

**\$1.93 MILLION FIRST MORTGAGE LOAN**  
**\$1.00 MILLION SENIOR A PARTICIPATION UNITS**

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**24.0% Annual Interest**

HARLAN COUNTY, KENTUCKY  
5695-ACRE LAND SITE WITH COAL AND RARE EARTHS



**CHESTERFIELD FARING LTD**

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**Overview.** Chesterfield Faring Ltd. (“CFL”) is syndicating a 24.0% Senior A \$1.0 million Participation Units (the “Units”) of a \$1.93 million first mortgage hard money loan (the “Mortgage”) to Digital Real Estate, LLC (the ‘Borrower’). The Mortgage is secured by a 5695-acre property (the “Property”) in Harlan County, Kentucky valued at \$5.5 million solely for the land (the “Land”). In addition, the Property has approximately \$12.0 million of coal and rare earths (the “Minerals”) to be mined. To support the valuation, a dated appraisal of the Land, current comparable land sales, and assay report of the value of the Minerals are in the rear of this Offering but summarized herein.

**Value Proposition.** The Land alone being worth \$5.6 million makes the Mortgage a 17.56% loan to value of the Units and 33.3% loan to value for the entire Mortgage. Adding the Minerals, the loan to value decreases to 8.33% and if added with the Land down to only 5.65% loan to value for the Units. Mining assets are typically esoteric real estate assets with few lenders thus the elasticity of the pricing far above market rates.

Position	Acres	Per Acre	Value	Loan To Value	Minerals	Totals
Property	5,695	\$ 1,000	5,695,000	na	\$ 12,000,000	17,695,000
Loan	5,695	\$ 334	\$ 1,900,000	33.36%	15.83%	10.74%
Participations	5,695	\$ 176	\$ 1,000,000	17.56%	8.33%	5.65%

**The Offering.** CFL is issuing ten (10) \$100,000 Units that provide a 24.0% annual interest (the “Interest”) for the Loan for six (6) months. CFL is retaining a junior \$930,000 subordinated position of the Mortgage for its own account. The balance of \$1.0 million is being raised from you as investors in the Units accruing at 2.0% a month or \$2,000 per Unit or \$18,000 per month on the whole. If repaid after six (6) months then each Unit will receive \$112,000 as a total repayment (2.0% per month for six months per Unit). The Mortgage is governed by the laws of the state of New York allowing a maximum of 24.0% annual interest rate to be charged.

**Liquidation Preference.** The Units holders will be in the most senior position of the Mortgage. The Unit holders will be repaid before CFL their entire Interest and principal payments. If the Mortgage defaults and any principal is lost, CFL will credit the loss of principal in another investment. CFL will not replace any lost Interest but will cover any principal shortfall.

**Sponsor.** Scott A Haire - Management, Sales and Marketing Consultant with experience in coal mining (highwall and underground), limestone quarrying and timber extraction. He has over thirty years of experience in corporate management, sales and marketing with a focus on small to medium size operations. Robert W. Stout - Manager and Secretary, is responsible for the corporate governance of the family of Kingdom companies, in addition to the various operational responsibilities.





**Scott A Haire** - Management, Sales and Marketing Consultant with experience in coal mining (highwall and underground), limestone quarrying and timber extraction. He has over thirty years of experience in corporate management, sales and marketing with a focus on small to medium size operations. He advises companies on the acquisition of distressed properties, funding, management acquisition and operational startup. Additionally, he has a wide range of contacts in both domestic and international markets for the sales of coal, limestone and other minerals. Mr. Haire is a former Chairman, CEO and Director of several small public corporations and private LLCs in a wide variety of fields. In addition to coal and minerals properties he has managed companies focused on medical records, wound care products, gaming, security software, oil and gas exploration and gold mining. Mr. Haire is a strong strategic thinker and team builder. He has built and helped to build companies from conception and planning, through funding, talent acquisition and operations.

- Owner/Manager HEB, LLC – Hedge Fund 1997-2013
- Chairman of the Board, Chief Executive Officer, Chief Financial Officer, and President of Wound Management Technologies Inc. (WMT), a publicly traded corporation.
- Executive Manager of MB Software 1994-2012.
- President of Preferred Payment Systems, a company specializing in electronic claims and insurance system related projects. 1992-1994
- Mr. Haire is a graduate of the University of Kentucky and a former member of the Kentucky Wildcats football team.

**Robert W. Stout**, Manager and Secretary. Mr. Stout is responsible for the corporate governance of the family of Kingdom companies, in addition to the various operational responsibilities. Mr. Stout is responsible for day to day financial oversight of Kingdom Logistics, LLC and its subsidiaries, and KC II Holdings, LLC and many of the other entities. Bob has over forty-five (45) years of management experience at various levels from executive and director levels to line management. This breadth of experience includes management of international personnel and multiple offices around the globe, providing a level of technology services through domestic and local in-country call centers, project managers and installation teams, providing world-class levels of service to a list of communications and data customers that included national telephone carriers and provider companies (both government and private) based within a majority of the countries around the world. Bob has the skillset to manage across diverse personnel, multiple vertical markets and products. Mr. Stout has served on the Board of Directors and as an Officer for various companies and entities, with the longest tenure serving voluntarily as the Treasurer of a non-profit organization for the past twenty-one years. Bob's organizational and communication skills and his attention to detail provide the necessary skills to manage and maintain the requirements for the management and the governance of the Kingdom corporate environment. Bob is a six (6) year Veteran of the United States Air Force.





## Kingdom Logistics/Digital Real Estate LLC Profit & Loss – Twelve Months Ended 12-31-2019

		Jan-Dec 2019
<b>INCOME</b>		
	Revenue-Middlesboro	6,533,864
	Revenue-Roxana	15,880,674
	<b>Total Income</b>	<b>22,414,537</b>
<b>Cost of Goods Sold</b>		
	Costs of Goods Sold	
	Mining Subcontractor	13,717,696
	<b>Total Cost of Goods Sold</b>	<b>13,717,696</b>
	<b>Total COGS</b>	<b>13,717,696</b>
	<b>Gross Profit</b>	<b>8,696,841</b>
<b>Expense</b>		
	Bank Service Fees	16,277
	CBSG Costs-Interest	6,866,248
	Medical Insurance	201,500
	Payroll Expenses	25,774
	Consulting Cost	116,000
	Appraisal Fees	8,000
	Legal Fees	33,750
	Property Taxes	31,494
	Other	2,403
	<b>Total Expense</b>	<b>7,311,446</b>
	<b>NET INCOME</b>	<b>1,385,395</b>
<b>Unaudited-Compiled from Books and Records of Kingdom Logistics, LLC</b>		<b>1,385,395</b>





Site Name

## Highsplint Harlan Sample 2

Date

13-May-20

Element	Symbol	Average Concentration	Processing Yield	Market Value	Daily Revenue
Silver	Ag	3.7489	2249.34	0.4954	\$668.59
Gadolinium	Gd	0.949	569.4	20.0000	\$6,832.80
Lithium	Li	79.431	47658.6	0.0070	\$200.17
Neodymium	Nd	1.842	1105.2	0.0440	\$29.18
Scandium	Sc	43.916	26349.6	3.5020	\$55,365.78
Vandium	V	280.645	168387	0.0125	\$1,262.90
Palladium	Pd	17.963	10777.8	55.9750	\$361,972.41
Magnesium	Mg	0	0	0.0150	\$0.00
Nickel	Ni	0	0	0.1220	\$0.00
Zirconium	Zr	0	0	0.1000	\$0.00
Iron	Fe	0	0	0.0001	\$0.00
				<b>257096.9</b>	<b>\$426,331.83</b>

### Totals

Process Yield 75.0% Of Average Concentration in grams per day  
 Production 800 Tons/Day  
 Revenue 60.0% For a 50% Concentrate  
 Market Price as of May 13, 2020  
 Avg Concentration is grams/ton





Mining & Construction Asset Appraisals



Darco Energy Management Corporation

Management Consultants

P.O. Box 3267  
Pikeville, KY 41502-2367  
Telephone (606) 432-3393

Expert Witness

Manalapan Land Company, Ltd.  
Fair Market Value (FMV) Summary Appraisal Report  
August 12, 2013  
Page 2 of 26

August 12, 2013

Jody Thompson, Vice President  
Community Trust Bank  
P.O. Box 2947  
Pikeville, KY 41502

**Re: Manalapan Land Company, Ltd.  
Fair Market Value (FMV) Summary Appraisal Report**

Dear Mr. Thompson:

In accordance with your authorization and execution of an Engagement Letter dated June 10, 2013, we have prepared two (2) copies of the above referenced summary appraisal report for your review.

Darco Energy Management Corporation (Darco) was commissioned to estimate a Fair Market Value (FMV) with reference to a fee property consisting of surface and mineral owned by Manalapan Land Company, Ltd.

Roger Daugherty, Darco Appraiser, has previously appraised these assets, but not within the past three (3) years.

The inspected assets were categorized into the following asset groups with reference to this report:

- Surface
- Gas
- Above Drainage Coal Reserves

The appraiser utilized the Income Approach in order to estimate the mineral values listed herein; and, Comparable Sales for the surface value.

Currently, some of the property is leased as stated herein.

The following table contains a summary of the estimated approximate values:

**Valuation of Assets**

Asset Group	FMV
Surface (5,695 Acres)	\$2,847,500
Gas (\$68,978/Year Income)	\$175,000
Coal (11,495,208 Recoverable Tons)	\$9,176,049
<b>Total</b>	<b>\$12,198,549</b>

The effective date of this summary appraisal report is June 31, 2013, the date of the last reported tonnage mined.

The date of this summary appraisal report is August 12, 2013.

The intended use of this summary appraisal report is to estimate a Fair Market Value (FMV) of the appraised assets in the current market for loan review. This summary appraisal report is not intended for any other use.

The intended users of this summary appraisal report are personnel representing Community Trust Bank and Manalapan Land Company, Ltd., if authorized by Community Trust Bank.

The appraiser assumes no responsibility of liability for unauthorized use of this summary appraisal report.

If necessary, estimated marketing time for these assets is up to one (1) year.

Liabilities are excluded from this summary appraisal report.

The appraiser is not a certified real estate appraiser; therefore, the estimated value associated with the surface is not intended to be a certified value, but is only an estimated opinion of value.

Definitions of values are uniform with those adopted by the American Society of Appraisers (ASA).



# Comparable Sales



1099 Duval Street, Ste. 250  
Lexington, KY 40515

(859) 338-5764 • (859) 333-1855  
HalfhillAuctions@Gmail.com



Central Kentucky's Leading Real Estate Auctioneers

December 3, 2020

Mr. Bob Stout, Principal  
DIGITAL REAL ESTATE, LLC  
8650 Freeport Parkway Suite 100  
Irving, Texas 75063

SUBJECT: BROKERS PRICE OPINION OF 5,695 ACRES IIIGHSPLINT,  
HARLAN COUNTY KENTUCKY

Dear Mr. Stout,

At the request of Digital Real Estate, LLC we have been engaged to express our Brokers Price Opinion to the value per acre of the Subject Property. We have utilized our intimate knowledge of sales within the Commercial sector including Coal, Gas and Timber properties in Kentucky including the Eastern Kentucky Region that includes Harlan and Harlan County Kentucky. We are familiar with Kentucky Real Estate actual sales prices for 43 years including the current prices as well.

Using the attached August 12, 2013 Appraisal Report of Darco Energy Management Corporation and the June 7, 2016 Appraisal Report of the Campbell/Collier, MAI TEAM, we have considered the asset groups of Surface, including Timber, Gas and Coal Reserves to assist in reaching our Price Opinion.

To be noted the two appraisals used the Income Approach in order to estimate the mineral, gas and timber values. The value expressed ranged from \$1,762.66 to \$2,142.00. Many narrative descriptions, pictures of land and assets and many detailed tables are presented within these appraisals.

The Broker is not a certified real estate appraiser; therefore, the estimated value associated with the stated assets is not intended to be a certified value, but is an estimated Opinion of Value.

**BROKERS PRICE OPINION: It is the opinion of this Broker that the RANGE OF VALUE PER ACRE IS \$980.00 TO \$1,000. THIS EQUATES TO A TOTAL VALUE RANGE OF \$5,581,100 TO \$5,695,000.**

Sincerely Yours,

**Jim Halfhill, Sr.**  
859-338-5764  
Principal Auctioneer, Realtor®

**Jim Halfhill, Jr.**  
859-221-9373  
Principal Auctioneer, Realtor®

**Kristin Halfhill-Larimore**  
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Principal Auctioneer, Realtor®

[www.HalfhillAuctions.com](http://www.HalfhillAuctions.com)

Lexington Herald-Leader's  
Readers' Choice Favorite 2015-2020



ATTACHMENTS:

1. PRICE OPINION
2. BROKER CREDENTIALS
3. INVOICE
4. APPRAISAL: DARCO ENERGY MANAGEMENT CORPORATION
5. APPRAISAL: CAMPBELL/COLLIER, MAI TEAM

