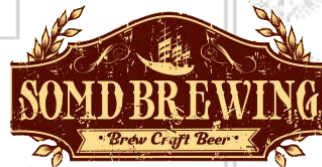


Southern Maryland Brewing LLC



California, MD

Investor Package



Craft Beer



Chesapeake Bay Amber Ale, Dinghy Blonde, Screwpile IPA, Hefeweizen, Solomon's Porter, Sotterly Stout, Cecil's Dunkelweizen, Farmhouse Ales

Craft Beer Cocktails

Taste of the Chesapeake: Crabs, Oysters, Rock Fish, Stuffed Ham



About Us

- **SOMD Brewing LLC:** Is a craft brewery specializing in Maryland Farmhouse Ales and Chesapeake Bay culinary pairings. We utilize local waterman, seafood companies, farmers, and prioritize a farm-to-table philosophy emphasizing the use of all natural and locally sourced produce and products.
- **Locations: (potential)**
 - Airport view Drive (Industrial zone)
 - Collocated with Still Creek Winery (7th district RPD)
 - Collocated with Mully's Brewery (Prince Fredrick)
 - Lexington Exchange on North Rt. 235

Where we fit

	Healthy Fast Casual Concepts	Craft Beer	Number of Locations	Price Food/beer
Chipotle	Mexican	No	1,600	\$7
Jimmy Johns	Deli Sandwiches	No	1,900	\$7
Subway	Deli Sandwiches	No	41,954 Restaurants in 106 Countries	\$7
Ruddy Duck	Seafood and Fusion: flatbread, seafood, pasta, etc	Yes, 12 Craft Ales	2	\$15 / \$3
Tandoori Oven (Minneapolis)	Indian - Clay Oven Chicken and Fresh Vegetables	Yes, 4 basic styles	5 (planned) Minneapolis area	\$10 / \$4
Dick Brothers	German Brats and Deli sandwiches	Yes, 12 German Styles	1 (planned)	\$7 / \$3
Mully's Brewery	N/A, Production Brewery	Yes, 6 Craft Ales	1	\$N/A/ \$3
SOMD Brewing	Fresh Fast Seafood Po'boys, sandwiches, and raw bar	Yes, 12 Craft Ales	1	\$7/\$3

What sets us apart



Locally sourced menu items.
Only 45% of current Fast Casual restaurant operators currently offer locally sourced produce and only 15% offer locally sourced meat or seafood. SOMD Brewing offers both locally sourced produce and locally sourced meat. Our close relationship with reputable local vendors ensures high quality products



Competitive Cost Structure
SOMD Brewing delivers high quality, locally sourced food and in house produced craft beer. Profit margins for our beer help combat the rising costs of food.



Fast Service
SOMD Brewing emphasizes quick and friendly service. Surveys indicate that people are particularly please with friendly service and cite it as one of the main reasons for repeat patronage.



Location
1 easily accessible location in the Patuxent River and route 235 St. Mary's region with plans to expand to other metropolitan areas



Range and quality of menu items
SOMD offers fresh local oysters, blue crabs, rock fish, fresh baked bread, and stuffed ham. Our local menu theme provides numerous combinations with preparation, service and pairing with craft beers.

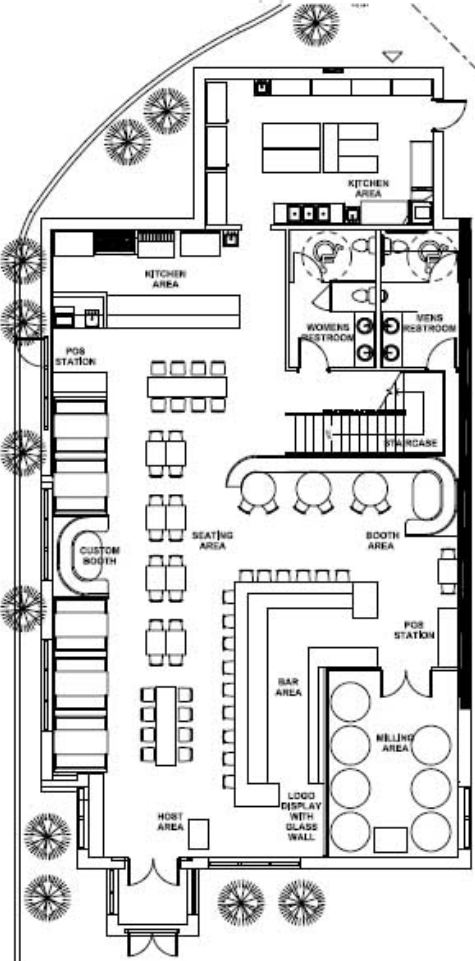
Customer Retention
Customer polls indicate that respondents will frequent SOMD Brewing with repeat business at least once a week and as much as four times per week.



Enabling Technology

- Our **Brewtronix** technology reduces the amount of experience required by the brewery staff, reduces the number of brewery staff employees, and reduces the amount of annual energy consumption. Early upfront brewhouse design engineering reduces the lifecycle operational and maintenance costs of the brewery, an estimate annual savings of \$30,000 to \$50,000 per year. This makes the new start up brewery more competitive when entering the market.
- **PLC Autonomous Mash Control - allows repeatable multistage mash techniques and controls brewery temperature settings. Remembers recipe** setpoints for sharing within the alliance. Logs record energy usage allocation and create a capital improvement strategy for the brewery.
- **Hybrid Brewing Energy System**
 - Solar (Photovoltaic/thermal) provide 24/7/365 energy savings
 - Tankless water heater saves energy by heating brewhouse water only when you need it
 - Biomass Boiler - turns spent grain into brewery fuel
- **User manual with Standard Operating Procedures**
 - Employee Training

Brewhouse Concept



Our Founders



David G. Jones –
Brewmaster, raw bar
artist, engineer,
entrepreneur, and sailor.

- Mark Abromitis – Co-founder, Chief Marketing Officer
- David Mahoney, Co-founder – Chief Operations Officer
- Executive Chef – Co-founder



Adventure Charters

Craft Beer Cuisine Adventure Charters

Craft Beer Cuisine Adventure Charters is where clients with the Brewtronix technology and craft beer companies go to compete against each other to serve the best craft beer and food experience to their customers. The platform is on the world's oceans, motor yachts, and sailing vessels. The goal is to influence and expose the world to American craft beer paired with world cuisines. Six craft brewers will have a weeklong competition against each other by bring their best beers and pairing skills. Brewers will have the opportunity to brew custom craft beers with indigenous ingredients during the trip. Craft Beer Cuisine provides the customers, the charter vessel, crew, and destination. Winners advance. Losers get their beer poured overboard and sent back to their brewery

HOME

THE CARIBBEAN TOUR

HISTORY

TASTING / PAIRING TICKETS

BREW PAIRINGS

PROJECTS

VOLUNTEER / EMPLOYMENT

CONTACT US

BRINGING TOGETHER CRAFT BEER, WORLD CUISINES, AND PEOPLE....

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- South Pacific
- Great Lakes
- Baltic Sea
- Baja California Peninsula
- Alaska, British Columbia, Pacific Northwest

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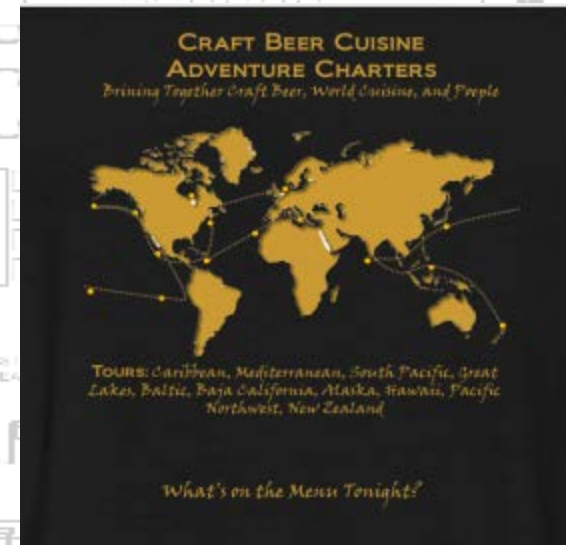
Davidjones@md.metrocast.net

Facebook Page: <https://www.facebook.com/#!/SOMDBrewing>

CraftFund Profile: <http://www.craftfund.com/companies/somd-brewing>

Twitter: <https://twitter.com/SOMDBrewing>

T-shirt Sales: <http://jonesnts.spreadshirt.com/>



Ideas and Concepts

Barrel ownership and keg tapping ceremonies



Ideas and Concepts

Simplistic
and
modular



MANAGEMENT TEAM:

CEO David Jones
(301) 481-8822

CFO David Mahoney
(410) 610 - 6509

CMO Mark Abromaitis
(410) 937-5334

INDUSTRY:

Microbrewing

INNOVATION:

Brewtronix automated green hybrid brewing energy technology. Mash Filter Press / Grain Dryer.

Self-distribution growth model

A variety of signature beer recipes.

FINANCING SOUGHT:

\$200,000

USE OF FUNDS:

Capital purchases- equipment and site

EMPLOYEES:

Management team and 3-5 PTEs

LEGAL: David Stamm, Dugan,

McKissick and Longmore, LLC

ph: 301-862-3764

fx: 301-862-3789



SOMD Brewing, LLC.

Experienced home brewer and former US Navy Project Manager, David Jones will use his unique, proprietary technology called “Brewtronix” to create a large variety of flavorful craft beers. Brewtronix is a fully automated, scalable and environmentally friendly or “green” hybrid brewing technology.

The microbrewery will feature on-site, self-distributed and regional distributor sales. The company’s heart is based in the ability to self-distribute to local restaurants or businesses and create an array of diversified session beers, seasonal beers, and specialty beers specifically developed with the customer.

Our approach is to brew 6 flagship craft session beers, plus 6 seasonal varieties. In addition, the brewery will offer a “test kitchen” for new and developing recipes. This will allow us to keep a small, diversified production with R&D batches at ½ bbl or less and local production at 3.5 bbl batches. An offsite contract brewer will create 30 bbl or larger batches.

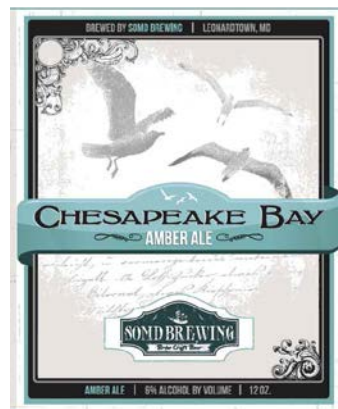
The proprietary hybrid brewing technology is also available for sale to small production breweries (i.e.: brewpubs and microbreweries) that wish incorporate green energy technologies into their existing brewing applications and to larger breweries that wish to upgrade their technology or reduce their carbon footprint.

Market Opportunity

Interest in craft beer and home brewing is growing. Rapidly. The American Homebrewing Association estimates the growth rate of home brewers in 2013 is currently higher than 10%. But these creative homebrewers are often faced with the problem of distributing the final product. The State of Maryland does not allow self-distribution by home brewers. This means the thousands of great craft beer recipes are never seen outside of the home brewer’s garage.

The three-tiered distribution system (producers to distributors to retailers) favors larger established breweries and means entrance and success for small brewers is difficult unless an agreement with a large distribution company is attained. The recent legislation change in Maryland allows small craft brewers to self-distribute which makes the business model easier for the small breweries to enter the market. The craft beer market has been growing strong for the last decade. We plan on using this to our advantage by creating small batch R&D beers (1/2 bbl batch), 3.5 bbl batches onsite, and contract 30 bbl and larger batches with an offsite contract brewer. We intend to keep our customers, restaurants, retail outlets, and onsite customers involved with the entire process of scaling the production of our craft and test beers.

To date there are no breweries in St. Mary’s County, and only 2 in the Southern Maryland area: Mully’s in Prince Frederick, MD (class 5) and the Ruddy Duck in Solomons, MD (brewpub). SOMD Brewing’s target market consists of beer connoisseurs, working professionals, college students, retail beer outlets and middle to high-end culinary



Venture history:

1995- David Jones begins home brewing

1996- Begins entering home brew competitions

1998- Attends Copper Dragon brewing classes

1999- Design of Automated RIMS system

2002- Assembly and calibration of automated 3 keg RIMS system

2005- "Brewtronix System" - RIMS creates first batch of automated beer

2007- "Brewtronix" system and venture born. Business plan entered with University of MD Technology Enterprise Institute and Entrepreneurial office, SCORE and SOMD Small Business Development Center.

2010- Recipe and product development

2012 Logo development

2013 St. Mary's County Brewery Legislation enacted to allow for Breweries, Brewpubs, Microbreweries, Distilleries and Farmhouse Breweries; LLC filed with State of MD; David Jones attends 6 month training with Craft Beer Cuisine Adventure Charters in Lesser Antilles; website design underway; marketing efforts commence;



restaurateurs. The restaurateur professionals and retail beer markets are looking for a way to strengthen their brand name and image by offering craft beer.

Unique Approach.

SOMD Brewing Company's microbrewery will provide a collaborative environment where home brewers, local restaurants and organizations from around the Baltimore /DC metro area can participate in the design process and help create their own "signature" custom beers that SOMD Brewing will provide via self-distribution routes.

The Brewtronix applications will reduce the energy required to brew beer and offset electrical costs. The Mash Filter Press and autonomous mash controls of Brewtronix will increase the mash and brewhouse extraction efficiency. The many varieties of beer will be distributed through SOMD Brewing and serve as an opportunity to showcase the SOMD Brewing brand as well as advertise the unique Brewtronix technology.

Challenges.

A site remains a challenge. Five potential sites have been identified in and around St. Mary's County and one is particularly promising for SOMD Brewing. A 2,000 sq ft industrial space unit off Airport View Drive is being investigated for feasibility and buildout.

Additionally, zoning amendments would be required. While St. Mary's legislation allows for a brewery, zoning amendments to meet that legislation are still needed.

Proposed text amendments to allow a micro-brewery and a pub-brewery have been drafted and forwarded to the County Administrator and County Attorney. Upon a response, the amendments will be introduced to the County Commissioners. Baring setbacks, this process will take approximately 3-6 months.

Competitive Landscape (& Technology Position, Competitive Advantage)

The Brewtronix applications will reduce the energy required to brew beer and will be able to pump energy back into the grid to offset electrical costs. The Mash Filter Press / Grain Dryer and autonomous mash controls of Brewtronix will increase the mash and brewhouse extraction efficiency. These technologies will be patented. Microbrewery process and green technology integration consulting will be offered to other micro to regional sized craft breweries. The Green Hybrid Brewing Energy technology incorporates small scale green energy technologies and brewery control applications into one unit. The Mash Filter Press is currently only marketed by one company in Belgium and we are incorporating a grain drying function into our design that allows spent grains to be used as biomass fuel in the hybrid brewing energy system. No company offers these technologies to the small craft breweries (i.e. brew pubs and microbreweries). Larger regional breweries have started incorporating these technologies into their plants but no one is offering these technologies to smaller craft breweries.

Customers & Partners.

Verbal agreements have been attained with local restaurants to incorporate our beers into their services but have not written any formal contracts to provide our beer. This is awaiting site and capital purchase. We have had initial discussions with three distributors willing to distribute our product but no formal contracts have been written. We also have forged a relationship with an upcoming contract brewing facility willing to brew our larger batches of beer.

SOMD Brewing Business Model:

We will make money by buying ingredients (malted barley, hops, adjuncts, water, etc.) for \$700 per 3.5 bbl batch and sell the finished beer for \$1,500 per 3.5 bbl batch in 1/2 barrel, 1/4 barrel, and 1/6 barrel sizes to the retail market. We will also have onsite pint sales we will sell for \$3,500 per 3.5 bbl batch. We hire a contract brewery to make our beer for \$4,000 per 30 bbl batch and sell the finished beer for \$7,500 in 1/2 barrel, 1/4 barrel, and 1/6 barrel sizes. We will produce as much beer as the market demands in the first 3 years and then re-evaluate the size of our 3.5 bbl production and contract brewing capabilities.

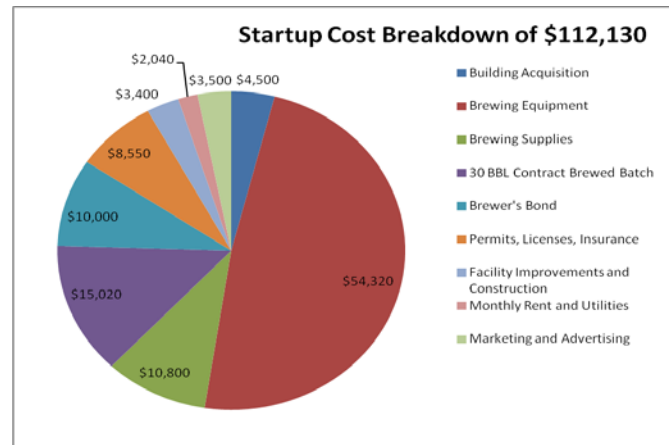
We will offer our brewery engineering consulting services at \$145/hour. We will offer the Brewtronix Hybrid Brewery Energy System at \$20,000. The Brewtronix System can create an energy savings payback in 5 years.

Venture Operations:

To begin operations SOMD Brewing will require \$112,130 of which \$4,500 will be for land and property acquisition, \$55,000 for brewing equipment, \$10,800 for working capita, and brewing supplies, and the remainder will be for marketing, licenses, permits, utilities, etc.

Venture Financing:

SOMD Brewing is securing startup funds for the initial startup phase and plans to have \$100,000 secured. SOMD Brewing Company will seek additional capital to expand brewing operations with brewing equipment capacity upsizing and marketing to larger geographical areas and will seek the help of Angel investors. SOMD Brewing will seek an exit strategy at the end of 10 years. Approximately \$87,000 has been initially invested in research and development, branding, and recipe testing. The business requires \$100,000 for the company to start operations. Following this there is no further capital investments needed. Our pre-money valuation is \$87,000 and our post-money valuation is \$205,000.



Financial Projections:

The projection of revenues and expenses from the business are based on assumptions of projected sales. We anticipate selling 60 barrels per month via self-distribution, a distributor, and onsite sales. We anticipate producing 16 batches per month or 4 batches per week onsite as well as contract out for 30 bbl batches. We will also start consulting with our closest microbreweries to start gaining Brewtronix green hybrid energy system customers and consulting revenue streams.

We anticipate the fine tuning from a year's worth of work on the Brewtronix prototype will result in a unit sale in the 2nd or 3rd year. SOMD Brewing will become profitable in year one and will achieve a break-even event in year 2. Income in 2015, our third year of operations, will be \$326,000.



Marketing/Funding efforts underway:

- Brand logo and designs completed
- Formal website domain name procured and currently under design (www.somdbrewing.com)
- Company branding and search engine optimization underway
- Social media presence [Twitter (@somdbrewing), Facebook, Pinterest and YouTube]
- SOMD Beer Ambassador program

Outreach/events:

SOMD Brewing has identified the following yearly events for potential marketing and outreach efforts: Annapolis Restaurant Week, (February) Calvert County Restaurant Week (February), Timonium Beer, Bourbon & BBQ Festival, (March), Solomon's Island Tiki Festival (April), SOMD Blue Crabs Baseball (April-September), MD Craft Beer Festival (May), Historic St. Mary's Beerfest (May), Taste of St. Mary's/Calvert/Southern Maryland (May), Beer Bands & BBQ Festival (June), St. Mary's Beer Festival (June), St. Mary's Crab Festival (June), Tilghman Island Seafood Festival

(June) River Concert Series (June-July), Howard County Farm-2-Table Restaurant Week (July), Governor's Cup (July), Potomac Jazz & Seafood Festival (July), Screwpile Regatta (July), Chesapeake Crab & Beer Festival, National Harbor (August), MD BBQ Bash (August) Seafood Fest-I-Val, Cambridge (August), Anne Arundel Maryland Seafood Festival, (September), Charles County Oktoberfest (September), Calvert County Waterman's Festival (September), Taste of St. Mary's (September), St. Mary's/Calvert/Charles County Fair (September/October), Great American Beer Festival (October), Maryland Fairgrounds Oktoberfest (October), OC MD Restaurant Week (October), St. Michaels, OysterFest (November).

Investor Risk Reduction Options:

Private Placement Memorandum: Cost: \$20,000 to \$30,000 quoted by Miles and Stockbridge and conducted only by law firms with SEC law expertise. (no local law firms). Private Placement Memo is a legal document stating the objectives, risks and terms of investment involved with a private placement. This includes items such as the financial statements, management biographies, detailed description of the business, etc. An offering memorandum serves to provide buyers with information on the offering and to protect the sellers from the liability associated with selling unregistered securities.

Rework LLC, operating agreement and business plan: Cost \$5,000 to \$10,000 quoted by Miles and Stockbridge. Operating agreement to outline the 3 managers, manager's roles, who elects managers, and members roles. Percentage of ownership, investment, who gets paid out first, allocation of profits, annuities/dividends, liquidation of assets, etc...

Rework LLC, operating agreement, and business plan: Bill McKissick (Local law firm). Original cost was \$700. Update assumed to be close to the same if done all at once and all investors are on board and changes are made and agreed upon prior to discussion with lawyer.

Loan guarantee program via the Community Development Corporation. Up to 80% loan guarantee. The Community Development Corporation serves residents of St. Mary's by promoting public and private investments in communities throughout the County.

Company Valuation Scheme: \$205,000

Managers: 51% - \$105,000

Members: 49% - \$100,000

Startup Company Worth	Year 1 Profit	Year 2 Profit	Year 3 Profit
\$205,000	\$60,000	\$170,000	\$237,000

Managers					
	Ownership %	Investment	YR1 Dividend	YR2 Dividend	YR3 Dividend
CEO	42%	\$86,100	\$25,200	\$71,400	\$99,540
CFO	6%	\$12,300	\$3,600	\$10,200	\$14,220
CMO	3%	\$6,150	\$1,800	\$5,100	\$7,110

Members					
Investor #	Ownership %	Investment	YR1 Dividend	YR2 Dividend	YR3 Dividend
Investor #1	5%	\$10,250	\$3,000	\$8,500	\$11,850
Investor #2	5%	\$10,250	\$3,000	\$8,500	\$11,850
Investor #3	5%	\$10,250	\$3,000	\$8,500	\$11,850
Investor #4	5%	\$10,250	\$3,000	\$8,500	\$11,850
Investor #5	5%	\$10,250	\$3,000	\$8,500	\$11,850
Investor #6	5%	\$10,250	\$3,000	\$8,500	\$11,850
Investor #7	5%	\$10,250	\$3,000	\$8,500	\$11,850
Investor #8	5%	\$10,250	\$3,000	\$8,500	\$11,850
Investor #9	5%	\$10,250	\$3,000	\$8,500	\$11,850
Investor #10	5%	\$10,250	\$3,000	\$8,500	\$11,850