FLOATING GREEN CAPITAL

Building Sustainable and More Prosperous Communities
FACT

The average head of lettuce travels over 2,000 miles to get from farm to plate.

Food transport accounts for 11% of GHG emissions from the food system.
TRADITIONAL FARMING DEGRADING THE ENVIRONMENT

80% Water used in U.S. by ag

3X Groundwater since 1960

20% 25yr increase of U.S. GHGs

$44B Annual cost of soil erosion

5,052 SQMI Gulf of Mexico dead zone

10X Increase in pesticides on farms

FLOATING GREEN CAPITAL
URBAN DECAY PLAGUING AMERICAN RUST BELT CITIES

- **11%+** Vacancy Rates
- **48%** Increase in Crime
- **3.2X** Drug Calls to Police
- **-$7,627** Net Loss in Value per House
- **-$3-6B** Lost Tax Revenue
- **-$73M** Property Damage from Fires

FLOATING GREENCAPITAL
DEMAND FOR LOCAL FOOD SOARING

1.1 million oil barrels reduced weekly if every U.S. citizen ate one meal of local food

$100 million net benefit to one state per 5% increase in local food consumption

2x growth as compared to overall agriculture industry

2005: $1B
2014: $7B

FLOATING GREEN CAPITAL
THE TECHNOLOGY: CONTROLLED ENVIRONMENT AGRICULTURE

Hydroponic

Aeroponic

Aquaponic

FLOATING GREEN CAPITAL
INVESTORS

Profits

Investments

FLOATING GREEN FUND

Capital Investment
Preferred Equity

GOVERNMENT

Tax Benefits
Grants

CEA BUSINESS

Salary/Profits

CEA OPERATOR

CEA BUSINESS

CEA OPERATOR

CEA BUSINESS

CEA OPERATOR

FLOATING GREENCAPITAL
THE SOLUTION: FLOATING GREEN CAPITAL

- Acquire distressed urban property
- Convert properties into CEA farming facilities
- Partner with farmers with proven CEA experience to operate facilities
- Gain equity stake in CEA operators

$30 MILLION
3 - 6 facilities

- Evergreen Fund: Open-ended with initial commitment of 7 yrs for each Limited Partner and renewable commitment of 2 yrs thereafter
- 15% Annual Cumulative Preferred Dividend
- 50% Equity Stake in Operators

TARGET INVESTORS:
Family Offices and Foundations

31 Job creation per site

1% MANAGEMENT FEE
20% PERFORMANCE FEE over 8% hurdle rate
INVESTMENT CRITERIA AND ASSUMPTIONS

INVESTMENT CRITERIA

Size
- Buildings at least 90,000 sqft
- or
- 2+ acre vacant lot

Structure
- Structurally sound buildings
- Minimal insulation work
- No environmental remediation
- Utilities access
- Zoned for urban agriculture

CEA Operator
- Able to scale within region
- Able to operate multiple sites
- Commitment to human capital development

ASSUMPTIONS

Product
- Lettuce-only facility
- Priced at $1.50 per head
- Sold via long-term produce purchasing contracts

Geography
- Urban area
- Low-income neighborhood
- Preference for urban agriculture-friendly

Capital Expenditure
- $30 build out cost per sqft
- 2% annual ongoing CAPEX
- Minimal land acquisition costs

Employees
- 13 farmers per acre
- Operators salaried
- Share in equity for operators only after preferred return is met

FLOATING GREEN CAPITAL
SINGLE SITE CASH FLOWS
CAPITAL DEPLOYMENT AND RETURNS
GOVERNMENT INCENTIVES

**LOANS**

**HUD 108**
Section 108 provides communities with a source of financing for economic development, housing rehabilitation, public facilities, and large-scale physical development projects.

**Michigan Venture Fund**
$120 million Fund of Funds, launched in 2011, that invests in venture funds that invest in Michigan enterprises

**TAX**

**Property Tax (State/Local)**
Property tax breaks ranging from 75-100%

Available in Michigan, Missouri, San Francisco, and Utah

**New Market Tax Credit**
Tax credit equal to 39%, over 7 years, of the total investment made in a CDE

**Historic Rehabilitation Credit**
10% tax credit for the rehabilitation of non-residential buildings built before 1936

**GRANTS**

**USDA Value-Add Producer**
$200,000 working capital grants to market locally-produced food

**USDA Conservation Stewardship**
$20 per acre to maintain and improve existing conservation systems

**Land Bank (Local)**
Parcels for agriculture or greening uses are typically sold for $200.00 each

Available in Cleveland and Detroit

**USDA Farm to School**
Grants to improve access to local foods in eligible schools

**PROCUREMENT**

**Bid Preference (State/Local)**
2-4% govt contract bid preference for companies that source products locally and/or are certified as a sustainable business

Available in Cleveland

**Local Preference (State)**
20% of all food purchased by govt must be locally sourced

Available in Illinois

**Bid Discount (Local)**
Bid discounts to companies that buy at least 20% of their contract from regional food growers

Available in Cleveland
**MARKET SIZE**

- **$775 Billion**
  Total US Agriculture Market

- **$9 Billion**
  Addressable US CEA Market
  (17x Current US Market)

- **$543 Million**
  Total US Hydroponic Market
  Poised for 7.7% Annual Growth
TARGETING INSTITUTIONAL BUYERS

Food Service  
Farm Logix

Universities  
M Dining

Large Chain Grocers  
Meijer
PLAN TO SCALE

- Expand Geography
- Scaling Human Capital
- National Network
- Form Contracts
CASE STUDY: DETROIT

UNLEVERED RETURNS:
- 19.49% Cumulative IRR for Floating Green Capital
- 15% Annual Preferred Dividend
- 29.39% IRR for Business as a Whole
- $14.43 Million Valuation at Year 7

VACANT INDUSTRIAL PROPERTY

150,000 SQFT  $0.88 PER SQFT

Building offers:
- Industrial Zoning approved for urban agriculture
- Fenced Yard
- Trailer Parking
- Electricity/Power
- Sprinklers

ASSUMPTIONS

- Flat, hydroponic facility
- Farm encompasses 85% of growing facility
- Takes advantage of Michigan Hydroponic Property Tax Benefit
- Exempt from Michigan state business tax and income tax
- 4,590,000 heads of lettuce produced/year
- USDA Farm to School Grant
- USDA Value-Add Producer Grant
- Portion of product sold to University of Michigan and Meijer stores
STAKEHOLDER IMPACTS

ENVIRONMENTAL
- Soil and Land Conservation
- Reduced Greenhouse Emissions
- Uses 90% Less Water

COMMUNITY
- Source of Local Jobs
- Neighborhood Revitalization
- Healthy Food Education
- Food Access in Distressed Neighborhoods

CONSUMER
- Harvested at Peak Flavor
- Locally Grown
- No Pesticides
- Highly Nutritious
- Grown from non-GMO seed
- Ready to Eat

INSTITUTIONAL
- Year-Round Availability
- Consistent Pricing
- Longer Shelf Life
- Safely Grown
- Wide Variety
- Hard-to-Find and Heirloom Varieties
- Customizable Mixes
- No Weather Issues

NON-MARKET

MARKET

FLOATING GREEN CAPITAL
LEADERSHIP TEAM

**URBAN DEVELOPMENT**
*JD/MBA*
- Edgemere Consulting Corporation
  - Metropolitan Boston Housing Partnership
- Business and Professional People for the Public Interest

**GOVERNMENT**
*JD/MBA*
- The White House
- Center for American Progress
- NYC Office of the Mayor

**FINANCE**
*PT-MBA*
- Citi Private Bank

**ENVIRONMENT & ENERGY**
*JD/MBA*
- Environmental Law and Policy Center
- U.S. Department of Transportation
- Federal Aviation Administration

_Bennett Applegate_
_Danielle Lazarowitz_
_Justin Matarazzo_
_A.J. Singletary_

_FLOATING GREEN CAPITAL_
THANKS TO...

GOVERNMENT
KATHLEEN DICKHUT
COLLEEN CALLAHAN
DAVID ZIN

FARMERS
JON PARR
TROY CURTIN
MIKE WALKER
BEN GREENE
ADAMS SOROTA
GLENN BEHRMAN
ROBERT COLANGELO
HENRY GORDON-SMITH
DREW HOPKINS

FINANCE
VIKIR ADDEN
MARK NEWBERG
DANIEL KLAFF
GUY JAQUIER
DEBRA SCHWARTZ
DAN ALGER
DAVID CHEN
KEVIN SMITH

DISTRIBUTORS
LINDA MALLERS
STEVE MANGAN
BRIAN J. COATES

Deputy Commissioner, Chicago Department of Planning and Development
Illinois Director, USDA Rural Development
Chief Economist, Michigan Senate Fiscal Agency

Owner, Fishnet Aquaponics
Nelson and Pade
Chief Executive Officer, AgVets
Founder, The Farmery
Managing Partner, Sky Vegetables
Founder & President, GreenTech Agro LLC
Founding Farmer, GreenSense Farms
Board Member, Association for Vertical Farming
Co-founder, Viridis Aquaponics

Chief Operating Officer, 5 Stone Green Capital
Director of Impact Strategies, Womble Sandridge & Rice LLP
Attorney, Applegate & Thorne-Thomsen
Chief Executive Officer, Prologis Private Capital
Director of Impact Investments, MacArthur Foundation
Vice President, Goldman Sachs Urban Investment Group
Principal and CEO, Equilibrium Capital
Vice President, Goldman Sachs Environmental Markets

Chief Executive Office, Farm Logix
Director, University of Michigan Dining
Senior Buyer - Produce, Meijer
## APPENDIX: FINANCIAL MODEL

<table>
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<th>Year</th>
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<td>$5,166,085</td>
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<td>Potential Revenue</td>
<td>50%</td>
<td>85%</td>
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<td>% of max expected revenue</td>
<td>$2,295,000</td>
<td>$4,018,545</td>
<td>$4,626,054</td>
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<td>$5,166,085</td>
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<td>Actual Forecast Revenue</td>
<td>$600,000</td>
<td>$618,000</td>
<td>$636,540</td>
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<td>$675,305</td>
<td>$695,564</td>
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<tr>
<td>Electricity</td>
<td>$600,000</td>
<td>$618,000</td>
<td>$636,540</td>
<td>$655,636</td>
<td>$675,305</td>
<td>$695,564</td>
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<td>Annual Costs</td>
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<td>$212,180</td>
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<td>Gas</td>
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<td>Water</td>
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<td>Master Grower</td>
<td>$75,000</td>
<td>$77,250</td>
<td>$79,568</td>
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<td>$84,413</td>
<td>$86,946</td>
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<td>Assistant Master Grower</td>
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<td>$105,060</td>
<td>$108,212</td>
<td>$111,458</td>
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<td>$118,246</td>
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<td>Full-time Delivery, including truck</td>
<td>$80,000</td>
<td>$82,400</td>
<td>$84,872</td>
<td>$87,418</td>
<td>$90,041</td>
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<td>Admin &amp; Sales (2)</td>
<td>$474,876</td>
<td>$831,508</td>
<td>$957,212</td>
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<td>Full-Time Field Hands</td>
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<td>$51,500</td>
<td>$53,045</td>
<td>$54,636</td>
<td>$56,275</td>
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<td>Maintenance</td>
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<td>Plant-related (Seeds)</td>
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<td>Boxes &amp; Pallets</td>
<td>$58,061</td>
<td>$59,802</td>
<td>$61,596</td>
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<td>$65,348</td>
<td>$67,308</td>
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<tr>
<td>Fertilizer &amp; Pest Control</td>
<td>$50,000</td>
<td>$51,500</td>
<td>$53,045</td>
<td>$54,636</td>
<td>$56,275</td>
<td>$57,964</td>
<td>$59,703</td>
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<tr>
<td>Administration/Legal</td>
<td>$15,000</td>
<td>$15,450</td>
<td>$15,914</td>
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<td>Marketing/Sales</td>
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<td>$331,695</td>
<td>$338,591</td>
<td>$345,694</td>
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<td>$360,545</td>
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<td>Depreciation</td>
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<tr>
<td>Property Tax Expense (2.5%)</td>
<td>$229,001</td>
<td>$503,250</td>
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<td>$503,250</td>
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<tr>
<td>Preferred Dividend</td>
<td>($29,049)</td>
<td>$1,195,036</td>
<td>$1,593,795</td>
<td>$1,830,170</td>
<td>$1,888,505</td>
<td>$1,948,590</td>
<td>$2,010,478</td>
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<tr>
<td>Operating Profit (EBIT)</td>
<td>($29,049)</td>
<td>$1,195,036</td>
<td>$1,593,795</td>
<td>$1,830,170</td>
<td>$1,888,505</td>
<td>$1,948,590</td>
<td>$2,010,478</td>
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<td>EBT</td>
<td>$776,773</td>
<td>$1,035,967</td>
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<td>Taxes</td>
<td>$418,263</td>
<td>$557,828</td>
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<td>$660,977</td>
<td>$682,006</td>
<td>$703,667</td>
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<tr>
<td>Net Income</td>
<td>($3,355,000)</td>
<td>$229,001</td>
<td>$671,849</td>
<td>$815,967</td>
<td>$903,388</td>
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<td>FCF</td>
<td>$9,424,712</td>
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# Appendix: Negative Impacts of Industrial Agriculture

<table>
<thead>
<tr>
<th>Topic</th>
<th>Description</th>
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</table>
| Water Pollution     | • River, stream, lake, and ocean health are all affected by inorganic fertilizer runoff from industrial farms.  
                      • Nitrogen compounds from Midwestern farms, for example, travel down the Mississippi to degrade coastal fisheries and create a large "dead zone" in the Gulf of Mexico where aquatic life cannot survive. |
| Soil Health         | • Industrial Farming Methods promote soil erosion, salinization, desertification, and loss of soil fertility.  
                      • Already over 25% of arable land is already compromised according to the UN.                                                                        |
| Greenhouse Gases    | • A 10% shift of the produce to local use from one state’s farm would:  
                      • Save 310,000 gallons of fuel on an annual basis.  
                      • Reduce CO2 by 73 million lbs.                                                                    |
| Pesticides          | • The practice of intensive pesticide use in industrial crop production is often necessary due to the practice of monocropping.  
                      • Results of intensive pesticide use include loss of biodiversity and elimination of key species; adverse health effects; water pollution and soil contamination; and pest resistance. |
| Intensive Water Use | • Agriculture accounts for 80% of the water used in the US.  
                      • Highly affected by drought and other weather issues.                                                                                     |
| Food Freshness      | • Before it reaches a store, most food in the US is picked a week in advance.  
                      • A carrot will typically travel 1,838 miles to become part of a meal.                                                                             |
APPENDIX: RISK FACTORS

- Technology
- Electricity Costs
- Ability, Availability, and Reliability of Partner Growers
  - Most commercial CEA growers are located outside of the United States
  - There are a limited number of skilled U.S. growers
- Real Estate Prices
  - May vary depending on availability of abandoned industrial space within a given geographic region
- Rise of New Competition
- Change in Demand for Locally Grown Produce
- Produce Pricing
APPENDIX: WHY CEA?

SUSTAINABLE
CEA offers a way to produce a large amount of food year-round, in a relatively small space.

PROVEN
CEA is a prominent source of produce globally, a rapidly growing $17 billion market.

In China, 25% of produce is growing via CEA.

Reduced Emissions
90% Less water
75% Less growing space
50% Less growing time
APPENDIX: TARGET GEOGRAPHY

St. Louis
- Urban Agriculture Zones
- 25-year property tax exemption
- Wholesale water rates (50% discount)

Detroit
- Hydroponic-specific Tax Benefits
  - State income tax exemption
  - State business tax exemption
  - 75% property tax reduction

Cleveland
- Land Bank Program
- Procurement Preference
  - 2-4% bid preference for sustainable businesses

OTHER PROMISING LOCATIONS
Baltimore, MD    Utah
California      Flint, MI
Chicago, IL     Indianapolis, IN
# APPENDIX: SOCIAL METRICS

<table>
<thead>
<tr>
<th>ENVIRONMENTAL</th>
<th>SOCIOECONOMIC</th>
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<tbody>
<tr>
<td>Gallons of Water Saved</td>
<td>Number of Jobs Created</td>
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<tr>
<td>Carbon Savings (lbs)</td>
<td>Increase in Tax Revenue</td>
</tr>
<tr>
<td>Reduction in Miles Food Travels</td>
<td>Food Sold in Food Deserts (lbs)</td>
</tr>
<tr>
<td>Waste Reduction (lbs. of food diverted from landfill)</td>
<td>Increase in local consumption of produce</td>
</tr>
<tr>
<td>The Localization Ratio (% of consumption produced locally)</td>
<td>Distressed Properties Put Back to Use</td>
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</table>