



## **PROSPECTIVE REPLACEMENT GENERAL PARTNER**

Kees Holding (a WI LLC), is owned solely by Andrew Hilliard, age 55, born and raised in Green Bay, WI. Andrew (Andy) Hilliard is a University of Wisconsin, Green Bay, graduate and has been involved in South African wine growing and wine making since year 2000. He initially invested as a minority stockholder in Beau Joubert winery ([www.beaujoubert.com](http://www.beaujoubert.com)), assumed majority ownership in 2005 in the Stellenbosch winefarm, replanted much of the vineyards and improved the winery, and commenced international sales. Profitability was elusive, as it has for most South African wineries, and when a neighbor sought to buy the vineyards and a Jo'berg resident wanted the rest of the land as a second home, the property was sold in 2016. However, Hilliard has continued the international wine business, with his local winemaker, and a marketing agent located in China. They presently purchase 10 tons/year of Silkbush Shiraz for their Port program and may consider an expanded relationship with Silkbush on commercial terms. "Co-Owner and MD, Andrew Hilliard has taken over full ownership of the brand and joining him in this new venture, Global Sales & Partner, Robert Carter and Wine Maker & Partner, Christian Kuun. These amazing wines and grapes will now be sourced from nearby farms and partners with the sales focus on the International Markets."

Dave Jefferson first met Andy Hilliard in 2002 at a wine show in San Francisco, and their mutual friendship and respect grew. Dave stayed at their Stellenbosch farm numerous times over the years, Andy has been a guest at the Jefferson home in Sonoma County, naturally visited Silkbush on several occasions and knows Anton Roos. Both Hilliard and Silkbush have utilized Bergsig Estate over the years for various wine making and bottling services. While not fluent, Andy now speaks more Afrikaans than Dave, an indication of his love for the county and far greater days in residence.

Were Andy Hilliard to become the replacement GP of Silkbush Holdings LP, it would be via his WI entity, Kees Holding LLC, by which he previously owned the Beau Joubert winefarm. Andrew Hilliard would also become a Co Director of the Silkbush farming company along with Anton Roos. Andrew and his wife Renee make their home in Green Bay but have been in the Cape for extended periods (months, not weeks) the past 18 years, typically three times a year. Andrew is in the Cape at least twice a year and spends much of his time selling South African wine in the US and in other international markets.

## **GP REQUIREMENTS AND UNDERSTANDINGS**

With extended experience, industry involvement, and current contractual relationships, there are always actual and potential conflicts of interest. From inception, not later than December 2018, there would be an engagement contract with Hilliard/Kees Holding LLC reflecting:

- Anton Roos establishing the selling price and terms of any Silkbush grapes sold to Hilliard controlled entities and any wines sold to Hilliard importing entities
- A prohibition on selling or leasing the Silkbush vineyard and brand to any Hilliard controlled entities

- An agreement to sell the vineyard to any unaffiliated entity for a net sales price of US\$4,000,000 between January 1, and June 30, 2019 and distribute the proceeds, after debt retirement, to Silkbrush partners iaw ownership shares as of June 30, 2018
- An agreement to transfer 99% of the ownership of Silkbrush Holdings LP (which in turn owns 100% stock in the South African Silkbrush company and all other assets) to the Silkbrush Holdings LP lenders after June 30, 2019, at a date to be determined by the lenders/their representative.

Burdell Properties, one of the Silkbrush lenders, would continue to administer the related lender entities and loans, and pay the administrative expenses of Silkbrush Holdings LP, including the cost of filing an annual federal tax return.

### **GP COMPENSATION**

As long as Hilliard maintains a US domiciled company and travels extensively for his independent RSA wine business, Hilliard will not look to Silkbrush for reimbursement of such costs. However, Kees Holding LLC would be awarded a 1% interest in Silkbrush Holdings LP in December 2018, and any subsequent entity organized by the current Silkbrush lenders, should they assume Silkbrush ownership, provided there is not an intervening sale of the property. Burdell Management Ltd./Dave Jefferson is of the opinion such 1% interest will have a value of not less than \$28,000 upon acceptance of the award and resolution of the outstanding debt.