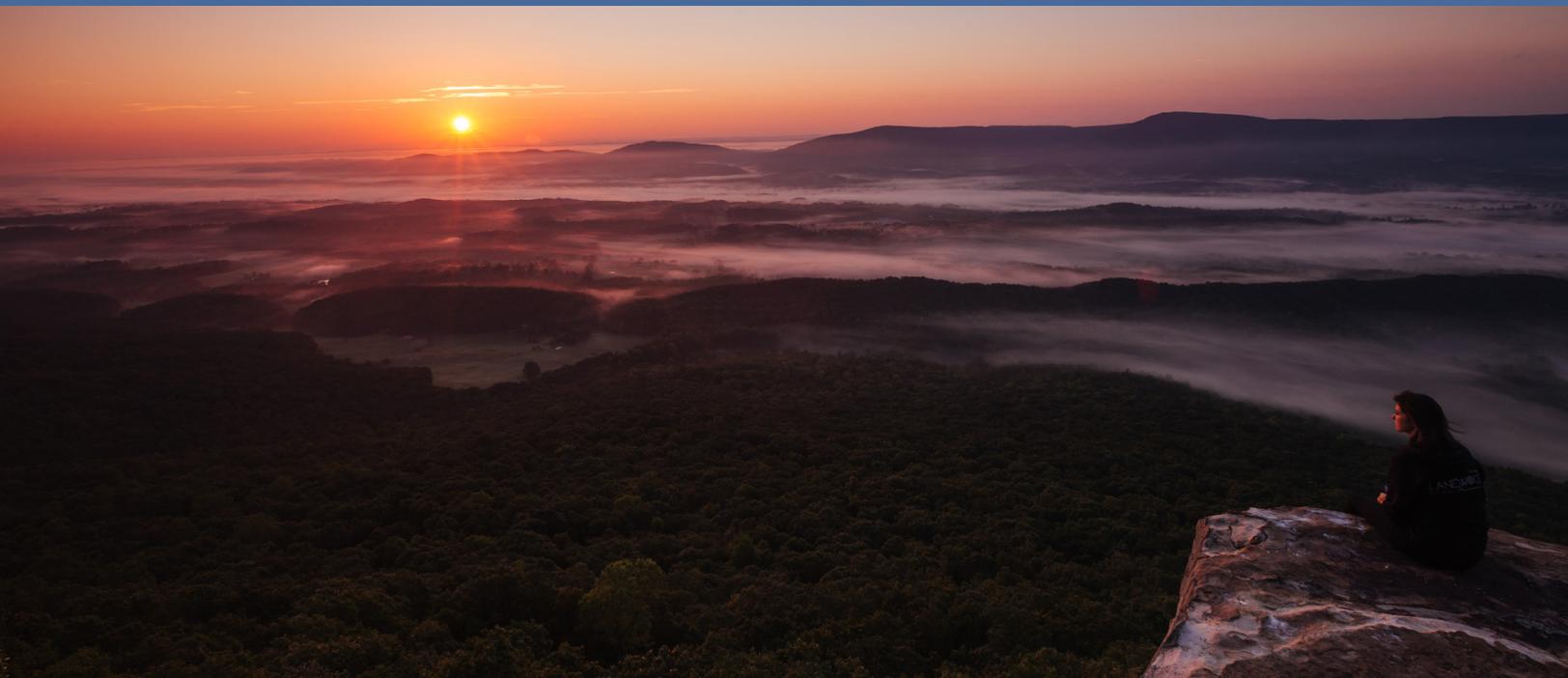


SCENIC LAND INVESTMENTS



VALUATION OF INVESTMENTS
2008-2015

SCENIC LAND INVESTMENTS

Scenic Land Investments and its member investors are focused on maximizing the highest and best use development of challenging, undeveloped land. Scenic Land Investments seeks to provide our member investors' with a maximum return on investment year over year through responsible stewardship of its funds and concern for all people and land involved in our investments.

\$4.6MM

Initial investment, 2008

In each of our investments, Scenic Land Investments is deeply committed to creating jobs, sustaining economic growth and respecting the natural characteristics of the landscape around the Chattanooga metropolitan area.

\$15.8MM

Total fund value prior to distributions and charitable contribution

In 2008, Scenic Land Investments, LLC, a Delaware limited liability company, received investor capital of \$4,643,645. The partnership invested 100 percent of its committed capital and made four significant investments in real estate parcels primarily with the intent of residential development. The seven-year investment time horizon has come to a close with truly impressive results.

Scenic Land Investments, LLC and Scenic Land Investments II, LLC, merged in 2015. All references to Scenic Land Investments, LLC refer to the combined funds.



FINANCIAL SUMMARY

Scenic Land Investments' First Fund was fully invested at the height of the real estate boom just prior to The Great Recession. While thousands of investors lost their shirts during the crisis and the years that followed, Scenic Land Investments has generated an annualized rate of return of 14.9 percent and a total investor rate of return of 183 percent.

183%

Total Investor Return Pre-Tax*
(Net fees and expenses)

From July 3, 2008 to December 2015, Scenic Land Investments achieved a total return of 183 percent, outperforming the S&P 500 by nearly *three times*, or 195 percent, during the same period.

14.9%

Annualized Rate of Return Pre-Tax*
(Net fees and expenses)

While mortgage-backed securities rattled the financial system during the previous recession, Scenic Land Investment's ARR performed at a steady 14.9 percent over the past seven years.

>\$5MM

Charitable Donation

In order to offset tax burdens, Scenic Land Investments made a charitable contribution of land valued at over \$5 million that provided investors over \$2.5 million of before tax cash equivalent benefit.

4

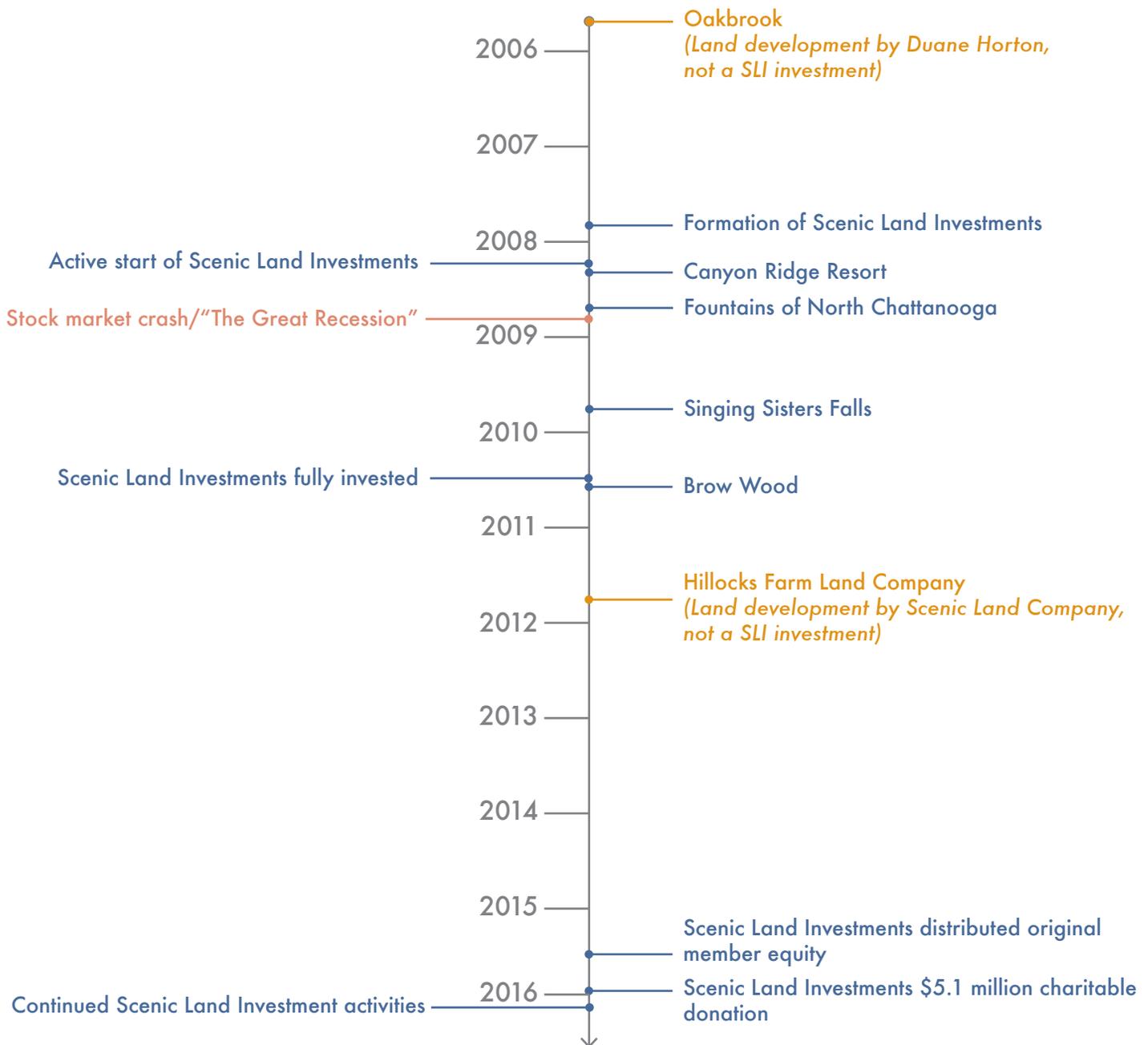
Total Land Investments

The duration of the four land investments of Scenic Land Investment's First Fund was December 31, 2008 to December 31, 2015. All money for Scenic Land Investment First Fund invested on December 31, 2008. The Total Investor Return does not include value for intellectual property, including, but not limited to, engineering, design, surveying, etc. And the total tax benefit due to the donation contribution is \$2,075,640, assuming an investor tax bracket of 40%.

* please refer to Appendices A and B

TIMELINE OF EVENTS

Scenic Land Investments was established in December 2007 and has received investor capital of \$4.64 million between December 2008 and December 2010. Prior to the creation of Scenic Land Investments and after Scenic Land Investments was fully vested, Duane Horton and Scenic Land Company were involved in additional real estate and land development projects, including Oak Brook and Hillocks Farm Land Company.



STRATEGIC PARTNERS

Scenic Land Investments and our investors are focused on maximizing the highest and best use development of challenging undeveloped land in East Tennessee and Northwest Georgia. Our strategic partners include Scenic Land Company, a stand-alone development arm of Scenic Land Investments, and GenTech Construction LLC, a value-added construction company.

SCENIC LAND INVESTMENTS

Scenic Land Investments seeks to provide our member investors' with a maximum return on investment year over year through responsible stewardship of its funds and concern for all people and land involved in our investments.

SCENIC LAND COMPANY

Scenic Land Company is the real estate development arm of Scenic Land Investments.

GENTECH

GenTech Construction LLC provides value-added construction services. Targeting Tennessee, Alabama, and Georgia, the company focuses on commercial construction, high-end residential construction and renovation, and multiple-property maintenance contracts.

OUR INVESTMENTS



- BROW WOOD
- SINGING SISTERS FALLS
- CANYON RIDGE RESORT
- FOUNTAINS OF NORTH CHATTANOOGA



BROW WOOD

Brow Wood is a 210-acre, master-planned mountaintop community located on the western ridge of Lookout Mountain, Georgia. Designed for active adults seeking to stay physically, mentally and spiritually active, Brow Wood features a collection of architecturally-designed and custom homes, as well as three on-site, state-of-the-art independent living, assisted living and memory care facilities.

Objective

Scenic Land Investments was tasked with creating a master plan community based on the shared vision of Frank Brock, former president of Covenant College, and the Active Adult Living Community (AALC) that included single family residences and assisted living and memory care facility.

Challenges

- Planning began during the height of The Great Recession
- No funding available for real estate land development
- Lack of sites with services and utilities
- Site had no highway access
- Site had no sewer access
- Site located outside city limits of Lookout Mountain, Georgia
- Concept had initial opposition from community

Solutions

- Owner financed purchase of the land
- Secured private equity funding for development
- Pre-sold nearly \$2 million in lot sales
- Identified site to secure with services and utilities
- Working with Georgia Dept. of Transportation for highway access
- Negotiated sewer service with the City of Lookout Mountain, Georgia
- Relocated development outside city while growing community trust

Impact

- Brow Wood considered valuable asset to City of Lookout Mountain, GA
- Helped stabilize home and land values during the recession
- Lowered on-going homeowner cost by relocating site outside city limits
- Only large tract of land that has sewer access on Lookout Mountain

BROW WOOD

Site plan and key amenities

Brow line →

Brow home site →

Brow View home site →



Brow Wood pavilion →

Highway access →

Brow Wood future planned development

THRIVE Independent Living Town Homes

THRIVE Assisted Living and Memory Care



SINGING SISTERS FALLS

Located on the southern spine of Lookout Mountain, Georgia, near the border of Alabama, Singing Sisters Falls consists of 435 acres of raw, undeveloped land.

Objective

Increase the value of 435 acres of raw, undeveloped land on Lookout Mountain, Georgia. Value to be increased by the following:

- Gaining access to Canyon Ridge amenities, including golf course, tennis courts, pool and brow pavilion
- Acquiring sewer rights and access to other utilities
- Providing access to Lookout Mountain Scenic Highway
- Neighboring development of Canyon Ridge Resort and Conference Center (in progress)

Challenges

- Gaining control of property with minimal investment prior to securing value enhancing components
- Securing value enhancing components
- Negotiating with Lookout Highlands HOA to remove property from their covenants and restrictions

Solutions

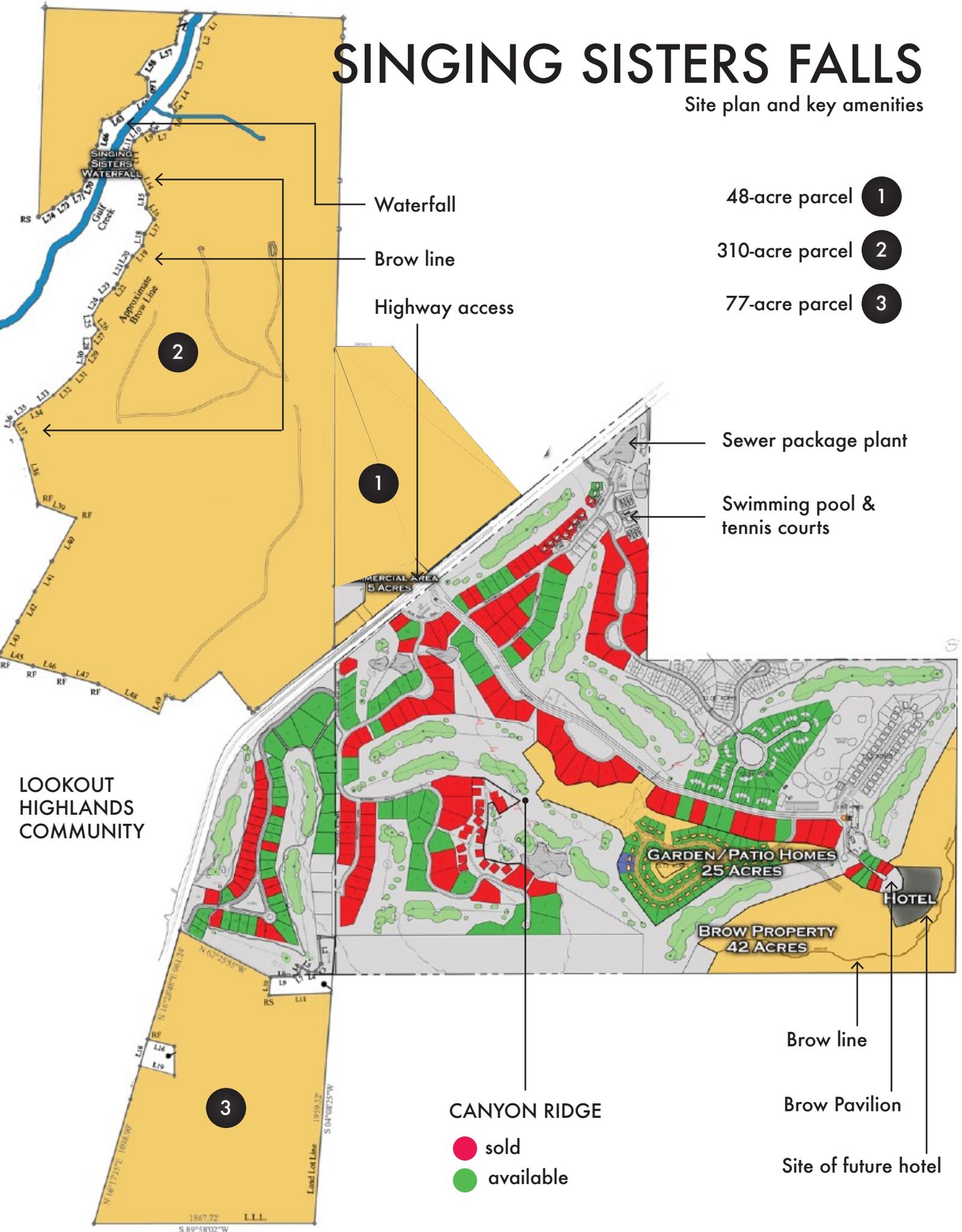
- Acquired sewer rights, golf course access, highway access at \$2,500 per acre (1/10th cost to develop the same features and components).
- Negotiated long-term option agreement with seller and owner financing with no recourse until critical features and components acquired. Property is now paid in full.

Impact

- Acquiring sewer rights allowed for 2,000 percent increase in density of homes and other structures.
- Upon purchase of land and rights access, land value increased from \$5,000 per acre to approximately \$23,000 per acre (+360%). Some prior appraisals valued the land between \$35,000 and as much as \$50,000 per acre.

SINGING SISTERS FALLS

Site plan and key amenities



CANYON RIDGE RESORT

Canyon Ridge Resort (CRR) is a proposed full-service destination resort and conference center adjacent to the award winning Canyon Ridge Golf Course on the eastern brow of Lookout Mountain, Georgia, overlooking scenic McLemore Cove. The hotel and conference center will be built on a mountain brow 2,300 feet above sea level, and will offer 153 guest rooms and 12,000 square feet of net rentable meeting space.

Objective

To develop a hotel and conference center in a public/private partnership with Walker County that would achieve the following:

- Leverage Walker County's natural and historical assets
 - Provide profitability to all parties
 - Generate economic development in the county
 - Create additional value for surrounding land holdings
-

Challenges

- Identified site with minimal development cost and unique features.
 - Identified and build a world-class team to bring the concept to life.
 - Structured partnership with existing land owner of CRR.
 - Designed a unique structure authentic to the natural environment while meeting Starwood Hotel & Resort Worldwide design requirements.
 - Overcame legal challenges resulting in largest verdict in history of Hamilton County. Secured punitive damages in business civil litigation.
 - Took project on full contingency.
-

Solutions

- Worked with legal counsel and bonds experts to create public private partnership to leverage state and federal incentives.
 - Identified site with existing infrastructure and natural environment, including sewer package plant, road access and key infrastructure.
 - Secured Hart Howerton, an award-winning, nationally recognized firm, to manage legal proceedings.
 - Secured Starwood Luxury Collection franchise agreement.
-

Impact

- Obtained control and ownership of land.
- Intellectual property developed waiting for execution.
- Secured largest verdict for civil trial in the history of Hamilton County
- Secured and protected all rights to continue building hotel.

CANYON RIDGE RESORT

Site plan and key amenities



153 room hotel and resort

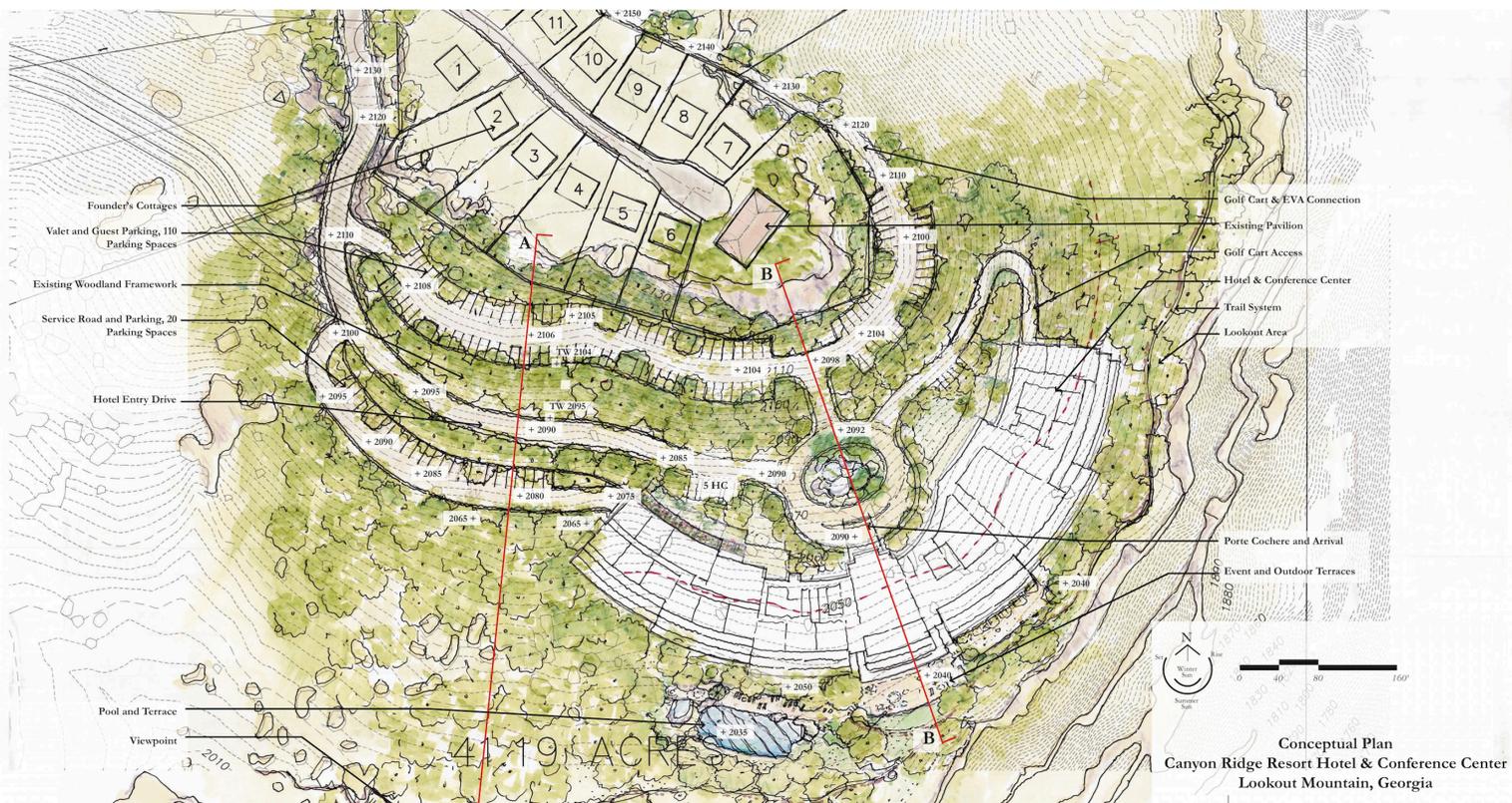
Environmentally friendly green roof

Event terrace

State-of-the-art spa

12,000 sq. ft. conference center

Brow line



FOUNTAINS OF NORTH CHATTANOOGA

The Fountains of North Chattanooga is a retail development located approximately ten miles north of Chattanooga on Highway 153 in Hixson, Tennessee. Retail space totals 131,578 square feet. Tenants include Kohl's & Academy Sports.

Objective

Invest with Paragon Development, an unrelated third party developer, in order to acquire land and develop a lifestyle center with Kohl's and Academy Sports serving as anchor tenants.

Challenges

- Negotiated with multiple land holders to assemble property acreage
- Negotiated abandonment of public right of ways
- Overcome extremely rare geo-technical issues
- Recession caused slow down on closing velocity
- Bank froze project funding between 2009 and 2010
- Lead developer replaced and removed from ownership

Solutions

- Engaged geo-technical firm and other construction team members to remedy geo-technical issue
- Exited investment opportunity without accumulating additional liability

Impact

- All trade and service providers were paid
- The combination of the financial crisis, the growth of e-commerce and extremely rare subterranean soil conditions contributed to the project being a loss for Scenic Land Investments.

BOARD OF ADVISORS

The Board of Advisors for Scenic Land Investments consists of five seats comprised of business leaders based in the Southeast who share nearly 100 years of land development experience across a variety of industries.



Ryan Crimmins

Ryan Crimmins is President of Lawson Electric and the former President of W. Max Finley Stadium. Crimmins has served as the former Mayor of Lookout Mountain, Tennessee, serves on the board of SunTrust Bank, and is a member of the Rotary Club of Chattanooga.



Duane Horton

Duane Horton is the Owner and Executive Vice President of GenTech Construction, President of Scenic Land Company, LLC, President of Scenic Land Investments, LLC and Scenic Land Investments II, LLC. In 2007, Horton was the recipient of the Chattanooga & Hamilton County Chamber of Commerce Small Business of the Year.



Andy Lee

Andy Lee is an independent insurance agent with Insurance Incorporated agency based in Cleveland, Tennessee. Lee has been active in a number of real estate investments individually and through partnership structures.



Dr. Daryl F. Mann

Dr. Daryl F. Mann is Chief Manager of SouthEast Eye Specialists. He is a charter member of the Optometric Glaucoma Society, past-President of the Tennessee Association of Optometric Physicians and former chairman of the American Optometric Association's Hospital Practice Committee and its Medical Eye Care Committee.



Mike Thompson

Mike Thompson is Manager of Pre-Construction Services for Performance Contracting, Inc., a \$1.1 billion dollar company based out of Kansas. Thompson has been in the scaffolding business for 44 years. Currently, Thompson sits on the board of directors for the Scaffold & Access Industry Association (SAIA) where he has been a member for 25 years.

APPENDIX A: SCENIC LAND INVESTMENTS VALUE SUMMARY

SLI ROI Calculation		with Tax Benefit	without Tax Benefit	S&P 500	SLI Value Prior to Charitable Donation
Investment	7/3/08	\$4,643,645	\$4,643,645	1262.90	7/3/08 \$4,643,645
Cash Distributions	12/31/15	\$4,643,645	\$4,643,645		9/3/15 \$4,643,645
Tax Benefit (Pre-Tax Cash Equivalent)*	12/31/15	\$2,511,317	* <i>excluded in calculation</i>		
Total Cash Equivalent of Distributions		\$7,154,962	\$4,643,645		\$4,643,645
Total %		54%	0%		0%
ARR (<i>annualized rate of return</i>)		5.93%	0.00%		0.00%
Remaining Fund Value		\$5,997,689	\$5,997,689		\$11,186,789
Total ROI of Distributions & Remaining Value	12/31/15	\$13,152,651	\$10,641,334	2043.94	9/3/15 \$15,830,434
Total % Cash Equivalent ROI		183%	129%	62%	241%
ARR (<i>annualized rate of return</i>)		14.89%	11.69%	7.07%	17.77%

* Formula for Calculating Before Tax Cash Equivalent of Tax Benefit from Charitable Contribution

Charitable Donation	12/31/15	\$5,022,633
<i>Assumed Combined Tax Rate applied to Deduction</i>		40%
After Tax Cash Equivalent	12/31/15	\$2,009,053
<i>(Donation x's Tax Rate)</i>		
<i>Assumed Combined Capital Gains Rate applied to Returns</i>		25%
Pre-Tax Cash Equivalent	12/31/15	\$2,511,317
<i>(After Tax Cash Equivalent x's 1+Tax Rate)</i>		

1) ARR Calculation

$$ARR = ((Gain + Investment) / Investment)^{years} - 1$$

2) Valuations do not include any value for CRR Intellectual Property. If realized, value could increase by \$5MM to \$10MM, if not more.

3) Calculations based on all investment being made as on 7/3/2008 and all gains on 12/31/2015. Most investments were made throughout 2008 with a majority invested prior to 7/3/2008. Most gains were made prior to 12/31/2015 & some gains in years prior to 2015.

4) **Returns generated with most funds invested prior to the Great Recession**

APPENDIX B: CALCULATING PRE-TAX EQUIVALENT

In order to accurately generate the before tax cash equivalent ROI, the after tax cash equivalent tax benefit of the charitable contribution was calculated by assuming the investor would apply 100% of the deductible in one year at a tax rate of 40%.

\$5MM multiplied by the 40% tax rate resulting in an after tax cash equivalent tax benefit of the charitable contribution equal to \$2MM

It would not be accurate to use this value to calculate a before tax return as this value is an after tax equivalent. In order to generate the before tax cash equivalent of the tax benefit for the charitable contribution, the value above was multiplied by the assumed tax rate of the investor plus 1 or 100%. The calculation is as below:

\$2MM multiplied by 1.25 or 125% (1 or 100% plus .25 or 25%) equals \$2.5MM and represents the before tax cash equivalent of the charitable contribution used to calculate the ROI.

Please consult your accountant regarding your exact before tax cash equivalent of the tax benefit resulting from the charitable contribution.

The value of the intellectual property for the planned Canyon Ridge Resort Hotel & Conference Center is not included in the ROI calculation.

FOR MORE INFORMATION



PLEASE CONTACT

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President, Scenic Land Investment Management

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