

h

HUDSON HOUSE

• NEW YORK •



STAR ESTATE DEVELOPMENT GROUP LLC,
a New York limited liability company,
d/b/a
The Star Estate & Hudson House

Table of Contents

January 5, 2021

Business Plan	Tab A
Private Placement Memorandum	Tab B
Subscription Package	Tab C
W9	Tab D
Operating Agreement	Tab E

Distribution of any portion of the Offering and/or Subscription Agreement to an individual or entity that has not executed a non-disclosure agreement and receipt as supplied solely by the Company and is strictly prohibited and will be prosecuted to the greatest extent allowed under applicable laws.

THE HUDSON HOUSE & DISTILLERY

Business Plan | Winter 2020/2021

Star Estate Development Group LLC
1835 Broadway (US Route 9W)
West Park, NY 12493

Charles Ferri
charles@thehudsonhouseny.com
917.887.7872

Paul Seres
paul@thehudsonhouseny.com
917.941.1304

CONFIDENTIAL INFORMATION MEMORANDUM

This Confidential Information Memorandum ("Memorandum") has been prepared by the Company, solely for use by prospective investors in considering potential interest in "The Hudson House" ("the Company"). The Memorandum does not claim to be all-inclusive or to contain all the information that a prospective investor may require to evaluate this opportunity. Each recipient of the Memorandum should carry out independent analysis of the Company and the information and data contained herein.

By accepting this Memorandum, each recipient agrees that this Memorandum and all information contained herein that is not already in the public domain shall be treated as STRICTLY CONFIDENTIAL at all times. Each recipient also agrees that neither they nor their agents, representatives, directors or employees will copy, reproduce or distribute to anyone this Memorandum, in whole or in part, at any time without the prior written consent of the Company.

Although the information contained herein is believed to be accurate, the Company has not conducted any analysis with respect to such information, and expressly disclaims any and all liability for representations and/or warranties, expressed or implied, or for any omissions from this Memorandum or any other written or oral communications to any interested party in the course of their evaluation.

This Memorandum includes statements, estimates and projections provided by the Company with respect to its future performance. Such statements, estimates, and projections reflect significant assumptions and subjective judgments by the Company's management concerning the expected results. These assumptions and judgments may or may not prove to be correct, and there can be no assurance that any projected results are attainable or will be realized. All statements, estimates and projections are subject to change.

The Company does not assume any responsibility for verifying any such statements, estimates and projections, and the Company does not make any representation or warranty as to their accuracy or completeness or that the assumptions on which they are based are valid.

The Company reserves the right to negotiate with one or more prospective investors at any time and to enter into any definitive agreement for any investment involving such investor without prior notice to the recipient or other prospective investors. The Company also reserves the right to terminate at any time without any reason thereto.

The Company and its respective agents, representatives, directors, employees and affiliates make no representation to any recipient of this Memorandum regarding the legality of a possible investment. The Company and its respective agents, representatives, directors, employees, advisors or affiliates are not acting as legal, tax, accounting or investment advisors to any recipient of the Memorandum. Each recipient should consult with advisors and make an independent analysis of the financial and tax consequences, and all other matters relating to a potential investment in the Company, prior to making a decision whether or not to enter into an agreement in connection with a potential investment into the Company. In addition, each investor should completely read all sections.

This Memorandum is the property of the Company. The Company reserves the right to require the return of this Memorandum at any time. All Communications and inquiries relating to this opportunity should be directed to the Company.

TABLE OF CONTENTS

EXECUTIVE SUMMARY	5
<i>Success Factors</i>	6
<i>The Hudson House Vision</i>	6
<i>Current Highlights</i>	6
<i>Financial Plan</i>	7
COMPANY OVERVIEW	8
<i>Organizational Chart</i>	9
INDUSTRY ANALYSIS	10
<i>Market Overview</i>	10
<i>Target Customers</i>	10
CUSTOMER ANALYSIS	11
<i>Customer Needs</i>	11
COMPETITIVE ANALYSIS	12
<i>Competitive Advantages</i>	13
MARKETING PLAN	14
<i>Grand Opening</i>	15
<i>Promotions</i>	15
OPERATIONS PLAN	16
<i>Key Operational Processes</i>	16
THE TEAM	17
FINANCIALS	22
APPENDIX	24
Spirit Industry Analysis	24
Suppliers	24
Distribution	24
Distilling Competition	24
Spirits Strategic Position	25
Spirits Development Timeline	26
EXIT STRATEGIES	26
Letters of Support	27



I. EXECUTIVE SUMMARY

The Hudson House & Distillery will be an environmentally friendly, craft distillery, boutique hotel, and event space located at 1835 Broadway, West Park, NY in the heart of the Hudson Valley. It will be situated on an iconic 27-acre waterfront property enabling both land and water access. Additionally, The Hudson House will be home to a one-of-a-kind waterfront farm distillery, producing ultra-premium spirits of Vodka, Gin and Whiskeys, including Bourbons and Ryes. The Hudson House & Distillery will also produce private label spirits for existing brands looking for a unique extension to their brand positioning in their markets. Phase 1 will consist of the distillery, tasting & merchandise rooms with a 4,000+ square foot patio overlooking the Hudson River, bathrooms to accommodate large events and a bridal suite.

Due to the Covid-19 pandemic, we have slightly altered our business model to accommodate and ensure the safety of our staff and patrons. The Hudson House and Distillery is uniquely positioned to face the challenges created by the pandemic head on. Hand Sanitizer will be added to our product line which we will be producing immediately. There is and will be a high demand for quality every day products and we intend to market and brand our own line of sanitizing products. Additionally, The Hudson House sits on 27 acres of land, offering guests enough space to socially distance if need be. Not only will The Hudson House have a large deck over-looking the Hudson for guests to utilize, but there are several designated areas on the property that have been cleared and can be used for receptions, ceremonies, or gatherings outdoors.

The Hudson House & Distillery will look to source a large percentage of its raw materials from organic producers whenever feasible depending on market availability. The distillery will take advantage of the farm distilling license, that was created in 2009 in New York State as part of Governor Cuomo's initiative to reinvigorate the state by owning our own distribution within the state, a key advantage to the farm distilling license. The industry is in its infancy with only approximately forty other distilleries in the state compared to well over two hundred wineries and over one hundred breweries.

A craft distillery on premise will put The Hudson House in a category on its own. Consumer demand and interest in craft spirits are exploding. We will leverage Charles Ferri's existing notoriety and brand Star Vodka to expand the product line in vodka, whiskey, gin and private labels for select clients. We will also utilize Paul Seres' experience and notoriety in the hospitality sector to further sales and enhance the private label program.

In addition, the Hudson Valley area is one of the top destinations for weddings, events, and agro-tourism. However, there is a shortage of quality locations to meet the demand. The Hudson House will tap into this lucrative high margin market with our ability to cater to events of all sizes including weddings, corporate parties, tours, concerts and community events among others. Given the recent events surrounding the Covid-19 Pandemic, The Hudson House has already received several wedding inquiries by parties who are looking to get out of Urban Centers or to provide a venue that can offer social distancing to their guests. For businesses looking to host meeting and gatherings, The Hudson House will be available for corporate retreats and junkets.

Phase 2 of The Hudson House will be a unique and rare luxury boutique hotel & event space in the area. Twenty-five rooms have been approved and will not only cater to events happening at The Hudson House, but will also provide a much-needed addition to the lacking availability of premium hotel rooms in the Hudson Valley. Most event venues in the Hudson Valley provide little to no lodging. However, The Hudson House & Distillery will be able to keep guests close by and on-site, making it a unique attraction to wedding parties, event planners, and corporate event galas. The infrastructure of the property as well as the hotel can be expanded to increase occupancy should demand warrant it.

Our sales will grow considerably each year through our multiple revenue streams including; distillery, hospitality, dining, events, retail/merchandise store, and bar/tasting room. The location of The Hudson House & Distillery with its close proximity to New York City and Albany will allow the property to draw upon a high volume of travelers in addition to the local population in the region. Approximately 15% of the US population will be within a 6-hour drive to The Hudson House.

SUCCESS FACTORS

- Location: Our location is ideal in the Hudson Valley with only an hour and a half drive to NYC and less than a two-hour drive to Albany/Saratoga.
- Luxury Boutique Hotel: We will offer something that most local and national wineries, vineyards, distilleries and breweries do not offer which is a luxury boutique hotel catering to each of our guest's specific needs. Our completed vision will host a wellness spa, fine dining restaurant, outdoor pool, roof top bar, and 27 acres of land to explore will complete the experience.
- Events: We will have the unique ability to accommodate events year-round, throughout the property. By utilizing the natural topography of the site, each event will have a unique view. Within the Hudson Valley, there currently is a shortage for both outdoor venues as well as event spaces.

THE HUDSON HOUSE VISION

The Hudson House will be a socially responsible and sustainable luxury craft distillery, event space and hotel specifically designed for events throughout the grounds. Additionally, a small sustainable organic farm will be on the property.

By capitalizing on the brand equity that exists with the craft distilled Star Vodka, The Hudson House & Distillery will be uniquely positioned to not only produce its product line of American Craft Distilled Vodka, Whiskeys and Gin, but also be able to rent the production facilities to other local distillers looking for that specialty craft product. Added to that, the sustainable farming that will

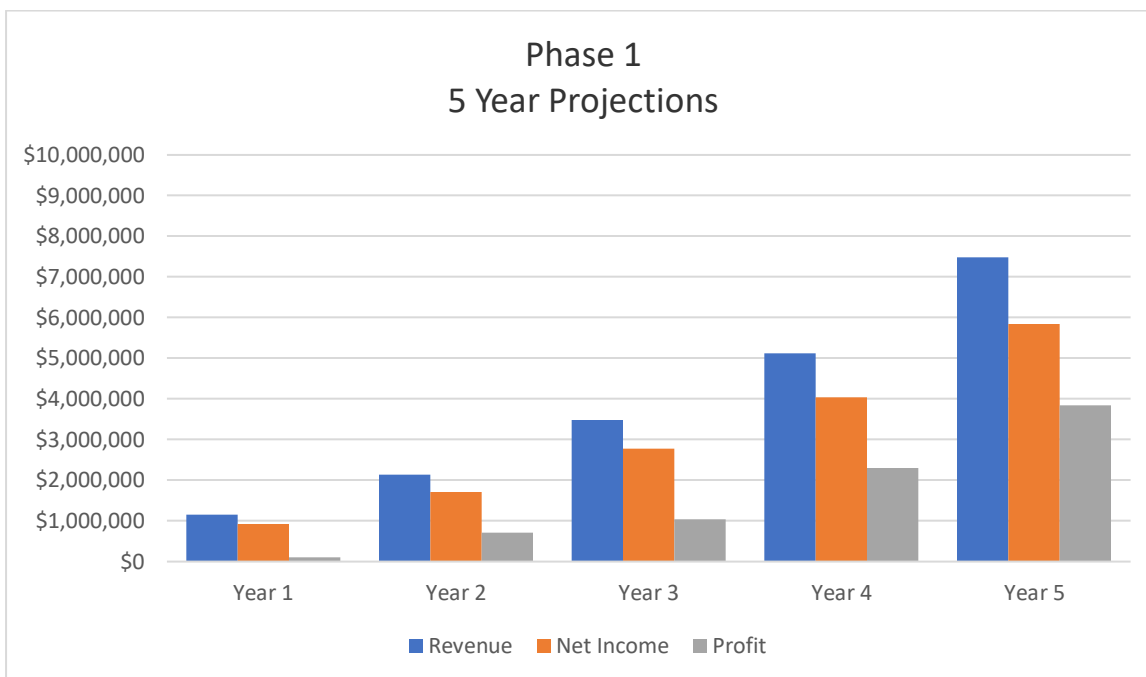
occupy a portion of the property and views of the Hudson River, The Hudson House & Distillery will be a one-of-a-kind property and experience.

CURRENT HIGHLIGHTS

- Ulster County Executive Michael Hein has announced his support publicly
- State Senator George Amedore letter of support¹
- State Assembly Member Kevin Cahill letter of support²
- Site Plan Approved for craft distillery, event space, 25 room hotel, restaurant and tasting/merchandise room
- NY State Environmental Quality Review (SEQR) completed
- Ulster County IDA has approved our application for the State Pilot Tax Abatement Program, granting a 10-year tax break on real estate, mortgage and sales tax on all building and raw materials
- Awarded a \$168,000 grant from NYS and labeled a “Priority Project” for the Mid-Hudson Region of New York State
- Scenic Hudson has announced a plan to link walking trails to The Hudson House for tourists

FINANCIAL PLAN

There are points available (6%) of Star Estate Development Group LLC for a total investment of \$600,000. Each point is \$100,000. Funding will be closed after all 10 points are sold. Investors will receive a preferred return on distributions until 110% of their invested capital is returned. After that point, distributions will be paid pro-rata. See attached Pro Forma



¹ See Letters of Support in the Appendix

² See Letters of Support in the Appendix



II. COMPANY OVERVIEW

The success of The Hudson House & Distillery will come from the multiple revenue centers each of which may operate independently of one another if necessary, but together offer a resort type of experience in the Hudson Valley.

The Hudson House will own and operate a luxury destination property attracting a multitude of visitors and clients looking for that special experience. The property itself encompasses 27 acres in West Park, NY. With easy access from the NY State Thruway and Metro North train, The Hudson House will attract a discerning clientele not only from New York, but New Jersey, Connecticut, Pennsylvania and Southern New England. The main buildings consist of 24,000 square feet that will house a craft distillery, 25 room luxury boutique hotel, along with a world class fine dining restaurant, and event space, a pool with direct views of the Hudson River, and many other amenities the consumer would desire.

The goal of the property itself will be to completely develop to offer visitors the opportunity to explore the beauty of the landscape through a network of trails leading to the Hudson River. Scenic Hudson, has partnered with The Hudson House to connect the trails of their Black Creek corridor to the property which will allow outdoor enthusiasts to go from Poughkeepsie to New Paltz and Kingston all through trails.

For the history-lover, a working railroad now owned and operated by CSX runs through the property. Guests will walk the trails once traveled by transients in the 1800's looking for refuge from when the property was owned and operated by the Christian Brothers Monastery.

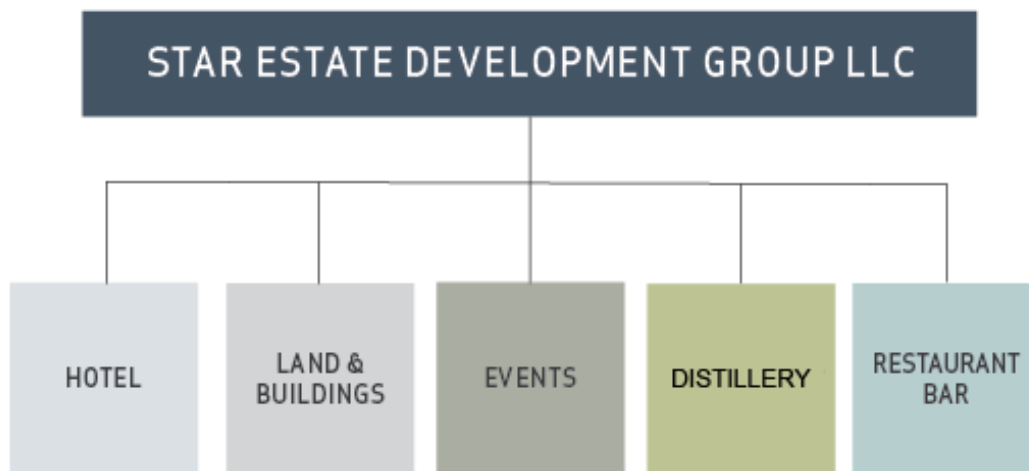
A portion of the property will be designated for light farming. This will serve two primary purposes. First, it will allow the designation for a Farm Distilling License from the New York State Liquor Authority. This will directly support the partnership between the Distillery and The Hudson House allowing for further brand extensions. The Distillery will be a focal point within the primary building, adding yet another attraction to the property. Tours will be offered to guests as well as tastings and retail purchases. The other benefit to allotting a portion of the property to farming are

the tax benefits New York State offers businesses who are self-sustained and produce products within New York State.

The agro-tourism sector is currently experiencing an increase in growth across the United States. Traditionally, wineries and vineyards have benefitted most by agro-tourism. This has now spread to distilleries, craft breweries, organic farming, dairy farms for cheese, not to mention Cannabis in Colorado and Washington, the first two states to legalize its production, distribution, and sale. This growth can be attributed to the increasing desire of people becoming more cognizant of the food they eat and how it is made. With farming on the property, The Distillery will use staples including, corn and wheat, to further enhance the story of the brand.

The Hudson River Valley has become one of the top destinations for weddings. Most traveling from New York City, New Jersey, and Southern New England to find that picturesque location for their special day. The Hudson House & Distillery will be one of only a few that offers a luxury boutique hotel on the property. With the amazing vistas over-looking the Hudson River, there will be several locations on the property for the ceremony, receptions and photo shoots. The Hudson House will attract a strong corporate clientele looking for that getaway location for meetings and conferences.

The Hudson House & Distillery Organization Chart:





II. INDUSTRY ANALYSIS

MARKET OVERVIEW

The market in which The Hudson House is operating can be characterized by the following:

- Luxury Boutique Hotels or Lifestyle Hotels as they are sometimes referred to, currently represent \$6 billion dollars in global revenues, with a 5.6% growth rate annually. Source: Ibis World January 2015, Boutique Hotel Market Research Report
- Agro tourism has seen a steady growth since 2000. According to the USDA and the agriculture census of 2007, more than 60 million people visit farms in the US and that number has increased with the growing concern of how the food we eat is produced. Although there are no studies that show growth nationally, by state it has grown exponentially as working farms look for additional ways to increase revenues.
- Wedding Services Industry: According to Ibis World, the wedding services industry is a \$55 billion dollar a year industry. More and more couples are creating lavish experiences for their friends and family to enjoy.
- Hudson Valley Tourism: In 2013, Ulster County had the highest per person spend in the Hudson Valley at \$2800 per person, according to Hudson Valley Economic Development Corp. This surpassed the other counties that make up the Hudson Valley Region. Tourism accounted for \$1.4 billion of the overall economy for the Hudson Valley.

TARGET CUSTOMERS

The Hudson House will be one of the most unique and inspiring properties in the Northeast targeting the affluent, professionals 30-60 years of age, who enjoy socializing and interacting with one another in a dynamic upscale atmosphere. The Hudson House will attract a younger audience as well, given the amenities and services offered at the Estate. Customer service will be the focal point so once a guest comes to The Hudson House, they will most surely want to return. As we all know word of mouth is the best advertising and with millennial generation using social media, as their compass The Hudson House will have a lasting impression.

IV. CUSTOMER ANALYSIS



IV. CUSTOMER ANALYSIS

CUSTOMER NEEDS

The demographic of people between the ages of thirty to sixty-five represents a group of individuals that have the interest and resources for higher end specialty products. As a group, they were born between the years of 1950 to 1985. Their influence and purchasing power is without comparison in the United States. As a group, they comprise about seventy-six million people or about twenty-five percent of the country's population. The Baby Boomers wealth is staggering, as they control over 80% of personal financial assets and more than 50% of discretionary spending power. They are responsible for more than half of all consumer spending, buy 77% of all prescription drugs, 61% of over the counter medication and 80% of all leisure travel.

Since, The Hudson House location will be drawing upon a customer base from New York, New Jersey, Pennsylvania, Connecticut, and Southern New England, we estimate the population of baby boomers in this area to encompass millions of people.



V. COMPETITIVE ANALYSIS

The Hudson House & Distillery will initially face few competitors in the area offering luxury destination hospitality, distillery, event-space and waterfront property.

However, The Hudson House will be competing for the tourism dollar for our target demographic. There are no lifestyle hospitality destinations currently that will have on its property all that the Hudson House will offer. There does not exist a property that has a luxury boutique hotel, private shoreline of the Hudson River, craft distillery, event space, dining, and amazing views of the Hudson River all within one location.

The Hudson House price point will be based on availability and seasonality, with premium pricing being offered in more desired months such as May through October, and a more valued offering for the colder winter months. The Hudson House will be open year-round taking advantage of the beauty of the Hudson Valley in each season. For the autumn, The Hudson House will be ideally located for the beauty of the Fall foliage, apple orchards, and special events such as Halloween and Thanksgiving. For winter, The Hudson House will cater to corporate events looking for that unique and special location for their holiday parties. Spring will be the beginning of the busy season for private events, weddings followed by summer, which will be our strongest period of the year.

COMPETITIVE ADVANTAGES

The following list outlines The Hudson House's competitive advantages.

- 27 acres with breathtaking views of the Hudson River
- 30,000 square feet of existing buildings rich with history as a former monastery and school
- 1800' of private shoreline on the Hudson
- Luxury Lifestyle Boutique Hotel on site with an approval for 25 rooms and 3 suites
- The Star Distillery on site offering tours, tastings and educational seminars. The distillery will also be a prime location to host events
- Agro-tourism on site and in the surrounding areas.
- Less than an hour and half away from New York City
- Fine dining and catering on site
- Multiple locations on site for events
- Self-contained infrastructure on property including water and sewage
- The Hudson House will enter into a strategic partnership with The Knot (theknot.com), the leading national wedding vendor resource, making the Estate a premier venue for their viewership
- The Founders have combined 40 plus years of being in the media.



VI. MARKETING PLAN

The Hudson House will have a multi-pronged approach to attract its target audience. This approach will focus on three primary sectors within the hospitality industry. First, The Hudson House will be a luxury addition to a very small yet vital inventory of rooms at Inns, Motels and Hotels. By partnering with a well-known larger hospitality brand such as Starwood or Debut Hotels', The Hudson House will have a global reach in travelers looking to explore the scenic Hudson Valley. The mid-Hudson Valley region receives a large number of visitors throughout the year, with Ulster County receiving the most out of all of the counties in the region. The area has a combined population of about nine hundred thousand people residing in Orange, Dutchess and Ulster counties. The Montreign, a \$630 million casino and resort development in nearby Monticello is expected to increase tourism to the area and revitalized what was once home to resorts such as The Concord and Kutcher's. Within Montreign, a larger, \$750 million mixed use development known as Adelaar is adding residential homes, shopping, a water park and a golf course. The Hudson House will add to the growing list of activities and events for residents and tourists to experience let alone our close proximity to New York City by car or boat. We will hire an established PR firm (i.e. BWR, Alison Brod, Rubenstein, Shadow PR) who will reinforce our brand positioning as well as engage VIP's and celebrities to introduce them to The Hudson House.

The second sector, The Hudson House will focus on is the lucrative private and corporate event industry. Through contacts established by Management throughout their careers, event bookers, wedding planners, corporate event producers, and agencies will be invited to experience The Hudson House. Loyalty and rewards programs will be created to insure those contacts keep The Hudson House top of mind when working with their clients. Additionally, Management has their own direct contacts to clients who produce annual events always looking for that special venue, leaving their guests impressed and wanting to return.

The third sector, The Hudson House will focus its efforts on the ever-growing agro-tourism industry. Because the area is home to so much agro-tourism, The Hudson House will offer a unique perspective on the craft distilling production of its own line of spirits. Guests will receive a one-of-a-kind experience touring the property and learning about the different types of grains and corns used for distillation. They will see botanicals growing in the herb section to better understand how

elements such as soil and climate affect the overall taste of the product. Guests will tour the distillery learning how the grains are turned into sugars, which are fermented into alcohol. Finishing, with a product tasting. Management believes this one of a kind experience will create a buzz throughout our desired demographic.

All three approaches will be reinforced through social media and digital marketing. The Hudson House will identify a marketing professional, specializing in these fields to constantly strengthen The Hudson House brand message with their target consumer.

Additionally, The Hudson House & Distillery will leverage the relationships of the founders along with some investors who are well seated in the hospitality/ beverage alcohol industries in New York City and beyond.

GRAND OPENING

We will leverage the team's existing relationships to program multiple pre-opening and opening events, which will culminate into one large "Grand Opening". We will look to have a major concert by a well-known artist officially launch the property with invited government officials. Investors, friends and family, VIP's, and government officials will arrive to the property by boat with a ribbon ceremony followed by speeches and finishing with the concert and festivities showcasing the entire property.

PROMOTIONS

The Hudson House & Distillery will work with numerous event producers and bookers to gain initial interest. Private events for wedding planners, private concierges, travel editors, location scouts, photographers, corporate event bookers will be executed soon after the Estate has opened to the public. These events will take place overnight allowing these guests to fully experience what The Hudson House has to offer. Each experience will be designed to gain the maximum amount of impact thereby reinforcing the brand with each of these guests allowing for greater opportunity for recommendations. The Hudson House will also create loyalty/reward programs for each of these sectors further strengthening their on-going relationship with the property.

Soon after these events conclude, The Hudson House will look to partner with larger hospitality groups for their global reservation systems. Management will explore existing relationships with groups such as Starwood as well as more boutique brands such as Debut Hotels (Dream, Chatwal, Time Hotel) and BD Hotels (The Maritime, The Jane, The Ludlow). These partnerships will allow for further reach for bookings as well as strengthen The Hudson House's position in the industry.

The following represents a list of campaigns The Hudson House will execute throughout the year.

- Blogs/Social Media
- Email Marketing
- Event Marketing
- Gift Certificates
- Networking
- Newsletters
- Newspaper/Magazine/Journal Ads
- Online Marketing Partnerships/Sponsorships
- Postcards
- Press Releases/PR
- Radio, TV Interviews
- Hospitality Trade Shows
- Word of Mouth / Viral Marketing
- Recycling Program
- Community events



VII. OPERATIONS PLAN

VII. OPERATIONS PLAN

KEY OPERATIONAL PROCESSES

Management will create and implement back of house systems designed to enhance efficiencies and further expand the customer experience. These systems will include proper accounting and book keeping as well as maintaining strong cash flow. Relationships will be maintained with commercial banks in case further capital is needed for expansion either on or off the property. In addition to hiring locally, The Hudson House & Distillery will tap into the rich talent pool that exists in the New York City metropolitan area.

Emergency action plans such as fire, weather related incidents, and loss of power will be created and each and every staff member will be trained to follow them in case such an emergency arises. The Hudson House will be compliant and follow all laws and regulations employed by the town of Esopus NY, Ulster County, New York State and any federal guidelines that pertain to the day-to-day operations. These agencies include, Environmental Control Board, Department of Buildings, Department of Health, New York State Liquor Authority, and local law enforcement. All federal American with Disabilities Act (ADA) will be adhered to as well.

The following list represents a small portion of the day-to-day processes to service our customers.

- Product Development: always expanding and enhancing The Hudson House Brand
- Sales: working with travel agents, travel sites, creating loyalty rewards programs for event bookers,
- Marketing: multi-pronged strategy (virtual, local, national = success)
- Concierge: creating a one of a kind concierge service that takes care of all of the guests needs whether on property or off.
- Customer Service: The Hudson House will over achieve each of our guests' expectations.



VIII. THE TEAM



CHARLES FERRI | Co-Founder | CEO

He graduated with a B.S. from SUNY Buffalo in 1996. From 1997-2000, Charles decided to get a job in finance and started working at Sanford Bernstein Investment Management. Subsequently, he worked at Deutsche Bank from 2000-2004, and at each financial institution he was successful in managing over \$1.1 billion in assets for many high net worth individuals, families and select companies in sports, entertainment and media.

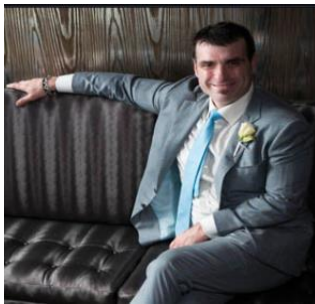
In 2004, Charles made the biggest and smartest decision of his life and left a very successful banking career in order to seek out his true passion as an entrepreneur. He started by purchasing a lounge under famed Chelsea Hotel with a few of his closest friends. Charles then expanded to the Hamptons owning the famous Star Room Nightclub. He then decided on creating a vodka line as a special gift for select clientele to remember him and their experience at his very popular and exclusive nightclubs.

Having had the unique opportunity to see firsthand what it takes to measure up to the quality standards sought by socialites, celebrities and VIP's, Charles knew he needed a product that stood out from the many vodka brands on the market today. He really believed the time was right for a luxury American vodka that could out smooth the many known foreign brands saturating the marketplace.

His quest began for Star Vodka by traveling the world, even to Russia, and researching to understand the vodka process. Charles wanted the finest quality ingredients and production facilities in the USA. He met with distillers and purveyors of grains and selected non-genetically modified corn, Cascade Mountain water from Oregon and a unique distillation method called volcanic filtering. Using a testing panel of 20 females (10 vodka drinkers, 10 wine drinkers) Charles would not settle for anything less than a unanimous vote by these women for the final formula for Star Vodka which would take 13 months to finally perfect.

The first production was met with instant success with his closest friends and private clientele! Charles has since been slowly increasing production while staying true to maintaining his highest quality standards. "Building a lasting brand takes time and patience while staying honest to your vision and goals", says Charles. He feels the time is now right to come back to his roots in the Hudson Valley where he grew up and develop this iconic property with a craft distillery. The Hudson House will change the spirits industry!

Most recently, Charles was selected as a main character on Esquire Network's 10-episode docu-series "Lucky Bastards". He has been on Fox Business as a spirit expert and also has been written about along with his brand Star Vodka and featured in major media publications around the country such as The NY Post, Wallstreet Journal, NY Times among others.



PAUL SERES | Co-Founder | COO

After graduation from NYU in 1990, Paul Seres formed his own production company making Off-Broadway plays and independent films. By 1992 he had begun producing and co-producing music videos for acts including Run DMC, PM Dawn, Mariah Cary, Mary J. Blige, and Sting.

He continued to work in the short format by directing and producing commercials and on-air promotional spots for clients such as A&E Television Networks, Comedy Central, Paramount Pictures, Columbia Pictures, LifeBeat, GenArts Festival, Discovery Communications, Gap, Jussara Lee, Shiseido Cosmetics, and others.

In 1997 Paul began his television development career, developing programming for such networks as MTV, VH1, Showtime Networks, Bravo, ABC, and Trio.

While establishing himself as a producer and director, Paul began working in the nightlife industry as both a promoter and a manager of several popular spots. As managing partner of Aces & Eights, Seres quickly helped the establishment grow into one of the most popular bars in New York, becoming Anheuser Busch's largest account, surpassing Madison Square Garden in volume of goods sold. Other bars and nightclubs Paul had managerial involvement with were Coffee Shop Bar, Jekyll and Hyde, Mars, Red Zone, Rock Ridge Saloon, Micro Bar, Caddy Shack, and Delta House.

Paul also produced events for corporate clients including L'Oreal, Maybelline, Movado, VisibleWorld, Polaroid, Hasbro, various fashion designers, and Coca-Cola. In 1999, Paul joined Big Fat, a New York based marketing and event agency where he became their in-house event producer and creative director. While at Big Fat, Paul produced national tours and events for clients such as PepsiCo, Lucky Strike, Kool, Seagrams, The History Channel, Stouffers', and Nintendo. In 2001, Paul

produced the national rollout tour for Nintendo's GameCube, a 12-city tour that created 5000 sq. ft. nightclubs out of raw retail spaces in each of the cities. The tour won both a Gold Reggie and a Bronze Reggie for the gaming manufacturer.

In 2002 Paul formed Alba Creative, a boutique branding agency specializing in helping clients receive maximum return on their investment from their target audience. He successfully launched campaigns for IDT, Coldwell Banker, and Netomat among others. In addition to being Chief Strategy Officer, Paul helped create and directed all on-air television and radio spots for their client roster.

In July of 2005 Paul became the Managing Member of Ruby Falls Partners, LLC, a holding company that operated Sol Nightclub, a lounge in Chelsea's trendy warehouse district. Opened in 2005, Sol has become the destination for upscale urban parties & entertainment, with notables from the Black Eyed Peas, The Pussycat Dolls, Busta Rhymes, Maya, Cee-lo of Gnarls Barkley, Erykah Badu, Serena Williams, Fabolous, Cassie, Tracy Morgan, Jay McCarroll, JC Chasez, Lydia Hearst, to the New York Giants, Jets, and Knicks all being seen at this 29th street destination.

In 2008 Paul formed Helios Hospitality Group, LLC, a hospitality development holding company that is currently developing an enclosed rooftop restaurant/lounge/event space in the Fashion District. In 2012, Paul became a partner and owner at The DL and Dinner on Ludlow, a Lower East Side restaurant lounge that boasts the largest rooftop space in the area. Additionally, in June of 2013, Paul opened with Chef John Keller, Apartment 13, an American Bistro focusing on New York State purveyors and suppliers. Apartment 13 has a focus on pairing cocktails with each individual item on the menu. In 2014, Paul and his group acquired the space that was formerly St. Jerome's, on Rivington St. also in the Lower East Side. One of the original rock n' roll bars in the LES, Paul and his team renovated the entire space, expanded the first floor, and re-opened it as Rvington F & B Jeromes, as a homage to St. Jerome's. Also in 2014, Paul in partnership with Hampshire Hotels, renovated the former XVI space, to create The Attic, a midtown rooftop lounge with Western views and amazing sunsets.

Paul is a former member of Manhattan's Community Board 4 where he was on the Executive Board, Co-Chair of the Business, Licensing and Permitting Committee, which is responsible for making recommendations to the State Liquor Authority for Liquor License Applications, and the Quality of Life Committee. Paul was on the board for 8 years, helping shape the communities from the business perspective.

In 2012, Paul helped formed and became a founding trustee of the New York City Hospitality Alliance, a New York City based trade association and lobbying organization that represents the bars, cafes, lounges, nightclubs and destination hotels that make up the hospitality economic engine for the city. He is now a Vice President and liaises with NYPD on all nightlife matters.

Paul holds a Bachelor Fine Arts in theatre and a minor in film production from New York University's Tisch School of the Arts and a Bachelor Fine Arts in Music Composition with a minor in physics from New York University's School of Arts and Sciences.

R.L. BAXTER BUILDING CORP. | Partner | General Contractor

Robert Baxter came to Poughkeepsie in 1973 from Masena, NY and taught Technology at the City of Poughkeepsie Middle School for over 30 years. While teaching, Mr. Baxter established R.L. Baxter Building Corporation. R.L. Baxter Building Corporation builds and renovates commercial, residential, and historical properties. In 2009, his daughter Amanda Baxter joined the business and the following year, his son Eric Baxter began working full-time for the company. Today, the business has grown into a significantly larger operation which consists of approximately sixty-five employees, including Project Executives, Project Managers, Site Supervisors, Foremen, Carpenters and Laborers.

They work closely with owners and architects involved in each project to create the best possible building for the growing needs of their clients. For over 30 years, Baxter has been redefining what a construction and development company can do.

That's why their tagline is simply *Baxter Built*. It represents a long-standing and hard-earned reputation as one of the premier construction management firms in the Hudson Valley.

In the 30 years since their founding, they have successfully completed thousands of projects, from modest residential renovations to some of the most sophisticated ground-up facilities and commercial spaces in the Hudson Valley.

From a Builder's prospective, Baxter understands the intricacies in running a hospitality division. Baxter operates local Hudson Valley Hospitality businesses. By expanding into the hospitality industry, Baxter's talents have brought about niche destination restaurants that benefit local communities. Baxter understands that local businesses give a community its flavor and its roots. Baxter is the mastermind behind two expressive design and gut renovation restaurants in the Hudson Valley; Heritage Food + Drink and Mill House Brewing Company. Both restaurants are *Baxter Built* and are stunning examples of what Baxter can do.

At Baxter, every project they take on is met with meticulous craftsmanship, an impeccable eye for design and finishing, and an unwavering commitment to on-time, on-budget completion.

Many firms have a singular specialty and are brought in on a large project for just that one part of the job. But at Baxter, they believe every project is unique, complex, and requires wearing a lot of different hats. That's why they maintain a diverse team of specialized experts that work in close collaboration with each other and their clients to get every part of the job done right, from start to finish.

MELISSA ANDRUSHKO FERRI | Partner | Director of Events

Melissa is the owner and principal planner of the New York City based company **Variety Vintage & Co.** A Rutgers University graduate, Melissa began her career years ago as a Marketing Manager for a Global Drug Manufacturing Company, DSM. She worked closely with the sales team to understand and build strategic partnerships, developed a social media plan, created a customer survey portal, and was always under budget. She received multiple "Exceptional Achievement Awards " during her time at DSM honoring her dedication and surpassing the target goals with the sales team. As time went on, Melissa took on the additional role of Global Events Director where she produced an average of 150 events per year, giving her the opportunity to work in a variety of venues throughout the world; such as Austria, Spain, Germany, and The Netherlands. As the Events Director, Melissa found her true passion, creating events that people would never forget and every time they saw her would reminisce about them. And then the time came for Melissa and her fiancé to get married, who else would plan, organize, arrange, and design the entire production, Melissa! In 2 months, she put her entire wedding together, walked down the aisle to say "I do", and began a new chapter of her life.

After the huge success of her own wedding, Melissa was inspired to start her own Event Production Company and never looked back. Her goal is to create indelible memories for her clients, whether it's for a destination wedding on a tropical island, a cozy dinner celebration for 10 overlooking the Hudson, or a weeklong wedding celebration spanning two continents.

What makes Melissa one of the most sought-after event planners is her style, vision, and expertise. Her success is built on listening, understanding, and complementing some of the most recognized companies, individuals, and brands around the globe.

Since focusing full time on Variety Vintage, she has produced events in New York, New Jersey, Florida, and North Carolina to name a few. Melissa has been awarded “Best of the Knot” for years 2018, 2018, 2019 which is the largest wedding resource in the country.

GABLE ERENZO | Chief Distiller

Gable is the Owner/Founder/Distiller/Operator of Gardiner Liquid Mercantile, a farm-distillery with a satellite bar, restaurant, retail shop and tasting room on Main Street in Gardiner, just steps from the Tuthilltown Distillery, which he and his family founded and built as the first distillery in New York State since Prohibition.

Prior to opening Gardiner Liquid Mercantile, Gable served as National Hudson Whiskey Ambassador, earning the prestigious title of American Whiskey Ambassador of the Year in 2012 by Whisky Magazine. In this role, Gable developed important and lasting relationships with Producers, Suppliers, and Distributors/Wholesalers across the country.

He and his father built and ran Tuthilltown Spirits and Hudson Whiskey, from a single still operation to a multinational brand that recently sold to William Grant and Sons. He has held the position of Chief Distiller at Tuthilltown where he gained the status of Master Distiller.

After leaving the production side, he Managed all departments at the distillery, including visitor center experience, sales and marketing, product development, supplier and distributor relations, HR, and assisted in the negotiations to sell the brand and eventually the distillery to the esteemed family owned Producers, William Grant & Sons.

He has played an integral role in Hudson Whiskey's brand development from the first stages of production to pioneering new and innovative techniques that have contributed to the brand's recent and growing successes.

Gable's passion for distilling is presently focused on the production of fruit brandies from Hudson Valley harvests. He is currently crafting brandy from apples, pears, peaches, cherries, strawberries and grapes.

Gable also holds the distinct title of CSS or Certified Spirits Specialists, earned and awarded by the prestigious Society of Wine Educators.



IX. FINANCIALS

Pro Forma Income Statement for Operating Years 1-5

	Year 1	Year 2	Year 3	Year 4	Year 5
SALES					
Vodka Sales					
On-Premise	\$ 216,000	\$ 324,000	\$ 540,000	\$ 720,000	\$ 900,000
Off-Premise	\$ 96,000	\$ 180,000	\$ 360,000	\$ 600,000	\$ 960,000
Total Vodka Sales	\$ 312,000	\$ 504,000	\$ 900,000	\$ 1,320,000	\$ 1,860,000
Whiskey Sales					
On-Premise	\$ 297,000	\$ 432,000	\$ 702,000	\$ 1,188,000	\$ 1,890,000
Off-Premise	\$ 75,000	\$ 165,000	\$ 330,000	\$ 810,000	\$ 1,500,000
Total Whiskey Sales	\$ 372,000	\$ 597,000	\$ 1,032,000	\$ 1,998,000	\$ 3,390,000
Gin Sales					
On-Premise	\$ -	\$ 105,000	\$ 168,000	\$ 210,000	\$ 252,000
Off-Premise	\$ -	\$ 72,000	\$ 96,000	\$ 120,000	\$ 132,000
Total Gin Sales	\$ -	\$ 177,000	\$ 264,000	\$ 330,000	\$ 384,000
Tasting Room/Merchandise/Tours	\$ 312,000	\$ 572,000	\$ 936,000	\$ 1,040,000	\$ 1,300,000
Private Events	\$ 160,000	\$ 280,000	\$ 350,000	\$ 437,500	\$ 546,875
Weekly Other Events	\$ 40,000	\$ 70,000	\$ 80,500	\$ 92,575	\$ 106,461
Event Bar Packages	\$ 90,000	\$ 112,500	\$ 129,375	\$ 148,781	\$ 171,098
Gross Revenue	\$ 1,156,000	\$ 2,130,000	\$ 3,482,000	\$ 5,125,500	\$ 7,480,875
Cost of Goods - Vodka	\$ (31,200)	\$ (50,400)	\$ (90,000)	\$ (132,000)	\$ (186,000)
Cost of Goods - Whiskey	\$ (63,240)	\$ (101,490)	\$ (175,440)	\$ (339,660)	\$ (576,300)
Cost of Goods - Gin	\$ -	\$ (26,550)	\$ (39,600)	\$ (49,500)	\$ (57,600)
Alcohol Taxes (10% of sales)	\$ (68,400)	\$ (127,800)	\$ (219,600)	\$ (364,800)	\$ (563,400)
Cost of Goods - Tasting Room/Merchandise	\$ (62,400)	\$ (114,400)	\$ (187,200)	\$ (208,000)	\$ (260,000)
Cost of Goods - Private Events	\$ -	\$ -	\$ (122,500)	\$ (153,125)	\$ (191,406)
GROSS PROFIT	\$ 930,760	\$ 1,709,360	\$ 2,770,160	\$ 4,031,540	\$ 5,837,575
Expenses					
Salaries and Wages					
CEO	\$ 50,000	\$ 60,000	\$ 75,000	\$ 90,000	\$ 100,000
COO	\$ 50,000	\$ 60,000	\$ 75,000	\$ 90,000	\$ 100,000
Distiller	\$ 50,000	\$ 60,000	\$ 85,000	\$ 95,000	\$ 100,000
Assistant Distiller	\$ 25,000	\$ 28,000	\$ 30,000	\$ 32,000	\$ 35,000
Labor/Drivers	\$ 25,000	\$ 28,000	\$ 30,000	\$ 32,000	\$ 35,000
Event Director	\$ 30,000	\$ 30,000	\$ 25,000	\$ 28,000	\$ 30,000
Event Staff (includes front/back of house)	\$ -	\$ -	\$ 250,000		
Tasting Room	\$ 60,000	\$ 70,000	\$ 80,000	\$ 90,000	\$ 100,000
Property Manager	\$ -	\$ -	\$ 40,000	\$ 45,000	\$ 50,000
Bookkeeper/Compliance	\$ 20,000	\$ 20,000	\$ 22,000	\$ 24,000	\$ 26,000
Misc Staffing	\$ 35,000	\$ 50,000	\$ 100,000	\$ 125,000	\$ 150,000
TOTAL WAGES	\$ 345,000	\$ 406,000	\$ 812,000	\$ 651,000	\$ 726,000
Employee Benefits (20% of wages)	\$ 69,000	\$ 81,200	\$ 162,400	\$ 130,200	\$ 145,200
Payroll Taxes (8% of wages)	\$ 27,600	\$ 32,480	\$ 64,960	\$ 52,080	\$ 58,080
Professional Services	\$ 5,000	\$ 5,000	\$ 7,500	\$ 10,000	\$ 10,000
Debt Service	\$ 138,000	\$ 138,000	\$ 240,000	\$ 240,000	\$ 240,000
Marketing & Advertising	\$ 52,000	\$ 75,000	\$ 100,000	\$ 125,000	\$ 135,000
Maintenance/Landscaping	\$ 15,000	\$ 18,000	\$ 21,600	\$ 28,800	\$ 34,000
Property Taxes	\$ 32,483	\$ 32,483	\$ 32,483	\$ 32,483	\$ 32,483
Insurance	\$ 15,800	\$ 16,800	\$ 17,500	\$ 18,600	\$ 20,300
Telecommunications					
Landline	\$ 1,200	\$ 1,400	\$ 1,600	\$ 1,800	\$ 2,000
Mobile	\$ 2,520	\$ 4,000	\$ 4,800	\$ 6,000	\$ 7,200
Internet	\$ 1,200	\$ 600	\$ 650	\$ 700	\$ 750
Utilities					
Electric	\$ 24,000	\$ 27,600	\$ 31,740	\$ 48,273	\$ 55,513
Gas	\$ 18,000	\$ 21,600	\$ 25,920	\$ 38,760	\$ 44,790
Garbage	\$ 9,600	\$ 11,040	\$ 12,696	\$ 18,470	\$ 21,240
Office Supplies	\$ 3,600	\$ 4,800	\$ 5,200	\$ 5,800	\$ 6,500
Postage & Shipping	\$ 1,900	\$ 2,200	\$ 2,500	\$ 2,700	\$ 2,900
Travel	\$ 12,000	\$ 20,000	\$ 35,000	\$ 45,000	\$ 55,000
Delivery Van(s)	\$ 14,400	\$ 14,400	\$ 28,800	\$ 28,800	\$ 36,000
Auto(s)	\$ 12,000	\$ 12,000	\$ 18,000	\$ 18,000	\$ 18,000
Product Development	\$ -	\$ 30,000	\$ 50,000	\$ 85,000	\$ 105,000
Distillery Upgrade	\$ -	\$ -	\$ -	\$ 75,000	\$ 150,000
Misc Expenses	\$ 25,000	\$ 45,000	\$ 60,000	\$ 75,000	\$ 95,000
TOTAL EXPENSES	\$ 825,303	\$ 999,603	\$ 1,735,349	\$ 1,737,466	\$ 2,000,956
NET INCOME	\$ 105,457	\$ 709,757	\$ 1,034,811	\$ 2,294,074	\$ 3,836,619

APPENDIX

SPIRIT INDUSTRY ANALYSIS

The Hudson House & Distillery is entering a fast-growing industry with high profit margins. With lower manufacturing volume, the company will charge a premium for its craft beverages and will focus on selling to individuals seeking quality, exclusivity and luxury. We will provide 3 levels of spirits with a focus on luxury branding. The main customer base for our product is the affluent and large baby boomer generation. They are looking for recreational opportunities that provide them a relaxing and luxurious experience that can be done in a social environment. I believe that we are currently entering the beginning of a decade long buildup of the craft distilling industry, similar to the experience of the micro brewing industry in the 1990's and the wine industry in the first decade of the 2000's. By entering the market at its infancy, The Hudson House & Distillery will gain lasting brand recognition, which will enable our enduring success into the future.

SUPPLIERS

The majority of ingredients used in the production of spirits can be obtained locally. We will source our corn from local growers for both our vodka and whiskey. We could potentially source our natural spring water from the Adirondacks which is plentiful and world renowned for its purity. One of the main costs in producing whiskey is in the purchase of malted barley. In the U.S., the malting industry is a closely controlled industry with ninety percent of the country's malts coming from only eight suppliers, which can lead to unexpected price increases. Fortunately, the cost of ingredients that go into a batch of whiskey are only about ten percent of the total sales price and the cost for ingredients in vodka are only about five percent of the sales price. The Hudson House & Distillery will also purchase American oak barrels from cooperages throughout the U.S. The barrels will be the primary product we will have to purchase outside of our geographic area.

DISTRIBUTION CHANNELS

There is a unique opportunity with having a farm-distilling license in New York State. Not only do you have the right to produce spirits on-premise but you are legally allowed to distribute your own spirits throughout the state without having a traditional distributor. This would save the company 20-30% on the wholesale price of our products. We will pass some of that savings to our retail customers with larger case orders. This will dramatically increase our profit margins while increasing the retail stores profit margins making them more inclined to push our spirits instead of competitors. Outside of New York State we will still have to use the traditional distribution model, however as we grow we will be able to lower our cost of goods sold which will help offset out of state distributor fees. At The Hudson House & Distillery visitors will be able to purchase our spirits for the retail price resulting in greater profit margins per unit sold with having no distributor and retail store charges. Having ongoing events, tours, tastings will only increase our on-premise sales of our spirits adding to our bottom line.

COMPETITION

The Hudson House & Distillery will initially face relatively small competition in our niche industry of a luxury distillery, event space and waterfront property. Our current competitors in the state have for the most part stuck with a barn rustic image and many of them are in a rural setting making it hard to get visitors and attention and almost no emphasis on events. The competition will continue to increase each year. Even with this growth rate there is still much room for expansion before the market becomes saturated. There are currently thirty-two distilleries in the state which is only a small fraction of the over three hundred wineries in the state. One aspect that makes opening a distillery relatively easy is the low cost of entry. For about \$100,000, a distiller can acquire the equipment necessary to produce upward of one hundred gallons of spirits per day. The advantage of distilling over winemaking is that the process can be done in small batches carried out over a whole year. In winemaking, the grapes are harvested once per year and must all be

processed within a short time. This requires a larger capital investment in facilities and equipment to handle and process this large influx of grapes. After the harvest and initial crush, this equipment sits idle for the rest of the year. Conversely, the grains used in distilling, can be stored year-round and processed in small batches as needed. The production process for distilling is similar to a just in time inventory system. In winemaking, the producer takes a much larger risk because the investment is committed all at once for the purchase and processing of the grapes. The wine industry is well established in New York State with over 300 wineries registered in the State. In addition, there are over one hundred breweries. Winemakers and brewers understand the science of alcohol production and can quickly learn the process of distilling. They also understand the regulatory climate in becoming licensed and selling alcohol. Furthermore, they have existing production facilities and will find it a relatively low cost to add distilling equipment. For winemakers, distilling can be a way that they can utilize their resources after the rush of the grape crush in the fall. Brewers who have made the capital investment in the mashing equipment to produce wort and will have even less investment to be made and knowledge to be learned than winemakers in how to distill as the hardest part of the process, the making wort, is something they do every day in making beer. Distilling will allow these competitors to potentially draw in and appeal to another set of people who may not normally come for their original product. For example, breweries may sell lower margin pints of beers at the brewery and then sell a high margin bottle of spirit for the customer to take home with them. The other group of competitors is the national high-end spirit brands that consumers can purchase at liquor stores. We realize that brands like Grey Goose, Ketel One, Makers Mark, Gentlemen Jack, Pendleton Whiskey and other high-end spirits will be the basis of comparison that consumers use to evaluate the value and quality of The Hudson House's products. We must provide a value proposition in our property and products that exceeds these competitors in both product quality and tasting experience to leave our customers always wanting more.

STRATEGIC POSITION

The Hudson House & Distillery is strategically positioning itself in the ultra-premier category of spirits that is located on an incredible waterfront property overlooking the Hudson River. Our products will sell between twenty-five and seventy dollars+ (Black Creek Reserve Bourbon) per 750 ml bottle. To justify these prices, the company will provide spirits of very high quality and will generously spend on advertising in the markets we are selling within. We believe that the palates of most customers can't distinguish the difference between a forty and one-hundred dollar bottle of whiskey but the perception of quality and the price customers are willing to pay are greatly influenced by the marketing proposition.

Another way to provide value and price justification for the consumer is through the tasting room experience. To enhance the customer experience, we will sell our product in the same room as the distilling equipment and barrels so that the customer can learn about and experience by watching the distilling process. As the customer tastes our product, we will explain the various flavors and characteristics that make it exceptional. This will be a well-rehearsed performance for our sales staff to help the customer feel that any price premium they are paying for the product is more than made up in the experience they received at the distillery and property.

PRIVATE LABEL

We will offer private labeling to select clients by operating year 3 providing we can meet our existing demand with our current products. We have already been in discussions with a few major local and national hospitality brands that have interest in their own private label vodka and whiskey. Having access to these accounts could dramatically increase our production rapidly and we need to be prepared to handle such a case. We already have a plan in place should this arise and will be able to contract production offsite through other distilleries in NY State that we have a relationship with to help handle a surge in demand for The Hudson House products and or our private label abilities.

SPIRIT DEVELOPMENT TIMELINE

The Distillery will have a multi-level development plan which will take place over a 5-year period.

Years 1-2

The first two years will involve the initial setup of the distilling facilities and production of our first batches of product. We expect the facility build out and setup to take up to 8 months. We will be having our stills custom fabricated at an established maker of distilling equipment. This company has already given us a 10% discount just for their desire to be a part of this project. They will be hands on in setup and training to make sure the system is working properly. Our first batch of bourbon & rye will be blended with existing aged barrels, so we will be able to release into the market along with our vodka during this period. We will source our corn from on-premise and locally. Charles Ferri will move his Star Vodka production to our facility from Oregon and The Hudson House & Distillery will leverage Star Vodka's existing marketing and distribution channels to gain an instant foothold with all our other spirits.

Years 3-4

This will be a period of rapid expansion for The Hudson House. While some product was sold through liquor stores, bars and restaurants in our second year, during years three and four we will dramatically increase our sales through these outlets and exposure in other states outside of the Northeast. We will accept new private labels at this time providing all our existing production commitments in The Hudson House are met.

Year 5

At the end of our fifth year we will have established The Hudson House as one of the most recognized brands in the craft distillery industry in the Country and our event space will be booked well in advance. We will continue this organic growth using the increasing cash flow from each year's earnings to fund the rollout of products in new markets. As our volumes of product increase will continue to expand our production facility and will bring increased automation to our distilling process. The automation will be necessary to ensure uniform quality at higher levels of production.

POTENTIAL EXIT STRATEGY

The Hudson House & Distillery has several options available for its investors after its first five years of business. One option is for the company to continue expanding its production, sales, events and sponsorships. With large cash flows and profits, all shareholders may decide that it is in our best interest to continue operations and receive large annual distributions.

The second option is to look into adding another facility for larger spirit production, wellness spa, condos and/or bungalows on the property or nearby to offer our visitors the ability to enhance The Hudson House experience while offering more revenue streams and added value to the property and overall brand.

The third option is to look at selling the company or select brands to an outside firm. This has occurred quite frequently in the recent past. Some examples of this include the sale of Grey Goose to Bacardi for \$2.2 billion in 1998, Hudson Whiskey in New York, which was started as a craft distillery in 2006 and sold in 2010 to William Grant and Sons, the makers of Glenfiddich whiskey for an undisclosed amount. Other examples are the sale of 42 Below Vodka to Bacardi for 72 million in 2006, Svedka sold to Constellation Brands for \$384 million in 2007 and the sale of Stranahan's Colorado Whiskey, which was opened in Denver in 2002 and sold to Proximo, the makers of 1800 tequila for an undisclosed amount. We estimate that The Hudson House will be able to sell the company for a range of six to ten times net income. This will yield a sales price in a range of twenty-six to forty-four million dollars after five years of operations.

ULSTER COUNTY EXECUTIVE

244 Fair St., P.O. Box 1800, Kingston, New York 12402

Telephone: 845-340-3800

Fax: 845-334-5724

MICHAEL P. HEIN

County Executive

ADELE B. REITER

Chief of Staff



ROBERT SUDLOW

Deputy County Executive

KENNETH CRANNELL

Deputy County Executive

July 26, 2016

Meghan Taylor
Regional Director, Mid-Hudson
Empire State Development
33 Airport Center Drive - #201
New Windsor, NY 12553

Dear Ms. Taylor:

I am writing this letter in support of The Star Estate's Consolidated Funding Application for their craft distillery, boutique hotel & event space project. The proposed project would re-purpose an existing 100+ year-old former monastery located along the Hudson River in Ulster County. It would consist of a state of the art distillery that will produce vodka, whiskey and gin, a 25 room hotel with a restaurant, and an event space for weddings, corporate events, and retreats, all on a 27-acre riverfront property.

The project is expected to relocate an existing craft vodka brand from Oregon, Star Vodka, as well as expand spirit production into whiskey, bourbon, and gin. The distillery will also produce private label spirits for brands looking to enter into the craft spirit market. The distiller will source the bulk of its raw materials from New York State, and look to partner with local farms and other businesses thereby reinvigorating the local economy. The hotel would cater to tourists from around the world looking to enjoy all that the Hudson Valley has to offer, including walking trails both local and on the property as well tours of the distillery, specializing in education of spirit distillation. The events will capitalize on the growing number of Hudson Valley weddings couples are looking for. Additionally, The Star Estate will draw corporate retreats due to its proximity to New York City, because of the serenity and breathtaking views of the Hudson River and surroundings.

It is my understanding that this project will be the first of its kind that blends agri-tourism, craft distilling and hospitality along the Hudson River. The natural setting of the property would be maintained while keeping the existing character of the existing structures creating a new purpose for local residents and tourists to enjoy.

Recognizing that this project will create jobs, help expand tourism, provide much needed economic benefits and generate "buzz" and press in Ulster County and the Hudson River Valley, I urge you to consider this important and one of a kind project.

Sincerely,

A handwritten signature in dark ink, appearing to be "M. Hein", written over a horizontal line.

Michael P. Hein
Ulster County Executive

Ulster County Website: www.ulstercountyny.gov

COMMITTEE CHAIR
ALCOHOLISM & DRUG ABUSE
COMMITTEE MEMBER
BANKS
CONSUMER PROTECTION
ELECTIONS
JUDICIARY
SOCIAL SERVICES
VETERANS, HOMELAND SECURITY & MILITARY AFFAIRS
E-MAIL ADDRESS:
AMEDORE@NYSenate.GOV
WEBSITE:
AMEDORE.NYSenate.GOV

THE SENATE
STATE OF NEW YORK



GEORGE A. AMEDORE, JR.
Senator, 46TH District

ALBANY OFFICE:
ROOM 802
LEGISLATIVE OFFICE BUILDING
ALBANY, NEW YORK 12247
(518) 475-2790
FAX (518) 426-6751
ULSTER OFFICE:
42 CROWN STREET
KINGSTON, NEW YORK 12401
(845) 331-3800
MONTGOMERY OFFICE:
20 PARK STREET, ROOM 111
FONDA, NEW YORK 12068
(518) 853-7401

July 25th, 2016

Ms. Meghan A. Taylor
Regional Director
Mid-Hudson Empire State Development
33 Airport Center Drive
New Windsor, NY 12553

Dear Ms. Taylor,

I am writing in support of the application for the Consolidated Funding Application being submitted by The Star Estate on behalf of the distillery, boutique hotel & event space project for the purpose of repurposing an existing 100+ year old former monastery located along the Hudson River in Ulster County. It would consist of a state of the art distillery to produce vodka, whiskey and gin, 25 room hotel with an event space for weddings, corporate events, and retreats on a 27 acre riverfront property.

The Star Estate is pursuing their vision to relocate an existing craft vodka brand from Oregon, Star Vodka, and expand spirit production into whiskey, bourbon, and gin with private label products for new brands. The spirit lines would utilize local ingredients, further adding support to farms and other local businesses. The hotel would cater to tourists from around the world to enjoy the riverfront property with walking trails, tastings, and educational material for their spirit lines that are made on premise. The events will consist of Hudson Valley weddings and NYC corporate retreats with breathtaking views of the Hudson River and surroundings.

This project reflects an active commitment by The Star Estate to create a place where people can gather to see craft distilling, view the amazing Hudson Valley, and experience one of a kind hospitality, generating an unforgettable memory while creating jobs, helping expand tourism, and creating economic activity in Ulster County and the Hudson Valley. I hope you will give your full consideration to funding this worthy project.

If I can provide further assistance, do not hesitate to contact me.

Sincerely,

Senator George A. Amedore
46th Senate District





KEVIN A. CAHILL
Assemblymember 103rd District

CHAIR
Assembly Insurance Committee

THE ASSEMBLY STATE OF NEW YORK ALBANY

COMMITTEES

Ways and Means

Economic Development, Job Creation,
Commerce & Industry

Ethics and Guidance

Health

Higher Education

July 26, 2016

Meghan Taylor, Regional Director
Mid-Hudson Empire State Development
33 Airport Center Drive - #201
New Windsor, New York 12553

Dear Ms. Taylor:

I write regarding The Star Estate (TSE) Consolidated Funding Application for their craft distillery, boutique hotel and event space project through Mid-Hudson Empire State Development. These monies, if granted, would be used to re-purpose an existing 100+ year-old former monastery located along the Hudson River in Ulster County into a destination distillery that would consist of a state of the art craft distillery to produce vodka, whiskey and gin, a 25-room hotel, restaurant/bar and space for weddings, corporate events and retreats.

Under the leadership of Charles Ferri, a Hudson Valley native and TSE Founder and Chief Executive Officer, the Company will relocate from Oregon to continue to expand upon their first five years of success as a distiller of an American luxury vodka. His partner Paul Seres owns and operates restaurants and cocktail lounges in Manhattan and together they have over 30 years of experience in the industry. Utilizing local ingredients to produce spirits will add support to farms and other local enterprises. The goals of *The Star Estate* project align with the Mid-Hudson "Live, Work & Play" initiative and will blend agri-tourism, craft distilling and hospitality along the Hudson River.

I thank you in advance for giving all due consideration to this request. Please feel free to contact me if there is anything further I might provide in this instance.

Sincerely,

Kevin A. Cahill
Member of Assembly

KAC:kk



STAR ESTATE DEVELOPMENT GROUP LLC
d/b/a

The Star Estate & Hudson House

Confidential Private Placement Memorandum

January 1, 2021

Personal and Confidential

**Offering up to \$600,000
of LLC Units at
\$100,000 per unit (6 Units)**

Private Placement Memorandum No. _____

Recipient Name _____

THE SECURITIES DESCRIBED HEREIN HAVE NOT BEEN THE SUBJECT OF REGISTRATION UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR ANY STATE SECURITIES LAWS, NOR HAS THE OFFER AND/OR SALE FOR SUCH SECURITIES BEEN REVIEWED, APPROVED OR DISAPPROVED BY THE SECURITIES AND EXCHANGE COMMISSION. NO STATE SECURITIES LAW ADMINISTRATOR OR OTHER JURISDICTIONAL AUTHORITY HAS PASSED UPON OR ENDORSED THE MERITS OF THE OFFER AND/OR SALE OF SUCH SECURITIES OR THE ACCURACY OR THE ADEQUACY OF THE INFORMATION SET FORTH HEREIN. ANY REPRESENTATION TO THE CONTRARY IS UNLAWFUL.

THE SECURITIES DESCRIBED HEREIN ARE BEING OFFERED AND MADE AVAILABLE ONLY TO INVESTORS WHO QUALIFY AS "ACCREDITED INVESTORS" AS DEFINED IN REGULATION D AND RULE 501 PROMULGATED UNDER THE SECURITIES ACT OF 1933, AS AMENDED. THE SECURITIES DESCRIBED HEREIN ARE BEING OFFERED PURSUANT TO AN EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT OF 1933, AS AMENDED, AND APPLICABLE STATE SECURITIES LAWS RELATING TO TRANSACTIONS NOT INVOLVING A PUBLIC OFFERING OR SOLICITATION. SUCH EXEMPTIONS LIMIT THE NUMBER AND TYPES OF INVESTORS TO WHOM THE OFFERING IS MADE AND RESTRICT SUBSEQUENT TRANSFER OF THE SECURITIES DESCRIBED HEREIN.

THE SECURITIES DESCRIBED HEREIN SHOULD BE CONSIDERED ONLY BY A PERSON WHO OR ENTITY THAT CAN AFFORD TO SUSTAIN THE LOSS OF ITS ENTIRE INVESTMENT. POTENTIAL INVESTORS ARE HEREBY CAUTIONED THAT SUCH INVESTORS, SHOULD THEY INVEST IN THE SECURITIES DESCRIBED HEREIN, COULD BE REQUIRED TO BEAR THE FINANCIAL RISKS OF SUCH AN INVESTMENT FOR A SUBSTANTIAL AND/OR INDEFINITE PERIOD OF TIME. AN INVESTOR WHO PURCHASES THE SECURITIES DESCRIBED HEREIN SHALL BE REQUIRED TO REPRESENT THAT HE OR IT IS ABLE TO SUSTAIN SUCH A LOSS, IS FAMILIAR WITH AND UNDERSTANDS THE TERMS OF THE OFFERING OF SUCH SECURITIES AND THAT HE OR IT MEETS CERTAIN SUITABILITY STANDARDS.

NO DEALER, SALESMAN OR OTHER PERSON HAS BEEN AUTHORIZED TO GIVE ANY INFORMATION OR TO MAKE ANY REPRESENTATIONS IN CONNECTION WITH THE OFFERING OF THE SECURITIES DESCRIBED HEREIN OTHER THAN THOSE CONTAINED IN THIS MEMORANDUM (INCLUDING THE EXHIBITS HERETO AND THE DOCUMENTS INCORPORATED HEREIN BY REFERENCE). IF GIVEN OR MADE, SUCH INFORMATION OR REPRESENTATIONS MUST NOT BE RELIED UPON AS HAVING BEEN AUTHORIZED BY THE COMPANY OR ANY OTHER PERSON. NO PERSON SHOULD CONSIDER INVESTING IN THE SECURITIES DESCRIBED HEREIN UNTIL SUCH PERSON HAS FULLY READ AND UNDERSTOOD THE CONTENTS OF THIS MEMORANDUM (INCLUDING THE EXHIBITS HERETO AND ALL DOCUMENTS INCORPORATED HEREIN BY REFERENCE).

THE SECURITIES DESCRIBED HEREIN ARE RESTRICTED WITH RESPECT TO TRANSFERABILITY AND RESALE. SUCH SECURITIES MAY NOT BE RESOLD OR OTHERWISE DISPOSED OF BY AN INVESTOR UNLESS, IN THE OPINION OF COUNSEL SATISFACTORY TO THE COMPANY, REGISTRATION UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR APPLICABLE STATE SECURITIES LAWS IS NOT REQUIRED OR COMPLIANCE IS MADE WITH SUCH REGISTRATION REQUIREMENTS.

THIS MEMORANDUM DOES NOT CONSTITUTE AN OFFER TO SELL OR A SOLICITATION OF AN OFFER TO BUY THE SECURITIES DESCRIBED HEREIN IN ANY JURISDICTION WHERE, OR TO ANY PERSON TO WHOM, IT IS UNLAWFUL TO MAKE SUCH OFFER OR SOLICITATION IN SUCH JURISDICTION. EXCEPT AS OTHERWISE INDICATED HEREIN, THIS MEMORANDUM SPEAKS AS OF THE DATE HEREOF. NEITHER THE DELIVERY OF THIS MEMORANDUM NOR ANY SALE MADE HEREUNDER SHALL, UNDER ANY CIRCUMSTANCES, CREATE ANY

IMPLICATION THAT THERE HAS BEEN NO CHANGE IN THE AFFAIRS OF THE COMPANY AFTER THE DATE HEREOF.

THE SALE OF THE SECURITIES DESCRIBED HEREIN IS SUBJECT TO THE PROVISIONS OF, AND EACH OF THE INVESTORS PURCHASING SECURITIES WILL BE REQUIRED TO EXECUTE, A PURCHASE AGREEMENT. ANY PURCHASE OF THE SECURITIES DESCRIBED HEREIN BY AN INVESTOR SHOULD BE MADE ONLY AFTER A COMPLETE AND THOROUGH REVIEW HEREOF AND OF THE PROVISIONS OF SUCH PURCHASE AGREEMENT. IN THE EVENT THAT ANY OF THE TERMS, CONDITIONS OR OTHER PROVISIONS OF SUCH AGREEMENT ARE INCONSISTENT WITH OR CONTRARY TO A DESCRIPTION OR THE TERMS SET FORTH IN THIS MEMORANDUM, SUCH AGREEMENT SHALL CONTROL. IN PARTICULAR, AND WITHOUT LIMITING THE FOREGOING, THE REPRESENTATIONS AND WARRANTIES CONTAINED IN SUCH AGREEMENT SHALL BE DEEMED TO SUPPLEMENT AND REPLACE WHERE INCONSISTENT ANY INFORMATION CONTAINED HEREIN.

NO OFFERING LITERATURE OR ADVERTISING SHALL BE EMPLOYED IN THE OFFERING OF THE SECURITIES DESCRIBED HEREIN, EXCEPT THE INFORMATION CONTAINED HEREIN (INCLUDING THAT WHICH HAS BEEN INCORPORATED BY REFERENCE). THE DELIVERY OF THIS MEMORANDUM DOES NOT IMPLY THAT THE INFORMATION CONTAINED HEREIN IS CORRECT AS OF ANY TIME SUBSEQUENT TO THE DATE HEREOF.

THIS MEMORANDUM IS SUBMITTED IN CONNECTION WITH THE OFFERING OF THE SECURITIES DESCRIBED HEREIN AND MAY NOT BE REPRODUCED OR USED FOR ANY OTHER PURPOSE. BY ACCEPTING THE DELIVERY OF THIS MEMORANDUM, EACH POTENTIAL INVESTOR AGREES THAT HE OR IT WILL NOT DIVULGE THE CONTENTS HEREOF TO ANY PERSON OR ENTITY AND WILL RETURN IT (WITH ALL RELATED DOCUMENTS OR MATERIALS) TO THE COMPANY UPON REQUEST IF SUCH INVESTOR DOES NOT AGREE TO PURCHASE ANY OF THE SECURITIES. ANY REPRODUCTION OR DISTRIBUTION OF THIS DOCUMENT WITHOUT THE PRIOR WRITTEN CONSENT OF THE COMPANY IS PROHIBITED.

PROSPECTIVE INVESTORS ARE NOT TO CONSTRUE THE CONTENTS OF THIS MEMORANDUM AS LEGAL, TAX OR ACCOUNTING ADVICE, BUT SHOULD CONSULT THEIR COUNSEL, ACCOUNTANTS AND BUSINESS ADVISORS ABOUT LEGAL, TAX AND ACCOUNTING MATTERS CONCERNING AN INVESTMENT IN THE SECURITIES DESCRIBED HEREIN.

CERTAIN PROVISIONS OF VARIOUS DOCUMENTS AND RECORDS ARE BRIEFLY SUMMARIZED IN THIS MEMORANDUM. SUCH SUMMARIES ARE NOT AND DO NOT PURPORT TO BE COMPLETE AND REFERENCE MUST BE MADE DIRECTLY TO SUCH DOCUMENTS AND RECORDS FOR COMPLETE INFORMATION CONCERNING THE RIGHTS AND OBLIGATIONS OF THE PARTIES. COPIES OF SUCH DOCUMENTS ARE INCLUDED HERewith OR ARE AVAILABLE UPON REQUEST FROM THE COMPANY.

THE COMPANY MAY ACCEPT OR REJECT ANY OFFER TO PURCHASE THE SECURITIES DESCRIBED HEREIN, IN WHOLE OR IN PART, FOR ANY REASON, AND THE COMPANY MAY WITHDRAW OR CANCEL THE OFFERING WITHOUT NOTICE. AFFILIATES OF THE COMPANY AND THE PLACEMENT AGENT MAY ACQUIRE SECURITIES IN THIS OFFERING, WHICH PURCHASES MAY BE INCLUDED IN CALCULATING THE MINIMUM AMOUNT REQUIRED TO CONDUCT THE INITIAL CLOSING OF THE OFFERING.

FOR CONNECTICUT RESIDENTS

THESE SECURITIES HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE BANKING COMMISSIONER OF THE STATE OF CONNECTICUT NOR HAS THE COMMISSIONER PASSED UPON THE ACCURACY OR ADEQUACY OF THIS OFFERING. ANY REPRESENTATION TO THE CONTRARY IS UNLAWFUL.

THE SECURITIES REPRESENTED BY THIS MEMORANDUM HAVE BEEN ISSUED PURSUANT TO A CLAIM OF EXEMPTION FROM THE REGISTRATION OR QUALIFICATION PROVISIONS OF FEDERAL AND STATE SECURITIES LAWS AND MAY NOT BE SOLD OR TRANSFERRED WITHOUT COMPLIANCE WITH THE REGISTRATION OR QUALIFICATION PROVISIONS OF APPLICABLE FEDERAL AND STATE SECURITIES LAWS OR APPLICABLE EXCEPTIONS THEREFROM.

FOR NEW YORK RESIDENTS

THE SECURITIES OFFERED HEREBY HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE SECURITIES AND EXCHANGE COMMISSION, NOR HAS THE ATTORNEY GENERAL OF NEW YORK OR ANY OFFICIAL OF SIMILAR CAPACITY OF ANY STATE PASSED UPON THE ACCURACY, ADEQUACY OR COMPLETENESS OF THIS MEMORANDUM OR THE MERITS OF THIS OFFERING. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

FOR NEW JERSEY RESIDENTS

THE SECURITIES REFERRED TO IN THIS MEMORANDUM WILL BE SOLD TO AND ACQUIRED BY THE HOLDERS IN A TRANSACTION EXEMPT FROM REGISTRATION UNDER THE NEW JERSEY STATE UNIFORM SECURITIES LAW, SECTION 49:3-50(B)(12). THEREFORE, THE DEPARTMENT OF LAW AND PUBLIC SAFETY, DIVISION OF LAW, BUREAU OF SECURITIES HAS NOT PASSED ON THE ADEQUACY OF THE DISCLOSURE IN THE OFFERING LITERATURE OR ON THE MERITS OF THIS OFFERING.

FOR CALIFORNIA RESIDENTS

THE SECURITIES REFERRED TO IN THIS MEMORANDUM WILL BE SOLD TO, AND ACQUIRED BY, THE HOLDER IN A TRANSACTION EXEMPT FROM REGISTRATION UNDER SECTION 25102(F) OF THE CALIFORNIA CORPORATE SECURITIES LAW OF 1968. THUS, THE SECURITIES HAVE NOT BEEN QUALIFIED UNDER THAT ACT IN THE STATE OF CALIFORNIA.

FOR FLORIDA RESIDENTS

THE SECURITIES OFFERED HEREBY WILL BE SOLD, AND ACQUIRED, IN A TRANSACTION EXEMPT UNDER SECTION 517.061(11) OF THE FLORIDA SECURITIES AND INVESTOR PROTECTION ACT. THE SECURITIES HAVE NOT BEEN REGISTERED UNDER SAID ACT IN THE STATE OF FLORIDA. PURSUANT TO SECTION 517.061(11) OF THE FLORIDA SECURITIES AND INVESTOR PROTECTION ACT, WHEN SALES ARE MADE TO FIVE OR MORE PERSONS (EXCLUDING ACCREDITED INVESTORS) IN THE STATE OF FLORIDA, ANY SALE IN THE STATE OF FLORIDA MADE PURSUANT TO SECTION 517.061(11) OF SUCH ACT IS VOIDABLE BY THE PURCHASER IN SUCH SALE (WITHOUT INCURRING ANY LIABILITY TO THE COMPANY OR TO ANY OTHER PERSON OR ENTITY) EITHER WITHIN THREE DAYS AFTER THE FIRST TENDER OF CONSIDERATION IS MADE BY SUCH PURCHASER TO THE ISSUER, AN AGENT OF THE ISSUER, OR AN ESCROW AGENT WITHIN THREE DAYS AFTER THE AVAILABILITY OF THAT PRIVILEGE IS COMMUNICATED TO SUCH PURCHASER, WHICHEVER OCCURS LATER. TO VOID THE PURCHASE, THE PURCHASER NEED ONLY SEND A LETTER OR TELEGRAM TO THE COMPANY AT THE ADDRESS INDICATED HEREIN. ANY SUCH LETTER OR TELEGRAM SHOULD BE SENT AND POSTMARKED PRIOR TO THE END OF THE AFOREMENTIONED THREE-DAY PERIOD. IT IS PRUDENT TO SEND ANY SUCH LETTER BY CERTIFIED MAIL, RETURN RECEIPT REQUESTED, TO ASSURE THAT IT IS RECEIVED AND ALSO TO HAVE EVIDENCE OF THE TIME THAT IT WAS MAILED. SHOULD A PURCHASER MAKE THIS REQUEST ORALLY, THAT PURCHASER MUST ASK FOR WRITTEN CONFIRMATION THAT THE REQUEST HAS BEEN RECEIVED. IF NOTICE IS NOT RECEIVED WITHIN THE TIME LIMIT SPECIFIED HEREIN, THE FOREGOING RIGHT TO VOID THE PURCHASE SHALL BE NULL AND VOID.

Confidential Private Placement Memorandum

Star Estate Development Group, LLC, d/b/a The Star Estate, is a New York limited liability company (the "Company"), organized for the purpose of owning the assets of the Star Estate – a particular tract of land in Esopus, New York, on which will be developed and operated a boutique luxury hotel and craft liquor distillery. The land will be farmed for the use of the distillery. A line of new spirits will also be produced, marketed, and distributed. Class A members of the company will manage the company (the "Manager"). The Class A members are Charles Ferri and Paul Seres. The Class A members will operate and develop the Star Estate and as consideration for those services, the Class A members have been granted a fifty-one percent (51%) ownership interest in the Company.

The Company will be authorized to issue in this offering a total of six (6) Class B Units of ownership interest, which are being presented to Investors through this offering (the "Offering"). Each unit will represent a one percent (1 %) interest in the capital, profits, and losses of the Company.

Each Investor in this Offering will also become a Member of the Company and shall be governed by the terms and conditions of the Company's Operating Agreement. The Company's Operating Agreement is attached to this Confidential Private Placement Memorandum ("Memorandum").

The monetary and contractual obligations of the Company shall include, but may not be limited to: (i) the purchase of property or any lease for the Premises; (ii) architectural and construction agreements for the Premises; (iii) equipment leases and acquisition financing agreements; (iv) a working capital account balance; and (v) agreements relating to management, personnel, maintenance, and supplies.

The information in the Memorandum is presented for evaluating an investment in the Company and to raise any questions with respect to the Company, the Manager, or their intended operations. Prospective investors are not to construe the contents of this Memorandum or any prior or subsequent communications from the Company or the Manager or any other related entity or individual as legal, tax, or accounting advice.

YOU SHOULD CONSULT WITH YOUR OWN LEGAL AND TAX ADVISORS CONCERNING THE APPROPRIATENESS OF AN INVESTMENT IN THE COMPANY IN LIGHT OF YOUR OWN INVESTMENT AND TAX PLANNING OBJECTIVES.

THESE ARE SPECULATIVE SECURITIES AND INVOLVE A HIGH DEGREE OF RISK. SEE THE "RISK FACTORS" AT SECTION 3.

THESE SECURITIES HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OR ANY STATE SECURITIES LAWS AND ARE BEING OFFERED AND SOLD IN RELIANCE ON EXEMPTIONS FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND STATE LAWS. THESE SECURITIES ARE SUBJECT TO RESTRICTIONS ON TRANSFERABILITY AND RESALE AND MAY NOT BE TRANSFERRED OR RESOLD EXCEPT AS PERMITTED UNDER THE SECURITIES ACT AND SUCH STATE LAWS PURSUANT TO REGISTRATION OR EXEMPTION THEREFROM. THESE SECURITIES HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE SECURITIES AND EXCHANGE COMMISSION OR ANY OTHER FEDERAL OR STATE REGULATORY AUTHORITIES, NOR HAVE ANY FEDERAL OR STATE AUTHORITIES PASSED UPON OR ENDORSED THE MERITS OF THIS OFFERING, THESE SECURITIES, OR THE ACCURACY OR ADEQUACY OF THIS OFFERING DOCUMENT. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

Subscription funds will be deposited into the company bank account at Chase Bank, New York, New York. The offering, unless extended, will terminate on or before December 31, 2021. The Company may extend the term of the offering for an additional ninety (90) days without notice to any individual or entity previously subscribing to or for any Units, through this offering or any previous offering. The Units are subject to prior sale, withdrawal, cancellation or modification of this offering without notice, subject to the Company's acceptance of subscription by prospective investors and to the Company's allocation of the Units and other conditions described in this Memorandum. The Company may reject any subscription, in whole or in part, and need not accept subscriptions in the order received. Except as required by certain state securities laws, subscriptions that have been accepted may not be withdrawn by the subscriber.

All investors are required to provide their social security numbers or ITINs for submission to the New York State Liquor Authority for approval. Any investor convicted of a felony or similar crime of moral turpitude will be disqualified from subscribing to the offering of Units. The application for New York State Liquor Authority will be separately provided to each investor for completion.

STAR ESTATE DEVELOPMENT GROUP LLC

d/b/a

THE STAR ESTATE

Confidential Private Placement Memorandum

Table of Contents	Sections
Summary of the Offering	1
Who May Invest?	2
Risk Factors.....	3
Business Risk Considerations	
Risks Related to the Offering.....	
Unit Ownership Risk Considerations Income Tax Risk Considerations.....	
Our Proposed Use of Proceeds is Not Specific.....	4
Project Overview	5
Subscription Documents.....	6

SECTION 1

SUMMARY OF THE OFFERING

The Company

Star Estate Development Group LLC d/b/a The Star Estate is a limited liability company organized under and by the laws of the State of New York. The Company will be managed by the Class A Members – Charles Ferri and Paul Seres. A copy of the Company's Operating Agreement ("Agreement") is attached hereto as Exhibit A. There are now existing two wholly owned subsidiaries: Star Estate Distillery LLC and Star Estate Land Development LLC (individually and collectively, the "Company"). Additional subsidiaries may be created.

Objective

The Company has been organized to own a particular parcel of land on which The Company will construct, develop, produce, or otherwise operate the following business of the Company:

- A craft distillery
- Development and production of a line of vodka, whiskey, and gin
- A luxury boutique hotel and event space
- Organic farm that will support the distillery and craft spirit line

Property

The Star Estate property is located in Esopus, New York, within Ulster County (the "Property"). Star Estate Land Development LLC, a subsidiary company, has purchased the land. The land is 27 acres, with private Hudson River shoreline. The property previously hosted a monastery, which will be used for the hotel. The hotel will include a fine-dining restaurant, event space, and an infinity pool with direct views of the river. An area of the land will be put to use as an organic farm to support the distillery and the line of spirits. Additionally, the land will be developed to allow guests the opportunity to explore the beauty of the property through a network of trails leading to the Hudson River. There is easy access from the NYS Thruway and the trip is an hour and a half from New York City.

Subscription

The Company will issue a total of one hundred (100) Units of ownership interest, six (6) Units of which are being offered through the Offering. Each Unit will represent a one-percent (1%) interest in the capital, profits, and losses of the Company. The Manager will assist in development, construction, management, and operation of The Star Estate and as consideration for those services, the Manager has been granted a fifty-one percent (51%) ownership interest in the Company. An additional nine (9) Class C units of the Company were offered to key service providers of the Company.

Each Investor purchasing one or more Units will pay upon subscription \$100,000.00 per Unit in cash to the Company, and at the closing the Company can commence spending those funds on development of its business and as set forth in this Memorandum. In addition to the cash contribution, each Investor will be responsible for providing additional funds, if needed, pursuant to the capital call provisions set forth in the Company's Operating Agreement, attached hereto as Exhibit A. The Manager may invoke such provisions if it believes it to be necessary and appropriate.

Subscription Procedures are set forth in the "Offering Subscription Instructions" included in this Memorandum at Section 6.

The Manager, in its sole discretion, may offer Units to family members and persons with whom the Manager has had close working relationships at a lower price than the price per Unit

mentioned above. The Manager shall not be required to disclose any such price or the existence of any such person to any prospective Investor or any other person.

Funds Available to Company Immediately

This offering is not a minimum/maximum offering and there are no contingencies or conditions precedent other than acceptance of the subscription by the Company. Upon signing the attached documents and paying the subscription price, those funds become immediately available to the Company.

Operating Agreement

The Star Estate will be developed, managed, and operated by the Manager pursuant to the terms of the LLC operating agreement, attached hereto. The operating agreement is available upon request. The Managers are Charles Ferri and Paul Seres.

Governance

The Company will be governed pursuant to the terms of the operating agreement. The Manager will be responsible for making decisions regarding the Company's development, operations, and management, in accordance with the operating agreement.

Company Structure

The Company will be the parent company for several wholly owned subsidiaries, including Star Estate Land Development LLC and Star Estate Distillery LLC. Additional organizations may be created to own and the hotel, the spirit line, and other operational components of the business.

Property Leases

Star Estate Land Development LLC, a subsidiary company wholly owned by the Company, will own the land. Particular tracts of the land and/or buildings on the land may be leased to the various other wholly owned subsidiaries, e.g. the hotel, the distillery, etc. The lease may have a below-market rental value and the terms have not been concluded.

Management

The Company will be managed exclusively by the Managers. The Managers have significant experience with the management of a vodka line and also with hospitality venues in New York City. In addition to the 51% interest in the Company for the rendering of the management services, the Managers will be paid a gross management fee of four percent (4%) and will be reimbursed for certain expenses consistent with the terms of the operating agreement. Pursuant to the terms of the operating agreement, the Managers may also be paid salary.

Offering Period

This offering will remain open until December 31, 2021, which period may be earlier terminated or extended for up to ninety (90) days by the Company without notice, the Offering will terminate and all subscription materials and funds received from prospective investors will be returned to them, without interest. The Manager will retain the right to reopen the Offering for one or more ninety day periods to conclude on or before March 30, 2022, at which time there will be a second Closing with regard to the previously unsold Units.

Sale of Units

At the Manager's election, commissions may be paid for the solicitation or sale of Units. All proceeds from the sale of Units will be held in a segregated, non-interest bearing account until subscriptions for all Units have been accepted by the Company or until the termination of the offering. Should the offering be terminated, all subscriptions funds will be returned to the Investors, except that a portion of the funds may be retained to cover certain organizational costs in respect to the Company.

Company Tax Status

The Company anticipates that it will be treated as a partnership for income tax purposes. As a partnership, the Company will file federal state partnership tax returns and issue to all members schedule K-1s. The Company will allocate income and losses among the members in accordance with the terms of the operating agreement. The Company has not made any application to the Internal Revenue Service for a ruling or opinion, including whether it is or is not an association taxable as a corporation for income tax purposes. This, however, could be changed at the discretion of the Managers, if in their opinion or the opinion of their accountants or other counsel, doing so would be beneficial for the Company or the Members.

Reliance on Own Tax Advisors

EACH INVESTOR MUST CONSULT WITH HIS OR HER OWN TAX ADVISOR WITH RESPECT TO THE INCOME TAX MATTERS RELATED TO THIS INVESTMENT.

Tax Allocation

Taxable income and losses for each calendar year the Company is operating will generally be allocated to the members first in proportion to positive capital account balances, and then upon return of initial capital contributions, in proportion to their ownership of Units. The Company will allocate taxable income and losses to members in reverse order to those members that were previously allocated losses until such loss allocations are reduced to zero, and thereafter in proportion to their ownership of Units.

Cash Distribution

The Company will distribute cash available for distribution to members as follows:

(a) First, one hundred percent (100%) to the Class B Unit Holders in proportion to each Class B Unit Holder's respective Unrecovered Contribution Account, until each Class B Unit Holder's respective Unrecovered Contribution Account is reduced to zero (taking into account all prior Distributions made under this subsection (a), if any); and

(b) Second, twelve percent (12%) to the Class B Unit Holders in proportion to and each Class B Unit Holder's respective Percentage Interest, until each Class B Unit Holder has realized a one hundred twelve percent (112%) (considering Section 7.1 (a) and (b) combined) return on their capital contribution.

(c) Thereafter, to all the Class A, B, and C Unit Holders in proportion to their Percentage Interest.

RISK FACTORS

AN INVESTMENT IN THE UNITS INVOLVES SERIOUS RISKS, INCLUDING TAX RISKS AND THE RISK OF ILLIQUIDITY. SEE "RISK FACTORS" STARTING AT SECTION 3 OF THIS MEMORANDUM.

Fiscal Year

The fiscal and tax year of the Company and the Manager will end on December 31 of each year.

SECTION 2

WHO MAY INVEST

Only specified individuals who also meet suitability standards provided herein may purchase Units offered. An investment in the Company represents a long-term investment without liquidity. This investment involves significant risks and potential additional personal liability. Only persons with substantial financial means who have no need for liquidity in this investment should consider this investment.

Subscriptions will be accepted by the Company from Investors who qualify as "accredited investors" as that term is defined in Rule 501(a) of Regulation D. Subscriptions may also be accepted from Investors who do not qualify as "accredited investors" as defined below in the "non-accredited investor" section.

Accredited investors include:

(1) Any natural person whose individual net worth, or joint net worth with that person's spouse, at the time of purchase exceeds \$1,000,000 as adjusted and calculated below.

For purposes of calculating net worth under this paragraph:

(i) The person's primary residence shall not be included as an asset;

(ii) Indebtedness that is secured by the person's primary residence, up to the estimated fair market value of the primary residence at the time of the sale of securities, shall not be included as a liability (except that if the amount of such indebtedness outstanding at the time of the sale of securities exceeds the amount outstanding sixty (60) days before such time, other than as a result of the acquisition of the primary residence, the amount of such excess shall be included as a liability); and

(iii) Indebtedness that is secured by the person's primary residence in excess of the estimated fair market value of the primary residence at the time of the sale of securities shall be included as a liability.

and

(2) Any natural person who had an individual income in excess of \$200,000 in each of the two most recent years or joint income with that person's spouse in excess of \$300,000 each of those two years and has a reasonable expectation of reaching the same income level in the current year.

The term "net worth" means the excess of total assets over total liabilities subject to the adjustment above regarding the investor's primary residence. In determining "income," an Investor should add to such Investor's adjusted gross income, as reported for federal income tax purposes, the amount of any tax-exempt income received, the amount of losses claimed as an Investor in any limited partnership or limited liability company, deductions claimed for depletion, contributions to an IRA or Keogh retirement plan, alimony payments, and any amount by which income from long-term capital gains has been reduced in arriving at adjusted gross income.

The above-described suitability standard represents the minimum suitability standards for prospective Investors and the satisfaction of such standards by a prospective Investor does not necessarily mean that the Units are a suitable investment for the specific individual.

EACH INVESTOR MUST MAKE ITS OWN DETERMINATION AS TO WHETHER THIS INVESTMENT IS APPROPRIATE FOR SUCH INVESTOR.

An unlimited number of "non-accredited investors" or "unaccredited investors" will be allowed to purchase Units in this Offering. "Non-accredited investor" or "unaccredited investor" means an individual investor who has a net worth of less than \$1,000,000.00 (including spouse and excluding the investor's primary residence) and who earned less than \$200,000.00 annually (\$300,000.00 with spouse) in the last two years. The Company shall supply to each "non-accredited investor" or "unaccredited investor" an unaudited balance sheet current within one hundred twenty (120) days.

SECTION 3

RISK FACTORS

This document contains forward-looking statements that involve risks and uncertainties. Actual events and results could differ materially from those anticipated in these forward-looking statements as a result of certain factors, including those set forth in the following risk factors. Investments in the units of ownership (the “Units”) of the Company offered hereby involves a high degree of risk. Prospective investors in the Units offered hereby should carefully consider the following risk factors in addition to the other information contained in this Memorandum.

BUSINESS RISK CONSIDERATIONS

RISKS SPECIFIC TO THE COMPANY AS A START-UP

The Company will be a new business venture with no prior operating history, subject to all of the risks that are attendant to any such venture. The Company does not anticipate engaging in any business except the operation of The Star Estate. The Company's success will depend on many other factors that cannot be controlled or predicted by the Company, including economic and demographic conditions (both national and local); changes in private and governmental laws, rules and programs; competition from other distilleries, hotels, craft spirits, restaurants, and other entertainment venues; changes in the laws that may prohibit or restrict an Investor's ability to own an interest in the Company; and other factors. While the discussion herein attempting to summarize the foreseeable material risks affecting the operations of the Company, investors should recognize the Company, like any new business venture, is subject to a number of unforeseeable risks.

There can be no assurance that the Company's operations will generate sufficient revenues to cover operating expenses and meet required payments on any debt and lease obligations of the Company. The opportunities for sale, and the profitability of any sale, of The Star Estate by the Company will be subject to the risk of adverse changes in market conditions as well as other risks identified herein.

The Company will not commence operations prior to the closing and, therefore, has no history of operation. The success of the Company is dependent upon the extent to which the Company will be able to operate The Star Estate profitably as a distillery, hotel and event space, and new line of craft spirits.

ECONOMIC CONDITIONS

The risks associated with the Company's proposed business become more acute in any economic slowdown or recession. Periods of economic slowdown or recession will contribute to reduced gross revenues, slower increases in business and downward financial pressure on the Company. From 2008 to present, the global and local economy have each experienced unprecedented economic contraction with a tepid recovery. Hospitality expenditures are dependent on strong levels of disposable income. There is no indication that economic conditions will improve in the near term.

LACK OF OPERATING HISTORY

As set forth above, the Company is a newly-formed entity and has no operating history. The Manager of the Company is two individuals with prior operating history. Since The Company will occupy a yet-to-be purchased property that has not been previously occupied, its desirability as a hospitality location cannot be predicted with any reasonable certainty. Further, since the Company has not yet developed or produced the spirit line, there is no guarantee there will be sufficient consumer interest to make the line profitable. Factors which may contribute to the success of the Company include its location in Ulster County, New York and competition in the spirit market.

LACK OF SURVEY DATA

The Company has not undertaken any market studies to determine the statistical suitability of the location or the operation.

NEW EMPLOYEES

The Company must attract, hire, and train a number of new employees in a variety of roles, including distillery operators, farm operation personnel, hotel staff, and support personnel. The Company has not yet employed or trained any key personnel in management roles.

ADDITIONAL FINANCING MAY BE REQUIRED

The Company may require additional financing. Although the proceeds of this offering are expected to satisfy the Company's cash needs, we may require significant additional capital to execute our business plan. We cannot be sure that such additional financing will be available on favorable terms or at all. In the event the Company is unable to secure appropriate financing, we will have to wind-up our operations and investors will lose most or all of their investment.

PERMITTING AND CONSTRUCTION DELAYS

The Company intends to make major improvements to the land after purchase. New construction always involves unforeseen delays and cost overruns. Further, should the Company determine or realize that additional modifications are required, additional delays and cost overruns may follow. The Company must compete with others to locate suitable contractors, subcontractors, laborers, and materials. Additionally, obtaining necessary permits and awaiting inspections by local governmental authorities frequently generate delays and changes to plans, which cause costs to escalate.

NO ASSURANCE OF MEETING PROJECTIONS

Any estimates or projections as to the events that may occur in the future are based upon assumptions by the Company. Because the Company has no history of sales, marketing, or operations there can be no assurance that the assumptions upon which projections are based will be realized by the Company in actual operations. Consequently, the financial projections are estimates only, with no historical basis, and should not be relied upon by Investors as anything but a planning tool for the Company's financial goals and objectives. Whether such estimates or projections are realized will depend upon achieving the Company's overall business objectives including the availability of funds resulting from the sale of the Units offered hereby. There is no guarantee that these projections or events will ever be attained or achieved.

OPERATING RISKS

The operating costs of the Company may be affected by factors beyond the control of the Company, including changes in energy costs and shortages, food costs, beverage costs, food shortages, labor costs, inflation, taxes, whether the Company, the Manager and/or its representatives are able to obtain an appropriate liquor license from the New York State Liquor Authority and any other requisite governmental licenses or approvals, adverse weather conditions (including tornadoes, hail, floods, droughts, and other risks that may or may not be covered by insurance) and other unknown contingencies. Income derived from the Company may be adversely affected by various changing local factors such as an increase in local unemployment, competition, changes in the law, or the government under price controls or freezes placed in effect despite rising costs, governmental regulations, and various other risks.

REGULATORY RISKS

The Company will be subject to a wide variety of federal, state, and local regulatory schemes that could have a significant impact on the Company's operations and profitability. Federal, state, and

local legislative bodies have broad discretion in altering or eliminating programs that could contribute significantly to or significantly alter the revenues of the Company. There is no assurance that the Company or the Manager will be issued a license(s) to conduct its business. There is no guaranty that the Company, the Manager, or any of their agents and/or representatives will be issued a license to manufacture liquor or to serve alcoholic beverages. In the event that the Company, the Manager, and/or their representatives are unable to obtain the necessary licenses, the profitability of the Company may be significantly and negatively impacted, including, a total lack of profitability and incurring debts and losses for the Company, the Manager, and the Investors. In addition, legislative bodies may enact legislation that imposes significant new burdens on the operations and ownership of the Company. There can be no assurance that such legislative bodies will not make legislative policy changes (or direct governmental agencies to promulgate regulatory changes) that have adverse effects upon the ability of the Company to generate revenues, the favorable utilization of its property, or the ownership of the Company. The New York State Department of Health, together, with The New York State Liquor Authority, impose various laws and regulations, and have broad investigatory powers, each of which may also have a significant negative impact on the Company's profitability.

LIABILITY AND INSURANCE

The Company's business entails an inherent risk of claims of liability. The Company may become involved as a defendant in lawsuits, which would be subject to the attendant risk of substantial damage awards. While the Company believes it will obtain adequate liability insurance coverage, there can be no assurance that a future claim or claims will not be successful or if successful will not exceed the limits of available insurance coverage or that such coverage will continue to be available at acceptable costs and on favorable terms.

COLLECTION AND REIMBURSEMENT RISK

The Company assumes the financial risk related to the collection of payments from customers, including the potential inability to collect certain accounts and delays attendant to reimbursement such as credit card charge backs and ACH and bank non-payments.

COMPETITION

The Company believes that its business plan is unique and that local competition is lacking. That, however, could change at any time. Furthermore, the creation of a new line of spirits will compete against substantial local and national competition. Competitors may undercut the Company's rates and charges for similar product.

UNINSURED LOSSES

Although the Company will carry comprehensive insurance, including: fire, liquor, general liability, assault and battery, property and casualty, business interruption, and umbrella extended coverage, there are certain risks that are uninsurable or not insurable on terms that are believed by the Company to be economical. Such risks may include, but are not necessarily limited to, earthquakes, floods and other "force majeure" events.

COVID-19

The Company, or certain sub-corporations, and construction thereof, could be shut down by executive order or otherwise due to the Covid-19 pandemic. Some portions of the business could be considered hospitality or similar to a restaurant, which operations have been suspended in the past due to Covid-19.

RISKS RELATED TO THE OFFERING

INVESTMENT RISK CONSIDERATIONS

THE OFFERING PRICE WAS DETERMINED BY MANAGEMENT

The offering price of the Units has been determined by the Manager and Class A Members, Charles Ferri and Paul Seres. However, the offering price does not necessarily bear any relationship to the Company's assets, book value, or other established criteria for valuing a privately held company. In determining the number of Units to be offered and the offering price, they considered the Company's proposed capital structure, anticipated costs, and results of future operations and financial condition, prospects for the Company and for the industry in general, and the general condition of the securities markets. Accordingly, the offering price should not be considered an indication of the actual value of the Units.

RISKS OF LEVERAGE

The Company will enter into financing arrangements for equipment leases and purchases; purchase of the property and substantial construction of improvements thereon; contracts related to management, personnel, maintenance and supplies; and operating loans and additional borrowing are likely. The Company may require bridge loans before all facets of the Company are operational. Effects of leveraging are, on the one hand, to increase the funds available for investment by the Company, and increase the aggregate original amount of depreciation available to the Company but, on the other hand, the increase of the debt service obligations of the Company and the risk of loss in the event of inability to service the debt. The Company's operating agreement is available upon request, and describes and discusses related risk of loss, and should be reviewed and analyzed carefully. See Section entitled "Unit Ownership Risk Considerations-Personal Liability" below.

Although interest rates recently have been relatively low there can be no assurance that interest rates will not increase even further. Higher interest rates increase the fixed debt service cost to the Company and reduces the ability of the Company to leverage its investments. Principal and interest payments on the indebtedness will generally have to be made regardless of the income from the Company's business. If debt service payments are not paid when due, the Company may sustain a loss on its investment as a result of foreclosure by the lender on the Company's assets. Although the Company is organized as a limited liability company for the purpose of avoiding personal liability of the Members for Company obligations, a lender may nonetheless also seek to collect any deficiency from the Investors under the terms of the operating agreement and related agreements. Any such foreclosure could also have adverse tax consequences for the Company's Members. Higher interest rates may reduce the overall return or increase losses on the Company's equity, with a corresponding reduction in the Company's cash flow. Possibly, in the event of difficulties in making debt service payments, The Company may make a capital call on the Members. Further, as a result of the severe tightening of the credit and lending markets, the Company may not be successful in borrowing the additions funds necessary.

LIMITED LIABILITY AGREEMENT WITHDRAWAL RIGHTS

The operating agreement provides that a Member may not withdraw from the Company without the written consent of the Manager, which consent may be withheld in the Manager's sole discretion. Withdrawal will not release a Member from any obligations and liabilities, as set forth in the operating

agreement. No Member may transfer any part of its interest in the Company unless the Manager approves the transferee's admission to the Company. It is imperative to carefully analyze the terms and conditions of the operating agreement, attached hereto. Further, the terms and conditions that govern a Member's transfer or proposed sale, which must first be offered to the Company and other Members, is set forth in the operating agreement. It is likely that in the event that the Class A Members withdraw as Members of the Company, this would have a significant adverse effect on the Company's operations and may result in the ultimate liquidation of the Company before any profits are realized. Because the Company may require additional funds for a working capital loan, any current loans secured by Company assets may make it difficult to obtain additional financing or obtain such financing on favorable terms. The Company's ability to obtain additional financing will also depend upon the availability and the cost of borrowed funds at the time any loan is required.

NO ASSURANCES OF PROFITS

There can be no assurance that the Company will not sustain a cumulative economic loss respecting the operation of the Company during the period of its existence, and in such event the distributions if any, to the Investors during the term of the existence of the Company and upon termination of the Company will be less than the Investors' capital investments in the Company.

UNIT OWNERSHIP RISK CONSIDERATIONS - NO MARKET FOR UNITS

No market for the Units exists, and it is not anticipated that one will ever develop. Purchasers of the Units will be required to bear the economic risk of their investment for an extended period of time. The Units are not registered under the Securities Act or applicable state securities laws and may not be resold unless they are subsequently registered or an exemption from registration is available. Investors have no right to require, and the Company has no intention of effecting, such registration. Consequently, an Investor may not be able to liquidate an investment in the event of an emergency, and a bank may be unwilling to accept Units as collateral for a loan. For these and other reasons, the Units will not be readily marketable, and purchasers thereof may not be able to liquidate their investments in the event of an emergency.

CONTROLLING BLOCK

The Company's Manager, the Class A Members, will have an approximately 51% interest in the Company. While this ownership percentage constitutes a controlling block in the Company, the Class A Members may also have the option to purchase up to an additional 20 Units of membership interest in the Company in the event that only the Minimum Subscription levels are met. In such case, the Class A Members would retain an approximately 71% interest in the total capital and would obtain a controlling block of membership interest in the Company and could block many matters brought to a vote of the Members.

PERSONAL LIABILITY

Although the prospect of personal liability is remote, the terms and conditions of each Investor's potential liability for losses, events that create liability and the like are set forth in the operating agreement.

DISTRIBUTIONS

Each Investor will be required to report, and may be taxed, on his or her share of the Company's income, regardless of whether any cash distribution is made to him or her. In the event that the Company's taxable income is greater than the amount of cash available for distribution to the Investors, the Investor may be subject to income tax liability payable out of his or her personal funds (i.e., so-called "phantom income" distributions).

INDEPENDENT ANALYSIS

Regulation D under the Securities Act, and limited offering exemptions under New York securities and Blue Sky laws, pursuant to which this offering is being made, require that sales be made only to persons who have such knowledge and experience in financial and business matters that they are capable of evaluating the merits and risks of the prospective investment. In addition, no person should consider an investment in the Company unless such a person is able to bear the economic risks thereof, including the possible loss of investment.

TRANSFERS OF THE MEMBERSHIP INTERESTS ARE RESTRICTED

No member shall be permitted to pledge, mortgage, or encumber any of its interest in the Company without first obtaining the prior written consent of the Manager. A right of first refusal in favor of the Company and then the Manager applies to any foreclosure or other sale held pursuant to any mortgage or encumbrance of Units. The operating agreement imposes further restrictions on transfer of the Units.

REPURCHASE OF MEMBERSHIP INTERESTS UNDER CERTAIN CIRCUMSTANCES

The operating agreement provides that all of the Units of a Member may be purchased upon the death, incapacity, bankruptcy, divorce, or withdrawal of an individual Member, or the winding up and dissolution of a corporate Member, or the merger or other corporate reorganization of a corporate Member as a result of which the corporate Member does not survive as an entity. In such event, first the Company, and then the Manager shall have the option to purchase such Investor's Units in the Company for an amount determined under a prescribed formula. The amount determined under the formula may not reflect the true economic value of the Units redeemed.

PURCHASE OF UNITS OF A DEFAULTING MEMBER

The Company or the Manager, as applicable, shall have the option to purchase all of the Units of any "Defaulting Member" as defined in the operating agreement. In such event, the Company or Manager shall purchase such Member's Units in the Company as applicable, for an amount determined under a prescribed formula. The amount determined under the formula may not reflect the true economic value of the Units redeemed.

RAISING ADDITIONAL CAPITAL

As set forth in the LLC operating agreement, and upon satisfaction of the requirements set forth therein, including a majority vote of the Members, the Manager can in the future sell Units in the Company which sales would have the effect of diluting the percentage ownership of the then existing Members. There can be no assurances that such future financings would not be conducted at a price that would be less on a per Unit basis than the purchase price of the Units under this Offering, in each case subject to any pre-emptive rights accorded to the Members, if any, pursuant to the operating agreement.

POSSIBLE LOSS OF LIMITED LIABILITY

As a Member of a limited liability company, a Member will not generally be liable for obligations of the Company in excess of the Member's capital contributions, required capital calls, the portion of Company obligation that the Member has personally guaranteed, and Member's share of undistributed profits of the Company. However, the law relating to limited liability companies is relatively new and developing and there can be no assurance that the limited liability of the Members

will be maintained under all circumstances. Loss of limited liability designation would mean that the Members could be held personally liable for some or all obligations of the Company.

INDEMNIFICATION

The operating agreement provides for indemnification of the Company's Managers and Members and their affiliates, employees, and agents, against liabilities arising out of acts or omissions not amounting to fraud, gross negligence, breach of fiduciary duty, or willful misconduct. To the extent that the indemnification provisions of the operating agreement are invoked, the assets of the Company would be reduced.

GOVERNMENTAL REGULATION RISKS

The Company will be subject to governmental regulation at the federal, state, and local levels. The Company's revenues will be directly and substantially affected by potential governmental regulations and related risks.

REGULATION OF THE ALCOHOL MANUFACTURING AND HOSPITALITY INDUSTRY

The alcohol manufacturing and hospitality industry is highly regulated, including regulations pertaining to the development, design, financing, and construction of the hotel (including its restaurant, bar, and event venue); the distillery; and the line of spirits, including the resulting operation and management thereof. Some of these regulations are promulgated and enforced by local, state, and federal government authorities and include regulation of hotel operations, food preparation, food service, food supply, ability to manufacture, sell, and serve alcohol, hiring and managing employees, and cleanliness.

INCOME TAX RISK CONSIDERATIONS

General Tax Considerations. It is anticipated that the Company's only source of income, losses, and distribution of cash will come from its ownership and operation of the operating assets of the Company. The Company and its Members are subject to recent changes in the tax laws and further changes in the tax laws that may result through future legislative action, judicial decisions, or administrative interpretations. While the Company may produce deductions each year sufficient to shelter some portion of the Company's income if the Company is successful in achieving its operating objectives, no assurance can be given as to how much income will be sheltered. The Company is not expected to generate deductions to offset income from other sources. Although the anticipated tax benefits associated with an investment in the Company do not eliminate the risks inherent in the Company's activities, such tax benefits can mitigate potential losses if Company operations are unsuccessful. If the Company's operations are unsuccessful, the ability of the Members to claim current deductions for losses are constrained by numerous federal income tax loss limitation rules including the so-called "passive activity loss rules" and the "at-risk rules," as hereinafter discussed.

No Internal Revenue Service Rulings. The Company will not seek a ruling from the Internal Revenue Service ("IRS") regarding how the Company will be taxed or regarding other tax consequences of an investment in the Company. Thus, positions taken by the Company as to tax consequences could differ from positions ultimately taken by the IRS in auditing Company tax returns or otherwise. There can be no assurance that the intended tax consequences of an investment in the Company will be achieved.

Tax Status. There can be no absolute assurance of the Company's status as a partnership for state and federal tax purposes because no ruling from the IRS with respect to such status has been requested or obtained.

If the Company were to be classified as an association taxable as a corporation, the after-tax investment return to the Investors, if any, would be reduced. In that event, it is possible that only the Company, and not the Investors, would be entitled to the deductions for Company tax losses. The Company would be taxed on its income, and the Investors would be taxed on distributions from the Company as dividends.

Passive Activity Loss Limitation. The Tax Reform Act of 1986 imposed a limitation on the deduction of losses and credits from passive activities, generally defined as rental activities and activities where the taxpayer is a member of a limited liability company or does not materially participate in management. It is expected that each Investor's share of losses and credits will be subject to the passive activity loss limitations. Under the passive activity loss limitations, each Investor's share of current losses and credits can generally only be used to offset the Investor's current passive income.

At-Risk Loss Limitation. The Tax Reform Act of 1986 also imposed a limitation on the deduction of losses and credits from activities up to the taxpayer's amount at-risk (i.e., the amount of cash or property invested by the taxpayer). It is expected that each Investor's share of losses and credits will be subject to the at-risk loss limitation rules such that Investors will not be able to claim deduction for losses and credits in excess of their outside bases in their Units.

Extent of Tax Liability. In the event taxable income exceeds the cash available for distribution to the Investors in a particular year, the taxes payable by the Investors with respect to such income could also exceed, by an amount that could be substantial, the cash distributions in such year. Likewise, gain recognized upon the sale or other taxable disposition, including foreclosure, of an Investor's Units or Company assets, may result in a tax liability to an Investor substantially greater than the cash proceeds, if any, received by the member from such sale.

Risk of Audit and Disallowance of Deductions. Informational returns filed by the Company and any other related entities are subject to audit by the IRS. An audit of any of those entities returns may lead to adjustments, in which event the Investors may be required to file amended personal federal and state income tax returns. In addition, any such audit may lead to an audit of an Investor's individual tax return which may result in adjustments to income and deduction items other than those relating to investment in the Company. Under certain circumstances, the *"tax matters partner"* of the Company, which is Paul Seres, and any related entity, can enter into settlement agreements with the IRS concerning Company audits which would be binding upon Investors.

There is no assurance that the IRS will not contest the deduction or amortization of some Company items which could result in the disallowance of some of the tax deductions and losses allocated to the Investors. The disallowance of deductions or losses by the IRS, which results in additional taxes due, will result in the Investors also being charged interest on the tax deficiency at the generally prevailing prime rate on such additional amounts from the time the additional tax was originally due until such additional tax is paid, and might result in imposition of overvaluation, substantial understatement, or other accuracy-related and failure to pay penalties.

There is the further risk that even if some deductions are not disallowed entirely a different tax treatment may be given various items other than as reported in the information returns of the Company.

Borrowing. The Company may incur substantial borrowing for the primary purpose of equipping and operating the Company and its subsidiary companies. The Investors' share of revenues applied to

the repayment of borrowing will be included in their taxable income. Although such income may be offset in part by Company deductions for cost recovery deductions, amortization and other deductions, an Investor may become subject to an income tax liability in excess of cash distributed by the Company to such Investor.

State and Local Taxation. Depending upon applicable state and local laws, deductions which are available to the Investors for federal income tax purposes may not be available to an Investor for state or local tax purposes. In addition, certain states may impose a minimum income tax on items of preference. Prospective Investors are urged to consult with their own tax advisers with respect to state and local taxation (in addition to the federal income tax consequences associated with an investment in the Company).

Additional Tax Issues Affecting the Company. Additional tax issues affect the Company. These include denial of deductions if the Investors' investment in the Company or the Company's investment in the subsidiary companies is not an activity engaged in for profit, the tax treatment on the disposition of Units or disposition of Company assets and possible limitations on the Investors' deductions of investment interest.

The income tax effects of an investment in the Company on particular Investors are unique. Furthermore, Investors participating in the Minimum Subscription Closing and Investors participating in the Final Closing might have somewhat different tax consequences. For example, Investors participating in the Minimum Subscription Closing might receive allocations of additional, early period 2021 losses with resultant savings on their taxes that would not be enjoyed by Investors in the Final Closing. Because all possible tax consequences are not generally material, the Company will not undertake to advise the individual Investor of all possible income tax consequences associated with an investment in the Company. However, the unique situation of a potential Investor requires that such Investor seek competent, independent advice on the tax consequences of an investment in the Company.

EACH INVESTOR SHOULD CONSULT HIS OR HER OWN PERSONAL TAX ADVISOR REGARDING THE POTENTIAL INCOME TAX CONSEQUENCES OF AN INVESTMENT IN THE COMPANY.

SECTION 4

THE PROPOSED USE OF PROCEEDS IS NOT SPECIFIC

The proceeds of this Offering have been allocated only generally and the specific uses thereof will depend upon the business judgment of the Manager, upon which Investors must rely.

The sources of the proceeds will include the cash contributed by the Investors, together with the proceeds of any loans, including equipment acquisition financing.

SECTION 5

PROJECT OVERVIEW

The Company is organized to own and operate several wholly owned subsidiary companies, each of which is a unique portion of the overall business operation. When combined, each unique portion of the operation will constitute the Star Estate. Star Estate Land Development LLC, the first of the subsidiaries to be formed, will own the land on which the project will be based. Aside from the below-described improvements on the land, the land will include nature trails and other enhanced features that will increase its attraction and use.

The Distillery

The next subsidiary and unique portion of the operation is the distillery. The distillery will be available to, and revenue will be generated by, outside customers desiring to manufacture their alcohol. The distillery's first outside customer will be Star Vodka, which is separately owned by Charles Ferri, one of the Class A Members and Manager (see *disclosure on Star Vodka in Section 1*). Although owned by Mr. Ferri, Star Vodka will pay a negotiated market rate for production. Additionally, the distillery will produce the Company's new line of spirits.

Spirit Line

The Company will develop, test, and produce a new line of spirits on the property. The line will consist of vodka, whiskey, and gin, and possibly additional items in the future.

Hotel

The luxury boutique hotel will give the Star Estate its uniqueness. The hotel will have 22 rooms and three suites, event space, a fine dining restaurant and bar, a rooftop pool, and an infinity pool with views of the Hudson River. The hotel will offer tours of the distillery and tastings to guests.

The property's existing buildings total 24,000 square feet. These buildings require extensive rehabilitation and renovation to become operational. Additional infrastructure buildout is also needed for key utilities, such as sewage and water.

The Company will need to obtain certain approvals, permits, and registrations from various authorities, including: the New York State Department of Health, the New York State Liquor Authority, the New York State Department of Labor, the New York State Department of Transportation, the County of Ulster, and the Town of Esopus. The process to obtain these approvals, permits, and registrations can be time intensive and costly due to rigorous requirements of state and local authorities.

Neither the Manager nor the Company has yet obtained the necessary licenses from the New York State Liquor Authority. The Company expects to apply for a Farm Distilling License to manufacture alcohol in the property but there is no guarantee that the license will be approved. The failure to secure this license would severely impact the economic viability of the Company and may cause the investors to lose all or most of their investment.

The Company and the Manager are seeking equity investors to invest in the Company upon the terms and conditions discussed herein and in the accompanying Subscription Agreement. Pursuant to the Company's operating agreement, the Company will be developed, managed, and operated by the Company's Manager and Class A Members: Charles Ferri and Paul Seres. Charles and Paul have experience with similar projects. Charles Ferri currently owns Star Vodka, which in some cases may compete with the Company. However, the Company will earn revenue in the form of distillery fees for the manufacture of Star Vodka. Paul Seres has managed, owned, and operated several venues in the hospitality industry in New York City. Despite Charles and Paul's collective experience, such prior experience is no guaranty of future success, and this Project should still be deemed highly speculative with serious risks for the Investors.

The Manager reserves the right to seek additional debt or equity financing as it may deem necessary and appropriate to fund the Company's business. This could be pursuant to capital calls as described in the operating agreement or in Unit issuances to new investors. Any equity financing or any issuance of debt instruments convertible into equity would have the effect of diluting the ownership interest of all Members.

Mission and Strategy

The Company is organized to produce, develop, own, and operate, through wholly owned subsidiary companies, a craft distillery, line of spirits, and boutique hotel. The Company intends to provide a high level of customer service. The Company intends to produce and sell a high quality line of distilled spirits (although an appropriate New York liquor license has not yet been secured and the Company is not guaranteed to secure such a license).

Services

The boutique hotel will include a fine-dining restaurant, spa, event space, rooftop pool, and infinity pool with views of the Hudson River.

Management

The Manager will develop, manage, and operate the Company. The Manager may hire and employ additional persons with experience in managing and operating the various portions of the Company's business.

Intellectual Property

In the sole discretion of the Manager, the Star Estate concept may be expanded to other geographical markets within or without New York and the Manager will accord first refusal rights to Investors in the Company to invest in Star Estate development projects in other geographic markets. Members understand and agree that all intellectual property associated with the Company's business, including but not limited to, liquor recipes, packaging, bottle designs and styles, the design, look and feel, floor plans and layout, trade dress, copyright, trademark, and licensed materials will be the sole property of the Company. Members also understand and agree that their investment is limited to the outcome of operations and the profits and losses of the Company as it pertains to the operation of the Company's venture located in a single location in Esopus, New York. The Manager shall have the option of using the Company's intellectual property to establish other Star Estate projects or venues utilizing the Star Estate intellectual property and trade dress. The Manager shall have the option of using its intellectual property to establish other distilleries, lines of

spirits or additional spirits within the current line, and boutique hotels, or similar ventures. As provided above, the Company will offer the Members a first right of refusal to participate in investment offerings for any future Star Estate projects.

Marketing and Development Strategy

The Company has a strong marketing and development strategy. The Hudson River Valley has become one of the top destinations for weddings, events, and agro-tourism. This has spread to distilleries and organic farming. The Star Estate is located within comfortable traveling distance of New York City, New Jersey, and Southern New England. The Company will attempt to partner with a well-known larger hospitality brand such as Starwood. Additionally, the Company will hire an established PR firm that will reinforce the Company's brand positioning as well as engage VIP's and celebrities to introduce them to the Star Estate. However, there is no guarantee that this strategy will prove successful.

Confidentiality

Confidentiality Provisions. The Operating Agreement defines "Confidential Information" as all trade secrets, "know-how," customer lists, pricing policies, operational methods, programs, and other business information of the Company created, developed, produced, or otherwise arising before or after the date of the Transfer.

Each Member will stipulate that a breach of the provisions of the LLC Agreement's confidentiality provisions ("Confidentiality Provisions") will result in irreparable damage and injury to the Company for which no money damages could adequately compensate it. If the Member breaches the Confidentiality Provisions, in addition to all other remedies to which the Company may be entitled, the Company will be entitled to an injunction to enforce the Confidentiality Provisions, to be issued by any court of competent jurisdiction, to enjoin and restrain the Member and each and every Person concerned or acting in concert with the Member from the continuance of that breach. Each Member will expressly waive any claim or defense that an adequate remedy at law might exist for any such breach.

Operational Information

Property Design & Construction

The property is approximately 27 acres with private access to the Hudson River. The main buildings consist of between 19,000 and 24,000 square feet of space that will house a craft distillery, luxury boutique hotel, fine dining restaurant, and event space. The land will also be host to an organic farm for the use of the distillery. This will allow the Company to procure a farm distilling license from the New York State Liquor Authority and further allow the Company to take advantage of tax benefits offered by New York State to businesses who are self-sustained and produce products within the state. Construction is required to develop the property before becoming operational. An additional water well is required. Grading is needed on the property for the purpose of proper drainage. An archeological and ecological survey will be completed to ensure that no Native American burial grounds or other treasures will be disturbed on the property. The main buildings will undergo a gut renovation. Sprinkler systems and fire control systems must be added to the buildings. Traffic and noise studies will be conducted and additional planning may be involved to ensure the Company will not disturb neighbors or the community-at-large. The Company may consider adding a dock for access to the Hudson River.

Licenses & Permits

Many licenses and permits from governmental authorities are required before the Company can conduct its business. The Company has already received a zoning text amendment to allow farm distilling. But many other licenses and permits are required. A farm distilling license and an on-premise license are required from the New York State Liquor Authority. Special Use permits are also

required for the hotel, distillery, and bar/restaurant. There is no guarantee the Company will be able to acquire these licenses and the failure to acquire such licenses could result in a complete loss of the Company's business.

Establishment of Business Practices

The Manager will engage qualified consultants and/or employees to assist the Company and Manager in the following activities:

- Obtain all necessary insurance, including comprehensive general liability, liquor liability, property and casualty, director and officer liability, fire, sexual harassment, assault and battery, workers' compensation, employment practice, and health insurance for certain employees of the Manager and Company.
- Insure that all necessary utilities are in place in compliance with governmental codes and industry standards.
- Make all filings with regulatory agencies.
- Obtain or provide for various contracts and agreements with employees, managers, security, architects, builders, food and alcohol suppliers, waitpersons, hosts/hostesses and equipment and building maintenance personnel.
- Obtain all necessary contracts regarding waste removal.
- Obtain all necessary licenses and certifications, including, but not limited to, those from State Liquor Authority
- Obtain all necessary maintenance and ancillary support contracts, including building, equipment, janitorial, security, linen service, heating and air conditioning and pest control.
- Appoint or elect members of boards and committees, as necessary.
- Develop letterhead; business cards, staff applications, company policies and procedures.
- Install and train restaurant and bar staff on the use of software programs for efficient billing, collection of receivables, accounts payable, and inventory control.
- Provide the Company and its members with financial reports no less than quarterly.
- Maintain the highest standards of customer service.
- Hire and train all restaurant and bar personnel in the latest techniques of food and beverage preparation. Hire and train all hotel and event staff in the best practices in the hotel and hospitality industry.
- Negotiate and procure supply contracts.
- Develop and adopt Policy and Procedure, Employee, Orientation and Safety Manuals.

SECTION 6

OFFERING SUBSCRIPTION INSTRUCTIONS

Dear Prospective Subscriber:

Attached you will find the limited liability company offering documents for Star Estate Development Group LLC (the "Company"). If you elect to subscribe to this investment offering, you must submit the items listed below by December 31, 2021 to:

Star Estate Development Group LLC
1835 Broadway (Rt. 9W), PO Box 43
West Park, New York 12493

The required documents include both documents requiring your signature, which are included in the Memorandum, and various other documents and information, which you will need to gather and provide. The required documents are as follows:

1. **Star Estate Development Group, LLC Subscription Agreement** (Exhibit 1 hereto)
2. **Spousal Consent** (Exhibit 2 hereto)
3. **IRS Form W-9** (Exhibit 3 hereto)
4. **Check made payable to "Star Estate Development Group, LLC"** (\$100,000.00 per Unit for Units subscribed.) (See note below re additional payments for Unit(s) subscribed.)
5. Any additional supporting documentation reasonably required by Star Estate Development Group, LLC to complete applicable State Blue Sky filings.

The total cost per Unit of the Company is \$100,000.00.

The information submitted will be reviewed for applicability of participation in the project based upon the total number of Units subscribed and received and other criteria. Submission by you and review by the Company does not guarantee acceptance of your subscription or your participation in the project. If your subscription is not accepted by the Company any funds received by the Company from you will be returned to you.

The Company shall deposit all funds paid for Units subscribed in the Company in non-segregated, non-interest bearing bank checking accounts. If for any reason a decision is made by the Manager not to proceed with this syndication and the development of Star Estate Development Group, LLC, all monies paid to the Company shall be returned to subscriber.

Name of Wiring Bank:

Address: _____

Account Name: _____

Account Number: _____ Routing Number: _____

Under Reference: _____ Value date for capital contribution: _____

Unless notified otherwise, the Company will use the foregoing bank account details in the case of withdrawals. If the Subscriber is a corporation, limited liability company, partnership, or trust, please provide the names and addresses of the officers, directors, partners, managers, members, and principal beneficiaries as the case may be. To the extent the context permits, all of the information in this questionnaire is furnished on behalf of and is applicable to each of the persons listed below. Manager may require any one of these individuals to complete a separate questionnaire.

Duplicate reports, including statements and letters should be sent to:

A. Accredited Investor, Non-Accredited Investor, and Qualified Client Status

Unless otherwise determined by the Manager in its sole discretion, the Company will accept subscription agreements from persons who are "Accredited Investors," as that term is defined in Regulation D under the 1933 Act and "Qualified Clients," as such term is defined in the Investment Advisers Act of 1940 (the "Advisers Act") and up to thirty-five (35) Non-accredited Investors.

PLEASE CHECK THE APPROPRIATE SPACE(S) IN THIS SECTION INDICATING THE BASIS ON WHICH YOU QUALIFY AS AN INVESTOR.

1. _____ Individual with Net Worth in Excess of \$1 million. A natural person (not an entity) whose net worth, or joint net worth with his or her spouse, at the time of purchase exceeds \$1,000,000 (excluding the value of the person's primary residence). In calculating net worth, you may include your equity in personal property and real estate (except your primary residence), cash, short-term investments, stock, and securities. Your inclusion of equity in personal property should be based upon the fair market value of such property less debt secured by such property. The asset side of the calculation may not include the value of your residence. The liability side of the calculation may not include debt secured by that residence, unless the amount of the debt exceeds the value of the residence, in which case that excess portion must be counted as a liability in calculating net worth.
2. _____ Individual with a \$200,000 Individual Annual Income. A natural person (not an entity) who had an individual income of more than \$200,000 in each of the preceding two (2) calendar years, and has a reasonable expectation of reaching the same income level in the current year.
3. _____ Individual with a \$300,000 Joint Annual Income. A natural person (not an entity) who had a joint income with his or her spouse of more than \$300,000 in each of the preceding

two (2) calendar years, and has a reasonable expectation of reaching the same income level in the current year.

4. ____ Corporations or Partnerships. A corporation, partnership, or similar entity that has in excess of \$5 million of assets and was not formed for the specific purpose of acquiring Units of the Company.
 - a. If an S corporation, indicate the number of shareholders ____
 - b. If a general or limited partnership, indicate the number of partners ____
 - c. If a limited liability company, indicate the number of members ____
5. ____ Revocable Trust. A trust that is revocable by its grantors and each of whose grantors is an accredited investor. (If this category is checked, please also check the additional category or categories under which the grantor qualifies as an accredited investor. Indicate the number of grantors ____ and the number of living beneficiaries other than grantors ____.
6. ____ Irrevocable Trust. A trust (other than an ERISA plan) that (i) is not revocable by its grantors, (ii) has in excess of \$5 million of assets, (iii) was not formed for the specific purpose of acquiring Units in the Company, and (iv) is directed by a person who has such knowledge and experience in financial and business matters that such person is capable of evaluating the merits and risks of an investment in the Company.
7. ____ Government Benefit Plan. A plan established and maintained by a state, municipality, or any agency of a state or municipality, for the benefit of its employees, with total assets in excess of \$5 million.
8. Other Institutional Investor (check one).
 - a. ____ A bank, as defined in Section 3(a)(2) of the Securities Act (whether acting for its own account or in a fiduciary capacity);
 - b. ____ A savings and loan association or similar institution, as defined in Section 3(a)(5)(A) of the Securities Act (whether acting for its own account or in a fiduciary capacity);
 - c. ____ A broker-dealer registered under the Exchange Act;
 - d. ____ An insurance company, as defined in Section 2(13) of the Securities Act;
 - e. ____ A "business development company," as defined in Section 2(a)(48) of the ICA;
 - f. ____ A small business investment company licensed under Section 301(c) or (d) of the Small Business Investment Act of 1958, as amended; or
 - g. ____ A "private business development company" as defined in Section 202(a)(22) of the Investment Advisers Act of 1940, as amended.
9. ____ Executive Officer or Director. A natural person who is an executive officer, director, or general partner of the Company or Manager.

10. _____ Entity Owned Entirely by Accredited Investors. A corporation, partnership, private investment company, or similar entity each of whose equity owners is a natural person who is an Accredited Investor. (If this category is checked, please also check the additional category or categories under which each natural person qualifies as an Accredited Investor.
11. _____ If you are not an “Accredited Investor” as defined and discussed above, then the you are a “Non-Accredited Investor” or “Unaccredited Investor,” meaning an individual investor who has a net worth of less than \$1 million (including spouse and excluding the investor’s primary residence) and who earned less than \$200,000 annually (\$300,000 with spouse) in the last two years. Only up to thirty-five Unaccredited Investors can invest in this offering.

Qualification as a Qualified Client. Please check the categories applicable to you indicating the basis upon which you qualify as a Qualified Client for purposes of the Advisers Act.

12. _____ Individual or Company with Net Worth in Excess of \$1.5 Million. A natural person or company whose net worth (or, in the case of a natural person, joint net worth with his or her spouse) at the time of entering into this Subscription Agreement exceeds \$1,500,000. (Explanation: In calculating net worth, you may include your equity in personal property and real estate, including your principal residence, cash, short-term investments, stock and securities. Your inclusion of equity in personal property and real estate should be based on the fair market value of such property less debt secured by such property).
13. _____ Individual or Company with \$750,000 under Management. A natural person or company who has at least \$750,000 under the management immediately after entering into this Subscription Agreement.
14. _____ Individual or Company who is a Qualified Purchaser under Investment Company Act of 1940 (“Investment Company Act”). A natural person or company who is a qualified purchaser as defined in Section 2(a)(51)(A) of the Investment Company Act at the time of entering into this Subscription Agreement.
15. _____ Executive Officer, Director, Partner, etc. of Manager. A natural person who is an executive officer, director, trustee, general partner, or person serving in a similar capacity, of Manager.
16. _____ Employee of Manager. A natural person who is an employee of Manager (other than an employee performing solely clerical, secretarial, or administrative functions with regard to Manager) who, in connection with his or her regular function or duties, participates in the investment activities of Manager, provided that such employee has been performing such functions and duties for or on behalf of Manager, or substantially similar functions or duties for or on behalf of another company, for at least twelve (12) months.

B. Representations and Warranties by Limited Liability Companies, Corporations, Partnerships, Trusts, and Estates.

- (a) The Subscriber understands that the Company will not register under the Investment Company Act nor will it make a public offering of its securities within the United States. As to the former, the Subscriber understands that the Company complies

with Section 3(c)(1) of the Investment Company Act, which permits private investment companies (such as the Company) to sell their interests, on a Private placement basis, to 100 investors. So as to enable the Company and Manager to ensure that the Company complies with the foregoing, Subscriber represents that (please initial the correct statements):

- (1) the Subscriber was not formed for the purpose of investing in the Company and does not propose to, nor will it, invest more than 40% of its total assets in the Company; and
- (2) the Subscriber's shareholders, partners, beneficiaries or members are not permitted to opt in or out of particular investments made by the Subscriber, and each such person participates in investments made by the Subscriber pro rata in accordance with its interest in the Subscriber; and
- (3) the Subscriber has analyzed the holdings of its partners and the beneficial owners of its partners and the beneficial owners thereof and so on to the extent necessary to make this certification, and, based on such analysis, it has fewer than 100 beneficial owners, with it being understood that there needs to be counted as one owner for these purposes (i) any natural person who is a beneficial owner of Subscriber, (ii) any natural person who is a beneficial owner of any entity beneficially owning more than 10% of Subscriber, and (iii) in the case of any entity that owns 10% or more of Subscriber, each entity that beneficially owns that entity, except that in the case of any entity beneficially owning 10% or more of that entity (a "Successive Entity"), the beneficial owners thereof who are natural persons shall each be counted as one person, as shall any beneficial owners which are entities and which own less than 10% of the Successive Entity, with it being understood that where there is an entity owning 10% or more of the Successive Entity (also a "Successive Entity"), the same process shall be repeated until there are no more successive entities.**

C. Taxpayer ID Number; No Backup Withholding; Not a Foreign Entity

If Subscriber is a "non-U.S. person or entity," allocations of Company income may be subject to withholding and taxation under the Internal Revenue Code of 1986, as amended ("Code"). Subscriber acknowledges that it may be required to file U.S. income tax returns. If the Subscriber is a foreign corporation, foreign partnership, foreign trust or foreign estate (as those terms are defined in the Code and the regulations thereunder), please contact the Manager. The Subscriber understands that the information contained in this item may be disclosed to the Internal Revenue Service by the Company and that any false statement contained in this item could be punished by fine, imprisonment or both.

** Assume Subscriber is beneficially owned by one natural person, by a 9% corporate owner and by a 12% corporate owner and assume there is also a natural person record owner of Subscriber on behalf of two beneficial persons that are natural persons. Assume too that the corporate beneficial owner is owned by two natural persons and by a 10% corporate owner (owned by a 5% limited partnership owner, a 9% corporate owner and a natural person) and by a natural person, Subscriber has 9 owners for purposes of the above.

1. Subscriber certifies that the taxpayer identification number being supplied herewith by Subscriber is Subscriber's correct taxpayer identification number and that Subscriber is not subject to backup withholding under Section 3406 of the Code and the regulations thereunder?

Yes No

2. Subscriber certifies that Subscriber is not a "Non-U.S. person" or, if an entity, that Subscribing entity is not a foreign corporation, foreign partnership, foreign trust or foreign estate, as those terms are defined the Code and the regulations thereunder?

Yes No

3. If Subscriber's non-foreign status changes or if any other information in this item changes, Subscriber agrees to notify Manager within 30 days thereafter.

Yes No

D. Compliance with the USA PATRIOT Act

To comply with applicable anti-money laundering/U.S. Treasury Department's Office of Foreign Assets Control ("OFAC") rules and regulations, you are required to provide the following information:

1. Payment Information.

- a. Name of the bank from which your payment to the Company is being wired (the "Wiring Bank"):

- b. Is the Wiring Bank located in the United States or another "FATF Country"?

Yes No

If yes, please answer question 3 below.

If no, please provide the information described in Item 2 below.

- c. Are you a customer of the Wiring Bank?

Yes No

If yes, you may skip Item 2 below, as well as Schedule A through Schedule E (attached hereto).

If no, please provide the information described in item 2 below.

2. Additional Information.

Note: This section applies only to investors who responded “no” to question 1(b) or 1(c) above. If you answered “yes” to both 1(b) and 1(c) please skip this Section 2 as well as Schedules A through E (attached hereto).

The following materials must be provided to Manager.

For individual investors:

- A government-issued form of photo identification (e.g. driver’s license or passport)
- Proof of the individual’s current address, if not included in the photo identification (e.g., current utility bill)

For companies or entities that invest on behalf of third parties not located in the United States or other FATF Countries:

- A certificate of due formation and organization and continued authorization to conduct business in the jurisdiction of its organization (e.g., certificate of good standing)
- An incumbency certificate attesting to the title of the individual executing the Subscription documents on behalf of the prospective Investor (a sample Incumbency Certificate is attached hereto as Schedule A).
- A completed copy of Schedule B (attached hereto) certifying that the entity has adequate anti-money laundering policies and procedures in place that are consistent with the USA PATRIOT Act, OFAC, and other relevant federal, state, or foreign anti-money laundering laws and regulations.
- A letter of reference from a local office of a reputable bank or brokerage firm that is incorporated, or has its principal place of business located in the United States or other FATF country, certifying that the prospective investor (i.e., the company or companies investing on behalf of third parties) has maintained an account at such name/brokerage firm for a length of time and containing a statement affirming the prospective investor’s integrity.

For all other Entity Investors:

- A certificate of due formation and organization and continued authorization to conduct business in the jurisdiction of its organization (e.g. certificate of good standing)
- An incumbency certificate attesting to the title of the individual executing the Subscription documents on behalf of the prospective Investor (a sample Incumbency Certificate is attached hereto as Schedule A)
- If the prospective investor is a privately-held entity, a completed copy of Schedule D (attached hereto) listing the name of each person who directly, or indirectly through intermediaries, is the beneficial owner of 25% or more of any voting or non-voting class of equity interests of the prospective investor.
- If the prospective investor is a trust, a completed copy of Schedule E (attached hereto) listing the current beneficiaries of the trust that have,

directly or indirectly, 25% or more of any interest in the trust, the settlers or grantors of the trust, and the trustees.

SUBSCRIPTION AGREEMENT AND INVESTOR QUESTIONNAIRE

SIGNATURE PAGE

Date: _____, 2021

\$ _____
(Dollar Amount for Units Subscribed)

(# of Units Subscribed)

SIGNATURE FOR INDIVIDUAL SUBSCRIBER:

(Print Name of Subscriber)

(Signature)

(Print Name of Joint Subscriber, if any)

(Signature of Joint Subscriber, if any)

SIGNATURE FOR PARTNERSHIP, CORPORATION, TRUST, OR OTHER ENTITY SUBSCRIBER:

(Print Name of Subscriber)

(Signature)

(Print Name and Title of Person Signing)

ACCEPTED:

Star Estate Development Group, LLC, a New York limited liability company

By: _____
Paul Seres, as Manager

_____, 2021
(Dated)

Schedule A
Form of Incumbency Certificate

The undersigned, being the _____ of _____,
(Title) (Name of Entity)

organized under the laws of _____, does hereby
(Jurisdiction of Organization)

certify on behalf of such "Entity" that (i) the persons named below are directors, managers, and/or officers of the entity, (ii) the signature at the right of said name, respectively, is the genuine signature of said person, and (iii) the persons listed below are each an authorized signatory for the Entity and each is authorized by the Entity to give and receive instructions between the Company and the Entity. Such persons are the only persons so authorized until further written notice to the Company signed by one or more of such persons.

IN WITNESS WHEREOF, the undersigned has hereunto set his hand as of
the _____ day of _____, 2021.

Signature of Signatory #1

Print Name & Title of Signatory #1

THE UNDERSIGNED, _____, a duly authorized _____
(Name of Signatory #2) (Title)

of the Entity, does hereby certify that _____, is a duly authorized
(Name of Signatory #1)

officer of _____, and that the signature set forth above is his
(Name of Entity)

or her true and correct signature.

IN WITNESS WHEREOF, the undersigned has hereunto set his hand as of
the _____ day of _____, 2021.

Signature of Signatory #2

Print Name & Title of Signatory #2

Schedule B

**Anti-Money Laundering Certification Form for Projects of Companies or
Entities That Invest on Behalf of Third Parties**

The undersigned, being the _____ of _____
(Title) (Name of Entity)

a _____ organized under the laws of _____,
(Type of Entity) (Jurisdiction of Organization)

(the "Entity"), does hereby certify on behalf of the Entity that it is aware of the requirements of the USA PATRIOT Act of 2001, the regulations administered by the U.S. Department of Treasury's Office of Foreign Assets Control ("OFAC"), and other applicable U.S. federal, state, or non-U.S. anti-money laundering laws and regulations (collectively, the "anti-money laundering/OFAC laws"). The Entity has anti-money laundering policies and procedures in place reasonably designed to verify the identity of its beneficial holders and their sources of projects. Such policies and procedures are properly enforced and are consistent with the anti-money laundering/OFAC laws such that the Company may rely on this Certification.

The Entity hereby represents to the Company that, to the best of its knowledge, the Entity's beneficial holders are not individuals, entities, or countries that may subject the Company to criminal or civil violations of any anti-money laundering/OFAC laws. The Entity has read the section entitled "Representations and Warranties by Subscriber under USA PATRIOT Act" in the Company's Subscription Documents. The Entity has taken all reasonable steps to ensure that its beneficial holders are able to certify to such representations. The Entity agrees to promptly notify the Company should the Entity have any questions relating to any of the investors or become aware of any changes in the representations set forth in this Certification.

Dated: _____ By: _____
(Signature)

(Name)

(Title)

Schedule C
Intentionally Deleted

Schedule D

Beneficial Ownership Information

To be completed by entity subscribers that are privately held entities.

Instructions: Please complete and return this Schedule and provide the name of every person who is directly, or indirectly through intermediaries, the beneficial owner of 25% or more of any voting or non-voting class of equity interests of the investor. If the intermediary's shareholders or partners are not individuals, continue up the chain of ownership listing their 25% or more equity interest holders until individuals are listed. If there are no 25% beneficial owners, please write none.

Full Name	If shareholder is an individual, insert name and address of principal employer and position	Citizenship (for individuals) or principal place of business (for entities)

Schedule E

TRUST OWNERSHIP INFORMATION

To be completed by entity subscribers that are trusts.

Instructions: Please complete and return this Schedule and provide the name of: (i) every current beneficiary that has, directly or indirectly, an interest of 25% or more in the trust; (ii) every person who contributed assets to the trust (settlers or grantors); and (iii) every trustee. If there are intermediaries that are not individuals, continue up the chain of ownership listing their 25% or more equity interest holders until individuals are listed.

Full Name & Address	Status (Beneficiary/Settlor/Trustee)	Citizenship (for individuals) or principal place of business (for entities)

Request for Taxpayer Identification Number and Certification

Give Form to the
requester. Do not
send to the IRS.

Print or type See Specific Instructions on page 2.	1 Name (as shown on your income tax return). Name is required on this line; do not leave this line blank.	
	2 Business name/disregarded entity name, if different from above	
	3 Check appropriate box for federal tax classification; check only one of the following seven boxes: <input type="checkbox"/> Individual/sole proprietor or single-member LLC <input type="checkbox"/> Limited liability company. Enter the tax classification (C=C corporation, S=S corporation, P=partnership) ▶ _____ Note. For a single-member LLC that is disregarded, do not check LLC; check the appropriate box in the line above for the tax classification of the single-member owner. <input type="checkbox"/> Other (see instructions) ▶ _____	4 Exemptions (codes apply only to certain entities, not individuals; see instructions on page 3): Exempt payee code (if any) _____ Exemption from FATCA reporting code (if any) _____ <i>(Applies to accounts maintained outside the U.S.)</i>
	5 Address (number, street, and apt. or suite no.)	Requester's name and address (optional)
	6 City, state, and ZIP code	
7 List account number(s) here (optional)		

Part I Taxpayer Identification Number (TIN)

Enter your TIN in the appropriate box. The TIN provided must match the name given on line 1 to avoid backup withholding. For individuals, this is generally your social security number (SSN). However, for a resident alien, sole proprietor, or disregarded entity, see the Part I instructions on page 3. For other entities, it is your employer identification number (EIN). If you do not have a number, see *How to get a TIN* on page 3.

Note. If the account is in more than one name, see the instructions for line 1 and the chart on page 4 for guidelines on whose number to enter.

Social security number									
				-				-	
or									
Employer identification number									
				-					

Part II Certification

Under penalties of perjury, I certify that:

- The number shown on this form is my correct taxpayer identification number (or I am waiting for a number to be issued to me); and
- 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; and
- I am a U.S. citizen or other U.S. person (defined below); and
- The FATCA code(s) entered on this form (if any) indicating that I am exempt from FATCA reporting is correct.

Certification instructions. You must cross out item 2 above if you have been notified by the IRS that you are currently subject to backup withholding because you have failed to report all interest and dividends on your tax return. For real estate transactions, item 2 does not apply. For mortgage interest paid, acquisition or abandonment of secured property, cancellation of debt, contributions to an individual retirement arrangement (IRA), and generally, payments other than interest and dividends, you are not required to sign the certification, but you must provide your correct TIN. See the instructions on page 3.

Sign Here	Signature of U.S. person ▶	Date ▶
------------------	----------------------------	--------

General Instructions

Section references are to the Internal Revenue Code unless otherwise noted.

Future developments. Information about developments affecting Form W-9 (such as legislation enacted after we release it) is at www.irs.gov/fw9.

Purpose of Form

An individual or entity (Form W-9 requester) who is required to file an information return with the IRS must obtain your correct taxpayer identification number (TIN) which may be your social security number (SSN), individual taxpayer identification number (ITIN), adoption taxpayer identification number (ATIN), or employer identification number (EIN), to report on an information return the amount paid to you, or other amount reportable on an information return. Examples of information returns include, but are not limited to, the following:

- Form 1099-INT (interest earned or paid)
- Form 1099-DIV (dividends, including those from stocks or mutual funds)
- Form 1099-MISC (various types of income, prizes, awards, or gross proceeds)
- Form 1099-B (stock or mutual fund sales and certain other transactions by brokers)
- Form 1099-S (proceeds from real estate transactions)
- Form 1099-K (merchant card and third party network transactions)

- Form 1098 (home mortgage interest), 1098-E (student loan interest), 1098-T (tuition)
- Form 1099-C (canceled debt)
- Form 1099-A (acquisition or abandonment of secured property)

Use Form W-9 only if you are a U.S. person (including a resident alien), to provide your correct TIN.

If you do not return Form W-9 to the requester with a TIN, you might be subject to backup withholding. See What is backup withholding? on page 2.

By signing the filled-out form, you:

- Certify that the TIN you are giving is correct (or you are waiting for a number to be issued),
- Certify that you are not subject to backup withholding, or
- Claim exemption from backup withholding if you are a U.S. exempt payee. If applicable, you are also certifying that as a U.S. person, your allocable share of any partnership income from a U.S. trade or business is not subject to the withholding tax on foreign partners' share of effectively connected income, and
- Certify that FATCA code(s) entered on this form (if any) indicating that you are exempt from the FATCA reporting, is correct. See *What is FATCA reporting?* on page 2 for further information.

Note. If you are a U.S. person and a requester gives you a form other than Form W-9 to request your TIN, you must use the requester's form if it is substantially similar to this Form W-9.

Definition of a U.S. person. For federal tax purposes, you are considered a U.S. person if you are:

- An individual who is a U.S. citizen or U.S. resident alien;
- A partnership, corporation, company, or association created or organized in the United States or under the laws of the United States;
- An estate (other than a foreign estate); or
- A domestic trust (as defined in Regulations section 301.7701-7).

Special rules for partnerships. Partnerships that conduct a trade or business in the United States are generally required to pay a withholding tax under section 1446 on any foreign partners' share of effectively connected taxable income from such business. Further, in certain cases where a Form W-9 has not been received, the rules under section 1446 require a partnership to presume that a partner is a foreign person, and pay the section 1446 withholding tax. Therefore, if you are a U.S. person that is a partner in a partnership conducting a trade or business in the United States, provide Form W-9 to the partnership to establish your U.S. status and avoid section 1446 withholding on your share of partnership income.

In the cases below, the following person must give Form W-9 to the partnership for purposes of establishing its U.S. status and avoiding withholding on its allocable share of net income from the partnership conducting a trade or business in the United States:

- In the case of a disregarded entity with a U.S. owner, the U.S. owner of the disregarded entity and not the entity;
- In the case of a grantor trust with a U.S. grantor or other U.S. owner, generally, the U.S. grantor or other U.S. owner of the grantor trust and not the trust; and
- In the case of a U.S. trust (other than a grantor trust), the U.S. trust (other than a grantor trust) and not the beneficiaries of the trust.

Foreign person. If you are a foreign person or the U.S. branch of a foreign bank that has elected to be treated as a U.S. person, do not use Form W-9. Instead, use the appropriate Form W-8 or Form 8233 (see Publication 515, Withholding of Tax on Nonresident Aliens and Foreign Entities).

Nonresident alien who becomes a resident alien. Generally, only a nonresident alien individual may use the terms of a tax treaty to reduce or eliminate U.S. tax on certain types of income. However, most tax treaties contain a provision known as a "saving clause." Exceptions specified in the saving clause may permit an exemption from tax to continue for certain types of income even after the payee has otherwise become a U.S. resident alien for tax purposes.

If you are a U.S. resident alien who is relying on an exception contained in the saving clause of a tax treaty to claim an exemption from U.S. tax on certain types of income, you must attach a statement to Form W-9 that specifies the following five items:

1. The treaty country. Generally, this must be the same treaty under which you claimed exemption from tax as a nonresident alien.
2. The treaty article addressing the income.
3. The article number (or location) in the tax treaty that contains the saving clause and its exceptions.
4. The type and amount of income that qualifies for the exemption from tax.
5. Sufficient facts to justify the exemption from tax under the terms of the treaty article.

Example. Article 20 of the U.S.-China income tax treaty allows an exemption from tax for scholarship income received by a Chinese student temporarily present in the United States. Under U.S. law, this student will become a resident alien for tax purposes if his or her stay in the United States exceeds 5 calendar years. However, paragraph 2 of the first Protocol to the U.S.-China treaty (dated April 30, 1984) allows the provisions of Article 20 to continue to apply even after the Chinese student becomes a resident alien of the United States. A Chinese student who qualifies for this exception (under paragraph 2 of the first protocol) and is relying on this exception to claim an exemption from tax on his or her scholarship or fellowship income would attach to Form W-9 a statement that includes the information described above to support that exemption.

If you are a nonresident alien or a foreign entity, give the requester the appropriate completed Form W-8 or Form 8233.

Backup Withholding

What is backup withholding? Persons making certain payments to you must under certain conditions withhold and pay to the IRS 28% of such payments. This is called "backup withholding." Payments that may be subject to backup withholding include interest, tax-exempt interest, dividends, broker and barter exchange transactions, rents, royalties, nonemployee pay, payments made in settlement of payment card and third party network transactions, and certain payments from fishing boat operators. Real estate transactions are not subject to backup withholding.

You will not be subject to backup withholding on payments you receive if you give the requester your correct TIN, make the proper certifications, and report all your taxable interest and dividends on your tax return.

Payments you receive will be subject to backup withholding if:

1. You do not furnish your TIN to the requester,
2. You do not certify your TIN when required (see the Part II instructions on page 3 for details),

3. The IRS tells the requester that you furnished an incorrect TIN,

4. The IRS tells you that you are subject to backup withholding because you did not report all your interest and dividends on your tax return (for reportable interest and dividends only), or

5. You do not certify to the requester that you are not subject to backup withholding under 4 above (for reportable interest and dividend accounts opened after 1983 only).

Certain payees and payments are exempt from backup withholding. See *Exempt payee code* on page 3 and the separate Instructions for the Requester of Form W-9 for more information.

Also see *Special rules for partnerships* above.

What is FATCA reporting?

The Foreign Account Tax Compliance Act (FATCA) requires a participating foreign financial institution to report all United States account holders that are specified United States persons. Certain payees are exempt from FATCA reporting. See *Exemption from FATCA reporting code* on page 3 and the Instructions for the Requester of Form W-9 for more information.

Updating Your Information

You must provide updated information to any person to whom you claimed to be an exempt payee if you are no longer an exempt payee and anticipate receiving reportable payments in the future from this person. For example, you may need to provide updated information if you are a C corporation that elects to be an S corporation, or if you no longer are tax exempt. In addition, you must furnish a new Form W-9 if the name or TIN changes for the account; for example, if the grantor of a grantor trust dies.

Penalties

Failure to furnish TIN. If you fail to furnish your correct TIN to a requester, you are subject to a penalty of \$50 for each such failure unless your failure is due to reasonable cause and not to willful neglect.

Civil penalty for false information with respect to withholding. If you make a false statement with no reasonable basis that results in no backup withholding, you are subject to a \$500 penalty.

Criminal penalty for falsifying information. Willfully falsifying certifications or affirmations may subject you to criminal penalties including fines and/or imprisonment.

Misuse of TINs. If the requester discloses or uses TINs in violation of federal law, the requester may be subject to civil and criminal penalties.

Specific Instructions

Line 1

You must enter one of the following on this line; **do not** leave this line blank. The name should match the name on your tax return.

If this Form W-9 is for a joint account, list first, and then circle, the name of the person or entity whose number you entered in Part I of Form W-9.

a. **Individual.** Generally, enter the name shown on your tax return. If you have changed your last name without informing the Social Security Administration (SSA) of the name change, enter your first name, the last name as shown on your social security card, and your new last name.

Note. ITIN applicant: Enter your individual name as it was entered on your Form W-7 application, line 1a. This should also be the same as the name you entered on the Form 1040/1040A/1040EZ you filed with your application.

b. **Sole proprietor or single-member LLC.** Enter your individual name as shown on your 1040/1040A/1040EZ on line 1. You may enter your business, trade, or "doing business as" (DBA) name on line 2.

c. **Partnership, LLC that is not a single-member LLC, C Corporation, or S Corporation.** Enter the entity's name as shown on the entity's tax return on line 1 and any business, trade, or DBA name on line 2.

d. **Other entities.** Enter your name as shown on required U.S. federal tax documents on line 1. This name should match the name shown on the charter or other legal document creating the entity. You may enter any business, trade, or DBA name on line 2.

e. **Disregarded entity.** For U.S. federal tax purposes, an entity that is disregarded as an entity separate from its owner is treated as a "disregarded entity." See Regulations section 301.7701-2(c)(2)(iii). Enter the owner's name on line 1. The name of the entity entered on line 1 should never be a disregarded entity. The name on line 1 should be the name shown on the income tax return on which the income should be reported. For example, if a foreign LLC that is treated as a disregarded entity for U.S. federal tax purposes has a single owner that is a U.S. person, the U.S. owner's name is required to be provided on line 1. If the direct owner of the entity is also a disregarded entity, enter the first owner that is not disregarded for federal tax purposes. Enter the disregarded entity's name on line 2, "Business name/disregarded entity name." If the owner of the disregarded entity is a foreign person, the owner must complete an appropriate Form W-8 instead of a Form W-9. This is the case even if the foreign person has a U.S. TIN.

Line 2

If you have a business name, trade name, DBA name, or disregarded entity name, you may enter it on line 2.

Line 3

Check the appropriate box in line 3 for the U.S. federal tax classification of the person whose name is entered on line 1. Check only one box in line 3.

Limited Liability Company (LLC). If the name on line 1 is an LLC treated as a partnership for U.S. federal tax purposes, check the "Limited Liability Company" box and enter "P" in the space provided. If the LLC has filed Form 8832 or 2553 to be taxed as a corporation, check the "Limited Liability Company" box and in the space provided enter "C" for C corporation or "S" for S corporation. If it is a single-member LLC that is a disregarded entity, do not check the "Limited Liability Company" box; instead check the first box in line 3 "Individual/sole proprietor or single-member LLC."

Line 4, Exemptions

If you are exempt from backup withholding and/or FATCA reporting, enter in the appropriate space in line 4 any code(s) that may apply to you.

Exempt payee code.

- Generally, individuals (including sole proprietors) are not exempt from backup withholding.
- Except as provided below, corporations are exempt from backup withholding for certain payments, including interest and dividends.
- Corporations are not exempt from backup withholding for payments made in settlement of payment card or third party network transactions.
- Corporations are not exempt from backup withholding with respect to attorneys' fees or gross proceeds paid to attorneys, and corporations that provide medical or health care services are not exempt with respect to payments reportable on Form 1099-MISC.

The following codes identify payees that are exempt from backup withholding. Enter the appropriate code in the space in line 4.

- 1—An organization exempt from tax under section 501(a), any IRA, or a custodial account under section 403(b)(7) if the account satisfies the requirements of section 401(f)(2)
- 2—The United States or any of its agencies or instrumentalities
- 3—A state, the District of Columbia, a U.S. commonwealth or possession, or any of their political subdivisions or instrumentalities
- 4—A foreign government or any of its political subdivisions, agencies, or instrumentalities
- 5—A corporation
- 6—A dealer in securities or commodities required to register in the United States, the District of Columbia, or a U.S. commonwealth or possession
- 7—A futures commission merchant registered with the Commodity Futures Trading Commission
- 8—A real estate investment trust
- 9—An entity registered at all times during the tax year under the Investment Company Act of 1940
- 10—A common trust fund operated by a bank under section 584(a)
- 11—A financial institution
- 12—A middleman known in the investment community as a nominee or custodian
- 13—A trust exempt from tax under section 664 or described in section 4947

The following chart shows types of payments that may be exempt from backup withholding. The chart applies to the exempt payees listed above, 1 through 13.

IF the payment is for . . .	THEN the payment is exempt for . . .
Interest and dividend payments	All exempt payees except for 7
Broker transactions	Exempt payees 1 through 4 and 6 through 11 and all C corporations. S corporations must not enter an exempt payee code because they are exempt only for sales of noncovered securities acquired prior to 2012.
Barter exchange transactions and patronage dividends	Exempt payees 1 through 4
Payments over \$600 required to be reported and direct sales over \$5,000 ¹	Generally, exempt payees 1 through 5 ²
Payments made in settlement of payment card or third party network transactions	Exempt payees 1 through 4

¹ See Form 1099-MISC, Miscellaneous Income, and its instructions.

² However, the following payments made to a corporation and reportable on Form 1099-MISC are not exempt from backup withholding: medical and health care payments, attorneys' fees, gross proceeds paid to an attorney reportable under section 6045(f), and payments for services paid by a federal executive agency.

Exemption from FATCA reporting code. The following codes identify payees that are exempt from reporting under FATCA. These codes apply to persons submitting this form for accounts maintained outside of the United States by certain foreign financial institutions. Therefore, if you are only submitting this form for an account you hold in the United States, you may leave this field blank. Consult with the person requesting this form if you are uncertain if the financial institution is subject to these requirements. A requester may indicate that a code is not required by providing you with a Form W-9 with "Not Applicable" (or any similar indication) written or printed on the line for a FATCA exemption code.

A—An organization exempt from tax under section 501(a) or any individual retirement plan as defined in section 7701(a)(37)

B—The United States or any of its agencies or instrumentalities

C—A state, the District of Columbia, a U.S. commonwealth or possession, or any of their political subdivisions or instrumentalities

D—A corporation the stock of which is regularly traded on one or more established securities markets, as described in Regulations section 1.1472-1(c)(1)(i)

E—A corporation that is a member of the same expanded affiliated group as a corporation described in Regulations section 1.1472-1(c)(1)(i)

F—A dealer in securities, commodities, or derivative financial instruments (including notional principal contracts, futures, forwards, and options) that is registered as such under the laws of the United States or any state

G—A real estate investment trust

H—A regulated investment company as defined in section 851 or an entity registered at all times during the tax year under the Investment Company Act of 1940

I—A common trust fund as defined in section 584(a)

J—A bank as defined in section 581

K—A broker

L—A trust exempt from tax under section 664 or described in section 4947(a)(1)

M—A tax exempt trust under a section 403(b) plan or section 457(g) plan

Note. You may wish to consult with the financial institution requesting this form to determine whether the FATCA code and/or exempt payee code should be completed.

Line 5

Enter your address (number, street, and apartment or suite number). This is where the requester of this Form W-9 will mail your information returns.

Line 6

Enter your city, state, and ZIP code.

Part I. Taxpayer Identification Number (TIN)

Enter your TIN in the appropriate box. If you are a resident alien and you do not have and are not eligible to get an SSN, your TIN is your IRS individual taxpayer identification number (ITIN). Enter it in the social security number box. If you do not have an ITIN, see *How to get a TIN* below.

If you are a sole proprietor and you have an EIN, you may enter either your SSN or EIN. However, the IRS prefers that you use your SSN.

If you are a single-member LLC that is disregarded as an entity separate from its owner (see *Limited Liability Company (LLC)* on this page), enter the owner's SSN (or EIN, if the owner has one). Do not enter the disregarded entity's EIN. If the LLC is classified as a corporation or partnership, enter the entity's EIN.

Note. See the chart on page 4 for further clarification of name and TIN combinations.

How to get a TIN. If you do not have a TIN, apply for one immediately. To apply for an SSN, get Form SS-5, Application for a Social Security Card, from your local SSA office or get this form online at www.ssa.gov. You may also get this form by calling 1-800-772-1213. Use Form W-7, Application for IRS Individual Taxpayer Identification Number, to apply for an ITIN, or Form SS-4, Application for Employer Identification Number, to apply for an EIN. You can apply for an EIN online by accessing the IRS website at www.irs.gov/businesses and clicking on Employer Identification Number (EIN) under Starting a Business. You can get Forms W-7 and SS-4 from the IRS by visiting IRS.gov or by calling 1-800-TAX-FORM (1-800-829-3676).

If you are asked to complete Form W-9 but do not have a TIN, apply for a TIN and write "Applied For" in the space for the TIN, sign and date the form, and give it to the requester. For interest and dividend payments, and certain payments made with respect to readily tradable instruments, generally you will have 60 days to get a TIN and give it to the requester before you are subject to backup withholding on payments. The 60-day rule does not apply to other types of payments. You will be subject to backup withholding on all such payments until you provide your TIN to the requester.

Note. Entering "Applied For" means that you have already applied for a TIN or that you intend to apply for one soon.

Caution: A disregarded U.S. entity that has a foreign owner must use the appropriate Form W-8.

Part II. Certification

To establish to the withholding agent that you are a U.S. person, or resident alien, sign Form W-9. You may be requested to sign by the withholding agent even if items 1, 4, or 5 below indicate otherwise.

For a joint account, only the person whose TIN is shown in Part I should sign (when required). In the case of a disregarded entity, the person identified on line 1 must sign. Exempt payees, see *Exempt payee code* earlier.

Signature requirements. Complete the certification as indicated in items 1 through 5 below.

1. Interest, dividend, and barter exchange accounts opened before 1984 and broker accounts considered active during 1983. You must give your correct TIN, but you do not have to sign the certification.

2. Interest, dividend, broker, and barter exchange accounts opened after 1983 and broker accounts considered inactive during 1983. You must sign the certification or backup withholding will apply. If you are subject to backup withholding and you are merely providing your correct TIN to the requester, you must cross out item 2 in the certification before signing the form.

3. Real estate transactions. You must sign the certification. You may cross out item 2 of the certification.

4. Other payments. You must give your correct TIN, but you do not have to sign the certification unless you have been notified that you have previously given an incorrect TIN. "Other payments" include payments made in the course of the requester's trade or business for rents, royalties, goods (other than bills for merchandise), medical and health care services (including payments to corporations), payments to a nonemployee for services, payments made in settlement of payment card and third party network transactions, payments to certain fishing boat crew members and fishermen, and gross proceeds paid to attorneys (including payments to corporations).

5. Mortgage interest paid by you, acquisition or abandonment of secured property, cancellation of debt, qualified tuition program payments (under section 529), IRA, Coverdell ESA, Archer MSA or HSA contributions or distributions, and pension distributions. You must give your correct TIN, but you do not have to sign the certification.

What Name and Number To Give the Requester

For this type of account:	Give name and SSN of:
1. Individual	The individual
2. Two or more individuals (joint account)	The actual owner of the account or, if combined funds, the first individual on the account ¹
3. Custodian account of a minor (Uniform Gift to Minors Act)	The minor ²
4. a. The usual revocable savings trust (grantor is also trustee) b. So-called trust account that is not a legal or valid trust under state law	The grantor-trustee ¹ The actual owner ¹
5. Sole proprietorship or disregarded entity owned by an individual	The owner ³
6. Grantor trust filing under Optional Form 1099 Filing Method 1 (see Regulations section 1.671-4(b)(2)(i)(A))	The grantor*
For this type of account:	Give name and EIN of:
7. Disregarded entity not owned by an individual	The owner
8. A valid trust, estate, or pension trust	Legal entity ⁴
9. Corporation or LLC electing corporate status on Form 8832 or Form 2553	The corporation
10. Association, club, religious, charitable, educational, or other tax-exempt organization	The organization
11. Partnership or multi-member LLC	The partnership
12. A broker or registered nominee	The broker or nominee
13. Account with the Department of Agriculture in the name of a public entity (such as a state or local government, school district, or prison) that receives agricultural program payments	The public entity
14. Grantor trust filing under the Form 1041 Filing Method or the Optional Form 1099 Filing Method 2 (see Regulations section 1.671-4(b)(2)(i)(B))	The trust

¹ List first and circle the name of the person whose number you furnish. If only one person on a joint account has an SSN, that person's number must be furnished.

² Circle the minor's name and furnish the minor's SSN.

³ You must show your individual name and you may also enter your business or DBA name on the "Business name/disregarded entity" name line. You may use either your SSN or EIN (if you have one), but the IRS encourages you to use your SSN.

⁴ List first and circle the name of the trust, estate, or pension trust. (Do not furnish the TIN of the personal representative or trustee unless the legal entity itself is not designated in the account title.) Also see *Special rules for partnerships* on page 2.

*Note. Grantor also must provide a Form W-9 to trustee of trust.

Note. If no name is circled when more than one name is listed, the number will be considered to be that of the first name listed.

Secure Your Tax Records from Identity Theft

Identity theft occurs when someone uses your personal information such as your name, SSN, or other identifying information, without your permission, to commit fraud or other crimes. An identity thief may use your SSN to get a job or may file a tax return using your SSN to receive a refund.

To reduce your risk:

- Protect your SSN,
- Ensure your employer is protecting your SSN, and
- Be careful when choosing a tax preparer.

If your tax records are affected by identity theft and you receive a notice from the IRS, respond right away to the name and phone number printed on the IRS notice or letter.

If your tax records are not currently affected by identity theft but you think you are at risk due to a lost or stolen purse or wallet, questionable credit card activity or credit report, contact the IRS Identity Theft Hotline at 1-800-908-4490 or submit Form 14039.

For more information, see Publication 4535, Identity Theft Prevention and Victim Assistance.

Victims of identity theft who are experiencing economic harm or a system problem, or are seeking help in resolving tax problems that have not been resolved through normal channels, may be eligible for Taxpayer Advocate Service (TAS) assistance. You can reach TAS by calling the TAS toll-free case intake line at 1-877-777-4778 or TTY/TDD 1-800-829-4059.

Protect yourself from suspicious emails or phishing schemes. Phishing is the creation and use of email and websites designed to mimic legitimate business emails and websites. The most common act is sending an email to a user falsely claiming to be an established legitimate enterprise in an attempt to scam the user into surrendering private information that will be used for identity theft.

The IRS does not initiate contacts with taxpayers via emails. Also, the IRS does not request personal detailed information through email or ask taxpayers for the PIN numbers, passwords, or similar secret access information for their credit card, bank, or other financial accounts.

If you receive an unsolicited email claiming to be from the IRS, forward this message to phishing@irs.gov. You may also report misuse of the IRS name, logo, or other IRS property to the Treasury Inspector General for Tax Administration (TIGTA) at 1-800-366-4484. You can forward suspicious emails to the Federal Trade Commission at: spam@uce.gov or contact them at www.ftc.gov/idtheft or 1-877-IDTHEFT (1-877-438-4338).

Visit IRS.gov to learn more about identity theft and how to reduce your risk.

Privacy Act Notice

Section 6109 of the Internal Revenue Code requires you to provide your correct TIN to persons (including federal agencies) who are required to file information returns with the IRS to report interest, dividends, or certain other income paid to you; mortgage interest you paid; the acquisition or abandonment of secured property; the cancellation of debt; or contributions you made to an IRA, Archer MSA, or HSA. The person collecting this form uses the information on the form to file information returns with the IRS, reporting the above information. Routine uses of this information include giving it to the Department of Justice for civil and criminal litigation and to cities, states, the District of Columbia, and U.S. commonwealths and possessions for use in administering their laws. The information also may be disclosed to other countries under a treaty, to federal and state agencies to enforce civil and criminal laws, or to federal law enforcement and intelligence agencies to combat terrorism. You must provide your TIN whether or not you are required to file a tax return. Under section 3406, payers must generally withhold a percentage of taxable interest, dividend, and certain other payments to a payee who does not give a TIN to the payer. Certain penalties may also apply for providing false or fraudulent information.

STAR ESTATE DEVELOPMENT GROUP, LLC SUBSCRIPTION DOCUMENTS

January 1, 2021

To subscribe for interests ("Units") in Star Estate Development Group, LLC, a New York limited liability company (the "Company"), a prospective investor must complete the subscription documents contained in this booklet in accordance with the instructions set forth herein. This entire booklet (the "Subscription Documents") should then be returned to Charles Ferri and Paul Seres (the "Manager"), at:

Star Estate Development Group, LLC
1835 Broadway (Rt. 9W), PO Box 43
West Park, New York 12493

Please be sure that your name is the same in all signatures and places where it is printed on the Subscription Documents. Duplicate copies of each signed document will be returned to you after your subscription is accepted and a closing with respect to your subscription for Units has occurred.

This booklet of Subscription Documents is an Exhibit to the Confidential Private Placement Memorandum of the Company dated January 1, 2020 (the "Company Memorandum" or "Private Placement Memorandum") relating to the Company. NO PERSON IS AUTHORIZED TO RECEIVE THESE SUBSCRIPTION DOCUMENTS UNLESS SUCH PERSON HAS PREVIOUSLY RECEIVED, OR SIMULTANEOUSLY RECEIVES, A COPY OF THE PRIVATE PLACEMENT MEMORANDUM BEARING ON ITS FIRST PAGE THE NAME OF SUCH PERSON AND THE NUMBER SET FORTH ON THE COVER HEREOF. Delivery of these Subscription Documents to anyone other than the person named on the front cover of the Private Placement Memorandum as the intended recipient is unauthorized, and any reproduction or circulation of this booklet, in whole or in part, is prohibited.

Reference in these Subscription Documents to the "Memorandum" will be to the Private Placement Memorandum. References to the "Operating Agreement" will be to the Operating Agreement of Star Estate Development Group, LLC.

Unless otherwise defined herein, or unless otherwise required by the context, all capitalized terms used in these Subscription Documents have the meanings ascribed to them in the Memorandum.

Subscriptions from suitable prospective investors will be accepted in the sole discretion of the Manager after receipt of all Subscription Documents, properly completed and executed.

IF YOU HAVE ANY QUESTIONS ABOUT THESE SUBSCRIPTION DOCUMENTS,
PLEASE CONTACT PAUL SERES OR CHARLES FERRI.

INSTRUCTIONS TO SUBSCRIBERS

Subscription Agreement

Please Read.

Corporations, partnerships, trusts, and other entities must attach appropriate authorizing instruments (i.e. corporate resolution or bylaws, partnership agreement, or trust instrument) and a list of authorized signatories.

Investor Questionnaire

Please read and complete.

Each person subscribing for Units and co-subscriber must complete the entire Investor Questionnaire and indicate by checking off the proper spaces how each qualifies as an "Accredited Investor" under the 1933 Act and a "Qualified Client" under the Investment Advisers Act of 1940 or an "Unaccredited Investor."

Subscription Agreement and Investor Questionnaire Signature Page

Please complete, date, and sign. Each co-subscriber must complete, date, and sign the signature page as well.

Operating Agreement Signature Page

Please complete, date, and sign. Each co-subscriber must complete, date, and sign the signature page as well.

Schedules

To comply with applicable anti-money laundering/U.S. Treasury Department's Office of Foreign Assets Control ("OFAC") rules and regulations, please complete any and all schedules that are applicable to you.

Payment

As set forth in the Memorandum

Wire transfers for the Company, must be made to:
Star Estate Development Group, LLC
Chase Bank, New York

Routing Number 021000021

Account Number 760681101

SUBSCRIPTION AGREEMENT

SUBSCRIPTION AGREEMENT ("Subscription Agreement") made as of _____ 2021 between STAR ESTATE DEVELOPMENT GROUP, LLC, a New York limited liability company (the "Company"), with a mailing address at, 1835 Broadway (Rt. 9W), PO Box 43 West Park, New York 12493, and the undersigned (the "Subscriber").

WHEREAS, the Company desires to issue units or membership interests in the Company ("Units/Percentage Interests") in a private placement (the "Offering") on the terms and conditions set forth herein for the development, production, and operation of the Star Estate Development Group LLC, whose business operation has been divulged in detail in the Business Plan and the Private Placement Memorandum, and the Subscriber desires to acquire the number of Percentage Interests set forth on the signature page hereof; and

WHEREAS, the Subscriber is delivering simultaneously herewith a completed confidential investor questionnaire (the "Questionnaire") and other necessary documents;

NOW, THEREFORE, for and in consideration of the premises and the mutual covenants hereinafter set forth, the parties hereto do hereby agree as follows:

SECTION 1

Subscription.

1.1. Subscription. Subject to the terms and conditions hereinafter set forth and pursuant to the terms of the Company's Operating Agreement (the "Operating Agreement"), the Subscriber hereby subscribes for and agrees to purchase from the Company such number of Percentage Interests as is set forth upon the signature page hereof at a price equal to \$100,000 per Units/Percentage Interests and the Company agrees to sell such Units/Percentage Interests to the Subscriber for said purchase price, but which, upon receipt by Company of additional sums derived from the sale of additional Units/Percentage Interests to third parties, may be reduced on a pro rata basis with all the Membership Interests in the Company. The instant subscription is subject to the Company's right, in its sole discretion, to (a) sell to the Subscriber such lesser number of Percentage Interests as they may, in their sole discretion, deem necessary or desirable without any prior notice to or further consent by the Subscriber or (b) reject this subscription, in whole or in part, at any time prior to a Closing (as defined below) with respect to this subscription. The purchase price is payable by certified or bank check made payable to Star Estate Development Group, LLC or by wire transfer of funds, contemporaneously with the execution and delivery of this Subscription Agreement. The Percentage Interests shall be delivered by the Company within _____ business days following the consummation of the Offering as set forth in Section 1.2 hereof.

Offering Period.

1.2. Offering Period. The subscription period will begin as of January 1, 2021 and will terminate at 11:59 PM Eastern time on December 31, 2021, unless extended by the Company for up to an additional ninety (90) days (the "Termination Date"). Upon receipt of a fully completed and executed Subscription Agreement, Questionnaire, and the Operating Agreement and upon its acceptance of the Subscriber's subscription, the Company will, provided that funds representing

the sale thereof shall have cleared, execute the Subscription Agreement and the Operating Agreement, record such Subscriber Units/Percentage Interests in the Company in the amount accepted by the Company (but not greater than such Subscriber's proposed commitment amount) and return to the Subscriber copies of such fully-executed Subscription Agreement and Operating Agreement (the "Closing").

Return of Funds.

1.3. Return of Funds. The Subscriber hereby authorizes and directs the Company to return any funds for unaccepted subscriptions to the same account from which the funds were drawn.

Percentage Interests.

1.4. Percentage Interests. The Subscriber hereby authorizes and directs the Company, at each Closing, to deliver the Units/Percentage Interests to be issued to such Subscriber pursuant to this Subscription Agreement to the Subscriber's address indicated in the Questionnaire.

SECTION 2

Company Representations and Warranties.

2.1. Company Representations and Warranties. The Company, hereby acknowledges, represents and warrants to and agrees with the undersigned that, except as otherwise disclosed herein, as of the date of each Closing, as follows:

(a) The Company is a limited liability company duly organized and validly existing and in good standing under the laws of the State of New York, entitled to own its property of a material nature and to carry on its business of a material nature as and in places where such property will be owned or operated and such business will be conducted;

(b) The Company, by appropriate and required company action, will have duly ratified the execution of this Subscription Agreement and authorized the issuance and delivery of the Units/Percentage Interests. Such Units/Percentage Interests are not subject to preemptive or other rights of any members and when issued in accordance with the terms of this Subscription Agreement, the Units/Percentage Interests will be validly issued, fully paid, and non-assessable;

(c) The Company will operate the business in a manner consistent with the Company's Operating Agreement; and

(d) Performance of this Subscription Agreement and compliance with the provisions hereof will not violate any provision of any applicable law or of the organizational documents of the Company, and will not conflict with or result in any breach of any of the terms, conditions, or provisions of, or constitute a default under, or result in the creation or imposition of any lien, charge, or encumbrance upon, any of the properties or assets of a material nature of the Company, pursuant to the terms of any indenture, mortgage, deed of trust, or other agreement of instrument binding upon the Company.

SECTION 3

Investor Representations and Warranties.

3.1. Investor Representations and Warranties. The undersigned hereby acknowledges, represents and warrants to and agrees with the Company as follows:

(a) The undersigned is acquiring the Units/Percentage Interests for his own account for investment and not with a view to resale or distribution in whole or in part, and the certificates, if any, representing the Units/Percentage Interests shall each bear an appropriate restrictive legend.

(b) The undersigned acknowledges his understanding that the offering and sale of the Units/Percentage Interests has not been registered under the Securities Act of 1933, as amended (the "Act"), and is intended to be exempt from registration under the Act by virtue of Section 4(2) of the Act and/or Regulation D under the Act, as promulgated by the United States Securities and Exchange Commission (the "Commission"). In furtherance thereof, the undersigned represents and warrants to and agrees with the Company that the undersigned is an "accredited investor" (as defined in the Act), and/or the undersigned has such knowledge and experience in financial and business matters that he is capable of evaluating the merits and risks of this investment and is able to bear the economic risk of this investment.

(c) The undersigned will not sell or otherwise transfer any of the Units/Percentage Interests without registration under the Act or an exemption therefrom, and fully understands and agrees that he must bear the economic risk of his purchase for an indefinite period of time because, among other reasons, the Units/Percentage Interests have not been registered under the Act and, therefore, cannot be sold, pledged, assigned or otherwise disposed of unless they are subsequently registered under the Act (for which the Company has made no commitment) or an exemption from such registration is available. The undersigned also understands that sales or transfers of the Units/Percentage Interests may be further restricted by the provisions of state securities laws.

(d) The undersigned has adequate means of providing for his current needs and foreseeable contingencies, has no need for liquidity in this investment, and can afford the loss of this entire investment.

(e) The undersigned has received and reviewed any information about the Company, including the Company's executive summary (all such material, the "Business Information") requested by the undersigned, has been given the opportunity to ask questions of and receive answers from the Company concerning the Company and this investment, and has been given the opportunity to obtain such additional information necessary to verify the accuracy of the information which was otherwise provided in order for him to evaluate the merits and risks of the purchase of the Units/Percentage Interests.

(f) The Subscriber acknowledges that the Offering may involve tax consequences and that the Subscriber has not been provided by the Company or any manager, officer, employee, agent or affiliate thereof with any tax advice or information. The Subscriber acknowledges that he must retain his own professional advisors to evaluate the tax and other consequences of an investment in the Units/Percentage Interests.

(g) No representations or warranties have been made to the undersigned by the Company or any manager, officer, employee, agent or affiliate thereof, other than the representations of the Company set forth herein.

(h) The undersigned has reviewed and is aware of the risk factors associated with the Company and this Offering set forth in the Private Placement Memorandum and associated documents.

(i) The foregoing representations, warranties, and agreements shall survive the acceptance of this subscription and the issuance of any Units/Percentage Interests.

Investor Awareness.

3.2. Investor Awareness. The undersigned acknowledges, represents, warrants, agrees, and is aware that:

(a) No federal or state agency has passed upon the Units/Percentage Interests or made any findings or determination as to the fairness or merits of this investment;

(b) An investment in the Units/Percentage Interests is an illiquid investment and the undersigned must bear the economic risk of investment in the Units/Percentage Interests for an indefinite period of time if the Units/Percentage Interests are not registered;

(c) There may be no established market for the Units/Percentage Interests when the Units/Percentage Interests become eligible for resale by the undersigned, and there may be no ongoing active trading market for the Units/Percentage Interests at such time as the undersigned may be willing and able to dispose of his Units/Percentage Interests; and

(d) The foregoing acknowledgments, representations, warranties and agreements shall survive the acceptance of this subscription and the issuance of any Units/Percentage Interests.

3.3 Representations and Warranties by Subscriber Under USA PATRIOT Act. Subscribers should check the OFAC website at <http://www.treas-gov/ofac> before making the following representations.

(a) The Subscriber represents that the amounts contributed to the Company were not and are not directly or indirectly derived from activities that may contravene federal, state, or international laws and regulations, including anti-money laundering laws and regulations. Federal regulations and Executive Orders administered by the U.S. Treasury Department's Office of Foreign Assets Control ("OFAC") prohibit, among other things, the engagement in transactions with, and the provision of services to, certain foreign countries, territories, entities, and individuals.¹ The lists of OFAC prohibited countries, territories, persons, and entities can be found on the OFAC website. In addition, the programs administered by OFAC ("OFAC Programs") prohibit dealing with individuals or entities in certain countries regardless of whether such individuals or entities appear on the OFAC lists.

(b) The Subscriber hereby represents and warrants that, to the best of its knowledge, none of: (i) the Subscriber; (ii) any person controlling or controlled by the Subscriber; (iii) if the Subscriber is a privately held entity, any person having a beneficial interest in the Subscriber; or (iv) any person for whom the Subscriber is acting as agent or nominee in connection with this investment is a country, territory, individual, or entity names on the OFAC list, nor is a person or entity prohibited under the OFAC Programs.

¹ These individuals include specially designated nationals, specially designated narcotics traffickers and other parties subject to OFAC sanctions and embargo programs.

(c) The Subscriber represents and warrants that, to the best of its knowledge, none of (i) the Subscriber; (ii) any person controlling or controlled by Subscriber; (iii) if the Subscriber is a privately held entity, any person having a beneficial interest in the Subscriber; or (iv) any person for whom the Subscriber is acting as agent or nominee in connection with this investment is a senior foreign political figure², any immediate family member³ or close associate⁴ of a senior foreign political figure as such terms are defined in the footnotes below.

(d) If the Subscriber is a non-U.S. banking institution (a “Foreign Bank”) or if the Subscriber receives deposits from, makes payments on behalf of, or handles other financial transactions related to a Foreign Bank, the Subscriber represents and warrants to the Company and Manager that:

- 1) The Foreign Bank has a fixed address, other than solely an electronic address, in a country in which the Foreign Bank is authorized to conduct banking activities;
- 2) The Foreign Bank employs one or more individuals on a full-time basis;
- 3) The Foreign Bank maintains operating records related to its banking activities;
- 4) The Foreign Bank is subject to inspection by the banking authority that licensed the Foreign Bank to conduct banking activities; and
- 5) The Foreign Bank does not provide banking services to any other Foreign Bank that does not have a physical presence in any country and that is not a regulated affiliate.

(e) The Subscriber understand and agrees that any withdrawal or redemption proceeds paid to it will be paid to the same account from which the Subscriber’s investment in the Company was originally remitted, unless Manager, in its sole discretion, agrees otherwise.

(f) The Subscriber understand and agrees that, by law, the Manager may be obligated to “freeze” the Subscriber’s Units, either by prohibiting additional contributions and/or declining any withdrawal requests with respect to the Units in compliance with governmental regulations, and Manager may also be required to report such action and to disclose the Subscribers identity to OFAC.

(g) The Subscriber understands and agrees that the Manager may not accept any contributions from the Subscriber if the Subscriber cannot make the representations set forth in this Subscription Agreement.

² A “senior foreign political figure” is defined as senior official in the executive, legislative, administrative, military, or judicial branches of a non-U.S. government (whether elected or not), a senior official of a major non-U.S. political party, or a senior executive of a non-U.S. government-owned corporation. In addition, a “senior foreign political figure” includes any corporation, business, or other entity that has been formed by, or for the benefit of, a senior foreign political figure.

³ “Immediate family” of a senior foreign political figure typically includes the figure’s parents, siblings, spouse, children, and in-laws.

⁴ A “close associate” of a senior foreign political figure is a person who is widely and publicly known to maintain an unusually close relationship with the senior foreign political figure, and includes a person who is in a position to conduct substantial U.S. and non-U.S. financial transactions on behalf of the senior foreign political figure.

SECTION 4

Restrictions on Transferability and Compliance with the Securities Act. **Restriction.**

4.1 (a) Restriction. The Percentage Interests cannot be publicly resold by the holder thereof without registration under the Act and compliance with the prospectus delivery requirements thereof, or the availability of an exemption therefrom and delivery to the Company of the documents referred to in Section 4.2 below.

Restrictive Legend.

(b) Restrictive Legend. The certificates representing the Units/Percentage Interests will be stamped or otherwise imprinted with a legend in substantially the following form (in addition to any legend required under applicable state securities laws):

THESE UNITS HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR ANY STATE SECURITIES LAWS. NO TRANSFER OF THESE PERCENTAGE INTERESTS SHALL BE VALID OR EFFECTIVE UNLESS MADE IN ACCORDANCE WITH THE APPLICABLE REQUIREMENTS OF THE SECURITIES ACT OF 1933, AS AMENDED, AND STATE SECURITIES LAWS, OR AN AVAILABLE EXEMPTION THEREUNDER. THIS SUBSCRIPTION HAS NOT BEEN REVIEWED, NOR HAS THE ACCURACY OR ADEQUACY OF THE INFORMATION SET FORTH HEREIN BEEN PASSED UPON BY THE SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES ADMINISTRATOR. THE SECURITIES OFFERED HEREBY HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE SECURITIES AND EXCHANGE COMMISSION NOR HAS THE COMMISSION PASSED UPON THE ACCURACY OR ADEQUACY OF THIS MEMORANDUM. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

NO STATE SECURITIES ADMINISTRATOR, NOR HAS ANY COMMISSION OR AUTHORITY PASSED UPON, RECOMMENDED OR ENDORSED THE MERITS OF THIS OFFERING. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE. THE SECURITIES OFFERED HEREBY ARE SPECULATIVE AND INVOLVE A HIGH DEGREE OF RISK AND SHOULD NOT BE PURCHASED BY ANYONE WHO CANNOT AFFORD THE LOSS OF THE ENTIRE INVESTMENT. SEE "RISK FACTORS."

THIS OFFERING IS SUBMITTED TO PROSPECTIVE INVESTORS ON A CONFIDENTIAL BASIS FOR USE SOLELY IN CONNECTION WITH A PRIVATE PLACEMENT OF THE MEMBERSHIP INTERESTS. THE DISCLOSURE OF ANY OF THE INFORMATION CONTAINED HEREIN OR SUPPLIED IN CONNECTION HERewith OR THE USE THEREOF FOR ANY OTHER PURPOSE, EXCEPT WITH THE WRITTEN CONSENT OF THE COMPANY, IS PROHIBITED. THIS MEMORANDUM MAY NOT BE REPRODUCED, IN WHOLE OR IN PART, AND IT IS ACCEPTED WITH THE UNDERSTANDING THAT IT WILL BE RETURNED ON REQUEST IF THE RECIPIENT DOES NOT PURCHASE THE UNITS/PERCENTAGE INTERESTS OFFERED HEREBY. THIS OFFERING IS SUBJECT TO WITHDRAWAL, CANCELLATION, OR MODIFICATION BY THE COMPANY WITHOUT NOTICE. THE COMPANY RESERVES THE RIGHT, IN ITS SOLE DISCRETION, TO REJECT ANY SUBSCRIPTION IN WHOLE OR IN PART FOR ANY REASON OR TO ALLOT TO ANY SUBSCRIBER LESS THAN THE NUMBER OF MEMBERSHIP INTERESTS SUBSCRIBED FOR. OFFICERS, DIRECTORS, AND STOCKHOLDERS OF THE COMPANY AND THEIR AFFILIATES MAY PURCHASE MEMBERSHIP INTERESTS PURSUANT TO THIS OFFERING.

THE OFFERING PRICE OF THE SECURITIES TO WHICH THIS MEMORANDUM RELATES HAS BEEN DETERMINED BY THE COMPANY AND DOES NOT NECESSARILY BEAR ANY RELATIONSHIP TO THE ASSETS, BOOK VALUE OR POTENTIAL EARNINGS OF THE COMPANY OR ANY OTHER RECOGNIZED CRITERIA OF VALUE.

Requirements for Sale of Restricted Percentage Interests.

4.2. Requirements for Sale of Restricted Units/Percentage Interests. In the event that the undersigned or any subsequent holder of the Units/Percentage Interests shall seek to resell or otherwise dispose of any of such Units/Percentage Interests in the absence of an effective registration statement therefore under the Act, then the undersigned or other holder of the Units/Percentage Interests shall be required to deliver to the Company reasonable evidence of the availability of an exemption for such sale from the registration requirements of the Act and any applicable state securities laws, including the delivery to the Company of an opinion in form and from counsel satisfactory to the Company as to the availability of such exemption(s).

SECTION 5

Indemnity.

5.1. Indemnity. The undersigned shall indemnify and hold harmless the Company and each other person, if any, who controls the Company within the meaning of Section 15 of the Act against any and all loss, liability, claim, damage, and expense whatsoever (including, but not limited to, any and all expenses reasonably incurred in investigating, preparing, or defending against any litigation commenced or threatened or any claim whatsoever) arising out of or based upon any breach of warranty or failure by the undersigned to comply with any representation or agreement herein or in any other document furnished by the undersigned to any of the foregoing in connection with this transaction.

Modification.

5.2. Modification. Neither this Agreement nor any provision hereof shall be waived, modified, changed, discharged or terminated except by an instrument in writing signed by the party against whom any waiver, modification, change, discharge or termination is sought.

Notices.

5.3. Notices. Any notice, demand, or other communication which any party hereto may be required or may elect to give hereunder shall be sufficiently given if (a) deposited, postage prepaid, in a United States Postal Service letter box, registered or certified mail, return receipt requested, addressed to such person at such address as may be given for such purpose herein, or (b) delivered personally at such address, or (c) delivered overnight to such address by commercial courier, with all charges prepaid or billed to the account of the sender. Any and all notices or other communications to the Company shall be addressed to it at 456 West 50th Street New York, New York 10019, with copies to Robert Corbett, Esq., care of Zaremba Brown, 40 Wall Street, 27th Floor, New York, New York 10005; and any notices or other communications to the undersigned shall be addressed to him or her at the mailing address set forth on the signature page hereof.

Counterparts.

5.4. Counterparts. This Agreement may be executed through the use of separate signature pages or in any number of counterparts, and each of such counterparts shall, for all purposes, constitute one agreement binding on all parties, notwithstanding that all parties are not signatories to the same counterpart.

Binding Effect.

5.5. Binding Effect. Except as otherwise provided herein, this Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective heirs, executors, administrators, personal representatives, successors and assigns. If the undersigned is more than one person, the obligation of the undersigned shall be joint and several and the agreements, representations, warranties, and acknowledgments herein contained shall be deemed to be made by and be binding upon each such person and his heirs, executors, administrators, personal representatives and successors. In the event that any provision of the Subscription Agreement is invalid or unenforceable under any applicable statute or rule of law, then such provision shall be deemed inoperative to the extent that it may conflict therewith and shall be deemed modified to conform to such statute or rule of law. Any provisions hereof which may prove invalid or unenforceable under any law shall not affect the validity or enforceability of any other provisions hereof.

Gender.

5.6. Gender. Wherever the context shall allow, all pronouns stated in this Agreement in the masculine shall include the female and neuter, and vice versa.

Entire Agreement.

5.7. Entire Agreement. This instrument contains the entire agreement of the parties with respect to the subject matter hereof, and there are no representations, covenants or other agreements except as stated or referred to herein.

Assignability.

5.8. Assignability. This Agreement is not transferable or assignable by the undersigned except as may be specifically permitted hereunder.

Applicable Law and Forum.

5.9. Applicable Law. This Agreement shall be governed by and construed in accordance with the laws of the State of New York, without regard to its conflict of law provision. The Supreme Court, County of New York, or the United States District Court for the Southern District of New York, as appropriate, shall have exclusive jurisdiction of any action arising out of or relating to this Agreement, and each of the parties further irrevocably agrees to waive any objection to the venue of any such suit or proceeding in either court, or to in personam jurisdiction providing that service is effective.

IN WITNESS WHEREOF, the undersigned has executed this Subscription Agreement on this

_____ day of _____ 2021.

SIGNATURE PAGE

Please sign as your name(s) appear hereon. When signing as attorney, executor, administrator, trustee or guardian, please give title as such.

Signature of Subscriber: _____

Printed Name of Subscriber: _____

Residence Address: _____

City, State, Zip Code: _____

Mailing Address: _____

City, State, Zip Code: _____

Tax Identification Number or

Social Security Number: _____

Number of Percentage Interests to be purchased at \$ 100,000 each: _____

Total Purchase Price (for which payment in full is enclosed): \$ _____

This subscription has been accepted on _____, 2021. Star

Estate Development Group, LLC

By: _____

Name: _____

Title: _____

OPERATING AGREEMENT
OF
STAR ESTATE DEVELOPMENT GROUP, LLC

THE SECURITIES REPRESENTED BY THIS AGREEMENT HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933 (THE "ACT"), AS AMENDED, NOR REGISTERED NOR QUALIFIED UNDER ANY STATE SECURITIES LAWS. SUCH SECURITIES MAY NOT BE OFFERED FOR SALE, SOLD, DELIVERED AFTER SALE, TRANSFERRED, PLEDGED, OR HYPOTHECATED UNLESS QUALIFIED AND REGISTERED UNDER APPLICABLE STATE AND FEDERAL SECURITIES LAWS OR UNLESS, IN THE OPINION OF COUNSEL SATISFACTORY TO THE COMPANY, SUCH QUALIFICATION AND REGISTRATION IS NOT REQUIRED. ANY TRANSFER OF THE SECURITIES REPRESENTED BY THIS AGREEMENT IS FURTHER SUBJECT TO OTHER RESTRICTIONS, TERMS, AND CONDITIONS WHICH ARE SET FORTH HEREIN.

THE SECURITIES REPRESENTED BY THIS AGREEMENT ARE SUBJECT TO NUMEROUS RESTRICTIONS ON TRANSFERABILITY AND RESALE AND MAY NOT BE TRANSFERRED OR RESOLD EXCEPT AS PERMITTED UNDER THE ACT AND THE APPLICABLE *STATE* SECURITIES LAWS, PURSUANT TO REGISTRATION OR EXEMPTION THEREFROM. INVESTORS SHOULD BE AWARE THAT THEY MAY BE REQUIRED TO BEAR THE FINANCIAL RISKS OF THIS INVESTMENT FOR AN INDEFINITE AMOUNT OF PERIOD OF TIME.

IN MAKING AN INVESTMENT DECISION, INVESTORS MUST RELY ON THEIR OWN EXAMINATION OF THE PERSON OR ENTITY CREATING THE SECURITIES AND THE TERMS OF THIS OFFERING, INCLUDING THE MERITS AND RISKS INVOLVED. THESE SECURITIES HAVE NOT BEEN RECOMMENDED BY ANY FEDERAL OR STATE SECURITIES COMMISSION OR REGULATORY AUTHORITY. FURTHERMORE, THE FOREGOING AUTHORITIES HAVE NOT CONFIRMED THE ACCURACY OR DETERMINED THE ADEQUACY OF THIS DOCUMENT. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

MEMBERS AND PROSPECTIVE INVESTORS ARE NOT TO CONSTRUE THE CONTENTS OF THIS AGREEMENT AS LEGAL OR BUSINESS ADVICE. PRIOR TO MAKING AN INVESTMENT DECISION REGARDING THE SECURITIES REPRESENTED BY THIS AGREEMENT, A MEMBER OR PROSPECTIVE INVESTOR SHOULD CONSULT HIS OR HER OWN COUNSEL, ACCOUNTANT AND OTHER ADVISORS AND CAREFULLY REVIEW AND CONSIDER THIS ENTIRE AGREEMENT.

THE SALE OF THE SECURITIES WHICH ARE THE SUBJECT OF THIS AGREEMENT HAS NOT BEEN QUALIFIED WITH THE SECRETARY OF THE NEW YORK STATE DEPARTMENT OF STATE, DIVISION OF CORPORATIONS, AND THE ISSUANCE OF SUCH SECURITIES OR THE PAYMENT OR RECEIPT OF ANY PART OF THE CONSIDERATION THEREOF PRIOR TO SUCH QUALIFICATION IS UNLAWFUL, UNLESS THE SALE OF SECURITIES IS EXEMPT FROM QUALIFICATION PURSUANT TO NEW YORK BUSINESS CORPORATION LAW. THE RIGHTS OF ALL PARTIES OF THIS AGREEMENT ARE EXPRESSLY CONDITIONAL, UPON SUCH QUALIFICATION BEING OBTAINED, UNLESS THE SALE IS SO EXEMPT.

THE INVESTMENT IN THE SECURITIES REPRESENTED BY THIS AGREEMENT IS SPECULATIVE, CONTAINS RESTRICTIONS ON TRANSFER, INVOLVES SIGNIFICANT RISKS, AND MAY BE DIFFICULT TO RESELL, AS IS MORE FULLY EXPLAINED THEREIN. THIS OFFERING IS SUITABLE FOR PERSONS OF ADEQUATE MEANS WHO HAVE NO NEED FOR LIQUIDITY IN THEIR INVESTMENTS.

OPERATING AGREEMENT
OF
STAR ESTATE DEVELOPMENT GROUP, LLC

THIS OPERATING AGREEMENT OF STAR ESTATE DEVELOPMENT GROUP, LLC (this "*Agreement*"), as amended April __, 2017, is entered into by and among the Persons who may sign the signature page of this Agreement on Exhibit C attached hereto and are designated as "Members" on Exhibit A attached hereto, as the same may be amended from time to time in accordance with the terms of this Agreement (each, a "*Member*," and collectively, the "*Members*").

RECITALS

A. The Company was organized as a New York limited liability company on June 25, 2015 by filing its Articles of Organization with the Secretary of State of New York.

B. In connection with the formation of the Company, certain of the Members shall be admitted as Members of the Company pursuant to the terms and conditions of a private offering of the Company's Units (the "Offering") made pursuant to two private placement memoranda, the first dated September 1, 2015 and the second dated October 24, 2016, (the "PPM") and a subscription agreement executed pursuant to the offering described in the PPM, with their membership in the Company to become effective in accordance with the terms and conditions of the PPM and the subscription agreement.

C. The Manager, upon closing of the Offering, shall complete Exhibit A with the names, addresses, percentage interests, and capital contributions of the Members, including those participating in the Offering; shall deem effective the signatures in counterparts of this Agreement provided by the participants in the Offering; and shall admit the participants in the Offering as Members under this Agreement.

D. The parties now desire to enter into this Agreement to (i) reflect the terms and conditions upon which the admission of the members shall occur, (ii) set forth the rights and obligations of the Members, and (iii) to provide for the governance of the Company and the conduct of its business.

AGREEMENT

NOW, THEREFORE, for good and valuable consideration, the parties agree as follows:

SECTION 1. DEFINITIONS.

When used in this Agreement, the following terms shall have the meanings set forth below. Any terms used in this Agreement that are not defined in this Section 1 shall have the meanings set forth elsewhere in this Agreement.

"Act" shall mean the New York Limited Liability Company Act, as the same may be amended from time to time.

"Affiliate" of a Member, Manager, or other entity shall mean any Person, directly or indirectly, through one or more intermediaries, controlling, controlled by, or under common control with, a Member, Manager, or other entity, as applicable. The term *"control,"* as used in the immediately preceding sentence, shall mean with respect to a corporation or limited liability company the right to exercise, directly or indirectly, more than fifty percent (50%) of the voting rights attributable to the controlled corporation or limited liability company, and, with respect to any individual, partnership, trust, other entity, or association, the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of the controlled entity.

"Affiliated Party" shall mean any of the following: (i) a Member, (ii) a Manager, (iii) an Affiliate of a Member or Manager, (iv) any direct or indirect equity owner of a Member or Manager or Affiliate of a Member or Manager, (iv) any Person who is a spouse, domestic partner, sibling, child, parent, or spouse or domestic partner of a child, sibling or parent with respect to any Person in the foregoing sub-clauses (i), (ii) and (iii), or (v) any other Person with close personal and/or business ties to a Member or Manager who can reasonably be expected to have material influence with respect to the subject Member's or Manager's dealings with the Company.

"Agreement" shall mean this Operating Agreement, as originally executed and as amended from time to time, and shall refer to the Agreement as a whole, unless the context requires otherwise.

"Assignee" shall mean the owner of an Economic Interest who has not been admitted as a substitute Member in accordance with Section 8.

"Association" is defined in Section 14.23(a).

"Business Day" or *"Business Days"* shall mean any day other than a Saturday, Sunday or other day on which commercial banks in New York are authorized or required by law to close.

"Capital Account" shall mean with respect to any Member the capital account which the Company establishes and maintains for such Member pursuant to Section 3.4.

"Capital Contribution" shall mean, with respect to any Unit Holder, the amount of money and the initial Gross Asset Value of any property (other than money) contributed to the Company by a Unit Holder in its capacity as a Unit Holder, as

reflected on Exhibit A, as the same may be amended from time to time in accordance with the terms of this Agreement.

"Code" shall mean the Internal Revenue Code of 1986, as amended from time to time, and the provisions of succeeding law.

"Class A Unit Holder" or *"Class A Member"* shall mean the holder of one (1) or more Class A Units of the Company.

"Class A Units" shall mean up to fifty-one (51) total Units designated as "Class A" on Exhibit A, as the same may be amended from time to time in accordance with the terms of this Agreement.

"Class B Unit Holder" or *"Class B Member"* shall mean the holder of one (1) or more Class B Units of the Company.

"Class B Units" shall mean up to forty four(44)total Units designated as "Class B Units" on Exhibit A, as the same may be amended from time to time in accordance with the terms of this Agreement.

"Class C Unit Holder" or *"Class C Member"* shall mean the holder of one (1) or more Class C Units of the Company.

"Class C Units" shall mean up to Five (5) total Units designated as "Class C Units" on Exhibit A, as the same may be amended from time to time in accordance with the terms of this Agreement.

"Class D Unit Holder" shall mean the holder of one or more of one (1) or more Class D Units of the Company.

"Class D Units" shall mean Units designated as "Class D Units" on Exhibit A, as the same may be amended from time to time in accordance with the terms of this Agreement; Class D Units shall be and designate Profits Interests only.

"Company" shall mean the limited liability company created pursuant to this Agreement and the filing of the Articles with the Secretary of State of the State of New York in accordance with the provisions of the Act.

"Company Assets" means those certain tangible and intangible assets owned by the Company for purposes of carrying on the business of the Company at the Premises, including, without limitation, the leasehold interest for the Premises, the entitlements for the Premises, the leasehold improvements for the Premises, and any other tangible or intangible assets owned by the Company and used in the ordinary conduct of the Company's business.

"Company Minimum Gain" shall have the meaning ascribed to the term "partnership minimum gain" in the Treasury Regulations Section 1.704-2(d).

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

"Default Capital Contribution" is defined in Section 3.3(b).

"Distribution" shall mean a transfer of money or property by the Company to its Members without consideration. For avoidance of doubt, any payment of money or property pursuant to any separate written agreement or with respect to any management, employment or advisory services shall not constitute a Distribution, and neither repayment of any loan (or payment of any interest thereon) nor receipt of Units in connection with any Unit split or reverse Unit split shall constitute a Distribution.

"Economic Interest" shall mean the right to receive Distributions of the Company's assets and allocations of income, gain, loss, deduction, credit, and similar items from the Company pursuant to this Agreement and the Act, but shall not include any other rights of a Member, including, without limitation, the right to vote or participate in the management or business affairs of the Company.

"Equity Securities" means (i) Class A Units, Class B Units, Class C Units or other equity interests in the Company (i.e., other classes or series thereof having such rights, powers, and duties as may from time to time be established by the Manager pursuant to the provisions of this Agreement, including rights, powers and/or duties senior to existing classes and groups of Units and other equity interests in the Company), (ii) obligations, evidences of indebtedness or other securities or interests convertible or exchangeable into Units or other equity interests in the Company and (iii) warrants, options or other rights to purchase or otherwise acquire Units or other equity interests in the Company.

"Event of Dissolution" is defined in Section 10.1.

"Expenses" shall mean all direct and indirect costs (including, without limitation, counsel fees, retainers, court costs, transcripts, fees of experts, witness fees, travel expenses, duplicating costs, printing and binding costs, telephone charges, postage, delivery service fees and all other disbursements or out-of-pocket expenses) actually

incurred in connection with the investigation, defense, settlement or appeal of a proceeding that is the subject of a right to indemnification under Section 11, applicable law or otherwise.

"*Fiscal Year*" shall mean the Company's fiscal year, which shall be the calendar year, unless changed by the Manager and subject to notice to the Members.

"*Forfeiture Allocations*" is defined in Section 6.1(c).

"*Gross Asset Value*" shall mean, 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 Manager;

(b) The Gross Asset Values of all assets of the Company shall be adjusted to equal their respective gross fair market values, as determined by the Manager, as of the following times: (i) the acquisition of Units by any new or existing Member in exchange for more than a *de minimis* Capital Contribution or for services rendered to the Company; (ii) the Distribution by the Company to a Member of more than a *de minimis* amount of property as consideration for the redemption of a Unit; and (iii) the liquidation of the Company within the meaning of Treasury Regulations Section 1.704-1(b)(2)(ii)(g); *provided, however*, that adjustments pursuant to clauses (i) and (ii) 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 asset of the Company distributed to any Member shall be adjusted to equal the gross fair market value of such asset on the date of Distribution, as determined by the distributee and the Manager;

(d) The Gross Asset Values of assets of the Company shall be increased (or decreased) to reflect any adjustments to the adjusted bases 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 Treasury Regulations Section 1.704-1(b)(2)(iv)(m); *provided, however*, that Gross Asset Values shall not be adjusted pursuant to this subparagraph to the extent the Manager determines that an adjustment pursuant to subparagraph (b) above is necessary or appropriate in connection with a transaction that would otherwise result in an adjustment pursuant to this subsection; and

(e) If the Gross Asset Value of an asset has been determined or adjusted pursuant to any of the subsections above, such Gross Asset Value shall thereafter be adjusted by the Depreciation taken into account with respect to such asset and shall be utilized for purposes of computing Net Profits and Net Losses.

"Indemnified Party" is defined in Section 11.1.

"Liabilities" shall mean the obligations (including one incurred by way of settlement) to pay a judgment, settlement, penalty, fine, excise tax (including an excise tax assessed with respect to an employee benefit plan), or reasonable expenses incurred with respect to a proceeding.

"Liable Member" is defined in Section 4.11.

"Liquidation" shall mean a liquidation of the Company in accordance with Section 10.3.

"Majority-in-Interest" shall mean, with respect to any relevant group of Unit Holders and class (or classes) of Units except Class D Unit Holders, Unit Holders holding more than fifty percent (50%) of the class (or classes) of Units held by such group.

"Manager" shall have the meaning set forth in Section 5.1.

"Member" shall mean each Person who (a) is an initial signatory to this Agreement, has been admitted to the Company as a Member in accordance with this Agreement, or is an Assignee who has become a Member in accordance with Section 8, and (b) has not ceased to be a Member in accordance with Section 9 or for any other reason.

"Member Loan" is defined in Section 3.2.

"Member Nonrecourse Debt" shall have the meaning ascribed to the term "partner nonrecourse debt" in Treasury Regulations Section 1.704-2(b)(4).

"Member Nonrecourse Deductions" shall mean items of Company loss, deduction, or Code Section 705(a)(2)(B) expenditures which are attributable to Member Nonrecourse Debt.

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

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

(b) Any deduction or loss or any losses incurred by the Company in connection with the sale or exchange of property notwithstanding that such losses may be disallowed to the Company for federal income tax purposes under the related party rules of Code Sections 267(a)(1) or 707(b) or otherwise, shall reduce such taxable income or increase such loss, as applicable;

(c) 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 Treasury Regulations Section 1.704-1(b)(2)(iv)(i), and not otherwise taken into account in computing Net Profits or Net Losses pursuant to this definition, shall be subtracted from such taxable income or loss;

(d) In the event the Gross Asset Value of any Company asset is adjusted pursuant to Section 3.5, the amount of such adjustment shall be taken into account as gain or loss from the disposition of such asset for purposes of computing Net Profits or Net Losses;

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

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

(g) To the extent an adjustment to the adjusted tax basis of any Company asset is required pursuant to Code Section 734(b) or Code Section 743(b) and in accordance with Treasury Regulations Section 1.704-1(b)(2)(iv)(m) to be taken into account in determining Capital Accounts, the amount of such adjustment shall be treated as an item of gain (if the adjustment increases the basis of the asset) or loss (if the adjustment decreases the basis of the asset) from the disposition of the asset and shall be taken into account for computing Net Profits or Net Losses; and

(g) Notwithstanding any other provision of this definition, any items that are specially allocated pursuant to Section 6 of the Agreement shall not be taken into account in computing Net Profits or Net Losses.

"Nonrecourse Liability" shall have the meaning set forth in Treasury Regulations Section 1.752-1(a)(2). *"Party"* shall mean a Person who was, is or is threatened to be made a named defendant or respondent in a Proceeding.

"Percentage Interest" shall mean on any determination date with respect to each Unit Holder, the percentage equal to the quotient of (i) the number of Units held by such Unit Holder divided by (ii) the total outstanding Units as of such determination

date. The class (or classes) of Units (i.e., the Class A Units, Class B Units, Class C Units, and Class D Units) taken into consideration when calculating a Unit Holder's "Percentage Interest" shall be as the context requires.

"Permitted Transfer" is defined in Section 8.4.

"Person" shall mean an individual, partnership, limited partnership, limited liability company, corporation, trust, estate, association, or any other entity.

"Premises" means the property located at 1835 Broadway Esopus, New York, to be operated under the business name "The Star Estate" or such other name as determined by the Manager.

"Prime Rate" shall refer to the prime interest rate published in the Wall Street Journal from time to time.

"Proceeding" shall mean any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative, or investigative and whether formal or informal.

"Profits Interest" shall mean that certain interest in any Class D Units, as designated by the Manager, accorded to a Manager or Service Provider upon approval pursuant to Section 4.6, *provided, however*, that such Profits Interest shall only be transferred to the Manager or Service Provider in connection with personal services rendered or to be rendered by such Manager or Service Provider for the Company; *provided further*, that the grant of the Profits Interest has been made in accordance with Revenue Procedures 93-27 and 2001-43. The Company shall not treat the issuance of a Profits Interest as a taxable event or otherwise report such issuance as deductible compensation paid to the Manager or Service Provider by the Company for federal, state and local income tax purposes.

"Safe Harbor" is defined in Section 3.1(e).

"Selling Member" is defined in Section 8.9(a).

"Service Provider" means any Person providing personal services to or for the Company for which such Person is compensated by the Company (in accordance with the terms of this Agreement) by, among other things, issuance of either Class C or Class D Units. Service Providers engaged by and providing services to the Company on or before December 31, 2017, or as otherwise specified in a separate agreement between the Service Provider and Company, will receive a Capital Interest in the Company and be admitted to the Company as Class C members (up to a total of nine (9) Class C Units), having all the rights and privileges of Class C Members, provided that the services are rendered satisfactorily according to the said separate agreement and the interest vests. All other Service Providers

engaged by the Company may only receive Class D Units, which shall afford the Unit Holder a Profits Interest only.

"Subscription Agreement" means, with respect to any Class B Unit Holder, that certain agreement by and between the Class B Unit Holder and the Company, dated as of the date hereof, memorializing the terms and conditions of the purchase and sale of Class B Units.

"Subsidiary" means, with respect to any Person, any corporation, limited liability company, partnership, association, or other business entity of which (i) if a corporation, a majority of the total voting power of units entitled (without regard to the occurrence of any contingency) to vote in the election of directors, managers, or trustees thereof is at the time owned or controlled, directly or indirectly, by that Person or one or more of the other Subsidiaries of that Person or a combination thereof or (ii) if a limited liability company, partnership, association, or other business entity (other than a corporation), a majority of the partnership or other similar ownership interests thereof is at the time owned or controlled, directly or indirectly, by that Person or one or more Subsidiaries of that Person or a combination thereof and for this purpose, a Person or Persons own a majority ownership interest in such a business entity (other than a corporation) if such Person or Persons shall be allocated a majority of such business entity's gains or losses or shall be or control any managing director or general partner of such business entity (other than a corporation). The term "Subsidiary" shall include all Subsidiaries of such Subsidiary.

"Supermajority" means seventy-five (75%) percent or more of the Class A, Class B and Class C Unit Holders voting as a single class.

"Tax Matters Person" is the tax matters partner (as defined in Code Section 6231), and shall be a Member designated from time to time by the Manager or his, her or its successor as designated pursuant to Section 5.6.

"Transfer" or *"transfer"* is defined in Section 8.1.

"Treasury Regulations" shall, unless the context clearly indicates otherwise, mean the regulations in force as final or temporary that have been issued by the U.S. Department of the Treasury pursuant to its authority under the Code, and any successor regulations.

"Unit" shall represent the "membership interest" (as defined in the Act) acquired by a Member. Each Class A Unit shall be entitled to one (1) vote as permitted by this Agreement. Each Class B Unit shall be entitled to one (1) vote as permitted by this Agreement. Each Class C Unit shall have one (1) vote as permitted by this Agreement. Each Class D Unit shall be a Profits Interest only and shall not be entitled to a vote nor shall a Class D Unit Holder have any right to participate in the operation or management of the Company unless such Class D Unit Holder also possesses Units of another class that would give him such a right. The number and class of Units held by

each Member shall be set forth in Exhibit A, as the same may be amended from time to time in accordance with the terms of this Agreement. Unless the context otherwise requires, any reference herein to Units shall include Class A Units, Class B Units, and Class C Units.

"Unit Holder" shall mean the holder of one (1) or more Units of the Company.

"Unrecovered Contribution Account" shall mean, with respect to each Unit, the aggregate amount of money and/or the aggregate agreed upon fair market value of any and all property contributed by the Member with respect to such Unit to the capital of the Company (net of liabilities secured by such contributed property that the Company is considered to assume or take subject to under Section 752 of the Code) in accordance with Sections 3.1 and 3.4 and *decreased* by (a) the aggregate amount of any and all cash Distributions made to such Unit Holder pursuant to Section 7.1(a) of this Agreement and (b) the aggregate agreed upon fair market value of any and all property Distributed to such Unit Holder (net of liabilities secured by such distributed property that such Unit Holder is considered to assume or take subject to under Section 752 of the Code) pursuant to Section 7.1 (a) of this Agreement.

SECTION 2. ORGANIZATIONAL MATTERS

2.1 **Formation.** The Members do hereby form and constitute themselves as a New York limited liability company pursuant to the provisions of the Act and this Agreement. The rights and liabilities of the Members shall be determined pursuant to the Act and this Agreement. To the extent that the rights or obligations of any Member are different by reason of any provision of this Agreement than they would be in the absence of such provision, this Agreement shall control, to the extent permitted by the Act. The Manager (or its designee) shall execute, acknowledge and/or verify such other documents and instruments as may be necessary and appropriate in order to form the Company and continue its existence in accordance with the provisions of the Act.

2.2 **Name.** In accordance with, and subject to the provisions of this Agreement, the name of the Company shall be "Star Estate Development Group, LLC" and shall do business from time to time under the assumed name "The Star Estate." The business of the Company may be conducted under those names or, upon compliance with applicable laws, any other name that the Manager deems appropriate or advisable, following reasonable notice to all of the Members. The Manager (or its designee) shall file any fictitious name certificates and similar filings, and any amendments thereto, that the Manager considers appropriate or advisable. The phrase "LLC" or such other designation as may be permitted by law to designate that the Company is a limited liability company organized pursuant to the Act shall always appear as part of the name of the Company on all correspondence, stationery, checks, invoices, and any and all documents and papers executed by the Company.

2.3 Term. The term of the Company commenced as of the day the Articles were filed with the Secretary of State of the State of New York and shall continue until the winding up and liquidation of the Company and the completion of its business following an Event of Dissolution, as provided in Section 10 herein. The existence of the Company as a separate legal entity shall continue until the cancellation of the Articles as provided in the Act.

2.4 Office and Agent. The Company's initial registered office and initial registered agent shall be as provided in the Articles. The registered office and registered agent may be changed from time to time by the Manager by causing the filing of the new address and/or the name of the new registered agent in accordance with the Act. The Company also may have such offices, anywhere within and without the State of New York, as the Manager from time to time may determine or the business of the Company may require.

2.5 Addresses of the Members. The respective addresses of the Members are set forth on Exhibit A. A Member may change its address upon notice thereof to the Manager.

2.6 Purpose and Business of Company. The express purposes of the Company shall be, whether directly or through wholly-owned subsidiaries or otherwise (a) to operate a distillery for the distillation of alcoholic beverages and other things incidental to the operation of a distillery, (b) to operate a hotel and event space, including things incidental to such operation as is common in the trade, such as operating a restaurant or bar for the sale of food and beverage, (c) to create, sell, and otherwise exploit one or more brands of liquor or other alcoholic beverages, and to operate such business as is common in the trade, (d) to own the land and to exploit the land as necessary for the benefit of the business, including renting portions of the land to other businesses, (e) to own, hold, operate, sell, exchange, dispose of and otherwise realize the economic benefits from the Company Assets and any other similar or directly or indirectly related tangible and intangible assets that may be acquired, licensed or developed by the Company from time to time subsequent to entry into this Agreement, (f) to enforce the Company's rights in and to the Company Assets, and (g) to conduct such other activities as are necessary, desirable or appropriate to carrying out the foregoing purposes and to do all things incidental to or in furtherance of the above-enumerated purposes.

2.7 No Individual Authority for Member. No Member acting alone shall have any authority to act for, or to undertake or assume, any obligation, responsibility, debt, or duty on behalf of the Company, but the Managers, acting in its capacity as "manager," shall have such authority.

2.8 Title to Properties; No Right of Partition. Real, tangible, and intangible property owned or purchased by the Company shall be held and owned,

and conveyance made, in the name of the Company. Instruments and documents providing for the acquisition, mortgage, or disposition of property of the Company shall be valid and binding upon the Company, except as otherwise limited in this Agreement, if executed by the Manager (or its designee). Except as otherwise provided in a Contribution Agreement, no Member shall have the right to seek or obtain partition by court decree or operation of law of any Company property, or the right to own or use particular or individual assets of the Company.

2.9 Qualification in Other Jurisdictions. The Company shall be qualified or registered under foreign entity or assumed or fictitious name statutes or similar laws in any jurisdiction in which the Company owns property or transacts business to the extent such qualification or registration is necessary or advisable in order to protect the limited liability of the Members or to permit the Company lawfully to own property or transact business. In connection with the foregoing, any officer, acting alone, may execute, deliver and file any certificates (and any amendments and/or restatements thereof) necessary for the Company to qualify to do business in a jurisdiction in which the Company may wish to conduct business.

SECTION 3. CAPITAL CONTRIBUTIONS.

3.1 Capital Contributions; Issuance of Units.

(a) The Company shall have authority to issue up to the following number of Units: (i) fifty-one (51) Class A Units, (ii) forty (40) Class B Units, (iii) nine (9) Class C Units, and such number of Class D Units as the Managers may decide after approval pursuant to Section 4.6. If any Units shall for any reason be repurchased by the Company, the Units repurchased by the Company shall again become available for issuance under the terms of this Agreement. All Class A, Class B and Class C Unit Holders shall have a capital interest in the Company, with all rights and privileges of membership under the Act and as provided in this Agreement. Additional Units in any class may be issued by the Company only pursuant to a vote as required by Section 4.6.

(b) The Unit Holders hereby agree that the class and number of Units issued to each Unit Holder as of the date of this Agreement are as set forth opposite each Unit Holder's name on Exhibit A. The Manager shall amend and restate Exhibit A from time to time to reflect the issuance or cancellation of additional Units in accordance with the terms of this Agreement.

(c) Each Class B Unit Holder as of the date of this Agreement has made a Capital Contribution as described in the Subscription Agreement with respect to each Class B Unit Holder, as the same may be amended from time to time in accordance with the terms of this Agreement. The Unit Holders hereby agree that the number and class of Units issued to each Member as of the date of this Agreement are as set forth opposite each Member's name on Exhibit A.

(d) Class C Unit Holders and Class D Unit Holders shall not be required to make a Capital Contribution. Subject to Section 3.1(a) above and, except as otherwise provided in this Agreement, the Manager, subject to the approval of a Majority-in-Interest of all Members voting as a single class, from time to time, issue Class D Units for purposes of hiring and retaining Service Providers. The Members hereby acknowledge and agree that, in respect of any Units issued to Service Providers pursuant to this Agreement, such Service Providers shall not be required to make a Capital Contribution, and such Units shall be structured as Profits Interests subject to the vesting restrictions set forth in Section 8.10 and/or separate written agreements among the Company and the Service Providers. Upon issuance of any Profits Interest (in any denomination and/or class of Units as designated by the Manager) to a Service Provider, the Manager shall have the right, but not the obligation, to admit the Service Provider as a Member of the Company, with all the rights, duties and obligations of a Member under this Agreement; *provided, however*, no Service Provider shall be admitted as a Member unless such Service Provider executes and delivers a copy of this Agreement pursuant to which he, she or it agrees to be bound by the terms of this Agreement, and contributes to the Company his, her or its Capital Contribution, which shall be the service provided in lieu of cash or other property. Except as otherwise provided in this Agreement, the Manager, in its sole discretion, shall determine the Capital Contribution, if any, to be made with respect to each Unit issued to a Service Provider pursuant to this Section 3.1(d) and all other terms and conditions applicable thereto. The Company shall pay all reasonable expenses incurred in connection with the admission of each Service Provider, including, without limitation, legal fees and costs (excluding the legal and other professional fees and costs incurred by professionals engaged by any Service Provider unless otherwise agreed upon by the Manager and the Service Provider in a separate agreement).

(e) Each Member agrees that, if final Treasury Regulations are promulgated under Section 83(b) of the Code that are in substantially the same form as the Treasury Regulations proposed on May 24, 2005 or if the Manager otherwise determines in its sole discretion that it is in the best interest of the Members: (i) the Company is hereby authorized and directed with the unanimous consent of the Members to elect the safe harbor under which the fair market value of a Unit that is transferred to a Manager or Service Provider in connection with the performance of services is treated as being equal to the liquidation value of that Unit (the "Safe Harbor") and (ii) the Company and each member (including any Manager or Service Provider to whom a Unit is transferred in connection with the performance of services) agrees to comply with all requirements of the Safe Harbor with respect to all Units transferred to a Manager or Service Provider in connection with the performance of services while the election remains effective.

(f) Except as otherwise provided in this Agreement, including the limitation as to the number of Units per Class set forth in Section 3.1(a) above,

and the limitations in Section 4.6 below, with the approval of a Majority-in-Interest of all Members voting as a single class, the Manager may issue additional Units in the Company, including, but not limited to, as necessary to raise additional funds for the conduct of the Company's business and purposes as set forth in Section 2.6. Upon the issuance of such additional Units, the Manager shall have the right, but not the obligation, to admit one or more new Members to the Company, and shall determine the Capital Contribution to be made with respect to the issuance of each Unit pursuant to this Section 3.1(f) and all other terms and conditions applicable to the issuance of such additional Units, including, but not limited to, executing an instrument or instruments satisfactory to the Manager accepting and adopting the terms and provisions of this Agreement in full. Nothing in this Section 3.1(f) to the contrary, if a Majority-in-Interest is not reached regarding the issuance of additional Units, then the Manager may issue a Capital Call in order to raise the necessary funds for the conduct of the Company's business.

(g) Upon issuance of any Class D Units, the then-present value of such Class D Units shall be declared and recorded on the books of the Company.

3.2 Member Loans. If the Company is operating longer than three (3) continuous months at a deficit, as determined by the Manager in its reasonable discretion, and the Manager determines, in its reasonable discretion, that funds in addition to the initial Capital Contributions of each Unit Holder are necessary for the Company to meet its current or projected financial requirements, then the Manager shall deliver written notice of such actual or projected cash deficit to the Unit Holders. Within ten (10) Business Days following the effective date of such cash deficit notice, the Unit Holders, excepting the Class C and D Unit Holders, shall have the right, but not the obligation, to advance to the Company in proportion to their respective Percentage Interests of all Units, in cash, such necessary funds. Any and all advances made by such Unit Holders to the Company pursuant to this Section 3.2 shall be treated as a loan (a "*Member Loan*") with recourse only to the assets of the Company (and not the assets of any Member), and shall bear annual interest at the greater of (a) Prime Rate plus one percent (1%), compounded annually, or (b) the maximum, non-usurious rate then permitted by law for such loan(s). Any and all Member Loans shall be paid prior to any Distributions to the Unit Holders other than Distributions described in Section 7.2. All Member Loan repayments shall be paid to the Member advancing funds in proportion to, and as a reduction of, the outstanding balance(s) of such Member Loans, with such funds being first applied to reduce any interest accrued thereon, and then to reduce the principal balance amount thereof.

3.3 Additional Capital Contributions.

(a) If: (i) no Unit Holder agrees to make a Member Loan to meet the deficit determined by the Manager as provided in Section 3.2 above, or (ii) the total amount of the Member Loans that the Unit Holders do agree to make is insufficient to meet such deficit, or (iii) the Members holding at least a Supermajority

approve any other amount at any time recommended by the Manager, then the Unit Holders, except the Class C and D Unit Holders, shall contribute to the Company, in cash, in proportion to their respective number of Units, an amount equal to the necessary funds, as determined by the Manager, as an additional contribution to the capital of the Company. Any and all amounts contributed to the capital of the Company by any Unit Holder pursuant to this Section 3.3 shall be credited to the Capital Accounts of such contributing Unit Holders as and when any such contribution is made.

(b) If, within ten (10) days after receipt of notice, any Unit Holder has not made its proportionate unit of such additional capital contribution, the amount of the requested additional contribution from the non-contributing Unit Holders shall be deemed a *"Default Capital Contribution"* and the contributing Unit Holders shall have the right, but not the obligation, to make the Default Capital Contribution. If more than one contributing Unit Holder elects to contribute the Default Capital Contribution, such Unit Holders shall contribute the necessary funds to the capital of the Company in proportion to their respective number of Units (or in such different proportions as such contributing Unit Holders may otherwise unanimously agree).

(c) If the contributing Unit Holders shall have made a Default Capital Contribution in accordance with this Section, the Company shall issue additional Units to the contributing Unit Holders in an amount equal to the product of (i) the total outstanding Units immediately prior to the Default Capital Contribution and (ii) the percentage ratio that the Default Capital Contribution bears to the then fair market value of the Company immediately before such contribution as determined mutually by the contributing Unit Holders and the Manager. If the parties cannot agree on the fair market value of the Company within thirty (30) days, then the fair market value shall be determined by an independent appraiser mutually selected by the parties. If the parties cannot agree on an appraiser within ten (10) days, then fair market value of the Company shall be determined by three (3) independent appraisers, one selected by the contributing Unit Holders, one selected by the Company and one selected by the two appraisers so named. The fair market value of the Company shall be the value determined by the appraiser, if one appraiser is used, or the average of two appraisers closest in amount to each other, if three appraisers are used. The Company shall pay all expenses of all the appraisals incurred in connection with the determination of such value.

3.4 Capital Accounts.

(a) **Capital Account for Each Member.** The Manager shall maintain a separate Capital Account (as defined below) for each Member strictly in accordance with the requirements of Code Section 704(b) and applicable Treasury Regulations promulgated thereunder. In this connection, to the extent the results determined under a literal application of this Section 3.4 vary from the results that would be required under the rules described in Treasury Regulations Section 1.704-1(b)(2)(iv), the rules

set forth in Treasury Regulations Section 1.704-1(b)(2)(iv) shall be used and govern the maintenance of Capital Accounts under this Agreement.

(b) **Property Valuation.** Exhibit A shall list any property contributed in kind by a Member to the Company as may be amended from time to time. The valuation of such property on Exhibit A will have been agreed to as specified in the definition of the term Gross Asset Value set forth in Section 1 and shall be utilized for purposes of establishing and maintaining Capital Accounts.

(c) **Capital Account Maintenance.** Subject to the other subsections of this Section 3.4, the "Capital Account" of any Member is the account maintained for such Member in accordance with the following provisions:

(i) To each Member's Capital Account there shall be credited such Capital Contributions of the Member, such Member's distributive share of Net Profits and any items in the nature of income or gains which are specially allocated, and the amount of any liabilities of the Company assumed by the Member or which are secured by any property distributed to the Member. In the case of a contribution in kind, the contributed asset shall be valued at its Gross Asset Value.

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

(d) **Capital Account Adjustments for Special Events.**

(i) **Succession to Capital Account.** In the event a Unit 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 Unit.

(ii) **Assumption of Liability.** An assumption of an unsecured liability of a Member by the Company shall be treated as a Distribution of money to the Member. An assumption of the unsecured liability of the Company by a Member shall be treated as a cash contribution to the Company. In determining the amount of any liability for this purpose, there shall be taken into account Code Section 752 and any other applicable provisions of the Code and Treasury Regulations.

(iii) **Adjustment for Noncash Distributions.** In the event that assets of the Company other than cash are distributed in kind to a Member, Capital Accounts shall be adjusted for the hypothetical "book" gain or loss that would have been realized by the Company if the distributed assets had been sold for their fair market values in a cash sale (in order to reflect unrealized gain or loss).

(iv) Adjustment for Constructive Termination of Company. Capital Accounts shall be adjusted upon the constructive termination of the Company as provided under Code Section 708 in accordance with the Treasury Regulations pertaining to such constructive terminations.

(v) Adjustment for Tax Credit and Recapture of Certain Credits. Capital Accounts shall be adjusted appropriately pursuant to the Treasury Regulations on account of tax credits and tax credit recaptures, if any.

(e) Power to Modify Capital Accounts to Comply with Regulations. The foregoing provisions and the other provisions of the Agreement relating to the maintenance of Capital Accounts are intended to comply with Treasury Regulations Section 1.704-1(b), and shall be interpreted and applied in a manner consistent with such Treasury Regulations. In the event the Manager determines that it is necessary to modify the manner in which the Capital Accounts are computed in order to comply with such Treasury Regulations and to reflect the agreed upon sharing of distributions of cash, the Manager may make such modification, provided that it is not likely to have a material effect on the amounts distributable to any Member upon the dissolution of the Company. The Manager also shall make any appropriate modifications in the event unanticipated events occur that might otherwise cause the Agreement not to comply with Treasury Regulations Section 1.704-1(b).

(f) No Interest. No Member shall be entitled to receive any interest on its Capital Contribution.

SECTION 4. MEMBERS.

4.1 Limited Liability. Except as expressly set forth in this Agreement, to the fullest extent permitted by law, no Member shall be personally liable under any judgment of a court or in any other manner for any debt, obligation, or liability of the Company, whether that liability or obligation arises in contract, tort, or otherwise. No Member shall be required to lend any funds to the Company.

4.2 Resignation or Withdrawal of Member. A Member shall not resign or withdraw except as permitted in Section 8 of this Agreement.

4.3 Transactions with Company. Subject to any limitations set forth in this Agreement, and notwithstanding that it may constitute a conflict of interest, any Manager or Member may, and may cause its Affiliates to, engage in any transaction (including, without limitation, the purchase, sale, lease, or exchange of any property or the rendering of any service, or the establishment of any salary, other compensation, or other terms of employment) with the Company so long as (i) such transaction is not expressly prohibited by this Agreement, (ii) the terms and conditions of such transaction are consistent with those entered into between unrelated parties operating at arm's length, (iii) such transaction has been approved by a majority of the

disinterested members of the Manager or Class A Members, and (iv) any Member approvals required under this Agreement have been obtained.

4.4 **Remuneration to Members.** Subject to Section 4.3, and any other restrictions contained in this Agreement, the Manager may cause the Company to pay salaries and other remunerations to Persons (other than to Members solely in their capacity as such) in such amounts, under such terms, and at such times, as the Manager may determine in its reasonable discretion. The Manager may elect to pay salary or other remuneration to any Manager (other than solely in such Manager's capacity as a Member) only after approval pursuant to Section 5.7.

4.5 **Members are not Agents.** Pursuant to Section 5.1, the day-to-day management of the Company is vested in the Manager. The Members shall have no power, as Members, unless they are Class A Members or Members of the Manager, to participate in the management of the Company except as expressly authorized by this Agreement, or as expressly required by the Act. No Member, acting solely in the capacity of a Member, is an agent of the Company nor does any Member, unless expressly and duly authorized in writing to do so by the Manager, have any power or authority to bind or act on behalf of the Company in any way, to pledge its credit, to execute any instrument on its behalf, or to render it liable for any purpose.

4.6 **Voting Rights of Members.** Except as expressly provided in this Agreement or as may be required by the Act, Members shall have no voting, approval, or consent rights. Unit Holders shall have the right to approve or disapprove matters as specifically stated in this Agreement.

(a) In addition to any other vote, approval, or consent that may be required by this Agreement or by law, and notwithstanding anything in this Agreement to the contrary, only the following matters shall require, and the Company shall not take any of the following actions without first obtaining, the affirmative vote or written consent of the Class A, B, and C Unit Holders, in the proportions ascribed to each such action:

(i) Any amendment of the Articles or this Agreement: A Supermajority, *provided, however*, that the Manager (without any approval of the Members) may amend this Agreement to cure or clarify any manifest ambiguity, or to correct any printing, stenographic or clerical mistake;

(ii) The sale or disposition of all or substantially all of the business or assets of the Company in a single transaction or series of related transactions: The affirmative vote or written consent of a Majority-in-Interest of the Class A, B, and C Unit Holders voting as a single class;

(iii) (a) Borrow money for any purpose, outside the Company's ordinary course of business, on any terms from any source, including, but not limited to, financial institutions and private lenders, (b) pledge, mortgage, hypothecate and/or

encumber all or any portion of the assets of the Company as security for any loan or any other obligation (including, without limitation, any payment or performance bond or similar undertaking) (other than ordinary course purchase money obligations and related liens on specific equipment) or (c) guaranty any such loan or obligation: The affirmative vote or written consent of a Majority-in-Interest of the Class A, B, and C Unit Holders voting as a single class;

(iv) The merger of the Company with a corporation, general partnership, limited partnership, limited liability company, or other entity: The affirmative vote or written consent of a Majority-in-Interest of the Class A, B, and C Unit Holders voting as a single class;

(v) The establishment of different classes of Members or Units, or the authorization, creation or issuance by the Company of any Equity Securities or Class D Units, including the issuance of additional Units beyond that number of Units initially issued: A Supermajority, *provided, however*, that the issuance of Class C Units or Class D Units to Service Providers who are not Affiliated Parties, shall be made by a Majority-in-Interest of all Class A, Class B and Class C Unit Holders voting as a single class;

(vi) An alteration of the primary purpose or business of the Company as set forth in this Agreement and/or any act that would make it impossible to carry on the business of the Company in the ordinary course: A Supermajority;

(vii) The filing of a bankruptcy petition on behalf of the Company, an assignment for the benefit of creditors or the liquidation or winding up of the Company: The affirmative vote or written consent of a Majority-in-Interest of the Class A, B, and C Unit Holders voting as a single class; and

(viii) A decision to compromise the obligation of a Member to make a Capital Contribution: a Supermajority.

(b) **Approval Standard.** Except as otherwise specifically provided in this Agreement, all votes, approvals, or consents of a Member may be given or withheld, conditioned or delayed, as such Member may determine in such Member's sole and absolute discretion. Any matter to be approved by affirmative vote or written consent shall be approved upon the date of receipt of a Majority-in-Interest of the votes or consents with respect to the requisite number and classes of Units unless a later date is set forth in the action being approved.

4.7 Meetings of Members. The Members do not plan to hold formal meetings. However, if such meetings are held, such meetings shall be noticed, held and conducted pursuant to the Act. Regular meetings of the Members are required to be held at least on an annual basis.

4.8 Unit Certificates. Each Unit may but shall not be required to be represented by a certificate.

4.9 Member as Trustee for Company. A Member holds as trustee for the Company (a) specific property stated as contributed by such Member in this Agreement or other document executed by the Member, but which was not contributed or which has been wrongfully or erroneously returned, and (b) money or other property wrongfully paid or conveyed to such Member from the Company.

4.10 No Responsibility for Commitments of Members. Except as otherwise expressly provided in this Agreement, in the event that any Member (or any of such Member's shareholders, partners or members or Affiliates) has incurred any indebtedness or obligation prior to the date hereof that related to or otherwise affects the Company, neither the Company nor any other Member shall have any liability or responsibility for or with respect to such indebtedness or obligation unless such indebtedness or obligation is assumed by the Company pursuant to a written instrument signed by the Manager (or its designee). Neither the Company nor any Member shall be responsible or liable for any indebtedness or obligation that is hereafter incurred by any other Member (or any of such Member's shareholders, partners or members or Affiliates). In the event that a Member (or any of such Member's shareholders, partners, members or Affiliates, collectively, the "*Liable Member*"), whether prior to or after the date hereof, incurs (or has incurred) any debt obligation that neither the Company nor the other Members has any responsibility or liability for, the Liable Member shall indemnify and hold harmless the Company and the other Members from any liability or obligation they may incur in respect thereof. Notwithstanding the foregoing, indebtedness or obligations incurred by the Manager on behalf of the Company and in furtherance of the Company's business purposes (e.g., working capital loan from the Manager) shall remain the responsibility and obligation of the Company.

4.11 Registration Rights. If and when the Company grants registration rights to any Member or group of Members, each of the other Members shall be granted equivalent registration rights and customary "piggyback" rights with respect to any registrations effected for the account of such member or group of Members.

SECTION 5. MANAGEMENT AND CONTROL OF COMPANY.

5.1 Management of Company by Manager. Except as otherwise specifically provided for in this Agreement or by the Act, the business and affairs of the Company will be managed and all Company powers will be exercised by or under the direction of the Manager. The Manager may delegate the management of the day-to-day operation of the business of the Company to the officers of the Company or committees created by the Manager, provided that the business and affairs of the Company will be managed and all Company powers will be exercised under the ultimate direction of the Manager. All matters concerning allocations, distributions and

tax elections (except as may otherwise be required by the income tax laws) and accounting procedures, except as otherwise provided in this Agreement, will be determined in good faith by the Manager in consultation with the Company's independent accountants. Without limiting the generality of this Section 5.1, but subject to the express limitations set forth elsewhere in this Agreement, the Manager shall have the power to exercise on behalf and in the name of the Company all of the powers of a manager permitted under the Act.

5.2 Election of Manager.

(a) **Number.** The Managers shall be initially fixed as the Class A Members, who are two (2) persons – Charles Ferri and Paul Seres. The number of Managers may be changed from time to time by the affirmative vote or written consent of a Supermajority, provided that in no instance shall there be less than one Manager and, provided further, that if the number of Managers is increased from two to more than two, the Articles shall be amended to so state, and if the number of Managers is thereafter decreased to one, the Articles shall be amended to provide that the Company has only one Manager.

(b) **Tenure.** Unless he, she, or it resigns or is removed, each Manager shall hold office until a successor shall have been elected and qualified.

(c) **Election; Qualifications of Manager.** The initial Manager is the Class A Members – Charles Ferri and Paul Seres. Only Class A members shall be Managers.

(d) **Resignation.** A Manager may resign at any time by giving thirty (30) days' written notice to the Unit Holders. The resignation of a Manager who is also a Member shall not affect the Manager's rights as a Member and shall not constitute a withdrawal of that Member.

(e) **Removal.** A Manager may only be removed from office if removal is for "cause" and is approved by the affirmative vote of a Majority-in-Interest of the Members holding Class B and C Units voting as a single class. "Cause" is defined as (i) the Manager's failure to perform any of his or her material obligations as set forth in this Agreement or the Act, the failure to cure the lack of performance within ten (10) days after receiving notice by the Members, (ii) the Manager's commission of an act of fraud, theft, or dishonesty against the Company, (iii) the Manager's conviction of any felony, or (iv) the Manager's conviction of any misdemeanor that would result in the suspension or loss of any license held by the Company which license is required for the operation of the Company's business. The removal of a Manager who is also a Member, or associated with a Member, shall not affect the Manager's rights as a Member and shall not constitute a withdrawal of that Member.

(f) Vacancies. Any vacancy in the number of Managers occurring for any reason shall be filled by a vote of a Majority-in-Interest of the Class B and C Units.

(g) Disputes. If, as to any Company matter or action requiring the approval, authorization, or consent of the Managers, the approval, authorization, or consent is not obtained by reason of a dispute between the Managers, then the Managers will refer such matter or action to the Members, who will resolve the dispute by the vote of a Majority in Interest of the Members.

5.3 Responsibilities of Manager. Each Manager shall devote such time to administering the business of the Company as he reasonably deems necessary to perform his duties as set forth in this Agreement. Nothing in this Agreement shall preclude the employment by the Company of any agent or third party to provide services in respect of the business of the Company; *provided, however*, that the Manager shall continue to have ultimate responsibility under this Agreement. The Manager shall cause to be filed such certificates or filings as may be required for the continuation and operation of the Company as a limited liability company in the State of New York or any other state in which the Company elects to do business.

5.4 Meetings of Managers.

(a) Nothing in this Agreement is intended to require that meetings of Managers be held, it being the intent of the Members that meetings of Managers are not required.

(b) Any action required or permitted to be taken by the Manager may be taken by the Manager without a meeting.

5.5 Outside Activities.

(a) The Manager (and any officers hereof), and its officers, directors, shareholders, partners, members, managers, agents, employees and Affiliates may engage or invest in, independently or with others, any business activity of any type or description. Neither the Company nor any Member shall have any right in or to such other ventures or activities or to the income or proceeds derived therefrom. The Manager shall not be obligated to present any investment opportunity or prospective economic advantage to the Company, even if the opportunity is of the character that, if presented to the Company, could be taken by the Company. The Manager shall have the right to hold any investment opportunity or prospective economic advantage for its own account or to recommend such opportunity to persons other than the Company.

(b) The Members acknowledge that the Manager, officers and their Affiliates may own and/or manage other businesses, including businesses that may compete with the Company and for the Manager's (or officer's) time. The Members hereby waive any and all rights and claims which they may otherwise have against

the Manager and officers and their respective officers, directors, shareholders, partners, members, managers, agents, employees, and Affiliates as a result of any of such activities.

5.6 Tax Matters Person. To the extent required by the Code, the Manager shall appoint a "Tax Matters Person" to act in accordance with Section 6231(a)(7) of the Code, and in connection therewith and in addition to all the powers given thereunder, shall have all other powers needed to fully perform hereunder including, without limitation, the power to retain all attorneys and accountants of their choice. Each Member hereby expressly consents to the designation made in this section as an express condition to becoming a Member. The initial Tax Matters Person is Paul Seres.

5.7 Payments to Managers. Except as specified in this Agreement or in a written contract approved by a Majority-in-Interest of the Class B and Class C Units voting as a single class, and notwithstanding the provisions of Section 4.4 hereof, neither the Manager, officers, nor any of their respective Affiliates are entitled to remuneration for services rendered or goods provided to the Company, unless such remuneration has been approved by a Majority-in-Interest of the Class B and Class C Units voting as a single class.

5.8 Decisions Requiring Unit Holder Approval. Notwithstanding anything contained in this Agreement, the Manager shall not take any action with respect to any matter requiring Unit Holder vote or approval under this Agreement, unless and until the same has been approved by the Unit Holders.

5.9 Designation of Officers. The Manager may, from time to time, designate officers of the Company and delegate to such officers such authority and duties as the Manager may deem advisable and may assign titles (including, without limitation, chief executive officer, president, vice-president, secretary and/or treasurer) to any such officer. Unless the Manager otherwise determines, if the title assigned to an officer of the Company is one commonly used for officers of a business corporation formed under New York Business Corporation Law, the assignment of such title shall constitute the delegation to such officer of the authority and duties that are customarily associated with such office pursuant to the New York Business Corporation Law. Any number of titles may be held by the same officer. Any officer to whom a delegation is made pursuant to the foregoing shall serve in the capacity delegated unless and until such delegation is revoked by the Manager or such officer resigns.

(a) For so long as he is a Manager, Charles Ferri shall be designated Chief Executive Officer and President. Mr. Ferri shall possess the authority and duties that are customarily associated with such office pursuant to the New York Business Corporation Law.

(b) For so long as he is a Manager, Paul Seres shall be designated Chief Operations Officer and Vice President. Mr. Seres shall possess the authority and duties that are customarily associated with such office pursuant to the New York Business Corporation Law.

5.10 Manager's Standard of Care; Liability for Certain Acts. Each Manager will exercise his, her or its business judgment in participating in the management of the business, operations, and affairs of the Company as measured against the standard of care set forth in Sections 5.1 and 5.3. A Manager will not be liable or obligated to the Members for any mistake of fact or judgment or for the doing of any act or the failure to do any act by such Manager in conducting the business, operations, and affairs of the Company that may cause or result in any loss or damage to the Company or its Members to the extent that such act or omission was taken or omitted (i) in good faith, (ii) in the absence of fraud, gross negligence, or willful misconduct, (iii) in a manner that such Manager reasonably believed to be in or not opposed to the best interests of the Company, and (iv) in compliance with this Agreement and applicable law. A Manager does not, in any way, guarantee the return of the Members' Capital Contributions or a profit for the Members from the operations of the Company. A Manager will incur no liability to the Company or to any of the Members as a result of engaging in any other business or venture, except to the extent in violation of the terms of this Agreement or any non-competition, non-solicitation, or non-disclosure agreement to which the Company and such Manager are parties.

5.11 Manager's Fiduciary Duty of Care. A Manager's fiduciary duty of care in the discharge of his or her duties to the Company shall be the same as the duty of care required of a director of a New York corporation. For the avoidance of doubt, and as provided for pursuant to the New York Business Corporation Law, in discharging his, her, or its duties under this Agreement, a Manager will be fully protected in relying in good faith upon any records maintained by the Company and upon such information, opinions, reports or statements by any Members or their agents, or by any other person as to matters such Manager reasonably believes are within such person's professional or expert competence and who has been selected with reasonable care by or on behalf of the Manager, including information, opinions, reports or statements as to the value and amount of the assets, liabilities, profits or losses of the Company or any other facts pertinent to the existence and amount of assets from which distributions to Members might properly be paid.

5.12 Units Held by Managers. A Unit held by a Manager as a Member shall entitle such person to all the rights of a Member, including, without limitation, the economic, voting, information, and inspection rights of a Member, if any, pursuant to the Act as well as any additional economic, voting, informational, and inspection rights pursuant to this Agreement.

5.13 Reimbursements and Fees. The Manager will be entitled to reimbursement of its reasonable out-of-pocket expenses incurred in connection with the performance of its duties under this Agreement, including, without limitation, travel

expenses for attendance at any Company meetings, cellular telephone service, and such other reasonable and customary fees as may be authorized by the Manager.

5.14 Management Fee. In addition to any Class A Units granted as of the date of this Agreement, or D Units hereafter granted to the Manager in exchange for providing services to the Company as set forth on Exhibit A, the Company shall pay to the Manager, a management fee (the "Management Fee") in the form of a guaranteed payment (within the meaning of Section 707(c) of the Code) on a periodic basis as reasonably determined by the Manager equal to Four Percent (4%) of the Company's adjusted gross income (i.e., the Company's gross income net of taxes, tips, discounts and comps) from any and all sources. Any unpaid payments pursuant to this Section 5.14 shall be accrued. Except as specified in this Section 5.14, no Manager, Member, or any of their respective Affiliates shall be entitled to remuneration for services rendered or goods provided to the Company in their capacity as a Manager, Member, or Affiliate of such Manager or Member. Notwithstanding the foregoing, the operational expenses of the Company may include a salary payable to a general manager of the Company (who may be a Member or Manager) in an amount approved by the Manager (or in the case of a Manager or an Affiliate of a Manager, in an amount approved by a Majority-in-Interest of the Class B and Class C Unit Holders voting as a single class). However, any Management Fee payable to any Manager shall be reduced by the amount of the salary paid for the same time period. If such Management Fee becomes lowered due to increased operating expenses, decreased revenues, or similar causes, the Manager may, from time to time, elect, after notice is given to all Members, to return to the previously approved salary until such point as the Management Fee may again rise above the level of such salary or the Manager otherwise elects to return to the Management Fee.

SECTION 6. ALLOCATION OF NEW PROFITS AND NET LOSSES.

6.1 Allocations.

(a) General Allocations of Net Profits and Net Losses. After giving effect to the special allocations set forth in Section 6.2, for any taxable year of the Company and except as otherwise provided in subsections (b) and (c) below, all allocations of Net Profit and Net Losses of the Company shall be allocated among the Unit Holders in a manner such that the Capital Account balance of each Unit Holder is, as nearly as possible, equal to (i) the Distributions that would be made to such Unit Holder if the Company were dissolved, its affairs wound up and each of its assets sold for cash equal to its respective Gross Asset Value, all Company liabilities were satisfied (limited with respect to each nonrecourse liability to the Gross Asset Value of the assets securing such liability), and the net assets of the Company were distributed pursuant to Section 7.1 of this Agreement to the Unit Holders immediately after making such allocation, minus (ii) such Unit Holder's share of Minimum Gain and Member Nonrecourse Debt Minimum Gain, computed immediately prior to the hypothetical sale of assets.

(b) **Loss Limitation.** The Net Losses allocated pursuant to Section 6.1(a) shall not exceed the maximum amount of Net Losses that can be so allocated without causing any Unit Holder to have a Capital Account deficit at the end of any Fiscal Year. In the event that some but not all Unit Holders would have Capital Account deficits as a consequence of an allocation of Net Losses pursuant to Section 6.1(a), the limitation set forth in this Section 6.1(b) shall be applied on a Unit Holder by Unit Holder basis so as to allocate the maximum permissible Net Losses to each Unit Holder under Treasury Regulation Section 1.704-1(b)(2)(ii)(d).

(c) **Forfeiture Allocations.** Notwithstanding the foregoing provisions of this Section 6.1, each Member agrees that, if there are final Treasury Regulations promulgated under Section 83(b) of the Code that are in substantially the same form as the Treasury Regulations proposed on May 24, 2005 under such Code section, or if the Manager otherwise determines in its sole discretion that an amendment to this Agreement is necessary to comply with the requirements of Section 83(b) of the Code or is otherwise in the best interests of the Members, the allocations under this Section 6.1 shall be amended. This Section 6.1 may be amended to provide for special allocations of income, gain, loss, or deduction upon a reduction or a forfeiture of a Member's Units ("*Forfeiture Allocations*"), consistent with such Treasury Regulations. Forfeiture Allocations may provide for allocations of gross income and gain or gross deduction and loss of the Company to offset prior distributions and allocations of items to the affected Member. In addition, to the extent provided in the Treasury Regulations, a Member may be required to recapture prior allocations of loss if the Company does not have enough income and gain to make Forfeiture Allocations to fully offset prior allocations of income or gain to the affected Member.

6.2 Special Allocations. Notwithstanding Section 6.1:

(a) **Minimum Gain Chargeback.** If there is a net decrease in Company Minimum Gain during any Fiscal Year, each Unit Holder shall be specially allocated items of Company income and gain for such Fiscal Year (and, if necessary, in subsequent fiscal years) in an amount equal to the portion of such Unit Holder's share of the net decrease in Company Minimum Gain that is allocable to the disposition of Company property subject to a Nonrecourse Liability, which share of such net decrease shall be determined in accordance with Treasury Regulations Section 1.704-2(g)(2). Allocations pursuant to this Section 6.2(a) shall be made in proportion to the amounts required to be allocated to each Unit Holder under this Section 6.2(a). The items to be so allocated shall be determined in accordance with Treasury Regulations Section 1.704-2(1). This Section 6.2(a) is intended to comply with the minimum gain chargeback requirement contained in Treasury Regulations Section 1.704-2(f) and shall be interpreted consistently therewith.

(b) **Chargeback of Minimum Gain Attributable to Member Nonrecourse Debt.** If there is a net decrease in Company Minimum Gain attributable to a Member Nonrecourse Debt, during any Fiscal Year, each member who has a share of the

Company Minimum Gain attributable to such Member Nonrecourse Debt (which share shall be determined in accordance with Treasury Regulations Section 1.704-2(i)(5)) shall be specially allocated items of Company income and gain for such Fiscal Year (and, if necessary, in subsequent Fiscal Years) in an amount equal to that portion of such Unit Holder's share of the net decrease in Company Minimum Gain attributable to such Member Nonrecourse Debt that is allocable to the disposition of Company property subject to such Member Nonrecourse Debt (which share of such net decrease shall be determined in accordance with Treasury Regulations Section 1.704-2(i)(5)). Allocations pursuant to this Section 6.2(b) shall be made in proportion to the amounts required to be allocated to each Unit Holder under this Section 6.2(b). The items to be so allocated shall be determined in accordance with Treasury Regulations Section 1.704-2(i)(4). This Section 6.2(b) is intended to comply with the minimum gain chargeback requirement contained in Treasury Regulations Section 1.704-2(i)(4) and shall be interpreted consistently therewith.

(c) **Nonrecourse Deductions.** Any nonrecourse deductions (as defined in Treasury Regulations Section 1.704-2(b)(1)) for any Fiscal Year or other period shall be specially allocated to the Unit Holders in accordance with their respective Percentage Interests.

(d) **Member Nonrecourse Deductions.** Those items of Company loss, deduction, or Code Section 705(a)(2)(B) expenditures which are attributable to Member Nonrecourse Debt for any Fiscal Year or other period shall be specially allocated to the Unit Holder who bears the economic risk of loss with respect to the Member Nonrecourse Debt to which such items are attributable in accordance with Treasury Regulations Section 1.704-2(i).

(e) **Qualified Income Offset.** If a Unit Holder unexpectedly receives any adjustments, allocations, or distributions described in Treasury Regulations Section 1.704-1(b)(2)(ii)(d)(4), (5) or (6), or any other event creates a deficit balance in such Unit Holder's Capital Account in excess of such Unit Holder's share of Company Minimum Gain, items of Company income and gain shall be specially allocated to such Unit Holder in an amount and manner sufficient to eliminate such excess deficit balance as quickly as possible. Any special allocations of items of income and gain pursuant to this Section 6.2(e) shall be taken into account in computing subsequent allocations of income and gain pursuant to this Section 6 so that the net amount of any item so allocated and the income, gain, and losses allocated to each Unit Holder pursuant to this Section 6 to the extent possible, shall be equal to the net amount that would have been allocated to each such Unit Holder pursuant to the provisions of this Section 6.2(e) if such unexpected adjustments, allocations, or distributions had not occurred.

6.3 Certain Other Allocation Rules.

(a) **Allocation of Taxable Income.** Except as otherwise provided below, each item of income, gain, loss, and deduction, for federal income tax

purposes, shall be allocated among the Unit Holders in the same manner as the corresponding item of book income, gain, loss, or deduction is allocated pursuant to Section 6.1.

(b) **Allocation of Income, Gains, and Losses Related to Contributed Property.** In accordance with Code Section 704(c) and the Treasury 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 Unit Holders 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. In the event the Gross Asset Value of any Company asset is adjusted pursuant to the provisions of 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 Treasury Regulations thereunder. Any elections or other decisions relating to such allocations shall be made by the Manager in any manner permitted by the Treasury Regulations.

(c) **Allocation of Gain and Loss from Sale or Other Disposition of Property Not Revalued.** If, in connection with the admission of an additional Member to the Company or the liquidation of a Member's Units, Company property is not revalued pursuant to Treasury Regulations Section 1.704-1(b)(2)(iv)(t) and the Members' Capital Accounts are not adjusted accordingly, then, upon any subsequent sale or other disposition of Company property, gain or loss recognized upon the sale or other disposition shall be allocated among the Unit Holders so as to take into account the variation between the adjusted basis of such property and its fair market value as of the date the additional Member was admitted or the date the Member's Units were liquidated, as the case may be, in the same manner as under Code Section 704(c).

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

(e) **Conformity by Members.** The Members are aware of the income tax consequences of the allocations made by this Agreement and hereby agree to be bound by the provisions of this Agreement in reporting their share of Company income or loss for income tax purposes.

SECTION 7. DISTRIBUTIONS.

7.1 **Distributions.** Subject to the provisions of Section 3.2 above and Section 7.2 below, Distributions shall be made in such amounts and at such times as

may be determined by the Manager. Subject to applicable law and any limitations contained elsewhere in this Agreement, all Distributions shall be distributed to the Unit Holders in the following order of priority:

(a) First, one hundred percent (100%) to the Class B Unit Holders in proportion to each Class B Unit Holder's respective Unrecovered Contribution Account, until each Class B Unit Holder's Unrecovered Contribution Account is reduced to zero (taking into account all prior Distributions made under this subsection (a), if any);

(b) Second, to the Class B Unit Holders in proportion to each Class B Unit Holder's respective Percentage Interest, until each Class B Unit Holder has realized a one hundred twelve percent (112%) (considering Section 7.1 (a) and (b) combined) return on their capital contribution.

(c) Thereafter, to all the Class A, B, and C Unit Holders in proportion to their Percentage Interest.

7.2 Tax Distributions. Notwithstanding Section 3.2 and Section 7.1, the Company shall, as soon as practicable after the close of each Fiscal Year (or part thereof), and irrespective of whether any Member Loans have been partially or fully repaid and discharged, make Distributions to all Unit Holders, regardless of their tax status, in amounts intended to enable the Unit Holders to discharge their United States federal, state, and local income tax liabilities, if any, arising from the allocations made pursuant to Sections 6.1(a) and 6.1(b) (and make advances no more frequently than quarterly of such Distributions to each Unit Holder during such Fiscal Year as may be necessary in order to enable such Unit Holder to make estimated tax payments with respect to such liabilities). The amount distributable pursuant to this Section 7.2 shall be determined in good faith by the Manager in its reasonable discretion taking into account the estimated combined United States federal and state tax rates applicable to Unit Holders on the Net Profits allocated to each Unit Holder during the applicable tax period in, as applicable, and taking into account the deductibility of state and local income taxes for the United States federal income tax purposes and the deductibility of local income taxes for state income tax purposes, and the amounts thereof so allocated to the Unit Holders, and otherwise based on such reasonable assumptions as the Manager determines in good faith to be appropriate. The amount distributable to any Unit Holder pursuant to Section 7.1 shall be reduced by the amount distributed to such Unit Holder pursuant to this Section 7.2 and the amount so distributed under this Section 7.2 shall be deemed to have been distributed to the extent of such reduction pursuant to Section 7.1 for purposes of making the calculations required by Section 7.1, which reductions with any class of Unit holdings shall be reasonably determined by the Manager based on the relative amounts of taxable income so allocated to the Unit Holders of such class pursuant to Sections 6.1(a) and 6.1(b).

7.3 Amounts Withheld. All amounts withheld pursuant to the Code or any provision of any state, local or foreign tax law with respect to any payment, Distribution or allocation to the Unit Holders shall be treated as amounts paid, distributed, or allocated, as the case may be, to the Unit Holders with respect to which such amount was withheld pursuant to this Section 7.3 for all purposes under this Agreement. The Company is authorized to withhold from payments and Distributions, and with respect to allocations to the Unit Holders, and to pay over to any federal, state or 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 any such amounts to the Unit Holder with respect to which such amount was withheld. The withholdings by the Company referred to in this Section 7.3 shall be made at the appropriate applicable rate under the applicable tax law as determined by the Manager, in its reasonable discretion.

7.4 Form of Distribution. A Unit Holder, regardless of the nature of the Unit Holder's Capital Contribution, has no right to demand and receive any Distribution from the Company in any form other than money. Except as provided in Section 10.4, no Unit Holders may be compelled to accept from the Company a Distribution of any asset in kind in lieu of a proportionate distribution of money being made to other Unit Holders.

SECTION 8. TRANSFER AND ASSIGNMENT OF UNITS.

8.1 Manager Approval to Transfer and Assignment of Units. Except as otherwise expressly provided in this Agreement, no Member may transfer, assign, convey, sell, encumber, or in any way alienate all or any part of such Member's Units (collectively, "*transfer*"), in each case without (a) complying with the other provisions of this Section 8 and (b) unless the transfer is a Permitted Transfer, obtaining the prior approval of the Manager in its sole discretion. Any transferee of a Unit shall take subject to the restrictions on transfer imposed by this Agreement, and after the consummation of any transfer of a Unit, the Unit so transferred shall continue to be subject to the terms and provisions of this Agreement and any further transfers shall be required to comply with all the terms and provisions of this Agreement

8.2 Further Restrictions on Transfer of Interests. No Member shall transfer all or any part of such Member's Units without strict compliance with all federal and state securities laws.

8.3 Substitution of Members. If the Manager approves a transfer, the transferee shall merely be an Assignee possessing only an Economic Interest and shall not become a substitute Member except upon compliance with this Section 8.3. An Assignee of a Unit shall have the right to become a substitute Member only if (a) the requirements of Sections 8.1 and 8.2 hereof are met, (b) the Assignee executes an instrument reasonably satisfactory to the Manager accepting and adopting the terms and provisions of this Agreement in full, and (c) the Assignee pays any reasonable

expenses in connection with such Assignee's admission as a substitute Member. The admission of an Assignee as a substitute Member shall not result in the release of the Member who assigned the Units from any liability that such Member may have to the Company.

8.4 Permitted Transfers. The Units of any Class A, Class B or Class C Member may be transferred, subject to compliance with Section 8.2, and without the approval of the Manager, (a) by *inter vivos* gift or by testamentary transfer to any spouse, parent, sibling, in-law, child, or grandchild of the Member, (b) to a trust for the benefit of the Member and/or such spouse, parent, sibling, in-law, child, or grandchild of the Member, (c) to a family-owned investment vehicle owned solely by such Member and such Member's spouse, parent, sibling, in-law, child, or grandchild; *provided*, that such family-owned investment vehicle may not be sold or otherwise transferred to, or experience an ownership change in favor of, a third party without the prior written consent of the Manager, (d) to any Affiliate of any of the Members, provided that if such Affiliate is no longer controlled by the Member, the Units held by such Affiliate shall automatically be deemed an Economic Interest only, and (e) by a Member in connection with a change of control of such Member (including by way of a sale of a majority of the voting power of such Member), provided that if such Affiliate is no longer controlled by the Member, the Units held by such Affiliate shall automatically be deemed an Economic Interest only (each of the foregoing, a "*Permitted Transfer*"); *provided, however*, that no Member who is a natural person shall be permitted to transfer, in the aggregate, more than 25% of the initial Equity Securities acquired by such Member (or such Member's direct or indirect transferor(s)) pursuant to the foregoing clauses (a), (b) and (c) (except that any Member who is a natural person shall be permitted to transfer 100% of its Equity Securities to a revocable living trust over which such Member exerts 100% control and indirect ownership); and *provided, further*, that the effectiveness of any such transfer shall be conditioned upon the applicable transferee first having agreed in writing to be bound by all of the terms and conditions of this Agreement as though such transferee were an original party hereto and subject to all of the provisions hereof applicable to the transferor. Any Permitted Transfer of all or any part of a Member's Units or an Economic Interest shall be effective as of the date provided in Section 8.4 following the date upon which the requirements of Section 8.2 have been met.

8.5 Death/Insolvency. Upon the death of a Class A, B, or C Member, or upon the occurrence of any of the following with respect to a Class A, B, or C Member: a) the general assignment by such Member for the benefit of creditors; b) the appointment of a receiver, trustee or custodian for all or any substantial part of the property and assets of such Member; c) the entry of an order for relief under Title XI of the United States Code, as the same may be amended, modified, supplemented or restated, from time to time, against such Member or any other judgment or decree entered against such Member by any court of competent jurisdiction (which order, judgment or decree continues unstayed and in effect for a period of sixty (60) consecutive days) in any involuntary proceeding against such Member under present or future federal bankruptcy laws or under any other applicable bankruptcy, insolvency or other laws

respecting debtor's rights; d) the commencement by such Member of any voluntary proceeding under present or future federal bankruptcy laws or under any other applicable bankruptcy, insolvency or other laws respecting debtor's rights; or e) such Member's Membership Interest or any portion thereof becoming subject to sale, attachment or other enforcement proceedings, in connection with a judgment obtained against such Member, or any other form of action or proceeding being concluded which would result in the sale or transfer, either voluntarily or involuntarily, of the Membership Interest or portion thereof, then the Manager shall elect, or if the subject Member is a Manager, a Majority-in-Interest of the remaining Class A, B and C Members voting as a single class shall elect, either i) to permit the legal representative of such Member to Transfer the Units, in which case such Units shall be deemed an Economic Interest only, or ii) for the Company to purchase all of such Member's Units in the same manner as provided in Section 8.6 below.

8.6 Transfers by Class D Members. Upon a Class D Member ceasing to be a Service Provider for any reason other than a termination for cause, the Company shall purchase all of such Class D Units that have vested for their fair market value, as determined in the same manner as set forth in Section 3.3(d) hereof. The Company shall purchase such Class D Units within sixty (60) days of the determination of fair value. Such purchase may be made by cash payment or the Company may elect to make some or all of such payment by the delivery of a promissory note payable in equal quarterly installments with interest at the Wall Street Journal prime rate then in effect, for a term of no greater than five (5) years.

(a) If a Class D Member is terminated for cause, the Company shall purchase all of such Member's Class D Units that have vested for the value at which those Units were recorded on the books of the Company when issued or the current value, whichever is lesser, at the sole discretion of the Manager.

8.7 Rights of Legal Representatives. If a Member who is an individual dies or is adjudged by a court of competent jurisdiction to be incompetent to manage the Member's person or property, the Member's executor, administrator, guardian, conservator, or other legal representative may exercise all of the Member's rights solely for the purpose of settling the Member's estate or administering the Member's property. If a Member is a corporation, trust, or other entity and is dissolved or terminated, the powers of that Member may be exercised by its legal representative or successor.

8.8 No Effect to Transfers in Violation of Agreement.

(a) Upon any transfer or attempted transfer of all or any portion of a Unit in violation of this Section 8, such transfer or attempted transfer shall be null and void *ab initio* and of no force or effect.

(b) Upon and contemporaneously with any transfer of an Economic Interest, which does not at the same time transfer the balance of the rights associated with the Units transferred by the Member (including, without limitation, the

rights of the Member, if any, to vote), the Company may purchase from the Member, and the Member shall sell to Company for a purchase price of \$100.00, all remaining rights and interests retained by the Member that immediately before the transfer were associated with the transferred Units (i.e., the purchase of the rights and interests other than an Economic Interest). Such purchase and sale shall not, however, result in the release of the Member from any liability to the Company as a Member existing at the time of such transfer.

(c) Each Member acknowledges and agrees that the right of the Company to purchase such remaining rights and interests from a Member who transfers a Unit in violation of this Section 8 is not unreasonable under the circumstances existing as of the date hereof.

8.9 Right of First Refusal.

(a) If a Member shall decide to transfer (other than pursuant to a Permitted Transfer (except a Permitted Transfer pursuant to Section 8.4 all or any part of its Units ("*Offered Units*") pursuant to a bona fide offer, such Member shall give written notice, setting forth in full the terms of such bona fide offer and the identity of the offeror(s), to the Company and all other Members (the "*Notice*"). Pursuant to Section 8.1, if the Manager does not consent to such transfer, such transfer shall not be allowed. If the Manager has consented to such transfer, the Company shall then have the right and option, for a period ending thirty (30) calendar days following the receipt of the Notice, to elect to purchase all or any part of the Offered Units at the purchase price and upon the terms specified in the Notice by delivering written notice of such election to the transferring Member (with a copy to each of the other Members). If the Company fails to purchase all or any part of the Offered Units, then the Class B Unit Holders shall then have the right and option, in proportion to their respective Percentage Interests, for a period of thirty (30) calendar days thereafter, to elect to purchase all or any part of the Offered Units not elected to be purchased by the Company at the purchase price and upon the terms specified in the Notice by delivering written notice of such election to the transferring Member (with a copy to the Company). If the Company and the Class B Unit Holders do not elect to purchase all of the Offered Units, then the Class B Unit Holders electing to purchase in full their pro rata proportion of the Offered Units shall have the right, in accordance with such electing Class B Unit Holders' respective Percentage Interests, for a period of ten (10) calendar days thereafter, to elect to purchase the remaining part of the Offered Units available for purchase by delivering written notice of such election to the transferring Member (with a copy to the Company). Unless otherwise provided in the Notice, purchase by the Company and/or the remaining Class B Unit Holders holding Units shall be completed within ninety (90) calendar days following receipt of the Notice.

(b) Notwithstanding the foregoing, however, if the Company and/or the other Class B Unit Holders do not elect to purchase *all* of the Offered

Units pursuant to Section 8.9(a), neither the Company nor the other Class B Unit Holders shall be entitled to purchase any of the Offered Units and the Member desiring to transfer the Offered Units may transfer all of the Offered Units to the proposed transferee upon the terms set forth in the Notice, whereupon the transferee shall take and hold the Units subject to this Agreement and to all of the obligations and restrictions upon the Member from whom such Units were acquired and shall observe and comply with this Agreement and all such obligations and restrictions; *provided, however*, that such Assignee shall not become a substituted Member unless the requirements of Section 8.3 are met. Any such transfer of the Offered Units must be effected within sixty (60) calendar days after the date of the termination of the Members' options as provided herein. If no such transfer is effected within the sixty (60) calendar day period, then any subsequent proposed transfer of all or any part of such Offered Units shall once again be subject to the provisions of this Section 8.9.

(c) For purposes hereof, in the event any consideration offered for the Offered Units in the bona fide offer consists of rights, interests or properties other than money, the Manager shall determine in good faith the fair market value of such consideration in monetary terms as of the date the bona fide offer was received by the Member desiring to sell the Offered Units pursuant thereto. The fair market value of such consideration in monetary terms, as so determined, shall be included in the purchase price payable by the Company and/or the remaining Class B Unit Holders hereunder, but the Company and/or the remaining Class B Unit Holders need not transfer to the selling Member the actual rights, interests or properties offered in the bona fide offer, nor afford the selling Member the same tax treatment that would have been available to him, her or it under the bona fide offer, in order to exercise the rights of first refusal granted pursuant to this Section 8.9.

8.10 Drag-Along Rights.

(a) Option. If, at any time, a Majority-in-Interest of the Class B Unit Holders (individually or collectively, the "*Selling Member*") proposes to sell, in any transaction or series of transactions, more than forty percent (40%) of the then outstanding Class B Units to any Person or group of Persons (other than a current Member of the Company (and its Affiliates) or a permitted transferee in a Permitted Transfer), and provided that the Class B Units proposed to be sold have not been purchased pursuant to the rights of first refusal set forth in Section 8.9 above, then the Selling Member may, at his, her or its option, require all of the Class B Unit Holders (collectively, the "*Other Members*") to sell the same proportion of their respective Units then outstanding (including Profits Interests) as the proportion of the Selling Member's Units proposed to be sold represents to the total amount of Units then held by the Selling Member for the purchase price determined in subsection (c) below and on the same other terms as the proposed sale of the Selling Member's Units, including terms and conditions related to representations, warranties and indemnification; *provided, however*, that: (i) any such representations and warranties to be made by the Other Members shall be limited to representations and warranties related to authority, ownership and the ability to convey title to their Units; (ii) each

Other Member shall not be liable for the inaccuracy of any representation or warranty made by any other Person in connection with the proposed sale, other than the Company (except to the extent that funds may be paid out of an escrow established to cover breach of representations, warranties and covenants of the Company as well as breach by any Member of any identical representations, warranties and covenants provided by all Members); (iii) the liability for indemnification, if any, of each Other Member in the proposed sale for the inaccuracy of any representations and warranties made by the Company in connection with such proposed sale is several and not joint with any other Person (except to the extent that funds may be paid out of an escrow established to cover breach of representations, warranties and covenants of the Company as well as breach by any Member of any identical representations, warranties and covenants provided by all Members) and is pro rata based on the consideration paid to such Other Member as compared to the total consideration paid to all Members in the proposed sale; (iv) liability shall be limited to such Other Member's applicable share (determined based on the respective proceeds payable to each Member in the proposed sale) of a negotiated aggregate indemnification amount that applies equally to all Members but that in no event exceeds the amount of consideration otherwise payable to such Other Member in the proposed sale; (v) upon the consummation of the proposed sale, each holder of a class of Units shall receive the same form of consideration as each other holder of such class of Units; *provided*, that for purposes of this clause (v), Class A Units, Class B Units and Class C Units shall be deemed to be the same class of Units; and (vi) subject to clause (v) above, if any holder of a class of Units is given an option as to the form and amount of consideration to be received in connection with the proposed sale, all holders of such class of Units shall be given the same option.

(b) Notice. The Selling Member shall exercise the option to require all of the other Members to participate in a sale pursuant to this Section 8.10, if at all, by giving written notice to the Manager and the other Members, specifying (i) the Selling Member's bona fide intention to transfer the Selling Member's Units; (ii) the name and address of the proposed transferee(s); (iii) the number of Units that the Selling Member proposes to transfer; (iv) the price and other consideration for which the Selling Member proposes to transfer the Units; and (v) the other material terms of the transfer.

(c) Purchase Price. Upon exercise of the Selling Member's right under subsection (a) above, the purchase price for each respective Unit to be sold shall be equal to the amount of consideration per Unit to be delivered to the Selling Member in respect of its Units, and subject to the same terms and conditions of payment offered to the Selling Member; *provided, however*, the Selling Member and any other Unit Holder shall be entitled to receive such higher amount per Unit as would be required if the consideration were paid as a Distribution pursuant to Section 7.1.

8.11 Class C and Class D Units Issued to Service Providers.

(a) For purposes of this Section 8.11, one hundred percent (100%) of the Class C Units issued to Service Providers shall be "unvested" and subject to forfeiture until such time as the Class C Units are considered vested pursuant to a separate written agreement with any Service Provider and admission as a Class C Member of the Company. Service Providers also may be subject to such other reasonable vesting terms and conditions (which may be based on performance or other criteria) as the Manager may deem appropriate in its sole discretion, as set forth by separate written agreement between the Company and the respective Service Provider.

(b) Except as otherwise expressly provided in this Section 8.10, or elsewhere in this Agreement, each Service Provider issued Class C Units shall be entitled to all of the rights, privileges and benefits associated with Class C Units under this Agreement, including, without limitation, equity interest in the Company, entitlement to Distributions and receipt of allocations of Net Profits and Net Losses, with respect to any and all "vested" (but not "unvested") Class C Units held by each such Service Provider.

(c) For purposes of this Section 8.10, one hundred percent (100%) of the Class D Units issued to Service Providers shall be "unvested" and subject to forfeiture until such time as the Class D Units are considered vested pursuant to a separate written agreement with any Service Provider. Service Providers also may be subject to such other reasonable vesting terms and conditions (which may be based on performance or other criteria) as the Manager may deem appropriate in its sole discretion, as set forth by separate written agreement between the Company and the respective Service Provider.

(d) Except as otherwise expressly provided in this Section 8.10, or elsewhere in this Agreement, each Service Provider issued Class D Units shall be entitled to all of the rights, privileges and benefits associated with Class D Units under this Agreement, including, without limitation, entitlement to Distributions and receipt of allocations of Net Profits and Net Losses, with respect to any and all "vested" (but not "unvested") Class D Units held by each such Service Provider.

8.12 Spousal Consent. In connection with the execution and delivery of this Agreement, any Member who is a natural person will deliver to the Company an executed consent from such Member's spouse (if any) in the form of Exhibit B attached hereto. If, at any time subsequent to the date of this Agreement such Member becomes legally married (whether in the first instance or to a different spouse), such Member shall cause his or her spouse to execute and deliver to the Company a consent in the form of Exhibit B attached hereto. Such Member's failure to deliver to the Company an executed consent in the form of Exhibit B at any time when such Member would otherwise be required to deliver such consent shall constitute such Member's continuing representation and warranty that such Member is not legally married as of such date.

8.13 **Purchase of Equity Securities.** Subject to any other provisions of this Agreement, the Manager may cause the Company to purchase or otherwise acquire Equity Securities, or may purchase or otherwise acquire Equity Securities on behalf of the Company, it being understood, however, that no Member shall have any obligation to sell the Equity Securities owned by it to the Company. As long as such Equity Securities are owned by or on behalf of the Company, such Equity Securities will not be considered outstanding for any purpose.

8.14 **Waiver of Withdrawal and Purchase Rights.** Except as otherwise provided in this Agreement, each Member hereby waives any and all rights such Member may have to withdraw and/or resign from the Company pursuant to the Act and hereby waives any and all rights such Member may have to receive the fair value of its Units upon such resignation and/or withdrawal pursuant to the Act.

SECTION 9. ACCOUNTING, RECORDS, REPORTING TO MEMBERS.

9.1 **Books and Records.** The books and records of the Company shall be kept, and the financial position and the results of its operations recorded, in accordance with United States generally accepted accounting principles ("*GAAP*"). The books and records of the Company shall reflect all the Company transactions and shall be appropriate and adequate for the Company's business. The Company shall maintain at its principal office all of the following:

(a) A current list of the full name and last known business or residence address of each Member and Assignee set forth in alphabetical order, together with the Capital Contributions, Capital Account, and number and class of Units held by each Member and Assignee;

(b) A current list of the full name and business or residence address of each Manager;

(c) A copy of the Articles and any and all amendments thereto together with executed copies of any powers of attorney pursuant to which the Articles or any amendments thereto have been executed;

(d) Copies of the Company's federal, state, and local income tax or information returns and reports, if any, for the six (6) most recent taxable years;

(e) A copy of this Agreement and any and all amendments thereto together with executed copies of any powers of attorney pursuant to which this Agreement or any amendments thereto have been executed;

(f) Copies of the financial statements of the Company, if any, for the six (6) most recent Fiscal Years; and

(g) The Company's books and records as they relate to the internal affairs of the Company for at least the current and past four (4) Fiscal Years.

9.2 Delivery to Members and Inspection.

(a) Upon the written request of any Member or Assignee for purposes reasonably related to the interest of that Member or Assignee, which purpose or purposes shall be set forth in reasonable detail in the written request, the Manager shall promptly deliver to the requesting Member or Assignee, at the expense of such Member or Assignee, a copy of the information required to be maintained under Sections 9.1(a) through (g), and a copy of any other data required to be provided under the Act.

(b) Upon the written request of any Member or Assignee for purposes reasonably related to the interest of that Member or Assignee, which purpose or purposes shall be set forth in the written request, each Member and Assignee has the right to:

(i) inspect and copy during normal business hours any of the Company records described in Sections 9.1(a) through (g), and

(ii) obtain from the Manager, promptly after their becoming available, a copy of the Company's federal, state, and local income tax or information returns for each Fiscal Year.

(c) Notwithstanding the foregoing, upon reasonable notice, the Members shall have the unrestricted right to examine, audit and copy, either directly or through an authorized agent, all books and records of the Company, and the Class D Unit Holders shall have the unrestricted right to examine and copy the Articles, this Agreement, and the tax returns of the Company.

(c) Any request, inspection or copying by a Member or Assignee under this Section 9.2 may be made by that Person or that Person's agent or attorney.

9.3 Annual and Quarterly Statements.

(a) The Manager shall cause an annual report to be sent to each of the Unit Holders not later than one hundred twenty (120) calendar days after the close of the Fiscal Year. The report shall contain a balance sheet as of the end of the Fiscal Year and an income statement and statement of changes in financial position for the Fiscal Year. Such financial statements may be accompanied by the report thereon, if any, of the independent accountants engaged by the Company or, if there is no report, the certificate of the Manager that the financial statements were prepared without audit from the books and records of the Company.

(b) The Manager shall cause financial reports to be prepared on a quarterly basis and sent to each of the Unit Holders not later than sixty (60) calendar days after the close of each quarter. Each quarterly report may contain a balance sheet as of the end of the quarter and an income statement and statement of changes in financial position for such quarter. Such quarterly financial statements shall be accompanied by reports thereon, if any, of the independent accountants engaged by the Company or, if there are no such reports, the certificate of the Manager that the quarterly financial statements were prepared without audit from the books and records of the Company.

(c) The Manager shall cause to be prepared at least annually, at Company expense, information necessary for the preparation of the Members' and Assignees' federal and state income tax returns. The Manager shall send or cause to be sent to each Member or Assignee within ninety (90) calendar days after the end of each taxable year such information as is necessary to complete federal and state income tax or information returns, and a copy of the Company's federal, state, and local income tax or information returns for that year.

9.4 Filings. The Manager, at Company expense, shall cause the income tax returns for the Company to be prepared and timely filed with the appropriate authorities. The Manager, at Company expense, shall also cause to be prepared and timely filed, with appropriate federal and state regulatory and administrative bodies, amendments to, or restatements of, the Certificate of Formation and all reports required to be filed by the Company with those entities under the Act or other then current applicable laws, rules, and regulations.

9.5 Bank Accounts. The Manager shall maintain the funds of the Company in one or more separate bank accounts in the name of the Company, and shall not permit the funds of the Company to be commingled in any fashion with the funds of any other Person.

9.6 Accounting Decisions and Reliance on Others. The accountants for the Company shall be a recognized firm of certified public accountants as shall be selected by the Manager from time to time. All decisions as to accounting matters, except as otherwise specifically set forth herein, shall be made by the Manager. The Manager may rely upon the advice of the Company's accountants as to whether such decisions are in accordance with GAAP or with accounting methods followed for federal income tax purposes. All of the financial records of the Company shall be maintained at the Company's principal office.

9.7 Tax Matters for Company Handled by Manager and Tax Matters Partner. The Manager shall from time to time cause the Company to make such tax elections as it deems to be in the best interests of the Company and the Members. The Tax Matters Partner shall represent the Company (at the Company's expense) in

connection with all examinations of the Company's affairs by tax authorities, including resulting judicial and administrative proceedings, and shall expend the Company funds for professional services and costs associated therewith. The Tax Matters Partner shall oversee the Company tax affairs in the overall best interests of the Company and shall have the right to agree to extend any statute of limitations. The initial Tax Matters Partner shall be Paul Seres.

9.8 Confidentiality. Each Member and Manager agrees to keep confidential, and not to disclose to any Person (other than disclosure to such Member's or Manager's agents, existing or prospective lenders, accountants, legal counsel, advisors or other representatives responsible for matters relating to the Company and who need to know such information in order to perform such responsibilities for such Member or Manager ("*Authorized Representatives*"), or use to the detriment of the Company, or misuse in any way, any information, including any trade secrets, relating to the Company or any of its subsidiaries, including, without limitation, any business plans, marketing plans and practices, financial information, purchasing information, vendor information, pricing information, cost data, customer lists and identities, personnel information, secret processes, know-how, techniques, systems, designs, circuits, recipes, formulas and technical data, and any other information not expected to be known to outsiders or competitors (such information to be known as "*Confidential information*"). Notwithstanding the foregoing, "Confidential Information" shall exclude any information that: (i) is known to such Member or Manager or available through other lawful sources that are not bound by a confidentiality agreement or other fiduciary duty or duty of confidentiality with the Company, (ii) is or becomes publicly known or generally known in the industry through no fault of such Member or his Authorized Representatives, or (iii) is required to be disclosed pursuant to any laws, regulations, subpoenas, judgments and/or orders of any governmental body (including in any regulatory filing) (provided that the Member or Manager gives the Company reasonable prior written notice before the Member makes any such disclosure as set forth in clause (iii) so that the Company may seek a protective order or other appropriate remedy; provided, however, that this proviso shall not restrict the ability of any such Member or Manager to timely comply with any such disclosure obligation). A Member or Manager shall be responsible for the breach of this Section 9.8 by any of its Authorized Representatives. The provisions of this Section 9.8 shall survive for a period of two (2) years after the date on which a Member or Manager ceases being a Member or Manager.

SECTION 10. DISSOLUTION AND WINDING UP.

10.1 Dissolution. The Company shall be dissolved, its assets shall be disposed of, and its affairs wound up on the first to occur of the following:

- (a) The happening of any event of dissolution specified in the Articles, if any;

- (b) The entry of a decree of judicial dissolution pursuant to the Act;
- (c) The approval of a Supermajority;
- (d) The sale of all or substantially all of the assets of the Company;

or

(e) Any other event which causes a dissolution of the Company because the Act mandates dissolution upon the occurrence of such other event, notwithstanding any agreement among the Members to the contrary (each an "*Event of Dissolution*").

10.2 Termination of Company. Upon the completion of the liquidation of the Company and the distribution of all Company assets, the Company's affairs shall terminate and the Manager shall cause to be executed and filed a Certificate of Cancellation of the Company's Articles meeting the requirements of the Act, as well as any and all other documents required to effectuate the termination of the Company.

10.3 Winding Up. Upon the occurrence of an Event of Dissolution, the Company shall continue solely for the purpose of winding up its affairs in an orderly manner, liquidating its assets, and satisfying the claims of its creditors. The Manager (or its designee) (a) shall be responsible for overseeing the winding up and liquidation of the Company, (b) shall take full account of the assets and liabilities of the Company, (c) shall either cause its assets to be sold or distributed, and if sold, as promptly as is consistent with obtaining the fair market value thereof, and (d) shall cause the proceeds therefrom, to the extent sufficient therefor, to be applied and distributed as provided in Section 10.5. The Manager (or its designee) shall give written notice of the commencement of winding up by mail to the Members and to all known creditors and claimants whose addresses appear on the records of the Company.

10.4 Distributions in Kind. The Manager shall be permitted to make Distributions in cash or in kind in the form of any other securities or property; *provided, however,* that all Distributions in kind shall be distributed among all Members in accordance with the order of priorities set forth in Section 7.1.

10.5 Order of Payment upon Dissolution. After payment or reasonable provision for payment of all claims and obligations of the Company, including all contingent, conditional, or unmatured claims and obligations, known to the Company, including, without limitation, debts and liabilities to Members who are creditors of the Company, and all claims and obligations which are known to the Company but the identity of the claimant is unknown, the remaining assets shall be distributed to the Members in accordance with the order and priorities set forth in Section 7.1.

10.6 Limitations on Payments Made in Dissolution. Except as otherwise specifically provided in this Agreement, each Member shall be entitled to look solely to the assets of the Company for the return of its positive Capital Account balance

and shall have no recourse for its Capital Contribution and/or share of Net Profits (upon dissolution or otherwise) against the Manager or any other Member.

10.7 Negative Capital Account Restoration. No Member shall have any obligation whatsoever upon the liquidation of such Member's Units, the liquidation of the Company, or in any other event to contribute all or any portion of any negative balance standing in such Member's Capital Account to the Company, to any other Member, or to any other person or entity.

10.8 No Action for Dissolution. Except as expressly permitted in this Agreement, a Member shall not take any voluntary action that causes a Dissolution Event. The Members acknowledge that irreparable damage would be done to the goodwill and reputation of the Company if any Member should bring an action in court to dissolve the Company under circumstances where dissolution is not required by Section 10.1. This Agreement has been drawn carefully to provide fair treatment of all parties and equitable payment in liquidation of the Economic Interests. Accordingly, except where the Manager has failed to liquidate the Company as required by this Section 10, each Member hereby waives and renounces its right to initiate legal action to seek the appointment of a receiver or trustee to liquidate the Company or to seek a decree of judicial dissolution of the Company on the ground that (a) it is not reasonably practicable to carry on the business of the Company in conformity with this Agreement, or (b) dissolution is reasonably necessary for the protection of the rights or interests of the complaining Member. Damages for breach of this Section 10.8 shall be monetary damages only (and not specific performance), and the damages may be offset against Distributions by the Company to which such Member would otherwise be entitled.

SECTION 11. INDEMNIFICATION AND INSURANCE.

11.1 Indemnification of Members and Manager. To the greatest extent not inconsistent with the Act and the laws and public policies of the State of New York, the Company shall indemnify against Expenses and liabilities of any Member, Manager, or any officer, director, employee, or other Service Provider of the Company (collectively, "*Indemnified Party*") made a party or who was threatened to be made a party to any Proceeding by the Company or another because such party is or was a Member, Manager, or an officer, director, employee, or other Service Provider of the Company, or such Person is or was serving at the request of the Company as a manager, director, officer, employee, or other agent of another limited liability company, corporation, partnership, joint venture, trust, or other enterprise, as a matter of right, against all liability incurred by such Person in connection with any action, suit, or Proceeding or any threatened, pending, or completed action, suit, or Proceeding; whether civil, criminal, administrative, or investigative, except in the case of fraud, willful misconduct, or gross negligence; and, *provided* that it shall be determined in the specific case in accordance with Section 11.5 that indemnification of such Person is

permissible in the circumstances because the Person has met the standard of conduct for indemnification set forth in this Section 11. The Manager shall be authorized, on behalf of the Company, to enter into indemnity agreements from time to time with any Person entitled to be indemnified by the Company hereunder, upon such terms and conditions as the Manager deems appropriate.

11.2 Advance Undertakings for Indemnification. To the greatest extent not inconsistent with the Act and laws and public policies of the State of New York, the Company shall pay for or reimburse, pursuant to this Section 11, the reasonable Expenses incurred by an Indemnified Party in connection with any such Proceeding as incurred in advance of final disposition of the action, suit, or Proceeding thereof if (a) the Person furnishes the Company a written affirmation of the Person's good faith belief that it has met the standard of conduct for indemnification described in Section 11.5, (b) the Person furnishes the Company a written undertaking, executed personally or on such Person's behalf, to repay the advance if it is ultimately determined by a court having jurisdiction that such Person did not meet such standard of conduct and that it is not entitled to be indemnified, and (c) a determination is made in accordance with Section 11.6 that based upon facts then known to those making the determination, indemnification would not be precluded under this Section 11.

The undertaking described above must be a general obligation of the Person, subject to such reasonable limitations as the Company may permit, but need not be secured and may be accepted without reference to financial ability to make repayment. The Company shall indemnify an Indemnified Party who is wholly successful, on the merits or otherwise, in the defense of any such Proceeding, as a matter of right, against reasonable Expenses incurred by the Person in connection with the Proceeding without the requirement of a determination as set forth in Section 11.6.

11.3 Advancement of Expenses. Upon demand by an Indemnified Party for indemnification or advancement of Expenses incurred in defending a civil or criminal suit or Proceeding, as the case may be, the Company shall expeditiously determine whether the Indemnified Party is entitled thereto in accordance with this Section 11. The indemnification and advancement of Expenses provided for under this Section 11 shall be applicable to any Proceeding arising from acts or omissions occurring before or after the adoption of this Agreement.

11.4 Indemnification of Others. The Company shall be empowered, but shall not be obligated, to indemnify any Person to the same extent as if such Person were an Indemnified Party.

11.5 Standards of Conduct for Indemnification. Indemnification of an Indemnified Party is permissible under this Section 11 only if (a) such Person conducted itself in good faith, and (b) reasonably believed that its conduct was in or at least not opposed to the Company's best interest; and (c) in the case of any criminal Proceeding, it had no reasonable cause to believe its conduct was unlawful. The termination of a Proceeding by judgment, order, settlement, conviction, or upon a

plea of *nolo contendere* or its equivalent is not, of itself, determinative that the Person did not meet the standard of conduct described in this Section 11.5.

11.6 Procedures to Determine Indemnification. A determination as to whether indemnification of or advancement of Expenses is permissible shall be made by any one of the following procedures:

(a) In good faith by the vote of a Majority-in-Interest of the Class B Unit Holders; or

(b) By special legal counsel to the Company selected by the Manager.

11.7 Court Order of Indemnification. An Indemnified Party who is a party to a Proceeding may apply for indemnification from the Company to the court, if any, conducting the Proceeding or to another court of competent jurisdiction. On receipt of an application, the court, after giving notice the court considers necessary, may order indemnification if it determines:

(a) In a Proceeding in which the Indemnified Party is wholly successful, on the merits or otherwise, the Indemnified Party is entitled to indemnification under this Section 11, in which case the court shall order the Company to pay the Indemnified Party its reasonable Expenses incurred to obtain such court ordered indemnification; or

(b) The Indemnified Party is fairly and reasonably entitled to indemnification in view of all the relevant circumstances, whether or not the Indemnified Party met the standard of conduct set forth in Section 11.5 above.

11.8 Described Indemnification Rights Nonexhaustive. Nothing contained in this Section 11 shall limit or preclude the exercise or be deemed exclusive of any right under the law, by contract or otherwise, relating to indemnification of or advancement of Expenses to any Person who is or was a Member or Manager of the Company or is or was serving at the Company's request as a director, officer, partner, manager, trustee, employee, or agent of another limited liability company, corporation, partnership, joint venture, trust or other enterprise.

11.9 Construction of Indemnification Rights. Nothing contained in this Section 11 shall limit the ability of the Company to otherwise indemnify or advance Expenses to any Person. It is the intent of this Section to provide indemnification to an Indemnified Party to the fullest extent now or hereafter permitted by the law consistent with the terms and conditions of this Section 11. Indemnification shall be provided in accordance with this Section 11 irrespective of the nature of the legal or equitable theory upon which a claim is made including, without limitation, negligence, breach of duty, mismanagement, waste, breach of contract, breach of warranty, strict liability, violation of federal or state securities law, violation of the Employee Retirement Income

Security Act of 1974, as amended, or violation of any other state or federal law. The provisions of this Section 11 shall be in the nature of a contractual right. Any amendment to this Section 11 shall not adversely affect an Indemnified Party's rights under this Section 11 for any actions taken or omission prior to such amendment.

11.10 Limitation. Notwithstanding anything to the contrary in this Section 11, if the Company's obligations under this Section 11 would require utilizing, liquidating or realizing on Company assets to an extent that would impair the Company's ability to fully pay the Unrecovered Contribution Account to the Unit Holders, then to that extent the Company's obligations under this Section 11 shall be curtailed.

11.11 Insurance for Indemnification. To the greatest extent not inconsistent with the Act and laws and public policies of the State of New York, the Company may purchase and maintain insurance or other financial arrangement for the benefit of any Person who is or was a Member, Manager, officer, employee, Service Provider or agent, against any liability asserted against or Expenses incurred by such Person in any capacity or arising out of such Person's service with Company, whether or not Company would have the power to indemnify such Person against such liability. No financial arrangement may provide protection for a Person adjudged by a court having jurisdiction, after exhaustion of all appeals therefrom, to be liable for intentional misconduct, fraud, or a knowing violation of law, except with respect to the advancement of Expenses or indemnification ordered by a court.

SECTION 12. REPRESENTATIONS AND WARRANTIES OF MEMBERS .

12.1 Subscription Agreement. Each Member hereby represents, warrants, and covenants to the Company that, as of the date hereof all representations, warranties and statements made by the Member in the Subscription Agreement entered into by and between the Company and such Member, as applicable, in connection with the purchase of such Member's Units were true, correct and complete when made, and are true, correct and complete as of the date of this Agreement. Each Member agrees that the representations, warranties, statements, covenants, and agreements made by the Member in the aforementioned Subscription Agreement are hereby incorporated into this Agreement by reference, and remain fully binding on the Member.

12.2 Investment Representation. The Member has acquired or is acquiring its Units in good faith for its own personal account, for investment purposes only and not with a view to or for the distribution, resale, subdivision, fractionalization, or disposition thereof, and the Member has no present interest of selling or otherwise distributing such Units. The Member is or will be the sole party in interest in its Units and as such is or will be vested with all legal and equitable rights in such Units.

12.3 Sophistication of Member. The Member either has a preexisting personal or business relationship with the Company or, by reason of its business or financial experience or the business or financial experience of its professional advisors, who are

unaffiliated with and not compensated by the Company or an Affiliate of the Company, directly or indirectly, has the capacity to protect his or its own interests in connection with this investment. The Member is able to bear the economic risk of an investment in its interest and can afford to sustain a total loss on such investment. The nature and amount of the Member's investment in such Units is consistent with its investment objectives, abilities and resources.

12.4 No Public Market. The Member understands that there is no public market for its interest and that it is extremely unlikely that there will be such a market in the future. The Member has been advised that its Units have not been registered under the Securities Act of 1933, as amended, and that such Units must be held indefinitely unless they are subsequently registered under the Securities Act of 1933, as amended, or an exemption from such registration is available, and understands that the Company is under no obligation to register said Units or to comply with any exemption from such registration requirement. In addition, the Member understands that the transferability of its Units is and will be further restricted by this Agreement, which, among other things, requires that any sale or assignment of its Units will be subject to certain terms and conditions. Thus, the Member realizes that it cannot expect to be able to liquidate its investment in the Company readily, or at all, in the case of an emergency.

12.5 Speculative Investment. The Member recognizes that an investment in the Company is speculative in nature and involves a high degree of risk, and it has carefully considered the risk factors involved. These factors include, without limitation, the fact that the business of the Company is in the formative stages and that the Company's initial capitalization may be insufficient to satisfy the Company's working capital requirements.

SECTION 13. POWER OF ATTORNEY.

13.1 Manager as Attorney-In-Fact. Each Unit Holder hereby makes, constitutes, and appoints the Manager with full power of substitution and re-substitution, its true and lawful attorney-in-fact for it and in its name, place, and stead and for its use and benefit, to sign, execute, certify, acknowledge, swear to, file, publish and record (a) all Certificate of Formation of organization, amended name or similar certificates, and other certificates and instruments (including counterparts of this Agreement) which the Manager may deem necessary to be filed by the Company under the laws of the State of New York or any other jurisdiction in which the Company is doing or intends to do business; (b) any and all amendments, restatements or changes to this Agreement and the instruments described in clause (a), as now or hereafter amended, which the Manager may deem necessary to effect a change or modification of the Company in accordance with the terms of this Agreement, including, without limitation, amendments, restatements or changes to reflect (i) any amendments adopted by the Unit Holders in accordance with the terms of this Agreement, (ii) the admission of any new or substituted Unit Holder (including, without limitation, New

Members) and (iii) the disposition by any Unit Holder of its Units in accordance with the terms of this Agreement; (c) all certificates of cancellation and other instruments which the Manager deems necessary or appropriate to effect the dissolution and termination of the Company pursuant to the terms of this Agreement; and (d) any other instrument which is now or may hereafter be required by law to be filed on behalf of the Company or is deemed necessary by the Manager to carry out fully the provisions of this Agreement in accordance with its terms. Each Unit Holder authorizes such attorney-in-fact to take any further action which such attorney-in-fact shall consider necessary in connection with any of the foregoing, hereby giving such attorney-in-fact full power and authority to do and perform each and every act or thing whatsoever requisite to be done in connection with the foregoing as fully as such Unit Holder might or could do personally, and hereby ratifies and confirms all that such attorney-in-fact shall lawfully do, or cause to be done, by virtue thereof or hereof.

13.2 Nature of Special Power. The power of attorney granted to the Manager pursuant to this Section 13:

- (a) Is a special power of attorney coupled with an interest and is irrevocable;
- (b) May be exercised by such attorney-in-fact by listing the Unit Holders executing any agreement, certificate, instrument, or other document with the single signature of such attorney-in-fact acting as attorney-in-fact for such Unit Holders; and
- (c) Shall survive and not be affected by the subsequent death, disability, bankruptcy, insolvency, dissolution, or cessation of existence of a Unit Holder and shall survive the delivery of an assignment by a Unit Holder of the whole or a portion of its interest in the Company (except that where the assignment is of all Units held by such Unit Holder, the power-of-attorney shall survive the delivery of such assignment for the sole purpose of enabling any such attorney-in-fact to effect such transfer) and shall extend to such Unit Holder's, or assignee's successors and assigns.

SECTION 14. MISCELLANEOUS

14.1 Partnership Intended Solely for Tax Purposes. The Members have formed the Company as a New York limited liability company under the Act, and do not intend to form a general or limited partnership under New York or any other state law. The Members intend the Company to be classified and treated as a partnership solely for federal and state income taxation purposes. Each Member agrees to act consistently with the foregoing provisions of this Section 14.1 for all purposes, including, without limitation, for purposes of reporting the transactions contemplated herein to the Internal Revenue Service and all state and local taxing authorities.

14.2 Complete Agreement. This Agreement constitutes the complete and exclusive statement of agreement among the Members with respect to the subject matter herein and replaces and supersedes all prior written and oral agreements or statements by and among the Members or any of them. No representation, statement, condition, or warranty not contained in this Agreement, will be binding on the Members or have any force or effect whatsoever. For the avoidance of doubt, this Agreement does not and shall not replace or supersede any of the agreements or other instruments listed on Exhibit D, if any, attached hereto.

14.3 Binding Effect. Subject to the provisions of this Agreement relating to transferability, this Agreement will be binding upon and inure to the benefit of the Members, and their respective successors and assigns.

14.4 Parties in Interest. Except as expressly provided in the Act, nothing in this Agreement shall confer any rights or remedies under or by reason of this Agreement on any Persons other than the Members and the Managers and their respective successors and assigns nor shall anything in this Agreement relieve or discharge the obligation or liability of any third Person to any party to this Agreement, nor shall any provision give any third Person any right of subrogation or action over or against any party to this Agreement.

14.5 Pronouns; Statutory References. All pronouns and all variations thereof shall be deemed to refer to the masculine, feminine, or neuter, singular or plural, as the context in which they are used may require. Any reference to the Code, the Treasury Regulations, the Act, or other statutes or laws will include all amendments, modifications, or replacements of the specific sections and provisions concerned.

14.6 Headings. All headings herein are inserted only for convenience and ease of reference and are not to be considered in the construction or interpretation of any provision of this Agreement.

14.7 Interpretation. In the event any claim is made by any Member relating to any conflict, omission, or ambiguity in this Agreement, no presumption or burden of proof or persuasion shall be implied by virtue of the fact that this Agreement was prepared by or at the request of a particular Member or its counsel. The use of the word "including" in this Agreement shall mean "including without limitation."

14.8 References to this Agreement. Numbered or lettered sections and subsections herein contained refer to sections and subsections of this Agreement unless otherwise expressly stated.

14.9 Exhibits. All Exhibits, as the same may be amended from time to time in accordance with the terms of this Agreement, attached to this Agreement are incorporated and shall be treated as if set forth herein.

14.10 Severability. If any provision of this Agreement or the application of such provision to any Person or circumstance shall be held invalid, the remainder of this Agreement or the application of such provision to Persons or circumstances other than those to which it is held invalid shall not be affected thereby.

14.11 Additional Documents and Acts. Upon the request of the Manager, each Member agrees to execute and deliver such additional documents and instruments and to perform such additional acts as may be necessary or reasonably appropriate to effectuate, carry out and perform all of the terms, provisions, and conditions of this Agreement and the transactions contemplated hereby.

14.12 Notices. Any notice to be given or to be served upon the Company or any party hereto in connection with this Agreement must be in writing (which may include facsimile and electronic mail) and will be deemed to have been given and received when delivered to the physical address (or electronic mail address) specified by the party to receive the notice. Such notices will be given to a Member at the physical address (or electronic mail address) specified in Exhibit A hereto. Any party may, at any time by giving five (5) Business Days' prior written notice to the other parties, designate any other address (or electronic mail address) in substitution of the foregoing address (or electronic mail address) to which such notice will be given.

14.13 Amendments. This Agreement may be amended (and shall only be amended) with the written consent of a Supermajority. Notwithstanding the foregoing, except as may be expressly provided for in this Agreement or in the proviso to this sentence, no amendment of this Agreement may: (a) reduce a Member's Capital Account, (b) impose any new monetary obligations on Members, (c) eliminate any right that a Member or class of Unit Holders is entitled to pursuant to this Agreement, (d) adversely affect any Member or class of Unit Holders in any material respect, or (e) change the restrictions contained in this Section 14.13, in each case unless the adversely effected Member or a Majority-in-Interest of the adversely affected class of Members has expressly consented in writing to such amendment; *provided*, that any amendment to Sections 8.13 or 9.8 shall require the approval of each adversely impacted Member, regardless of whether a Majority-in-Interest of the adversely effected class of Members has expressly consented in writing to such amendment; *and, provided further*, that the Manager may make any amendments of this Agreement that are necessary or reasonably desirable in order to admit, substitute, remove, or withdraw any Member or its assignees in strict accordance with this Agreement.

14.14 Governing Law. The laws of the State of New York shall govern the validity of this Agreement, the construction of the terms and the interpretation of the rights and duties arising hereunder without regard to conflicts of laws principles which would result in the application of the laws of another jurisdiction.

14.15 Reliance on Authority of Person Signing Agreement. If a Member is not a natural person, neither the Company nor any Member will (a) be required to determine the authority of the individual signing this Agreement to make any commitment or

undertaking on behalf of such entity or to determine any fact or circumstance bearing upon the existence of the authority of such individual or (b) be responsible for the application or distribution of proceeds paid or credited to individuals signing this Agreement on behalf of such entity.

14.16 No Interest in Company Property; Waiver of Action for Partition. No Member or Assignee has any interest in specific property of the Company. Without limiting the foregoing, each Member and Assignee irrevocably waives during the term of the Company any right that it may have to maintain any action for partition with respect to the property of the Company.

14.17 Multiple Counterparts. This Agreement and any amendments hereto may be executed in two or more counterparts, each of which shall be deemed an original, but all of which shall constitute one and the same instrument.

14.18 Remedies Cumulative. The remedies under this Agreement are cumulative and shall not exclude any other remedies to which any Person may be lawfully entitled.

14.19 No Third Party Beneficiary. The Agreement is made solely and specifically among and for the benefit of the parties hereto, and their respective successors and assigns subject to the express provisions hereof relating to successors and assigns, and no other Person (except for Indemnified Parties under Section 11) will have any rights, interest, or claims hereunder or be entitled to any benefits under or on account of the Agreement as a third party beneficiary or otherwise.

14.20 Not for Benefit of Creditors. The provisions of the Agreement are intended only for the regulation of relations among Members, the Manager, and the Company and the Agreement is not intended for the benefit of a creditor who is not a Member and does not grant any rights to or confer any benefits on any creditor who is not a Member or any other Person who is not a Member, a Manager or a member of the Manager, an officer of the Company, or an Indemnified Party.

14.21 Warranties and Representations. Each Member separately represents and warrants that such Member is not a party to any pending or threatened suit, action, or legal, administrative, arbitration, or other Proceeding that might materially and adversely affect the business of the Company or the transactions contemplated by this Agreement, nor does such Member know of any facts that are likely with the passage of time to give rise to such a suit, action, or Proceeding. Each Member separately represents and warrants that such Member is not a party to any agreement, understanding, commitment, or other obligation that prohibits or restricts such Member's performance under this Agreement.

14.22 Delivery by Facsimile, PDF Attachment, or Electronic Signature. This Agreement and any amendments hereto, to the extent signed and delivered by means of a facsimile machine, PDF attachment, or DocuSign electronic signature shall be

treated in all manner and respects as an original contract and shall be considered to have the same binding legal effect as if it were the original signed version thereof delivered in person. At the request of any party hereto, each other party hereto shall re-execute original forms thereof and deliver them to all other parties. No party hereto shall raise the use of a facsimile machine, PDF attachment, or DocuSign electronic signature to deliver a signature or the fact that any signature was transmitted or communicated through such use as a defense to the formation of a contract, and each such party forever waives any such defense.

14.23 Arbitration of Disputes.

(a) In the event of any dispute arising out of or relating to this Agreement or the breach thereof, the parties shall use their best efforts to settle such dispute. If they do not reach a settlement within a period of sixty (60) calendar days, then the dispute shall be settled by binding arbitration in accordance with the Commercial Arbitration Rules of the American Arbitration Association (the "Association") then in effect, subject to the limitations stated in this Section 14.23. This agreement to arbitrate shall be specifically enforceable under the prevailing arbitration law. Arbitration under this Section 14.23 shall be conducted in New York, New York. The parties hereby agree to each request that a reasonable amount of discovery be permitted in the arbitration action.

(b) Any arbitration action under this Section 14.23 shall be filed with the Association's office in New York, New York. The costs owed to the Association and the arbitrators for any arbitration action shall be paid by the party determined by the arbitrators to be the losing party in the action or, if no such party is so selected by the arbitrators, in equal shares by the parties to the controversy. Any demand for arbitration and any answer to such a demand must contain a statement, with respect to each claim alleged therein or answer thereto, indicating such parties' position with respect to each such claim and the reason therefor.

(c) In all arbitration proceedings pursuant to this Section 14.23, the award of the arbitrators shall (i) be issued in written form, (ii) if applicable, designate one of the parties as the losing party owing costs for the arbitration, (iii) indicate the arbitrators' decision with respect to each of the individual claims presented by each party, including the award of any monetary damages, (iv) contain a brief statement of the reasons supporting each decision; and (v) follow established principles of applicable law.

(d) All arbitration proceedings shall be heard in Dutchess County, New York, and decided by three (3) arbitrators, of whom at least one shall be an attorney. The three (3) arbitrators shall be appointed in the following manner: Within ten (10) calendar days after an arbitration demand or submission has been filed with the Association, the Association shall submit simultaneously to each party to the dispute an identical list of at least twelve (12) names of persons chosen from the Association's panel of arbitrators. Each party to the dispute shall have ten (10) calendar days from the

mailing date in which to cross off any names to which such party objects, number the remaining names indicating the order of preference, and return the list to the Association. If a party does not return the list within the time specified, all persons named therein shall be deemed acceptable. From among the persons who have been ranked as a preference on all lists, and in accordance with the designated order of mutual preference, the Association shall invite the acceptance of an arbitrator to serve. If the parties fail to agree upon an attorney arbitrator and two other arbitrators, or if acceptable arbitrators are unable to act, the Association shall submit a second and, if necessary, a third list of names, subject to the same procedure. If, after three such lists have been submitted, the parties have not agreed upon all three arbitrators, the Association shall have the power to appoint such arbitrators as are needed from other members of the Association's panel without the submission of any additional lists; provided, however, that (i) those arbitrators, if any, upon whom the parties have agreed and who are able to act, shall be used and (ii) one arbitrator shall be an attorney.

(e) In all arbitration proceedings the arbitrators shall decide the questions in dispute in accordance with the law of the State of New York. This requirement is not merely directory, but constitutes a limitation upon the powers of the arbitrators. The arbitrators themselves are not to be the ultimate judges of whether their decision as to any question in dispute is or is not in accordance with the law of the State of New York. Instead, any such decision shall be subject to review by the state courts of New York and the federal courts sitting in New York, New York.

14.24 Preparation of this Agreement. This Agreement was prepared by Robert Corbett, Esq., in his capacity as counsel to the Company chosen by the Manager and all parties hereto have heretofore voluntarily consented to the preparation of this Agreement on behalf of all of them by Robert Corbett and hereby waive any conflicts of interest on the part of Mr. Corbett in connection therewith. Each party hereto has been advised and understands that certain inherent conflicts may exist in Mr. Corbett's preparation of this Agreement as each party may have different needs or desires in negotiating this Agreement which could best be represented by an advisor representing such party's interests only. In this regard, each party understands that each such party has the right to be represented by separate and independent counsel in connection with this Agreement and the Company and Mr. Corbett hereby advise each such party to secure such separate representation. Each such party has had full and ample opportunity to secure such separate and independent representation and has either done so or in the absence thereof has expressly chosen not to do so. Each party further acknowledges and agrees that no attorney-client or fiduciary relationship between Mr. Corbett, Mr. Corbett's law firm (and employer) and the Company and/or Mr. Corbett and any Member has been created by virtue of Mr. Corbett's preparation of this Agreement or Mr. Corbett's performance of services for the Manager of the Company, except as otherwise explicitly set forth in this Agreement.

14.25 Submission to Jurisdiction. Subject to Section 14.23 above, each of the Unit Holders and the Company hereby irrevocably and unconditionally:

(a) Submits for itself and its property in any legal action or Proceeding relating to this Agreement, to the exclusive general jurisdiction of the state or federal courts located in New York, New York, and appellate courts from any thereof;


(b) Consents that any such action or Proceeding may be brought in such courts, and waives any objection that it may now or hereafter have to the venue of any such action or Proceeding in any such court or that such action or Proceeding was brought in an inconvenient court and agrees not to plead or claim the same to the extent permitted by applicable law;

(c) Agrees that service of process in any such action or Proceeding may be effected by mailing a copy thereof by registered or certified mail (or any substantially similar form of mail), postage prepaid, to the party, as the case may be, at its address set forth in Exhibit A or at such other address of which the other party shall have been notified pursuant thereto; and

(d) Agrees that nothing herein shall affect the right to effect service of process in any other manner permitted by law or shall limit the right to sue in any other jurisdiction for recognition and enforcement of any judgment or if jurisdiction in the courts referenced in paragraph (a) hereof is not available despite the intentions of the parties hereto.

IN WITNESS WHEREOF, the undersigned Managers have executed this Agreement effective as of the day and year first above written.

By: 
Charles Ferri, as Manager

By: 
Paul Seres, as Manager

☐ Original☐ Amended

Date _____

PERSONAL QUESTIONNAIRE

- a. All principals to the license application must complete this questionnaire in full.
 (Lenders, donors, guarantors and managers must also complete this questionnaire.)
- b. If you are a **lender, donor or guarantor** you must state your relationship to the applicant.
- c. Make duplicate blank forms as necessary.
- d. Answer all questions below.
- e. Attach additional sheets if more space is needed.

NAME OF APPLICANT

1. STATEMENT OF IDENTIFICATIONPrint **YOUR** name:

Date of birth

Social Security Number

Residence street address

County

City

State

Zip Code

Residence Telephone

Cellular Phone

E-mail Address (Required):

U.S. Citizen

If NOT U.S. citizen - country of citizenship

☐ Yes ☐ No

If ALIEN, registration number or VISA type

List any other names that you may have been known by (including maiden name)

HEIGHT

HAIR COLOR

MARITAL STATUS

WEIGHT

EYE COLOR

SPOUSE NAME

SEX ☐ MALE ☐ FEMALE

SPOUSE'S SOCIAL SECURITY #:

2. Position (or interest) you will hold (check each):

- | | | |
|--------------------------------------|--|---|
| <input type="radio"/> President | <input type="radio"/> Director | <input type="radio"/> Stockholder ➡ <input type="text"/> Number of shares owned |
| <input type="radio"/> Vice President | <input type="radio"/> Manager | <input type="radio"/> LLC Member ➡ <input type="text"/> Percentage of ownership |
| <input type="radio"/> Secretary | <input type="radio"/> Partner | <input type="radio"/> LLC Manager |
| <input type="radio"/> Treasurer | <input type="radio"/> General Partner | <input type="radio"/> Lender* |
| <input type="radio"/> Chairman | <input type="radio"/> Limited Partner | <input type="radio"/> Donor* |
| <input type="radio"/> Officer | <input type="radio"/> Sole Proprietor | <input type="radio"/> Guarantor* |
| <input type="radio"/> ABC Officer | <input type="radio"/> Joint Account Holder | |
| <input type="radio"/> Other | | |

*If Lender, Donor or Guarantor state your relationship to the applicant.

continued on next page

☐ Original☐ Amended

Date _____

Print **YOUR** Name**3. RESIDENCE HISTORY****List your residence history for the past FIVE (5) years to the Present Date.**

Address	From (month/year)	To (month/year)
<input type="text"/>	<input type="text"/>	<input type="text"/>
Address	From (month/year)	To (month/year)
<input type="text"/>	<input type="text"/>	<input type="text"/>
Address	From (month/year)	To (month/year)
<input type="text"/>	<input type="text"/>	<input type="text"/>
Address	From (month/year)	To (month/year)
<input type="text"/>	<input type="text"/>	<input type="text"/>

4. EMPLOYMENT HISTORY**List your employment history for the past FIVE (5) years to the present date.****Also, list any employment history that shows experience in the alcohol industry.****Add additional sheets if necessary.**

From (month/year)	To (month/year)	Employer
<input type="text"/>	<input type="text"/>	<input type="text"/>
Position	Employer Address	
<input type="text"/>	<input type="text"/>	
Type of business	<input type="text"/>	
From (month/year)	To (month/year)	Employer
<input type="text"/>	<input type="text"/>	<input type="text"/>
Position	Employer Address	
<input type="text"/>	<input type="text"/>	
Type of business	<input type="text"/>	
From (month/year)	To (month/year)	Employer
<input type="text"/>	<input type="text"/>	<input type="text"/>
Position	Employer Address	
<input type="text"/>	<input type="text"/>	
Type of business	<input type="text"/>	

continued on next page

☐ Original☐ Amended

Date _____

Print **YOUR** Name**5. LICENSE HISTORY / AFFILIATIONS**

5(a) If you are an applicant (i.e. proprietor, partner, stockholder, officer or director) applicant's spouse, will you continue your present occupation or business? ☐ Yes ☐ No

5(b) Will you take an active part in the operation of the business to be licensed? ☐ Yes ☐ No

If YES, explain nature of activity and the hours you will devote to the business (hours, days, responsibilities):

5(c) Do you have any interest, direct or indirect, in any premises currently licensed by the Liquor Authority or business where any alcoholic beverage is manufactured, transported or sold at wholesale or retail whether by stock ownership, interlocking directors, mortgage or lien on, or ownership of any real or personal property, or by any other means including loans? ☐ Yes ☐ No

If YES, provide information below:

Business name

Business address

Type of interest and date interest began

Serial Number

Business name

Business address

Type of interest and date interest began

Serial Number

Business name

Business address

Type of interest and date interest began

Serial Number

continued on next page

OFFICE USE ONLY		
<input type="radio"/> Original	<input type="radio"/> Amended	Date _____

Print **YOUR** Name

5(d) Other than as itemized in 5c above, have you ever applied in New York State or anywhere for a license or permit to traffic in alcoholic beverages, including any application as a partnership, limited partnership, limited liability entity or corporation in which you are/were a principal? ☐ Yes ☐ No

If YES, provide information below:

Name of applicant	Address of premises	Date of filing
<input type="text"/>	<input type="text"/>	<input type="text"/>
Serial Number	Disposition	
<input type="text"/>	<input type="text"/>	

Name of applicant	Address of premises	Date of filing
<input type="text"/>	<input type="text"/>	<input type="text"/>
Serial Number	Disposition	
<input type="text"/>	<input type="text"/>	

Name of applicant	Address of premises	Date of filing
<input type="text"/>	<input type="text"/>	<input type="text"/>
Serial Number	Disposition	
<input type="text"/>	<input type="text"/>	

Name of applicant	Address of premises	Date of filing
<input type="text"/>	<input type="text"/>	<input type="text"/>
Serial Number	Disposition	
<input type="text"/>	<input type="text"/>	

5(e) Has a license or permit listed above been REVOKED, CANCELED or otherwise **Involuntarily Terminated**? ☐ Yes ☐ No

If YES, state action and date of action, and give details:

5(f) Are you a police commissioner or law enforcement/police officer? ☐ Yes ☐ No

If YES, provide details

☐ Original☐ Amended

Date _____

Print **YOUR** Name**6. CONVICTION RECORD AND PENDING CRIMINAL CASES**

- (a) Have you or your spouse ever been convicted of a crime addressed by the provisions of Section 126 of the ABC Law (see instructions for statutory disqualification) which would forbid a person to traffic in alcoholic beverages?

YOU☐ Yes☐ No**SPOUSE**☐ Yes☐ No**If YES, supply details**

- (b) Have you or your spouse ever been CONVICTED (including pleas of guilty or suspended sentences) of any felony, misdemeanor, driving while intoxicated (DWI), or driving while impaired (DWAI)?

YOU☐ Yes☐ No**SPOUSE**☐ Yes☐ No

If the applicant answers YES, attach a Certificate of Disposition by the court clerk for each case. If convicted of a felony, submit a Certificate of Relief from Disabilities, if available. Submit an Affidavit explaining all details.

If the Spouse answers YES to this question, submit a Personal Questionnaire for the Spouse along with a Certificate of Disposition.

- (c) If you have previously been approved for a license and had been convicted of any felony misdemeanor or other type of offense except minor traffic infractions, were all convictions reported to the Authority?

YOU☐ Yes☐ No☐ Not Applicable**SPOUSE**☐ Yes☐ No☐ Not Applicable

If NO, attach a Certificate of Disposition by the court clerk for each case. If convicted of a felony, submit a Certificate of Relief from Disabilities, if available. Submit an Affidavit explaining all details.

- (d) Are there any ARRESTS, INDICTMENTS or SUMMONSES PENDING against you or your spouse - including driving while intoxicated or impaired?

YOU☐ Yes☐ No**SPOUSE**☐ Yes☐ No

IF YES, PROVIDE COPY OF ACCUSATORY INSTRUMENT.

7. Do you have any relationship with the current/previous licensee or any of the principals of the licensee? ☐ Yes ☐ No

If YES, please state exactly what the relationship is (ie: family member, friend, employer, etc.)

8. Signature: _____

Dated _____