

LIBEX



AN AMERICAN WHISKEY EXCHANGE

**“Investing in
whiskey is a global
phenomenon that
shows no signs of
slowing down.”**

- Barrons, June 2020

LIBEX - An American Whiskey Exchange

Aged quality whiskey ready for bottling fetches an impressive premium in the market. Barrels typically appreciate three to five times steadily over a five-year timeframe. Libation Exchange barrel ages finely crafted clear whiskey following standard industry timelines of six months, two years and five years before selling into the active bulk whiskey market.

Bulk whiskey and bourbon are sold directly to some of your favorite brands and distilleries (yes, most brands don't make all their own whiskey), into the rapidly growing international markets and finally to a well established spirits broker network.

The demand for aged whisky is expected to increase by 10% per year over the next 5-10 years as the aged whiskey market continues to experience exponential growth, especially with exported aged whiskey to countries in the Asia-Pacific.

LIBEX will customize aged whiskey and bourbon blends to fit projected market needs and will lead the aged whiskey market in alleviating the market pressure that exists with a target of 5-10% market share of the whiskey aging market.



Whiskey Barrel Contracts are nothing new, but It's been almost a century since the elite contract distilling industry allowed outside investors into the lucrative world of whiskey aging. LIBEX taps into the history of **Whiskey Warehouse Receipts**, offering asset-backed, direct investment into shares of newly filled casks which will be aged and sold at a significant premium throughout the life of our whiskey funds.

In the late 1800's a program was established making aging whiskey barrels an asset backed security. Whiskey barrels were stored in federally bonded warehouses allowing banks and investors to lend against those barreled assets often participating in their ever increasing value.



When prohibition began, banks were holding hundreds of millions of dollars in suddenly illegal assets. The federal government stepped in, making whiskey contracts legal despite the illegality of whiskey itself and preserving the federal warehouses. The banks were then able to offload these notes, or “whiskey bonds” out to third party investors to remain solvent, even though the underlying asset was completely illegal.

When prohibition ended, the few companies that bought these contracts were suddenly sitting on the largest supply of aged whiskey in the U.S. at a time when most everything else in our economy was decimated due to the Great Depression.



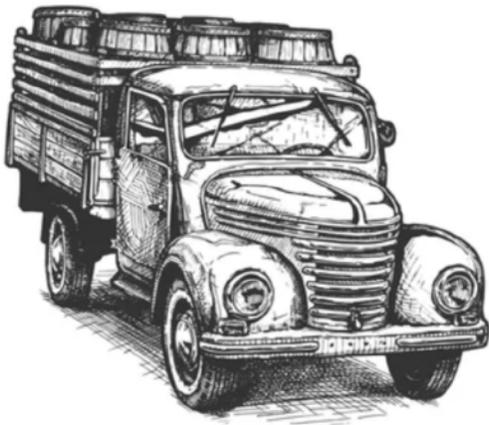
“The American whiskey industry is at a 50 year high... Consumer interest in American whiskey, especially rare, ultra-aged, ultra-expensive expressions is growing exponentially.”

- Forbes, May 2021

How the Spirits Industry Works

A Three Tiered System - After Prohibition, the United States and most states put into place a three tier system for manufacturing, distribution, and the retail sale of alcohol. The stated goal of this system was to prevent “over-consumption”, but in reality, the system was created to make sure the market could be monitored and taxed efficiently. Manufacturers are forced to sell to distributors in order to reach their customers.

Tier 1: Manufacturer- ferments, brews, distills, bottles and often ages distilled spirits. Manufacturers can only sell to distributors or to other licensed manufacturers.



Tier 2: Distributor/Wholesale - purchases and resells alcohol from manufacturers to licensed retailers.

Tier 3: Retailer - purchases alcohol from a Distributor and then resells it to public consumers through bars, restaurants, liquor stores, and grocery stores, etc.



Snapshot of the Manufacturing Market

Industrial Distilleries - focus on the production of large-scale, bulk spirits at a discount for a multitude of applications and national brands. Bulk distilleries often do not have their own brands, and rather concentrate on supplying the vast majority of brands that consumers' know and love like: Bulleit, Angel's Envy, George Dickel, High West, Templeton, Whistle Pig, and many many more. These brand ownership groups come to the industrial distilleries requesting a specific blend or age that sets their product apart from the competition so that they may sell it at a premium to consumers.

Craft Distilleries - these small to mid-sized businesses are the fastest growing sector in the craft spirits industry and are one of the largest purchasers of bulk grain neutral spirits (GNS) and aged American whiskey. LIBEX will be focused on providing our aged whiskey directly to this market.



The Market Opportunity for Aged Barrels

Demand for Whiskey in domestic and foreign markets has seen continued growth over the last decade. The lack of competition in the barrel-aged American whiskey market is a pervasive problem in the industry. Old establishment industrial distilleries like MGP and Heaven Hill primarily serve their largest customers (national brands) without consideration for new emerging brands and the smaller craft distilleries in the market. LIBEX will become the aged whisky supply chain for a rapidly expanding craft market and an exponentially expanding global market.

Brands and Distilleries - Brands, Craft Distilleries, Ready to Drink Producers are the primary consumers of pre-aged barrels and provide the highest margin for Libex barrel exit. Libex fills the gap between self distilling and off-the-shelf product.

- **Brands lack capital and capacity to produce and age whiskey on a large scale**
- **Libex provides brands with the ability to “bank” barrels in hopes of future growth**
- **Libex provides brands with authenticity in production process with custom blends**
- **Libex allows brands to take advantage of immediate demand for aged whiskey product**

International Market - The international market, or brands that sell into it, project to be the second largest margin exit for Libex Barrels. Due to shortages of aged whiskey in the market, foreign trade partners and local distilleries who target foreign markets are paying large premiums for aged whiskey stores. LIBEX is focused on becoming the largest export producer of aged whiskey for this rapidly growing market.

Spirits Wholesale Market - Companies like Ultra Pure resell product from industrial manufacturers like MGP and Heaven Hill by breaking them into smaller bulk sizes. Ultra Pure represents the lowest margin exit for Libex Barrels but the most efficient way to move barrels in volume.



Global Whiskey Market

Besides Vodka, Whiskey is one of the most popular Spirits worldwide. Valued at over \$61.7 billion in 2019, the Global Whiskey Market is expected to registered compounded annual growth of over 6.5% reaching \$95 billion by 2026. American Whiskey has seen over a decade of market share gains in the global whiskey market with compounded annual growth rate of approximately 5.3% with total export growth of over 55%.

While global sales of Whiskey suffered during Covid due to limitations in logistics and manufacturing, Whiskey is poised to see a large rebound in 2021 with a 5.5% volume increase. Through 2025, global sales of American Whiskey is projected to grow at a compound annual growth rate of 5.1%.

This growth is driven by various factors, such as increasing disposable income levels and changing lifestyles and consumer preferences. The millennial generation with its considerable purchasing power is the key consumer for the market.

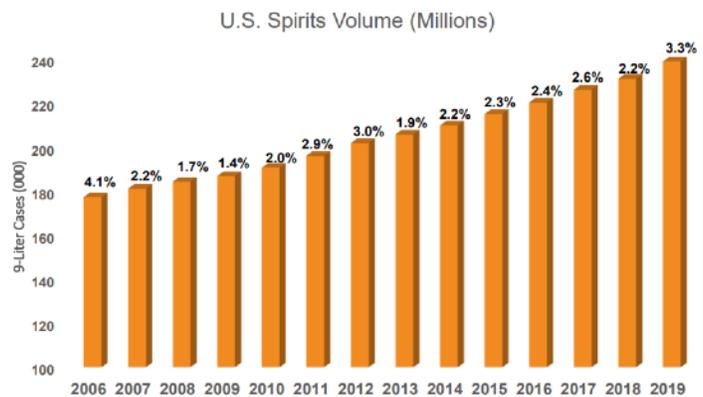


The demand for super-premium drinks is likely to witness substantial growth in developed countries, such as U.K., France, the U.S., and Canada, over the next few years. Factors responsible for this growth include “innovation and premiumization”, modernized alcohol laws expanding consumer access and choice, hospitality tax restraints, growth of “cocktail culture”, and a focus on “craft” products throughout developed regions.

Domestic Spirits Market

In 2019, distilled spirits gained market share over beer and wine—marking the 10th straight year of market share gains. Sales increased half a point to reach 37.8% of the total beverage alcohol market; each point of market share is valued at \$770 million in supplier sales. U.S. supplier gross revenues increased 5.3% to \$29 billion in 2019, a \$1.5 billion gain. The volume of spirit sales also increased by 3.3% to reach 239 million cases sold, illustrated in the graph below.

Driving spirits sales are the consumers' continued interest in high-end and super-premium products. Today's consumers are seeking unique and personalized experiences, as well as the type of authenticity and luxury that only higher-end spirits can provide.



Source: Distilled Spirits Council Market Segmentation Database

Domestic Whiskey Market

Whiskey sales revenue increased an impressive 10% in 2019, reaching \$4 billion in sales. According to IBISWorld, there are 616 whiskey and bourbon distillery operators in the United States, which generate more than \$4.3 billion in revenue annually. While COVID-19 has limited the sale of spirits at restaurants and bars, retail sales of spirits, including vodka and whiskey, have kept these industries afloat. In 2020, IBISWorld anticipates industry revenue growth will slow and increase only .9%. Over the five years to 2025, the industry's revenue is forecast to increase at an annualized 2% to reach \$4.8 billion.



**“Too much of
anything is bad,
but too much
good whiskey is
barely enough.”**

- Mark Twain

Investment Summary - LIBEX Whiskey Bond Fund #1

- Term: 5 year - Closed End
- Raise: \$1,000,000
- Structure: Limited Partnership
- Leverage: Unlevered
- Preferred Return: 10%
- Distribution Schedule: Quarterly Starting Year 2
- Projected Annual Distribution: 13+% per annum
- Projected 5-Year Net IRR: 27%
- Projected 5-Year Multiple: 3.25x
- Incentive to GP: 30% over Preferred

Fund Highlights

- Investment Backed by Aging Whiskey Barrels
- Whiskey Barrels Appreciate Daily
- Reliable Liquidity of Barrels into Expanding Markets
- Established Direct, International and Wholesale Markets
- Tax-Advantaged Opportunity Zone Investment
- In-house Master Distiller and Team of Industry Experts
- All Product is Bonded and Insured Throughout Aging



*Values based on current wholesale market pricing.

Opportunity Zone Investment

The LIBEX production and aging facilities are located in Torrington, Wyoming inside an Opportunity Zone under the Jobs Act of 2017. Investing in the LIBEX Opportunity Zone Fund provides unique tax advantages for capital gains investments. This can be explained in detail by your accountant, but in short, capital gains deployed into this investment will have the benefit of (1) a temporary deferral of capital gains tax until 2026, (2) a step up in basis of 10% in the amount of capital gains taxes due on the original investment that was sold, and (3) all investment gains in LIBEX will accrue completely capital gains tax free so long as the asset is held for at least 10 years (including rollover funds).

A Wyoming Headquarters

- **Source of Feedstock**
- **Temperature swings ideal for barrel aging**
- **Relationship with local and state economic development entities**
- **Tax incentives and Low Tax Environment**
- **Work Force with Experience and Lower Labor Cost**
- **Proximity to Distribution System (Rail or Truck)**
- **Low Land Cost**
- **Beauty**



“We received more provisions for our whiskey than for the dollars the whiskey was worth. A truly great investment.”

- Buffalo Bill Cody

Management Summary

Ray Digilio, Founder and Chief Executive Officer

With an impressive business background, Mr. Digilio has earned a reputation for launching and strengthening organizations through his keen sense of innovation strategy. He founded the first licensed distillery since prohibition, Kill Devil Spirit Co., in San Diego, California. In 2019, Mr. Digilio was awarded the highest recognition in the distilled spirits industry, winning double gold for his unique vodka/NGS recipe at the World Spirits Competition in San Francisco. Mr. Digilio also served as an advisor to the California Artisanal Distillers Guild in the co-authoring of State Senate Bill AB-1295 “Craft Distillers Act of 2015,” which is now enacted under the ABC License Type 74 Craft Distillers License. Mr. Digilio also served as an advisor and instructor for the American Distilling Institute.

Michael Mohamed, Co-Founder and Director of Disposition

With 15 years of experience in the alcohol distribution and sales, Mr. Mohamed has worked with the world’s top spirits conglomerates, including Brown Foreman, Diageo, Pernod Ricard, and Constellation. He has taken brands from launch to beyond buyout, an achievement made possible by his overzealous work ethic and dedication to market evolution. His relationships with liquor brands and within the distilled spirits broker network provide the foundation for the direct sale of LIBEX product into the brand market.

Chase Ahders, Co-Founder

Mr. Ahders is an executive, corporate lawyer, and entrepreneur. Mr. Ahders has more than 30 years of experience as the point person for large corporate deal structuring, strategic positioning, financing, investor relations, and legal representation. In his career, he has authored, negotiated, and capitalized on acquisitions totaling more than \$400 million.



Eric McCormick, Co-Founder and Chief Operating Officer

Mr. McCormick is a successful process designer, project manager, and equipment fabricator in the food, beverage, and cannabis industries. Eric has consulted on and built systems for more than 200 production beverage startup facilities nationwide. Eric brings an unbridled mind of knowledge in food compliance and process engineering innovation to the LIBEX team having extensive experience in process engineering as well as design and fabrication of sanitary stainless equipment. From 2013 to 2020, he focused on grain handling design and installation, and process packaging equipment.



ENDNOTES TO PRESENTATION

[1] There can be no assurance that the Fund will be able to implement its investment strategy or achieve its investment objectives. The historical returns or sales prices achieved with respect to prior sales of underlying LIBEX investments are not a prediction of future performance or a guaranty of future results. There can be no assurance that comparable returns will be achieved by investments made individually or in the aggregate by any future LIBEX fund. The Fund is pursuing a strategy that is new to its principals and such associated risks should be considered. Investors should be able to bear the loss of all or a portion of any capital invested. The pro forma figures presented herein or in support thereof are for illustrative purposes only and do not represent the actual returns received by any investor in any LIBEX fund.

[2] Investment parameters described herein are merely targets. There can be no assurance that the Fund's investments will meet these investment parameters, and the Fund will be permitted to make investments that do not satisfy these target parameters.

[3] The adoption of these performance objectives is not intended to predict the Fund's performance. Instead, these performance objectives are intended to provide additional context with respect to the Fund's investment strategy and the GP's portfolio construction process, including investment underwriting and risk parameters. The performance of each investment owned by the Fund may vary substantially over time and may not achieve the targeted returns set forth herein, which may have a material effect on overall portfolio performance over the life of the Fund. The ultimate returns realized by investors in the Fund will depend on numerous factors, are subject to a variety of risks, and will be reduced by fees, expenses and the incentive allocation. Information on targeted net returns to investors is available upon request. There can be no assurance that the Fund will achieve its objectives or that the Fund will be able to implement its investment strategy. As with all investments, past performance is not necessarily indicative of future returns of the Fund.

[4] Neither past nor projected performance is indicative, or a guarantee, of future results. There can be no assurance that the Fund will achieve barrel exit prices commensurate to those available at the time of the presentation of this Fund. Performance and projected performance figures are presented as of June 1, 2020, and do not reflect any subsequent events, including the continued impact of COVID-19 and further deterioration of economic conditions. The full impact of COVID-19 is particularly uncertain and difficult to predict, but is expected to have an adverse effect on future performance.

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Shares will be offered as a private placement to a limited number of investors and will not be registered under the U.S. Securities Act of 1933, as amended, and the rules and regulations promulgated thereunder (the "Securities Act"), or the securities laws of any U.S. state or non-U.S. jurisdiction and may not be sold or transferred without compliance with all applicable U.S. federal and state and non-U.S. securities laws. Neither the Fund nor any vehicle formed in connection with the Shares will be registered as an investment company under the U.S. Investment Company Act of 1940, as amended, and the rules and regulations promulgated thereunder (the "Investment Company Act"). Consequently, investors will not be afforded the protections of the Investment

Company Act. Neither the U.S. Securities and Exchange Commission nor any U.S. state or non-U.S. securities commission has reviewed or passed upon the accuracy or adequacy of this Presentation or the merits of the Shares. Any representation to the contrary is unlawful.

The Fund will involve significant risks. Investors must have the financial ability and willingness to accept the risks and lack of liquidity characteristic of the Shares. There will be no public market for the Shares, and the Shares, subject to certain limited exceptions, will not be transferable. Investors should be aware that they may be required to bear the financial risks of the Shares for an indefinite period of time.

This Presentation is not an offer to sell to any person, or a solicitation to any person to buy, any securities in connection with the Shares in any state or jurisdiction in which such an offer or solicitation would be prohibited by law or to any person who is not an "accredited investor" as defined in Regulation D under the Securities Act. The Shares will be offered only in such non-U.S. jurisdictions, if any, as LIBEX approves in advance at its sole discretion. No person other than LIBEX has been authorized to give any information concerning the Fund or to make any representation not contained in this Presentation.

In considering any historical performance information contained herein, prospective investors should bear in mind that past performance is not necessarily indicative of future results. The performance of the Fund will depend on various factors, including actual fees, taxes and other expenses of the Fund and vehicles through which it invests, future operating results, the terms of actual investments made and the terms and market conditions at the time of restructuring or disposition, legal and contractual restrictions on transfer that may limit liquidity, any related transaction costs, the timing and manner of disposition and the types of securities and transaction structures invested in.

Certain information contained in this Presentation constitutes "forward-looking statements" that can be identified by the use of forward-looking terminology such as "may," "will," "should," "could," "would," "predicts," "potential," "continue," "expects," "anticipates," "future," "intends," "plans," "believes," "estimates," or the negatives thereof or other variations thereon or comparable terminology. Furthermore, any projections or other estimates in this Presentation, including estimates of returns or performance, are "forward-looking statements" and are based upon certain assumptions that may change. Due to various risks and uncertainties, actual events or results or the actual performance of the Fund may differ materially from those reflected or contemplated in such forward-looking statements. Moreover, actual events are difficult to project and often depend upon factors that are beyond the control of LIBEX and the Fund. Neither the delivery of this Presentation at any time nor any sale hereunder shall under any circumstances create an implication that the information contained herein is correct as of any time after the earlier of the relevant date specified herein or the date of this Presentation.

Forward-looking statements and discussions of the business environment and investment strategy of the Fund included herein (e.g., with respect to financial markets, business opportunities, demand, investment pipeline and other conditions) are subject to COVID-19. The full impact of COVID-19 is particularly uncertain and difficult to predict, therefore such forward-looking statements do not reflect its ultimate potential effects, which may substantially and adversely impact the Fund's execution of its investment strategy.

In making an investment decision, investors must rely on their own examination of the issuer and the terms of the relevant offering, including the merits and risks involved. The Fund has 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 Presentation. Any representation to the contrary is a criminal offense.

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