

## NEW ROYAL BLUFF ORCHARDS, LLC EXECUTIVE SUMMARY – SERIES “D” OFFERING

The New Royal Bluff Orchards, LLC (TNRBO) grows high quality organic and conventional apples and sweet red cherries on four orchard units (510 acres) it owns near Royal City, WA:



**Royal Bluff Orchard** (70 acres) with Granny Smith, Gala, and Honeycrisp apples. Operated by the same management team for the past 30 years. Yielded 12.4% average annual return on invested capital.\* Replanted in 2015. Full production 2019.



**Crave Organics Orchard** (185 acres) with nine varieties of organic apples and cherries. Located three miles from Royal Bluff Orchard. Acquired by TNRBO through its Series “A” \$6 million round of financing in 2013.



**Royal Columbia Orchard** (125 acres) located adjacent to Royal Bluff Orchard. Acquired by TNRBO in 2016 in its Series “B” \$4.5 million round of financing. Orchard infrastructure is complete. Replanting of trees occurred in March 2019. Will produce in 2021. Full production in 2023.



**Falcon Ridge Orchard** (130 acres) located one-half mile to the west of Royal Bluff and Royal Columbia Orchards. Acquired as irrigated “row crop” acres in May 2018. Development set to begin in 2020, with planting complete in 2021.

TNRBO is raising a “Series D” **\$4.875 million round of financing** that will be used to:

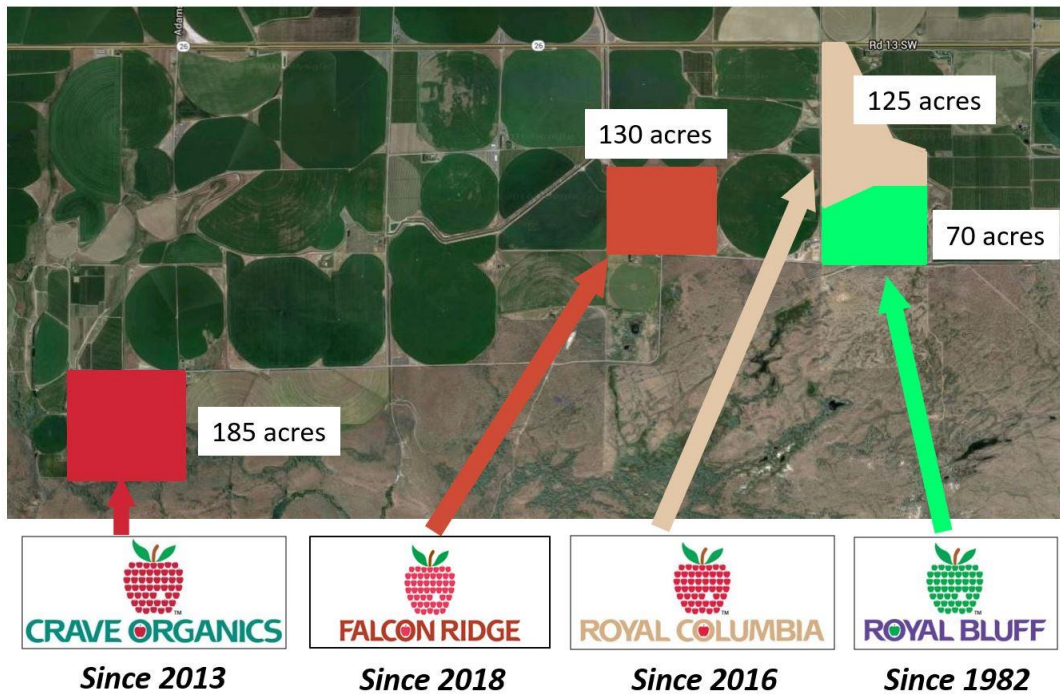
- (1) Develop Falcon Ridge Orchard beginning in 2020.
- (2) Redevelop about 20 acres of Crave Organics beginning 2020.

A total of 65 **individual units are priced at \$75,000 each**. At full production in about 2026, TNRBO projects \$5 million in distributable income on revenue of \$13.5 million.

\*Note: Past performance is not indicative of future results.

## OPERATIONS

Located in the Columbia River Basin near the center of Washington State, TNRBO is situated on the Royal Slope, a prime area for growing apples. The combination of climate, soils, topography, and water resources – along with state-of-the-art horticultural management – yields some of the best apple crops grown anywhere in the world.



All of TNRBO’s apple varieties enjoy consistent consumer demand and continue to be an integral part of the apple variety mix grown in Washington State. TNRBO has established long-term business relationships with premier packing houses in the region that sort, pack, store, market, and distribute the fruit.



Starting in 2013, TNRBO made a commitment to convert all its orchards to **fully organic operations**. Organically grown fruit enjoys premium pricing and demand in the marketplace and results in higher margins for TNRBO.



(per 875 lb. bin)	Conventional	Organic
<b>Revenue</b>	\$275	\$528
<b>Growing Cost</b>	(220)	(272)
<b>Gross Margin</b>	\$55	\$256

## KEY MANAGEMENT TEAM MEMBERS



### **James H. Jackson, CPA, Managing Member & CEO**

Jim founded Royal Bluff Orchards and oversaw the original planting in 1982. Since that time, he has built the core team, managed the orchard, and raised \$15 million in new capital for expansion.

Jim retired from his practice as a Certified Public Accountant in the Seattle, WA area after more than 36 years. Jim was an honor graduate in forest management from Nichols College. He served his country as a Vietnam veteran, and received his MBA degree from California State University, San Diego.



### **Dain Craver, VP Operations**

Dain holds a bachelor's degree in horticulture from Washington State University and has served as a horticulture consultant to Royal Bluff since 1989. He also developed Crave Organics, now part of TNRBO.

Dain served as the Chairman of the Entomology Committee of the Washington State Tree Fruit Association and has received numerous industry awards for his excellence in horticulture, including the 2010 "Silver Apple" award from the Washington State Horticultural Association. And the 2019 Washington State Apple Grower of the Year.



### **Manuel Martinez, General Manager**

Manuel joined Royal Bluff in 1990 and has served as Jim Jackson's orchard manager since then. He is experienced in all facets of orchard management and has received extensive classroom training in topics such as orchard operations, labor management, and entomology. Manuel was promoted to General Manager on July 1, 2016.



### **Cindy Barger, Controller**

Cindy joined TNRBO in July 2016 to provide on-site financial administrative management for the growing orchard operation. Cindy has 15 years of experience in accounting and financial management, and formerly was employed by several local agricultural firms, most recently as a Financial Controller. She holds a B.S. and a M.S. degree in Accounting.

## PRE-MONEY VALUATION

The pre-money valuation of The New Royal Bluff Orchards, LLC, is determined as follows.

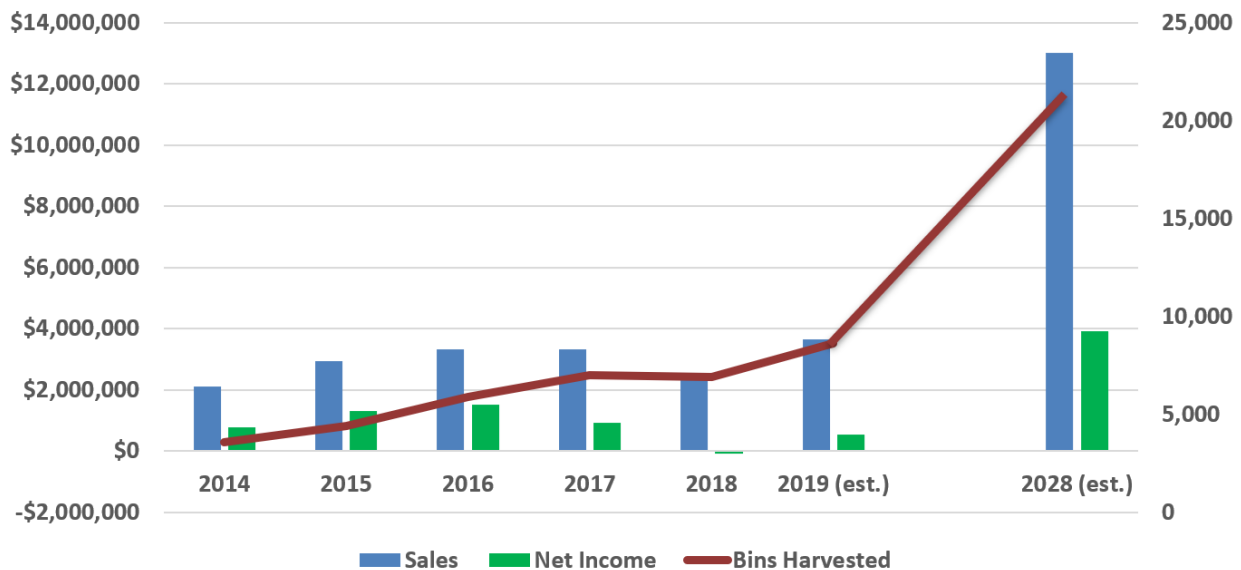
The current appraised value of the orchard properties (510 acres) and equipment is approximately \$25,000,000. Prior to any Series “D” investment, the Company had issued a total of 280 member units. This results in a nominal per unit value of \$88,000. The unit value has been discounted to \$75,000 each for several reasons: (1) the near-term illiquidity of member units; and (2) provisions in the LLC Operating Agreement that restrict the ability of Members to dislodge the current management company except in cases of deliberate fraud.

Thus, the **pre-money valuation** – calculated by multiplying the number of units (280) by the discounted unit price (\$75,000) – is **\$21,000,000**.

## CAPITALIZATION SUMMARY

Year	Series	Unit Price	Units	Amount	Purpose
2014	“A”	\$50,000	120	\$6.0 million	<ul style="list-style-type: none"> <li>• Redevelop <b>Royal Bluff</b></li> <li>• Acquire <b>Crave Organics</b></li> </ul>
2016	“B”	\$50,000	90	\$4.5 million	<ul style="list-style-type: none"> <li>• Acquire and redevelop <b>Royal Columbia</b></li> </ul>
2018	“C”	\$65,000	70	\$4.5 million	<ul style="list-style-type: none"> <li>• Acquire <b>Falcon Ridge</b></li> <li>• Partially redevelop Crave Organics and build housing</li> </ul>
		<b>TOTAL</b>	<b>280</b>	<b>\$15 million</b>	

## FINANCIAL PERFORMANCE



	2015	2016	2017	2018	2019	2028 (est.)
Distributions per Unit	\$1,000	\$2,000	\$3,000	\$3,300	\$500	\$14,000

## SERIES "D" PROJECTED RETURNS

	Crave Organics	Royal Bluff Orchard	Royal Columbia Orchard	Falcon Ridge Orchard	Acres in full production	Projected Series "D" distribution (per unit)
Planted Acres:	143	65	105	125		
2014	<b>Full Production</b>	Prepare land			143	
2015		Plant trees			143	
2016		First harvest			143	
2017			Prepare land		143	
2018			Prepare land		143	
2019		<b>Full Production</b>	Plant trees		208	
2020			First harvest	Prepare land	208	
2021				Plant trees	208	
2022				First harvest	208	\$ 1,500
2023			<b>Full Production</b>		313	\$ 2,000
2024					313	\$ 4,500
2025				<b>Full Production</b>	438	\$ 7,000
2026					438	\$ 8,000
2027					438	\$ 10,000
2028					438	\$ 14,000
2029					438	\$ 14,000

## REASONS TO INVEST

<b>Prime Location</b>	Royal Slope is the No. 2 apple region in USA. Labor, services, supplies, and support are readily available.
<b>Stable Market</b>	Quarterly pricing with major retailers, consistent consumer demand.
<b>Crop Insurance</b>	Covers all "Acts of God" and market downturns.
<b>Management Team</b>	Experienced team (25 years working together) has earned industry recognition and awards for organic expertise.
<b>Security of Capital</b>	Underlying value of the orchards = asset-based equity investment. Virtually no debt.
<b>Tax Benefit</b>	The <i>Qualified Business Income Deduction</i> may apply.