

PRIVATE PLACEMENT MEMORANDUM FOR ACCREDITED INVESTORS



# GolfSuites

**KGEM GOLF, INC.  
2738 FALKENBURG ROAD  
RIVERVIEW, FL 33578  
(813) 621-5000**

**30,000,000 SHARES OF PREFERRED STOCK  
MAXIMUM OFFERING OF \$30,600,000  
And  
NO MINIMUM OFFERING**

**\$1.02 per share (\$1.00 per share for investors that subscribe for more than \$500,000)**

**There is no maximum subscription per investor.  
The date of this PPM is May 15, 2019.**

**AN INVESTMENT IN OUR SECURITIES INVOLVES A HIGH DEGREE OF RISK. IN MAKING AN INVESTMENT DECISION INVESTORS MUST RELY ON THEIR OWN EXAMINATION OF US AND THE TERMS OF THE OFFERING, INCLUDING THE MERITS AND RISKS INVOLVED. YOU SHOULD ONLY INVEST IN OUR SHARES IF YOU CAN AFFORD A COMPLETE LOSS OF YOUR INVESTMENT. YOU SHOULD READ THE COMPLETE DISCUSSION OF THE RISK FACTORS SET FORTH IN THIS PRIVATE PLACEMENT MEMORANDUM (“PPM”).**

**NEITHER THE SECURITIES AND EXCHANGE COMMISSION NOR ANY STATE SECURITIES COMMISSION HAS APPROVED OR DISAPPROVED OF THESE SECURITIES OR PASSED UPON THE ADEQUACY OR ACCURACY OF THIS PPM. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE. SEE RISK DISCLOSURE STATEMENTS.**

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THE SECURITIES OFFERED HEREBY HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT") OR THE SECURITIES LAWS OF ANY STATE, AND ARE BEING OFFERED AND SOLD IN RELIANCE ON EXEMPTIONS FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT SET FORTH IN SECTION 4(a)(2) THEREOF AND RULE 506(c) OF REGULATION D PROMULGATED THEREUNDER. WE HAVE ELECTED TO SELL SECURITIES TO ACCREDITED INVESTORS, AS SUCH TERMS IS DEFINED IN RULE 501(a) OF REGULATION D, EACH ACCREDITED INVESTOR WILL BE REQUIRED TO MAKE REPRESENTATIONS AS TO THE BASIS UPON WHICH IT QUALIFIES AS AN ACCREDITED INVESTOR. PURSUANT TO RULE 506(c) INDEPENDENT VERIFICATION WILL BE REQUIRED.

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THE SECURITIES OFFERED HEREBY HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES COMMISSION ("SEC"), NOR HAS THE SEC OR ANY STATE SECURITIES COMMISSION PASSED UPON THE ACCURACY OR ADEQUACY OF THIS PPM. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

THE INFORMATION PRESENTED HEREIN WAS PRESENTED AND SUPPLIED SOLELY BY KGEM GOLF, INC. AND IS BEING FURNISHED SOLELY FOR USE BY PROSPECTIVE INVESTORS IN CONNECTION WITH THE OFFERING. KGEM GOLF, INC. MAKES NO REPRESENTATIONS AS TO THE FUTURE PERFORMANCE OF KGEM GOLF, INC.

THIS OFFERING IS SUBJECT TO WITHDRAWAL, CANCELLATION OR MODIFICATION BY KGEM GOLF, INC. AT ANY TIME AND WITHOUT NOTICE. WE RESERVE THE RIGHT IN OUR SOLE DISCRETION TO REJECT ANY SUBSCRIPTION IN WHOLE OR IN PART NOTWITHSTANDING TENDER OF PAYMENT OR TO ALLOT TO ANY PROSPECTIVE INVESTOR LESS THAN THE NUMBER OF SHARES SUBSCRIBED FOR BY SUCH INVESTOR.

THIS PPM DOES NOT CONSTITUTE AN OFFER TO SELL OR A SOLICITATION OF ANY OFFER TO BUY ANY SECURITY OTHER THAN THE SECURITIES OFFERED HEREBY, NOR DOES IT CONSTITUTE AN OFFER TO SELL OR A SOLICITATION OF ANY OFFER TO BUY SUCH SECURITIES BY ANYONE IN ANY JURISDICTION IN WHICH SUCH OFFER OR SOLICITATION IS NOT AUTHORIZED, OR IN WHICH THE PERSON MAKING SUCH OFFER OR SOLICITATION IS NOT QUALIFIED TO DO SO. NEITHER THE DELIVERY OF THIS PPM NOR ANY SALE MADE HEREUNDER SHALL, UNDER ANY CIRCUMSTANCES, CREATE ANY IMPLICATION THAT THERE HAS BEEN NO CHANGE IN OUR AFFAIRS SINCE THE DATE HEREOF. THIS PPM CONTAINS SUMMARIES OF CERTAIN PERTINENT DOCUMENTS, APPLICABLE LAWS AND REGULATIONS. SUCH SUMMARIES ARE NOT COMPLETE AND ARE QUALIFIED IN THEIR ENTIRETY BY REFERENCE TO THE COMPLETE TEXTS THEREOF.

THIS PPM IS CONFIDENTIAL AND MAY NOT BE SHARED WITH ANY OTHER PERSONS.

PROSPECTIVE INVESTORS ARE NOT TO CONSTRUE THE CONTENTS OF THIS PPM AS LEGAL OR TAX ADVICE. EACH PROSPECTIVE INVESTOR SHOULD CONSULT HIS OR HER OWN COUNSEL, ACCOUNTANT AND OTHER ADVISORS AS TO LEGAL, TAX AND RELATED MATTERS PRIOR TO PURCHASING ANY SHARES.

KGEM GOLF, INC. DOES NOT MAKE ANY EXPRESS OR IMPLIED REPRESENTATION OR WARRANTY AS TO THE ACCURACY OR COMPLETENESS OF THE INFORMATION CONTAINED IN THIS PPM OR IN ANY ADDITIONAL EVALUATION MATERIAL, WHETHER WRITTEN OR ORAL, MADE AVAILABLE IN CONNECTION WITH ANY FURTHER INVESTIGATION OF KGEM GOLF, INC. KGEM GOLF, INC. EXPRESSLY DISCLAIMS ANY AND ALL LIABILITY THAT MAY BE BASED UPON SUCH INFORMATION, ERRORS THEREIN OR OMISSIONS THEREFROM. ONLY THOSE PARTICULAR REPRESENTATIONS AND WARRANTIES, IF ANY, WHICH MAY BE MADE TO A PARTY IN A DEFINITIVE WRITTEN AGREEMENT REGARDING A TRANSACTION INVOLVING KGEM GOLF, INC., WHEN, AS AND IF EXECUTED, AND SUBJECT TO SUCH LIMITATIONS AND RESTRICTIONS AS MAY BE SPECIFIED THEREIN, WILL HAVE ANY LEGAL EFFECT. EXCEPT AS OTHERWISE EXPRESSLY PROVIDED TO THE CONTRARY IN WRITING, THIS PPM SPEAKS AS OF THE DATE HEREOF. NEITHER THE DELIVERY OF THIS PPM NOR ANY SALE OF SHARES MADE HEREUNDER SHALL, UNDER ANY CIRCUMSTANCES, CREATE ANY IMPLICATION THAT THERE HAS BEEN NO CHANGE IN THE AFFAIRS OF KGEM GOLF, INC. AFTER THE DATE HEREOF.

NO PERSON HAS BEEN AUTHORIZED TO GIVE ANY INFORMATION OR TO MAKE ANY REPRESENTATIONS OTHER THAN THOSE CONTAINED IN THIS PPM IN CONNECTION WITH THE OFFERING OF SHARES BEING MADE PURSUANT HERETO, AND IF GIVEN OR MADE, SUCH INFORMATION OR REPRESENTATIONS MUST NOT BE RELIED UPON AS HAVING BEEN AUTHORIZED BY KGEM GOLF, INC. WE HAVE NOT RETAINED ANY INDEPENDENT PROFESSIONALS TO COMMENT ON OR OTHERWISE PROTECT THE INTERESTS OF POTENTIAL INVESTORS. ALTHOUGH WE HAVE RETAINED OUR OWN COUNSEL, NEITHER SUCH COUNSEL NOR ANY OTHER INDEPENDENT PROFESSIONALS HAVE MADE ANY EXAMINATION OF ANY FACTUAL MATTERS HEREIN, AND POTENTIAL INVESTORS SHOULD NOT RELY ON OUR COUNSEL REGARDING ANY MATTERS HEREIN DESCRIBED.

THERE IS NO MARKET FOR OUR SHARES AND THERE IS NO ASSURANCES A PUBLIC MARKET WILL EVER BE ESTABLISHED. PURCHASERS OF THE SHARES ARE NOT BEING GRANTED ANY REGISTRATION RIGHTS. A PURCHASE OF THE SHARES SHOULD BE CONSIDERED AN ILLIQUID INVESTMENT.

THIS PPM IS SUBJECT TO AMENDMENT AND SUPPLEMENTATION AS APPROPRIATE. WE DO NOT INTEND TO UPDATE THE INFORMATION CONTAINED IN THE PPM FOR ANY INVESTOR WHO HAS ALREADY MADE AN INVESTMENT. WE MAY UPDATE THE INFORMATION CONTAINED HEREIN FROM TIME TO TIME AND PROVIDE SUCH UPDATED DOCUMENT TO POTENTIAL INVESTORS BUT WE UNDERTAKE NO OBLIGATION TO PROVIDE SUCH UPDATED DOCUMENTS TO AN INVESTOR WHO HAS ALREADY MADE HIS INVESTMENT.

IN MAKING ANY INVESTMENT DECISION, INVESTORS MUST RELY ON THEIR OWN EXAMINATION OF THE PERSON OR ENTITY CREATING THE SECURITIES AND THE TERMS OF THE OFFERING, INCLUDING THE MERITS AND RISKS INVOLVED. NO FEDERAL OR STATE SECURITIES COMMISSION OR REGULATORY AUTHORITY HAS RECOMMENDED THESE SECURITIES. FURTHERMORE, THE

FOREGOING AUTHORITIES HAVE NOT CONFIRMED THE ACCURACY OR DETERMINED THE ADEQUACY OF THIS DOCUMENT. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

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When used herein, the terms “KGEM GOLF, Inc.” “KGEM”, “we,” “us, “our,” the “company” and similar terms refer to KGEM Golf, Inc., a Delaware Corporation.

## THE OFFERING

This PPM (“PPM”) relates to the offering (the “Offering”) for sale by KGEM Golf, Inc. of up to 30,000,000 (the “Maximum Amount”) of shares of Preferred Stock of KGEM Golf, Inc., \$0.00001 par value per share (the “Shares”). This Offering is not subject to a minimum sale of Shares (referred to as a “Minimum Amount”). The Shares are being offered by KGEM Golf, Inc. on a “best efforts” basis directly by KGEM Golf, Inc. to individuals who are “accredited investors” as defined in Rule 501(a) of Regulation D promulgated under the Securities Act of 1933, as amended (the “Securities Act”).

The company will attempt to sell the Shares during an offering period commencing on the date of this Memorandum and expiring on June 30, 2020 (such period, as same may be extended, being hereinafter referred to as the “Offering Period”). The purchase price (“Purchase Price”) of the Shares will be the same for all investors. The Shares may only be purchased by subscribers who represent and demonstrate to us that they qualify as accredited investors as that term is defined in Rule 501 of Regulation D of the Securities Act of 1933, as amended (the “Securities Act”). The minimum investment per each potential investor is \$10,000 although we reserve the right to accept subscriptions for a lesser number of Shares. There is no maximum investment per investor in this Offering. We reserve the right to undertake contemporaneous offerings upon different terms and/or separate additional offerings in the future on the same or alternative terms.

Subscription funds from potential investors, which are payable via check, wire, or electronic funds transfer via ACH to the specified account, are set forth in “Plan of Distribution.” During the Offering Period, subscriptions are subject to acceptance by the company from time to time, and the funds will be available to the company immediately; there is no minimum offering requirement. Subscriptions need not be accepted by the company in the order they are received. Upon the acceptance by the company of subscriptions from suitable investors, the initial closing and purchase of Shares will occur and the purchasers of the Shares will become shareholders of the company. Thereafter, subsequent investors in the Shares will become shareholders of the company at such subsequent closings as may be determined by the company. Inasmuch as this Offering is being made pursuant to Rule 506(c), independent verification of each subscriber’s accredited investor status will be required. See “Plan of Distribution.”

If a person subscribes and his, her or its subscription is rejected by the company, the funds furnished by such person, or the portion thereof represented by a subscription rejected in part, will be promptly returned without deduction and without any interest earned thereon. Upon consummation of the initial closing and any subsequent closings, physical or digital certificates representing the Shares sold by the company or other notification will be delivered as promptly as practicable to each of the investors whose subscriptions have been accepted. Investors should note that any delay with respect to subscription may result in investments being accepted at a higher per-Share price and no guarantee can be provided with respect to the price at which their subscriptions will be accepted.

## NOTICE REGARDING FORWARD-LOOKING STATEMENTS

Certain of the statements set forth in this PPM and the Exhibits attached hereto constitute "Forward Looking Statements." Forward-looking statements include, without limitation, any statement that may predict, forecast, indicate, or imply future results, performance or achievements, and may contain the words "estimate," "project," "intend," "forecast," "anticipate," "plan," "planning," "expect," "believe," "will likely," "should," "could," "would," "may" or words or expressions of similar meaning. All such forward-looking statements involve risks and uncertainties, including, but not limited to, those risks described herein. Therefore, prospective investors are cautioned that there also can be no assurance that the forward-looking statements included in this PPM will prove to be accurate. In light of the significant uncertainties inherent to the forward-looking statements included herein, the inclusion of such information should not be regarded as a representation or warranty by the company or any other person that the objectives and plans of the company will be achieved in any specified time frame, if at all. Except to the extent required by applicable laws or rules, the company does not undertake any obligation to update any forward-looking statements or to announce revisions to any of the forward-looking statements.

## RESTRICTIONS ON TRANSFERABILITY

SINCE THE OFFERING OF THE SECURITIES OFFERED HEREBY IS NOT BEING REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, THE SECURITIES CANNOT BE SOLD BY AN INVESTOR UNLESS THEY ARE SUBSEQUENTLY REGISTERED UNDER SUCH ACT, OR UNLESS AN EXEMPTION FROM REGISTRATION IS AVAILABLE AT THE TIME OF DESIRED SALE. THEREFORE, A PURCHASER MUST BE ABLE TO BEAR THE ECONOMIC RISK OF THE INVESTMENT FOR AN INDEFINITE PERIOD OF TIME.

## TAXES

PROSPECTIVE INVESTORS ARE NOT TO CONSTRUE THE CONTENTS OF THIS PPM AS LEGAL OR TAX ADVICE. THE TAX ASPECTS OF AN INVESTMENT IN THE SHARES REQUIRE CAREFUL AND INFORMED STUDY WITH RESPECT TO AN INVESTOR'S PERSONAL TAX AND FINANCIAL POSITION. ACCORDINGLY, NO PERSON SHOULD INVEST IN THE SHARES WITHOUT PRIOR INDEPENDENT EXPERT ADVICE AS TO THE TAX IMPACT OF AN INVESTMENT IN THE SECURITIES. EACH PROSPECTIVE INVESTOR SHOULD CONSULT HIS OR HER OWN COUNSEL, ACCOUNTANT AND OTHER ADVISORS AS TO LEGAL, TAX AND RELATED MATTERS PRIOR TO PURCHASING ANY SHARES. NOTHING IN THIS PPM SHOULD BE CONSTRUED AS LEGAL OR TAX ADVICE TO POTENTIAL INVESTORS.

A COPY OF THIS PPM AND THE SUBSCRIPTION AGREEMENT SHALL BE DELIVERED TO EVERY PERSON SOLICITED TO BUY ANY OF THE SECURITIES HEREBY OFFERED, AT THE TIME OF THE INITIAL OFFER TO SELL.



## WHERE YOU CAN OBTAIN MORE INFORMATION

The PPM contains limited information on the company. While we believe the information contained in the PPM is accurate, such documents are not meant to contain an exhaustive discussion regarding the company. We cannot guarantee a prospective investor that the abbreviated nature of the PPM will not omit to state a material fact, which a prospective investor may believe to be an important factor in determining if an investment in the Shares offered hereby is appropriate for such investor. As a result, prospective investors are required to undertake their own due diligence of KGEM Golf, Inc., our current and proposed business and operations, our management and our financial condition to verify the accuracy and completeness of the information we are providing in the PPM. **An investment in the Shares is suitable only for investors who have the knowledge and experience to independently evaluate KGEM Golf, Inc., our business and prospects.**

Prospective investors may make an independent examination of our books, records and other documents to the extent an investor deems it necessary and should not rely on us or any of our employees or agents with respect to judgments relating to an investment in the company.

EACH PROSPECTIVE INVESTOR WILL BE GIVEN AN OPPORTUNITY TO ASK QUESTIONS OF, AND RECEIVE ANSWERS FROM, MANAGEMENT OF THE COMPANY CONCERNING THE TERMS AND CONDITIONS OF THIS OFFERING AND TO OBTAIN ANY ADDITIONAL INFORMATION, TO THE EXTENT THE COMPANY POSSESSES SUCH INFORMATION OR CAN ACQUIRE IT WITHOUT UNREASONABLE EFFORTS OR EXPENSE, AS NECESSARY TO VERIFY THE ACCURACY OF THE INFORMATION CONTAINED IN THIS PPM.

Each offeree may, if he, she or it so desires, make inquiries of appropriate members of our management with respect to our business or any other matters set forth herein, and may obtain any additional information which such person deems to be necessary in order to verify the accuracy of the information contained in the PPM (to the extent that we possess such information or can acquire it without unreasonable effort or expense).

Any such inquiries or requests for additional information or documents should be made in writing to us, addressed as follows:

KGEM Golf, Inc.  
2738 FALKENBURG ROAD SOUTH  
RIVERVIEW, FL 33578  
(813) 621-5000  
Attention: Gerald Ellenburg, Chief Executive Officer  
Email: [jerry@golfsuites.com](mailto:jerry@golfsuites.com)

## OFFERING SUMMARY

<b>The Company</b>	KGEM Golf, Inc. ("KGEM" or the "company") is a Delaware corporation, incorporated on October 24, 2018. KGEM is an early stage hospitality and entertainment company devoted to the development and operation of golf driving range and entertainment centers throughout the United States. The company controls or will control a number of operating subsidiaries. In this PPM, references to operations of "the company" may refer to actions taken through one or more of those operating subsidiaries.
<b>Maximum Offering Amount</b>	Up to 30,000,000 Shares for \$30,600,000 are being offered on a "best efforts" basis.
<b>Minimum Offering Amount</b>	None.
<b>Price Per Share</b>	\$1.00 for subscriptions of \$500,000 or more \$1.02 for subscriptions of less than \$500,000 <i>The company reserves the right to sell shares for a lesser amount in its sole discretion</i>
<b>Minimum Investment</b>	\$10,000 USD per purchaser, provided that company reserves the right to accept subscriptions for lesser amounts.
<b>Dividend Distribution</b>	Accrual of dividends: Investors in this Offering will begin to accrue an annual 8% dividend after the issuance of their Preferred Stock.  Payment of dividends: Payments will be made monthly after investment providing funds are legally available.
<b>Use of Proceeds</b>	The net proceeds from the sale of the Shares will be used to for working capital to build and expand the company's business, including the operations of its subsidiaries. See "Use of Proceeds."
<b>Capitalization</b>	Our Amended and Restated Certificate of Incorporation of KGEM Golf, Inc. authorizes the issuance of up to 300,000,000 Shares of Common Stock of which two classes are designated and 80,000,000 shares of Preferred Stock, of which 30,000,000 are designated Series A Preferred Stock. 60,000,000 shares of Class A Common Stock are designated and have voting rights on a one for one basis. 160,000,000 shares of Class B common stock are designated and have voting rights on a five for one voting basis. The Preferred Stock have voting rights on a one for one basis.
<b>Shares Outstanding</b>	As of March 7, 2019, 142,944,168 Shares of Class B Common Stock were issued and outstanding and 0 Shares of Preferred Stock were issued and outstanding.

<b>Investor Eligibility</b>	The Shares may only be sold to accredited investors as defined by Rule 501 of Regulation D under the Securities Act. Pursuant to the provisions of Rule 506(c), self-verification of the accredited investor status of each prospective investor will be required prior to the acceptance of any subscriptions by us.
<b>Securities Exemption</b>	The offer and sale of the Shares is intended to be exempt from the registration requirements of the Securities Act pursuant to Rule 506(c) under Regulation D promulgated under the Securities Act and is intended to be exempt from the registration requirements of applicable state securities laws as a federally covered security.
<b>Restrictions on Transfer</b>	<p>The Shares will be restricted as to transferability under state and federal laws regulating securities. The offer of the Shares has not been registered under the Securities Act, or any other similar state statutes, in reliance upon exemptions from the registration requirements contained therein. Accordingly, the Shares will be “restricted securities” as defined in Rule 144 of the Securities Act. As “restricted securities,” an investor must hold them indefinitely and may not dispose or otherwise sell them without registration under the Securities Act and any applicable state securities laws unless exemptions from registrations are available. Moreover, in the event an investor desires’ to sell or otherwise dispose of any of the Shares, the investor will be required to furnish us with an opinion of counsel acceptable to us that the transfer would not violate the registration requirements of the Securities Act or applicable state securities laws.</p> <p>Any certificate or other document evidencing the Shares will be imprinted with a conspicuous legend stating that the securities have not been registered under the Securities Act and state securities laws, and referring to the restrictions on transferability and sale of the securities. In addition, our records concerning the securities will include “stop transfer notations” with respect to such Shares.</p>
<b>Offering Period</b>	The Shares will be offered commencing on the date of this PPM and continue until June 30, 2020 which period may be extended by us in our sole discretion.
<b>Risk Factors</b>	The Shares offered hereby are highly speculative and involve a high degree of risk. Prospective investors should carefully review the risk factors included in this PPM, commencing on page 24.
<b>Plan of Distribution</b>	The Shares are being offered on a “best efforts” basis pursuant to an exemption from the registration requirements of the Securities Act provided by Rule 506(c) thereunder. The officers and directors of the company will not be compensated by reference to any sales of Shares, as discussed in the “Plan of Distribution” on page 54.

**Subscription Procedures** Instructions on how to subscribe for the Shares can be found later in this PPM under the section entitled “Plan of Distribution” on page 54.

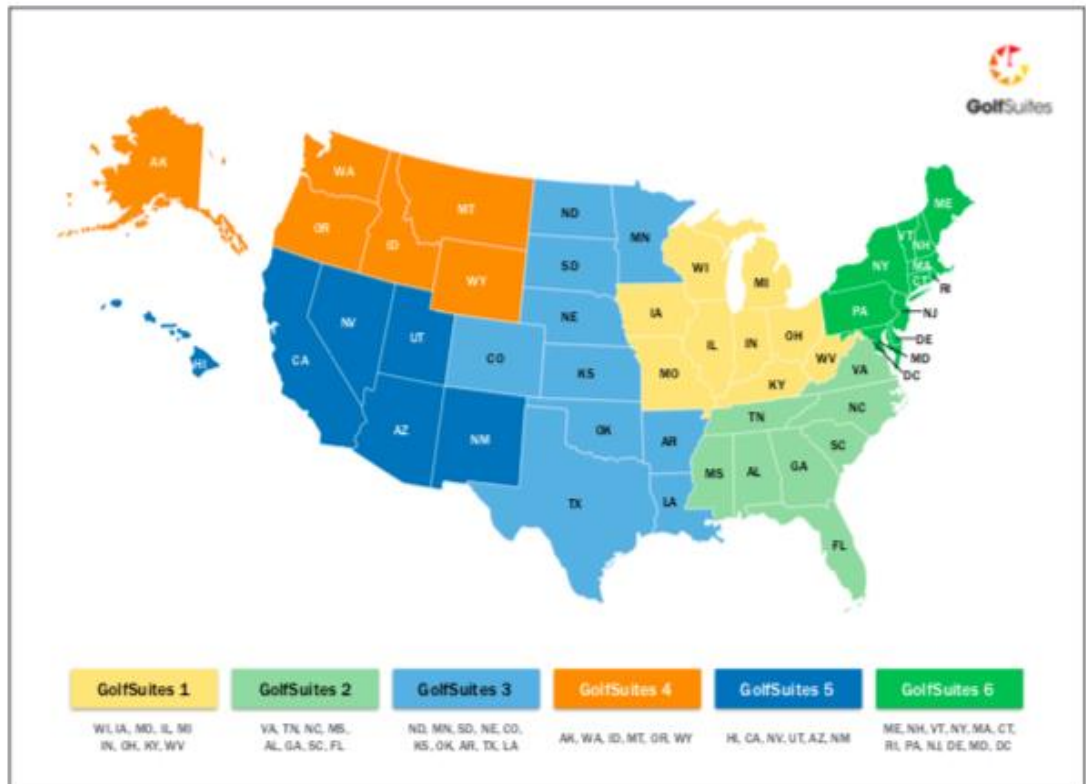
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## BUSINESS OVERVIEW

### Overview

KGEM Golf, Inc. is an early stage hospitality and entertainment company devoted to the development and operation of golf driving range and entertainment centers in the United States. KGEM intends to form six operating subsidiaries, GolfSuites 1, GolfSuites 2, GolfSuites 3, GolfSuites 4, GolfSuites 5 and GolfSuites 6 (each an “Operating Subsidiary, and collectively the “Operating Subsidiaries”). Each Operating Subsidiary will be located in a different region within the United States. The Operating Subsidiaries will be located in the following regions of the United States and will operate under the names listed below:

REGION	NAME
Midwest United States	GolfSuites 1, Inc.
Southeast United States	GolfSuites 2, Inc.
Central United States	GolfSuites 3, Inc.
Northwest United States	GolfSuites 4, Inc.
Southwest United States	GolfSuites 5, Inc.
Northeast United States	GolfSuites 6, Inc.



KGEM projects that it may own 80% or more of each Operating Subsidiary, Depending upon the amount of capital procured in each Operating Subsidiary.

- KGEM will assist in the management of the development, construction and operations of each Operating Subsidiary.

- Each Operating Subsidiary will be responsible for day to day operations.

The company is targeting avid and novice golfers, families, millennials and other demographic groups seeking recreation, hospitality and entertainment in golf-themed complexes. The facilities will be designed to effectively host corporate meetings, fund raising events, national skill event qualifiers and professional showcase events.

### **Principal Products and Services**

Currently, the company is at the earliest stages of development. The company's subsidiary has not yet purchased land for phase I construction of its first Midwestern location. The company believes that it will take approximately 24 months after land purchase to complete phase I construction. Upon completion of phase I construction the relevant facility will be operational.

#### Location and size of each facility

The company considers the following factors when determining the location and size of each facility:

- Large and mid-size populations within metropolitan areas.
- University communities with populations of at least 100,000.
- Millennial populations.
- The proximity to major highway, interstate access other large entertainment facilities, restaurant and recreational attractions.
- Ongoing growth trends in the selected area.
- Proximity of select populations bases including: university students, types of housing developments and employment rates.
- Whether a local government is cooperative and favors the development of leisure facilities.
- Cost of land.
- Availability and potential threat of competitor facilities within the vicinity.
- Favorable mortgage/lender terms and relationships.

#### Financing the facilities

The company intends to develop and construct each facility with a combination of the following financings:

- The proceeds of Regulation A offerings to be made by each Operating Subsidiary (see "Use of Proceeds").
- Mortgage financing provided by banks, private equity funds, lending-REITs and/or other financial institutions.
- Proceeds from this offering.

The company intends that the Operating Subsidiaries will own their facilities or the Operating Subsidiaries will own them in joint venture with KGEM. Currently, the percentage share of ownership between the Operating Subsidiaries and KGEM has not been determined but it may be up to at least 80%.

Further, proceeds from this offering will be used for the acquisition of land and for certain costs related to the entitlement and zoning for such land. When capital is used for these purposes, the company will enter into a participating lease agreement ("PLA") with the applicable

Operating Subsidiary. PLA's allow for fixed lease payments plus allocations of revenue, wherein the company would receive larger lease payments from the applicable Operating Subsidiary in such cases as revenues would increase. The company intends that the PLA's will allow for payments from the Operating Subsidiary to the company in amounts that closely approximate what would be the company's share of net cash flows based on its pro-rata share of total development costs for the facilities owned by the applicable Operating Subsidiary.

#### Sourcing the facilities

The company has engaged various regional and national real estate brokerages to source potential sites. The company has sourced two properties that it believes may become its first Midwestern location. The company anticipates that it may acquire this land, depending on access to capital or financing, in the first half of 2019.

#### Facility design and construction

The company has not yet sourced quotes for the construction and design of its first facility.

#### Management of each facility

KGEM will oversee the management of all Operating Subsidiaries' locations. Each Operating Subsidiary will directly employ management teams and staff to operate each facility.

#### The experience

The company intends to offer customers fun, entertainment, high quality food, creative menus, unique beverages, golf and thoughtfully designed suites to aid in a superior customer experience.

The company intends to build each facility with the following specifications:

- 60-100 climate-controlled suites that open to a 300+ yard golf range. The suites offer comfortable seating, special computer tracking to monitor golf gaming and ball flight data, tee boxes, and large screen monitors to watch sports.
- Multiple indoor/outdoor bars.
- Restaurants.
- VIP Member "Select Suites."
- Family-friendly restrooms and changing areas.
- Child care, play areas for kids.
- Multiple meeting and conference rooms.
- State-of-the-art golf academy and training center.
- State-of-the-art putting course and short game area.

The Golf Academy will be based on PGA® professional and NBC Golf Academy® featured instructor, Kyle Morris and his successful studio, The Golf Room in Columbus, Ohio. Kyle's advanced training and coaching techniques are aimed at improving an individual's overall golf game. Located on the ground-floor level of each facility, the Golf Academy will consist of golf instruction, golf coaching, junior golf recruitment and advisory services, fitness and rehabilitation therapy, mental sports performance training and custom golf club and equipment fitting.

## **Market Sector**

The company intends to participate in the recreational sporting and entertainment facilities market. We believe this market to be young, fast-growing and under-served. This market overlaps three large growing, highly profitable markets: the golf market, the recreation/sporting entertainment sector and the food and beverage portion of the hospitality industry. Each Operating Subsidiary will be competing for revenues from customer spending in each of these three sectors.

## **Target Audience**

The company will have five primary target audiences:

- Avid golfers.
- Families looking for a fun experience for their kids and friends.
- Businesses wanting team building, business gatherings, incentive rewards and corporate event venues with food and entertainment.
- Experience Seekers, Millennials, Gen-Xers, Boomers seeking unique, fun night/weekend entertainment.
- Get together/Fundraiser planners – looking for unique locations for parties, celebrations and fund-raising events – may also be sold through “group sales” programs.

## **Operations**

The company intends to provide a realistic golf experience so that it can better appeal to avid and moderate golfers. Climate-controlled semi-private golf suites open up to the golf target field and incorporate comfortable seating, ball dispensers, club storage, gaming and media displays. In addition to hospitality, entertainment, events and family fun, the company plans to appeal to a wide demographic. The company believes that it will be able to leverage the following advantages:

- Realistic Golf Experience:
  - Skill-based gaming and simulated play golf built into a 300+ yard range.
    - The golf target field consists of multiple simulated green sites and simulated water and sand hazards allowing for accelerated hole play as well as skill-based gaming.
  - “Real” golf balls that simulate more life-like play.
    - The golf balls have the ability to simulate life-like play because they are of premium quality and durability and do not incorporate an electronic chip which would impact their balance and overall efficacy.
- Superior Technology:
  - Radar technology allows players to measure their ball flight to within 3-4 inches.
  - Ball flight data including ball speed, direction and distance provided in each suite
  - Ability to simulate play on famous golf courses.
  - Video swing analysis.
  - Gaming and data analytics that can be shared with others on social media.



- Holistic Game Improvement: The company will offer a premier coaching and holistic game improvement center.
  - The Golf Academy (the “Golf Academy”), based on the successful model of The Golf Room (the “Golf Room”) located in Dublin, Ohio.
  - The Golf Room was founded by Kyle Morris, a former PGA Tour player and a nationally renowned golf instructor and coach.
  - At each Golf Academy, players will be able to access swing instruction, golf fitness and rehabilitation, mental sports performance, and college golf recruiting.
  
- Enhanced Guest Experiences:
  - VIP Member concierge and hosts.
  - VIP Member Select Suites.
  - Men’s and Women’s member locker rooms.
  - Second floor covered drive up arrival zone.
  - Improved digital experiences for guest engagement before, during and after onsite visits.
  - Online reservation system.
  - Onsite games including pinball, pool and corn hole.
  - Onsite and post-visit engagement and social sharing.
  
- Interactive Games and Contests:
  - Ability for customers to compete against other suites and customers with closest to the pin, long drive and other skill-based games.
  - A software application which will allow players to satisfy their desire to play an 18-hole golf round in 1.5 hours instead of the traditional 3-4 hours.
  
- Women Designed Programs and Coaching: These include learn-to-play days and women-only events and leagues.
  
- Beginner Player Designed Programs and Coaching: These include learn-to-play days and beginner player events and leagues.
  
- Upgraded Amenities: These include the following:
  - Luxury Bathrooms.
  - Child care.
  - Business networking zones.
  - Conference rooms.
  - Free high-speed Wi-Fi.
  - Family restrooms and changing areas.
  
- Healthy and Localized Menus: chef-inspired authentic healthy menu offerings, farm to table sourcing, localized craft beers and select menu items to appeal to regional customers’ tastes, seasonality and lifestyles.





### **KGEM's Relationship with each Operating Subsidiary**

KGEM entered into a management services agreement with GolfSuites 1 on January 17, 2019 (the "Management Services Agreement"). On April 15, 2019, the company entered into similar management services agreements with each of the other Operating Subsidiary.

Under that Management Services Agreements, KGEM will manage each of the Operating Subsidiaries and allow each of them to use certain intellectual property and business concepts. Each Operating Subsidiary will incur direct and indirect capitalized costs and overhead expenses, some of these costs will be exclusive to an Operating Subsidiary while other costs will be shared among the respective Operating Subsidiaries and other KGEM subsidiaries.

Direct capitalized costs and overhead expenses will be paid by the relevant Operating Subsidiary directly (e.g., salaries, board of director and board of advisor fees, employee benefits, and general administrative costs).

Indirect capitalized costs and overhead expenses will be paid by KGEM and then reimbursed by the relevant Operating Subsidiary. Indirect capital costs and overhead expenses that will be exclusive to will be reimburse in full by the Operating Subsidiary (e.g., architectural costs, engineering, land, zoning and permitting and other costs directly related to assets belonging to the relevant Operating Subsidiary).

Some capitalized costs (e.g., technology and other costs related to all KGEM Operating Subsidiaries and their assets, concept design common to all KGEM Operating Subsidiaries (e.g., restaurant and bar design, golf range design, and training academy design), and intellectual property) and overhead expenses (actual expenses of KGEM) will not be exclusive to any specific Operating Subsidiary and will be shared amongst the Operating Subsidiaries.

Each Operating Subsidiary will be responsible for its share of capitalized costs once it has commenced fundraising under Regulation A (a “KGEM Active Subsidiary” or “KGEM Active Subsidiaries,” as applicable). KGEM reserves the right to defer the collection of reimbursements from the KGEM Active Subsidiaries, if, in its sole discretion, it determines that such reimbursements should be shared amongst the KGEM Active Subsidiaries and any additional subsidiaries.

Unless deferred, indirect capitalized costs, will be reimbursed pro-rata based the total number of KGEM Active Subsidiaries.

Overhead expenses, which will be reported monthly, will be allocated among the KGEM Active Subsidiaries based upon the number of facilities. Each parcel of land that an KGEM Active Subsidiaries closes on, is considered a facility. If a KGEM Active Subsidiary has yet to purchase land, that subsidiary will be considered to have one facility.

The initial term of the agreement is ten years and is automatically renewable. Either party can terminate the agreement by written notice 180 days prior to the end of the current term.

For additional information please see the Management Services Agreement template, which is Exhibit E to this PPM.

## **Competition**

### Direct competitors

Our largest competitor in this emerging market is TopGolf. As of January 22, 2019, there are 52 branded TopGolf locations (48 in the US). Its first facilities were developed less than 20 years ago, and according to public reporting TopGolf intends to add 7 - 10 new venues annually. Other competitors include local and regional facilities as well as other national chains, including DriveShack, 1Up Golf, Big Shots, Driv, 4ORE! and The Flying Tee.

### Indirect competitors

Indirect competitors include sports-themed entertainment facilities with food and beverage offerings that revolve around other sports including, but not limited to bowling, ping pong, baseball, NASCAR, etc. These include PINS Mechanical, Main Event (40+ locations), Lucky Strike, Bowl More, iDrive NASCAR, iFly, and Dave & Buster’s (120+ locations), to name a few.

In addition, new entertainment themed centers are being developed within the US that merge retail, food and beverage, entertainment and hospitality into single, tightly-packed mixed-use destinations of 1-3 million square feet. These new developments include American Dream

(Miami) and American Dream (NYC), as well as numerous other smaller developments throughout the US. Facilities like these typically include entertainment amenities such as water parks, skydiving, surfing, ice-rinks, drive-in movie theatres, hybrid golf facilities, miniature golf, theme parks, observation wheels, climbing walls, X4D movie theatres, and aquariums.

### **Employees**

KGEM has a total of 4 employees. Currently, 1 employee at KGEM dedicates all of his time to KGEM and 3 employees at KGEM spend between 25% and 50% of their time working on matters related to the Operating Subsidiaries. KGEM employs 4 members of its Board of Directors to provide services for KGEM and the Operating Subsidiaries.

Pursuant to the GolfSuites 1 Management Services Agreement, KGEM intends to oversee the development and construction of the first Midwestern facility for GolfSuites 1. During the initial year of development and as the facility nears completion, the KGEM executives will commence hiring the full-time direct staff that GolfSuites 1 will then employ. Once the facility opens, its management will be turned over to the full-time direct staff, which staff will be managed by senior management personnel that KGEM hires.

KGEM has entered into a Management Services Agreement with each Operating Subsidiary and will follow a similar management pattern for each Operating Subsidiary regarding the sourcing, development, construction, and hiring for each facility.

### **Advisory Board**

The advisory board includes the following individuals:

- Bryan Langton
- Douglas Barber

### **Regulation**

It is likely that the following licenses and permits will be required to operate each facility within the United States. At this time, none of the licenses and/or permits have been acquired.

- State liquor license.
- State reuse/resale tax for products including but not limited to golf clubs, and apparel.
- County resale tax certificate.
- "Doing Business As" certificates for applicable states.
- Health department and food service license for each facility.
- Elevator and Fire department certifications, required annually.

### **Intellectual Property**

The company has filed the following name trademarks:

- GolfSuites
- Off The Deck
- FirstCut

The company intends to file patents and trademarks relating to the following:

- enhanced golf gaming and skill related games that integrate with the Trackman Range platform and API.

## **Litigation**

The company has no litigation pending and the management team is not aware of any pending or threatened legal action relating to the company business, intellectual property, conduct or other business issues.

## **The Company's Property**

The company does not currently own property.

## **Conflicts of Interest**

We are subject to various conflicts of interest arising out of our relationship with the Operating Subsidiaries and our affiliates. We discuss these conflicts below.

### General

KGEM is the parent company of each Operating Subsidiary and currently holds all of the issued Common Stock of each of the Operating Subsidiaries. KGEM is also affiliated with ERC Home Builders, Inc. ("ERC") and many if not all of the executives are the same for KGEM, the Operating Subsidiaries, and ERC.

These persons have legal obligations with respect to KGEM, ERC and the Operating Subsidiaries. In the future, these persons may have to determine which entity – KGEM, ERC or an Operating Subsidiary – certain investments and/or acquisitions are best suited for. It is foreseeable that certain investments and/or acquisitions may be suitable for all three entities. This may lead to a conflict of interest.

Further, KGEM intends to co-invest with the Operating Subsidiaries in the development of their facilities when funding for such development is needed. Specifically, in the event KGEM identifies a facility location(s) prior to any Operating Subsidiary's procurement of capital via its Regulation A offering, then KGEM will create a co-invest opportunity between itself and the applicable Operating Subsidiary. This co-invest opportunity is likely to include, but not be limited to any or all of the following:

- land acquisition,
- architectural and engineering design, entitlement and zoning, and
- initial construction activities.

In the event of any of the aforementioned events, KGEM will co-own the facility(ies) with its Operating Subsidiary. The sharing of ownership in such facility(ies) will be pro rata based on the percentage of capital contributed by KGEM and the applicable Operating Subsidiary.

### Allocation of Our Affiliates' Time

KGEM relies on its executive officers and other professionals who act on behalf of the Operating Subsidiaries and ERC, for the day-to-day operation of our business.

As a result of the executives competing responsibilities, their obligations to other investors and the fact that they will continue to engage in other business activities on behalf of themselves and others, they will face conflicts of interest in allocating their time to KGEM and other entities and other business activities in which they are involved. However, the company believes that the executive officers and investment professionals have sufficient depth to fully discharge their responsibilities to the company and the other entities for which they work.

Receipt of Fees and Other Compensation by KGEM and its Affiliates

KGEM and its affiliates will receive substantial fees from each Operating Subsidiary, which fees will not be negotiated at arm's length. These fees could influence KGEM's advice to such Operating Subsidiary as well as the judgment of the affiliated executives of KGEM and the Operating Subsidiaries (which are one in the same).

CONFIDENTIAL



## RISK FACTORS

AN INVESTMENT IN THE COMPANY INVOLVES SIGNIFICANT RISK AND IS SUITABLE ONLY FOR PERSONS WHO ARE CAPABLE OF BEARING THE RISKS, INCLUDING THE RISK OF LOSS OF A SUBSTANTIAL PART OR ALL OF THEIR INVESTMENT. CAREFUL CONSIDERATION OF THE FOLLOWING RISK FACTORS, AS WELL AS OTHER INFORMATION IN THIS PPM IS ADVISABLE PRIOR TO INVESTING. PROSPECTIVE INVESTORS SHOULD READ ALL SECTIONS OF THIS PPM AND ARE STRONGLY URGED AND EXPECTED TO CONSULT THEIR OWN LEGAL AND FINANCIAL ADVISERS BEFORE INVESTING IN THE SHARES. THE INFORMATION IN THIS PPM INCLUDING THE COMPANY'S BUSINESS PLAN CONTAINS BOTH HISTORICAL AND FORWARD-LOOKING STATEMENTS. PLEASE BE ADVISED THAT THE COMPANY'S ACTUAL FINANCIAL CONDITION, OPERATING RESULTS AND BUSINESS PERFORMANCE MAY DIFFER MATERIALLY FROM THAT ESTIMATED BY THE COMPANY IN FORWARD-LOOKING STATEMENTS. THE COMPANY HAS ATTEMPTED TO IDENTIFY, IN CONTEXT, CERTAIN OF THE FACTORS THAT IT CURRENTLY BELIEVES COULD CAUSE ACTUAL FUTURE RESULTS TO DIFFER FROM THE COMPANY'S CURRENT EXPECTATIONS. THE DIFFERENCES MAY BE CAUSED BY A VARIETY OF FACTORS, INCLUDING BUT NOT LIMITED TO, ADVERSE ECONOMIC CONDITIONS, COMPETITORS (INCLUDING THE ENTRY OF NEW COMPETITORS), INADEQUATE CAPITAL, UNEXPECTED COSTS, LOWER REVENUES AND NET INCOME THAN ANTICIPATED, FLUCTUATION AND VOLATILITY OF THE COMPANY'S OPERATING RESULTS AND FINANCIAL CONDITION, INABILITY TO CARRY OUT MARKETING AND SALES PLANS, LOSS OF KEY EXECUTIVES OR OTHER PERSONNEL, AND OTHER RISKS THAT MAY OR MAY NOT BE REFERRED TO IN THESE RISK FACTORS.

### **Risks relating to our business**

#### ***This is a very young company.***

The company was incorporated on October 24, 2018. It is a startup company that has not yet started operations, and has not started to build its golf facilities. There is no history upon which an evaluation of its past performance and future prospects in the hospitality and entertainment industry can be made. Statistically, most startup companies fail.

#### ***The company's affiliated entities have no prior performance record.***

KGEM and ERC do not have a track record of involvement in hospitality and entertainment that investors may assess. Even if an affiliate of KGEM did have such prior experience, that experience would not be indicative of its future performance.

#### ***The company has minimal operating capital, no significant assets and no revenue from operations.***

The company currently has minimal operating capital and for the foreseeable future will be dependent upon its ability to finance its planned operations from the sale of securities or other financing alternatives. There can be no assurance that it will be able to successfully raise operating capital in this or other offerings of securities, or to raise enough funds to fully construct operational golf entertainment centers. The failure to successfully raise operating capital could result in its inability to execute its business plan and potentially lead to bankruptcy, which would have a material adverse effect on the company and its investors.

#### ***The company's revenues will be derived primarily from operating profits earned on the***



***joint ventures that it operates with its Operating Subsidiaries.***

Although the company projects that it will hold an approximate 80% interest in each Operating Subsidiary, it anticipates that the Operating Subsidiaries will not make distributions for the foreseeable future, because the Operating Subsidiaries will prioritize internal growth and the payment of dividends to holders of their Preferred Shares. The company's revenues will therefore derive solely from its pro rata share of joint venture net cash flows. The company's sources of cash flow and thus ability to distribute revenues will be limited accordingly.

***The success of KGEM's business is dependent on purchasing large parcels of land at favorable prices.***

KGEM is a capital-intensive operation and requires the purchase of large parcels of land prior to construction. As of the date of this PPM the company has not purchased land for the first Midwestern facility. Further, the company does not know whether it will be able to obtain purchase terms that are favorable. Finally, if the company does not raise enough capital to purchase the land and begin construction, the company will need to procure external financing for the purchase of the land and/or construction of the facility.

***The company plans to raise significantly more capital and future fundraising rounds could result in dilution.***

KGEM will need to raise additional funds to finance its operations or fund its business plan. Even if the company manages to raise subsequent financing or borrowing rounds, the terms of those borrowing rounds might be more favorable to new investors or creditors than to existing investors such as you. New equity investors or lenders could have greater rights to our financial resources (such as liens over our assets) compared to existing shareholders. Additional financings could also dilute your ownership stake, potentially drastically.

***Success in the hospitality and entertainment industry is highly unpredictable and there is no guarantee the company's content will be successful in the market.***

The company's success will depend on the popularity of its hospitality and entertainment facilities. Consumer tastes, trends and preferences frequently change and are notoriously difficult to predict. If the company fails to anticipate future consumer preferences in the hospitality and entertainment business, its business and financial performance will likely suffer. The hospitality and entertainment industry is fiercely competitive. The company may not be able to develop facilities that will become profitable. The company may also invest in facilities that end up losing money. Even if one of its facilities is successful, the company may lose money in others.

***The company may not be able to attract and retain individuals interested in annual memberships at its facilities, and attract drop-in/daily memberships, which could harm its business, financial condition and results of operations.***

The company's success depends on its ability to:

- attract individuals interested in paying for annual memberships,
- attract individuals interested in paying for daily memberships,
- attract consistent suite rentals,
- provide dining and leisure experiences that members are interested in paying for,
- maintain or increase revenues generated from corporate events,
- maintain or increase revenues generated from food and beverage sales, and
- maintain or increase revenues generated from retail sales.

Changes in consumer financial condition, leisure tastes and preferences, particularly those affecting the popularity of golf, and other social and demographic trends could adversely affect its business. Significant periods where attrition rates exceed enrolment rates or where facilities usage is below historical levels would have a material adverse effect on its business, results of operations and financial condition. If the company cannot attract new members, retain its existing members, its financial condition and results of operations could be harmed.

***The company operates in a highly competitive market.***

KGEM plans to operate in a highly competitive market and face intense competition. Competitors will include Top Golf, DriveShack, 1Up Golf, Big Shots, Driv, 4ORE! and The Flying Tee. Many of the company's current and potential competitors have greater resources, longer histories, more customers, and greater brand recognition. Competitors may secure better terms from vendors, adopt more aggressive pricing and devote more resources to technology, infrastructure, fulfillment, and marketing.

Further, KGEM properties will compete on a local and regional level with restaurants and other business, dining and social clubs. The number and variety of competitors in this business will vary based on the location and setting of each facility. Some facilities may be situated in intensely competitive upscale urban areas characterized by frequent innovations in the products and services offered by competing restaurants and other business, dining and social clubs. In addition, in most regions, the competitive landscape is in constant flux as new restaurants and other social and meeting venues open or expand their amenities. As a result of these characteristics, the supply in a given region may exceed the demand for such facilities, and any increase in the number or quality of restaurants and other social and meeting venues, or the products and services they provide, in such region could significantly impact the ability of the company's properties to attract and retain members, which could harm their business and results of operations.

***Competition in the "alternative venues for recreational pursuits" industry could have a material adverse effect on the company's business and results of operations.***

KGEM properties compete on a local and regional level with alternative venues for recreational pursuits. The company's results of operations could be affected by the availability of, and demand for, alternative venues for recreational pursuits, such as multi-use sports and athletic centers. In addition, member-owned and individual privately-owned clubs may be able to create a perception of exclusivity that the company has difficulty replicating. To the extent these alternatives succeed in diverting actual or prospective members away from the company's facilities or affects its membership rates, the company's business and results of operations could be harmed.

***Customer complaints or litigation on behalf of our customers or employees may adversely affect our business, results of operations or financial condition.***

The company's business may be adversely affected by legal or governmental proceedings brought by or on behalf of their customers or employees. Regardless of whether any claims against the company are valid or whether they are liable, claims may be expensive to defend and may divert time and money away from operations and hurt our financial performance. A judgment significantly in excess of their insurance coverage or not covered by insurance could have a material adverse effect on the company's business, results of operations or financial

condition. Also, adverse publicity resulting from these allegations may materially affect the company.

***The company's insurance coverage may not be adequate to cover all possible losses that it could suffer and its insurance costs may increase.***

The company has not yet acquired insurance. It may not be able to acquire insurance policies that cover all types of losses and liabilities. Additionally, once the company acquires insurance, there can be no assurance that its insurance will be sufficient to cover the full extent of all of its losses or liabilities for which it is insured. Further, insurance policies expire annually and the company cannot guarantee that it will be able to renew insurance policies on favorable terms, or at all. In addition, if it, or other leisure facilities, sustain significant losses or make significant insurance claims, then its ability to obtain future insurance coverage at commercially reasonable rates could be materially adversely affected. If the company's insurance coverage is not adequate, or it becomes subject to damages that cannot by law be insured against, such as punitive damages or certain intentional misconduct by their employees, this could adversely affect the company's financial condition or results of operations.

***The company may not be able to operate its facilities, or obtain and maintain licenses and permits necessary for such operation, in compliance with laws, regulations and other requirements, which could adversely affect its business, results of operations or financial condition.***

Each facility is subject to licensing and regulation by alcoholic beverage control, amusement, health, sanitation, safety, building code and fire agencies in the state, county and/or municipality in which the facility is located.

Each facility is required to obtain a license to sell alcoholic beverages on the premises from a state authority and, in certain locations, county and municipal authorities. Typically, licenses must be renewed annually and may be revoked or suspended for cause at any time. In some states, the loss of a license for cause with respect to one facility may lead to the loss of licenses at all facilities in that state and could make it more difficult to obtain additional licenses in that state. Alcoholic beverage control regulations relate to numerous aspects of the daily operations of each facility, including minimum age of patrons and employees, hours of operation, advertising, wholesale purchasing, inventory control and handling and storage and dispensing of alcoholic beverages. The failure to receive or retain a liquor license, or any other required permit or license, in a particular location, or to continue to qualify for, or renew licenses, could have a material adverse effect on operations and the company's ability to obtain such a license or permit in other locations.

The company may be subject to "dram shop" statutes in states where its facilities may be located. These statutes generally provide a person injured by an intoxicated person the right to recover damages from an establishment that wrongfully served alcoholic beverages to the intoxicated individual. Recent litigation against restaurant chains has resulted in significant judgments and settlements under dram shop statutes. Because these cases often seek punitive damages, which may not be covered by insurance, such litigation could have an adverse impact on the company's business, results of operations or financial condition.

As a result of operating certain entertainment games and attractions, including skill-based games that offer redemption prizes, the company is subject to amusement licensing and

regulation by the states, counties and municipalities in which its facilities are to be located. These laws and regulations can vary significantly by state, county, and municipality and, in some jurisdictions, may require the company to modify their business operations or alter the mix of redemption games and simulators that they offer.

Moreover, as more states and local communities implement legalized gambling, the laws and corresponding enabling regulations may also be applicable to the company's redemption games and regulators may create new licensing requirements, taxes or fees, or restrictions on the various types of redemption games the company offers. Furthermore, other states, counties and municipalities may make changes to existing laws to further regulate legalized gaming and illegal gambling. Adoption of these laws, or adverse interpretation of existing laws, could cause the company to modify its plans for its facilities and if the company creates facilities in these jurisdictions it may be required to alter the mix of games, modify certain games, limit the number of tickets that may be won by a customer from a redemption game, change the mix of prizes that the company may offer or terminate the use of specific games, any of which could adversely affect the company's operations. If the company fails to comply with such laws and regulations, the company may be subject to various sanctions and/or penalties and fines or may be required to cease operations until it achieves compliance, which could have an adverse effect on the company's business and financial results.

***The company has concentrated its investments in golf-related real estate and facilities, which are subject to numerous risks, including the risk that the values of their investments may decline if there is a prolonged downturn in real estate values.***

The company's operations will consist almost entirely of golf properties, approximately 15-20 acres in size, that encompass a large amount of real estate holdings. Accordingly, the company is subject to the risks associated with holding real estate investments. A prolonged decline in the popularity of golf could adversely affect the value of its real estate holdings and could make it difficult to sell facilities or businesses.

The company's real estate holdings will be subject to risks typically associated with investments in real estate. The investment returns available from equity investments in real estate depend in large part on the amount of income earned, expenses incurred and capital appreciation generated by the related properties. In addition, a variety of other factors affect income from properties and real estate values, including governmental regulations, real estate, insurance, zoning, tax and eminent domain laws, interest rate levels and the availability of financing. For example, new or existing real estate zoning or tax laws can make it more expensive and time-consuming to expand, modify or renovate older properties. Under eminent domain laws, governments can take real property. Sometimes this taking is for less compensation than the owner believes the property is worth. Any of these factors could have an adverse impact on our business, financial condition or results of operations.

***The illiquidity of real estate may make it difficult for the company to dispose of one or more of our properties or negatively affect its ability to profitably sell such properties and access liquidity.***

The company may from time to time decide to dispose of one or more of its real estate assets. Because real estate holdings generally, are relatively illiquid, the company may not be able to dispose of one or more real estate assets on a timely basis. In some circumstances, sales may result in investment losses which could adversely affect the company's financial condition. The

illiquidity of its real estate assets could mean that it continues to operate a facility that management has identified for disposition. Failure to dispose of a real estate asset in a timely fashion, or at all, could adversely affect the company's business, financial condition and results of operations.

***The company's development and growth strategy depends on its ability to fund, develop and open new entertainment venues and operate them profitably.***

A key element of the company's growth strategy is to develop and open golf entertainment venues. The company has identified a number of locations for potential future entertainment golf venues and is still the process of identifying more locations and analyzing the locations. The company's ability to fund, develop and open these venues on a timely and cost-effective basis, or at all, is dependent on a number of factors, many of which are beyond its control, including but not limited to our ability to:

- Find quality locations.
- Reach acceptable agreements regarding the lease or purchase of locations, and comply with our commitments under our lease agreements during the development and construction phases.
- Comply with applicable zoning, licensing, land use and environmental regulations.
- Raise or have available an adequate amount of cash or currently available financing and mortgage terms for construction and opening costs.
- Adequately complete construction for operations.
- Timely hire, train and retain the skilled management and other employees' necessary to meet staffing needs.
- Obtain, for acceptable cost, required permits and approvals, including liquor licenses; and
- Efficiently manage the amount of time and money used to build and open each new venue.

If the company succeeds in opening entertainment golf facilities on a timely and cost-effective basis, the company may nonetheless be unable to attract enough customers to these new venues because potential customers may be unfamiliar with its venue or concept, entertainment and menu options might not appeal to them and the company may face competition from other food and leisure venues.

***The company's development and construction of the first Midwestern facility depends on its ability to obtain favorable mortgage financing.***

The company intends to secure mortgage financing to fund up to 70% of its first Midwestern facility for its Operating Subsidiary GolfSuites1, and plans to use debt financings to develop and construct subsequent facilities. There is no guarantee that the company will be able to obtain financing on favorable terms. In the event that the company is unable to obtain such financing for its Operating Subsidiaries, it may limit the company's ability to effectuate its plans and will increase the costs and expenses of the company, thereby negatively impacting its financial prospects.

***KGEM depends on a small management team and may need to hire more people to be successful.***

The success of KGEM will greatly depend on the skills, connections and experiences of the executives, Gerald Ellenburg, John Galvin, Kyle Morris and Ryan Koenig. KGEM has not entered

into employment agreements with the aforementioned executives. There is no guarantee that the executives will agree to terms and execute employment agreements that are favorable to the company. Should any of them discontinue working for KGEM, there is no assurance that the company will continue. Further, there is no assurance that the company will be able to identify, hire and retain the right people for the various key positions.

***Key Man Risk.***

The company's founders and key men are serial entrepreneurs. It is likely that some, if not all of the founders and key men, may exit the business within the next three years. In the event one or more of our founders and/or key men exit the business the company may experience following:

- financial loss;
- a disruption to the organization's future projects;
- damage to the brand; and
- potentially supporting a competitor.

***KGEM may not be able to protect all of its intellectual property.***

The Operating Subsidiaries will be using the intellectual property of KGEM, including the following trademarks that have been filed: GolfSuites, Off The Deck and FirstCut. The profitability of KGEM may depend in part on KGEM's ability, to effectively protect its intellectual property and the ability of each of the Operating Subsidiaries to operate without inadvertently infringing on the proprietary rights of others. Any litigation protecting KGEM's intellectual property and defending its original content could have a material adverse effect on the business, operating results and financial condition regardless of the outcome of such litigation.

***KGEM has not yet entered into any master licensing agreements with third party suppliers of technology.***

KGEM intends to use the following technologies at the operating facilities of all of its subsidiaries:

- Trackman Range
- Trackman Doppler Radar
- The Golf Academy

As of the date of this PPM, KGEM has not yet entered into any licensing agreements related to the aforementioned technologies. There is no way to be certain that KGEM will be able to enter into the relevant licensing agreements on terms that are favorable to the company. Accordingly, the company may need to do modify its plans for facilities and potentially negatively impact the company's appeal to consumers and financial prospects.

## Risks relating to this Offering and our shares

***The payment of accrued dividends is paid out of the company's reserved funds for the foreseeable future.***

As soon as the company receives proceeds from this Offering and it is legally permissible, the company intends to pay dividends to investors. The dividend will initially be paid to investors out of the company's reserved funds, as opposed to its revenues. Payment of the dividends and the establishment of the reserve fund will reduce the capital the company has conduct operations. These reserved funds will be held in a segregated account money market account located at Fifth Third Bank, Cincinnati, OH. Most, if not all, of the reserved funds in the dividend reserve account will be the proceeds from this Offering. (See "Use of Proceeds"). It is not certain when, if at all, the company will be able to make dividend payments to investors out of the company's revenues.

***Distributions will be only made if permitted under DE law, which is subject to change, and in the sole discretion of the board of directors.***

Pursuant to section 170 of the Delaware General Corporation Law ("Delaware Law"), dividends may be paid out of "surplus" even in the absence of profits. Under section 154, "surplus" may be defined by the board of directors, in their sole discretion, but generally may not be less than the par value of the shares issued. Accordingly, most of the proceeds of this Offering may be considered surplus. However, Delaware Law is subject to change and the company cannot guarantee that dividend payments will always be permitted under Delaware Law.

***The tax treatment of dividends may vary and distributions to shareholders may be taxed as capital gains.***

The distributions made pursuant to the Preferred Stock dividend provisions will be taxable as dividends to shareholders only to the extent of current and accumulated earnings. If the company does not have current and accumulated earnings, then the distributions will be treated as a non-taxable return of capital. If distributions exceed the amount of invested capital, such distributions would be considered capital gains to the shareholders, with tax payable upon such gains. Since the tax treatment of any distributions may vary according to the financial performance of the company, investors should consult their own tax advisers, and should further not assume that the distributions will be subject to the same tax treatment from year to year.

***The company is responsible for certain administrative burdens relating to taxation.***

All of the distributions made to shareholders require that they are reported on a Form 1099-DIV each year to shareholders as part of the reporting package. The company is responsible for ensuring that the nature of the distributions is correctly identified on form 1099-DIV, which adds to the administrative burdens of the company.

***The Offering price has been arbitrarily set by the company.***

KGEM has set the price of its Preferred Stock at \$1.02. Valuations for companies at KGEM's stage are purely speculative. The company's valuation has not been validated by any independent third party and may fall precipitously. It is a question of whether you, the investor, are willing to pay this price for a percentage ownership of a start-up company. You should not invest if you disagree with this valuation.

***We are offering a discount on our stock price to investors who invest over \$500,000.*** Investors investing over \$500,000 in Preferred Stock will receive an additional discount on the offering price; see “Offering Summary – Price Per Share.” Further, the company has the right in its sole discretion to reduce the share price for certain investors. The discount for those investing over \$500,000 and any other discount to the share price may immediately dilute the value of your stock. Therefore, the value of shares of investors who pay the full price in this offering will be diluted by investments made by investors entitled to a discount, who will pay less for the same stake in the company.

***There is no minimum amount set as a condition to closing this Offering.*** Because this is a “best efforts” offering with no minimum, the company will have access to any funds tendered. This might mean that any investment made could be the only investment in this offering, leaving the company without adequate capital to pursue its business plan or even to cover the expenses of this offering. Moreover, the 8% dividend to investors in this Offering will only commence once the company has achieved sufficient Net Cash Flow to make such payments. When paid, the 8% dividend will be paid quarterly. The 8% dividend will accrue from the time the investor completes their investment.

***The company does not currently have any independent directors.*** The company does not benefit from the advantages of having independent directors, including bringing an outside perspective on strategy and control, adding new skills and knowledge that may not be available within KGEM, and having extra checks and balances to prevent fraud and produce reliable financial reports.

***The exclusive forum provision in the company’s Amended and Restated Certificate of Incorporation may have the effect of limiting an investor’s ability to bring legal action against the company and could limit an investor’s ability to obtain a favorable judicial forum for disputes.***

Section VII of the company’s Amended and Restated Certificate of Incorporation contain exclusive forum provisions for certain lawsuits, see “Securities Being Offered – All Classes of Stock – Forum Selection Provisions.” Further, Section 6 of the subscription agreement for this Offering includes exclusive forum provisions for certain lawsuits pursuant to the subscription agreement; see “Securities Being Offered – All Classes of Stock – Forum Selection Provisions.” The forum for these lawsuits will be the Court of Chancery in the State of Delaware. None of the forum selections provisions will be applicable to lawsuits arising from the federal securities laws. These provisions may have the effect of limiting the ability of investors to bring a legal claim against us due to geographic limitations. There is also the possibility that the exclusive forum provisions may discourage stockholder lawsuits, or limit stockholders’ ability to bring a claim in a judicial forum that it finds favorable for disputes with us and our officers and directors. Alternatively, if a court were to find this exclusive forum provision inapplicable to, or unenforceable in respect of, one or more of the specified types of actions or proceedings, the company may incur additional costs associated with resolving such matters in other jurisdictions, which could adversely affect its business and financial condition.

***Investors in this offering may not be entitled to a jury trial with respect to claims arising under the subscription agreement and claims where the forum selection provision is applicable, which could result in less favorable outcomes to the plaintiff(s) in any such action.***



Investors in this offering will be bound by the subscription agreement, which includes a provision under which investors waive the right to a jury trial of any claim they may have against the company arising out of or relating to the subscription agreement, including any claim under the federal securities laws. Further, the Court of Chancery in Delaware is a non-jury trial court and therefore those claims will not be adjudicated by a jury. See “Securities Being Offered – All Classes of Stock – Jury Trial Waiver.”

If the company opposed a jury trial demand based on the waiver, a court would determine whether the waiver was enforceable based on the facts and circumstances of that case in accordance with the applicable state and federal law. To the company’s knowledge, the enforceability of a contractual pre-dispute jury trial waiver in connection with claims arising under the federal securities laws has not been finally adjudicated by a federal court. However, the company believes that a contractual pre-dispute jury trial waiver provision is generally enforceable, including under the laws of the State of New York, which governs the subscription agreement, in the Court of Chancery in the State of Delaware. In determining whether to enforce a contractual pre-dispute jury trial waiver provision, courts will generally consider whether the visibility of the jury trial waiver provision within the agreement is sufficiently prominent such that a party knowingly, intelligently and voluntarily waived the right to a jury trial. The company believes that this is the case with respect to the subscription agreement. Investors should consult legal counsel regarding the jury waiver provision before entering into the subscription agreement.

If an investor brings a claim against the company in connection with matters arising under the subscription agreement, including claims under federal securities laws, an investor may not be entitled to a jury trial with respect to those claims, which may have the effect of limiting and discouraging lawsuits against the company. If a lawsuit is brought against the company under the subscription agreement, it may be heard only by a judge or justice of the applicable trial court, which would be conducted according to different civil procedures and may result in different outcomes than a trial by jury would have had, including results that could be less favorable to the plaintiff(s) in such an action.

Nevertheless, if this jury trial waiver provision is not permitted by applicable law, an action could proceed under the terms of the subscription agreement with a jury trial. No condition, stipulation or provision of the subscription agreement serves as a waiver by any holder of common shares or by us of compliance with any substantive provision of the federal securities laws and the rules and regulations promulgated under those laws.

In addition, when the shares are transferred, the transferee is required to agree to all the same conditions, obligations and restrictions applicable to the shares or to the transferor with regard to ownership of the shares, that were in effect immediately prior to the transfer of the shares of Preferred Stock, including but not limited to the subscription agreement.

***You can’t easily resell the securities***

The Shares are “restricted” under the Securities Act. There are strict limitations on how you can resell your securities for the next year, and they cannot be easily resold even after that year. More importantly, there is no market for these securities, and there might never be one. It’s unlikely that the company will ever go public or get acquired by a bigger company. That means the money you paid for these securities could be tied up for a long time.

## Risks Related to Certain Conflicts of Interest

***There are conflicts of interest between the company, its Operating Subsidiary and their affiliates.***

KGEM is the parent company of each Operating Subsidiary and currently holds all of the issued Common Stock of each of them, which arrangement will be replicated for each other Operating Subsidiary. KGEM is also affiliated with ERC and many if not all of the executives are the same for KGEM, the Operating Subsidiaries, and ERC. Therefore, it is likely that conflicts of interest will arise between the affiliates. Conflicts of interest could include, but are not limited to the following:

- use of time,
- use of human capital, and
- competition regarding the acquisition of properties and other assets.

***The interests of KGEM, the Operating Subsidiaries and the company's other affiliates may conflict with your interests.***

The company's Amended and Restated Certificate of Incorporation, bylaws and Delaware law provide company management with broad powers and authority that could result in one or more conflicts of interest between your interests and those of the officers and directors of KGEM and the company's other affiliates. This risk is increased by the affiliated entities being controlled by KGEM. Potential conflicts of interest include, but are not limited to, the following:

- KGEM and the company's other affiliates will not be required to disgorge any profits or fees or other compensation they may receive from any other business they own separate from the company, and you will not be entitled to receive or share in any of the profits, return, fees or compensation from any other business owned and operated by the management and their affiliates for their own benefit.
- KGEM may engage other companies affiliated with KGEM to perform services, and determination for the terms of those services will not be conducted at arms' length negotiations; and
- The company's officers and directors are not required to devote all of their time and efforts to the affairs of the company.

***There are conflicts of interest between the company and some of the members of the Board of Directors.***

Rod Turner, the CEO of the online platform on which the company is offering shares, is also a member of the Board of Directors. It is likely that conflicts of interest will arise between the company and the board member. Conflicts of interest include, but are not limited to the following:

- Determining whether something is in the best interest of the company or the online platform on which the company is listing the Preferred Stock.
- Whether to keep the Offering open or to close it.
- Use of time.
- Payment to the online platform.

***Loans issued by KGEM to the Operating Subsidiaries may not be made at arm's length.***

KGEM may make various loans to the Operating Subsidiary. These transactions may not be at arm's length and therefore there is no way to assure third parties that KGEM and the Operating Subsidiaries will be acting in their own self-interest and not subject to pressure or duress from the other party.

***KGEM and the Operating Subsidiaries intend to share some services.***

KGEM and the Operating Subsidiaries will share the following services:

- intellectual property,
- licensing for the use of the name and brand identity, and
- the services of Manhattan Street Capital.

Internal transactions incorporating products and services, fee sharing, cost allocations, and financing activities can create inefficiency, financial exposures and reporting risk. This arrangement could result in potential actual or perceived conflicts of interest.

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## USE OF PROCEEDS

The company currently estimates that, at a per share price of \$1.02, the net proceeds from the sale of up to 30,600,000 shares of Preferred Stock will likely be up to \$27,600,000 after deducting the estimated offering expenses of approximately \$3,000,000.

Net proceeds of this offering will be deployed into joint venture ownerships as described above, select advances to Operating Subsidiaries for their offering costs and select paybacks of promissory obligations.

In addition, proceeds from this offering will be used for the acquisition of land and for certain costs related to the entitlement and zoning for such land. When capital is used for these purposes, the company will enter into a PLA with the applicable Operating Subsidiary. The PLA will allow for fixed lease payments plus allocations of revenue, wherein the company would receive larger lease payments from the applicable Operating Subsidiary in such cases as revenues would increase. The company intends that the PLA's will allow for payments from the Operating Subsidiary to the company in amounts that closely approximate what would be the company's share of net cash flows based on its pro-rata share of total development costs for the facilities owned by the applicable Operating Subsidiary.

### **Dividends and profit sharing dividends**

12% of the proceeds raised in the Offering will be reserved for the payment of dividends. Investors in this Offering will begin to accrue a dividend payment that pays 8% per annum after the issuance of their Preferred Stock. When management, in its sole discretion, determines that the company Net Cash Flow is sufficient, the company will pay the dividend quarterly. The dividends will compound annually.

The dividend reserve (12% of the gross proceeds from this Offering) will be held in a money market account located at Fifth Third Bank, Cincinnati, OH. Until the company generates revenue that will support the distribution of dividends, the company intends to pay dividends from the legally available funds in the dividend reserve account.

In the event the company declares a dividend distribution to the Common Stock holders, all Preferred Stockholders will receive their pro rata share.

There is no guarantee regarding the tax treatment of the 8% dividends. Please see "Securities Being Offered – Tax Treatment."

**We reserve the right to change the above use of proceeds if management believes it is in the best interest of the company.**

## MANAGEMENT

KGEM Golf, Inc. is managed and operated by the Chief Executive Officer, Gerald Ellenburg and its management team, described below. The table below sets forth the officers and directors of KGEM.

Name	Position	Employer	Age	Term of Office (If indefinite give date of appointment)
Gerald Ellenburg	Director Chairman Chief Executive Officer	KGEM Golf, Inc.	69	November 8, 2018
John Galvin	Director Chief Experience Officer	KGEM Golf, Inc.	54	November 8, 2018
Ryan Koenig	Director Chief Development Officer	KGEM Golf, Inc.	40	November 8, 2018
Kyle Morris	Director Chief Golf Officer	KGEM Golf, Inc.	33	November 8, 2018
Thomas Galvin	Hospitality Advisor	KGEM Golf, Inc.	61	November 8, 2018
Deb Miller	Strategy and Insights Advisor	KGEM Golf, Inc.	60	November 8, 2018
David A. Morris III	Consulting Chief Financial Officer	KGEM Golf, Inc.	60	November 8, 2018
Scott Smylie	General Counsel	KGEM Golf, Inc.	43	December 1, 2018

### **Gerald Ellenburg**

Gerald Ellenburg (“Jerry”) is the Chairman and Chief Executive Officer of KGEM since August 2016. Jerry also serves as the Chairman and Chief Executive Officer of ERC Home Builders, Inc. (f/k/a, ERC Investment Properties, LLC) since March 2011 Jerry has a total of 35 years of experience in the following areas:

- real estate ownership,
- management and the financing of multi-family properties and
- management of over \$750 million in debt and equity financings.

Jerry graduated from the University of California, Berkeley in 1971, and is a California-licensed CPA (inactive).

### **John Galvin**

John Galvin is a Director and the Chief Experience Officer of KGEM since August 2016. From June 2017 until present, John has served as the Chief Branding and Experience Officer at Boulevard Strategies. John is the Founder and Chief Experience Officer of 7Nine Partners since January 2014. John has a total of 31 years in marketing, branding, experience design, advertising and promotion for companies including, but not limited to, Ford, JP Morgan Chase, Citi, Lowe’s,

Victoria's Secret, Champion Sportswear, and Dick's Sporting Goods. John graduated from The Ohio State University in 1987.

### **Ryan Koenig**

Ryan Koenig is a Director and the Chief Development Officer of KGEM since August 2016. Ryan also serves as President and Chief Operating Officer of ERC Homebuilders, Inc., a position he has held since December 2018. From March 2011 until present he has been the Chief Development Officer at eResidential and Commercial LLC (eRC Homes). Ryan has over 20 years of experience in real estate development and construction with the following companies: Wood Partners Camden Properties, Turner Construction and Zarembo Development. Ryan has overseen approximately \$500 million in completed construction projects.

### **Kyle Morris**

Kyle Morris is a Director and Chief Golf Officer of KGEM since December 2017. Kyle is a member of the Professional Golf Association ("PGA") and from 2008 to 2015 he toured with the PGA competing in national and international tournaments. Following eight wins worldwide, Kyle created The Golf Room, a holistic coaching facility in Dublin, Ohio in January, 2016. Kyle has been named by Golf Digest as one of the "Best Young Instructors", and was included in the "Best Teachers" in the State of Ohio. Kyle received a Master Certification with Trackman and currently serves as an NBC Golf Channel Academy Lead Coach since January 2017. Kyle graduated from Seton Hall University in 2008.

### **Thomas Galvin**

Thomas Galvin is the Hospitality Advisor of KGEM since August 2016. Further, Thomas is the President and CEO of Galvin Design Group, Inc. since April 1999. Thomas has a total of 37 years in the international restaurant, bar and food service design and consulting business. He has worked with the following entities:

- General Mills Restaurants,
- Bloomin' Brands,
- Darden Restaurants, Inc. from 1985 to 1996 and
- Hard Rock Café from December 1996 to December 1998.

In addition, he has taught at the University of Central Florida - Rosen Hospitality School, and at Boston University. Thomas received a degree from Bowling Green University in 1981, Kent State University in 1984 and Cornell University in 1994.

### **Deb Miller**

Deb Miller is the Strategy and Insights Advisor of KGEM since 2016. Deb is also the Principal Owner of Boulevard Strategies since July 2011. Deb has 34 years of retail design, marketing, strategy, market research and business planning experience. Deb has worked with Steelcase, Fidelity Investments, HSBC, Lowes Home Improvement, Borden Foods, Ford, Wendy's, Citibank, Wells Fargo, Sprint, Simmons, and Seven Eleven to name a few. Deb graduated from The Ohio State University in 1984 and the University of Kansas in 1981.

### **David A. Morris III**

David Morris is the Consulting Chief Financial Officer of KGEM since August 2016. David is also the Consulting Chief Financial Officer at ERC Homebuilders from March 2011 until present. David has over 30 years of experience in finance and financial forensics. During his tenure at KGEM, David will oversee the following:

- tax planning,
- compliance,
- accounting,
- audit,
- forecasts and
- investment analysis.

David’s’ career has included the Vice-Presidency of Finance at Belz Enterprises, a large real estate development and management company from. David graduated from the University of Wisconsin, La Crosse, in 1980 and is a Tennessee-licensed CPA.

**Scott Smylie**

Scott Smylie is the General Counsel and Secretary of KGEM since December 2018. Previously, Scott practiced law in Florida at Monica L Sierra PLLC (May 2018 – November 2018), Meridian Partners in Florida (September 2016 - May 2018), and Bivins & Hemenway PA in Florida (May 2012 – June 2015). During Scott’s’ tenure he represented real estate developers, lenders, landlords and tenants, and business entities in a variety of corporate and real estate related transactions. Scott graduated cum laude in 2003 from the University of Florida’s’ School of Law with a Juris Doctor, and also earned a Master’s’ of Science in Real Estate from the University of Florida’s’ School of Business that same year.

**Employment Agreements**

As of the date of this PPM, KGEM Golf, Inc. has 5 full and part-time employees representing approximately \$75,000 in monthly operating expenses.

As of the date of this PPM, we have not entered into any employment agreements with our executive officers or other employees.

**Executive Compensation**

The company did not pay any of its officers or directors a salary through December 31, 2018.

One of its directors, Rod Turner, is also the CEO of Manhattan Street Capital, which received \$180,000 in fees in 2018 for work related to GolfSuites 1 only., see “Interest of Managements and Others in Certain Transactions”.

The company intends to pay salaries beginning July 1, 2019. The highest paid officers of the company will be paid as follow:

<b>Name</b>	<b>Position</b>	<b>Annual Compensation</b>
Gerald Ellenburg	CEO	\$210,000
John Galvin	Chief Experience Officer	\$360,000
Ryan Koenig	Development Officer	\$120,000
Kyle Morris	Golf Officer	\$120,000

The company may choose to establish an equity compensation plan for its management and other employees in the future.

**Annual Meeting**

Annual shareholder meetings will be held at our principal office or at such other place as permitted by the laws of the State of Delaware and on such date as may be fixed from time to time by resolution of our board of directors.

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## INTEREST OF MANAGEMENT AND OTHERS IN CERTAIN TRANSACTIONS

Gerald Ellenburg and Ryan Koenig receive salaries from KGEM, and ERC HomeBuilders, Inc.

### *Relationship with Golf Room*

On January 4, 2018, KGE, LLC (the predecessor of KGEM) entered into Membership Unit Purchase Agreement with Kyle Morris, one of our directors, and on December 24, 2018, KGEM and Kyle Morris entered into an addendum to that agreement (together with the Membership Unit Purchase Agreement the “MUP Agreement”). The MUP Agreement is attached as an Exhibit H the PPM.

Under the MUP Agreement, Kyle Morris purchased a 25% share of KGEM for nominal consideration along with granting the following non-exclusive licensing rights to KGEM (and to each of the Operating Subsidiaries through the Management Services Agreements):

- ☐ Use of the name, and likeness of Kyle Morris; and
- ☐ the Golf Room name and proprietary information related to the Golf Academy.

On February 15, 2019 KGEM entered into the Morris License Agreement with Kyle Morris. The Morris License Agreement is attached as Exhibit I to the PPM. Pursuant to the Morris License Agreement a license is granted by Kyle Morris to KGEM to use his likeness, current business, and golf coaching concepts. In addition, it provides for a non-compete and a 10 year term.

On February 15, 2019 KGEM entered into a Consulting Agreement with Kylie Morris (the “Morris Consulting Agreement”). The Morris Consulting Agreement is attached as Exhibit J to the PPM. Pursuant to the Morris Consulting Agreement, protection of confidential information, non-competition and non-solicitation is provided for. In addition, it provides for a 10 year term and certain remedies.

### *Relationship with ERC Homebuilders, Inc.*

Some of the parties involved with the operation and management of the company, including Gerald Ellenburg, Rod Turner and David Morris, Bryan Langton, Ryan Koenig, Scott Smylie, have other relationships that may create disincentives to act in the best interest of the company and its investors. These parties are also involved with KGEM, Inc. in similar capacities. These conflicts may inhibit or interfere with the sound and profitable operation of the company. See “Risk Factors — Risks Related to Certain Conflicts of Interest.”

### *Relationship with Manhattan Street Capital*

One of our directors, Rod Turner, is also the CEO of Manhattan Street Capital. MSC is listing this Offering on its platform and will list the Regulation A for each of the Operating Subsidiaries on its Platform. Further, KGEM has entered into a Consulting Agreement with MSC, which includes consulting services and technology services, see “Plan of Distribution and Selling Securityholders – The Online Platform”.

Pursuant to the Reg D Consulting Agreement between KGEM and FundAthena, Inc., d/b/a Manhattan Street Capital (“Manhattan Street Capital” or “MSC” as applicable) March 15, 2019

(the “Reg D Consulting Agreement”), which is attached as Exhibit F to the PPM, KGEM agrees to pay MSC the following:

- Advisor retainer fee
  - \$10,000 paid monthly in advance from the effective date through the completion of the financing (a minimum of 9 months engagement)\*
  - A cashless 10 year warrant for 360,000 shares of KGEM common stock with an exercise price of \$0.25 per share (for the first nine months). \*\*
  - The advisor retainer fee will continue after the expiration of the 9 month engagement period in the sole discretion of the company.
  
- MSC technology admin verification and service fee
  - \$250 per investor, in cash, when each investor deposits funds into the escrow account.
  - a cashless 10 year warrant to purchase 1,000 shares of KGEM common stock for \$0.25 per share per investor.
  - The MSC technology admin, verification and service fee includes fees for back-end services, which may be paid to third-party service providers on behalf of the KGEM, including: AML check, and accredited investor verification.
  
- Listing fees
  - \$10,000 per month while the offering is “live” for investment.
  - Each month while the offering is “live”, a 10 year warrant for 40,000 shares of KGEM common stock with an exercise price of \$0.25 per share.

\*As of April 22, 2019, KGEM has paid to MSC \$20,000.

\*\*As of April 22, 2019 KGEM has not yet delivered the warrants to MSC.

All fees are due to MSC regardless of whether investors are rejected after AML checks, accredited investor verification, or the success of the Offering.

In addition, the company has entered into a separate consulting agreement with MSC effective July 15, 2018 (collective with the “Reg D Consulting Agreement”, the “Consulting Agreements”), which includes consulting services and technology services to be provided by MSC in relation to Regulation A offerings to each of the Operating Subsidiaries. This agreement is attached as Exhibit F to the PPM. The company will owe MSC the following fees in connection with each of the six Regulation A offerings:

- Advisory retainer fee
  - \$20,000 paid monthly in advance from the effective date through the completion of the financing (a minimum of 9 months engagement)\*
  - A cashless 10 year warrant for 720,000 shares of KGEM common stock with an exercise price of \$0.25 per share (for the first nine months)\*\*
  
- MSC technology admin verification and service fee
  - \$25 per investor, in cash, paid by the company when each investor deposits funds into the escrow account

- A cashless 10 year warrant to purchase 25 shares of KGEM common stock for \$1.00 per share, per investor escrow account, in each Operating Subsidiary Regulation A offering.
  - The warrant calculations shall be capped at a maximum of 150,000 investors, aggregated from the 6 contemplated Regulation A offerings of the 6 Operating Subsidiaries. Which results in warrants to purchase a maximum of 3,750,000 shares of KGEM common stock.

\*Pursuant to the Consulting Agreement, on August 22, 2018, KGEM has paid MSC \$180,000 (\$20,000 per month for 9 months) in cash.

\*\*Prior to the launch of the GolfSuites 1 Regulation A offering KGEM will deliver to MSC cashless 10 year warrants for 720,000 shares of KGEM common stock with an exercise price of \$0.25 per share. As of April 17, 2019, the warrants have not yet been delivered to MSC.

All fees are due to MSC regardless of whether investors are rejected after AML checks or the success of the GolfSuites 1 Regulation A offering or the Regulation A offerings for any of the other Operating Subsidiaries

The Consulting Agreements are attached as exhibits to the PPM.

## FINANCIAL CONDITION; MATERIAL INDEBTEDNESS

***You should read the following discussion and analysis of our financial condition and results of our operations. This discussion contains forward-looking statements reflecting our current expectations that involve risks and uncertainties. Actual results and the timing of events may differ materially from those contained in these forward-looking statements due to a number of factors, including those discussed in the section entitled "Risk Factors" and elsewhere in this Private Placement Memorandum. Further, the company has not prepared any financial statements to date and can make no assurance as to when any such financial statements would be available.***

KGEM Golf, Inc. was formed on October 24, 2018, as a Delaware Corporation. KGEM has not generated any revenue. KGEM is an early stage hospitality and entertainment company devoted to the development and operation of a golf driving range and entertainment centers throughout the United States.

The company anticipates that its revenues will come from the following:

- Overhead expense reimbursements paid by each Operating Subsidiary to KGEM on a monthly basis.
- Pro-rata share of participating lease payments from Operating Subsidiaries with which KGEM is a participating lessor.
- Pro-rata share of cash flow distributions from Operating Subsidiaries.

### **Results of Operations**

From Inception to February 15, 2019, the company had no revenues.

Total operating expenses from Inception to December 31, 2018 were for general and administrative costs and totaled \$63,756. In the event KGEM's initial Operating Subsidiary, GolfSuites 1, raises sufficient its initial Reg A capital via its planned Regulation A offering, some or most of these costs will be reimbursed to KGEM. In such case, the amount of total operating expenses for KGEM will be materially reduced.

As a result of the foregoing, the company has generated a net loss of \$63,756 due to the fact that reimbursement payments are pending.

### **Monthly Operating Expenses**

As of March 1, 2019, the monthly burn rate of KGEM is projected to be approximately \$110,000 per month. In the coming months the company anticipates that the monthly burn rate will increase to approximately \$175,000. \$120,000 will be spent on salaries, \$20,000 will be spent on employee benefits and taxes, and \$35,000 will be spent on other general and administrative costs.

Further, pursuant to the Management Services Agreement dated January 17, 2019, KGEM is obligated to advance the payment of operating expenses of GolfSuites 1 to GolfSuites 1 until GolfSuites 1 has commenced fundraising under Regulation A and becomes a KGEM Active Subsidiary. As of December 31, 2018, GolfSuites 1 monthly burn rate for operating expenses was approximately \$110,000 per month. KGEM expects the projected burn-rate for GolfSuites 1 to increase to \$175,000 per month, most of which will be reimbursed to KGEM by KGEM Active Subsidiaries. The increase to \$175,000 is expected when GolfSuites 1 has achieved substantial financing. On May 15, 2019, KGEM entered into management service agreements with each Operating Subsidiary. The terms of the management services agreements are substantially similar to the terms of the Management Services Agreement between KGEM and GolfSuites 1.

Each of the Operating Subsidiaries intends to begin repayment to KGEM all of its accrued monthly operating expenses at the commencement of its Regulation A offering. All accrued operating expenses will be compounded annually at an interest rate of 8%.

All monthly expenses will be reported monthly. Monthly operating expenses include the following:

- salaries and benefits,
- compensation to contractors,
- expenses related to local marketing, promotion and public relations,
- travel,
- legal and accounting and
- insurance and technology.

#### Celebrity Fees, etc.

In the event KGEM pays fees to celebrities, sports professionals and other similarly situated individuals, those fees will be charged to the Operating Subsidiaries at cost, without markup, using the same expense allocation method.

For additional information regarding expense reimbursement please see the Management Services Agreement filed as Exhibit E to this PPM.

#### **Plan of Operation**

The company intends to fund operations with the proceeds from this PPM.

Pursuant to the Management Services Agreement for each Operating Subsidiary the company intends to assist with the management of the initial facility of each Operating Subsidiary for a two-year time period. During this period KGEM will focus on hiring and training applicable executives employees. Currently, the company has begun this process with GolfSuites 1.

As of April 1, 2019, the company along with GolfSuites 1 is currently in the beginning stages of identifying land for the Midwestern locations. The company intends to finance some of the purchase of the land from proceeds from this Offering.

Over the next 12 months, the company plans to do the following:

- Select and acquire at least one parcel of land.

- Negotiate and execute mortgage financing for approved segments of the development and construction.
- Finalize site and building design per the overall GolfSuites 1 concept design.
- Apply for and receive building permits.
- Execute a general contracting agreement.
- Break ground on the first Midwestern facility.
- Hire a general manager / operator and team to run the first Midwestern facility.
- Acquire necessary permits to construct, finish, serve food and beverage and equip the facilities, as applicable.
- Engage architects, engineers and general contractors for the overall development and construction of the facility.

Beginning in January 2020 the company intends to do the following:

- Oversee the construction, finish, equipping and staffing of the Midwestern location in order to commence operations.

### **Liquidity and Capital Resources**

As of December 31, 2018, the company's cash on hand was \$158,536. Currently, the company is not generating a profit. The company plans to continue to raise additional capital through additional offerings and mortgage financing. Absent additional capital, the company may be forced to significantly reduce expenses and could become insolvent.

During the past three years, the company has engaged in the following offerings of securities:

- From November 2018 through December 31, 2018, the company sold \$1,399 in Common Stock pursuant to Rule 506(b) of Regulation D. The company used the proceeds from that offering for general operations and advances to GolfSuites 1.
- In January 2019 and February, 2019, the company sold \$39 in Common Stock pursuant to Rule 506(b) of Regulation D. The company used the proceeds from that offering for general operations and advances to GolfSuites 1.
- In January, 2019, the company sold \$889,850 in promissory notes. The promissory notes have an interest rate of 12%. The company used the proceeds from that offering for general operations and advances to GolfSuites 1.

SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The following table sets out, as of February 11, 2019 KGEM's voting securities that are owned by our executive officers, directors and other persons holding more than 10% of the company's voting securities.

Title of Class	Name and address of Beneficial Owner*	Amount and nature of beneficial ownership	Amount and nature of beneficial ownership acquirable	Percent of Class
Common Stock	Gerald Ellenburg	24,000,000	N/A	17.15%
Common Stock	John Galvin	19,950,000	N/A	14.26%
Common Stock	Ryan Koenig	19,950,000	N/A	14.26%
Common Stock	Kyle Morris	19,950,000	N/A	14.26%

\*The address for all the executive officers, directors, and beneficial owners is c/o KGEM Golf, Inc. 2738 Falkenburg Road South, Riverview, FL 33578

## SECURITIES BEING OFFERED

KGEM's authorized capital stock consists of 300,000,000 shares of Common Stock (the "Common Stock"), at \$0.00001 par value, of which 60,000,000 shares are Class A Common Stock ("Class A Common Stock") and 160,000,000 shares are Class B Common Stock ("Class B Common Stock") and 80,000,000 shares Preferred Stock, at \$0.00001 par value, (the "Preferred Stock"), of which 30,000,000 have been designated Series A Preferred Stock (the "Series A Preferred Stock"). As of March 7, 2019, 0 shares of Class A Common Stock are issued and outstanding, 142,944,168 shares of Class B Common Stock are issued and outstanding and none of the shares of Preferred Stock are issued and outstanding.

Class A Common Stock has the same rights and powers of, ranks equally to, shares ratably with and is identical in all respects, and as to all matters to Class B Common Stock; except that each holder of Class B Common Stock is entitled to 5 votes per share of Class B Common Stock whereas each holder of Class A Common Stock is entitled to only 1 vote per share of Class A Common Stock.

The following is a summary of the rights of KGEM's capital stock as provided in its Amended and Restated Certificate of Incorporation, and Bylaws.

**For a complete description of KGEM's capital stock, you should refer to its Amended and Restated Certificate of Incorporation, Certificate of Designation and Bylaws, filed as Exhibit B, C and D to this PPM and applicable provisions of the Delaware General Corporation Law.**

### **Class A Common Stock**

#### *Voting Rights.*

Each holder of KGEM's Class A Common Stock is entitled to one vote for each share on all matters submitted to a vote of the shareholders. Holders of Class A Common Stock at all times shall vote together with the holders of Class B Common Stock and Class A Preferred Stock as a single class on all matters (including the election of directors) submitted to vote or for the consent of the stockholders of KGEM.

### **Class B Common Stock**

#### *Voting Rights.*

Each holder of KGEM's Class B Common Stock is entitled to five votes for each share on all matters submitted to a vote of the shareholders. Holders of Class B Common Stock at all times shall vote together with the holders of Class A Common Stock and Class A Preferred Stock as a single class on all matters (including the election of directors) submitted to vote or for the consent of the stockholders of KGEM.

#### *Conversion Rights.*



Each share of Class B Common Stock is convertible into one share of Class A Common Stock at the option of the holder at any time upon written notice to KGEM.

### **All Classes of Common Stock**

#### *Dividends.*

Subject to preferences that may be applicable to any then outstanding class of capital stock having prior rights to dividends (including the company's Class A Preferred Stock), shareholders of KGEM's Class A Common Stock and Class B Common Stock are entitled to receive dividends, if any, as may be declared from time to time by the board of directors out of legally-available funds. Any dividends in excess of dividends payable to holders of the Class A Preferred Stock, will be paid ratably among the holders of Class A Common Stock, Class B Common Stock and Class A Preferred Stock on an as-converted basis. KGEM has never declared nor paid cash dividends on any of its capital stock and currently does not anticipate paying any cash dividends after this Offering or in the foreseeable future on its Common Stock.

#### *Liquidation Rights.*

In the event of KGEM's liquidation, dissolution or winding up, holders of KGEM's Class A and Class B Common Stock will be entitled to share ratably in the net assets legally available for distribution to stockholders after the payment of all of KGEM's debts and other liabilities and the satisfaction of any liquidation preference granted to holders of Class A Preferred Stock; however if the amount of that the holders of Class A Preferred Stock would have received based on the pro rata percentage of the proceeds calculated based on the number of shares owned by each investor on an "as converted to Common Stock" basis is greater than the then applicable liquidation preference available to Class A Preferred Stock, the holders of Class A Preferred Stock, Class A Common Stock and Class B Common Stock will receive that amount.

#### *Other Rights.*

Holders of KGEM's Class A and Class B Common Stock have no preemptive, subscription or other rights, and there are no redemption or sinking fund provisions applicable to KGEM's Class A or Class B Common Stock.

### **Series A Preferred Stock**

#### *Voting Rights.*

Each holder of KGEM's Preferred Stock is entitled to one vote for each share on all matters submitted to a vote of the shareholders. Holders of Preferred Stock at all times shall vote together with holders of the Common Stock as a single class on all matters (including the election of directors) submitted to vote or for the consent of the stockholders of KGEM.

#### *Dividends.*

Each share of Preferred Stock is entitled to cumulative dividends which shall accrue, whether or not declared by the Board and whether or not there are funds legally available for the payment of dividends, on a daily basis in arrears at the rate of 8% per annum on the sum of the invested

amount sum plus all unpaid accrued and accumulated dividends thereon. The dividends will be paid monthly.

In the event the company declares a dividend distribution to the Common Stock holders, all Preferred Stockholders will receive their pro rata share.

*Liquidation preference.*

In the event of a liquidation, investors will be entitled to receive the greater of their total investment amount in the shares of Preferred Stock and any accrued and unpaid dividends or their pro rata percentage of the proceeds calculated based on the number of shares owned by each investor on an “as converted to Common Stock” basis.

*Conversion.*

The Preferred Stock is convertible into the Class A Common Stock of the company as provided by Section 5 of the Certificate of Designation. Each share of Preferred Stock shall be convertible, at the option of the holder thereof, at any time after the date of issuance of such share into that number of fully-paid, nonassessable shares of Class A Common Stock determined by dividing the Conversion Price (defined therein), as adjusted for any accrued and unpaid dividends, by the original purchase price. The Conversion Price is the original purchase price, adjusted from time to time.

Holders of the Preferred Stock, may convert their shares of Preferred Stock into Common Stock in their sole discretion. In the event of a Qualified Public Offering, as defined in the Certificate of Designation conversion of the Preferred Stock is mandatory.

*Anti-Dilution Rights*

Holders of Preferred Stock have the benefit of anti-dilution protective provisions that will be applied to adjust the number of shares of Class A Common Stock issuable upon conversion of the shares of the Preferred Stock. If equity securities are subsequently issued by the company at a price per share less than the conversion price of the Preferred Stock then in effect, the conversion price of the Preferred Stock will be adjusted using a broad-based, weighted-average adjustment formula as set out in the Certificate of Designation.

These terms generally provide that if the company issues certain additional shares of Common Stock (as detailed in the Certificate of Designation) without consideration or for a consideration per share less than the Conversion Price, in effect on the date of and immediately prior to such issue, then, the Conversion Price will be reduced. The new Conversion Price will be the amount equal to the quotient obtained by dividing the (i) the sum of (A) the number of shares of Common Stock deemed outstanding prior to such issuance (as determined on an as-converted basis) times the Conversion Price then in effect with (B) the consideration, if any, from that issuances by (ii) the sum of (A) the number of shares of Common Stock deemed outstanding prior to such issuance (a determined on an as-converted basis) plus the number of such additional shares of Common Stock so issued.

*Other Rights.*

Holders of KGEM Preferred Stock have no preemptive, subscription or other rights, and there is no redemption or sinking fund provisions applicable to its' Preferred Stock.

## **All Classes of Stock**

### *Forum Selection Provisions.*

Section VII of our Amended and Restated Certificate of Incorporation contain exclusive forum provisions. With a few exceptions, the Court of Chancery in the State of Delaware will be the sole and exclusive forum for any holder of KGEM's Class A and Class B Common Stock (including a beneficial owner) to bring (i) any derivative action or proceeding brought on the company's behalf, (ii) any action asserting a claim of breach of fiduciary duty owed by any director, officer or other employee, (iii) any action asserting a claim against the company, its directors, officers or employees arising pursuant to any provision of the Delaware General Corporation Law or the Corporation's certificate of incorporation or bylaws or (iv) any action asserting a claim against the company, its directors, officers or employees governed by the internal affairs doctrine. These sections shall not apply to actions arising under the federal securities laws.

Section 6 of our subscription agreement (which appears as an exhibit to this PPM provides that the Court of Chancery in the State of Delaware is the exclusive forum for all actions or proceedings relating to the subscription agreement. However, this exclusive forum provision does not apply to actions arising under the federal securities laws.

### *Jury Trial Waiver*

The Court of Chancery in the State of Delaware is a non-jury trial court. The parties in any lawsuits where the forum selection provisions are applicable will not be entitled to a jury.

Moreover, holders of Shares of Class A Preferred Stock as well as holders of Class A Common Stock converted from Class A Preferred Stock will be bound by the subscription agreement, which provides that subscribers waive the right to a jury trial of any claim they may have against us arising out of or relating to the subscription agreement, including any claim under federal securities laws. If we opposed a jury trial demand based on the waiver, a court would determine whether the waiver was enforceable given the facts and circumstances of that case in accordance with applicable case law.

## **Tax Treatment of Dividends**

The 8% dividends will likely be treated as a corporate distribution on equity. Corporate distributions on equity are not deductible to the corporation but are generally taxable to the shareholder, subject to various exceptions and limitations.

The distributions made pursuant to the Preferred Stock dividend provisions will be taxable as dividends to shareholders only to the extent of current and accumulated earnings and profits. To the extent the company does not have current and accumulated earnings and profits, the distributions will be treated as a non-taxable return of capital to the extent of the shareholder's adjusted basis. If distributions still exceed the amount of adjusted basis, such excess would be considered as capital gains income to the shareholder, who will generally be subject to federal (and possibly state) income tax on such gains at a rate that depends upon the shareholder's holding period with respect to the shares in question, among other factors. Since

the tax treatment of any distributions may vary according to the financial performance of the company, as well as the particular circumstances of the investor, investors should consult their own tax advisers, and should further not assume that the distributions will be subject to the same tax treatment from year to year.

These amounts will be reported to shareholders on Form 1099-DIV each year as part of their investment reporting package.

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## FEDERAL INCOME TAX CONSEQUENCES

This PPM does not address tax considerations that may be relevant to you. You are urged to consult your own tax advisors as to the specific tax consequences of purchasing, owning and disposing of any Shares, including any federal, state or local tax consideration.

**WE URGE YOU TO CONSULT AND RELY ON YOUR OWN TAX ADVISOR WITH RESPECT TO YOUR OWN TAX SITUATION, POTENTIAL CHANGES IN APPLICABLE LAWS AND REGULATIONS AND THE FEDERAL AND STATE CONSEQUENCES ARISING FROM AN INVESTMENT IN THE SHARES. THE COST OF THE CONSULTATION COULD, DEPENDING ON THE AMOUNT CHARGED TO YOU, DECREASE ANY RETURN ANTICIPATED ON YOUR INVESTMENT. NOTHING IN THIS PPM IS OR SHOULD BE CONSTRUED AS LEGAL OR TAX ADVICE TO ANY SPECIFIC INVESTOR, AS INDIVIDUAL CIRCUMSTANCES MAY VARY. YOU SHOULD BE AWARE THAT THE INTERNAL REVENUE SERVICE MAY NOT AGREE WITH ALL TAX POSITIONS TAKEN BY US AND THAT LEGISLATIVE, ADMINISTRATIVE OR COURT DECISIONS MAY REDUCE OR ELIMINATE ANY ANTICIPATED TAX BENEFITS OF AN INVESTMENT IN THE SHARES.**

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## PLAN OF DISTRIBUTION

The Shares are being offered directly by the company on a “best efforts” basis. The Shares are being offered for sale to a select group of investors who meet the suitability standards set forth under “Investor Suitability Standards.”

The Shares may only be purchased by subscribers who represent and demonstrate to us that they qualify as “accredited investor” as that term is defined in Rule 501 (a) of Regulation D of the Securities Act. The minimum subscription is \$10,000; however, we reserve the right in our sole discretion to accept subscriptions for a lesser number of Shares. All proceeds received by us from subscribers for the Shares offered hereby will immediately available to the company as described in “The Offering” on page 10 once investors have cleared Anti-Money Laundering (AML) checks, Accredited Investor Verification, and have signed the subscription agreement.

All subscriptions must be made by the execution and delivery of a Subscription Agreement as attached hereto as Exhibit A. By executing the Subscription Agreement, each purchaser will represent, among other things, that (a) he or she is acquiring the Shares being purchased by him or her for his or her own account, for investment purposes and not with a view towards resale or distribution and (b) immediately prior to his or her purchase, such purchaser satisfies the eligibility requirements set forth in the PPM. Notwithstanding the foregoing representations, we have the right to revoke the offer made herein and to refuse to sell Shares to a particular subscriber for any reason. Inasmuch as this Offering is being made pursuant to the provisions of Rule 506(c), prospective investors will be required to provide sufficient information to enable us to verify that each investor is an accredited investor.

As set out in the Subscription Agreement, a purchaser must be prepared to bear the economic risk of an investment in the Shares for an indefinite period of time. An investor in the Shares, pursuant to the Subscription Agreement and applicable law, will not be permitted to transfer or dispose of the Shares, unless they are registered for resale or such transaction is exempt from registration under the Securities Act and other applicable securities laws, and in the case of a purportedly exempt sale, such investor provides (at his or her own expense) an opinion of counsel satisfactory to us that such exemption is, in fact, available. Any certificates or other documentation evidencing the securities offered and sold hereby will bear a legend relating to such restrictions on transfer.

### **Procedure for Subscribing**

If you decide to subscribe for the Shares in this Offering, you should complete the following steps:

#### **If subscribing via KGEM Golf, Inc.:**

1. Go to [www.manhattanstreetcapital.com/KGEM-r](http://www.manhattanstreetcapital.com/KGEM-r) click on the "Invest Now" button;
2. Complete the online investment form;
3. Deliver funds directly by check, wire, debit card, or electronic funds transfer via ACH to the specified account;
4. Once funds are received an automated AML check and accredited investor verification

- will be performed to verify the identity and status of the investor;
5. Once verified, investor will electronically receive, review, execute and deliver to us a Subscription Agreement.

Any potential investor will have ample time to review the Subscription Agreement, along with their counsel, prior to making any final investment decision.

### **Right to Reject Subscriptions**

After we receive your complete, executed Subscription Agreement and the funds required under the Subscription Agreement have been received we have the right to review and accept or reject your subscription in whole or in part, for any reason or for no reason. We will return all monies from rejected subscriptions immediately to you, without interest or deduction.

### **Suitability Requirements**

Shares are being offered hereby only to persons who meet certain suitability requirements set forth herein. The fact that a prospective investor meets the suitability requirements established by us for this Offering does not necessarily mean that an investment in us is a suitable investment for that investor. Each prospective investor should consult with his own professional advisers before investing in us.

***Investors are not to construe this PPM as constituting legal or tax advice. Before making any decision to invest in us, investors should read all of this PPM, including all of its exhibits, and consult with their own investment, legal, tax and other professional advisors.***

***An investor should be aware that we will assert that the investor consented to the risks described or inherent in this PPM if the investor brings a claim against us or any of our directors, officers, managers, employees, advisors, agents, or representatives.***

### **The Online Platform**

Pursuant to the Reg D Consulting Agreement between KGEM and FundAthena, Inc., d/b/a Manhattan Street Capital (“Manhattan Street Capital” or “MSC” as applicable) dated March 15, 2019 (the “Reg D Consulting Agreement”) KGEM agrees to pay MSC the following:

- Advisor retainer fee paid by KGEM to MSC
  - \$10,000 paid monthly in advance from the effective date through the completion of the financing (a minimum of 9 months engagement).
  - A cashless 10 year warrant for 360,000 shares of KGEM common stock with an exercise price of \$0.25 per share (for the first nine months).
  - The advisor retainer fee will continue after the expiration of the 9 month engagement period in the sole discretion of the company.’
- MSC technology admin verification and service fee paid by KGEM to MSC
  - \$250 per investor, in cash, when each investor deposits funds into the escrow account.

- a cashless 10 year warrant to purchase 1,000 shares of KGEM common stock for \$0.25 per share per investor.
- The MSC technology admin, verification and service fee includes fees for back-end services, which may be paid to third-party service providers on behalf of the Client, including: AML check, and accredited investor verification.
- Listing fees paid by KGEM to MSC:
  - \$10,000 per month while the offering is “live” for investment.
  - Each month while the offering is “live”, a 10 year warrant for 40,000 shares of KGEM common stock with an exercise price of \$0.25 per share.

All fees are due to MSC regardless of whether investors are rejected after AML checks, accredited investor verification, or the success of the Offering.

Manhattan Street Capital does not directly solicit or communicate with investors with respect to offerings posted on its site, although it does advertise the existence of its platform, which may include identifying issuers listed on the platform. The PPM will be furnished to prospective investors in this offering via download 24 hours a day, 7 days a week on the [www.manhattanstreetcapital.com](http://www.manhattanstreetcapital.com) website.

#### **Transfer Agent and Registrar**

We intend to engage Computershare as the transfer agent and registrar for our common stock.

#### **Escrow Agent**

We intend to engage PrimeTrust, LLC as the escrow agent.



## RESTRICTIONS ON TRANSFERABILITY

The Shares offered hereby are “restricted securities” as that term is defined in Rule 144 promulgated under the Securities Act. These securities have not been registered under the Securities Act and are being offered and will be sold without benefit of registration under the applicable federal or state securities acts by reason of specific exemptions from registration provided by such acts. The availability of such exemptions is also dependent, in part, upon the “investment intent” of the investors. The exemptions would not be available if an investor were purchasing the Shares with a view to redistributing them. Accordingly, each investor when executing the Subscription Agreement will be required to acknowledge that his or her purchase is for investment, for its, his or her own account, and without any view to resale of the Shares except pursuant to an effective registration statement under the Securities Act, or a valid exemption from the registration requirements of the Securities Act, and subject to the terms of the Subscription Agreement.

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## INVESTOR SUITABILITY STANDARDS

### ***General***

An investment in our Shares involves a high degree of risk and is suitable only for persons of substantial financial means who have no need for liquidity in their investment. Our Shares are only suitable for those who desire a relatively long-term investment for which they do not need liquidity until the anticipated return on investment as set forth in this PPM.

The offer, offer for sale, and sale of our Shares is intended to be exempt from the registration requirements of the Securities Act pursuant to Rule 506(c) of Regulation D promulgated thereunder and is intended to be exempt from the registration requirements of applicable state securities laws as a federally covered security. This Offering is directed to “accredited investors,” as that term is defined in Rule 501(a) of Regulation D as promulgated by the SEC.

A subscriber must meet one (or more) of the investor suitability standards below to purchase Shares. Fiduciaries must also meet one of these conditions. If the investment is a gift to a minor, the custodian or the donor must meet these conditions. For purposes of the net worth calculations below, net worth is the amount by which assets exceed liabilities, but excluding your house, home furnishings or automobile(s) among your assets. In the subscription agreement, a subscriber will have to confirm satisfaction of these minimum standards:

- Each investor must have the ability to bear the economic risks of investing in the Shares.
- Each investor must have sufficient knowledge and experience in financial, business or investment matters to evaluate the merits and risks of the investment.
- Each investor must represent and warrant that the Shares to be purchased are being acquired for investment and not with a view to distribution.
- Each investor will make other representations to us in connection with purchase of the Shares, including representations concerning the investor’s degree of sophistication, access to information concerning the company, and ability to bear the economic risk of the investment.

### ***Suitability Requirements***

Rule 501(a) of Regulation D defines an “accredited investor” as any person who comes within any of the following categories, or whom the issuer reasonably believes comes within any of the following categories, at the time of the sale of the securities to that person:

(1) Any bank as defined in section 3(a)(2) of the Securities Act, or any savings and loan association or other institution as defined in section 3(a)(5)(A) of the Securities Act whether acting in its individual or fiduciary capacity; any broker or dealer registered pursuant to section 15 of the Exchange Act; any insurance company as defined in section 2(a)(13) of the Securities Act; any investment company registered under the Investment Company Act of 1940 or a business development company as defined in section 2(a)(48) of that Act; any Small Business Investment Company licensed by the U.S. Small Business Administration under section 301(c) or (d) of the Small Business Investment Act of 1958; any plan established and maintained by a state, its political subdivisions, or any agency or instrumentality of a state or its political

subdivisions, for the benefit of its employees, if such plan has total assets in excess of \$5,000,000; any employee benefit plan within the meaning of the Employee Retirement Income Security Act of 1974 if the investment decision is made by a plan fiduciary, as defined in section 3(21) of such act, which is either a bank, savings and loan association, insurance company, or registered investment adviser, or if the employee benefit plan has total assets in excess of \$5,000,000 or, if a self-directed plan, with investment decisions made solely by persons that are accredited investors;

(2) Any private business development company as defined in section 202(a)(22) of the Investment Advisers Act of 1940;

(3) Any organization described in section 501(c)(3) of the Internal Revenue Code, corporation, Massachusetts or similar business trust, or partnership, not formed for the specific purpose of acquiring the securities offered, with total assets in excess of \$5,000,000;

(4) Any director, executive officer, or general partner of the issuer of the securities being offered or sold, or any director, executive officer, or general partner of a general partner of that issuer;

(5) Any natural person whose individual net worth, or joint net worth with that person's spouse, exceeds \$1,000,000;

(6) Any natural person who had an individual income in excess of \$200,000 in each of the two most recent years or joint income with that person's spouse in excess of \$300,000 in each of those years and has a reasonable expectation of reaching the same income level in the current year;

(7) Any trust, with total assets in excess of \$5,000,000, not formed for the specific purpose of acquiring the securities offered, whose purchase is directed by a sophisticated person as described in § 230.506(b) (2)(ii); and

(8) Any entity in which all of the equity owners are accredited investors.

For purposes of calculating net worth:

(A) The person's primary residence shall not be included as an asset;

(B) Indebtedness that is secured by the person's primary residence, up to the estimated fair market value of the primary residence at the time of the sale of securities, shall not be included as a liability (except that if the amount of such indebtedness outstanding at the time of sale of securities exceeds the amount outstanding 60 days before such time, other than as a result of the acquisition of the primary residence, the amount of such excess shall be included as a liability); and

(C) Indebtedness that is secured by the person's primary residence in excess of the estimated fair market value of the primary residence at the time of the sale of securities shall be included as a liability.

In determining income, a subscriber should add to the subscriber's adjusted gross income any amounts attributable to tax exempt income received, losses claimed as a limited partner in any limited partnership, deduction claimed for depletion, contribution to an IRA or Keogh plan, alimony payments, and any amount by which income for long-term capital gains has been reduced in arriving at adjusted gross income.

In addition to the foregoing suitability standards, we cannot accept subscriptions from anyone if the representations required are either not provided or are provided but are inconsistent with our determination that the investment is suitable for the subscriber. In addition to the financial information we require, the representations we require of you state that you:

- Have received this PPM, together with the Exhibits attached hereto;
- Understand that no federal or state agency has made any finding or determination as to the fairness for investment in, nor made any recommendation or endorsement of, the Shares; and
- Understand that an investment in the company will not, in itself, create a qualified retirement plan as described in the Internal Revenue Code and that you must comply with all applicable provisions of the Internal Revenue Code in order to create a qualified retirement plan.

You will also represent that you are familiar with the risk factors we describe, and that this investment matches your investment objectives. Specifically, you will represent to us that you:

- Understand that there will be no public market for the Shares, that there are substantial restrictions on repurchase, sale, assignment or transfer of the Shares and that it may not be possible to readily liquidate an investment in the Shares; and
- Have investment objectives that correspond to those described elsewhere in this PPM.

You will also represent to us that you have the capacity to invest in our Shares by confirming that:

- You are legally able to enter into a contractual relationship with us, and, if you are an individual, have attained the age of majority in the state in which you live; and
- If you are a manager, that you are the manager for the trust on behalf of which you are purchasing the Shares, and have due authority to purchase Shares on behalf of the trust.

If you are purchasing as a fiduciary, you will also represent that the above representations and warranties are accurate for the person(s) for whom you are purchasing Shares. By executing the subscription agreement, you will not be waiving any rights under the Securities Act or the Exchange Act.

We have the right to refuse a subscription for Shares if in our sole discretion if we believe that the prospective investor does not meet the suitability requirements. It is anticipated that comparable suitability standards (including state law standards applicable in particular circumstances) may be imposed by us in various jurisdictions in connection with any resale of the Shares.

**Exhibit A: Subscription Agreement**

[https://www.manhattanstreetcapital.com/sites/default/files/EXHIBIT%20A\\_KGEM\\_Reg%20D%20Subscription%20Agreement\\_FINAL\\_4.23.19.pdf](https://www.manhattanstreetcapital.com/sites/default/files/EXHIBIT%20A_KGEM_Reg%20D%20Subscription%20Agreement_FINAL_4.23.19.pdf)

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**Exhibit B: Amended and Restated Certificate of Incorporation**

[https://www.manhattanstreetcapital.com/sites/default/files/EXHIBIT%20B\\_KGEM%20A%26R%20Cert%20of%20Inc.pdf](https://www.manhattanstreetcapital.com/sites/default/files/EXHIBIT%20B_KGEM%20A%26R%20Cert%20of%20Inc.pdf)

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**Exhibit C: Certificate of Designation**

[https://www.manhattanstreetcapital.com/sites/default/files/EXHIBIT%20C\\_KGEM%20Certificate%20of%20Designations.pdf](https://www.manhattanstreetcapital.com/sites/default/files/EXHIBIT%20C_KGEM%20Certificate%20of%20Designations.pdf)

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**Exhibit D: Bylaws**

[https://www.manhattanstreetcapital.com/sites/default/files/EXHIBIT%20D\\_KGEM%20Golf%2C%20Inc.%20-%20Bylaws%20-%20FINAL%20%281%29.pdf](https://www.manhattanstreetcapital.com/sites/default/files/EXHIBIT%20D_KGEM%20Golf%2C%20Inc.%20-%20Bylaws%20-%20FINAL%20%281%29.pdf)

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**Exhibit E: Management Services Agreement**

[https://www.manhattanstreetcapital.com/sites/default/files/EXHIBIT%20E\\_Management%20Services%20Agreement%20KGEM%20-%20GS\\_%20Template.pdf](https://www.manhattanstreetcapital.com/sites/default/files/EXHIBIT%20E_Management%20Services%20Agreement%20KGEM%20-%20GS_%20Template.pdf)

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**EXHIBIT F: Reg D Consulting Agreement**

[https://www.manhattanstreetcapital.com/sites/default/files/EXHIBIT%20F\\_KGEM\\_MSC\\_Reg%20D\\_Consulting\\_Agreement\\_EXECUTED.pdf](https://www.manhattanstreetcapital.com/sites/default/files/EXHIBIT%20F_KGEM_MSC_Reg%20D_Consulting_Agreement_EXECUTED.pdf)

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**EXHIBIT G: Reg A Consulting Agreement**

[https://www.manhattanstreetcapital.com/sites/default/files/EXHIBIT%20G\\_MSC\\_KGEM%20Golf\\_Reg%20A\\_Engagement%20Agreement%20EXECUTED.pdf](https://www.manhattanstreetcapital.com/sites/default/files/EXHIBIT%20G_MSC_KGEM%20Golf_Reg%20A_Engagement%20Agreement%20EXECUTED.pdf)

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**EXHIBIT H: MUP Agreement**

[https://www.manhattanstreetcapital.com/sites/default/files/EXHIBIT%20H\\_KYLE%20MORRIS%20MEMBERSHIP%20AGREEMENT%20JAN%202018.pdf](https://www.manhattanstreetcapital.com/sites/default/files/EXHIBIT%20H_KYLE%20MORRIS%20MEMBERSHIP%20AGREEMENT%20JAN%202018.pdf)

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**EXHIBIT I: Morris License Agreement**

[https://www.manhattanstreetcapital.com/sites/default/files/EXHIBIT%20I\\_License%20Agreement-3.3.19.v3\\_%20final\\_Signed.pdf](https://www.manhattanstreetcapital.com/sites/default/files/EXHIBIT%20I_License%20Agreement-3.3.19.v3_%20final_Signed.pdf)

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**EXHIBIT J: Morris Consulting Agreement**

[https://www.manhattanstreetcapital.com/sites/default/files/EXHIBIT%20J\\_Consulting%20Agreement%20-%20K.%20Morris%20%283.3.19.v3%29%20final%20Signed.pdf](https://www.manhattanstreetcapital.com/sites/default/files/EXHIBIT%20J_Consulting%20Agreement%20-%20K.%20Morris%20%283.3.19.v3%29%20final%20Signed.pdf)

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