



ELDERBERRY WINE ESTATE LLC

BUSINESS PLAN



www.cartecayvineyards.com

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The undersigned reader acknowledges that the information provided by _____ in this business plan is confidential; therefore, the reader agrees not to disclose it without the express written permission of _____.

It is acknowledged by the reader that information to be furnished in this business plan is in all respects confidential in nature, other than information that is in the public domain through other means and that any disclosure or use of it by the reader may cause serious harm or damage to _____.

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Abbreviation	
CAGR	Cumulative Annual Growth Rate
ROCI	Return On Capital Invested
ROI	Return On Investment
SEO	Search Engine Optimization

Table of Contents

Executive Summary	6
Business Name and Location.....	6
Opportunity.....	6
Our Solution.....	7
Investment Funds.....	8
Profit and Loss Summary	9
Key Factors to Success	9
Business Overview	10
Company's Introduction	10
Company's History.....	11
Legal and Institutional Plan.....	12
Objectives and Goals	14
The Management	15
Personal Plan	17
Products and Services	19
Vineyard	19
Spirits Production Facilities.....	20
Wedding Pavilion.....	24
Luxury Amphitheater	24
Hotel and Cottages	25
Market Analysis Summary	27
Industrial Analysis.....	27
Target Market Description	45
Competitive Analysis	48
Strategy and Implementation Summary	50
Competitive Edge.....	50
Target Market Segmentation Strategy.....	51
Marketing Plan	52
Risk Management Assessment.....	56

Land Management Plan..... 56
Strategy and Implementation Summary 56
SWOT Analysis 58
 Strengths..... 58
 Weaknesses..... 58
 Opportunities 58
 Threats 59
Risk Analysis..... 59
Check List/Milestone 61

Executive Summary

Business Name and Location

The name of the business is Elderberry Wine Estate LLC, and it is operated through its head office located at 5704 Clear Creek Road Elijay, Georgia, USA.

Opportunity

Vineyard business is a subset of the Wineries industry and this industry comprises of companies that are involved in at least one component of the winemaking process. The winemaking process includes growing and harvesting grapes, crushing and pressing grapes into unfermented wine and fermenting the wine. The industry also makes wine blends, brandies and wines made from other fruit sources. The wine institute which represents about 500 wineries in California states that total wine sales in the United States both from foreign and domestic avenues was around 600 million gallons some years ago which recorded a retail value of 19 billion dollars. Also wine exports have been a good source of revenue with 79 million gallons exported providing about 500 million dollars in revenue. California accounts for most of the wine markets in the United States but steadily over the years, the business has become very popular and there has been an increase in wine markets in various regions around the country. This has seen vineyards available in about 40 states with 49 states having wineries, leading to about 2000 wineries around the country.

The winery industry is indeed a very large industry in the United States of America, the market statistics state that in the United States of America alone, there are about 6,979 licensed and registered wineries (vineyards) directly responsible for employing about 10,440 employees and indirectly responsible for employing roughly 57,247 people. After growing the grapes, there is a huge opportunities for businesses to sell or export them to wineries who are involved in producing the wine. They can also decide to start and own a winery where they will produce the wine and distribute them to consumers. Elderberry

Wine Estate LLC do both by having an estate winery where the company grows the grapes and produces the wine under their brand name.

On the other hand, the wine and spirits market possesses a high demand from individuals for a place where they can both relax and enjoy. There is a shift in spending a high amount on spirits drinks. People want something that is different than traditional drinks, and the only way to achieve that is through blending different beverages. Especially, Millennials enjoy beer, flavored whiskeys, Vodka and spirits. There is a vast opportunity for wine drinks in young consumers. The wine and spirits industry has experienced steady growth over the last ten years. The spirits segment volume has been growing at a CAGR of 2% over the previous ten years while revenues outpace this growth with a CAGR of 4%. The vodka segment has been growing steadily at a CAGR of 2% over the last ten years in volume and a CAGR of 3% in revenues.

Our Solution

Elderberry Wine Estate is a one-stop entertainment destination for locals as well as tourists in Elijay, Georgia. The project will be based on 118 acres of land in which 40 acres will be used to grow grapes vineyard. The remaining land will be used to build spirit production facilities, tasting room, an amphitheater, a luxury hotel, cottages and a beautiful space for wedding events. This is a multi-million investment project with a dedicated path of success. For our vineyard, this area offers an ideal combination of soil and weather conditions suitable for growing a wide variety of world class wines. Deep clay and loam soils combine with steep shoulder slopes to offer unparalleled water holding conditions, where the vines can thrive in the seemingly harsh conditions of our hot summer months. Our viticulture practices are highly hands on, with 100% of harvesting being done by hand as well as all pruning, fruit dropping, and canopy management. We manage the vines to be ultra-low loading, so as not to stress or over exploit any one plant. On the Estate visitors experience the legendary hospitality of Elderberry Wine Estate at the Elijay winery. Our guests can enjoy food pairing curated

with a custom wine experience or simply drop in for a taste of the unique taste of wines. Our vineyard resort will serve alcoholic beverages, specifically wine, to everyone regardless of their cast, creed, ethnicity, color, or gender. The facility will open all-day life entertainment with great wine, live entertainment activities, quality food and views served by great people. Our visitors can enjoy an intimate seated tasting overlooking the beautiful views from the patios or stunning indoor areas. Our passion, and unwavering steadfast determination and commitment, is to grow and produce wines that compete with premium and ultra-premium wines grown and produced anywhere in the world.

Investment Funds

The business plan will be presented to angel investor and bank to raise the required funding of \$500 million for purchasing 118 acres land and build our wine vineyard, spirit production facilities, luxury hotel, cottages with other amenities. The funds will be used as follow:

Start-up Costs	Amount
Non-Current Assets:	
Depreciable / Amortizable Costs	\$205,000,000
Land	\$200,000,000
Current Assets:	
Cash (Working Capital)	\$94,500,000
Expenses:	
Business registration, Licenses and Legal Fee	\$250,000
Marketing Budget	\$50,000
Misc. and Unforeseen	\$200,000
Start-up Assets to Fund	\$499,500,000
Start-up Expenses to Fund	\$500,000
Total	\$500,000,000

This is a mega project with multi-millions investment. The purpose of this document is to provide potential investors with the information necessary to evaluate the merits of the value proposition and the growth strategy of Elderberry Wine Estate LLC. Additionally, it will serve as a guide for management for establishing goals against which performance can be measured.

Profit and Loss Summary

The Company expects steady growth over the next five years of operation and projects the following revenues and profits to be generated:

	Year 1	Year 2	Year 3	Year 4	Year 5
Revenue	\$5,650,580	\$12,025,319	\$24,169,417	\$43,404,801	\$77,948,787
Net Profit	(\$4,799,855)	(\$831,316)	\$6,888,568	\$19,220,875	\$41,520,163

Elderberry Wine Estate LLC intends to use the funding for purchase of real estate, construction facilities, equipment, working capital and general corporate purposes. Based on the management experience and industry growth rates, the investment risk is minimal. Elderberry Wine Estate LLC' financial model shows consistent growth for the company over the next five years. By year five, plans call for the company to achieve \$77,948,787 in annual gross revenue with a net profit of \$41,520,163.

Key Factors to Success

- * **Quality**—Minimize mistakes and provide clients with the level of service quality they require. Quality reduces cost in the long run and increases dependability.
- * **Employees**- Recruit and retain highly-motivate employees who share in our core values, mission and purpose
- * **Cost**—Every client cares about cost relative to value and develop an efficient supply chain to minimize costs. The other performance objectives will affect prices.
- * **Differentiate**-Be able to provide an unforgettable, bespoke and unique experience to clients for intimate to large-scale career
- * **Communication**-Encourage customer feedback and improve the service in the light of these feedbacks
- * **Programs**-Maintain an aggressive advertisement budget and launch the most targeted marketing campaigns that promote our specialty brands, economic benefits and sustainable value
- * **Networking**- Be an active member of the community and maintain a respectable and untarnished reputation in the community.

Business Overview

Company's Introduction

Elderberry Wine Estate LLC rests just outside of Ellijay, GA in the beautiful Southern Appalachian Mountains. The estate is a diversified winery portfolio that provides sustainably produced wine and related drink for our customers and community. We are a business that we hope others can learn from, and we are a family that helps our neighbors. We work in partnership with nature producing grapes while preserving the environment and the natural world. At Elderberry Wine Estate LLC, we will be involved in the growing of grapes for the production of quality wines, spirits and other related drinks. We will produce award winning fine wines from estate grown grapes. We will serve our quality wine at our facility and also retail them under our brand name. We have put process and strategies in place that will help us employ best practices when it comes to bringing out the best in this line of business. Guests come at our facility to enjoy a day with us taking in the picturesque views offered by our vineyards, tasting barn and outdoor venues with live musical entertainment, with local and regional artists at every weekend.

Our Mission

Our Mission Statement defines who we are and how we produce. At Elderberry Wine Estate LLC, we believe in a culture that is committed to the environment and community. Our mission is to produce a high-quality product (fine wines and spirits) in the most environmentally and economically sustainable manner possible. This requires the hard work of a dedicated team. Using the most efficient equipment and farming practices, we strive to leave our land and our community in better condition than we found them.

Business Core Values

At Elderberry Wine Estate LLC, every team member learns and follows a set of values that define our company. Our Values are:

- * Our farming activities should be profitable and enjoyable, and performed in the safest way possible

- * Grapes farming is our passion, and we strive in excellence to provide high-quality products
- * We care about family, neighbors, community and the environment and we promise to always do the right thing
- * We strive to leave the land we manage in better condition than we found it
- * We value nature and work in partnership to produce our products
- * We value working together as a team and respect what each member brings to the table
- * We value being a vital part of the larger community and we enjoy providing product and services to our customers

Elderberry Wine Estate's team truly believes that each day, if we commit to do our best, practice honestly, support our community, and work together with respect, we will create a business that is profitable and enjoyable. When you as a customer choose us, know that you will be receiving a quality product that produced with the Values of Elderberry Wine Estate LLC.

Company's History

Cartecay Vineyards (later named Elderberry Wine Estate) is situated in the Eastern part of Gilmer County, in the Cartecay region. The region of Cartecay was named by the Cherokee and translates to "Bread Valley."

April 2007: The Vineyards was founded in 2007 when we purchased a Farm dating back to circa 1890. When we acquired the farm it had laid barren for many years, and had been reclaimed by Mother Nature. What once was a farm that grew corn and hay, as well as raised cattle, hogs and mules, was transformed with intensive planning and great care, into what it is today; A bustling vineyard full of life, events and music.

June 2007: The Southern Appalachians in North Georgia are ideal for growing wine grapes. The elevation, the soil and the climate all combine to produce a unique Terroir that provides for the highest quality wine grapes and subsequently, fine wines. Cartecay Vineyards has Western facing slopes, which allow for the vines to receive maximum sun

exposure, elevations ranging from 1650 ft. to 1750 ft., sloping landscapes to help keep the vines' "feet" dry and clay loam soils, which are conducive to growing grapes.

April 2008: Cartecay Vineyards was planted in the Spring of 2008 with two varieties, Vidal Blanc and Merlot. We have since lost our Merlot vines to disease. Our current varietals include; Vidal Blanc, Traminette, Norton (Cynthiana), Catawba, Cabernet Sauvignon, Petit Verdot and Chardone, with more planned.

September 2010: We had our First ever Harvest! We picked Merlot and Vidal Blanc, both of which produced great Vintage Wines. Merlot has since succumbed to disease and has been replaced with Petit Verdot. Vidal Blanc has been one of our most popular wines since the First Harvest and can be enjoyed as a Varietal Vintage Wine or as part of many blends we produce.

July 2011: The Tasting Barn sits at the foot of our vineyards and in the middle of our two vineyard blocks, the Main Block and the Maple Block. The Tasting Barn is where we conduct most of our on-site Tastings as well as host numerous events; Cork & Canvas, Private Parties and Weddings, as well as Music. The Tasting Barn is the original Barn, rehabilitated, that was first constructed in circa 1890. It contains all the original wood and character. It is worth visiting us just to see the Tasting Barn. One of our favorite pieces of furniture resides in the Hay Loft's bathroom, a vanity made from the original barn wood.

September 2012: Our First Crush Festival was held in September of 2012 and has become our biggest and best attended festival of the year. We hold the Festival Annually in the middle of September. Our guests enjoy a great day of Stomping Grapes, Tractor-Trailer Vineyard Tours, Great Music and Food, and of course Wine.

Legal and Institutional Plan

Legal Organization: A vineyard is a farm. With that it requires a large capital expense for equipment and relies heavily on hand labor to do a majority of its tasks. Farming is consistently ranked in the top 10 of the most dangerous professions, primarily because farms use large and heavy equipment in the performance of its duties. Vineyard

equipment tends to be much smaller than the large combines used in row farming, but accessories such as mowers, post drivers, trimmers, and sprayers all require a certain amount of care to prevent accidents.

Elderberry Wine Estate has decided to establish as a limited liability company because it allows Elijah'Isaiah X, Tony Nasca, and Linda Brennan to establish the vineyard as a separate entity. The LLC will offer the owners a limit on the personal liability they incur through the business and profits (losses) will flow through their personal federal and state tax forms. Elijah'Isaiah X, Tony Nasca, and Linda Brennan will be the sole owners of the vineyard.

An LLC structure has been determined to be the best option among the several ways to define the business. It provides some liability protections to the owner, yet is sized to provide an uncomplicated structure recognizing that the owner-operator is a major contributor to the day to day operations within the vineyard. It also creates a form that adapts well to stepping up the operation to a more formal approach, which may include payroll, insurances, guarantor positions, and organizational responsibilities.

Licenses, Taxes, and Fees:

- (a) State incorporation is required and must be renewed annually.
- (b) State Employment Commission dictates certain procedures and applications if employees and payroll are necessary.
- (c) Counties require a business license where a tax is levied after gross receipts of \$1000. Because all sales are of an agricultural product being sold to a value-added convertor, there is no sales tax.
- (d) County excise taxes on farm equipment may be exempt; individual county laws may apply.
- (e) Land Use & Zoning: Lands used in farming are generally zoned as Agricultural Residential, or variations of this. Real estate taxes may be based on going

appraised rates or may fall under a "Land Use" qualification (these rates may be lower).

- (f) For virgin land not previously used in farming, a land disturbance application may be required with supporting documentation specifically addressing erosion and water run-off.
- (g) Building codes: structures deemed "agricultural" for use in storage and protecting equipment may be exempt from meeting building codes.
- (h) Most applicable pesticides do not need certification by the applicator to use. However, should restricted pesticides be considered, a registration and licensing, with annual classes is required.

Objectives and Goals

Short-Term Objectives

- * To make a business plan and implement it effectively
- * To purchase land and establish grapes plants on the ground, starting with 118 acres land in which 40 acres land for vineyard
- * To build four buildings for spirits production
- * To produce four different varieties of wines (wine, tequila, vodka, rum, and bourbon) in Year 1 of operation
- * To attract individuals of the millennial generation to the winery which are 21 years and older
- * To begin building a state-of-the-art processing, fermentation, and storage facility in year 1 of operation
- * To hire experienced winemaker to help at the winery in year 1 of operation
- * To establish a 220 keys luxury hotel and 15 cottages for our guests specially couples who visit us to spend their romantic holidays
- * To provide great customer services

- * To maintain profitability by focusing on controlling costs in both production and operations while maintaining the profit margin on products sold
- * To build and retain loyal customers. We set our customers' retention ratio at 97%
- * To maintain excellent relationships that enrich and enhance the lives of people.

Long-Term Goals

- * To develop customer oriented team and mindset. Developing and maintaining a highly professional and capable team capable of servicing the multiple needs of clients is an objective of business. Professionalism and passion for customer service will place the company on the path that leads the industry to long-term success and viability.
- * To host profitable festivals at the winery in Year 2 of operation
- * To obtain at least 1000 clients within the first year of business operations
- * To go into full – time commercial cultivation of grapes for different type of spirits production that will not only be patronized in Georgia, but also deliver to surrounding areas.
- * To become one of the top vineyard and entertainment destination in Georgia.
- * To become a board member of the Georgia Wineries Association by Year 5
- * To become an executive member of the Georgia Wineries Association to help promote the wellbeing of the wine industry by Year 5 of operation

These goals will be implemented over the course of the first year, using gained information and knowledge to work towards long-term goals of increased production and a sustainable farm both environmentally and financially.

The Management

Strong management, our vision and commitment will lead to our success. Elijah'Isaiah X, Tony Nasca, and Linda Brennan will be the owners of Elderberry Wine Estate LLC. They envisioned and created the business based on their passion for the industry and their

desire to have more control over their future. Their combine goal as business owners is to continue to stimulate the economy by providing well-needed wine products entertainment services for the community. They are dedicated to create an environment that not only brings exceptional quality to our local community, but also believes and practices work-life balance.

About the owners

ADD BIO....

Personal Plan

For our spirits' Production facilities, we have decided to hire qualified and competent hands to occupy the following positions in each production facility separately;

- * Chief Operation Officer (COO)
- * Plant Manager
- * Human Resources and Admin Manager
- * Warehouse Manager
- * Merchandize Manager
- * Sales and Marketing Manager
- * Information Technologist
- * Accountants / Cashiers
- * Cleaners

Chief Operating Officer

- * Oversees entire operation to make sure it meets plan in an efficient and timely manner
- * Directs general farming staff to see that seasonal requirements are met
- * Monitors cash flow of vineyard to meet critical needs Determines initial implementation and future expansion plans for the vineyard; designs and purchases vineyard materials as required and assigns
- * Is predominant in day-to-day operations of the vineyard; particular emphasis on chemical applications, maintenance & repairs, accounting
- * Takes primary role in contract negotiations and purchase agreements
- * Directs and trains all personnel assigned to the vineyard, including mowing, pruning, weed control, and harvesting.

Certified Public Accountant to provide quarterly reports and year- end summaries and fulfill mandatory tax requirements. Must be versed in accounting particular to farming, as

well as understand the lengthy process and various depreciable items associated with a vineyard.

Legal Counsel to provide input regarding organization of corporation and fulfill annual requirements of County and State.

Insurance Agent to monitor risks and liabilities relative to growth. Makes suggestions regarding coverage required by law as well as to reduce potential risks.

Elderberry Wine Estate LLC's Operations Staff estimates.

Labor needs to be defined as to the work required for 1st and 2nd year set up, ramping up in years 3 and 4, and then from year 5 onward. Most labor, with the exception of the tractor driver (Experienced), can be entry level (EL). Currently, we have 38 employees and we will plan to hire 100 more employees within 2 year of operations.

Products and Services

A vineyard is a plantation of grape-bearing vines, grown mainly for winemaking, but also raisins, table grapes and non-alcoholic grape juice. The science, practice and study of vineyard production is known as viticulture. A winery is a licensed property that makes wine. We have diversified portfolio of our offerings. Below is the detail of what we produce and introduce to our community.

Vineyard

Georgia is more than just craft beer and moonshine. The Peach State has its fair share of wineries, especially clustered around the North Georgia Mountains. We are committed to purchase a 40 acres for our grapes vineyards in Elijay. We see a significant gap in the amount of Norton grapes that the Georgia wine industry needs to meet consumer demand, and the amount of Norton grapes being harvested in the Commonwealth of Georgia. Our vineyard is directed at this need, conservatively producing on average 2 1/2 tons per acre for a total production anticipated of 75 tons from a 30 acre vineyard.



Our vineyards offer tours, wine tastings, and glasses and bottles of wine that our guests can purchase to sample there or take home to enjoy later. Sit back, relax and sample great North Georgia wine surrounded by the beauty of the mountains any time of year.

Spirits Production Facilities

Elderberry Wine Estate prides itself on providing quality wine to the millennial generation of consumers at competitive prices through creative marketing techniques in Elijay and the surrounding areas. The winery provides wine to its customers using a friendly, knowledgeable tasting room staff. We offer products to a wide array of individuals through our unique tasting room. The winery will support the community by sponsoring 5K and 10K races around the surrounding area. We plan to construct four buildings each 50,000 sq. ft. for our Spirit Production facility. Each building will be our wine, tequila and rum, vodka, and bourbon division. The third floor of the building will be our craft beet division. Our existing product-line is as follow:

VIDAL BLANC: A dry, white wine. Aged on the lees to provide a silky mouth feel. Displays citrus and honeysuckle aromas. Good mineralogy with grapefruit and stone flavors.

TRAMINETTE: unique varietal wine. Stylistically similar to a sweet Riesling. Wonderful rose petal nose, silky body with wild flower flavors. Light golden color.

SASSY SISTERS: A semi-sweet wine crafted from our Catawba grapes. An orange wine with flavors of citrus. Silky mouth feel. Enjoy as an aperitif or with spicy foods.

BEE LOVED: A payment; a blend of mead and our traminette. Displays a nose of honey & spring flowers. Silky mouth feel, with flavors of wild-flower and spring. A semi-sweet wine.

CHIMNEY NOEL: A Christmas Wine, just in time for the Holidays. A Sweet Nouveau wine with flavors of Christmas Berries, Candy Canes and Peppermint Sticks.

CHIMNEY RED: A red wine, crafted in the cartecay style. Easy drinking. Off dry, medium bodied, light oak, distinctive cartecay flavors. Ruby red color. A blend of 5 varieties of grapes.

CABERNET SAUVIGNON: aromas of black cherry & white oak. Balanced tannins with flavors of dark plum and sweet shrub. Distinctively oaked. Displays dark crimson color.

LAW MAN RED: A big red wine full of complex flavors and tannins. Crafted from oaked Norton & Catawba, this wine displays rich earthen flavors with deep plum colors. Named to highlight our farm's colorful history of alcohol production.



Our Spirit Products Range

1. Wine

Wine is an alcoholic drink typically made from fermented grapes. Yeast consumes the sugar in the grapes and converts it to ethanol and carbon dioxide, releasing heat in the process. Different varieties of grapes and strains of yeasts are major factors in different styles of wine. There are five basic stages to making our quality wine: harvesting, crushing and pressing, fermentation, clarification, and then aging and bottling. This is our main product as United States is the largest wine consumer, and fourth largest wine producer in the world.

2. Tequila

Tequila's popularity has been on the rise in the United States for years, and in 2021 it surpassed whiskey in retail sales, making it the second best-selling spirit behind vodka. The transformation of tequila from a party drink to a refined spirit has been a major factor in this growth. Tequila is a distilled spirit made from the Agave tequilana Weber Blue, blue agave or Agave Azul, and produced only in five areas of Mexico: Jalisco (where 99% is made and home to the town Tequila) as well as Guanajuato, Michoacan, Tamaulipas and Nayarit – these are known as the Denomination of Origin Tequila. Tequila contains 40–50 percent alcohol. Tequila may be a comparatively healthier option than some other types of alcohol because it contains fewer calories, zero sugar, and zero carbohydrates.

3. Vodka

Vodka is made from alcohol that is created by fermenting some sort of high starch or sugar plant matter with yeast. The most common types of plant matter used are cereal grains, like wheat, corn, rye or potatoes. In the USA, one vodka, which has been the top-selling spirit in the U.S. At \$7.3 billion in revenue, vodka is still selling roughly \$2 billion more annually than tequila and mezcal, but agave-based spirits could be on track to outstrip it in just a few years.

4. Rum

Rum is a liquor made by fermenting and then distilling sugarcane molasses or sugarcane juice. The distillate, a clear liquid, is usually aged in oak barrels. Most rums are made from molasses, the residue remaining after sugar has been crystallized from sugarcane juice, containing as much as 5 percent sugar. In the USA, 41.26 percent of respondents aged 18 to 29 years stated that they drank rum in the past 3 months.

5. Bourbon

Bourbon must be produced from a mash of not less than 51% corn, but typically, a bourbon mash contains ~ 70% corn, 15% rye, and 15% malted barley. A rye whiskey mash can contain 51% rye, 39% corn, and 10% malted barley. The Tennessee whiskey can be made from a mash of 80% corn, 10% rye, and 10% malt. Because of its high quality and appeal to premium whiskey drinkers, bourbon has become a popular drink all over the world. Over the past five years, sales of super-premium bourbon have increased by 135%, according to the most recent data. According to the research, 13.1% of Americans are bourbon drinkers. That means that the other 86.9% are liars or too young.



Wedding Pavilion

We also construct our second building that will be our wedding pavilion. This will be a 35,000 sq. ft. steel building with a full kitchen. Our events team will be happy to plan the perfect wedding and reception. Whether our guests are dreaming of an expansive outdoor wedding or an elegant indoor affair. Our highly creative team will turn their vision into reality and tend to every detail. We can arrange a formal dinner from our seasonal menus, a delectable buffet, or an array of food stations combined with an assembly of served or stationary hors



d'oeuvres. All options are paired with Elderberry Wine Estate's finest wines. On the day of the event, arrive assured that everything is taken care of and have a wonderful time. Elderberry Wine Estate is honored to provide catering service for all contracted events. This is our way of ensuring our guests receive the highest level of quality possible.

Luxury Amphitheater

After acquiring 118 acres land, we will also build a luxury amphitheater that sets 1000 people comfortably. Featuring a style reminiscent of the Georgia missions, guests are able to immerse themselves in a unique and intimate concert adventure as they enjoy modern amenities and first class hospitality. Various seating options all within 150 feet from the stage, including regular, VIP and general admission lawn seating, make events accessible to anyone in the community.

Hotel and Cottages

On the other side of the property we have 35 acres. There we will build a 220 key luxury hotel and 15 boutique cottages with a mixture use community. The five-star hotel is actually more intimate than it looks, with 220 rooms, a Michelin-star restaurant, and an outdoor second-floor bar that overlooks the vineyards and charming mountains. For those that want to be as close to the vineyards as possible, the Vineyard View rooms and suites are the way to go. The Elderberry Wine Estate suites don't overlook the vines but are equally as charming, with amenities like freestanding soaking tubs and garden views.



Our cottages are, simply put, breathtakingly beautiful. A luxury hotel and 15 freestanding cottages are thoughtfully scattered among 35 acres of vineyards, and views of the snowcapped Andes in the distance are nothing short of spectacular. The property is perfect for a romantic getaway or a family escape — its rooms come with amenities like private pools, hot tubs, outdoor terraces, even private fire pits.

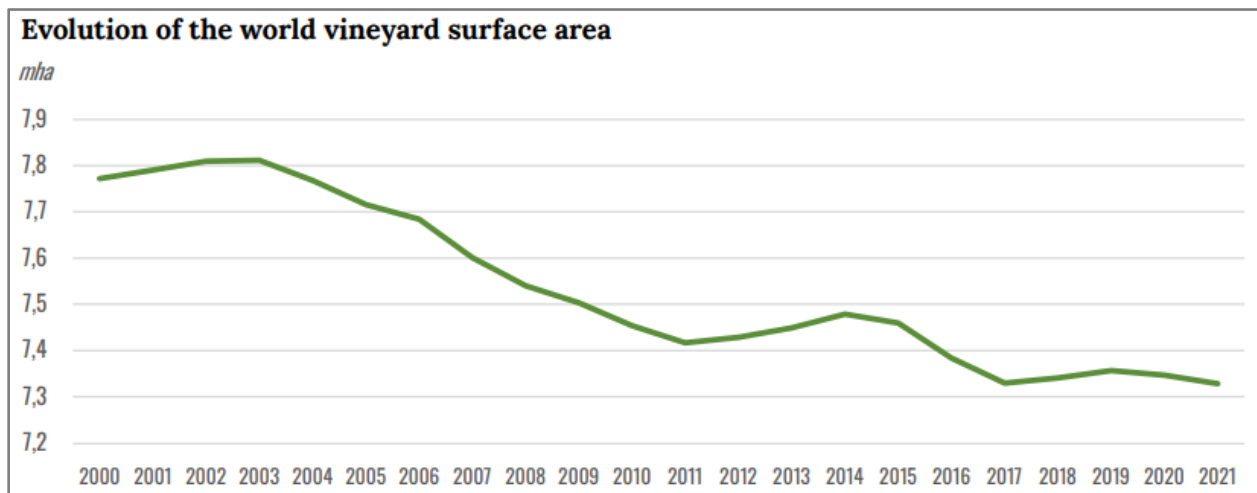


Market Analysis Summary

Industrial Analysis

Global Vineyards Market

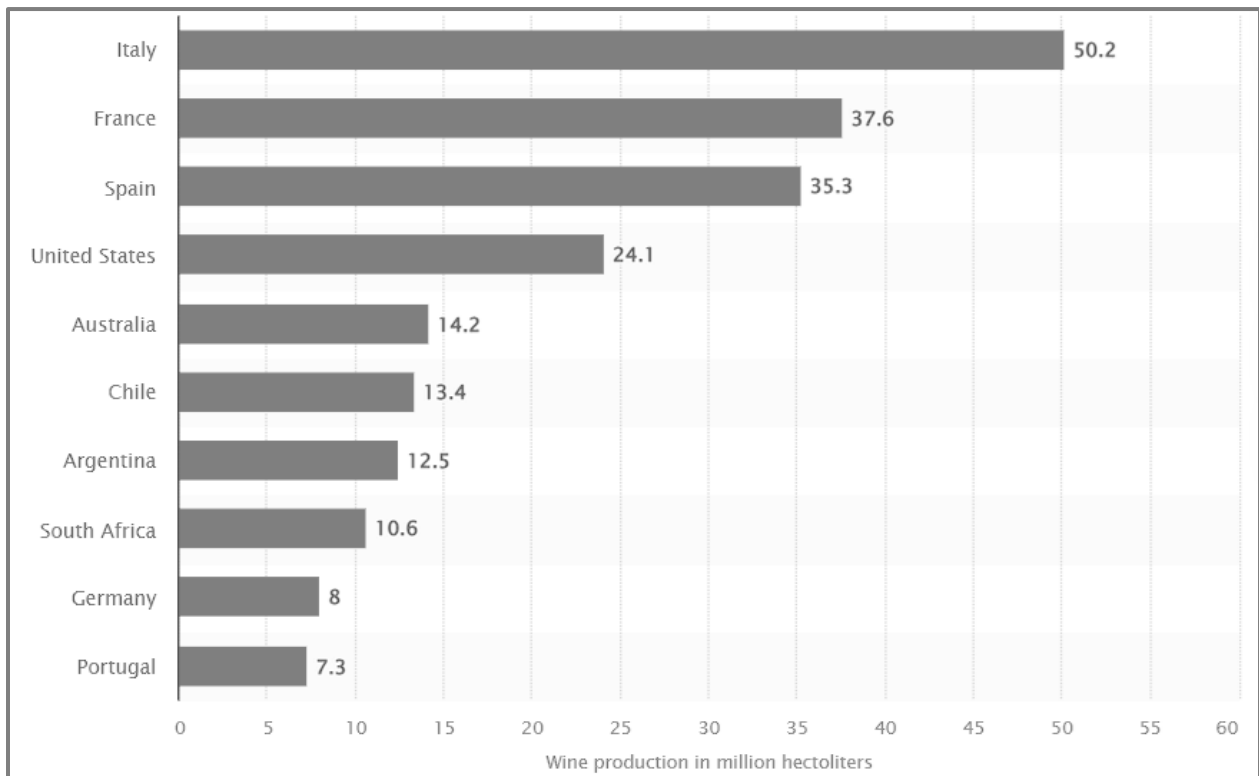
The global vineyard surface area is estimated to be 7.3 MHA in 2021, only marginally lower compared to 2020 (-0.3%). The world area under vines refers to the total surface area planted with vines for all purposes (wine and juices, table grapes and dried grapes) including young vines that are not yet productive. As fig. 1 below depicts, the surface area of the world vineyard seems to have stabilised since 2017. The current stabilisation hides heterogeneous evolutions in different regions in the world. In particular, contrasting trends are seen in two main blocks of countries. On one side some European Union (EU) countries like Italy and France, together with China and Iran, are driving the world vineyard surfaces upward. On the other hand, large vine growing countries in the Southern Hemisphere (with the exception of Australia and New Zealand) along with other major vineyards like the USA, Turkey and Moldova are experiencing a significant decline in their vineyard surface areas. These opposite trends thereby balance out their effects at the world-level.



In the USA, the vineyard has been consistently decreasing since 2014, and in 2021 its surface area is estimated to be 400 kha, in line with the previous year. Among other factors, this reduction in acreage has been called for in the recent years to overcome a grapes oversupply issue.

Source: https://www.oiv.int/sites/default/files/documents/eng-state-of-the-world-vine-and-wine-sector-april-2022-v6_0.pdf

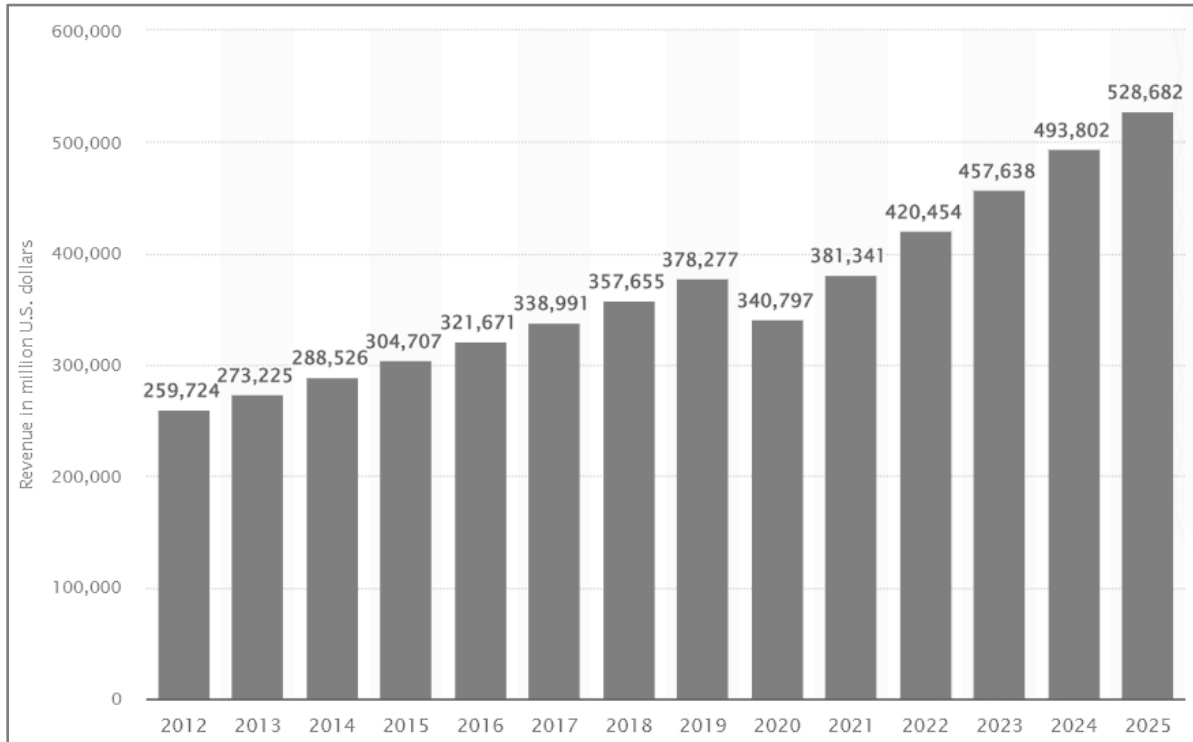
Wine production worldwide in 2021, by country (in million hectoliters)



The climate, terrain, and soil quality in which the wine grapes are grown has a major influence on how the wine turns out. Though most of the world's wine is grown in the Mediterranean region, or in areas with a Mediterranean climate, the areas in which grapes can be grown have expanded greatly. In 2020, vineyards took up about 7.3 million hectares of land worldwide. This figure has remained somewhat stable over the last decade.

Source: <https://www.statista.com/statistics/240638/wine-production-in-selected-countries-and-regions/>

Wine market revenue worldwide from 2012 to 2025 (in million U.S. dollars)



Revenue from the global wine market stood at 340.8 billion U.S. dollars in 2020. The Statista Consumer Market Outlook estimates that by 2025, revenue in this segment will increase to 528.7 billion dollars. The United States was the world leader in the wine market in 2021 in terms of revenue with 51.4 billion U.S. dollars. In second place was China followed by France with revenue from wine at around 25.7 and 25 billion dollars.

Source: <https://www.statista.com/statistics/922403/global-wine-market-size/>

Global Spirits Drinks Market

A spirit is an alcoholic beverage that is distilled rather than fermented. Distilled spirits tend to have a high average percentage of alcohol by volume that can range from about 20% to as much as 90% ABV. To create a spirit, raw ingredients, such as fruit, potatoes, and cereals, are used during the distillation process. Common examples of distilled alcoholic drinks include whiskey, gin, and vodka. By 2025, the size of the global alcoholic beverage market is projected to reach about two trillion U.S. dollars. The spirits market will account for about a third of the overall market.

In 2022, China generated nearly 157 billion U.S. dollars in spirit revenue, making it the leading country in the global spirits market that year. At about 80 billion U.S. dollars, the United States ranked second. The United Kingdom was the world's leading spirits exporter in 2021. Roughly 7.7 billion U.S. dollars' worth of spirits was exported to other countries across the globe. The most popular spirits brand, in terms of sales volume was Jinro, a brand of soju owned by HiteJinro, with sales standing at 94.5 million 9-liter cases in 2021.

Consumption of spirits rebounded slight in 2021, as it did for all categories of alcoholic beverages, although rebound in this case means no growth instead of shrinking. It is not until 2023 that growth is expected to turn positive again at 4.4 percent. With volume sales exceeding 766 million 9-liter cases, ready to drink spirits were by far the most popular type of distilled alcoholic beverages in the world in 2021. In terms of global per-capita volume sales, Japan led the list with consumers purchasing an average of 24.4 liters of spirits.

Source: <https://www.statista.com/topics/6788/spirits-market-worldwide/#topicOverview>

Tequila Segment Growth (Globally)

In 2022, the worldwide tequila market is expected to be worth US\$ 10.8 billion. Looking ahead, the market is expected to reach \$25.4 billion by 2026, rising at a 14.4 percent CAGR between 2021 and 2026. Tequila is an alcoholic beverage manufactured from the Agave Tequilana plant. It is fermented with extra sugars such as glucose and fructose, as well as artificial flavoring ingredients. Tequila's alcohol concentration, flavor, and color often change depending on the length of the age process. Its moderate use assists digestion by raising probiotic levels, improving calcium and magnesium absorption, and promoting the development of beneficial microorganisms in the intestines. It is commonly used as a foundation component in cocktails and is popular among young people all over the world.

Source: <https://www.imarcgroup.com/prefeasibility-report-tequila-manufacturing-plant>

Vodka Segment Growth (Globally)

- * Revenue in the Vodka segment amounts to US\$42,057m in 2020. The market is expected to grow annually by 8.0% (CAGR 2020-2023).
- * In global comparison, most revenue is generated in the United States (US\$18,803m in 2020).
- * In relation to total population figures, per person revenues of US\$5.65 are generated in 2020.
- * The average per capita consumption stands at 0.3 L in 2020.

Source: <https://www.statista.com/outlook/10020200/100/vodka/worldwide>

Rum Segment Growth (Globally)

- * Revenue in the Rum segment amounts to US\$14,989m in 2020. The market is expected to grow annually by 8.1% (CAGR 2020-2023).
- * In global comparison, most revenue is generated in the United States (US\$2,334m in 2020).
- * In relation to total population figures, per person revenues of US\$2.01 are generated in 2020.
- * The average per capita consumption stands at 0.1 L in 2020.

Source: <https://www.statista.com/outlook/10020300/100/rum/worldwide>

Whisky (Bourbon) Segment Growth (Globally)

- * Revenue in the Whisky segment amounts to US\$88.07bn in 2023. The market is expected to grow annually by 5.18% (CAGR 2023-2027).
- * In global comparison, most revenue is generated in the United States (US\$18,570.00m in 2023).
- * In relation to total population figures, per person revenues of US\$11.46 are generated in 2023.

- * In the Whisky segment, volume is expected to amount to 6,691.9ML by 2027. The market for Whisky segment is expected to show a volume growth of 2.0% in 2024.
- * The average volume per person in the Whisky segment is expected to amount to 0.81 L in 2023.
- * Bourbon Market size was valued at USD 61.21 Billion in 2022, growing at a CAGR of 5.7% from 2023 to 2030.

Source: <https://www.statista.com/outlook/cmo/alcoholic-drinks/spirits/whisky/worldwide>

The COVID-19 pandemic caused massive disruption in the food and beverage industry's supply chain because of restrictions on transportation and logistics. However, the global market reported a steady performance in its annual sales. According to the Tequila Regulatory Council (CRT), its production increased 3.8% compared to the same period of the previous year. The consumers' shift towards drinking at home during the pandemic has led to heightened sales of alcoholic beverages. The bricks-and-mortar alcohol stores remained closed, which negatively impacted the business; nevertheless, the e-commerce channel flourished as people started ordering liquor online. Therefore, the popularity of e-commerce among consumers has unraveled several business plans for the liquor industry. The rising popularity of artisanal spirits among consumers worldwide has encouraged the rise in demand for blue agave plant distilled beverages.

Consumers worldwide demand fresh and delicious exotic drinks for a unique taste, thereby propelling the market growth. Major manufacturers such as Patron Spirits International introduced various flavors such as turmeric, floral, black pepper, and pumpkin to attract consumers and explore new flavors. According to the Distilled Spirits Council of the United States, also known as DISCUS, in 2019, the spirit industry experienced accelerated growth, with sales rising to 37.8% of the alcoholic beverages market. This was driven by the sales growth of tequila, which was up by 12.4% in 2019.

Source: <https://www.fortunebusinessinsights.com/tequila-market-104172>

Wineries Market in the USA

- * US Market Size in 2023: \$26.1bn
- * Market Size Growth in 2023: 3.4%
- * Annualized Market Size Growth 2018–2023: 0.9%
- * Number of Businesses in: 7,592
- * Industry Employment: 58,781

Source: <https://www.ibisworld.com/united-states/market-research-reports/wineries-industry/>

Wine - United States

- * Revenue in the Wine segment amounts to US\$56.65bn in 2023. The market is expected to grow annually by 5.85% (CAGR 2023-2027).
- * In global comparison, most revenue is generated in the United States (US\$56,650.00m in 2023).
- * In relation to total population figures, per person revenues of US\$168.30 are generated in 2023.
- * By 2027, 38% of spending and 16% of volume consumption in the Wine segment will be attributable to out-of-home consumption (e.g., in bars and restaurants).
- * In the Wine segment, volume is expected to amount to 4,681.3ML by 2027. The market for Wine segment is expected to show a volume growth of 2.4% in 2024.
- * The average volume per person in the Wine segment is expected to amount to 12.68 L in 2023.

Source: <https://www.statista.com/outlook/cmo/alcoholic-drinks/wine/united-states>

The United States produced over 773 million gallons of wine in 2021, over nine percent of the global wine production volume. The country's wine production is mainly concentrated in the sun-bathed Golden State of California, which accounted for over 80 percent of entire U.S. wine production. Despite the COVID-19 pandemic, there were about 11,053 wineries in the United States in 2021, an increase over 2020.

Wine Retail: Over the previous decade, the sales share of wine among alcoholic beverages held at about 17 percent in the United States. That share declined significantly in 2021, down to about 16 percent. Beer sales also declined at the same time with spirits sales increasing. Retail aisles are filled with table wine brands such as Barefoot, Sutter Home and Franzia. America's number one table wine brand Barefoot was sold to the E&J Gallo Winery in 2005. The table wine brand reportedly generated about 582 million dollars in sales in the United States in 2022.

Wine Consumption: Average wine consumption per United States resident was 3.18 gallons in 2021, up from 2.34 gallons in 2005. Table wine was, by far, the most purchased type of wine in the country. Sales of table wine were 12 times higher than champagne and sparkling wine. Wine is mostly likely to be consumed while out at restaurants or celebrating a special occasion.

Source: <https://www.statista.com/topics/1541/wine-market/#topicOverview>

Spirits - United States

- * Revenue in the Spirits segment amounts to US\$86.72bn in 2023. The market is expected to grow annually by 5.69% (CAGR 2023-2027).
- * In global comparison, most revenue is generated in China (US\$165,900.00m in 2023).
- * In relation to total population figures, per person revenues of US\$257.60 are generated in 2023.
- * By 2027, 49% of spending and 21% of volume consumption in the Spirits segment will be attributable to out-of-home consumption (e.g., in bars and restaurants).
- * In the Spirits segment, volume is expected to amount to 2,023.8ML by 2027. The market for Spirits segment is expected to show a volume growth of 1.2% in 2024.
- * The average volume per person in the Spirits segment is expected to amount to 5.74 L in 2023.

Source: <https://www.statista.com/topics/1550/spirits-market/#topicOverview>

Tequila - United States

Tequila's popularity has been on the rise in the United States for years, and in 2021 it surpassed whiskey in retail sales, making it the second best-selling spirit behind vodka. The transformation of tequila from a party drink to a refined spirit has been a major factor in this growth. High-priced tequilas have successfully rebranded themselves as sipping liquors, appealing to a discerning clientele who seek quality and complexity in their spirits. In addition, tequila plays a significant role in the ready-to-drink cocktail market, second only to vodka as a beverage base. This trend has driven an explosion of product introductions and innovations in the tequila industry.

Sales volume in the American market has shown continuous growth since 2004 and reached an all-time high exceeding 29 million 9-liter cases sold in 2022, an 11.5 percent growth over the previous year. Meanwhile, retail sales of tequila exceeded 11 billion U.S. dollars. Jose Cuervo was the leading brand and commanded nearly 20 percent of U.S. tequila sales in 2021. Patrón tequila also accounted for a double-digit volume share in that year. The latest consumption figures illustrate that consumers aged between 25 and 34 made up the largest share of tequila drinkers in the United States, with 24.2 percent of respondents within this age range stating that they drink the alcoholic beverage. Broken down on a state-level, California ranked first in terms of consumption. Texas and Florida rounded off the leading three consumption states.

Source: <https://www.statista.com/topics/2060/tequila/#topicOverview>

Rum - United States

- * Revenue in the Rum segment amounts to US\$2.64bn in 2023. The market is expected to grow annually by 5.11% (CAGR 2023-2027).
- * In global comparison, most revenue is generated in the United States (US\$2,640.00m in 2023).
- * In relation to total population figures, per person revenues of US\$7.84 are generated in 2023.

- * In the Rum segment, volume is expected to amount to 159.2ML by 2027. The market for Rum segment is expected to show a volume growth of 0.7% in 2024.
- * The average volume per person in the Rum segment is expected to amount to 0.46L in 2023.

Source: <https://www.statista.com/outlook/cmo/alcoholic-drinks/spirits/rum/united-states>

Vodka - United States

- * Revenue in the Vodka segment amounts to US\$21.94bn in 2023. The market is expected to grow annually by 4.87% (CAGR 2023-2027).
- * In global comparison, most revenue is generated in the United States (US\$21,940.00m in 2023).
- * In relation to total population figures, per person revenues of US\$65.17 are generated in 2023.
- * In the Vodka segment, volume is expected to amount to 568.7ML by 2027. The market for Vodka segment is expected to show a volume growth of 0.4% in 2024.
- * The average volume per person in the Vodka segment is expected to amount to 1.66 L in 2023.

Source: <https://www.statista.com/outlook/cmo/alcoholic-drinks/spirits/vodka/united-states>

Bourbon - United States

The market for Bourbon, Tennessee whiskey, and other straight American whiskies surpassed 27 million 9-liter cases domestically in 2021 for the first time in over 40 years. While a host of super-premium contenders continue to inject dynamism, the category's largest-selling brands have also contributed steady progress. Last year's growth (excluding flavors) accelerated to 6% overall in the U.S., after having slowed somewhat during pandemic-plagued 2020.

Source: <https://www.lanereport.com/153545/2022/03/the-bourbon-whiskey-market-continues-to-increase/>

Wine & Spirits Wholesaling Market in the USA

- * Market Size: \$110bn
- * Number of Businesses: 6,825
- * Industry Employment: 98,837

The Wine and Spirits Wholesaling industry comprises establishments primarily engaged in the merchant wholesale distribution of wine, distilled alcohol beverages or neutral spirits and ethyl alcohol used in blended wines and distilled liquors. Over the five years to 2023, industry revenue is anticipated to increase an annualized 2.6% to \$110.3 billion, including growth of 2.3% in 2022 alone. Increased consumer spending driven by an increase in disposable income and consumption trends toward high-value wine and distilled spirits has driven revenue growth for the industry during the period. This industry's continued relevance, especially relative to other wholesaling industries, is partly the result of US state alcohol distribution laws.

Source: <https://www.ibisworld.com/united-states/market-research-reports/wine-spirits-wholesaling-industry/>

USA Spirits Industry Sales 2022

The U.S. spirits industry chalked up record sales and shipments in 2021, despite the negative impact of the ongoing tariff trade war between the U.S. and its largest trading partners. According to the Distilled Spirits Council of the U.S. (DISCUS), the national trade association representing leading producers and marketers of distilled spirits sold in the U.S., supplier sales in the U.S. were up 5.3% in 2021, increasing by \$1.5 billion, to a new record of \$29 billion. Volumes rose by 3.3% to a record 239 million cases, an increase of 7.6 million cases from 2020. The trend underscored the decade's long trend in market premiumization as consumers shifted their purchases toward more expensive spirits, resulting in a faster rate of growth in revenue over the rate of growth in physical shipments. According to DISCUS, in 2021, the spirits industry again gained market share over beer and wine sales. Revenues grew by half a percent to 37.8% of the total beverage

alcohol market. This was the 10th year of market share gains for the spirits industry. Each percentage point gain in market share is worth \$770 million in additional revenue to the industry. The overall growth in the spirits industry came despite the continuing drag on sales caused by reciprocal tariffs on spirits imposed by the US and some of its major trading partners on their imports of spirits.

US consumers are increasingly concerned about the effects of excessive drinking on both health and personal appearance. As a result, 'Skinny' or low-calorie pre-mixed cocktails are overgrowing in the ready to drink (RTD)

"I like cocktails so much that sometimes I wish all booze was lower in proof because I want to drink more and not feel (the) effects as intensely"

Female USA Consumers

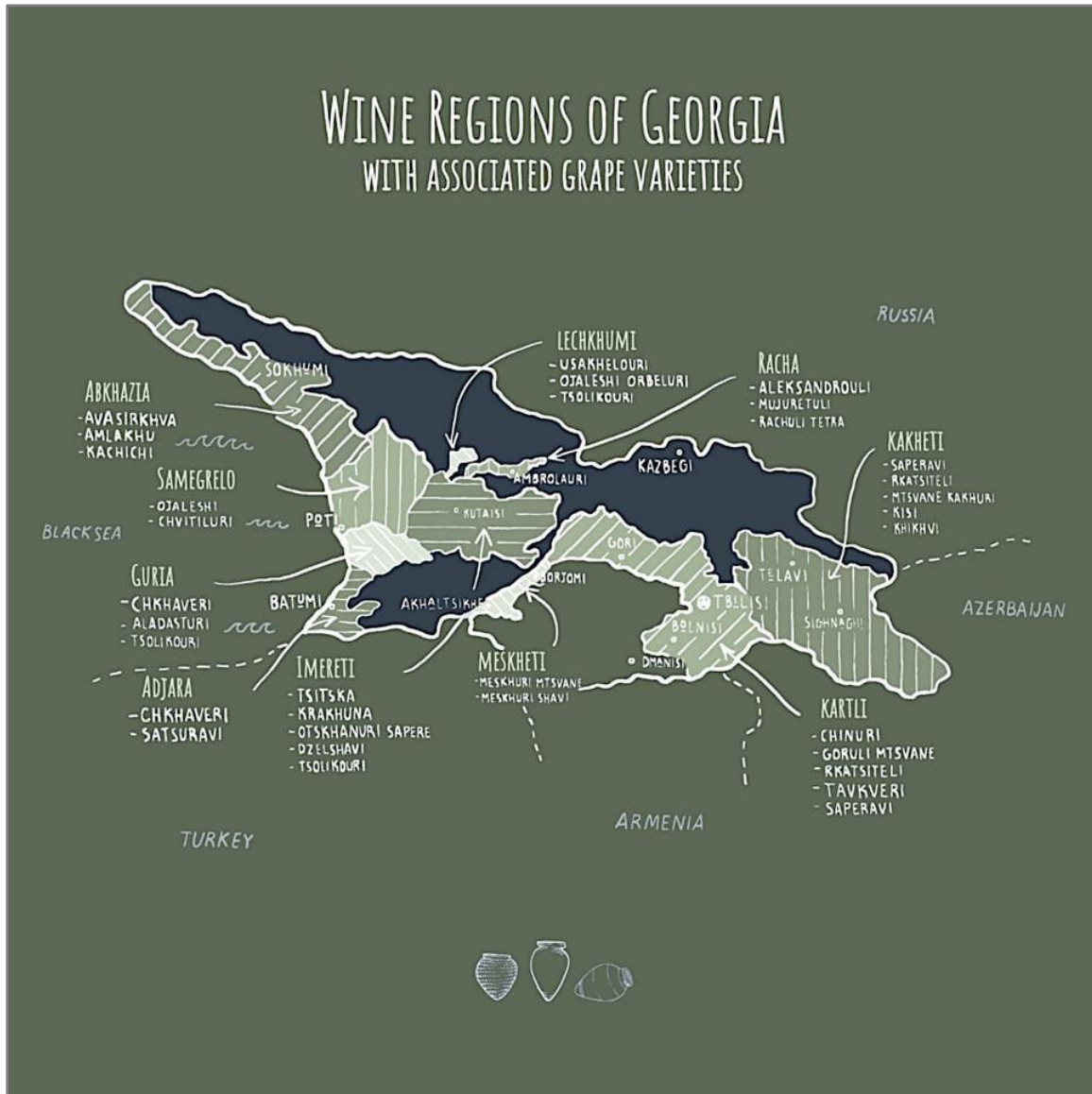
category. Young women are the demographic driving RTD growth in the US. Research shows that women are both more likely than men to consider pre-mixed cocktails and to be concerned about health and personal appearance. Alongside the skinny trend, low alcohol cocktails, wines, and RTD variants are taking off in the United States. In general, US consumers are looking for lighter alternatives. Beam's 'Skinnygirl' brand grew by 400% in volume between 2018 and 2019. In the US, rye whiskey is back on the bar. By the 1970s, rye whiskey production had fallen to almost zero outside of the American South. It was rediscovered in the 2000s by bartenders & mixologists. Consumption of rye whiskey in the US has taken off. Most rye whiskey is either exported or consumed in cities like New York or LA as a cocktail ingredient. It's not just the craft segment that's leading rye production. Major companies like Jim Beam now produce rye on a large scale.

Source: <https://www.forbes.com/sites/joemicallef/2020/02/12/the-us-spirits-industry-reports-a-record-2019/#2c1b50e76c48>

Georgia Wine and Spirits Sector Growth

Georgia is considered the "cradle of wine", with a rich, 8,000-year history of winemaking and home to more than 500 unique grape varieties. Over 280,000 tons of grape were processed in Georgia in 2020, quite a large production volume for a country with a small

domestic consumption base. So, it's not surprising that on average c. 85% of the wine & spirits sector's revenue stream comes from exports, making it highly dependent on external markets.



Source: Georgian wine regions now cover 55,000 hectares and have sales of \$238 million. WINES GEORGIA

What is the current production?

Wine production in Georgia is booming. There are hundreds of wine producers from tiny, one-man operations to family wineries to big, large-scale producers. Last year Georgian

exported more than 90 million bottles, plus local consumption. We managed to sell more than 5.5 million bottles in 30 different countries. Chateau Mosmieri they current production capacity of 130,000 bottles per year made from more than 21 ha.

Wine Consumption

World wine consumption trends are changing, with quality becoming a priority. Wine consumers drink less, but better, according to Wine Intelligence. Also, global consumers have become more health and lifestyle conscious, and are searching more for low-alcohol and 'organic' alternatives. People also pay more attention to wine labelling and design, particularly in the UK, US, Canada, Australia and Japan, according to Wine Intelligence.

Wine quality has become a priority for Georgia's wine and spirits sector, strengthening Georgia's global image as a producer of quality wine. Georgian wine has received numerous awards in international wine competitions in recent years, while the International Organization of Vine and Wine (OIV) has added another Georgian wine to its list of special wines in 2020 (a total of eight Georgian wines as of 2021). And, in collaboration with private sector, Georgia's National Wine Agency (NWA) has introduced several initiatives to further improve wine quality in Georgia (i.e. mandatory quality control of wine intended for exports, tightened quality control on grapes, etc.).

Wine & spirits business is one of the most profitable sectors in Georgia. The sector posted 30.2% gross profit and 20.8% operating profit margins in 2019, 1.4x and 1.7x above the business sector averages, respectively. Notably, top 10 companies outperform the sector, with weighted gross profit and EBITDA margins averaging 41.2% and 24.9%, respectively, over 2017-20. Large companies accounted for 41% of total wine and spirits sector turnover in 2020, up from 12% in 2015 and we see further consolidation potential.

The wine & spirits sector showed resilience to Covid-19 crisis, with a turnover down by just 2.1% y/y in 2020 thanks to external demand. Despite pandemic-related market

disruption, wine exports reduced by just 5.6% y/y to US\$ 210.3mn in 2020, far below contraction level during previous crisis of 2015, when exports almost halved. Meanwhile, brandy exports increased by 6.7% y/y to US\$ 113.2mn. Notably in 2020, the wine exports growth continued to new target markets (particularly to Poland, US, UK and Baltic States), partly offsetting export decline to Russia. In 1H21 wine exports growth accelerated significantly, surpassing also pre-pandemic level.

Wine exporters entered new markets, but dependency on Russia and other post-Soviet countries remains significant. Exposure to new export markets (the US, UK, China, Japan, Germany, Poland and Baltic states) increased in recent years, accounting for 21.5% of total exports in 1H21 in value terms, up from 10.9% in 2013. However, Russia still absorbed c.58.1% of Georgia's total wine exports in 2017-20. This is a result of developed trading networks and benefits from widespread popularity of Georgian wine in Russia (removing additional marketing costs). Considering the painful effects of Russian 2006 embargo and unpredictability of this market, we believe that diversification to other markets should remain a number one priority for Georgian wine companies in medium to long term.

Wine companies should be more ambitious to grab a greater market share in new target export markets. Despite some success, Georgia still accounts for less than 1% of total wine imports in new target markets (excluding Poland, where Georgia holds 3%). One of the main obstacles behind low exports are high costs associated with marketing and product shelving and companies' fear of investment failure. Notably, new state subsidy program aims to address the former with co-financing marketing expenses to new markets. Our expectations on exports are positive, supported by growing investments in vineyards, government support for the sector, healthy demand from export markets and free trade agreements with EU and China. We also anticipate the average export price to increase, along with gradual transition towards new export markets in the medium term. Considering this, we expect wine exports to almost double in next 5 years to c.US\$ 350mn in 2025.

Premium Georgian wines should mostly be targeted to wealthier export markets like the US and UK, mass-produced wines to China and both types to Germany, we believe. Considering the consumer profile of US and UK consumers (wealthy, mature and knowledgeable wine drinkers), we believe that unique, premium Georgian wines have the highest potential to compete with established wine varieties in these countries. Meanwhile, mass-produced wines like Saperavi, Alazani Valley, Kindzmarauli could be targeted to China, considering the lowest per capita wine consumption and evolving drinking preferences in this market. Besides, considering the maturity of German wine drinkers and the fact that women are more frequent wine drinkers who favor semi-sweet/sweet wines, both premium as well as mass-produced Georgian wines would be highly welcome in Germany.

Source: <https://www.galtandtaggart.com/en/reports/research-reports/georgias-wine-and-spirits-sector>

Has climate change affected the vineyards?

Yes, of course and that's why all our vineyards are equipped with drip irrigation systems. Also harvest shifted closer to summer and many other factors to which our vineyards must be adopted and our viticulturist team have to consider.

With what other countries do Georgia's prices compete?

Depending on the markets Georgian wines share shelves with numerous other country wines such as Spain, Italy, New World, etc. Georgian wines cannot compete by price because there are plenty of lower-priced wines on the world market. Georgian wines should compete with quality, uniqueness, and history behind it. In mass wine segments Georgia competes with countries such as Moldova and other Eastern European countries as well as low price wineries from major wine producing countries like Australia, Argentina, Chile in South America

Source: <https://www.forbes.com/sites/johnmariani/2022/09/16/after-years-of-russian-neglect-georgias-wine-industry-has-emerged-on-the-global-market/?sh=686b9657107e>

Number of Wineries and Production Figures

It is estimated there are around 200 commercial wineries in Georgia, and thousands of hobby winemakers, because most of the local people have been growing vines and making wine in their backyards for centuries. According to Euromonitor the largest wineries are: Badagoni, Telavi Wine Cellar, Tbilvino, and Telliani Valley, and total wine production in 2014 was 96 million liters of wine (10.6 million cases), achieving revenues of GEL809 million (US\$355 million). We were told that the five largest wineries each produce around 4 to 5 million bottles annually (300 to 450,000 cases). Exports are around 30% of total production, and the largest export countries are Russia, Ukraine, and Kazakhstan.

Major Grape Varietals and Hectares

The country boasts 40,000 hectares of vineyards, but this is down from 100,000 hectares during Soviet times, when production was ramped up to industrial levels to supply the other Soviet regions. The hectares that remain are grown by small farmers with an average of only 2 acres of vineyards. Originally Georgia had over 1400 indigenous grape varieties, but today there are only 525, of which 45 are commonly used for wine. Currently they produce 75% white and 25% red grapes.

Source: <https://lizthachmw.com/winetravelstories/key-statistics-on-the-wine-industry-in-the-republic-of-georgia/>

The turnover of Georgian wine producers skyrocketed in 2022, with 76% of the export share. The number of active registered businesses in the wine industry has an increasing trend reaching the highest point in 2023. Profitability metrics show that profitability has been slowly declining since 2017, with the worst performance recorded in 2020 due to the pandemic-related difficulties, such as growing administrative expenses, higher borrowing with increased financial costs, and larger exposure to foreign exchange risk. The reduction in profitability is the most evident in the Net Profit Margin, which turned negative as many of the wine producers reported period losses. The 2022 figures indicate

that profitability has significantly improved since 2020, with a Gross Margin of 41%, EBITDA Margin of 26%, and Net Profit Margin as high as 22%. The Georgian wine sector is highly vulnerable to global political and economic factors considering the large share of exports in Georgian wine turnover followed by an increase of 9% growth in 2023.

Source: <https://tbccapital.ge/static/file/202208124343-georgian-wine-industry-overview-12.08.2022-tbccapital.pdf>

Hospitality Industry in the USA

The hotel industry in the United States is part of the larger hospitality industry and includes a variety of hotel categories. One way of categorizing hotels is by the level of service they provide,

KEY INSIGHTS 	
Hotel room revenue in the U.S.	141.6bn USD
City with the most expensive hotel rate in the U.S.	Miami
Number of hotel jobs in the U.S.	1.82m

and this can range from limited service to full service. Hotels can also be categorized based on the kind of service they provide, such as casino hotels, spa hotels, and extended stay hotels. The hotel industry often goes hand-in-hand with the tourism industry, since both rely heavily on international and domestic travelers.

Due to the severe travel disruption and hygiene concerns caused by the coronavirus (COVID-19) pandemic, both industries were severely affected in 2020. During that year, the market size of the U.S. hotel and motel sector plummeted by over 100 billion U.S. dollars and the number of employees in the U.S. hotel and motel sector decreased by over 500 thousand. In 2021, these figures were forecast to increase but not to pre-pandemic levels.

Source: <https://www.statista.com/topics/7704/hotel-industry-in-the-us/#topicOverview>

Target Market Description

Our target market is everyone who love premium quality wine and spirits in one of the top drinking State Georgia. We also promote our branded wine product in restaurants, bars, hotels, and liquor stores in the USA. Detail market is given below:

Household Wine Consumption

The Georgian alcohol consumption reached the lowest point in 2021. The annual domestic alcohol consumption posted a 40% reduction relative to 2011. The wine remains the most popular alcoholic beverage among Georgian households, with an 87% share in total domestic alcohol consumption in 2021. The consumption of own-produced wine represents 99% of the Georgian wine consumption per household. In 2021, the share of Georgian households who consume wine among the total Georgian families decreased by 13% and 6% relative to 2019 and 2020, respectively, and amounted to 11% of the Georgian households' alcohol consumption. In 2021, the share of households who consume wine decreased by 5 pp relative to 2011. In general, the share of households that consume alcohol has been decreasing since 2004. This may partially be attributable to the change in the lifestyle toward future health, fitness, and etc.

Tourism: a Major Driver of Wine Consumption

Domestic consumption of wine generated 24% of the total revenue of the Georgian wine industry in 2021. Tourism is the significant driver of local wine consumption in Georgia, and the pandemic gave a clear picture of this relationship. In 2020 domestic consumption declined by 43% YoY in USD terms and accounted for a 19% share of total turnover. The improved results of the tourism industry in 2021 led domestic wine consumption to recover to 87% of its 2019 level. In 2021, domestic wine consumption and expenditure increased due to the lifting of pandemic restrictions. In 2022, we expect growth in domestic wine consumption due to the high recovery level of revenues generated by international visitors and the migration from Ukraine, Russia, and Belarus.

Tasting Georgian cuisine and wine is one of the most popular activities among international travelers. Their expenditure on served foods and beverages had a positive trend through the years. Despite the COVID-19 pandemic, the first quarter of 2022 saw an 85% growth in travelers' expenditure on foods and drinks relative to the same period in 2019. Inflation is one of the factors that explain this growth. Another significant impact may be stemming from the increase in the visit duration. According to the GNTA study, the average duration of the stay rose from 3.9 days to 6.5 days in the first quarter of 2022 compared to 2019. In the first half of 2022 the number of international visitors to Georgia recovered to 45% of its 2019 level. The travel receipts posted 78% recovery in 1 H of 2022 VS 2019. TBC Capital expects international visitor trips to recover by 58% and travel receipts - by 105% by the end of 2022. We expect these developments to positively affect domestic wine consumption.

Source: <https://tbccapital.ge/static/file/202208124343-georgian-wine-industry-overview-12.08.2022-tbccapital.pdf>

2023 State of the Beverage Industry: Consumer preference grows wine, spirits categories

Swings and shifts impacting the wine and spirits categories are ongoing, with recent trends influenced by preference, packaging, taste and technology. A triple-digit surge in sales off-premise due to the COVID-19 pandemic also is helping to bolster wine and spirits. Pune, Maharashtra, India-based Global Market Insights (GMI) Research Content Developer Saloni Walimbe said wine consumption in the United States stood at 966.09 million gallons in 2021. Chicago-based Information Resources Inc.'s (IRI) reports that the table wine market grew 6.4 percent and reached \$11.2 billion in sales in U.S. multi-outlets and convenience stores for the 52 weeks ending May 17, while sparkling wine/Champagne posted \$1.3 billion in sales, a 13.1 percent increase over a year ago.

In that same issue, Nielsen reported that total alcohol sales in aggregate from its in-store retail measurement reported that total alcohol was up 25.5 percent, wine was up 30.1 percent and spirits were up 34.1 percent from March 7 through the week ending May 7 – when COVID-19 was heavily impacting consumer behavior. Earlier in the year, wine sales were not as robust. In Beverage Industry’s February issue, IRI Client Insights Director Cara Piotrowski noted that wine looked to be softening, evidenced by its 2.2 percent year-over-year dollar growth as of December 2021. However, the current outlook is brighter at a nearly 7 percent increase in sales compared to the prior year, as of May 17, according to IRI’s latest data.

IRI also identified consistent sales growth from each segment for the 52 weeks ending May 17, 2022:

- * Whiskey — up 15.2 percent
- * Vodka — up 9.7 percent
- * Rum — up 7.6 percent
- * Tequila — up 25.1 percent
- * Cordials — up 13.4 percent
- * Pre-mixed cocktails — up 45.6 percent
- * Brandy/cognac — up 10.6 percent
- * Non-alcohol mixers — up 15.3 percent
- * Gin — up 12.7 percent

American whiskey/bourbon has been a key driving force in dark spirits, which has been trending for the past five years, and is forecast to continue to do so, it continued. “While brandy, cognac and Armagnac is a smaller segment, it has also enjoyed steady five-year growth, bolstered by innovation and the engagement of women.

Source: <https://www.bevindustry.com/articles/93237-state-of-the-beverage-industry-consumer-preference-grows-wine-spirits-categories>

Competitive Analysis

Our direct competitors are given below:

Wolf Mountain Winery

The Boegner Family is proud to present Wolf Mountain Vineyards and Winery. Approaching 100 medals in major U.S. wine competitions and 40 years in the hospitality industry, we deliver North Georgia's premier wine and food experience.

Wolf Mountain Vineyards' annual revenue: \$3,994,000

Employees: 21

Strengths:

- * Wolf Mountain Vineyards has a strong market share in their industry
- * Since Wolf Mountain Vineyards was founded, the company has grown faster than the industry average

Weaknesses

- * Revenue generated per employee is less than the industry average
- * The number of employees is not growing as fast as the industry average

Business Website: wolfmountainvineyards.com

Yonah Mountain Vineyards

Yonah Mountain Vineyards is a two-hundred acre family winery located on the southeastern base of iconic Yonah Mountain. Making world class wines and enjoying the process is our ultimate goal.

Annual Revenue: 24 Million

Strengths

- * The company has a strong market share in the industry
- * Revenue generated per employee is greater than industry average
- * Web traffic rankings are better than the industry average

Weaknesses

- * Variance of revenue growth is more than the industry average

- * Revenue growth is less than the industry average

Business Website: www.yonahmountainvineyards.com

Little Vine Winery

Little Vine Vineyards & Winery is a small, family-owned boutique winery founded by the Mercer family in 2017, the winery offers some of the best wines in the state, produced using grapes grown locally in their vineyards.

Strengths:

With a tasting room and wine garden open to visitors year-round and an array of events and festivals held throughout the summer months, there's something for everyone at Little Vine. From unique vinifest dinners to live music and outdoor art classes.

Weakness:

- * High competition from major competitors
- * Low customer base

Business Website: www.littlevinevineyards.com

Strategy and Implementation Summary

Competitive Edge

Elderberry Wine Estate LLC is fully aware that there are competitions when it comes to selling our wine and spirits, which is why we decided to conduct extensive research in order to understand how to capitalize on the available market in Georgia.

- * We are a diversified vineyard that provides sustainably produced wines for our customers and community.
- * The Elderberry Wine Estate has two distinct competitive edges that differentiates it from the competition. The first is the never-ending attention to detail and customer service. The owners of the vineyard recognize that their mission is to ensure that their customers have the finest stay with them. Their second competitive edge is the unique facility. The facility is so wonderful in part because of the actual structure which is a wonderful place to stay. It is also unique because of the location, overlooking the mountain, a beautiful area filled with wineries and vineyards.
- * We are also involved in the distillery business to produce top taste and finely distilled alcoholic drinks such as wine, tequila, vodka, rum, and bourbon that can compete with any other distillery depot in the United States of America. Our spirit line is completely differentiated from what people can find on the market.
- * We strive to provide seamless service from producer to consumer. Today's demanding and connected consumers justifiably expect the best brands and experiences from around the world.
- * We ensured that our facility is easy to locate and we have mapped out plans to develop a wide distribution network for wholesalers our spirits all around the USA.
- * We have done our study and have identified several aspects that will provide us with a competitive advantage in the industry; these factors include effective and dependable agricultural procedures, a strong market network, and exceptional relationship management.

- * We will bring economies of scale, the ability to make premium wines, and the flexibility to modify goods and services provided in response to market conditions to the table. We also have some of the most up-to-date grapes farming gear and equipment, which will allow us to cultivate these plants in commercial quantities while reducing stress.
- * Another competitive advantage that we are bringing to the industry is the fact that we have designed our business in such a way that we will operate a standard vineyard business that will also provide different types of wine production facilities, luxury hotel, luxury amphitheater, cottages, live music in short, we are a one stop place of live entertainment, food and many more facilities. With this, we will be able to take advantage of all the available opportunities within the hospitality and wineries industries.

Target Market Segmentation Strategy

We are located at Georgia, so our target market is based there. Our primary target market is every person who wants to spend quality time with their family, friends and loved ones. They can sit, drink, eat, and enjoy the live music at our place. Details of targeted segments are given below.

Individual Drinkers aged 21 and above

This segment includes adults (both men and women) who are 21 and above older. They are passionate about providing different tastes for their taste buds and, hence, are the biggest group. They want to enjoy their day and nights with friends and family. We can generate 30% of our revenue from this segment.

Weekend getaway Customers

These people are from the region and are looking to get away from their life so they come to Elderberry Wine Estate to be pampered and escape. This segment will generate 30% of our revenue.

Tourists

Secondly, we will target tourists who come to enjoy their vacations in the city. They search for a place where they can stay, drink and enjoy quality time with loved ones. These people, for whatever reason, are passing through Elijay and prefer to stay in bed & breakfast facilities instead of a hotel/motel. This segment will generate 30% of our revenue.

Liquor Stores

Liquor stores are used by individuals as there is always a need for adventures. Therefore, this segment can also give us a good profit, and, hence, we can generate 10% of our revenue through this segment by supply our spirits' products.

Local Bars and Restaurants

A wide number of individuals visit clubs, bars, and restaurants for the purpose of pleasure seeking and enjoyment. Therefore, we can generate 10% of our total revenue from this segment in by supplying our spirits range on demand basis.

Our unique products and services will aim to achieve high customer satisfaction. We will work to stay in tune with changing market trends without compromising on quality. We are motivated to expand the market by creating an outstanding design. Being distinctive will help the company generate higher sales and keep expenses minimal.

Marketing Plan

The purpose of Elderberry Wine Estate LLC is to provide locally produce wines to local consumers and to increase productivity each year. We will implement the following marketing plan to boost our sales:

Business Website

Our company's website is an important marketing tool. It will connect us with our clients and act as an advertisement board for our services. It will reach thousands of clients both

nationally and internationally at a low cost. Its content will reflect the image and identity of the company. Our marketing strategy will result in the content people will see here.

Facebook

Facebook is the most popular social media platform, and it provides businesses with a highly targeted audience. It provides an excellent opportunity to share and market services while also growing a customer base. Facebook has a place for all formats, including texts, videos, and images, implying that the possibilities are limitless. Facebook is currently the most diverse social network in terms of actions. We will set up a Facebook page for the company. We will provide a link to our website as a result of this. We will also post content about our unique business features, wine products, and client benefits. We will provide all necessary information about the business, its features, including our physical business address, navigation to the business website, and contact information to better guide our customers.

Instagram

Instagram helps businesses by adding a visual element to them. Instagram's viral use is for uploading photos to engage with friends, family, and customers. Instagram is an excellent platform for documenting everyday life. Businesses have jumped on board with this trend, as have influencers who have purposefully become the best advocates for companies. Furthermore, as a platform widely used by businesses that want users to create content, it fosters trust among other users. To help our customers find us quickly, we will use an appropriate hash-tag strategy to optimize our content. We will direct our customers to us using hashtags such as #Elderberry Wine Estate LLC. We will post hash-tag content related to our vineyard, upcoming events, and benefits.

LinkedIn

LinkedIn isn't just for personal promotion and career networking; businesses can do a lot on the professional network as well. LinkedIn resembles Facebook, but it has a more targeted audience that businesses can use. The best part is that many of the solutions for

increasing our company's presence on LinkedIn are free and simple to implement. We will create a LinkedIn account and add as many people as we can to our profile. We will post information about our company as well as content about our vineyard and hospitality services. We will also deliver messages and inform people about our services. They will be interested in our company as a result of this.

YouTube

YouTube has always been a source of entertaining content, but it's also staking its claim as an essential tool for marketers. In fact, nearly half of all marketers (48%) plan to add YouTube to their marketing strategy over the next 12 months. Not only is our audience on YouTube, but as the Internet's second largest search engine, YouTube can help improve our SEO and overall brand presence. YouTube allows us to present unique content that's easy for viewers to consume and share.

Direct Mailing Program

We believe that when targeting clients, this strategy gives us complete control over the presentation of our marketing message. It gives us the opportunity to close the deal right away. It is not only cost-effective, but it also allows for a high level of personalization and customization. When clients open it for a minute or so, they will give it their full attention.

Fliers & Leaflets

It is, once again, a low-cost, popular, and efficient method. It will help us spread the word about our offerings quickly. We will also consider door drops in areas with a high concentration of our targeted consumers. We will have them beautifully printed. Only pertinent information, including specific contact addresses and phone numbers, is to be provided.

Word-of-Mouth

Being a solution-driven customer support company, it is expected that Elderberry Wine Estate further penetration and control of market share would be aided via marketing

strategies that can wholesomely inform prospective customers about the service. More so, the founders' wealth of experience and exposure to a larger social, business, and industrial network would help to create further awareness about the company's online service by using the most effective marketing tools. In an attempt to carve a niche and position the website as a brand of worth in the operating environment, word of mouth and direct selling may be the most effective marketing tools to be explored. Direct marketing approach will help to sell the existence of Elderberry Wine Estate with absolute confidence while the word of mouth approach helps to spread the inherent distinction and benefits in the company's offerings to target markets. Elderberry Wine Estate shall invest in inter-personal relationships; efforts as warmth greetings and an open-ended question about how to serve customers better shall top the company's strategies in maximizing word-of-mouth advantage.

Referral Marketing

Positive customer's testimonials and reviews are one of the most active forms of advertising and can be a crucial decision point for potential customers. Satisfied customers are incredibly inclined to discuss their experiences with friends, families, and colleagues; thus, resulting in lead generation for Elderberry Wine Estate.

Association Membership and Advertising

A large number of visitors will look to regional B&B associations for information about the different B&Bs in the area. Most associations publish a guide to the local B&Bs and Elderberry Wine Estate wants to be in this guide. One of the other perks of membership is visibility on the associations' website with a link to ours. Additionally, we will be a member of the Chamber of Commerce because people will typically inquire with the local Chamber when planning a vacation.

Sponsorships

Marketers regard a sponsorship as a fast-growing marketing strategy which increases visibility and helps build a firm reputation and brand image. It will erect for us what is

needed the most and what is the credibility in our products and services. It will generate goodwill which can't be easily copied by our competitors. We will try to use events for sponsorships to defray surging costs.

Risk Management Assessment

The biggest risk for Elderberry Wine Estate LLC will be pest. Between bugs and molds affecting grapes production. Parasites, insects, and diseases affecting bees. Elderberry Wine Estate LLC' management plans on using safe predatory bugs and pesticides for the grapes.

Land Management Plan

Elijah'Isaiah X will focus on building and maintaining healthy soils. In the first year, 40 acres of grapes will be planted for the first phase of the self-sustaining/farmer's market garden. The remaining land set aside for wine production will stay in native grasses/wildflowerfs to prevent erosion of the soil, but will be mowed regularly, which will help with weed/pest control. Joseph Fletcher, Elderberry Wine Estate LLC' principle operator, has developed a long-term business strategy to avoid under-capitalization in the short term. The vineyard plans to continue expanding and will possibly hire part-time helpers for harvests. If we run out of room for expansion, we plan on looking into other vacant land in the area that is for sale.

Strategy and Implementation Summary

Elderberry Wine Estate will rely on multiple strategies to grow its market share. The first is superior customer service. The Company shall prioritize partnership and operational excellence over other factors while employing the best of human and technological resources for the execution of its business activities. Elderberry Wine Estate shall establish and maintain an interface that assures a mutual business relationship with customers always. The company also intends to develop a structure that reveals that its pattern of success could be repeated in the future.

Elderberry Wine Estate will leverage on website's effectiveness, industrial network, and proven marketing strategy to increase its customer base in the market.

The company's strategies shall utilize the following elements:

- * Leverage - Gained overtime through professionalism and impact on users' expectation.
- * Communication – Develop mechanisms to address the customer's feedback.
- * Efficiency – Design the best of operational structure for mutually beneficial relationships with customers.
- * Risk Management – Identify potential risk to prevent service disruption and provide solutions to minimize interruptions.
- * Continuous Improvement – Engage in continuous review of operations while striving to assist customers most professionally.
- * Collaboration - Develop a business relationship with key players in the industry and maximize opportunities to drive growth.

SWOT Analysis

The following analysis highlights the internal strengths and weaknesses of our organization and the opportunities and threats facing the business in our external environment. We must work to improve our areas of weaknesses. Business strengths must be leveraged in order to capitalize on external opportunities as they arise and contingency plans have been formulated in order to deal with threats presented by the environment.

Strengths

- * Part of what is going to count as positives for Elderberry Wine Estate is the vast experience of our management team, we have people on board who are highly experienced and understands how to grow business from the scratch to becoming a national phenomenon.
- * We grow different species of wine grapes and we have the capacity to blend and bottle quality wines within our vineyard,
- * We distribute small batches of our spirits range to Georgian consumers by adopting the highest quality standards.
- * We have a large national distribution network and of course our excellent customer service culture will definitely count as a strong strength for the business.
- * We are a learning organization and consistently improve services based on customer feedback

Weaknesses

- * A major weakness that may count against us is the fact that we are a new vineyard and we don't have the financial capacity to engage in the kind of publicity that we intend giving the business especially when big names like Yonah Mountain Vineyards is already determining the direction of the market.

Opportunities

- * The opportunities available to vineyards in the United States are unlimited. This is so because in 2014, a major landmark was achieved when the United States of

America for the first time became the largest wine consumer by volume with an annual consumption of 29.1 million hectoliters over taking France in the process. This has gone on to explain why wine brands from the United States are dominant in the world market and are continually on the rise. Statistics also show that wine consumption in the United States is set to rise by 11 percent over the next few years and this growth will make the total market share of the country double what is expected from the market of China.

Threats

- * Some of the threats and challenges that we are likely going to face are global economic downturn and unfavorable government policies. For example, in the United States, local legislation often dictates which varieties are selected, how they are grown, whether vineyards can be irrigated and exactly when grapes can be harvested, all of which in serves to reinforce tradition. Changes in the law can also change which grapes are planted.
- * Threat of new entrants or existing ones offering same services as ours in an already stiff competitive scenario.

Risk Analysis

The general risks of a winery are provided below along with how Elderberry Wine Estate will combat the unexpected risks which will affect the winery.

Risk	Check (if apply)	How to Protect Against
Production Risk		
Wine Quality	X	Have a secondary wine grape supplier to purchase grapes from
Operational Risk	X	Have insurance on machinery and wine equipment
Human Risk	X	Offer discounts on wine and wine products
Marketing Risk		
Regulatory Risk	X	Keep up-to-date with regulations and be willing to adjust
Legal Risk	X	Purchase liability insurance to cover lawsuits
Market Risk	X	Keep up-to-date with market trends to adapt to new markets
Financial Risk		
Credit Risk	X	Use excellent credit rating created with car washing business to acquire loan
Interest Rates	X	Keep credit score high through making payments on time

Risk	Description	Impact Level	Mitigation Strategy
Operational Risk	Having adequate personnel and operating efficiently	High	<ul style="list-style-type: none"> Employing professional employees Employing support staff during peak periods Improve work efficiency Build good relationships with clients
Competition Risk	Declining business revenue or margins due to the actions of a competitor(s)	Low	<ul style="list-style-type: none"> Improve competitive advantage Offer superior service that will build loyal customers Implement effective marketing strategies to attract customers
Compliance Risk	Exposure to legal penalties, financial forfeiture, and material loss an organization faces when it fails to act in accordance with industry laws and regulations, internal policies or prescribed best practices.	Low	<ul style="list-style-type: none"> Seek legal advice on new legislation and industry-specific regulations Create a quality assurance team
Litigation and Lawsuits	Legal issues arising from accusations against fraudulent activities	Low	<ul style="list-style-type: none"> Constant supervision Have appropriate insurance policy i.e. General liability insurance
Economic Risks	Economic downturns, recession, peak and down periods all affect sales.	Medium	<ul style="list-style-type: none"> Extensive marketing strategies
Financial Risk	Inadequate funds to continue operations	Medium	<ul style="list-style-type: none"> Develop a strategic relationship with investors by sending proposals showcasing the business value proposition Aggressive marketing strategies

Check List/Milestone

- * Business Name Availability Check: **Completed**
- * Business Incorporation: **Completed**
- * Opening of Corporate Bank Accounts: **Completed**
- * Opening Online Payment Platforms: **In Progress**
- * Application and Obtaining Tax Payer's ID: **In Progress**
- * Application for business license and permit: **Completed**
- * Purchase of Insurance for the Business: **In Progress**
- * Conducting Feasibility Studies: **Completed**
- * Start-up Capital Generation: **In Progress**
- * Writing of Business Plan: **Completed**
- * Drafting of Employee's Handbook: **In Progress**
- * Design of The Company's Logo: **In Progress**
- * Printing of Promotional Materials: **In Progress**
- * Recruitment of employees: **In Progress**
- * Building/construction of fence for the farm and preparation of the farm land: **In Progress**
- * Purchase of the needed working tools, machines and equipment: **In Progress**
- * Creating Official Website for the Company: **In Progress**
- * Creating awareness for the business (Business PR): **In Progress**
- * Farm land Treatment, Health and Safety Arrangement: **In Progress**
- * Establishing business relationship with key players in the industry: **Completed**

