convenience of reference only and shall not be applied in the construction or interpretation of the substance of this Conservation Easement nor shall

any such headings be construed to add to, detract from or otherwise alter the substance, meaning, force or effect of any of the Sections in this Conservation Easement.

- 7.18 Availability or Amount of Tax Benefits. Holder makes no warranty, representation or other assurance regarding the availability, amount or effect of any deduction, credit or other benefit to Owner or any other person or entity under United States or any state, local or other tax law to be derived from the donation of this Conservation Easement or other transaction associated with the donation of this Conservation Easement. This donation is not conditioned upon the availability or amount of any such deduction, credit or other benefit. Holder makes no warranty, representation or other assurance regarding the value of this Conservation Easement or of the Conservation Area. As to all of the foregoing, Owner is relying upon Owner's own legal counsel, accountant, financial advisor, appraiser or other consultant and not upon Holder or any legal counsel, accountant, financial advisor, appraiser or other consultant of Holder. In the event of any audit or other inquiry of a governmental authority into the effect of this donation upon the taxation or financial affairs involving Owner or Owner's successors or assigns or other similar matter then Holder shall be reimbursed and indemnified for any cost or expense of any kind or nature whatsoever incurred by Holder in responding or replying thereto.
- 7.19 Warranties and Representations of Owner. By signing this Conservation Easement, Owner acknowledges, warrants and represents to Holder that:
- 7.19.1 Owner has received and fully reviewed the Baseline Documentation in its present form in its entirety.
- 7.19.2 The Baseline Documentation includes, among other things:
- Photographs of current site conditions on the Conservation Area.
 - Narrative description of the significant ecological and other conservation values and characteristics of the Conservation Area.
 - Supportive Mapping of the Conservation Area including, but not limited to, location maps, aerial photographs and topography.
 - Existing Conditions Report prepared by a biologist/naturalist describing the conservation values and purposes, and any other significant ecological characteristics of the Conservation Area.
- 7.19.3 The Baseline Documentation is an accurate representation of the condition of the Conservation Area at the time of granting this Conservation Easement.
- 7.19.4 Owner has had the opportunity to be represented by counsel of Owner's selection, and fully understands that Owner is hereby permanently relinquishing property rights which would otherwise permit Owner to have a fuller use and enjoyment of the Conservation Area.

- 7.19.5 The undersigned individual or individuals signing as or on behalf of Owner has all legal authority to enter into this Conservation Easement and perform all of the obligations of Owner hereunder, as the binding act of Owner.
- 7.19.6 Owner is seized of the Conservation Area in fee simple title. Owner has the right to grant and convey this Conservation Easement. The Conservation Area is free and clear of any Deed of Trust, Mortgage and any other liens and monetary encumbrances except: (a) liens for taxes not yet due and payable and (b) Deed of Trust or Mortgage liens that are subordinate to this Conservation Easement by virtue of the executed form of Joinder and Consent of Lienholder attached hereto and incorporated herein.
- 7.19.7 There are no recorded or unrecorded leases or other agreement for the production of minerals or removal of timber from the Conservation Area which would, if any of the activities permitted under such lease or other agreement was undertaken by Owner, violate the covenants or restrictions in this Conservation Easement or otherwise defeat the Conservation Purposes.
- 7.19.8 Owner has, to the extent Owner in Owner's discretion has deemed appropriate, investigated with all due diligence the cost, practicality, right, and ability to use and improve the Building Zone according to the Reserved Rights permitted within the Building Zone under this Conservation Easement, as such use and improvement may be affected by zoning, other governmental regulation, access, availability of utilities, soil conditions, geology, topography, other physical and environmental conditions, and any other factor or condition. As to the cost, practicality, right, and ability of Owner to use and improve the Building Zone as and to the extent permitted in this Conservation Easement, Holder makes no warranty or representation, has no obligation, gives no assurance, and is released by Owner, Owner's successors and assigns from any liability and claims, both compensatory and consequential.
- 7.20 State Conservation Easement Law. This Conservation Easement shall be a "conservation easement" under, and shall be governed by, the State Conservation Easement Law and Holder shall have all of the rights and powers of a "Holder" under the State Conservation Easement Law.
- 7.21 Governing Law. This Conservation Easement shall be governed by and construed under the law of the state in which the Conservation Area is located.

TO HAVE AND TO HOLD the easements and rights in this Conservation Easement unto Holder, its successors and assigns, for its own use and benefit forever.

IN WITNESS WHEREOF, and intending to be legally bound hereby, Owner and Holder have executed this Conservation Easement as of the day and year first above written:

CAMELLIA STATION, LLC, a Delaware limited liability company

By: _____ Management, LLC, a Delaware limited liability company, its Manager

By: EcoVest _____, LLC, a Delaware limited liability company, its Manager

By: EcoVest Capital, Inc., a Delaware corporation, its Sole Member

Witness: _____

By: _____
Robert M. McCullough, Senior Vice President, Chief Financial Officer, Secretary and Treasurer

Witness: _____

NORTH AMERICAN LAND TRUST
a non-profit corporation

Attest: _____

By: _____ [Seal]
Stephen Thor Johnson, President

State of Georgia

County of Cherokee

The foregoing instrument was acknowledged before me this _____ day of _____, 20____ by Robert M. McCullough, Senior Vice President, Chief Financial Officer, Secretary and Treasurer of EcoVest Capital, Inc., Sole Member of EcoVest_____, LLC, which is Manager of_____, LLC, which is Manager of Camellia Station, LLC, a Delaware limited liability company, on behalf of the company.

Notary Public
My commission expires:_____

DRAFT

STATE OF PENNSYLVANIA

:

:

COUNTY OF CHESTER

:

On this, the _____ day of _____, 20____, before me, a Notary Public in and for the State of Pennsylvania, the undersigned officer, personally appeared Stephen Thor Johnson, who acknowledged himself to be the President of North American Land Trust, a Pennsylvania Non-Profit Corporation, and that he as such officer, being authorized to do so, executed the foregoing conservation easement for the purposes therein contained by signing the name of the corporation by himself as President.

IN WITNESS WHEREOF, I hereunto set my hand and official seal.

(Seal)

Notary Public

My commission expires: _____

Exhibit G

Form of Amended and Restated Limited Liability Company Agreement of Camellia Station, LLC

[See attached]

**AMENDED AND RESTATED LIMITED LIABILITY COMPANY AGREEMENT
OF
CAMELLIA STATION, LLC**

INVESTING IN CAMELLIA STATION, LLC (THE “COMPANY”) IS SPECULATIVE AND CARRIES A HIGH DEGREE OF RISK. IT IS POSSIBLE THAT AN INVESTOR’S ENTIRE INVESTMENT MAY BE IMPAIRED DUE TO THE SPECULATIVE NATURE OF THE BUSINESS OF THE COMPANY. SUBSTANTIAL RESTRICTIONS ON THE RESALE OF THE UNITS (THE “UNITS”) OF THE COMPANY ARE IMPOSED BY THIS LIMITED LIABILITY COMPANY AGREEMENT.

THE UNITS REPRESENTED BY THIS LIMITED LIABILITY COMPANY AGREEMENT HAVE BEEN (I) ACQUIRED FOR INVESTMENT; AND (II) ISSUED AND SOLD IN ACCORDANCE WITH ALL APPLICABLE FEDERAL AND STATE SECURITIES LAWS. THE UNITS CANNOT BE OFFERED FOR SALE, SOLD OR TRANSFERRED OTHER THAN PURSUANT TO EVIDENCE SATISFACTORY TO THE COMPANY OF COMPLIANCE WITH ALL APPLICABLE FEDERAL AND STATE SECURITIES LAWS. THE COMPANY SHALL BE ENTITLED TO RELY UPON AN OPINION OF COUNSEL SATISFACTORY TO IT WITH RESPECT TO COMPLIANCE WITH THE ABOVE LAWS. UNITHOLDERS SHOULD BE AWARE THAT THEY WILL BE REQUIRED TO BEAR THE FINANCIAL RISKS OF ANY INVESTMENT IN THE UNITS FOR AN INDEFINITE PERIOD OF TIME.

THE SALE OR TRANSFER OF THE UNITS IS SUBJECT TO THE TERMS AND CONDITIONS CONTAINED IN THIS LIMITED LIABILITY COMPANY AGREEMENT, AS MAY BE AMENDED FROM TIME TO TIME, A COPY OF WHICH IS ON FILE WITH THE MANAGER OF THE COMPANY AND MAY BE REVIEWED UPON REQUEST. BY ACCEPTANCE OF UNITS, THE OWNER HEREOF AGREES TO BE BOUND BY THE TERMS OF THIS LIMITED LIABILITY COMPANY AGREEMENT.

**AMENDED AND RESTATED LIMITED LIABILITY COMPANY AGREEMENT
OF
CAMELLIA STATION, LLC**

WITNESSETH:

THIS AMENDED AND RESTATED LIMITED LIABILITY COMPANY AGREEMENT OF CAMELLIA STATION, LLC, a limited liability company organized pursuant to the Delaware Limited Liability Company Act, is entered into and shall be effective as of the Effective Date, by and among the Manager and the Persons executing this Agreement as Members, and shall supersede any and all prior limited liability company agreements and any amendments thereto.

**ARTICLE I
DEFINITIONS**

The following terms used in this Agreement shall have the following meanings (unless the context clearly indicates otherwise):

1.1 “Adjusted Capital Account Deficit” means, with respect to any Member, the deficit balance, if any, in such Member’s Capital Account as of the end of the relevant Fiscal Year, after giving effect to the following adjustments:

(a) Credit to such Capital Account any amounts which such Member is obligated to restore pursuant to any provision of this Agreement or is deemed to be obligated to restore pursuant to the penultimate sentences of Sections 1.704-2(g)(l) and 1.704-2(i)(5) of the Regulations; and

(b) Debit to such Capital Account the items described in Sections 1.704-1(b)(2)(ii)(d)(4), (5) and (6) of the Regulations.

The foregoing definition of Adjusted Capital Account Deficit is intended to comply with the provisions of Section 1.704-1(b)(2)(ii)(d) of the Regulations and shall be interpreted consistently therewith.

1.2 “2015 Budget Act” means the Bipartisan Budget Act of 2015 (Pub. L. 114-74).

1.3 “2015 Budget Act Audit Rules” means the provisions of Subchapter C of Chapter 63 of the Code, as revised by Section 1101 of the 2015 Budget Act, as such provisions may thereafter be amended and including Treasury Regulations or other guidance issued thereunder.

1.4 “Agreement” means this limited liability company agreement as originally executed and as amended from time to time.

1.5 “Capital Account” means, with respect to any Member, the Capital Account maintained for such Member in accordance with the following provisions:

(a) To each Member’s Capital Account there shall be credited such Member’s Capital Contributions, such Member’s distributive shares of Profits and any items in the nature of income or gain which are specially allocated pursuant to Section 9.3 or Section 9.4 hereof, and the amount of any Company liabilities assumed by such Member or which are secured by any Property distributed to such Member.

(b) To each Member's Capital Account there shall be debited the amount of cash and the Gross Asset Value of any Property distributed to such Member pursuant to any provision of this Agreement, such Member's distributive share of Losses and any items in the nature of expenses or Losses which are specially allocated pursuant to Section 9.3 or Section 9.4 hereof, and the amount of any liabilities of such Member assumed by the Company or which are secured by any Property contributed by such Member to the Company.

(c) In the event all or any portion of an interest in the Company is transferred in accordance with the terms of this Agreement, the transferee shall succeed to the Capital Account of the transferor to the extent it relates to the transferred interest.

(d) In determining the amount of any liability for purposes of this definition, there shall be taken into account Code Section 752(c) and any other applicable provisions of the Code and Regulations.

The foregoing provisions and the other provisions of this Agreement relating to the maintenance of Capital Accounts are intended to comply with Regulations Section 1.704-1(b), and shall be interpreted and applied in a manner consistent with such Regulations. In the event the Manager shall determine that it is prudent to modify the manner in which the Capital Accounts, or any debits or credits thereto (including, without limitation, debits or credits relating to liabilities which are secured by contributed or distributed Property or which are assumed by the Company or Members), are computed in order to comply with such Regulations, the Manager may make such modification, provided that it is not likely to have a material effect on the amounts distributable to any Member pursuant to Article XIV hereof upon the dissolution of the Company. The Manager also shall make any adjustments that are necessary or appropriate to maintain equality between the Capital Accounts of the Members and the amount of Company capital reflected on the Company's balance sheet, as computed for book purposes, in accordance with Regulations Section 1.704-1(b)(2)(iv)(g) and shall make any appropriate modifications in the event unanticipated events might otherwise cause this Agreement not to comply with Regulations Section 1.704-1(b).

1.6 "Capital Contribution" means any contribution to the capital of the Company in cash or property by a Member whenever made, and shall include the amount of money and the initial Gross Asset Value of any property (other than money) contributed to the Company with respect to the interest in the Company held by such Member. The principal amount of a promissory note which is not readily traded on an established securities market and which is contributed to the Company by the maker of the note shall not be included in the Capital Account of any Person until the Company makes a taxable disposition of the note or until (and to the extent) principal payments (but not interest payments) are made on the note, all in accordance with Regulations Section 1.704-1(b)(2)(iv)(d)(2).

1.7 "Certificate of Formation" means the Certificate of Formation of Camellia Station, LLC, as filed with the Secretary of State of Delaware, as the same may be amended from time to time.

1.8 "Code" means the Internal Revenue Code of 1986, as amended from time to time.

1.9 "Company" means Camellia Station, LLC.

1.10 "Company Minimum Gain" has the meaning given the term "partnership minimum gain" set forth in Regulations Sections 1.704-2(b)(2) and (d).

1.11 "Company Representative" has the meaning ascribed to such term in Section 15.12(b).

1.12 “Delaware Act” means the Delaware Limited Liability Company Act at Del. Code tit. 6, §§ 18-101, seq.

1.13 “Depreciation” means, for each Fiscal Year or other period, an amount equal to the depreciation, amortization or other cost recovery deduction allowable with respect to an asset for such Fiscal Year or other period, except that if the Gross Asset Value of an asset differs from its adjusted basis for federal income tax purposes at the beginning of such Fiscal Year or other period, 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 Fiscal Year or other period bears to such beginning adjusted tax basis; provided, however, that if the adjusted tax basis for federal income tax purposes of an asset at the beginning of such Fiscal Year or other period is zero, Depreciation shall be determined with reference to such beginning Gross Asset Value using any reasonable method selected by the Manager.

1.14 “Development Agreement” means that certain Development Agreement by and between Holdings and Camellia Station Development Company, LLC, a Delaware limited liability company and affiliate of the Manager, providing for the potential development of the Real Property and other Property.

1.15 “Distributable Cash” means all cash, revenues and funds received by the Company from Company operations or otherwise, less the sum of the following to the extent paid or set aside by the Company: (a) all principal and interest payments on indebtedness of the Company and all other sums paid to lenders; (b) all cash expenditures incurred incident to the normal operation of the Company’s business; and (c) such reserves as the Manager deems reasonably necessary for the proper operation of the Company’s business, including but not limited to the Operating Reserve.

1.16 “Economic Interest” means a Member’s or Economic Interest Holder’s share of the Company’s Profits, Losses and distributions of the Company’s Property pursuant to this Agreement and the Delaware Act. An Economic Interest shall not include any right to participate in the management of the business and affairs of the Company, including any rights to vote on, consent to or otherwise participate in any decision or action of the Members granted pursuant to this Agreement or the Delaware Act.

1.17 “Economic Interest Holder” means any holder of an Economic Interest other than a Member.

1.18 “Effective Date” means, for purposes of this Agreement, the date noted on the signature page hereto.

1.19 “Entity” means, any general partnership, limited partnership, limited liability company, corporation, joint venture, trust, business trust, cooperative or association, any foreign trust or foreign business organization, or any government, governmental agency, or political subdivision.

1.20 “Fiscal Year” means the Company’s fiscal year, which shall be the calendar year.

1.21 “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 Member to the Company shall be the gross fair market value of such asset, as determined by the contributing Member and the Company;

(b) The Gross Asset Values of all Company assets shall be adjusted to equal their respective gross fair market values, as determined by the Manager (except as provided in Section 14.4(b)(iv)(1) hereof), as of the following times: (i) the acquisition of an additional interest in the Company after the date hereof by any new or existing Member in exchange for more than a de minimis Capital Contribution; (ii) the acquisition of an interest in the Company (other than a de minimis interest) as consideration for the provision of services to or for the benefit of the Company by any new or existing Member or by any new Member in anticipation of being a Member; (iii) the distribution by the Company to a Member of more than a de minimis amount of Property as consideration for an interest in the Company; (iv) in situations where guidance is otherwise lacking, in accordance with Regulations Section 1.704-1(b)(2)(iv)(q); and (v) the liquidation of the Company within the meaning of Regulations Section 1.704-1(b)(2)(ii)(g); provided, however, that adjustments pursuant to clauses (i), (ii), (iii) and (iv) above shall be made only if the Manager reasonably determines that such adjustments are necessary or appropriate to reflect the relative economic interests of the Members in the Company;

(c) The Gross Asset Value of any Company asset distributed to any Member shall be the gross fair market value of such asset on the date of distribution as determined by the Manager; 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 Code Section 734(b) or Code Section 743(b), but only to the extent that such adjustments are taken into account in determining Capital Accounts pursuant to Regulations Section 1.704-1(b)(2)(iv)(m) and Article IX hereof; provided, however, that Gross Asset Values shall not be adjusted pursuant to this subparagraph (d) to the extent the Manager determines that an adjustment pursuant to subparagraph (b) is necessary or appropriate in connection with a transaction that would otherwise result in an adjustment pursuant to this subparagraph (d).

If the Gross Asset Value of an asset has been determined or adjusted pursuant to subparagraph (a), subparagraph (b) or subparagraph (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.

1.22 “Holdings” means Camellia Station Holdings, LLC, a Delaware limited liability company.

1.23 “Losses” has the meaning set forth in the definition of Profits and Losses.

1.24 “Majority” means the affirmative vote or consent of Members owning Units which, taken together, exceed fifty percent (50%) of the aggregate of all Units entitled to vote thereon.

1.25 “Management Agreement” means that certain Management Agreement by and among Holdings, the Company and the Manager for the provision of certain management and other services described herein.

1.26 “Manager” means the manager of the Company, which shall have the rights and duties set forth in Article V hereof. The Company shall have a sole initial Manager, which shall be Camellia Station Management, LLC, a Delaware limited liability company. The number of Managers may be increased or decreased from time to time by the approval of a Majority of the Members. At any time there is only one Manager of the Company, all references to the Managers in the plural shall be deemed to refer to such Manager.

1.27 “Member” means each of the parties who execute this Agreement or a counterpart of this Agreement as a Member and each of the parties who may hereafter become Members. Unless specifically

stated otherwise, all references to a Member shall include a Member acting as a Manager. References in this Agreement to a “Member” shall also refer to an Economic Interest Holder but only to the extent that the reference relates to an Economic Interest.

1.28 “Member Nonrecourse Debt” has the meaning given the term “partner nonrecourse debt” set forth in Section 1.704-2(b)(4) of the Regulations.

1.29 “Member Nonrecourse Debt Minimum Gain” means an amount, with respect to each Member Nonrecourse Debt, equal to the Company Minimum Gain that would result if such Member Nonrecourse Debt were treated as a Nonrecourse Liability, determined in accordance with Section 1.704-2(b)(3) of the Regulations.

1.30 “Member Nonrecourse Deductions” has the meaning given the term “partner nonrecourse deductions” as set forth in Sections 1.704-2(i)(1) and (2) of the Regulations.

1.31 “Membership Interest” means a Member’s entire interest in the Company including such Member’s Economic Interest and the right to participate in the management of the business and affairs of the Company, including the right to vote on, consent to, or otherwise participate in any decision or action of or by the Members granted pursuant to this Agreement or the Delaware Act. A Member’s Membership Interest shall be designated in Units.

1.32 “Nonrecourse Deductions” has the meaning set forth in Section 1.704-2(b)(1) of the Regulations.

1.33 “Nonrecourse Liability” has the meaning set forth in Section 1.704-2(b)(3) of the Regulations.

1.34 “Operating Reserve” means the reserve account for the Company established by the Manager for Company purposes, including debt service (if any), taxes, insurance, maintenance, accrued or deferred expenses, and other working capital needs, contingent liabilities, taxes and purchases. The Operating Reserve shall be excluded from Distributable Cash as the Manager deems reasonably necessary for the proper operation of the Company’s business.

1.35 “Ownership Interest” means the proportion that a Member’s Units bear to the aggregate Units owned by all Members from time to time.

1.36 “Person” means any individual or Entity, and the heirs, executors, administrators, legal representatives, successors, and assigns of such “Person” where the context so permits.

1.37 “Profits” and “Losses” means, for each Fiscal Year, an amount equal to the Company’s taxable income or loss for such Fiscal Year, determined in accordance with Code Section 703(a) (for this purpose, all items of income, gain, loss, or deduction required to be stated separately pursuant to Code Section 703(a)(1) shall be included in taxable income or loss), with the following adjustments (without duplication):

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

(ii) Any expenditures of the Company described in Code Section 705(a)(2)(B) or treated as Code Section 705(a)(2)(B) expenditures pursuant to Regulations Section 1.704-

l(b)(2)(iv)(i), and not otherwise taken into account in computing Profits or Losses pursuant to this definition of “Profits” and “Losses” shall be subtracted from such taxable income or loss;

(iii) In the event the Gross Asset Value of any Company asset is adjusted pursuant to subparagraphs (b) or (c) of the definition of Gross Asset Value, the amount of such adjustment shall be treated as an item of gain (if the adjustment increases the Gross Asset Value of the asset) or an item of loss (if the adjustment decreases the Gross Asset Value of the asset) from the disposition of such asset and shall be taken into account for purposes of computing Profits or Losses;

(iv) Gain or loss resulting from any disposition of 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;

(v) 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 allocation year, computed in accordance with the definition of Depreciation;

(vi) To the extent an adjustment to the adjusted tax basis of any Company asset pursuant to Code Section 734(b) is required, pursuant to Regulations Section 1.704-(b)(2)(iv)(m)(4), to be taken into account in determining Capital Accounts as a result of a distribution other than in liquidation of a Member’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 such basis) from the disposition of such asset and shall be taken into account for purposes of computing Profits or Losses; and

(vii) Notwithstanding any other provision of this definition, any items which are specially allocated pursuant to Section 9.3 or Section 9.4 hereof shall not be taken into account in computing Profits or Losses.

The amounts of the items of Company income, gain, loss or deduction available to be specially allocated pursuant to Sections 9.3 and 9.4 hereof shall be determined by applying rules analogous to those set forth in subparagraphs (i) and (vi) above.

1.38 “Property” means all that real and personal property owned by the Company, and shall include both tangible and intangible property.

1.39 “Real Property” means that certain real property owned by the Company consisting of approximately 45.22 acres of unimproved real estate located in Horry County, South Carolina, as more specifically identified on Exhibit A attached hereto, together with all easements, rights of access, riparian rights, mineral and mining rights, and all other property rights relating thereto.

1.40 “Regulations” means the Federal Income Tax Regulations promulgated under the Code, as such regulations may be amended from time to time (including corresponding provisions of succeeding regulations).

1.41 “Tax Matters Member” has the meaning ascribed to such term in Section 15.12(b).

1.42 “Transferring Member” means a Member who sells, assigns, pledges, hypothecates or otherwise transfers for consideration or gratuitously all or any portion of his Membership Interest.

1.43 “Units” means the denomination of membership interests of the Company. The Members’ respective Ownership Interests in the Company may be calculated by dividing the number of Units held by any Member by the total number of outstanding Units. The interest in the Company reflected by Units includes a Member’s Economic Interest and the right to participate in the management of the business and affairs of the Company, including the right to vote on, consent to, or otherwise participate in any decision or action of or by the Members granted pursuant to this Agreement or the Delaware Act. There shall be one class of Units in the Company and each Unit shall carry with it the right to vote (except as may be specifically limited herein) on the basis of one vote per Unit. There shall be initially 1,000 Units authorized for issuance by the Company.

Each of the following terms shall have the meaning given such terms as set forth in the section of this Agreement set forth below opposite such term:

<u>Defined Term</u>	<u>Section</u>
Cause	5.9
Conservation Easement	13.1
Conservation Option	13.2(b)
Covered Person	5.6
Deferral Option	13.2(c)
Development Option	13.2(a)
Development Plan	13.1
Gift	11.1
Investment Options	13.2(c)
Notices	15.13
Postal Service	15.13
Proposed Grantee	13.1
Regulatory Allocations	9.4
Sale	11.1
Withdrawing Member	14.1(b)

ARTICLE II FORMATION OF COMPANY

2.1 **Formation.** The Company was formed by its organizer as a Delaware limited liability company by executing and delivering the Certificate of Formation to the Secretary of State of Delaware in accordance with the provisions of the Delaware Act.

2.2 **Name.** The name of the Company is Camellia Station, LLC.

2.3 **Principal Place of Business.** The principal place of business of the Company is 3424 Peachtree Road NE, Suite 1550, Atlanta, Georgia 30326. The Company may locate its places of business and registered office at any other place or places as the Manager may from time to time deem advisable.

2.4 **Registered Office and Registered Agent.** The Company’s initial registered office shall be at the office of its registered agent at 1209 Orange Street, Wilmington, Delaware 19801, and the name of its registered agent at such address is The Corporation Trust Company. The registered office and registered agent may be changed from time to time by filing the address of the new registered office and/or the name of the new registered agent with the Secretary of State of Delaware pursuant to the Delaware Act and the applicable rules promulgated thereunder.

2.5 Term. The term of the Company shall commence on the date the Certificate of Formation was filed with the Secretary of State of Delaware and shall continue perpetually thereafter, unless sooner terminated and dissolved in accordance with the provisions of this Agreement or the Delaware Act.

ARTICLE III

BUSINESS OF COMPANY

3.1 Permitted Businesses. The business of the Company shall be to engage in any lawful act or activity to which, subject to the terms of this Agreement, a Majority consent in writing.

ARTICLE IV

NAMES, ADDRESSES AND UNITS OF MEMBERS

4.1 Members. The names, addresses and number of Units owned by each of the Members is as set forth on Exhibit B attached hereto, which exhibit may be updated by the Manager from time to time as necessary to reflect the then current Members of the Company.

ARTICLE V

RIGHTS AND DUTIES OF THE MANAGER

5.1 Management. The business and affairs of the Company shall be managed by its Manager. Except for situations where the approval of the Members is expressly required by this Agreement or by nonwaivable provisions of applicable law, the Manager shall have full and complete authority, power and discretion to manage and control the business, affairs and properties of the Company, to make all decisions regarding those matters and to perform any and all other acts or activities customary or incident to the management of the Company's business. The Manager shall have all authority, rights and powers conferred by law and those required or appropriate to the management of the Company's business. At any time when there is more than one Manager, any one Manager may take any action permitted to be taken by the Manager.

5.2 Certain Powers of the Manager. Without limiting the generality of Section 5.1 and subject to Section 5.3, and except as provided in Section 5.11 hereof, the Manager shall have the absolute power and authority on behalf of the Company:

(a) To acquire any property in the ordinary course of business from any Person as the Manager may determine. The fact that a Manager is directly or indirectly affiliated or connected with any such Person shall not prohibit the Manager from dealing with that Person.

(b) To borrow money for the Company from banks, other lending institutions, the Members, or affiliates of the Members on such terms as the Manager deems appropriate. No debt shall be contracted or liability incurred by or on behalf of the Company except by the Manager, or by agents or employees of the Company expressly authorized by the Manager to contract such debt or incur such liability.

(c) To purchase liability and other insurance to protect the Company's Property and business.

(d) To hold or own any Property in the name of the Company or to sell or dispose of any Property in the ordinary course of the Company's business.

(e) To invest any Company funds temporarily (by way of example but not limitation) in time deposits, short-term governmental obligations, commercial paper or other investments.

(f) To execute on behalf of the Company all instruments and documents, including, without limitation, checks; drafts; notes and other negotiable instruments; mortgages, security deeds or deeds of trust; security agreements; financing statements; documents providing for the acquisition, mortgage or disposition of Property; deeds; assignments; bills of sale; leases; partnership agreements, limited liability company agreements or operating agreements of other limited liability companies; and any other instruments or documents necessary, appropriate or convenient, in the opinion of the Manager, to the business of the Company.

(g) To employ accountants, legal counsel, managing agents or other experts to perform services for the Company and to compensate them from Company funds.

(h) To enter into any and all agreements on behalf of the Company, with any other Person for any purpose, in such forms as the Manager may approve.

(i) To do and perform all other acts as may be necessary or appropriate for the conduct of the Company's business.

(j) To vote the membership or other Ownership Interests the Company has in any other Entity.

Unless authorized to do so by this Agreement or by the Manager, no attorney-in-fact, employee or other agent of the Company shall have any power or authority to bind the Company in any way, to pledge its credit or to render it liable pecuniarily for any purpose.

5.3 Liability for Certain Acts. The Manager shall act in a manner which he, she or it believes in good faith to be in the best interest of the Company and with such care as an ordinarily prudent person in a like position would use under similar circumstances. A Manager is not liable to the Company or to any Member for any action taken in managing the business or affairs of the Company if he, she or it performs the duty of his, her or its office in compliance with the standard contained in this Section 5.3. No Manager has guaranteed nor shall have any obligation with respect to the return of a Member's Capital Contribution or Profits from the operation of the Company. No Manager shall be liable to the Company or to any Member for any loss or damage sustained by the Company or any Member except loss or damage resulting from intentional misconduct or knowing violation of law or a transaction for which such Manager received a personal benefit in violation or breach of the provisions of this Agreement. The Manager shall be entitled to rely on information, opinions, reports or statements, including, but not limited to, financial statements or other financial data, prepared by the Company.

5.4 Manager Has No Exclusive Duty to Company. The Manager shall not be required to manage the Company as its sole and exclusive function and it may have other business interests and may engage in other activities in addition to those relating to the Company. The Manager shall incur no liability to the Company or to any of the Members as a result of engaging in any other business or venture.

5.5 Bank Accounts. The Manager may from time to time open bank accounts in the name of the Company, and the Manager shall be the sole signatory thereon, unless the Manager determines otherwise. All funds of the Company shall be deposited in its name in an account or accounts as shall be designated from time to time by the Manager. All funds of the Company shall be used solely for the

business of the Company. All withdrawals from the Company bank accounts shall be made only by the Manager or by such other persons as the Manager may designate from time to time.

5.6 Indemnity of the Manager, Employees and Other Agents. To the fullest extent permitted under the Delaware Act, the Company shall indemnify the Manager and make advances for expenses to it with respect to its duties (including fiduciary duties to the extent any such duties exist) and liabilities arising out of or connected with its capacity as Manager. The Company shall indemnify its employees and other agents other than the Manager (if any) to the fullest extent permitted by law with respect to their duties and liabilities arising out of or connected with their capacities as employees of the Company. It shall be a requirement of any indemnification set forth in this Section 5.6 that the person seeking such indemnification (a “Covered Person”) (x) acted in good faith and in a manner believed by such Covered Person to be in, or not opposed to, the best interests of the Company and, with respect to any criminal proceeding, had no reasonable cause to believe his conduct was unlawful, and (y) such Covered Person’s conduct did not constitute fraud or gross negligence by such Covered Person, in either case as determined by a final, nonappealable order of a court of competent jurisdiction. In connection with the foregoing, the termination of any action, suit or proceeding by judgment, order, settlement, conviction, or upon a plea of nolo contendere or its equivalent, shall not, of itself, create a presumption that the Covered Person did not act in good faith or, with respect to any criminal proceeding, had reasonable cause to believe that such Covered Person’s conduct was unlawful, or that the Covered Person’s conduct constituted fraud or gross negligence.

5.7 Term. Each Manager’s term (subject to removal in accordance with Section 5.9) shall be for the remaining term of the Company.

5.8 Resignation. Any Manager of the Company may resign at any time by giving written notice to the Members of the Company. The resignation of any Manager shall take effect upon receipt of notice thereof or at such later time as shall be specified in such notice; and, unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective. The resignation of a Manager who also is a Member shall not affect the Manager’s rights as a Member and shall not constitute a withdrawal of a Member.

5.9 Removal. All or any lesser number of Managers may be removed at any time for Cause by the vote of a Majority. In addition, all or any lesser number of Managers may be removed at any time without Cause by the vote of at least two-thirds of the outstanding Units of the Company. For purposes of this Section 5.9, “Cause” shall mean: (i) the perpetration by such Manager of willful fraud against the Company; or (ii) the willful breach by such Manager of any of his, her or its covenants or agreements contained in this Agreement, which is not cured within 30 days following written notice provided by the Majority. The removal of a Manager who also is a Member shall not affect the Manager’s rights as a Member and shall not constitute a withdrawal of a Member. The Manager, the Company and Holdings hereby agree that if the Manager is removed as the Manager of the Company for any reason under this Agreement, then the Manager, the Company and Holdings will negotiate in good faith to amend the Management Agreement so that the Manager is no longer the manager of the Company’s assets thereunder, and the Company is no longer a party to the Management Agreement.

5.10 Vacancies. Any vacancy occurring for any reason in the number of Managers of the Company may be filled by the vote of a Majority. A Manager elected to fill a vacancy shall hold office until the expiration of his term and until his successor shall be elected and shall qualify or until his earlier death, resignation or removal. If for any reason at any time there is not at least one Manager, then each of the Members shall automatically become a Manager until such time as the Members, by the vote of a Majority thereof, have designated one or more Managers.

5.11 Limitations on Manager's Authority. Except as specifically provided for elsewhere in this Agreement, no Manager shall have the power or authority to take any of the following actions without a vote of a Majority:

(a) Except for the Management Agreement, which authorizes the payment of certain fees and expense reimbursements to the Manager, and the Development Agreement, which authorizes the payment of certain amounts to an affiliate of the Manager, both of which shall be deemed to be approved by the Members, enter into a vendor contract or service agreement which would commit or obligate the Company to expend more than \$150,000 of Company funds;

(b) File bankruptcy for the Company, settle or compromise any claim of the Company in excess of \$100,000, or confess a judgment against the Company;

(c) Make any loans of Company funds;

(d) Cause the Company to be a party to a merger, acquisition, or other consolidation;

(e) Mortgage, pledge, encumber, grant a security interest in, lease or sell the Real Property, except in compliance with Article XIII hereof or as provided for in the Management Agreement or Development Agreement;

(f) Take any action in derogation of the decision of the Members under Article XIII hereof; or

(g) Take any action which is in contravention of this Agreement or which would make it impossible to carry on the ordinary business of the Company.

Should any Manager desire to take any of the above-described actions, such Manager shall notify each of the Members of such fact in accordance with the notice provisions set forth in Section 15.13. The Manager shall not take the proposed action unless and until it has received the affirmative written consents of a Majority. Notwithstanding any other provision of this Agreement, an Economic Interest Holder shall not have any of the approval rights set forth in this Section 5.11 or any vote or Membership Interest (other than an Economic Interest) in the Company.

5.12 Compensation. The Manager shall be reimbursed for all reasonable expenses incurred in managing the Company and carrying out his duties hereunder. Except as may be provided in the Management Agreement, the Manager shall not be entitled to any other compensation for carrying out its duties or acting as Manager.

ARTICLE VI

RIGHTS AND OBLIGATIONS OF MEMBERS; MEETINGS

6.1 No Liability to Third Parties. Each Member's liability to third parties shall be limited to the fullest extent permitted by the Delaware Act.

6.2 Liability for Certain Acts. No Member has guaranteed nor shall any Member have any obligation with respect to the return of a Member's Capital Contributions or distributions from the Company. No Member shall be liable to the Company or to any Member for any loss or damage sustained by the Company or any Member except loss or damage resulting from intentional misconduct or knowing violation of law or a transaction for which such Member received a personal benefit in violation or breach of the provisions of this Agreement. Each Member shall be entitled to rely on information, opinions,

reports or statements, including but not limited to financial statements or other financial data prepared or presented in accordance with the provisions of the Delaware Act.

6.3 Indemnity of Members. To the fullest extent permitted under the Delaware Act, the Company shall indemnify the Members and make advances for expenses to them with respect to their duties (including fiduciary duties to the extent any such duties exist) and liabilities arising out of or connected with their respective capacities as Members.

6.4 List of Members. Upon written request of any Member, the Manager shall provide a list showing the names, addresses and Membership Interests of all Members and the other information maintained pursuant to Section 10.2.

6.5 Priority and Return of Capital. Except as may be expressly provided in Sections 8.1 and 14.4, no Member shall have priority over any other Member, either as to the return of Capital Contributions or as to other distributions. This Section shall not apply to loans (as distinguished from Capital Contributions) which a Member has made to the Company.

6.6 Members Have No Exclusive Duty to Company. The Members may have other business interests and may engage in other activities in addition to those relating to the Company. Neither the Company nor any Member shall have any right, by virtue of this Agreement, to share or participate in such other investments or activities of the Member or to the income or proceeds derived therefrom. The Member shall incur no liability to the Company or to any or the Members as a result of engaging in any other business or venture.

6.7 Loans to Company. No Member shall be required to make any loans to the Company. To the extent approved by the Manager, Members may be permitted to make loans to the Company if and to the extent they so desire and the Company requires such funds. The making of any loan by a Member shall not create any fiduciary duty as between the Member and the Company and shall not otherwise restrict the right to foreclose, or restrict any other legal remedies which may be exercised by the Member as may be provided to a third party creditor under law. Any Member who shall lend money to the Company under the terms of this Section 6.7 shall be considered an unrelated creditor with respect to such loan to the extent allowed by applicable law.

6.8 No Annual or Other Meetings Required. Notwithstanding anything in the Delaware Act to the contrary, no annual or other meetings of the Members shall be required, the same being hereby waived. The Members may meet from time to time as they desire in accordance with the following procedures: Members holding a Majority may call a meeting of the Members by providing written notice to the Manager as provided in Section 15.13. Within 20 days after receipt of such request, the Manager shall provide all Members with written notice of a meeting to be held not less than 15 nor more than 60 days after receipt of such written request, which notice (i) shall specify the time and place of such meeting, (ii) shall contain a detailed statement of each matter to be acted on at such meeting, (iii) shall include a verbatim resolution proposed for adoption by any Member calling such meeting and (iv) shall include proxies or written consents which specify a choice between approval or disapproval of each matter to be acted upon at such meeting. Meetings of the Members shall be held at such location as shall be specified by the Manager. Voting by proxy shall be permitted. A Majority entitled to vote, represented in person or by proxy, shall constitute a quorum at a meeting of the Members.

6.9 No Requirements of Minutes. Although the Company may maintain books of minutes or other records of proceedings of the Company, neither the Manager, the Members nor the Company shall be required to maintain minutes of the Company or other records of its proceedings.

ARTICLE VII
CONTRIBUTIONS TO THE COMPANY AND CAPITAL ACCOUNTS

7.1 Members' Capital Accounts. The Members' Capital Accounts shall be set and maintained in accordance with the definition of "Capital Accounts" in this Agreement.

7.2 Initial Capital Contributions. Each Member executing this Agreement has made a Capital Contribution to the Company and holds the number of Units set forth on Exhibit B. Each Person who thereafter purchases Units from the Company shall make a Capital Contribution in an amount determined by the Manager.

7.3 Additional Capital Contributions. No Member shall be required to make any additional Capital Contributions. To the extent approved by a Majority, a Member may be permitted to make additional Capital Contributions but only with the consent of such Member.

ARTICLE VIII
DISTRIBUTIONS TO MEMBERS

8.1 Distributions. All distributions of Distributable Cash shall be made, at times and in amounts as approved by the Manager, as follows:

(a) First, to the Members, pro rata, based upon their positive Capital Accounts, until their Capital Accounts are reduced to zero;

(b) Then, all remaining Distributable Cash shall be distributed to the Members, pro rata, in accordance with their Ownership Interests.

8.2 Amounts Withheld. The Company is authorized to withhold from payments and distributions, with respect to allocations to the Members, and to pay over to any federal, state and local government or any foreign government, any amounts required to be so withheld pursuant to the Code or any provisions of any other federal, state or local law or any foreign law, and shall allocate such amounts to the Members with respect to which such amount was withheld.

8.3 Limitation Upon Distributions. No distribution shall be made to Members if prohibited by the Delaware Act.

ARTICLE IX
ALLOCATIONS

9.1 Profits. After giving effect to the special allocations set forth in Sections 9.3 and 9.4 hereof, Profits for any Fiscal Year shall be allocated to the Members, pro rata, based upon their respective Ownership Interests.

9.2 Losses. After giving effect to the special allocations set forth in Sections 9.3 and 9.4 hereof, Losses for any Fiscal Year shall be allocated to the Members in the following order and priority:

(a) Except as provided in Section 9.2(b) hereof, Losses for any Fiscal Year shall be allocated to the Members pro rata, based upon their respective Ownership Interests.

(b) The Losses allocated to a Member pursuant to Section 9.2(a) shall not exceed the maximum amount of Losses that can be allocated to such Member without causing such Member to have

an Adjusted Capital Account Deficit as of the end of the Fiscal Year to which the allocations relate. The limitations set forth in this Section 9.2(b) shall be applied on a Member-by-Member basis.

9.3 Special Allocations. The following special allocations shall be made in the following order:

(a) Minimum Gain Chargeback. Except as otherwise provided in Regulations Section 1.704-2(f), and notwithstanding any other provision of this Article IX, if there is a net decrease in Company Minimum Gain during any Fiscal Year, each Member shall be specially allocated items of Company income and gain for that Fiscal Year (and, if necessary subsequent Fiscal Years) in an amount equal to such Member's share of the net decrease in Company Minimum Gain, determined in accordance with Regulations Section 1.704-2(g). Allocations pursuant to the previous sentence shall be made in proportion to the respective amounts required to be allocated to each Member pursuant thereto. The items to be so allocated shall be determined in accordance with Regulations Sections 1.704-2(f)(6) and 1.704-2(j)(2). This Section 9.3(a) is intended to comply with the Minimum Gain Chargeback requirement in Regulations Section 1.704-2(f) and shall be interpreted consistently therewith.

(b) Member Minimum Gain Chargeback. Except as otherwise provided in Regulations Section 1.704-2(i)(4), and notwithstanding any other provisions of this Article IX, if there is a net decrease in Member Nonrecourse Debt Minimum Gain during any Fiscal Year, each Member who has a share of the Member Nonrecourse Debt Minimum Gain attributable to such Member Nonrecourse Debt, determined in accordance with Section 1.704-2(i)(5) of the Regulations, shall be specially allocated items of Company income and gain for such Fiscal Year (and, if necessary, subsequent Fiscal Years) in an amount equal to such Member's share of the net decrease in Member Nonrecourse Debt Minimum Gain attributable to such Member Nonrecourse Debt, determined in accordance with Regulations Sections 1.704-2(i)(4). Allocations pursuant to the previous sentence shall be made in proportion to the respective amounts required to be allocated to each Member pursuant thereto. The items to be so allocated shall be determined in accordance with Regulations Sections 1.704-2(i)(4) and 1.704-2(j)(2). This Section 9.3(b) is intended to comply with the Minimum Gain Chargeback requirement of Regulations Section 1.704-2(i)(4), and shall be interpreted consistently therewith.

(c) Qualified Income Offset. In the event any Member unexpectedly receives any adjustments, allocations, or distributions described in Regulations Sections 1.704-1(b)(2)(ii)(d)(4), (d)(5), or (d)(6), items of Company income and gain shall be specially allocated to each such Member in an amount and manner sufficient to eliminate, to the extent required by the Regulations, the Adjusted Capital Account Deficit of such Member as quickly as possible, provided that an allocation pursuant to this Section 9.3(c) shall be made only if and to the extent that such Member would have an Adjusted Capital Account Deficit after all other allocations provided for in this Article IX have been tentatively made as if this Section 9.3(c) were not in the Agreement.

(d) Gross Income Allocation. In the event any Member has an Adjusted Capital Account Deficit at the end of any Fiscal Year, the Member shall be specially allocated items of Company income and gain in the amount of such deficit as quickly as possible, provided that an allocation pursuant to this Section 9.3(d) shall be made only if and to the extent that such Member would have an Adjusted Capital Account Deficit after all other allocations provided for in this Article IX have been made as if Section 9.3(c) hereof and this Section 9.3(d) were not in the Agreement.

(e) Member Nonrecourse Deductions. Any Member Nonrecourse Deductions for any Fiscal Year or other period shall be specially allocated to the Member who bears the economic risk of loss with respect to the Member Nonrecourse Debt to which such Member Nonrecourse Deductions are attributable in accordance with Regulations Sections 1.704-2(i)(1).

(f) Section 754 Adjustments. To the extent 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 Regulations Sections 1.704-1(b)(2)(iv)(m)(2) or (4), to be taken into account in determining Capital Accounts, the amount of such adjustment to the Capital Accounts shall be treated as an item of gain (if the adjustment increases the basis of the asset) or loss (if the adjustment decreases such basis) and such gain or loss shall be specially allocated to the Members in accordance with their interest in the Company in the event that Regulations Section 1.704-1(b)(2)(iv)(m)(2) applies, or to the Member to whom such distribution was made in the event that Regulations Section 1.704-1(b)(2)(v)(m)(4) applies.

(g) Nonrecourse Deductions. Nonrecourse Deductions for any year or other period shall be allocated to the Members, pro rata, based upon their respective Ownership Interests as set forth herein.

9.4 Curative Allocations. The allocations set forth in Section 9.3 (the “Regulatory Allocations”) are intended to comply with certain requirements of the Regulations. It is the intent of the Members that, to the extent possible, all Regulatory Allocations shall be offset either with other Regulatory Allocations or with special allocations of other items of Company income, gain, loss or deduction pursuant to this Section 9.4. Therefore, notwithstanding any other provisions of this Article IX (other than the Regulatory Allocations), the Manager shall make such offsetting special allocations of Company income, gain, loss or deduction in whatever manner it determines appropriate so that, after such offsetting allocations are made, each Member’s Capital Account balance is, to the extent possible, equal to the Capital Account balance which the Member would have had if the Regulatory Allocations were not part of the Agreement. In exercising this discretion under this Section 9.4, the Manager will take into account future Regulatory Allocations, that, although not yet made, are likely to offset other Regulatory Allocations previously made.

9.5 Other Allocation Rules.

(a) For purposes of determining the Profits, Losses, or any other items allocable to any period, Profits, Losses, and any such other items shall be determined on a daily, monthly, or other basis, as determined by the Manager using any permissible method under Code Section 706 and the Regulations thereunder.

(b) Except as otherwise provided in this Agreement, all items of Company income, gain, loss, deduction, credit and any other allocations not otherwise provided for shall be divided among the Members in the same proportions as they share Profits or Losses, as the case may be, for the Fiscal Year.

(c) The Members are aware of the income tax consequences of the allocations made by this Article IX and hereby agree to be bound by the provisions of this Article IX in reporting their respective shares of Company income, gain, loss, deduction and credit for income tax purposes.

(d) To the extent permitted by Regulations Section 1.704-2(h)(3), the Manager shall endeavor to treat distributions of Distributable Cash as having been made from the proceeds of a Nonrecourse Liability or a Member Nonrecourse Debt only to the extent that such distributions would cause or increase an Adjusted Capital Account Deficit for any Member.

9.6 Tax Allocations: Code Section 704(c).

(a) In accordance with Code Section 704(c) and the Regulations thereunder, income, gain, loss, and deduction with respect to any property contributed to the capital of the Company shall,

solely for tax purposes, be allocated among the Members so as to take account of any variation between the adjusted basis of such Property to the Company for federal income tax purposes and its initial Gross Asset Value (computed in accordance herewith), using any method selected by the Manager and permitted under the Regulations.

(b) In the event the Gross Asset Value of any Company asset is adjusted in accordance with this Agreement, subsequent allocations of income, gain, loss, and deduction with respect to such asset shall take account of any variation between the adjusted basis of such asset for federal income tax purposes and its Gross Asset Value in the same manner as under Code Section 704(c) and the Regulations thereunder.

(c) Allocations pursuant to this Section 9.6 are solely for purposes of federal, state, and local taxes and shall not affect, or in any way be taken into account in computing, any Member's Capital Account or share of Profits, Losses, other items, or distributions pursuant to any provisions of this Agreement.

ARTICLE X

BOOKS AND RECORDS

10.1 Accounting Period. The Company's accounting period shall be the calendar year.

10.2 Records, Audits and Reports. At the expense of the Company, the Manager shall maintain records and accounts of all operations and expenditures of the Company. The Company shall keep at its principal place of business the following records:

- (a) A current list of the full name and last known address of each Member;
- (b) Copies of records to enable a Member to determine such Member's relative voting rights, if any;
- (c) A copy of the Certificate of Formation of the Company and all amendments thereto;
- (d) Copies of the Company's federal, state, and local income tax returns and reports, if any, for the three most recent years;
- (e) Copies of this Agreement, together with any amendments thereto; and
- (f) Copies of any financial statements of the Company for the three most recent years.

Every Member shall have the right, for a purpose reasonably related to such Member's interest as a Member in the Company, upon written demand with a statement of the purpose of such demand and at such Member's own expense to obtain copies of the foregoing information. In order to obtain the information in this Section 10.2, the requesting Member must represent to the Manager in writing that the request for a copy or inspection of such information is not for the purpose of selling such information or copies thereof, using such information for commercial purposes unrelated to the Member's interest in the Company as a Member or using such information for a commercial purpose other than in the interest of the Member relative to the affairs of the Company.

10.3 Tax Returns. At the expense of the Company, the Manager shall cause the preparation and timely filing of all tax returns required to be filed by the Company pursuant to the Code and all other tax returns deemed necessary and required in each jurisdiction in which the Company does business. Copies of such returns, or pertinent information therefrom, shall be furnished to the Members within a reasonable time after the end of the Fiscal Year.

ARTICLE XI

TRANSFERABILITY

11.1 General. Except as otherwise provided for in this Article XI, without the prior written consent of a Majority of the Members, no Member shall have the right (i) to sell, assign, pledge, hypothecate, transfer, exchange or otherwise transfer for consideration (in each case, constituting a “Sale”) or (ii) to gift, bequeath or otherwise transfer for no consideration (whether or not by operation of law, except in the case of bankruptcy) (in each case, constituting a “Gift”) all or part of his or her Membership Interest.

11.2 Permitted Transfers. Notwithstanding anything in this Article XI to the contrary, any Member may, without first obtaining the consent of a Majority of the Members, transfer all, but not less than all, of his, her or its Membership Interest in the Company to: (i) a revocable trust of which the Transferring Member is the grantor, trustee and primary beneficiary or (ii) an Entity wholly owned by the Member; provided, however, that upon the transfer of said Membership Interest, said assignee of such Membership Interest shall continue to be bound by all of the terms and conditions of this Agreement as it applied to the Transferring Member and the assignee of such Membership Interest shall execute such documents as are deemed reasonably necessary by the attorneys for the Company to bind said assignee to the provisions of this Agreement.

11.3 Transfers of Economic Interests.

(a) Notwithstanding anything contained herein to the contrary, if a Member proposes to transfer all or part of his Membership Interest to a transferee or donee which is not a Member immediately prior to the Sale or Gift but does not obtain prior consent of a Majority of the Members to the proposed transfer pursuant to Section 11.1, then the Transferring Member may only transfer an Economic Interest and the proposed transferee or donee shall have no right to participate in the management of the business and affairs of the Company or to become a Member. The transferee or donee shall merely be an Economic Interest Holder. No transfer of Units, or any transfer of an Economic Interest which has not been consented to by a Majority of the Members, shall be effective unless and until written notice (including the name and address of the proposed, transferee or donee and the date of such transfer) has been provided to the non-Transferring Member(s).

(b) Upon and contemporaneously with any Sale or Gift of a Transferring Member’s Economic Interest in the Company which does not at the same time transfer the balance of the rights associated with the Economic Interest transferred by the Transferring Member (including, without limitation, the rights of the Transferring Member to participate in the management of the business and affairs of the Company), the Company shall purchase from the Transferring Member, and the Transferring Member shall sell to the Company for a purchase price of \$100.00, all remaining rights and Units retained by the Transferring Member which immediately prior to such Sale or Gift were associated with the transferred Economic Interest.

11.4 Effect of Transfer on Company’s Taxable Status. Notwithstanding anything contained herein to the contrary, no Member shall be entitled to purchase or sell any Membership Interest, if such purchase or sale would affect the Company’s status as a partnership for federal income tax purposes. If a

purchase would terminate the Company's status as such, the Manager may designate a third party to purchase such Membership Interest in accordance with the terms of this Agreement and such third party would only be an Economic Interest Holder, unless otherwise determined by the Manager.

ARTICLE XII

ADDITIONAL MEMBERS

From the date of the formation of the Company, any Person by vote of a Majority of the Members may become a Member of this Company either by the issuance by the Company of Units for such consideration as the Manager, with the approval of the Members, by a vote of a Majority, shall determine, or as a transferee of any of a Member's Membership Interest, or any portion thereof, subject to the terms and conditions of this Agreement. No new Members shall be entitled to any retroactive allocation of Losses, income or expense deductions incurred by the Company. The Manager may, at its option, at the time a Member is admitted, close the Company books (as though the Company's tax year had ended) or make pro rata allocations of Loss, income and expense deductions to a new Member for that portion of the Company's tax year in which a Member was admitted in accordance with the provisions of Code Section 706(d) and the Regulations promulgated thereunder.

ARTICLE XIII

RIGHTS AND DUTIES REGARDING REAL PROPERTY

13.1 Certain Acknowledgments. The Company has obtained a development plan (the "Development Plan"), reflecting the potential development of the Real Property with a residential development and has contacted the North American Land Trust (the "Proposed Grantee") concerning the potential encumbrance of the Real Property through the execution and delivery to the Proposed Grantee of a conservation easement (the "Conservation Easement") by the Company.

13.2 Certain Obligations.

(a) The Manager has reviewed and analyzed the Development Plan, and shall propose an option (the "Development Option") to develop the Real Property in accordance with the Development Plan or otherwise, which shall include the anticipated benefits to the Company and the Members in connection therewith, a plan for the sale of the Real Property by the Company, and the projection of the costs of developing the Real Property for sale, lease, investment, appreciation or otherwise, including offering option preparation, referral fees, commissions, property taxes, appraisal costs, insurance premiums and any other project costs, net of income anticipated from the sale, lease, investment, appreciation or otherwise of the Real Property under the terms of the Development Plan.

(b) The Manager has reviewed and analyzed the potential encumbrance of the Real Property through the execution and delivery to the Proposed Grantee of the Conservation Easement, and shall propose an option (the "Conservation Option") concerning the delivery of the Conservation Easement to the Proposed Grantee, which shall include the anticipated tax consequences to the Company and the Members in connection therewith, a plan for the use and management of the Real Property, subject to the terms of the Conservation Easement, and the projection of the costs of holding the Real Property, including option preparation, property taxes, steward fees, appraisal costs, insurance premiums, and any other project costs, net of income, if any, anticipated from the use and operation of the Real Property under the terms permitted by the Conservation Easement and written acknowledgment by the Proposed Grantee that it is willing to accept and administer the Conservation Easement.

(c) It is anticipated that the Manager shall review and analyze the Development Plan, and shall develop an option (the "Deferral Option") and, together with the Development Option and the

Conservation Option, the “Investment Options”) to hold the Real Property for investment and appreciation pending a future sale to one or more third-party developers of the Real Property for development under the Development Plan or otherwise, which shall include the anticipated benefits to the Company and to the Members in connection therewith, a plan for the sale of the Real Property by the Company, and the projection of the costs of holding the Real Property for investment and appreciation pending a future sale, including offering option preparation, referral fees, commissions, property taxes, appraisal costs, insurance premiums and any other project costs, net of income anticipated from the sale of the Real Property under the terms of the Development Plan.

(d) The Members shall be asked to vote, within two (2) years from the date on which Holdings acquires a membership interest in the Company, on whether the Company should pursue the Development Option, Conservation Option or Deferral Option. The Manager shall cause the Company to pursue the Investment Option chosen by the Majority.

ARTICLE XIV **WITHDRAWAL, DISSOLUTION AND TERMINATION**

14.1 Withdrawal.

(a) Notwithstanding Section 18-304 of the Delaware Act, a Member shall cease to be a member of the Company only upon the occurrence of one of the following events:

(i) The Member Sells or Gifts all of his Membership Interest in accordance with Article 11 herein;

(ii) The Member’s entire Membership Interest is purchased or redeemed by the Company; or

(iii) The Member dies.

(b) Except as permitted by the Manager, a Member shall not withdraw from the Company or take any other action which causes such Member to withdraw from the Company. A Member who withdraws (a “Withdrawing Member”) shall become an Economic Interest Holder and shall not be entitled to receive any distributions to which such Member would not have been entitled had such Member remained a Member, and such Withdrawing Member shall receive distributions only at the time (if any) and in the amounts (if any) that such distributions would have been made had the Withdrawing Member remained a Member.

14.2 **Dissolution.** The Company shall be dissolved only upon the occurrence of one or more of the following events:

(a) The unanimous written agreement of all of the Members to dissolve the Company;

(b) An administrative or judicial decree of dissolution;

(c) The sale of all of the Property; or

(d) The disposition of all of the Real Property.

14.3 Effect of Dissolution. Upon dissolution, the Company shall cease to carry on its business, except as permitted by the Delaware Act.

14.4 Winding Up; Liquidation and Distribution of Assets.

(a) Upon dissolution, an accounting shall be made by the Company's independent accountants of the accounts of the Company and of the Company's assets, liabilities and operations, from the date of the last previous accounting until the date of dissolution. The Manager shall immediately proceed to wind up the affairs of the Company.

(b) If the Company is dissolved and its affairs are to be wound up, the Manager shall:

(i) Sell or otherwise liquidate all of the Property as promptly as practicable (except to the extent the Manager may determine to distribute any assets to the Members in kind),

(ii) Allocate any Profit or Loss resulting from such sale or liquidation to the Members in accordance with Article IX hereof,

(iii) Discharge all liabilities of the Company, including liabilities to Members who are creditors and establish such reserves as may be reasonably necessary to provide for contingent or other liabilities of the Company, and

(iv) Distribute the remaining assets in the following order:

(1) If any assets of the Company are to be distributed in kind, the net fair market value of such assets as of the date of dissolution shall be determined by independent appraisal or by agreement of the Members. Such assets shall be deemed to have been sold as of the date of dissolution for their fair market value, and the Capital Accounts of the Members shall be adjusted pursuant to the provisions of this Agreement to reflect such deemed sale.

(2) The positive balance (if any) of each Member's Capital Account (as determined after taking into account all Capital Account adjustments for the Company's taxable year during which the liquidation occurs) shall be distributed to the Members, either in cash or in kind, as determined by the Manager, with any assets distributed in kind being valued for this purpose at their fair market value. Any such distributions to the Members in respect of their Capital Accounts shall be made in accordance with the time requirements set forth in Regulations Section 1.704-1(b)(2)(ii)(b)(2).

(c) Notwithstanding anything to the contrary in this Agreement, upon a liquidation within the meaning of Regulations Section 1.704-1(b)(2)(ii)(g), if any Member has a deficit Capital Account (after giving effect to all contributions, distributions, allocations and other Capital Account adjustments for all taxable years, including the year during which such liquidation occurs), such Member shall have no obligation to make any Capital Contribution, and the negative balance of such Member's Capital Account shall not be considered a debt owed by such Member to the Company or to any other Person for any purpose whatsoever.

(d) Upon completion of the winding up, liquidation and distribution of the assets, the Company shall be deemed terminated.

(e) The Manager shall comply with any applicable requirements of applicable law pertaining to the winding up of the affairs of the Company and the final distribution of its assets.

14.5 Certificate of Cancellation. When all debts, liabilities and obligations have been paid and discharged or adequate provisions have been made therefor and all of the remaining Property and assets have been distributed to the Members, a Certificate of Cancellation may be executed and filed with the Secretary of State of Delaware in accordance with the Delaware Act.

14.6 Return of Contribution Nonrecourse. Except as provided by law or as expressly provided in this Agreement, upon dissolution, each Member shall look solely to the assets of the Company for the return of his or her Capital Contribution. If Property remaining after the payment or discharge of the debts and liabilities of the Company is insufficient to return the cash contribution of one or more Members, such Member or Members shall have no recourse against the Manager or any other Member.

ARTICLE XV

MISCELLANEOUS PROVISIONS

15.1 Application of Delaware Law. This Agreement and the interpretation hereof, shall be governed exclusively by its terms and by the laws of the State of Delaware, and specifically the Delaware Act.

15.2 No Action for Partition. No Member has any right to maintain any action for partition with respect to the Company.

15.3 Execution of Additional Instruments. Each Member hereby agrees to execute such other and further statements of interest and holdings, designations, powers of attorney and other instruments necessary to comply with any laws, rules or regulations.

15.4 Construction. Whenever the singular number is used in this Agreement and when required by the context, the same shall include the plural and vice versa, and the masculine gender shall include the feminine and neuter genders and vice versa.

15.5 Headings. The headings in this Agreement are inserted for convenience only and are in no way intended to describe, interpret, define, or limit the scope, extent or intent of this Agreement or any provision hereof.

15.6 Waivers. The failure of any party to seek redress for violation of or to insist upon the strict performance of any covenant or condition of this Agreement shall not prevent a subsequent act, which would have originally constituted a violation, from having the effect of an original violation.

15.7 Rights and Remedies Cumulative. The rights and remedies provided by this Agreement are cumulative and use of any one right or remedy by any party shall not preclude or waive the right not to use any or all other remedies. Such rights and remedies are given in addition to any other rights the parties may have by law, statute, ordinance or otherwise.

15.8 Severability. If any provision of this Agreement or the application thereof to any person or circumstance shall be invalid, illegal or unenforceable to any extent, the remainder of this Agreement and the application thereof shall not be affected and shall be enforceable to the fullest extent permitted by law.

15.9 Heirs, Successors and Assigns. Each and all of the covenants, terms, provisions and agreements herein contained shall be binding upon and inure to the benefit of the parties hereto and, to the extent permitted by this Agreement, their respective heirs, legal representatives, successors and assigns.

15.10 Creditors. None of the provisions of this Agreement shall be for the benefit of or enforceable by any creditors of the Company.

15.11 Counterparts. This Agreement may be executed in any number of counterparts and all of such counterparts shall for all purposes constitute a single agreement, notwithstanding that all parties are not signatories to the same counterpart, and further, the pages of the counterparts on which appear the signatures of the Members may be detached from the respective counterparts of the Agreement and attached all to one counterpart which shall represent the final Agreement.

15.12 Certain Federal Income Tax Matters.

(a) Tax Elections in General. Except as otherwise stated in this Agreement, all elections required or permitted to be made by the Company under the Code shall be made by the Manager as determined in its sole discretion.

(b) Designation. For any period during which the Company is permitted or required to have a tax matters partner within the meaning of Code Section 6231(a)(7) as in effect immediately prior to the effective date of its amendment by the 2015 Budget Act (“Tax Matters Member”), Holdings shall be the Tax Matters Member, provided that Holdings qualifies as Tax Matters Member and does not resign from such position. For all periods other than those described in the preceding sentence, the Manager shall be the “partnership representative” of the Company within the meaning of Code Section 6223 (as amended by the 2015 Budget Act) (the “Company Representative”) and shall serve as such until its successor is duly designated by the Manager. Each Member hereby approves of each such designation and agrees to execute, certify, acknowledge, deliver, swear to, file and record at the appropriate public offices such documents as may be deemed necessary or appropriate to evidence such approval. To the extent and in the manner provided by applicable Code sections and regulations thereunder, the Tax Matters Member or Company Representative, as applicable, (a) shall furnish the name, address, profits interest and taxpayer identification number of each Member to the Internal Revenue Service and each Member shall provide such information to the Tax Matters Member or Company Representative, as applicable, upon request and (b) shall inform each Member of administrative or judicial proceedings for the adjustment of Company items required to be taken into account by a Member for federal income tax purposes.

(c) Authority. The Tax Matters Member shall have all the powers and authority of a “tax matters partner” within the meaning of Code Section 6231(a)(7) as in effect immediately prior to the effective date of its amendment by the 2015 Budget Act. The Company Representative shall have authority to take any action that may be taken by a “partnership representative” under the 2015 Budget Act Audit Rules.

(d) No Compensation. Neither the Tax Matters Member nor the Company Representative shall receive any compensation for the services set forth in this Section 15.12. All third-party costs (including Affiliate costs) and expenses incurred by the Tax Matters Member or Company Representative in performing its duties as such (including legal and accounting fees) shall be borne by the Company. Nothing herein shall be construed to restrict the Company from engaging an accounting firm to assist the Tax Matters Member or Company Representative in discharging its duties hereunder.

(e) No Early Election into the 2015 Budget Act Audit Rules. The Company will not elect, under Section 1101(g)(4) of the 2015 Budget Act or otherwise, for any portion of the 2015 Budget Act Audit Rules to apply to the Company for any taxable years beginning before January 1, 2018.

(f) Election out of Imputed Underpayment. To the maximum extent permitted under the 2015 Budget Act Audit Rules, as determined by the Company Representative in consultation with the Company's tax advisers, either (i) the Company will elect, and each Member will cooperate in electing, under Code Section 6226(a) (as amended by the 2015 Budget Act) or otherwise, for Code Section 6225 (as amended by the 2015 Budget Act) not to apply, and for each Member to take any adjustment into account as provided in Code Section 6226(a) (as amended by the 2015 Budget Act) or (ii) upon the request of the Company Representative, each Member will file any amended U.S. federal income tax return, and any applicable state and local income tax return, and pay any tax owing in connection therewith in accordance with Code Section 6225(c)(2) (as amended by the 2015 Budget Act) or applicable state or local tax law.

(g) Survival. The provisions of this Section 15.12 shall survive the termination of the Company or the termination of any Membership Interest and shall remain binding on the Members for as long a period of time as is necessary to resolve with the Internal Revenue Service and other applicable taxing authorities any and all matters regarding the taxation of the Company, or of the Members with respect to the Company.

15.13 Notices. Any and all notices, offers, demands or elections required or permitted to be made under this Agreement ("Notices") shall be in writing, signed by the party giving such Notice, and shall be deemed given and effective (a) when hand-delivered (either in person by the party giving such notice, or by his or her designated agent, or by commercial courier), (b) on the second business day (which term means a day when the U.S. Postal Service, or its legal successor ("Postal Service") is making regular deliveries of mail on all of its regularly appointed week-day rounds in Atlanta, Georgia) following the day (as evidenced by proof of mailing) upon which such Notice is deposited, postage pre-paid, certified mail, return receipt requested, with the Postal Service, and addressed to the other party at such party's respective address as set forth on the records of the Company, or at such other address as the other party may hereafter designate by Notice, (c) by electronic mail (sent with the name of the Company included in the subject line of such electronic mail) with a copy sent for delivery the next business day by any U.S. mail or other courier or delivery service, at such party's respective e-mail address and address as set forth on the records of the Company, or at such other e-mail address and/or address as the other party may hereafter designate by Notice, with such delivery being deemed effective upon sender's notice of the sent e-mail, or (d) by facsimile with a copy sent for delivery the next business day by any U.S. mail or other courier or delivery service, at such party's respective facsimile number and address as set forth on the records of the Company, or at such other facsimile number and/or address as the other party may hereafter designate by Notice, with such delivery being deemed effective upon sender's notice of the sent facsimile.

15.14 Amendments. The Manager shall have the right to amend the Certificate of Formation and this Agreement without the consent of any Members for the following purposes: (i) subject to Article XII, to authorize and issue new or additional Units and to admit a Person as a Member or substituted Member of the Company as authorized herein; (ii) to change the name or address of a Member; (iii) to change the name of the registered office or registered agent of the Company; (iv) in the opinion of the Manager, it is necessary or appropriate to correct or clarify an inconsistent, ambiguous, false or erroneous provision in this Agreement provided such amendment does not adversely affect the rights of the Members under this Agreement; or (v) in the opinion of counsel for the Company, it is necessary or appropriate to satisfy a requirement of the Code with respect to partnerships or of any federal or state securities laws or regulations, provided such amendments do not adversely affect the interests of any one or more of the Members. Any amendment to the Certificate of Formation or this Agreement not otherwise expressly addressed in this Section 15.14 shall require the approval of a Majority; provided, however, that any amendment which (i) reduces the membership interest of or number of Units held by a Member or otherwise adversely affects the Economic Interest of a Member, or (ii) requires any additional

Capital Contributions of a Member or otherwise increases a Member's obligation or liability to the Company (or adversely affects the limited liability of a Member under applicable law), or (iii) reduces a Member's right to vote on, consent to or approve a decision or action by the Company pursuant to this Agreement, shall only be binding upon such Member if such Member's written consent to such amendment is obtained. The Manager shall give prompt written notice to all of the Members of any amendments effected pursuant to this Section 15.14.

15.15 Invalidity. The invalidity or unenforceability of any particular provision of this Agreement shall not affect the other provisions hereof, and the Agreement shall be construed in all respects as if such invalid or unenforceable provision were omitted. If any particular provision herein is construed to be in conflict with the provisions of the Delaware Act, the Delaware Act shall control and such invalid or unenforceable provisions shall not affect or invalidate the other provisions hereof, and this Agreement shall be construed in all respects as if such conflicting provision were omitted.

15.16 Determination of Matters Not Provided For In This Agreement. Unless otherwise stated in this Agreement, any matter determined by the Members shall be determined by Majority consent.

15.17 Further Assurances. The Members each agree to cooperate, and to execute and deliver in a timely fashion any and all additional documents necessary to effectuate the purposes of the Company and this Agreement.

15.18 Time. TIME IS OF THE ESSENCE OF THIS AGREEMENT, AND TO ANY PAYMENTS, ALLOCATIONS AND DISTRIBUTIONS SPECIFIED UNDER THIS AGREEMENT.

[Signatures on the following page.]

IN WITNESS WHEREOF, the undersigned Manager has executed and sealed this Agreement by its duly authorized representative, as of _____, 2016.

MANAGER:

CAMELLIA STATION MANAGEMENT, LLC

By: ECOVEST CAMELLIA STATION, LLC, its Manager

By: ECOVEST CAPITAL, INC., its Sole Member

By: _____
Robert M. McCullough
Senior Vice President, Chief Financial Officer,
Secretary and Treasurer

IN WITNESS WHEREOF, the undersigned Members have executed and sealed this Agreement by their duly authorized representatives, as of _____, 2016.

MEMBERS:

CAMELLIA STATION HOLDINGS, LLC

By: CAMELLIA STATION MANAGEMENT, LLC, its Manager

By: ECOVEST CAMELLIA STATION, LLC, its Manager

By: ECOVEST CAPITAL, INC., its Sole Member

By: _____
Robert M. McCullough
Senior Vice President, Chief Financial Officer,
Secretary and Treasurer

Seavista Partners, LLC

By: _____
Name: _____
Title: _____

Exhibit A

DESCRIPTION OF THE REAL PROPERTY

ALL AND SINGULAR that certain piece, parcel or tract of land, lying and being in the City of North Myrtle Beach, Horry County, South Carolina, designated as **PARCEL 2, 1,969,845 SQ. FT., 45.22 ACRES** as shown on that certain plat entitled “**BOUNDARY/SUBDIVISION SURVEY OF TRACTS 5, 6 & 7, LOCATED AT NORTH MYRTLE BEACH, HORRY COUNTY, SOUTH CAROLINA**” dated July 27, 2016 prepared by The Brigman Company and recorded August 5, 2016 in Plat Book 271 at Page 207, in the public records of Horry County, South Carolina. Said parcels having such metes, bounds, courses, shapes and distances as will appear by reference to the aforesaid plat which is incorporated herein and made a part and parcel hereof which plat is craved as forming a part of this description.

Exhibit B

MEMBERS

Member Name and Address	Units	Ownership Percentage
Camellia Station Holdings, LLC [REDACTED]	950	95%
Seavista Partners, LLC [REDACTED]	50	5%

Exhibit H

Membership Interest Purchase Agreement (MIPA)

[See attached]

MEMBERSHIP INTEREST PURCHASE AGREEMENT

THIS MEMBERSHIP INTEREST PURCHASE AGREEMENT (the “**Agreement**”) was executed as of August 26, 2016 (the “**Effective Date**”), by and among **PERMENTER BROTHERS HOLDINGS LLC**, a limited liability company formed under the laws of the State of South Carolina (“**Permenter Company**”) and **WAMPEE PLANTATION LIMITED PARTNERSHIP, L.P.**, a limited partnership formed under the laws of the State of South Carolina (“**Wampee Company**”; Permenter Company and Wampee Company are collectively referred to as the “**Sellers**” and each is individually referred to herein as a “**Seller**”), and **CAMELLIA STATION HOLDINGS, LLC**, a Delaware limited liability company (the “**Buyer**”), for the purposes expressed below.

CAMELLIA STATION, LLC, a limited liability company formed under the laws of the State of Delaware (the “**Company**”), has joined in the execution and delivery of the Agreement for the purposes set forth below. The Sellers and the Company are hereinafter collectively referred to as the “**Seller Parties**.”

FACTUAL BACKGROUND

A. The Company is the current fee simple title owner of approximately 45.22 acres of land in Horry County, South Carolina, as more particularly described on **Exhibit “A”** attached hereto (the “**Real Property**”).

B. Permenter Company holds ninety-three and one tenth percent (93.1%) of the equity interest in the Company, consisting of nine hundred and thirty-one (931) units of membership interest (the “**Permenter Units**”).

C. Wampee Company holds one and nine tenths percent (1.9%) of the equity interest in the Company, consisting of nineteen (19) units of membership interest (the “**Wampee Units**”; the Permenter Units and the Wampee Units are collectively the “**Units**”).

D. The remaining five percent (5%) of the equity interest in the Company, consisting of Fifty (50) Units, is held by **SEAVISTA PARTNERS, LLC**, a South Carolina limited liability company (“**Minority Partner**”).

E. Charles L. Permenter is the Company’s sole manager (the “**Manager**”).

F. Permenter Company and Wampee Company have agreed to assign and convey to Buyer, and Buyer has agreed to acquire and purchase from Permenter Company and Wampee Company for the Purchase Price (defined below), a total of Nine Hundred Fifty (950) Units in the Company (collectively, the “**Subject Interest**”) on the terms and subject to the conditions of this Agreement.

G. Minority Partner has approved and consented to the assignment of the Subject Interest by Sellers to Buyer, and Minority Partner has approved the following at the time of Closing: (i) the admission of Buyer as a member of the Company in Sellers’ stead; (ii) the election of Buyer or Buyer’s designated affiliate as the replacement manager of the Company in

Manager's place and stead; (iii) the amendment and restatement of the Company's operating agreement, all as contemplated by this Agreement.

NOW THEREFORE, in consideration of the facts recited above, the mutual promises and undertakings of the parties, and for other valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties, intending to be legally bound, hereby agree as follows:

1. **BASIC AGREEMENT.**

(a) Reserved.

(b) Agreement to Sell and Purchase. Sellers hereby agree to sell and convey the Subject Interest to Buyer, and Buyer hereby agrees to purchase and accept the Subject Interest from Sellers, under the terms and conditions of this Agreement. Such conveyance shall be through the execution, delivery, and acceptance at Closing of an assignment of the Subject Interest to Buyer (the "**Assignment of Membership Interest**") in the form attached hereto as **Exhibit "B"**.

(c) Purchase Price. The purchase price for the Subject Interest (the "**Purchase Price**") shall be Four Million One Hundred Eighty-Six Thousand Four Hundred Fifty and 00/100 Dollars (\$4,186,450.00). The Purchase Price, as adjusted by the prorations provided in Section 5(f) hereof and as reduced by the Escrow Deposit, which, unless otherwise disbursed hereunder, shall be disbursed by Escrow Agent at the Closing to Sellers as a portion of the Purchase Price, shall be paid by Buyer to Sellers at the Closing via the Escrow Agent in United States dollars, by Federal Reserve System wire transfer or other immediately available funds. Permenter Company and Wampee Company hereby acknowledge and agree that the allocation of the Purchase Price among said parties shall be determined by Permenter Company and Wampee Company apart from this Agreement.

(d) Escrow Deposit. Within fifteen (15) days after the Inspection Date, the Buyer shall deposit the sum of Fifty Thousand and 00/100 Dollars (\$50,000.00) in escrow with Coastal Title Services, Inc. (the "**Escrow Agent**"). Such amount is referred to as the "**Escrow Deposit**". The Escrow Deposit shall be held by the Escrow Agent under the terms of a separate Escrow Agreement in the form attached hereto as **Exhibit "C"**, and which shall be promptly executed by the Buyer, the Sellers, and the Escrow Agent.

(e) Disbursement of Escrow Deposit. Whenever the Escrow Deposit is by the terms hereof to be disbursed by Escrow Agent, the Seller Parties and Buyer agree promptly to execute and deliver such notice or notices as shall be necessary or, in the reasonable opinion of Escrow Agent, appropriate to authorize Escrow Agent to make such disbursement.

2. **BUYER'S DUE DILIGENCE.**

(a) Inspection Period and Access to Information.

(i) Physical Inspection. Buyer and its agents, employees, representatives and independent contractors are and have been entitled to enter upon the Real

Property for the purpose of making such surveys, soil tests, borings, percolation tests, inspections, examinations, and studies as are reasonably necessary to evaluate and study the Real Property as contemplated herein. The Seller Parties agree that Buyer shall have until the Closing Date in which to conduct all such tests, surveys, inspections, examinations and studies, but that Buyer's right to terminate this Agreement based on such inspection shall be limited as provided in Sections 2(c) and 2(g) below.

(ii) Inspection Date. Buyer shall have until 5:00 p.m. Eastern time, on the Inspection Date to investigate all matters relevant to its acquisition and ownership of the Subject Interest and the Company's acquisition, ownership and development of the Real Property. For the purposes of this Agreement, the "Inspection Date" shall mean the earlier of (i) the date that is seventy-five (75) days after the Effective Date and (ii) the date upon which Buyer gives Sellers written notice that Buyer waives its termination right pursuant to Section 2(g) below. Such right of investigation shall include, without limitation, the right to have made, at Buyer's expense, any studies or inspections of the Real Property that Buyer may deem necessary or appropriate. The Sellers agree to cooperate reasonably with any such investigations, inspections or studies made by or at Buyer's direction.

(iii) Information. The Seller Parties shall provide to Buyer within five (5) business days of the Effective Date, true and correct copies of any and all information which is within the possession or control of the Seller Parties or their respective affiliates and agents (including but not limited to any property manager of the Real Property) (the Seller Parties together with such affiliates and agents are collectively referred to herein as "Seller Affiliates") with respect to the Subject Interest, the Real Property, and the Company. The Seller Parties represent and warrant that they have delivered or shall deliver to Buyer within five (5) business day of the Effective Date true and correct copies of the following:

A. Notices. All written notices from any governmental or quasi-governmental authority of a violation of any law or regulation (including, without limitation, Environmental Laws) with respect to the Real Property (or any portion thereof) which remains uncured or with respect to the exercise by such authority of the right of condemnation or eminent domain;

B. Sellers' Title Insurance. All title policies and commitments affecting the Real Property and all instruments referenced therein;

C. Environmental Reports. All environmental reports together with copies of all submissions to any governmental agencies or bodies with jurisdiction over the administration or enforcement of any Hazardous Substance Law with respect to the Real Property made by any Seller Affiliates (including, any Seller Parties environmental consultant);

D. Tax Bills. All tax bills affecting the Real Property (or any portion thereof) for the past three years and all written notices of change in the assessed value of the Real Property (or any portion thereof);

E. Permits. Any permits affecting the Real Property;

- F. Soil Reports. Soil reports for the Real Property;
- G. Zoning. Evidence of zoning and any conditions of development imposed upon the Real Property;
- H. Surveys. All surveys and plats of the Real Property;
and
- I. Plans and Specifications. All design and development plans and specifications prepared by or for the Seller Parties in connection with the Real Property.

(iv) Third Parties. The Seller Parties hereby authorize and agree to use good faith efforts to obtain and deliver to Buyer any information or documents in the possession of third parties with respect to the Subject Interest or the Real Property, including, but not limited to items known by the Seller Parties to be in the possession of any (i) governmental authorities and (ii) agents, consultants and contractors of any Seller Affiliates.

(b) Title and Survey.

(i) Title Insurance. Buyer shall obtain a title insurance commitment (the “**Initial Title Commitment**”) from Coastal Title Services, Inc. (the “**Title Company**”), and give written notice to Sellers of any objections which Buyer may have as set forth in Section 2(c) below. Buyer shall deliver to Sellers a copy of the Initial Title Commitment.

(ii) Survey. Buyer may cause a surveying company reasonably satisfactory to Buyer and licensed under the laws of the State of South Carolina to prepare a current plat or survey of the Real Property (the “**Survey**”). Any matters shown on such Survey and objected to by Buyer on or before the Inspection Date shall be additional title objections, as to which the obligations and rights of Buyer and Sellers shall be the same as provided in Section 2(c).

(c) Title and Survey Objections. The Seller Parties shall remove any monetary liens against the Real Property at or before the Closing. In the event Sellers fail to cause such liens to be paid and canceled at or prior to Closing, Purchaser shall be entitled to pay such amount to the holder thereof as may be required to pay and cancel same, and to credit against the Purchase Price the amount so paid. Furthermore, Buyer shall have until the Inspection Date by which to examine title to the Real Property, the Initial Title Commitment, and the Survey and to give written notice to Sellers of any objections which Buyer may have. If Buyer fails to give any notice of objections to Sellers by the Inspection Date, Buyer shall be deemed to have waived such right to object to any matters described in the Initial Title Commitment or shown on the Survey. If Buyer does give Sellers timely notice of objection to any title exceptions, defects or matters shown on the Survey, Sellers shall use its good faith efforts, for a period of seven (7) days after such notice, to cure or satisfy (or cause the Seller Parties to cure or satisfy), or undertake to cure or satisfy by the Closing, such objection. If such objection is not so timely cured or satisfied or undertaken to be cured or satisfied by Sellers, then Buyer shall, within seven (7) days thereafter, elect, by written notice to be received by Sellers on

or before such seventh (7th) day, either to (i) terminate this Agreement, in which case the Escrow Deposit shall be returned to Buyer and the parties shall have no further rights or obligations hereunder, except for those which expressly survive any such termination, or (ii) waive its objections hereunder and proceed to the Closing pursuant to the remaining terms and conditions of this Agreement. If Buyer fails to give Sellers notice of its election by such time, it shall be deemed to have elected the option contained in clause (ii) above. If Sellers elect to undertake the cure of an objection, such cure shall be deemed a condition to Closing hereunder. If Sellers do so cure or satisfy, or undertake to cure or satisfy, such objection, then this Agreement shall continue in full force and effect. Buyer shall have the right at any time to waive any objections that it may have made and, thereby, to preserve this Agreement in full force and effect. The Seller Parties agree not to further alter or encumber or convey (either directly or indirectly) in any way such parties' title or rights in and to the Real Property after the Effective Date without Buyer's prior written consent. Buyer shall have the right to object to any matters not disclosed in the Initial Title Commitment together with any change in title occurring after the effective date of the Initial Title Commitment (including any new matters shown on any updates to the Initial Title Commitment) and prior to the Closing, and if Sellers cannot or will not cure or satisfy any such objection (or any objection which Sellers have previously undertaken to cure or satisfy) by the Closing, Buyer may exercise the option set forth in clause (i) or (ii) above. The foregoing election is not intended to be in derogation of, but shall be in addition to, Buyer's remedies for a Seller Breach, and does not negate, modify or amend the representations, warranties and covenants of Sellers or the Company contained herein.

(d) Property Inspections. The Seller Parties hereby grant to Buyer and its agents, consultants, and contractors, a continuing license, while this Agreement is in effect, to fully inspect the Real Property, and any books, records, files, or instruments of the Company or its predecessors in title to the Real Property (the "Inspections").

(e) Procedure for Inspections. Buyer's rights to conduct Inspections shall be subject to the following requirements and limitations:

(i) any entry upon the Real Property by Buyer, its agents or employees, shall only be during reasonable hours; and

(ii) if any Inspection by Buyer damages the Real Property in any material respect, and Buyer fails to close under this Agreement, Buyer will restore those portions of the Real Property so damaged by Buyer during the Inspection to substantially the same condition as existed prior to such Inspection, casualty and condemnation accepted.

(f) Indemnification By Buyer. The Buyer hereby indemnifies the Seller Parties and shall save, defend and hold each of the Seller Parties free and harmless from and against any and all material claims, demands, losses, expenses, damages or causes of action (herein, "Claims") to which any Seller Parties may be subject or incur, arising out of, or caused by the Buyer's Inspections of the Real Property. (The indemnification given in the preceding is sometimes referred to as the "Inspection Indemnity".) The Inspection Indemnity shall not apply to the extent of any Claims: (i) caused by any of the Seller Affiliates, or (ii) discovered, but not caused by, the Buyer.

(g) Termination. Buyer shall have the right to terminate this Agreement at any time, in its sole and absolute discretion and for any or no reason, through the Inspection Date. If, on or before the Inspection Date, Buyer gives Sellers written notice that Buyer exercises its termination right pursuant to this Section 2(g), then this Agreement shall terminate effective as of the Inspection Date, in which event the Escrow Deposit, if any, less \$100 to be paid to Sellers as independent consideration as outlined below, shall be returned to Buyer, and the parties shall have no further rights or obligations hereunder, except for those which expressly survive any such termination. If Buyer does not give Sellers written notice that Buyer exercises its termination right pursuant to this Paragraph 2(g), then this Agreement shall remain in full force and effect in accordance with its terms.

(h) Independent Consideration. Sellers and Buyer acknowledge and agree that One Hundred Dollars (\$100.00) shall be paid to Sellers if this Agreement is terminated for any reason (the “**Independent Contract Consideration**”). Sellers and Buyer acknowledge and agree that the Independent Contract Consideration has been bargained for and agreed to as additional independent consideration for Sellers’ execution and delivery of this Agreement and for the inspection privilege and other rights granted to Buyer hereunder.

3. **REPRESENTATIONS, WARRANTIES AND COVENANTS OF THE PARTIES.**

(a) Particular Representations and Warranties by the Seller Parties. As a material inducement to the Buyer’s execution, delivery, and performance of this Agreement, each of the Seller Parties represent and warrant to the Buyer all of the following:

(i) The Permenter Company is a limited liability company duly organized, validly existing, and in good standing under the laws of the State of South Carolina, with the full power and authority to conduct its business as now being conducted, to own or use the properties and assets that it purports to own or use, and to perform and enforce all of its obligations and benefits under any and all agreements, contracts, promises, or undertaking (“**Contracts**”) to which it is a party, whether written or oral, and whether expressed or implied.

(ii) The Wampee Company is a limited partnership duly organized, validly existing, and in good standing under the laws of the State of South Carolina, with the full power and authority to conduct its business as now being conducted, to own or use the properties and assets that it purports to own or use, and to perform and enforce all of its obligations and benefits under any and all Contracts to which it is a party, whether written or oral, and whether expressed or implied.

(iii) The Company is a limited liability company duly organized, validly existing, and in good standing under the laws of the State of Delaware, with the full power and authority to conduct its business as now being conducted, to own or use the properties and assets that it purports to own or use, and to perform and enforce all of its obligations and benefits under any and all Contracts to which it is a party, whether written or oral, and whether expressed or implied.

(iv) This Agreement constitutes the legal, valid, and binding obligation of each of the Seller Parties, enforceable against each Seller Party in accordance with its terms.

(v) Each of the Seller Parties has obtained all requisite authorizations and consents to enter into this Agreement with Buyer and to consummate the transactions contemplated hereby (the “**Contemplated Transactions**”) and the Sellers have the absolute and unrestricted right, power, authority, and capacity to execute, deliver, and perform its obligations under this Agreement, without the consent or approval of any entity or natural person (herein a “**Person**”).

(vi) The execution and delivery of this Agreement and the other agreements and instruments referred to herein and, the consummation of the Contemplated Transactions will not (A) violate, nor constitute a default under, any of the Seller Parties’ organizational documents, operating agreements or any order or ruling of any governmental authority or court or any document, instrument or agreement by which any of the Seller Parties or the Real Property may be bound; or (B) result in the imposition or creation of any Encumbrance upon or with respect to the Subject Interest or any other assets owned or used by any of the Seller Parties.

(vii) The entities and individuals executing this Agreement and the other documents and instruments referenced herein or otherwise executed and delivered in connection herewith on behalf of each of the Seller Parties have the legal power, right and authority to bind the Seller Parties under the terms and conditions stated herein.

(viii) Permenter Company owns its interest in the Company free and clear of all material charges, claims, conditions, equitable interests, liens, options, pledges, security interests, rights of purchase, rights of first refusal, rights of first offer, or any restriction of any kind, including any restriction on use, voting, transfer, receipt of income, or exercise of any other attribute of ownership (collectively each an “**Encumbrance**”).

(ix) Wampee Company owns its interest in the Company free and clear of all Encumbrances.

(x) No Person, other than the Buyer, has any right, agreement, commitment, option, right of first refusal or any other agreement, whether oral or written, with respect to the purchase, assignment or transfer of all or any portion of the Subject Interest.

(xi) None of the Seller Parties are a party to any voluntary or involuntary proceedings in bankruptcy, reorganization or similar proceedings under the Federal bankruptcy laws or under any state laws relating to the protection of debtors, or subject to any general assignment for the benefit of the creditors, and no such action has been threatened.

(xii) There is no action, arbitration, audit, hearing, investigation, litigation, or suit of any nature brought by or before, or otherwise involving, any governmental body or arbitrator that may affect the Seller Parties, their businesses, or assets, or that challenges, or that may have the effect of delaying or preventing or otherwise interfering with the

Contemplated Transactions (such actions, arbitrations, audits, hearings, investigations, litigation, and suits are collectively referred to as “**Proceedings**”).

(xiii) The Seller Parties are not party to any voluntary or involuntary proceedings in bankruptcy, reorganization or similar proceedings under the Federal bankruptcy laws or under any state laws relating to the protection of debtors, or subject to any general assignment for the benefit of the creditors, and no such action has been threatened.

(xiv) None of the Seller Parties are a “foreign person” as that term is defined in the Internal Revenue Code of 1986, as amended and the Regulations promulgated pursuant thereto.

(xv) Sellers’ sale of the Subject Interest is not subject to any Federal, state or local withholding obligation of Buyer under the tax laws applicable to the Seller Parties or the Real Property.

(xvi) None of the Seller Parties nor any of their respective partners, members, shareholders or other equity owners, is a person or entity with whom U.S. persons or entities are restricted from doing business under regulations of the Office of Foreign Asset Control (“**OFAC**”) of the Department of the Treasury (including those named on OFAC’s Specially Designated and Blocked Persons List) or under any statute, executive order (including the September 24, 2001, Executive Order Blocking Property and Prohibiting Transactions with Persons Who Commit, Threaten to Commit, or Support Terrorism).

(b) Particular Representations and Warranties with respect to the Real Property and the Ownership Thereof. As a material inducement to the Buyer’s execution, delivery, and performance of this Agreement, each of the Seller Parties represent and warrant to the Buyer all of the following:

(i) The Permenter Company has the full power and authority to conduct its business as now being conducted, to own and use the properties and assets that it purports to own or use, including, without limitation, the Real Property, and to perform and enforce all of its obligations and benefits under all Contracts to which it is a party.

(ii) The Wampee Company has the full power and authority to conduct its business as now being conducted, to own and use the properties and assets that it purports to own or use, including, without limitation, the Real Property, and to perform and enforce all of its obligations and benefits under all Contracts to which it is a party.

(iii) The Company owns good and marketable fee simple title to the Real Property, free and clear of any Encumbrances, other than as shown in the real property records of Horry County, South Carolina, and, specifically, free and clear of any and all mortgages, deeds of trust, and security agreements of any sort and the Real Property will not be subject to any prior conveyance or assignment to, or any superior possessory rights, of any third party.

(iv) No Person, other than the Buyer, has any right, agreement, commitment, option, right of first refusal or any other agreement, whether oral or written, with respect to the purchase, assignment or transfer of all or any portion of the Real Property.

(v) Permenter Company has filed on a timely basis all tax returns required to be filed by Permenter Company.

(vi) Wampee Company has filed on a timely basis all tax returns required to be filed by the Wampee Company.

(vii) Permenter Company has designated Charles L. Permenter as the “tax matters partner” (within the meaning of Section 6231 of the Code) of the Company.

(viii) Wampee Company has designated William E. Gore, III as the “tax matters partner” (within the meaning of Section 6231 of the Code) of the Company.

(ix) There are no pending or past audits of any tax returns of the Seller Parties or either Seller’s members, and none of them have given, or been requested to give, any waivers or extensions of any statute of limitations relating to taxes, or is or would be subject to such a waiver or extension given by or requested of any other Person.

(x) Permenter Company is classified as a partnership for federal and state income tax purposes.

(xi) Wampee Company is classified as a partnership for federal and state income tax purposes.

(xii) Permenter Company held a portion of the Real Property for a period beginning April 24, 2007 by virtue of (i) that certain Deed recorded in Horry County, South Carolina in Deed Book 3239 at Page 1638, (ii) that certain Deed recorded in Horry County, South Carolina in Deed Book 3239 at Page 1643, and (iii) that certain Deed recorded in Horry County, South Carolina in Deed Book 3239 at Page 1647, and continuing until August 8, 2016, at which time Permenter Company deeded such portion of the Real Property to the Company pursuant to that certain Deed recorded in Horry County, South Carolina in Deed Book 3938 at Page 3213 on August 10, 2016.

(xiii) Wampee Company held a portion of the Real Property for a period beginning December 23, 2003 by virtue of that certain Deed recorded in Horry County, South Carolina in Deed Book 2679 at Page 674, and continuing until August 8, 2016, at which time Wampee Company deeded such portion of the Real Property to the Company pursuant to that certain Deed recorded in Horry County, South Carolina in Deed Book 3938 at Page 3213 on August 10, 2016.

(xiv) The Company and Sellers (as owners of the properties comprising the Real Property prior to Company) acquired the Real Property for the purposes investment, and not with a view to sell the Real Property to customers pursuant to any business of the Company.

(xv) None of the Seller Parties or any Person that directly or indirectly controls, is directly or indirectly controlled by, or is directly or indirectly under common control with the Seller Parties (herein a “**Related Person**”): (A) has taken any position in any tax return, financial statement, or other document to the effect that the Real Property does not constitute a capital asset within the meaning of Section 1221 of the Code, or has identified or described the Real Property as an inventory asset, non-capital asset, or asset held primarily for sale to customers in the ordinary course of business; (B) has ever marketed for sale or sold any portion of the Real Property; (C) is under any obligation to develop the Real Property or portion thereof; or (D) has ever undertaken any installation of improved roads, utilities, or other physical improvements or infrastructure with respect to the Real Property.

(xvi) The Real Property is not subject to or affected by any special assessment for public improvements or otherwise, whether or not presently a lien upon the Real Property and the Seller Parties have not received any notification from any Person or governmental body regarding any assessments or pending public improvement.

(xvii) The Seller Parties have not made and have no knowledge of any commitment to any governmental authority, utility company, school board, church or other religious body, homeowner or homeowner’s association or any other organization, group or individual relating to the Real Property which would impose an obligation upon the Seller Parties or their respective successors or assigns to make any contributions or dedications of money or land, or to construct, install or maintain any improvements of a public or private nature as part of the Real Property or upon separate lands.

(xviii) No governmental authority has imposed any requirement with respect to the Real Property which requires the payment, either directly or indirectly, of any special fees or contributions or incur any expenses or obligations in connection with the development of the Real Property or any portion thereof, other than any regular and nondiscriminatory local real estate or school taxes assessed against the Real Property.

(xix) The Real Property is separately assessed for real property tax assessment purposes and is not combined with any other real property for tax assessment purposes.

(xx) None of the Seller Parties have any knowledge of, nor have they received any notice of any contemplated or actual reassessment of, the Real Property or any portion thereof for general real estate tax purposes.

(xxi) All due and payable taxes, assessments, water charges and sewer charges affecting the Real Property or any portion thereof have been paid.

(xxii) There are no tenants of the Real Property and no person or entity now has, or at the time of Closing will have, any possessory interest in the Real Property, under a lease or otherwise.

(xxiii) The Real Property constitutes a separately subdivided, legally distinct parcel of land. The Seller Parties have each complied with all applicable laws,

ordinances, regulations, statutes, rules and restrictions pertaining to and affecting the Real Property which relate to such subdivision.

(xxiv) There is no pending litigation or dispute, and none of the Seller Parties have received notice of any disputes, concerning the location of the lines and corners of the Real Property, nor have any of the Seller Parties been served with any legal action concerning the location of the lines and corners of the Real Property.

(xxv) There are no undisclosed liabilities or agreements affecting the Real Property or the Company that will be binding upon Buyer, Company or the Real Property post-Closing.

(xxvi) The Real Property has not been designated or valued as open space or other special category such that its sale or change of use would trigger the imposition of any “rollback”, “catch up” or similar taxes.

(xxvii) There is no default or breach by the Seller Parties or any other party thereto, under any agreements, covenants, conditions, restrictions, easements or any requirements of any governmental body which may affect the Real Property (or any portion or portions thereof) or the Company, and, no condition or circumstance exists which, with the giving of notice or the passage of time, or both, would constitute a default or breach by Seller Parties or any other party thereto, under any such agreements, covenants, conditions, restrictions, rights-of-way, easements or requirements by any governmental body.

(xxviii) The Real Property is zoned RC and R4 under the City of North Myrtle Beach regulations.

(xxix) There are no uncured violations of any requirements of any governmental body affecting the Seller Parties or the Real Property.

(xxx) No Proceeding has been instituted or threatened, and no event has occurred, or circumstance exists, that may give rise to, or serve as a basis for, the commencement of any Proceeding which would affect the Seller Parties or the Real Property.

(xxxi) Hazardous substances have not been used, generated, transported, treated, stored, released, discharged or disposed of in, onto, under or from the Real Property by the Seller Parties or by any predecessor-in-title or agent of the Seller Parties, or to the knowledge of the Seller Parties, by any other Person at any time. The Real Property is not in violation of any Hazardous Substance Laws.

(xxxii) There are no above-ground or underground tanks or any other underground storage facilities located on the Real Property.

(xxxiii) No moratorium is pending or contemplated by any governmental body which could in any way affect the highest and best use of the Real Property.

(xxxiv) No actions are contemplated, pending or threatened for the condemnation or taking of the Real Property or any portion thereof.

(c) Particular Representations and Warranties of the Buyer. The Buyer represents and warrants to the Sellers and the Company all of the following:

(i) The Buyer is a limited liability company duly organized, validly existing, and in good standing under the laws of the State of Delaware, with the full power and authority to conduct its business as now being conducted.

(ii) This Agreement constitutes the legal, valid, and binding obligation of the Buyer, enforceable against it in accordance with its terms.

(iii) The Buyer has or will obtain all requisite authorizations and consents to enter into this Agreement with Buyer and to consummate the Contemplated Transactions and the Buyer has or will have the power, authority, and capacity to execute, deliver, and perform its obligations under this Agreement.

(iv) There is no pending Proceeding that has been commenced against the Buyer that challenges, or that may have the effect of delaying, preventing, or otherwise interfering with any of the Contemplated Transactions.

(v) The Buyer is not a party to any voluntary or involuntary proceedings in bankruptcy, reorganization or similar proceedings under the Federal bankruptcy laws or under any state laws relating to the protection of debtors, or subject to any general assignment for the benefit of the creditors, and no such action has been threatened.

(vi) Neither the Buyer nor any of its partners, members, shareholders or other equity owners, is a person or entity with whom U.S. persons or entities are restricted from doing business under regulations of the OFAC of the Department of the Treasury (including those named on OFAC's Specially Designated and Blocked Persons List) or under any statute, executive order (including the September 24, 2001, Executive Order Blocking Property and Prohibiting Transactions with Persons Who Commit, Threaten to Commit, or Support Terrorism).

(d) Covenants of Seller Parties. As a further inducement to the Buyer's execution, delivery, and performance of this Agreement, the Seller Parties hereby covenant to the Buyer all of the following:

(i) The Seller Parties shall perform (and Sellers shall cause the Company to perform) its material obligations under any agreements encumbering the Real Property or otherwise binding against the Company, and will comply in all material respects with all applicable laws relating to the operation of the Real Property (including, but not limited to, any environmental, zoning, building, health, traffic, flood control or other applicable laws, regulations, codes, ordinances or statutes of any local, state or federal governmental authority).

(ii) The Seller Parties will not enter into any agreements (written or oral) or amend any existing agreements that will affect the Real Property or the Company or that will create an obligation affecting the Real Property or the Company subsequent to the Closing without Buyer's consent.

(iii) The Seller Parties shall deliver to Buyer promptly after receipt by any of the Seller Parties or any property manager of the Real Property, copies of all notices of (A) violation issued by any governmental authorities with respect to the Real Property, (B) condemnation, environmental, zoning or other land use regulation proceedings, and (C) litigation or threatened litigation that arises out of the ownership of the Real Property or the Company, in each case, to the extent the Seller Parties receive written notice of the same or otherwise obtain knowledge thereof.

(iv) The Company will not (A) modify or amend any existing easements, covenants, conditions, restrictions or rights of way recorded against the Real Property, (B) consent to any zoning changes with regard to the Real Property, or (C) grant any new easements, covenants, conditions, restrictions or rights of way with regard to the Real Property, in each case, without first obtaining the consent of Buyer.

(v) Sellers shall not convey or permit Company to convey any portion of the Real Property or any rights therein, or enter into any conveyance, security document, easement or other agreement, or amend any existing agreement, granting to any Person any rights with respect to the Real Property or any part thereof or any interest whatsoever therein, without Buyer's prior written consent.

(vi) Seller Parties shall maintain complete and accurate accounting records for the Company.

(e) Accountant's Letter. On or before the Effective Date, each Seller shall deliver to Buyer a letter from its accountant containing certain representations related to such Seller and the Company in the form attached hereto at Exhibit D.

4. **CONDITIONS TO PERFORMANCE**

(a) Conditions Precedent to Buyer's Obligations. The obligations of the Buyer to consummate the purchase of the Subject Interest pursuant to this Agreement are subject to the satisfaction of each of the following conditions:

(i) all representations and warranties of each Seller contained in this Agreement shall be complete, correct, and true, in all material respects as of the Effective Date and as of the date of Closing;

(ii) the Seller Parties, shall in all material respects have performed all obligations and complied with all covenants required of them by this Agreement;

(iii) there shall be no material adverse change in the condition of or affecting the Subject Interest or the Real Property not caused by the Buyer between the time of Buyer's inspection of the Real Property prior to the Inspection Date and the Closing Date;

(iv) the Title Company shall be irrevocably committed to issue the Title Policy (as defined below) on the Closing Date, subject only to matters approved by the Buyer;

(v) the performance by the Seller Parties of the Contemplated Transactions to be effected on or before the Closing Date shall not be restrained or prohibited by any injunction, judgment, or order rendered by any governmental body, and no Proceeding shall have been instituted and be pending in which any Person seeks to restrain such transactions, to obtain such an injunction or judgment, or to attach any of the Subject Interest, the Real Property, or any interests in either of them;

(vi) the Company and any owner(s) of the pond adjoining the Real Property (the "Pond") shall have entered into an agreement in a form and substance mutually agreeable to such parties and Buyer (i) granting the Company (A) to the extent necessary, the right to build a boardwalk and docks along (and extending into) the Pond and (B) the right to utilize the Pond for certain water recreation activities, and (ii) setting forth various covenants, conditions, and restrictions by and among the owner(s) of the Pond related to maintenance and other obligations concerning the use and upkeep of the Pond; and

(vii) the Company, Lakeshore Resort, LLC, Sanibel Resort, LLC, Permenter Brothers Holdings LLC, Seavista Resort, LLC, and any other neighboring landowners, as necessary, have entered into an agreement to ensure access to the Property.

If any of the foregoing conditions precedent set forth in this Section 4(a) are not satisfied or waived in writing by Buyer, Buyer may, but shall not be obligated to, elect, at its option, by notice to Sellers, either to: (a) terminate this Agreement, in which event the Escrow Deposit shall be returned to Buyer, and the parties hereto shall have no further rights or obligations hereunder, except for those which expressly survive such termination; or (b) close without regard to the failure of such condition. The foregoing election is not intended to be in derogation of, but shall be in addition to, Buyer's remedies for Sellers' default hereunder, and does not negate, modify or amend the representations, warranties or post-closing covenants of Sellers contained herein, which representations, warranties and post-closing covenants shall survive the Closing as herein provided.

(b) Conditions to Sellers' Obligations. The obligations of the Sellers to consummate the sale of the Subject Interest and other transactions pursuant to this Agreement are subject to the satisfaction of each of the following conditions, except to the extent that any such condition may have been waived in writing, in whole or in part, by Sellers at or prior to Closing:

(i) all representations and warranties of Buyer contained in this Agreement shall be complete, correct, and true, in all material respects as of the Closing Date; and

(ii) the Buyer shall at or prior to Closing deliver the Purchase Price (adjusted for prorations as set forth herein) to Escrow Agent.

5. **CLOSING OBLIGATIONS.**

(a) **Closing Date.** The consummation of the sale and delivery of the Subject Interest (the “**Closing**”) shall take place on a date after the Inspection Date that is (i) selected by Buyer upon at least thirty (30) days written notice to Sellers, or (ii) selected by Buyer and reasonably acceptable to Sellers, but in any event, Closing shall occur on or before December 31, 2016. The date of Closing is sometimes referred to herein as the “**Closing Date**”.

(b) **Closing Location.** The Closing shall be conducted through an escrow arrangement with the Title Company, or in such other manner as Buyer and Sellers may mutually agree.

(c) **Sellers’ Obligation at Closing.** Subject to the satisfaction of the conditions precedent set forth in Section 4(b) above, at the Closing, the Sellers shall execute, acknowledge, and deliver the following:

(i) the Assignment of Membership Interest, conveying the Subject Interest to Buyer;

(ii) such affidavits, undertakings, indemnities and other documents as the Title Company may require to issue an owner’s policy to the Company (the “**Title Policy**”), dated as of the Closing Date, in such amount as the Buyer and the Title Company may determine, with a “Non-Imputation” endorsement, and such other title endorsements as are available in the state in which the Real Property is located and are requested by Buyer;

(iii) such evidence as Title Insurer shall reasonably require as to the authority of the Seller Parties to enter into this Agreement and to discharge the obligations of the Seller Parties pursuant hereto;

(iv) a certificate of Sellers and Company, dated as of the Closing, reaffirming that all representations and warranties of the Seller Parties under this Agreement are true, correct and complete as of the Closing and that there has occurred no default or breach, nor any event which, with the giving of notice or the passage of time, or both, would constitute a default or breach by Sellers under this Agreement;

(v) a Closing Statement;

(vi) documentation confirming each Seller’s tax basis and holding period in the Property, together with confirmation of the Company’s tax identification number (or EIN) and evidence of establishment of a bank account in the Company’s name and such other accounting records and information of the Seller Parties as Buyer shall reasonably request; and

(vii) such further instructions, documents and information as Buyer may reasonably request as necessary to consummate the Contemplated Transactions.

(d) Buyer's Obligations at Closing. Subject to the satisfaction of the conditions precedent set forth in Section 4(a) above, at the Closing, the Buyer shall execute, and deliver the following:

(i) an authorization to Escrow Agent to pay the Escrow Deposit to the Sellers; and

(ii) payment, by wire transfer into a bank account in the United States, designated in writing by Sellers, of immediately available funds in the amount of the Purchase Price (subject to prorations as set forth herein), reduced by the Escrow Deposit and any amounts required to cure any Seller Breaches.

(e) Mutual Obligations at Closing. At the Closing, the Buyer shall, and Sellers shall cause Minority Partner to, execute, acknowledge, and deliver an Amended and Restated Operating Agreement for the Company (the "**Amended and Restated Operating Agreement**"), in a form specified by Buyer. It is particularly understood and agreed that pursuant to the Amended and Restated Operating Agreement: (i) the Buyer shall be admitted as a Member of the Company; and (ii) the Buyer or Buyer's designated affiliate shall replace the Manager as the sole "Manager" of the Company.

(f) Certain Expenses and Prorations. At or prior to the Closing Date:

(i) the Buyer shall pay for the Survey and all premiums for title insurance with respect to a title policy for the Company; Sellers hereby acknowledging and agreeing that Buyer shall have the right to determine the amount of title insurance set forth in such title policy in Buyer's sole discretion;

(ii) the Sellers shall pay the transfer and recordation taxes (if any) for the Closing, and the fees and any expenses of the Escrow Agent;

(iii) all real estate taxes and current assessments affecting the Real Property shall be prorated as of Closing, with Sellers and Minority Partner bearing responsibility (in their respective capacities as owners of the Company) for such taxes and assessments leading up to the date of Closing, and Buyer and Minority Partner bearing responsibility (in their respective capacities as owners of the Company) for such taxes and assessments from and after Closing;

(iv) the Buyer shall pay for all costs of its Inspections except as otherwise expressly paid for herein; and

(v) Subject to Section 7(g), each party shall pay the fees and expenses of its own counsel.

6. **COVENANTS AND AGREEMENT AFTER CLOSING.** Buyer and Seller Parties hereby covenant and agree as follows with respect to the following matters which shall take place following the Closing:

(a) Tax Reporting. The following state and federal tax returns will be reported for the calendar year in which the Closing occurs:

(i) a short-year return for the Company, for the period from January 1 of the calendar year in which the Closing occurs through the date ending on the day prior to the Closing; and

(ii) a return for the Company for the period commencing with the Closing Date and continuing through December 31 of the calendar year in which the Closing occurs, as the sale of the Subject Interest will cause a deemed termination within the meaning of Section 708(b)(1)(B) of the Code.

(b) Preparation of Tax Returns. The tax returns referenced in Section 6(a)(i) will be prepared by and at the expense of the Seller Parties. The Buyer will prepare the tax returns described in Section 6(a)(ii) at the expense of Buyer.

(c) Tax Reporting By Sellers. The Sellers will report the gain from the sale of the Subject Interest on its 2016 federal and state tax returns as capital gain.

(d) Mutual Cooperation. The Sellers, the Company, and the Buyer agree to provide access to any books and records which may be relevant in connection with compliance with any tax inquiries or other legal requirements, and to cooperate with one another in connection with any tax compliance matters as they may arise following the Closing Date.

(e) Technical Termination Filing. Sellers shall, at its own expense, cause the Company to file with the Internal Revenue Service, within 75 days after Closing, a final Form 1065 on behalf of the Company that notifies the Internal Revenue Service that a technical termination of the Company's status as a partnership for tax purposes has occurred. The final tax return must be complete and accurate in all material respects and signed by an authorized signatory of the Company. Sellers shall likewise comply with any similar requirements imposed by or under applicable state law. Sellers shall promptly furnish Buyer with copies of all tax returns submitted by Sellers in compliance with the requirements of this Agreement.

(f) Survival. The provisions of this Section 6 shall survive the Closing.

7. RIGHTS AND REMEDIES.

(a) Seller Breach. The Buyer shall have the rights, upon any Breach or default by the Seller Parties under the terms of this Agreement (a "Seller Breach"):

(i) In the event of a Seller Breach that is first discovered by Buyer prior to the Closing (A) waive such Seller Breach, in which event Buyer shall proceed to Closing pursuant to the terms of this Agreement without regard to such Seller Breach, (B) terminate this Agreement, and receive a return of the Escrow Deposit, (C) seek specific performance of Seller Parties' obligations under this Agreement, and (D) seek any other remedies available to Buyer at law or in equity.

(ii) In the event that Buyer first discovers after the Closing that a Seller Breach occurred on or before the Closing Date, or if Buyer chooses to enforce any surviving indemnification set forth herein, Buyer shall have the right to (A) collect all Damages (as hereinafter defined), and be indemnified and held harmless by Sellers from all Claims and (B) all remedies provided for herein or otherwise available to Buyer at law or in equity.

(b) Breach By Buyer. If the Closing does not occur on or before the Closing Date as a result of a material default or Breach by Buyer (a “**Buyer Breach**”), and no uncured Seller Breach is then in effect, then Sellers shall be released from all obligations at law or in equity to convey the Subject Interest to Buyer. In such event, the Sellers agree to accept and retain the Escrow Deposit as Sellers’ full and complete remedy for such uncured Buyer Breach. The parties acknowledge and agree that the Escrow Deposit constitutes their reasonable and liquidated estimate of Sellers’ damages under such circumstances, and further acknowledge the difficulty, inconvenience, and uncertainty of ascertaining or requiring the proof of Sellers’ actual damages. The Sellers acknowledge and agree that the remedy of liquidated damages set forth in this Section 7(b), together with the Inspection Indemnity and the provisions of Section 7(g), shall be the exclusive remedies available to the Seller Parties in connection with this Agreement and the Contemplated Transactions.

(c) Survival Period. All representations, warranties, covenants, and obligations in this Agreement, or in connection with the Contemplated Transactions, shall survive the Closing for a period of six (6) years (the “**Survival Period**”), notwithstanding that but for this Section 7(c) the statutory period of limitations might be shorter or longer. All Claims based on any Breach of this Agreement will be forever barred, unless a notice describing such Breach in reasonable specificity is given within ninety (90) days following the Survival Period, and suit is promptly thereafter filed.

(d) Reserved.

(e) Certain Defined Terms. The terms Breach, and Damages shall have the following meanings:

(i) the term “**Breach**” shall mean and include any representation, warranty, covenant, obligation, or other provision of this Agreement, or of any instrument delivered pursuant to this Agreement, if there is or has been (A) any breach, default failure to comply with or perform, or inaccuracy in such representation, warranty, covenant, obligation, or other provision; or (B) any Claim (by any Person) or other occurrence or circumstance that is or was inconsistent with such representation, warranty, covenant, obligation, or other provision; and

(ii) the term “**Damages**” shall mean and include any loss, liability, damage, or expense, including costs of investigation and reasonable attorneys’ fees and expenses, whether suit be brought or not, and whether or not involving third-party Claims, arising, directly or indirectly from or in connection with any Breach and associated Claims; provided, however that such term shall specifically exclude punitive damages, unless such Damages were caused by the fraudulent actions of Sellers.

(f) Third-Party Indemnification Procedures. The provisions of this Section 7(f) shall apply in the event indemnification is sought by any party to this Agreement as a result of a third-party Claim pursuant to the provisions in Sections 2(e) and 7(a)(ii):

(i) If a party to this Agreement (herein, the “**Indemnitee**”) receives or otherwise becomes aware of any third-party Claim for which it seeks indemnification under this Agreement, it shall promptly give a written notice (the “**Indemnity Notice**”) to the party that it claims the right of indemnification from (the “**Indemnitor**”) of the existence of such Claim, the basis for the right of indemnification, and the commencement of any Proceeding relating to such matter. The failure to so promptly notify the Indemnitor shall not, however, affect the rights of the Indemnitee under this Section 7(f), except to the extent that the Indemnitor demonstrates that the defense of such Claim is actually prejudiced by the Indemnitee’s failure to give such written notice.

(ii) If a Proceeding is brought with respect to the Indemnity Claim, and the Indemnitee gives notice thereof to the Indemnitor prior to the expiration of the Survival Period, then the Indemnitor shall be entitled to participate in the defense of such Proceeding, unless: (A) the Claim involves the federal or state liability for income taxes; or (B) both the Indemnitee and Indemnitor are, or are expected to be, parties to such Proceeding, and the Indemnitee determines, in good faith, that joint representation of the Indemnitee and Indemnitor would not be appropriate. Furthermore, subject to the conditions of the preceding sentence, if the Indemnitor provides its own written notice (an “**Assumption Notice**”), within ten (10) days after the Indemnity Notice, of the Indemnitor’s election to assume the defense of the Indemnity Claim, with counsel reasonably acceptable to the Indemnitee, then, for as long as the Indemnitor diligently conducts its defense of the Indemnity Claim, the Indemnitor shall not be liable for any fees of other counsel or any other expenses with respect to the defense of the Indemnity Claim subsequently incurred by the Indemnitor, other than the reasonable costs of investigation.

(iii) If the Indemnitor timely gives an Assumption Notice with respect to an Indemnity Claim: (A) no compromise or settlement may be effected by the Indemnitor, without the Indemnitee’s written consent, unless: (I) there is no finding or admission of any violation of Legal Requirements, or any of other Persons rights, and no effect on any other Claims that may be advanced against the Indemnitee; and (II) the sole and exclusive relief is monetary compensation that is paid in full and discharged by the Indemnitor; and (B) the Indemnitee will have no liability with respect to any compromise or settlement of any Indemnity Claim made without its consent.

(iv) If the Indemnitor fails or refuses to timely give an Assumption Notice with respect to an Indemnity Claim, then the Indemnitor shall be bound by any determination which may be made in any Proceeding relating thereto, and in any compromise or settlement of such Indemnity Claim effected by the Indemnitee.

(v) Notwithstanding any other provisions of this Agreement, if the Buyer is the Indemnitee, and determines in good faith that there is a reasonable likelihood that a Proceeding may adversely affect Buyer or any of its affiliates, other than as a result of purely monetary damages for which Buyer is entitled to indemnification from the Sellers under

this Agreement, then Buyer, by written notice to Sellers, may assume the exclusive right to conduct the defense of such Claim, and may compromise or settle such Proceeding. In such a case, the Sellers will not be bound by any determination of a Proceeding so defended, or with any compromise or settlement thereof made without its consent, but Sellers' consent shall not be unreasonably conditioned, delayed, or withheld.

(g) Enforcement Costs. In connection with:

Indemnity;

(i) the enforcement or interpretation of the Inspection

(ii) the proper disposition of the Escrow Deposit; or

(iii) any Claims made by the Buyer;

then, in all such events, the prevailing party (as between Sellers and Buyer) shall be entitled to also recover from the non-prevailing party (Sellers or Buyer) all reasonable costs, charges, and expenses, including attorneys' fees and expenses, expended or incurred in connection with such matter.

(h) Cure Periods. None of the parties shall be in default or Breach under this Agreement, unless and until the Buyer or Sellers (as the case may be) gives that party notice specifying the default, and such party fails to cure and correct such matter within seven (7) days after notice; provided, however in the event a party intends to cure or correct a matter that it receives notice of on or before the Closing Date, such cure must in all cases be completed before the Closing (which shall not be extended for such cure).

(i) Joint and Several Liability. Notwithstanding anything contained herein to the contrary, the parties acknowledge and agree that the Seller Parties shall have joint and several liability for any Breach or Claim by the Seller Parties under the terms of this Agreement or in connection with any document executed in connection with the Contemplated Transactions.

8. MISCELLANEOUS PROVISIONS.

(a) Construction of Agreement. This written Agreement constitutes the entire and complete agreement between the Seller Parties and Buyer with respect to the Subject Interest and Real Property, and supersedes any prior oral or written communication between them. This Agreement shall be governed by and construed in accordance with the laws of the state in which the Property is located. If any provision of this Agreement shall be in violation of any applicable law, or unenforceable for any reason, the invalidity or unenforceability of such provision shall not invalidate or render unenforceable any other provision hereof. Descriptive headings included herein are included for convenience only, and shall not control or affect the meaning or construction of provisions of this Agreement. Each Exhibit referred to in this Agreement, and attached hereto, is incorporated herein as if set out fully in the body of this Agreement. The parties acknowledge that each party and its counsel have participated in the negotiation and preparation of this Agreement. This Agreement shall be

construed without regard to any presumption or other rule requiring construction against the party causing the Agreement to be drafted.

(b) Time For Performance. Time is of the essence with respect to every provision of this Agreement. If the date of Closing, the last day under any notice, or the last day to perform any obligation hereunder falls on a Saturday, Sunday or legal holiday recognized by the state government of the State/Commonwealth in which the Property is located, then the time for performance shall be extended to the next day which is not a Saturday, Sunday or legal holiday.

(c) Modification or Waiver. No modification, waiver or amendment of any provision of this Agreement shall be implied from any course of conduct or shall be effective unless set forth in a written agreement executed by the party against whom such modification, waiver or amendment is sought to be enforced.

(d) Successors and Assigns. Buyer shall have the ability to assign this Agreement to an affiliated entity, without any consent from the Seller Parties. The Seller Parties shall not assign this Agreement, or any rights hereunder, without the consent of the Buyer.

(e) Notice Provisions. Any notices to be given or served under this Agreement shall be in writing, and shall be deemed to have been sufficiently provided for purposes of any provision hereof if (i) transmitted by hand delivery, fax, electronic mail or overnight express delivery or (ii) sent by registered or certified mail, return receipt requested, to the following addresses:

Permenter Company: Permenter Brothers Holdings LLC

[REDACTED]

With copy to: Robert "Shep" Guyton

[REDACTED]

Wampee Company: Wampee Plantation Limited Partnership, L.P.

[REDACTED]

Company: Camellia Station, LLC
c/o Permenter Brothers Holdings LLC

[REDACTED]

With copy to: Robert "Shep" Guyton

[REDACTED]

Buyer:

Camellia Station Holdings, LLC
[REDACTED]
ATTN: Jed Linsider
[REDACTED]

With copy to:

Alston & Bird LLP
[REDACTED]
ATTN: Drew Allen
[REDACTED]

Any notice or other communication mailed as hereinabove provided shall be deemed effectively given (a) on the date of delivery, if delivered by hand; (b) on the date mailed if sent by overnight express delivery or if sent by registered or certified mail, return receipt requested; or (c) on the date of transmission, if sent by e-mail, facsimile or electronic transfer device with a follow-up by regular mail or overnight delivery. Such notices shall be deemed received (a) on the date of delivery, if delivered by hand or overnight express delivery service; (b) on the date indicated on the return receipt if mailed; or (c) on the date of transmission, if sent by e-mail electronic transfer device. If any notice mailed is properly addressed but returned for any reason, such notice shall be deemed to be effective notice and to be given on the date of mailing.

(f) Brokerage Provisions. Buyer and Sellers each warrant and represent to the other that such party has not and will not employ a real estate broker or agent in connection with the transaction contemplated hereby. Each party agrees to indemnify and hold the other harmless from any loss or cost suffered or incurred by it as a result of the other's representation herein being untrue. This subsection (f) shall expressly survive the Closing hereunder.

(g) Buyer's Securities Offering. Buyer may make its acquisition of the Subject Interest part of a public or private securities offering. In such event, the Sellers, the Manager, the Minority Partner, and the Company shall cooperate reasonably with Buyer to satisfy the requirements of such offerings.

(h) Further Assurances. The parties agree to sign, execute and deliver, or cause to be signed, executed and delivered, and to do or make, or cause to be done and made, upon the written requests of the other party, any and all agreements, instruments, papers, deeds, acts or things, supplemental, confirming or otherwise, as may be reasonably required to effect the purpose and intent of this Agreement.

(i) Listings and Other Offers. During the pendency of this Agreement, Sellers shall not list the Real Property with any broker or otherwise solicit or make or accept any offers to sell the Real Property or the Subject Interest, engage in any discussions or negotiations with any third party with respect to the sale or other disposition of the Real

Property, or enter into any contracts or agreements (whether binding or not) regarding any disposition of the Real Property.

(j) Condemnation. Upon becoming aware of the same, Sellers agree to give Buyer immediate written notice of any actual or threatened taking in condemnation or by eminent domain (or a sale in lieu thereof). Between the Effective Date and the Closing Date, any actual or threatened taking or condemnation for any public or quasi-public purpose or use by any competent authority in appropriate proceedings or by any right of eminent domain of all or any part of the Real Property which would, in Buyer's judgment, adversely affect the Real Property or render it unsuitable for Buyer's purposes, shall, at Buyer's option, allow Buyer, by written notice to Sellers, to be received within thirty (30) calendar days of Buyer's receiving Sellers' written notice of such threat, condemnation or taking, or by the Closing Date, whichever is earlier, to elect to terminate this Agreement. If this Agreement is so terminated, Buyer shall be entitled to receive a refund of the Escrow Deposit, whereupon the parties shall have no further rights or obligations hereunder, except for those which expressly survive any such termination. If Buyer does not elect to terminate this Agreement following receipt of such written notice of a threat of taking or taking by condemnation, as provided above, this Agreement shall remain in full force and effect and the conveyance of the Real Property contemplated herein, less any interest taken by eminent domain or condemnation, or sale in lieu thereof, shall be effected. At the Closing, Sellers shall assign, transfer and set over to Buyer all of Sellers' right, title and interest in and to any awards or payments for the actual value of the Real Property lost or destroyed that have been or may thereafter be made for any such taking or sale in lieu thereof.

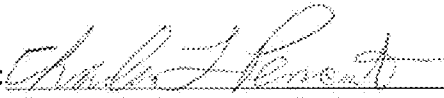
9. JOINDER BY COMPANY. The Company has joined in the execution of this Agreement for the purposes of acknowledging and agreeing to its respective covenants, representations, warranties, and obligations expressly set forth, each of which constitutes a material inducement to the Buyer's execution, delivery, and performance of the Buyer's respective obligations in this Agreement.

[Signature pages follow]

IN WITNESS WHEREOF, the Seller Parties and the Buyer have mutually executed and delivered this Agreement as of the Effective Date.

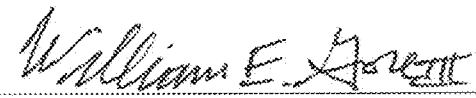
SELLERS:

**PERMENTER BROTHERS HOLDINGS
LLC**, a South Carolina limited liability
company

By: 
Charles L. Permenter, its Manager

**WAMPEE PLANTATION LIMITED
PARTNERSHIP, L.P.**, a South Carolina
limited partnership

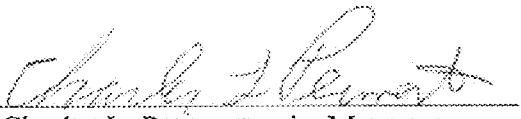
By: Wampee Property Management, Inc.,
its General Partner

By: 
William E. Gore, III, its Vice-President

[Signature pages continue]

COMPANY:

CAMELLIA STATION, LLC,
a Delaware limited liability company

By: 
Charles L. Permenter, its Manager

[Signature pages continue]

BUYER:

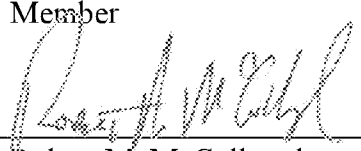
**CAMELLIA STATION HOLDINGS,
LLC,**

a Delaware limited liability company

By: Camellia Station Management, LLC,
its Manager

By: EcoVest Camellia Station, LLC, its
Manager

By: EcoVest Capital, Inc., its Sole
Member

By: 
Robert M. McCullough
Senior Vice President and Chief
Financial Officer

[Exhibits follow]

EXHIBIT A

DESCRIPTION OF THE REAL PROPERTY

ALL AND SINGULAR that certain piece, parcel or tract of land, lying and being in the City of North Myrtle Beach, Horry County, South Carolina, designated as **PARCEL 2, 1,969,845 SQ. FT., 45.22 ACRES** as shown on that certain plat entitled “**BOUNDARY/SUBDIVISION SURVEY OF TRACTS 5, 6 & 7, LOCATED AT NORTH MYRTLE BEACH, HORRY COUNTY, SOUTH CAROLINA**” dated July 27, 2016 prepared by The Brigman Company and recorded August 5, 2016 in Plat Book 271 at Page 207, in the public records of Horry County, South Carolina, which plat is craved as forming a part of this description.

PIN No.: Portion of 349-00-00-0014; Portion of 349-00-00-0015; Portion of 349-00-00-0016; Portion of 349-00-00-0017 and Portion of 349-14-01-0001.

EXHIBIT B

FORM OF ASSIGNMENT OF MEMBERSHIP INTEREST

ASSIGNMENT AND ASSUMPTION OF MEMBERSHIP INTEREST

FOR AND IN CONSIDERATION OF TEN DOLLARS (\$10.00) AND OTHER GOOD AND VALUABLE CONSIDERATION, the receipt and sufficiency of which are hereby acknowledged, and intending to be legally bound, **PERMENTER BROTHERS HOLDINGS LLC**, a South Carolina limited liability company, and **WAMPEE PLANTATION LIMITED PARTNERSHIP, L.P.**, a South Carolina limited partnership (collectively, "Assignor"), hereby sell, assign, transfer and convey to **CAMELLIA STATION HOLDINGS, LLC**, a Delaware limited liability company ("Assignee"), Assignor's membership interest ("Assignor's Interest") in **CAMELLIA STATION, LLC**, a Delaware limited liability company (the "Company"), representing ninety-five percent (95%) of the membership interest in the Company.

Assignee hereby accepts Assignor's Interest and expressly assumes all of Assignor's obligations and liabilities with respect thereto accruing on and after the date of this Assignment, subject to the terms and conditions of that certain Operating Agreement of the Company dated August 8, 2016, as amended simultaneously with the execution and delivery of this Assignment and Assumption of Membership Interest by that certain Amended and Restated Operating Agreement of the Company, dated as of the date hereof.

Assignor hereby represents and warrants to Assignee that (i) Assignor has full right, power and authority to assign Assignor's Interest to Assignee and (ii) Assignor's Interest is free and clear of all liens, security agreements, pledge agreements, restrictions, claims, rights or encumbrances of any nature whatsoever. Assignor hereby warrants and agrees to forever defend Assignee's title to the Assignor's Interest, against the claims of all persons whomsoever claiming by, through or under Assignor, but not otherwise.

[Signatures on following pages]

This Assignment is made as of _____, 2016.

ASSIGNOR:

**PERMENTER BROTHERS HOLDINGS
LLC**, a South Carolina limited liability
company

By: _____
Charles L. Permenter, its Manager

**WAMPEE PLANTATION LIMITED
PARTNERSHIP, L.P.**, a South Carolina limited
partnership

By: Wampee Property Management, Inc., its
General Partner

By: _____
William E. Gore, III, its Vice-President

ASSIGNEE:

**CAMELLIA STATION HOLDINGS,
LLC**,
a Delaware limited liability company

By: Camellia Station Management, LLC,
its Manager

By: EcoVest Camellia Station, LLC, its
Manager

By: EcoVest Capital, Inc., its Sole Member

By: _____
Robert M. McCullough
Senior Vice President and
Chief Financial Officer

ESCROW AGREEMENT

THIS AGREEMENT was executed as of August 26, 2016 by and among (i) **PERMENTER BROTHERS HOLDINGS LLC** a South Carolina limited liability company; (ii) **WAMPEE PLANTATION LIMITED PARTNERSHIP, L.P.**, a South Carolina limited partnership (collectively with Permenter Brothers Holdings LLC, "**Seller**"); (iii) **CAMELLIA STATION HOLDINGS, LLC**, a Delaware limited liability company (the "**Buyer**"), with offices located at [REDACTED] and (iv) **COASTAL TITLE SERVICES, INC.**, a South Carolina corporation, with offices located at [REDACTED] (the "**Escrow Agent**").

RECITALS:

A. Buyer and Seller have executed that certain Membership Interest Purchase Agreement with an Effective Date of August 26, 2016 (collectively, the "**MIPA**") providing for the sale and purchase of units of interest (the "**Subject Interest**") in Camellia Station, LLC, a Delaware limited liability company. (Capitalized terms used but not defined herein are defined in the MIPA).

B. The Seller, Buyer and Escrow Agent have agreed that Escrow Agent shall act as an escrow agent in connection with the transactions contemplated under the MIPA, pursuant to the terms and conditions hereinafter provided.

NOW, THEREFORE, in consideration of the premises recited above, the mutual covenants set forth below, and good and valuable consideration, the receipt and sufficiency of which is acknowledged, Seller, Buyer and Escrow Agent hereby agree as follows:

1. Agent's Rights and Duties.

(a) Appointment of Agent: Seller and Buyer do hereby designate and appoint Escrow Agent as their agent for the limited purposes described in this Agreement. Escrow Agent hereby accepts such appointment, subject to the terms, provisions and conditions hereinafter provided.

(b) Reimbursement of Expenses: Seller and Buyer jointly and severally agree to reimburse Escrow Agent for all expenses reasonably and actually incurred by Escrow Agent in the performance of its duties under this Agreement. As between Seller and Buyer, the allocation of such expenses may be subject to Section 4(h) of this Agreement.

(c) No Additional Compensation: Apart from the reimbursement of expenses provided in Section 1(b) above, and the Escrow Agent's standard escrow fee of \$10.00, all of which are to be paid pursuant to the MIPA, Escrow Agent shall serve in its capacity as escrow agent under this Agreement without additional compensation.

(d) Limitation of Liability: The acceptance by Escrow Agent of its duties under this Agreement is subject to the following terms and conditions:

(i) The duties and obligations of Escrow Agent under this Agreement shall be determined solely by the express provisions hereof, and Escrow Agent shall not be liable hereunder for the performance of duties and obligations which are not specifically set out in this Agreement;

(ii) Escrow Agent shall not be liable under this Agreement for any error in judgment, or for any act done or omitted by it in good faith, or for any mistake of fact or of law, or from anything which Escrow Agent may do or refrain from doing in good faith; and

(iii) Escrow Agent shall incur no liability under this Agreement except for its willful misconduct, gross negligence, or the material breach by Escrow Agent of any provisions hereof.

(e) Indemnification of Agent: Seller and Buyer hereby agree to indemnify Escrow Agent, and hold it harmless against any loss, liability or expense incurred arising out of or in connection with Escrow Agent's execution of this Agreement and performance of its duties hereunder, including, without limitation, any costs reasonably and actually incurred by Escrow Agent in defending, responding to or participating in any claim, demand, action, suit or proceeding; provided, however that such indemnity shall not apply or extend to any claim, liability, loss, action, suit or proceeding (i) resulting from the gross negligence, bad faith or willful misconduct on the part of Escrow Agent hereunder, or (ii) resulting from the material breach by Escrow Agent of any provisions hereof.

2. Administration of Escrow.

(a) Earnest Money Deposit: Escrow Agent hereby acknowledges receipt of the Earnest Deposit in the amount of Fifty Thousand and 00/100 Dollars (\$50,000.00) from Buyer.

(b) Action at Seller's or Buyer's Request: If at any time Escrow Agent shall receive any notice from Seller or Buyer concerning the delivery, release or application of any funds held by Escrow Agent under this Agreement, Escrow Agent shall promptly notify Buyer or Seller, as the case may be, of such request or demand, and shall proceed in accordance with Seller's or Buyer's request or demand (as the case may be), unless Buyer or Seller, as the case may be, objects thereto by notice given to Escrow Agent within ten (10) days after Escrow Agent's notice to Buyer or Seller, as the case may be.

(c) Action at Mutual Request: At the mutual written request of Buyer and Seller, Escrow Agent shall deliver, release or apply any funds held by it under this Agreement and take such other actions as may be reasonably requested.

3. Resolution of Disputes:

(a) Effect of Dispute: If Escrow Agent shall receive conflicting demands or notices from Buyer and Seller, or if any action, dispute, claim, counterclaim or controversy shall otherwise arise between Buyer and Seller in connection with this Agreement (collectively a "**Dispute**"), Escrow Agent shall immediately notify Buyer and Seller of such Dispute, and shall withhold further action under this Agreement pending the resolution thereof, except as provided below in Sections 3(b), 3(d) or 3(e).

(b) Consultation of Counsel: If any Dispute shall arise, Escrow Agent is authorized to and may consult with and obtain advice concerning the same from legal counsel of its own selection.

(c) Action after Notice: Notwithstanding any other provision of this Agreement, including, without limitation, Section 3(a) hereinabove, if Escrow Agent shall give notice to Buyer or Seller, at the request of the other party, pursuant to Sections 2(b) hereinabove, and any such notice is not objected to through notice to Escrow Agent within ten (10) days thereafter, then Escrow Agent may proceed in the manner described in such notice.

(d) Commencement of Proceedings: Escrow Agent may, but shall not be required to, institute or commence any legal proceedings which it may consider to be necessary or appropriate in respect of its rights and duties under this Agreement.

(e) Deposit in Court: If any Dispute should occur, Escrow Agent, after first giving notice to Buyer and Seller of not less than ten (10) days, and in the absence of written authorization signed by both Buyer and Seller resolving such Dispute, may in Escrow Agent's sole discretion deposit all documents and funds held hereunder in the Circuit Court of Fulton County, Georgia, and in such event all further liability and responsibility of Escrow Agent under this Agreement shall terminate upon such deposit having been made.

4. Miscellaneous Provisions.

(a) Counterpart Execution: To facilitate execution, this Agreement and any notices or documents referred to herein may be executed in as many counterparts as may be required. It shall not be necessary that the signatures on behalf of all parties appear on each counterpart. All such counterparts of a particular document shall collectively constitute a single document for purposes hereof.

(b) Construction of Agreement: This Agreement shall be governed by and construed in accordance with the laws of the State of South Carolina. The parties acknowledge that each party and its counsel have participated in the negotiation and preparation of this Agreement. This Agreement shall be construed without regard to any presumption or other rule requiring construction against the party causing the Agreement to be drafted.

(c) Time for Performance: Time is of the essence with respect to every provision of this Agreement. If the last day under any notice, or the last day to perform any obligation hereunder falls on a Saturday, Sunday or legal holiday, then the time for performance shall be extended to the next day which is not a Saturday, Sunday or legal holiday.

(d) Modification or Waiver: No modification, waiver or amendment of any provision of this Agreement shall be implied from any course of conduct or shall be effective unless set forth in a written agreement executed by all parties hereto.

(e) Binding Effect: This Agreement shall be binding upon and shall inure to the benefit of the parties hereto, and their respective successors and permitted assigns.

(f) Notices. Any notices to be given or served under this Agreement shall be in writing, and shall be deemed to have been sufficiently provided for purposes of any provision hereof when received if (i) transmitted by hand delivery, or nationwide air courier, or (ii) transmitted by e-mail, as follows:

If to Seller:

Permenter Brothers Holdings LLC
[REDACTED]

Wampee Plantation Limited Partnership, L.P.
[REDACTED]

With copy (which shall not constitute notice) to:

Robert "Shep" Guyton
[REDACTED]

If to Buyer:

Camellia Station Holdings, LLC
[REDACTED]

Attn: Robert M. McCullough
[REDACTED]

With copy (which shall not constitute notice) to:

Alston & Bird LLP
[REDACTED]

ATTN: Drew Allen
[REDACTED]

If to Escrow Agent:

Coastal Title Services, Inc.
[REDACTED]

Either party may designate a new address, fax number or e-mail address for notice hereunder, upon ten (10) days advance notice to the other party given in the manner set forth hereinabove.

(g) Further Assurances: The parties agree to sign, execute and deliver, or cause to be signed, executed and delivered, and to do or make, or cause to be done and made, upon the written request of the other party, any and all agreements, instruments, papers, deeds, acts or

things, supplemental, confirming or otherwise, as may be reasonably required to effect the purpose and intent of this Agreement.

(h) Attorney's Fees and Expenses: In the case of any Dispute, or if any party should default under any of the provisions of this Agreement, and any other party should employ attorneys or incur other expenses for the enforcement of performance or observance of any agreement or covenant herein contained, the non-prevailing party will on demand pay to the prevailing party or parties the reasonable and actual fee of such attorneys and all other reasonable and actual expenses incurred in connection therewith.

[Signature pages follow]

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date first recited above.

SELLER:

PERMENTER BROTHERS HOLDINGS LLC,
a South Carolina limited liability company

By: Charles L. Permenter
Charles L. Permenter, its Manager

EIN: W

WAMPEE PLANTATION LIMITED PARTNERSHIP,
L.P., a South Carolina limited partnership

By: Wampee Property Management, Inc., its General
Partner

By: William E. Gore III
William E. Gore, III, its Vice-President

EIN: _____

[Signature pages continue]

BUYER:

**CAMELLIA STATION HOLDINGS,
LLC,**

a Delaware limited liability company

By: CAMELLIA STATION
MANAGEMENT, LLC, its Manager

By: ECOVEST CAMELLIA STATION,
LLC, its Manager

By: ECOVEST CAPITAL, INC.,
its Sole Member

By: 
Robert M. McCullough
Senior Vice President and Chief
Financial Officer

[Signature pages continue]

ESCROW AGENT:

COASTAL TITLE SERVICES, INC.,
a South Carolina corporation

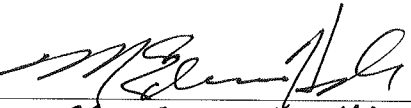
By: 
Name: M. Edwin Hinds, Jr.
Its: Asst Sec

EXHIBIT D

FORM OF ACCOUNTANT'S LETTER

_____, 201__

[Insert Seller Entity]
[Insert Seller Address]

Re: [Seller Entity] Income Tax Return Filing Positions for [Property Owner]

[Insert Accountant Name] has been, and continues to be, the accountant and tax preparer of record for [Seller Entity] ("Company") since _____, ____ (the "Period of Representation"), and in such capacity, has prepared the federal and state income tax returns of the Company during that period in which it acquired the Real Property (as defined in that certain Membership Interest Purchase Agreement between Seller and [Buyer Entity] dated on or about the date hereof (the "Purchase Agreement")) reported on its balance sheet.

As such, and based solely on the services we have performed for the Company to date, we make the following statements with respect to the Company:

1. At all times during the Period of Representations, the Company has reported the holding of the Real Property on federal and state income tax returns as a capital asset for investment within the meaning of Section 1221 of the Internal Revenue Code of 1986, as amended ("IRC") and not as an inventory asset or asset held primarily for sale to customers in the ordinary course of business or otherwise.
2. At all times since its inception, the Company has reported the Real Property as land held for investment, which is separate and different than land held for development, in its annual compiled financial statements.
3. The Company has filed on a timely basis all required tax returns.
4. As of the date of this letter, there are no pending or past audits of any income tax returns of the Company or its owners, [list said owners], and none of said owners have given, nor been requested to give, any waivers or extensions of any statute of limitations related to taxes, or, to our knowledge, is or, would be subject to such a waiver or extension given by or requested of any other person.
5. All of the income tax filings of the Company have been filed as a partnership for federal and state tax purposes.
6. The Company has not filed or otherwise made an election to be treated as an associate for tax purposes.

7. The sale by the Company of a portion of its interest in [Property Owner] is not subject to any federal, state or local withholding obligation of the buyer of such interest under the tax laws applicable to the Company, the [Property Owner] or the property of the Company.
8. It is the Company's intention that the conveyance of the Real Property from the Seller to [Property Owner] will result in [Property Owner]'s holding period of the Real Property under IRC Section 1223(2) to be the same period as the Company's holding period and the Company intends to file tax returns under that assumption.
9. In the event there is a technical termination during 2016, as defined under IRC Section 708(b)(1)(B), the Company will file any and all required tax returns under the IRC and regulations properly reporting the pre-change and post-change period. Further, the Company will report any resulting gain or loss on the sale of a portion of its interest in the [Property Owner] as a capital transaction.

Sincerely,

[Accountant Signature]

COOPER AND JASKOT

Certified Public Accountants, LLC

H. Ray Cooper, CPA • Arlene K. Jaskot, CPA

MEMBER:

American Institute of CPAs • South Carolina Association of CPAs • Grand Strand Chapter of CPAs

August 24, 2016

Wampee Plantation Limited Partnership, L.P.


**Re: Wampee Plantation Limited Partnership, L.P. Income Tax Return Filing Positions for
Camellia Station, LLC**

Harold Ray Cooper has been the accountant and tax preparer of record for Wampee Plantation Limited Partnership, L.P. ("Company") since December 22, 2003 and, in such capacity, has prepared the federal and state income tax returns of the Company during that period in which it acquired the real property reported on its balance sheet.

As such, and based solely on services we have performed for the Company to date, we can make the following statements with respect to the Company:

1. At all times during such period, the Company has reported the holding of the real property on federal and state income tax returns as a capital asset for investment within the meaning of Section 1221 of the Internal Revenue Code of 1986, as amended, ("IRC") and not as an inventory asset or asset held primarily for sale to customers in the ordinary course of business or otherwise.
 2. At all times since inception, the Company has reported the real property as land held for investment, which is separate and different, than land held for development, in its annual compiled financial statements.
 3. The Company has filed on a timely basis all required tax returns.
 4. As of the date of this letter, there are no pending or past audits of any income tax returns of the Company, and there has not been given, or been requested to give, any waivers or extensions of any statute of limitations relating to taxes, or, to our knowledge, is or, would be subject to such a waiver or extension given or requested for the Company.
 5. All of the income tax filings of the Company have been filed as a partnership for federal and state income tax purposes.
 6. The Company has not filed or otherwise made an election to be treated as an association for tax purposes.
 7. The sale by Wampee Plantation Limited Partnership, L.P. of a portion of its interest in Camellia Station, LLC is not subject to any federal, state or local withholding obligation of the buyer of
- 

such interest under the tax laws applicable to the Company or the property of the Company assuming the Company and Camellia Station, LLC are South Carolina residents.

8. It is the Company's intention that the "Initial Transaction" (as described on Schedule 1 attached) will result in Camellia Station, LLC's holding period of Camellia Station, LLC's underlying real estate under IRC section 1223(2) being the same period as the Company's holding period and the Company intends to file tax returns under that assumption.
9. In the event there is a technical termination during 2016, as defined under IRC section 708(b)(1)(B), the Company and Camellia Station, LLC, will file any and all required tax returns under the IRC and regulations properly reporting the pre-change and post-change period. Further, the Seller will report any resulting gain or loss on the sale of a portion of its interest in Camellia Station, LLC as a capital transaction.

Sincerely,

A handwritten signature in black ink, appearing to read "David H. Cooper", with a long horizontal flourish extending to the right.

Schedule 1

to Wampee Plantation Limited Partnership, L.P. Income Tax Return Filing Positions Letter for
Camellia Station, LLC

- A. A newly-formed Delaware manager-managed limited liability company called "Camellia Station, LLC" (the "New Company") is the current fee simple title owner of approximately forty five and 22/100th (45.22) acres of land in the City of North Myrtle Beach, Horry County, South Carolina, generally depicted as "Parcel 2" on a map or plat prepared by The Brigman Company, entitled "Boundary/Subdivision Survey of Tracts 5, 6 & 7, located at North Myrtle Beach, Horry County, South Carolina", dated July 27, 2016, and recorded August 5, 2016, in Plat Book 271, at Page 207, records of Horry County, South Carolina (the "Real Property").
- B. Wampee Plantation Limited Partnership, L.P. ("Company") together with Permenter Brothers Holdings, LLC ("Permenter") and Seavista Partners, LLC ("Seavista") own all of the membership interests ("Membership Interests") in the New Company in the ratios of Ninety-Three and 10/100 (93.10%) Percent to Permenter, One and 90/100 (1.90%) Percent to the Company, and Five (5%) Percent to Seavista.
- C. The Company has transferred a One and 90/100 (1.90) Percent portion of the Real Property, as a contribution of capital to the New Company pursuant to that certain Deed conveying the Real Property from the Company and Permenter to the New Company, recorded August 10, 2016, in Deed Book 3938, at Page 3213, records of Horry County, South Carolina, with an operating agreement dated August 8, 2016, and having Charles L. Permenter as the New Company's sole manager (the "Manager"). (This transaction is referred to as the "Initial Transaction").

Exhibit I

Form of Development Agreement

[See attached]

DEVELOPMENT AGREEMENT

THIS DEVELOPMENT AGREEMENT (this “Agreement”), dated as of _____, 2016 (the “Effective Date”), is made and entered into by and between **CAMELLIA STATION HOLDINGS, LLC**, a Delaware limited liability company (“Owner”), and **CAMELLIA STATION DEVELOPMENT COMPANY, LLC**, a Delaware limited liability company (“Developer”).

WITNESSETH:

WHEREAS, representatives of Developer have extensive experience in the acquisition and development of real estate;

WHEREAS, Developer has heretofore assisted Owner in the investigation of approximately 45.22 acres of unimproved real estate located in Horry County, South Carolina (the “Property”), and Owner has acquired a controlling beneficial interest in the Property;

WHEREAS, Owner desires to retain Developer to serve as Owner’s exclusive agent for the development of the Property and any and all other real property acquired by Owner or over which Owner exercises any actual or beneficial control (each, a “Project,” and collectively, the “Projects”);

WHEREAS, Developer is willing to serve in such capacity on the terms and conditions hereinafter set forth; and

WHEREAS, Developer will be expected to contribute certain time, effort and resources to any such development project and shall be entitled to compensation in accordance with the terms set forth herein.

NOW, THEREFORE, in consideration of the foregoing and of the mutual covenants contained herein, the parties hereby agree as follows:

1. Engagement of Developer.

- 1.1 Engagement of Developer. Owner engages Developer as Owner’s exclusive agent, and Developer accepts such engagement, to perform the coordination of services for the Property and any and all other real property acquired by Owner or over which Owner exercises any actual or beneficial control on the terms and conditions set forth herein.
- 1.2 Grant of Rights. Developer is hereby granted the exclusive right to serve as the developer of each and every Project for which Owner elects to initiate any development activities. During the term of this Agreement, Owner shall take no action that could reasonably be deemed to frustrate, or cause or allow to be taken any action that would permit the frustration of, the intent of this Agreement or otherwise not permit the development of the Property by Developer, including without limitation any sale of any material portion of the Property once acquired by Owner or a subsidiary of Owner or the grant of any rights to a third party with

respect to the Property or the imposition of any restrictions upon the Property that would not permit or would substantially delay the development of the Property by Developer without the prior written consent of Developer, which consent may be withheld for any reason whatsoever or for no reason. For clarification, if Owner desires to take any action prohibited by the foregoing without the consent of Developer, Owner shall be required to exercise its rights of termination of this Agreement pursuant to Section 13. Notwithstanding the above, Owner shall not be required to exercise its rights of termination of this Agreement pursuant to Section 13 should Owner terminate the development plan contemplated under the development option (the “Development Plan”) described in Owner’s Confidential Private Placement Memorandum dated September 1, 2016, as may be amended and supplemented.

- 1.3 Right to File Notice of Agreement. Developer shall be authorized to file and record a memorandum of this Agreement with respect to each and every parcel of real estate related to each Project for the purpose of putting any bona fide purchaser for value on notice of the existence of this Agreement and of the obligations hereunder.
- 1.4 Independent Contractor. Developer is, and shall at all times during the term of this Agreement be, an independent contractor. In performing services pursuant to this Agreement, Developer shall act solely as the agent of Owner and all contracts and agreements entered into by Developer in connection with such services shall be on behalf of and for the account of Owner. Nothing contained in this Agreement shall be deemed or construed to create a partnership or joint venture between Owner and Developer. Owner acknowledges and agrees, however, that, notwithstanding anything contained herein to the contrary, Developer shall not be deemed to have assumed any of the duties, obligations or liabilities or guaranteed or warranted the materials or work of any contractor, architect or third party (or any subcontractor thereof) with whom Owner contracts in connection with the development or construction of the Project.

2. Development Services. Developer shall perform the following services (the “Development Services”) as Owner’s agent upon the request of Owner, recognizing that the sole decision to commence any development activities on a Project shall rest with Owner:

- 2.1 In General. Developer shall arrange, coordinate and administer on behalf of and for the account of Owner all activities and services required for the development and construction of each Project. Developer shall use its best efforts, due diligence and reasonable care in rendering the Development Services pursuant to this Agreement and shall act in good faith and use its best efforts to obtain competitive pricing therefore.
- 2.2 Investigation and Purchase of Land. Developer shall provide reasonable assistance to Owner upon request in the investigation and purchase of any real estate related to each Project. Developer shall be permitted to select the real estate representative of the Owner in this capacity that will be compensated by any real estate

commission generated in connection with such real estate purchase, which real estate representative shall expressly be permitted to be an affiliate of Developer. If an affiliate of Developer is chosen as the real estate representative of Owner in this capacity, Owner shall agree to pay a real estate commission equal to 6% of the purchase price of the Project in cash at closing of the real estate purchase.

- 2.3 Utilities. Developer shall prepare and submit, or cause to be prepared and submitted, applications for and make other arrangements necessary to obtain sewer, water, gas, electricity, telephone and other utility services required for the Project as and when appropriate.
- 2.4 Taxes. Developer shall assist Owner in obtaining local tax abatements and other tax incentives and shall obtain, evaluate and verify assessments and bills for real estate and personal property ad valorem taxes and other similar charges that are or may become liens against a Project. When appropriate, Developer shall recommend to Owner either payment or appeal of such taxes or other charges and shall cooperate with Owner in an effort to lower or minimize such taxes and charges.
- 2.5 Architects, Engineers and Landscapers. Developer shall negotiate and obtain agreements with architects, engineers, landscapers and any other third parties necessary for the design and construction of a Project and shall direct and coordinate the activities of such architects, engineers, landscapers and other third parties on matters relating to the design and construction of a Project.
- 2.6 Contractors. Developer shall negotiate and obtain agreements with contractors necessary for the construction of a Project and shall coordinate the activities of contractors on matters pertaining to the construction of a Project.
- 2.7 Plans and Specifications. Developer shall arrange for, coordinate and monitor the preparation of all blueprints, schematic renderings, architect's drawings, specifications, written descriptions and related plans and data pertaining to the design, construction and equipping of a Project (the "Plans and Specifications") and any and all supplements and modifications thereto. Subject to approval by Owner, Developer may alter the Plans and Specifications relating to the type, number and mix of residential units for the Property in order to maximize revenues or obtain financing.
- 2.8 Permits and Licenses. Developer shall prepare and submit, or cause to be prepared and submitted, to the appropriate governmental authorities applications for rezoning, variances, building permits, business licenses, inspections, approvals, certificates of occupancy and any other permits and licenses and other similar items required for the development, construction or financing of a Project.
- 2.9 Financing. Developer shall provide reasonably requested assistance to Owner in connection with obtaining financing for the development and construction of a

Project; provided that the obligation to obtain and secure all such financing in connection with a Project shall rest exclusively with Owner.

- 2.10 Cooperation with Owner. Developer shall use commercially reasonable efforts to cooperate with and follow all instructions reasonably given by Owner with regard to the development, construction and financing of each Project and shall consult with Owner from time to time as Owner shall reasonably require with respect to such development, construction and financing of each Project.
- 2.11 Sub-Development Services. To the extent that the Developer deems it necessary or advisable, the Developer may, from time to time propose to retain one or more additional entities for the provision of sub-development services to the Developer in order to enable the Developer to provide the Development Services to Owner under this Agreement.
- 2.12 Other Activities of Developer and Owner. Owner hereby acknowledges that Developer is engaged in the development, ownership, leasing and management of commercial and/or residential properties other than the Projects, and Owner hereby agrees that Developer shall in no way be restricted from or have any liability to account to Owner with respect to such other activities, notwithstanding that such activities may compete with or be enhanced by Owner's ownership of a certain Project. Developer hereby acknowledges that Owner is or may hereafter be engaged in the ownership, development, leasing, sale and management of commercial and/or residential properties other than the Projects, and Developer hereby agrees that Owner shall not be restricted from or have any liability to account to Developer with respect to such other activities, notwithstanding that such activities may compete with or be enhanced by Developer's activities under this Agreement.

3. Term of Agreement. The term of this Agreement shall commence as of the Effective Date and shall continue until the later of (i) six years from the Effective Date, and (ii) the date on which development and construction have been completed for all Projects and all obligations of Owner and Developer have been performed and discharged in accordance with the terms of this Agreement with respect to the Property (the "Completion Date"), unless sooner terminated as hereinafter provided.

4. Pre-Commencement Services, Owner Approvals.

- 4.1 Pre-Commencement Services. Following the decision of Owner to proceed with the development of a Project but prior to Developer's undertaking of any activities or rendering of any services pursuant to Section 2, other than those activities and services incident to Owner's acquiring title to the real estate underlying a Project, Developer shall prepare or obtain and submit to Owner for approval the following:

- (a) A general development plan setting forth in reasonable detail Developer's recommendations for the development of a Project;

(b) All feasibility, marketing, architectural, engineering and other studies necessary for the development of a Project;

(c) Preliminary plans and specifications for the development of a Project in such detail as may be reasonably required by Owner, including any supporting materials;

(d) A budget setting forth the estimated costs expected to be incurred by Owner in the development of a Project (the "Budget");

(e) A list of proposed architects, engineers, landscapers, contractors and other consultants to be employed in the development and construction of a Project; and

(f) Cost estimates and bids from contractors in such detail as may be reasonably required by Owner, including any supporting materials.

4.2 Approval by Owner. Notwithstanding anything to the contrary in this Agreement, Developer covenants and agrees that Owner's approval shall be required for the following events:

(a) A change in excess of 1% in the Budget for a Project.

(b) A change in excess of 1,000 square feet in the size of a Project.

(c) Any contract entered into with respect to a Project with an affiliate of Developer.

5. Compensation of Developer.

5.1 Development Fee. As compensation for the Development Services performed under this Agreement, Owner shall pay Developer a sum equal to 15% of all of Owner's "profits" from the development or sale of each Project (the "Development Fee") as measured with respect to such Project following the commencement of development activities for such Project. For purposes of this Agreement, the term "profits" shall mean the amount received by Owner attributable to the sale or lease of a Project (or the fair market value of such Project as determined by an independent third-party appraisal at the time of termination of this Agreement) in excess of all actual costs and out-of-pocket expenses associated with such Project. Except for the Development Fee and any reimbursable expenses pursuant to Section 5.3, and except as may be provided under any separate written agreement between Owner and Developer or upon termination of this Agreement pursuant to Section 13, no other compensation shall be payable to Developer with respect to the construction or development of a Project.

5.2 Payment of Development Fee. The Development Fee for a Project shall be payable within 10 days of the determination of the amount of the Development Fee due hereunder following the receipt of such amounts by Owner or upon termination of this Agreement (following commencement of development activities). Prior to the

commencement of development activities hereunder, no Development Fee shall be due and payable.

- 5.3 Reimbursement of Developer. Owner shall bear all costs and expenses incurred in connection with the development, construction and financing of each Project and the performance of the Development Services in connection with each Project. Developer shall be reimbursed in a timely manner for all reasonable costs and expenses incurred in the performance of the Development Services under this Agreement, including, without limitation, travel and other similar expenses, upon submission to Owner of a statement, together with receipts, invoices and other supporting materials, in such detail as may be reasonably required by Owner. Developer shall account to Owner in a timely manner and in such detail as Owner shall reasonably require for such costs and expenses for which Owner has made advances on an estimated basis. Developer shall obtain the prior approval of Owner in writing before incurring any single expense not included in the Budget in excess of \$5,000.
- 5.4 Direct Expenses of Developer. Notwithstanding anything herein to the contrary, Developer shall be responsible for and bear all costs and expenses with respect to its general overhead costs, including the operation of Developer's offices and the employment of Developer's office personnel.

6. Owner's Responsibilities.

- 6.1 Required Funds. Following a decision by Owner to proceed with any development with respect to a Project, Owner covenants and agrees (without creating any third-party beneficiary rights) to use commercially reasonable efforts to make available all funds necessary to pay all costs and expenses with respect to the development, construction and financing of such Project and the performance by Developer of the Development Services to be performed under this Agreement. Such funds, in amounts reasonably anticipated to be required based upon the request of Developer in accordance with the Budget, shall be deposited by Owner in the Development Account (as defined below) on a timely basis to cover anticipated costs and expenses. Upon not less than five days' notice from Developer, Owner shall provide Developer with the funds required to pay all costs and expenses then due or payable or which are imminently expected to become due and payable.
- 6.2 Execution of Documents. Owner agrees to promptly execute all contracts, agreements and other documents submitted to Owner by Developer; provided, however, that such contracts, agreements and other documents shall be within the scope of authority granted to Developer hereunder or consistent with the implementation of the matters approved by Owner as required by this Agreement.

7. Books, Records, Accounts and Fiscal Matters.

- 7.1 Books and Records. Developer shall maintain current and complete books and records, in accordance with generally accepted accounting practices, of all

transactions pertaining to the development, construction and financing of each Project. Such books and records shall be maintained at Developer's office or at such other place as the parties shall agree, and Owner and Owner's accountants and auditors shall have access to, and shall have the right to inspect and audit, such books and records at all reasonable times and upon prior notice. Developer shall maintain said books and records in a safe manner and separate from any books and records not dealing directly with such Project(s).

7.2 Property of Owner. All such records shall be the property of Owner, and, upon the termination of this Agreement pursuant to Section 3 or Section 13, shall, at the request of Owner, be promptly turned over to Owner. Such books and records shall thereafter be available to Developer for inspection, audit, examination and copying at all reasonable times and upon prior notice to Owner and at the expense of Developer.

7.3 Development Account. Following a decision of Owner to proceed with the development of a Project, Developer shall establish an account for such Project at a bank or other financial institution to be designated by Owner (the "Development Account"). Representatives of Owner and Developer shall be authorized signatories on the Development Account. Developer shall deposit all revenues, receipts and other funds received by Developer for or on behalf of Owner in connection with a Project in the Development Account promptly upon receipt of same.

7.4 Disbursements. Developer shall make all disbursements from the Development Account which are required to be made by Developer pursuant to this Agreement; provided, however, that (a) Developer provides proper notice to Owner regarding payment of any costs and expenses pursuant to Section 6.1; (b) adequate funds are available in the Development Account; and (c) such disbursements are in accordance with the Budget or are otherwise approved by Owner.

8. Compliance with Requirements.

8.1 Applicable Laws. Developer shall use its best efforts to (a) enforce the obligations of contractors and others rendering services or performing work with respect to a Project once development has commenced and (b) comply with any valid and applicable laws, rules, orders, ordinances, regulations and other requirements promulgated by any governmental authority or agency.

8.2 Other Requirements. Developer shall comply with all reasonable requirements of any insurance companies insuring Owner against loss, damage or liability in connection with a Project to the extent applicable to the ownership, development and construction of such Project and of which Developer is given written notice.

9. Insurance and Indemnification.

9.1 Insurance. Owner agrees to procure and maintain, at its expense, in full force and effect at all times following the commencement of any development activities on

a Project for the benefit of Owner policies of insurance, including property, extended coverage or builder's risk insurance and public liability insurance, with such companies, in such amounts, and under such forms of policies as are acceptable to Owner. Owner shall name Developer, at no expense to Developer, as an additional insured under such policies, and such policies shall include a provision whereby the insurer waives its rights of subrogation against any named insured thereunder.

- 9.2 Indemnification of Owner. Developer shall indemnify and hold Owner harmless from all liability, claims, damages, taxes or losses and related expenses including attorneys' fees, to the extent that such liability, claims, damages, taxes or losses and related expenses are not fully reimbursed by insurance and are incurred by reason of Developer's bad faith, fraud, willful misfeasance, willful misconduct, or reckless disregard of its duties during the term of this Agreement by Developer, which indemnity shall continue notwithstanding the termination of this Agreement pursuant to Section 3 or Section 13 with respect to any act or occurrence preceding such termination. Nothing contained in this Section 9.2 shall be deemed to nullify or to constitute a waiver or relinquishment by Developer of the benefit to Developer of any insurance carried by Owner with respect to a Project that covers any act, omission or conduct of Developer for which Developer has indemnified Owner hereunder.
- 9.3 Indemnification of Developer. Owner agrees to indemnify and hold Developer (and its employees, servants and agents) harmless from all liability, claims, damages or losses arising in the performance of their duties hereunder, and related expenses, including reasonable attorneys' fees, to the extent such liability, claims, damages or losses and related expenses are not fully reimbursed by insurance, subject to any limitations imposed by the laws of the State of Delaware as in effect on the date hereof, which indemnity shall continue notwithstanding the termination of this Agreement pursuant to Section 3 or Section 13 with respect to any act or occurrence preceding such termination, provided that such indemnity shall not extend to any action, cause of action, suit, debt, cost, expense, claim or demand against which any party is insured hereunder or which is caused by Developer's bad faith, fraud, willful misfeasance, willful misconduct, or reckless disregard of its duties.
- 9.4 Independent Contractors. No person who shall be engaged as an independent contractor by either Owner or Developer shall be considered an employee, servant, agent or other person for whom Owner or Developer, as the case may be, is responsible for purposes of indemnification under Sections 9.2 and 9.3.
- 9.5 Nature of Development Services. Owner agrees that Developer's responsibilities under this Agreement consist primarily of advising and consulting with Owner in connection with the design, development and construction of the Project and of coordinating on Owner's behalf the activities of the design and engineering professionals and any contractors or other party. Owner further acknowledges that Developer is not responsible for preparing any design or engineering plans or

specifications, performing any of the construction work or furnishing any of the materials required for the Project. Accordingly, Owner agrees that Developer shall have no liability to Owner for any professional services rendered, construction work performed or materials furnished by third parties.

10. Representations and Warranties.

10.1 Of Owner. Owner represents and warrants to Developer that Owner (a) is a limited liability company duly organized and validly existing under the laws of the State of Delaware, and (b) has the full and complete right, power and authority to enter into and perform Owner's duties and obligations under this Agreement in accordance with its terms and conditions.

10.2 Of Developer. Developer represents and warrants to Owner that Developer (a) is a limited liability company duly organized and validly existing under the laws of the State of Delaware, (b) has the full and complete right, power and authority to enter into and perform Developer's duties and obligations under this Agreement in accordance with its terms and conditions and (c) has obtained or shall use its best efforts to promptly obtain all necessary licenses and permits which are required for Developer to perform the Development Services following the commencement of any development activities for a Project in accordance with the terms of this Agreement.

11. Assignment.

11.1 Not Assignable by Developer. Except as provided in Section 2.11 of this Agreement or in that certain Development Services Agreement, by and between Developer and Triloma Land Development, LLC, Developer shall not assign, transfer, pledge or otherwise encumber or dispose of this Agreement or all or any part of Developer's rights and interests hereunder without the consent of Owner, and any attempted assignment, transfer, pledge, encumbrance or disposition shall be void and of no force and effect.

11.2 Assignment by Owner. Owner may assign this Agreement to any affiliate of Owner in connection with the transfer of a particular Project to such affiliate or to any first priority mortgagee as additional security for the obligations of Owner provided that the rights of Developer with respect to such Project are not diminished in any way. Notwithstanding the above, without the consent of Developer, Owner shall not assign, transfer, pledge or otherwise encumber or dispose of this Agreement or all or any part of Owner's rights and interests hereunder, and any attempted assignment, transfer, pledge, encumbrance or disposition shall be void and of no force and effect.

12. Excusable Delays.

12.1 Excusable Delays. The term "Excusable Delays" shall mean any delay due to war, natural catastrophe, strikes, lockouts or other labor or industrial disturbance, future order of any government or court or regulatory body claiming jurisdiction,

inability to obtain necessary approvals, permits, licenses or orders from any government or regulatory body claiming jurisdiction, blockage, embargo, failure or inability to secure materials, supplies or labor through ordinary sources by reason of shortages or priority or similar regulation or order of any government or regulatory body, storm, flood, washout or any cause whatsoever beyond the reasonable control of the party from whom performance is required, whether or not similar to any of the causes hereinabove stated, provided that a party's lack of funds shall not be deemed to be a cause beyond the control of such party, and an Excusable Delay shall be deemed to exist only so long as the party relying on such delay to excuse its performance promptly and specifically notifies the other party in writing of such Excusable Delay and exercises due diligence to remove or overcome it. Notwithstanding the above, nothing contained in this Agreement shall obligate any party to settle a strike or other labor dispute when it does not wish to do so.

- 12.2 Performance Excused. Owner or Developer shall be excused from performance in accordance with this Agreement and its terms and conditions for the period of any Excusable Delay and shall not be deemed in default with respect to the performance of any of the terms and conditions of this Agreement to be performed by the party that is impacted by such Excusable Delay when prevented from doing so by an Excusable Delay; provided, however, that nothing contained in this Section shall excuse a party's performance or prohibit any party from exercising any remedy in any circumstance in which any other provision of this Agreement expressly so provides.

13. Termination and Remedies.

- 13.1 Early Termination. This agreement may be terminated prior to the Completion Date ("Early Termination") in accordance with the following:

(a) By Owner or Developer if the other party (i) files a voluntary petition in bankruptcy, (ii) consents to an involuntary petition in bankruptcy or fails to cause to be vacated an order approving such involuntary petition within 120 days from the date of entry or (iii) the entry of a judgment or decree against either party on the application of a creditor adjudicating either party as bankrupt or insolvent or approving a petition seeking reorganization and appointing a receiver, trustee or liquidator of all or a part of such party's assets;

(b) By Developer electing to terminate this Agreement due to Owner's failure, without cause, to make a proper payment to Developer when due or Owner's failure to perform or observe any other covenant, obligation or requirement of this Agreement; provided, however, that such failure is within the reasonable control of Owner and such failure continues without cause for 30 days after written notice is given to Owner by Developer, which notice shall specify the nature and extent of any such default;

(c) By Owner if Developer shall fail to perform or observe any material obligation or requirement of this Agreement and such failure continues for 30 days after

written notice is given to Developer by Owner, which notice shall specify the nature and extent of any such default; or

(d) By Owner for any reason except as provided in Section 13.1(a) or 13.1(c) prior to notice from the Owner to commence development activities with respect to the Property upon payment to Developer of the Development Termination Fee set forth in Section 13.2 hereof.

13.2 Development Termination Fee. Upon the earlier of the termination of this Agreement pursuant to Section 13.1(b) or 13.1(d) or the termination by Owner of the Development Plan, Owner shall pay to Developer as compensation for the preliminary work performed by Developer, with respect to the Development Services, a one-time development termination fee (the “Development Termination Fee”) in the amount of \$2,900,000 which Development Termination Fee shall be in addition to all earned but unpaid Development Fees following notice from Owner to Developer to commence development activities with respect to the Development Plan. Owner acknowledges and agrees that Owner shall have benefited from the involvement of Developer with the Development Plan and that such Development Termination Fee is reasonable and fair and that the total amount of Development Fees expected to be earned by Developer in connection with the Property alone is in excess of the Development Termination Fee.

13.3 Remedies Cumulative. The rights granted hereunder shall not be in substitution for, but shall be in addition to, any and all rights and remedies available at law or in equity to a nondefaulting party.

14. Obligations at Expiration or Early Termination.

14.1 Developer’s Obligations. Upon the termination of this Agreement, Developer shall furnish all information and take any other necessary action as may reasonably be required in order to effectuate an orderly and systematic termination of Developer’s services, duties, obligations and activities hereunder.

14.2 Owner’s Obligations. Upon the expiration or Early Termination of this Agreement, Owner shall immediately:

(a) Assume any contracts which may have been entered into by Developer in its name relating to the development and construction of a Project (provided that such contracts have been entered into in accordance with the provisions of this Agreement) and indemnify Developer against any liability by reason of anything done or required to be done by Developer under any such contract;

(b) Pay for and indemnify Developer against the cost of all services, materials and supplies, if any, and all other costs and expenses incurred by Developer as a result of Developer’s performance of the Development Services hereunder but which may not have been charged to or paid by Developer and reimbursed under this Agreement at the time of termination; and

(c) Pay to Developer the outstanding amount, if any, of the Development Fee in addition to any other outstanding amounts pursuant to Section 5.

(d) Pay to Developer any Termination Fee, if any, in the event of Early Termination pursuant to Section 13.1(b) or 13.1(d).

14.3 Survival. The provisions of this Section 14 shall survive termination of this Agreement.

15. **Dispute Resolution**.

15.1 Mediation.

(a) Condition Precedent. Any claim, dispute or other matter in question arising out of or related to this Agreement shall be subject to mediation as a condition precedent to the institution of legal or equitable proceedings by either party. If such matter relates to or is the subject of a lien arising out of Developer's services, such entity may proceed in accordance with applicable law to comply with the lien notice or filing deadlines prior to resolution of the matter by mediation. A demand for mediation shall be made within a reasonable time after the claim, dispute or other matter in question has arisen. In no event shall the demand for mediation be made after the date when institution of legal or equitable proceedings based on such claim, dispute or other matter in question would be barred by the applicable statute of repose or limitations.

(b) Rules. Owner and Developer shall endeavor to resolve claims, disputes and other matters in question between them by mediation which, unless the parties mutually agree otherwise, shall be in accordance with the Construction Industry Mediation Rules of the American Arbitration Association currently in effect. A party's request for mediation shall be filed in writing with the other party to this Agreement and with the American Arbitration Association. The request may be made concurrently with the filing of a lien or a complaint in litigation but, in such event, mediation shall proceed in advance of lien foreclosure or legal or equitable proceedings, which shall be stayed pending mediation for a period of 90 days from the date of filing, unless stayed for a longer period by agreement of the parties or court order.

(c) Fees. The parties agree to split the mediator's fee and any filing fees equally. The mediation shall be held in the place where the Project at issue is located, unless another location is mutually agreed upon. Agreements reached in mediation shall be enforceable as settlement agreements in any court having jurisdiction thereof.

(d) Joinder. A mediation pursuant to this section may be joined with a mediation involving common issues of law or fact between Developer and any person or entity with whom Developer has a contractual obligation to mediate disputes. No other mediation arising out of or relating to this Agreement shall include, by consolidation, joinder or in any other manner, an additional person or entity not a party to this Agreement, except by written consent containing a specific reference to this Agreement signed by Owner, Developer, and any other person or entity sought to be joined. Consent to mediation involving an additional person or entity shall not constitute consent to mediation of any

claim, dispute or other matter in question not described in the written consent or with a person or entity not named or described therein. The foregoing agreement to mediation with an additional person or entity duly consented to by the parties to this Agreement shall be specifically enforceable in accordance with applicable law in any court having jurisdiction thereof.

15.2 Litigation. In the event the parties are unable to reach agreement through mediation after good faith efforts, either party may proceed to litigation or other available remedies. Each party consents to the personal jurisdiction of the federal and state courts located in the State of Delaware, waive any argument that such a forum is not convenient and agree that any litigation relating to this Agreement shall be brought in either the state courts for the county in which the applicable Project is located, if a particular Project is at issue in such dispute, or the federal courts in the State of Delaware, and they do hereby submit to the jurisdiction of such courts regardless of their residence or where this Agreement or any other instrument may be executed.

15.3 Waiver of Jury Trial. The parties hereby (a) covenant and agree not to elect a trial by jury of any issue triable of right by a jury, and (b) waive any right to trial by jury fully to the extent that any such right shall now or hereafter exist. This waiver of right to trial by jury is separately given, knowingly and voluntarily, by the parties, and this waiver is intended to encompass individually each instance and each issue as to which the right of a jury trial would otherwise accrue. Either party is hereby authorized and requested to submit this Agreement to any court having jurisdiction over the subject matter and the parties hereto, so as to serve as conclusive evidence of the foregoing waiver of the right to jury trial.

16. Miscellaneous.

16.1 Notices. Except as otherwise provided herein, any notice, election or other communication provided for or required by this Agreement shall be in writing and shall be delivered by any reasonable means to the person to whom such notice is intended to be given at the address shown below or at such other address as such person may have given to the other party to this Agreement. Notice provided in accordance with the preceding sentence shall be effective when sent.

To Developer:

Camellia Station Development Company, LLC

[REDACTED]

Attn: Adam Lloyd, COO, EcoVest Capital, Inc.

[REDACTED]

To Owner:

Camellia Station Holdings, LLC

[REDACTED]

Attn: Robert M. McCullough, CFO, EcoVest
Capital, Inc.
[REDACTED]

- 16.2 Headings. The use of headings, captions and numbers in this Agreement is solely for the convenience of identifying and indexing the various provisions in this Agreement and shall in no event be considered in construing or interpreting any provision of this Agreement.
- 16.3 Binding Effect. All provisions contained in this Agreement shall be binding upon, inure to the benefit of, and be enforceable by, the respective successors and assigns of Owner and Developer to the same extent as if each successor and assign were named as a party hereto, subject to the limitations contained herein.
- 16.4 Severability. If any term, covenant, condition or provision of this Agreement, or the application thereof to any person or circumstance, shall be held to be invalid or unenforceable, then in each such event, the remainder of this Agreement or the application of such term, covenant, condition or provision to any other person or any other circumstance shall not be thereby affected, and each term, covenant, condition and provision hereof shall remain valid and enforceable to the fullest extent permitted by law.
- 16.5 No Waiver. Failure by any party to take any action, no action or claim a default of another party shall not constitute a waiver of any aggrieved party's rights hereunder. Any such waiver must be in writing by the party waiving its rights. The waiver by any party of any right for any default of another party shall not constitute a waiver of any right for either a subsequent default of the same obligation or for any other default past, present or future.
- 16.6 Rights Cumulative. All rights, remedies, powers and privileges conferred on the parties under this Agreement shall be cumulative and in addition to those conferred by law.
- 16.7 Time of Essence. Time is of the essence in this Agreement. Anywhere a day certain is stated for payment or for performance of any obligation, the day certain so stated enters into and becomes a part of the consideration for this Agreement.
- 16.8 Applicable Law. This Agreement shall be governed by the laws of the State of Delaware.
- 16.9 Entire Agreement. This Agreement contains the entire agreement of Owner and Developer and no representations, warranties, inducements, promises or agreements, oral or otherwise, between the parties shall be of any force or effect except as otherwise provided herein.
- 16.10 Modifications. This Agreement shall not be modified or amended in any respect except by a written agreement executed by Owner and Developer in the same manner as this Agreement.

- 16.11 Relationship Among Parties. Developer and Owner agree to cooperate with one another in good faith to consummate successfully the transactions described in this Agreement. Such cooperation should involve reasonable efforts to respond to one another as expeditiously as possible with regard to requests for information or approvals required hereby. With regard to materials or documents requiring the approval of one or more parties, if such materials or documents are not approved as initially submitted, then the parties will engage in such dialogue and communication as is necessary under the circumstances to resolve the issues resulting in such disapproval. A spirit of good faith and a mutual desire for the success of the development of the Project shall govern the parties' relationship under this Agreement generally.
- 16.12 Third-Party Beneficiaries. There shall be no third-party beneficiary of this Agreement, intended or otherwise.
- 16.13 Counterparts. This Agreement may be executed in several counterparts, each of which shall be deemed an original, and all of such counterparts together shall constitute one and the same instrument.

[Signature page follows.]

IN WITNESS WHEREOF, each party hereto has executed and sealed this Agreement by its duly authorized representative, as of the day and year first above written.

OWNER:

CAMELLIA STATION HOLDINGS, LLC

By: CAMELLIA STATION MANAGEMENT, LLC, its
Manager

By: ECOVEST CAMELLIA STATION, LLC, its
Manager

By: ECOVEST CAPITAL, INC., its Sole Member

By: _____
Robert M. McCullough
Senior Vice President, Chief Financial
Officer, Secretary and Treasurer

DEVELOPER:

**CAMELLIA STATION DEVELOPMENT
COMPANY, LLC**

By: ECOVEST CAMELLIA STATION, LLC, its Manager

By: ECOVEST CAPITAL, INC., its Sole Member

By: _____
Robert M. McCullough
Senior Vice President, Chief Financial Officer,
Secretary and Treasurer

Exhibit J

Potential Yield Plan for Development of Property

[See attached]

Exhibit K

Development Plan Financial Projections

[See attached]

PROJECT NAME: CAMELLIA STATION HOLDINGS, LLC

		1	2	3	4	5
	TOTALS	Year 1	Year 2	Year 3	Year 4	Year 5
PROJECTED PRESALES:	TOTALLOTS					
Tower Condo 2 Bed Whole	54	6	15	18	15	-
Tower Condo 3 Bed Whole	162	18	45	54	45	-
Tower Condo 4 Bed Whole	54	6	15	18	15	-
Tower Condo 2 Bed Fractional	54	3	18	18	15	-
Tower Condo 3 Bed Fractional	162	9	54	54	45	-
Tower Condo 4 Bed Fractional	54	3	18	18	15	-
Garden Villas 2 Bed Fractional	32	16	16	-	-	-
Garden Villas 3 Bed Fractional	96	48	48	-	-	-
Garden Villas 4 Bed Fractional	32	16	16	-	-	-
Total Units	700	125	245	180	150	-
PROJECTED CLOSINGS:	TOTALLOTS					
Tower Condo 2 Bed Whole	54	-	-	18	9	27
Tower Condo 3 Bed Whole	162	-	-	54	27	81
Tower Condo 4 Bed Whole	54	-	-	18	9	27
Tower Condo 2 Bed Fractional	54	-	-	18	9	27
Tower Condo 3 Bed Fractional	162	-	-	54	27	81
Tower Condo 4 Bed Fractional	54	-	-	18	9	27
Garden Villas 2 Bed Fractional	32	-	16	16	-	-
Garden Villas 3 Bed Fractional	96	-	48	48	-	-
Garden Villas 4 Bed Fractional	32	-	16	16	-	-
Total Units	700	-	80	260	90	270
PROJECTED REVENUE: \$/Unit	TOTAL REVENUE					
REVENUE PER QTR/YR BY PROJECT						
Tower Condo 2 Bed Whole	\$ 267,975	\$ 14,470,650	\$ -	\$ 4,823,550	\$ 2,411,775	\$ 7,235,325
Tower Condo 3 Bed Whole	\$ 358,650	\$ 58,101,300	\$ -	\$ 19,367,100	\$ 9,683,550	\$ 29,050,650
Tower Condo 4 Bed Whole	\$ 449,550	\$ 24,275,700	\$ -	\$ 8,091,900	\$ 4,045,950	\$ 12,137,850
Tower Condo 2 Bed Fractional	\$ 428,760	\$ 23,153,040	\$ -	\$ 7,717,680	\$ 3,858,840	\$ 11,576,520
Tower Condo 3 Bed Fractional	\$ 573,840	\$ 92,962,080	\$ -	\$ 30,987,360	\$ 15,493,680	\$ 46,481,040
Tower Condo 4 Bed Fractional	\$ 719,280	\$ 38,841,120	\$ -	\$ 12,947,040	\$ 6,473,520	\$ 19,420,560
Garden Villas 2 Bed Fractional	\$ 428,760	\$ 13,720,320	\$ -	\$ 6,860,160	\$ -	\$ -
Garden Villas 3 Bed Fractional	\$ 573,840	\$ 55,088,640	\$ -	\$ 27,544,320	\$ -	\$ -
Garden Villas 4 Bed Fractional	\$ 719,280	\$ 23,016,960	\$ -	\$ 11,508,480	\$ -	\$ -
Subtotal	\$ 343,629,810	\$ 45,912,960	\$ 129,847,590	\$ 41,967,315	\$ 125,901,945	\$ 109.00%
	3.0%	100%	100.0%	103.00%	106.00%	109.00%
TOTAL REVENUE PER YEAR	\$ 361,374,452	\$ -	\$ 45,912,960	\$ 133,743,018	\$ 44,485,354	\$ 137,233,120
PROJECTED COSTS:		Year 1	Year 2	Year 3	Year 4	Year 5
Tower Buildings 1 & 2	44,705,180	-	6,705,777	37,999,403	-	-
Tower Building 3	22,352,590	-	-	5,588,148	16,764,443	-
Tower Buildings 4 & 5	44,705,180	-	-	-	11,176,295	33,528,885
Tower Building 6	22,352,590	-	-	-	-	22,352,590
2 Bed Garden Villa	3,353,280	167,664	1,676,640	1,508,976	-	-
3 Bed Garden Villa	12,768,000	638,400	6,384,000	5,745,600	-	-
4 Bed Garden Villa	5,160,960	258,048	2,580,480	2,322,432	-	-
Sub Total	155,397,780	1,064,112	17,346,897	53,164,559	27,940,738	55,881,475
Inflation		100.0%	100.0%	100.0%	102.4%	104.8%
Furniture for Fractional	10,329,268	-	1,836,518	4,019,680	1,095,024	3,378,046
TOTAL DIRECT EXPENSE (VERTICAL CONSTRUCTION)	169,052,511	1,064,112	19,183,415	57,184,238	29,700,854	61,919,891
Land Development Direct Costs	3,094,351	928,305	2,166,046	-	-	-
Land Development Shared Costs	9,472,040	3,294,772	4,618,868	809,600	521,800	227,000
sub total:	12,566,392	4,223,078	6,784,914	809,600	521,800	227,000
Inflation	2.4%	100.0%	100.0%	102.4%	104.8%	107.1%
TOTAL LAND DEVELOPMENT EXPENSE (Shared & Direct) ¹	12,626,715	4,223,078	6,784,914	828,871	546,642	243,210
TOTAL INDIRECT SALES EXPENSE ²	22,585,903	-	2,869,560	8,358,939	2,780,335	8,577,070
SALES & MARKETING EXPENSE	46,516,713	1,100,000	5,677,814	17,093,981	5,543,559	17,101,358
TOTAL PROJECT EXPENSE	250,781,843	6,387,190	34,515,704	83,466,030	38,571,390	87,841,530
General & Administrative Overhead (2.5% of revenue)	9,034,361	500,000	647,824	3,343,575	1,112,134	3,430,828
Contingency (1.0% of Revenue)	3,613,745	-	459,130	1,337,430	444,854	1,372,331
Interest Expense (9% Interest Rate) ³	2,091,993	-	764,951	1,327,042	-	-
TOTAL OVERHEAD AND INTEREST EXPENSE	14,740,099	500,000	1,871,905	6,008,048	1,556,987	4,803,159
TOTAL PROJECT EXPENSE:	265,521,941	6,887,190	36,387,608	89,474,077	40,128,377	92,644,689
TOTAL PROJECT INCOME	95,852,510	(6,887,190)	9,525,352	44,268,940	4,356,977	44,588,431
Development Fee (15%)	15,410,955	-	1,428,803	6,640,341	653,547	6,688,265
Management Fee	-	-	-	-	-	-
PROJECT INCOME - NET OF FEES	80,441,555	(6,887,190)	8,096,549	37,628,599	3,703,430	37,900,166
Beginning of Year Working Capital Balance		4,863,771	500,000	6,056,887	36,603,037	39,849,603
PROJECT CASHFLOW / (NEED) BEFORE ADDITIONAL CAPITAL		(2,023,419)	8,596,549	43,685,486	40,306,467	77,749,769
Financing Principal Draw / (Repayment) ⁴		2,523,419	(2,523,419)	-	-	-
CASH AVAILABLE FOR DISTRIBUTION:		500,000	6,073,130	43,685,486	40,306,467	77,749,769
Ending Working Capital Reserve Requirement		500,000	6,056,887	36,603,037	39,849,603	-
ESTIMATED DISTRIBUTIONS TO EQUITY	85,305,326	0	16,243	7,082,449	456,864	77,749,769

¹ Includes land development/site prep/landscaping & monuments costs, project planning costs and amenities/marina.

² Includes commissions, closing costs, and warranty

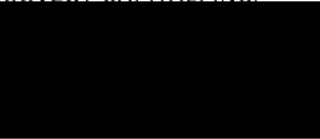
³ Interest expense for financing is assumed to have a blended 9% interest rate on the average outstanding balance in any given quarter. Financing may not be available on attractive terms or at all.

⁴ These amounts are net annual draws/(repayments) of a speculative debt financing assumption. The maximum projected need for financing after working capital is \$45.5 million and occurs in the 3rd quarter of Year 3. All financing is assumed to be repaid by the middle of Year 3

Estimated Distribution to Manager	20.79%	0	3,377	1,472,441	94,982	16,164,177
Estimated Distribution to Original Landowners	5.00%	0	812	354,122	22,843	3,887,488
Estimated Distribution to Equity - Investors	73.71%	0	11,973	5,220,473	336,755	57,309,355
Estimated Distribution to Equity - Manager	0.50%	0	81	35,412	2,284	388,749



ECOVEST CAPITAL, INC.



Securities Offered By:

Triloma

Securities offered on a best efforts basis by Triloma Securities, LLC, Member FINRA/SIPC, dealer manager for EcoVest Capital, Inc. sponsored offerings. Triloma Securities, LLC and EcoVest Capital, Inc. are unaffiliated entities.

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