

Subject: Silkbush outstanding debt and liabilities (as of June 30, 2018) vs.
Appraised Value (May 2018)

Date: June 28, 2018

From: David Jefferson

To: Silkbush Holdings, LP

CC:

Silkbush's Principal Asset is its operating vineyard and a wine label starting to gain modest recognition and sales in South Africa and adjacent areas:

WJ Bassom appraisal estimate of the going concern value (as of May 18, 2018):

R38,000,000 (converted at R13.5/US\$1)	\$2,814,815
Outstanding Liabilities:	
<u>At Silkbush Holdings LP Level</u>	
Owed to Burdell Properties	378,138
Home "renovation" loan (construction of Kingsbury Cottage – 2008)	290,000
Note payable to Wine Fund, LLC	1,591,495
Burdell Properties Profit Sharing Plan (PSP)	374,000
Subtotal	2,633,633
<u>At Sybasberg Pty Level</u>	
Ned Bank (R1,680,000 @ R13.5/US\$1)	124,444
Grand total of debt/liabilities	2,758,077
Net equity value (prior to real estate fees)	\$ 56,738

Notes:

1. The net equity estimate is about 2% of the estimated total value of Silkbush. We note that a 5% total real estate commission would be R1,900,000 (\$140,741).

While real estate fees are negotiated, it is unrealistic to assume brokers could or would obtain a bona fide buyer for less than a 5% fee.

Furthermore, there is no guarantee the vineyard operation would fetch its appraised value within the next 6-12 months, especially in light of recent West Cape drought conditions, widespread declarations by the ANC (the dominant national political party) that land, especially farm land, should be acquired by the government without compensation, and the general unprofitability of the South African wine industry for more than 10 years.

2. Silkbush also has some farm equipment on financing leases, which increases the liability total a tad but not significantly.

The striking and highly supported conclusion is that net of total liabilities, Silkbush has no meaningful financial equity at the present time.