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Vineyard Inc.

9 **UNITED STATES BANKRUPTCY COURT**
10 **NORTHERN DISTRICT OF CALIFORNIA**
11 **SANTA ROSA DIVISION**

12 In re:
13 SPRING MOUNTAIN VINEYARD INC., a
Delaware corporation,
14 Debtor.
15
16 Federal EIN: 36-3844911

Case No. 1:22-bk-10381 CN

Chapter 11

**DECLARATION OF JOHN VAUGHAN,
MAI IN SUPPORT OF DEBTOR'S
MOTION FOR AUTHORIZATION TO US
E CASH COLLATERAL**

Date: October 6, 2022
Time: 3:00 p.m.
Place: U.S. Bankruptcy Court
Courtroom
99 South "E" Street
Santa Rosa, CA 95404

22 I, John Vaughan, hereby declare:

23
24 1. I am over the age of twenty-one (21) years and am not a party to this action. I
25 submit this Declaration in Support of the Motion of Spring Mountain Winery, Inc. for an order
26 authorizing the Chapter 11 Debtor to use cash collateral. I submit this declaration based upon my
27 personal knowledge and if called as a witness, would testify completely to each of the matters
28 stated herein under the penalty of perjury.

1 2. At the present time, I am a Senior Vice President and leader of the Vineyards and
2 Wineries specialty practice in the San Jose, California office of Newmark Valuation and Advisory
3 ("Newmark"). Prior to joining Newmark, I was an executive director of Cushman & Wakefield's
4 Valuation and Advisory Group with responsibility for complex appraisal assignments in California
5 and Hawaii.

6 3. I am a licensed Certified General appraiser in California and a member of the
7 Appraisal Institute and hold the MAI Designation. The Appraisal Institute is the leading
8 professional organization of real estate appraisers. The "MAI" designation is the highest
9 qualification bestowed upon appraisers by the Appraisal Institute.

10 4. As indicated above, I am Senior Vice President at Newmark for the Vineyards and
11 Wineries specialty practice. Toward that end, I have appraised many Vineyards and Wineries.

12 These include:

- 13 • Guenec Valley AVA winery and vineyards on 22,000-acre site
- 14 • Napa County AVA 6,200-acre site with 154-acre vineyard and proposed vineyard
15 development
- 16 • Lake County AVA 2,900-acre site proposed for development with 1,300 acres of
17 vineyards
- 18 • Atlas Peak AVA vineyard and proposed vineyard development on 1,600-acre site
- 19 • Carneros AVA winery and 760-acre vineyard on 1,030-acre site
- 20 • Spring Mountain AVA winery and vineyards with historic Victorian estate on 840-
21 acre site
- 22 • Alexander Valley AVA winery producing 1.75 million cases of wine annually and
23 700-acre vineyard
- 24 • Atlas Peak AVA Leasehold interest in 500-acre vineyard
- 25 • Petaluma Gap AVA Leasehold interest in 500-acre vineyard
- 26 • Guenoc Valley AVA winery, historic estate and 230-acre vineyard
- 27 • Pine Mountain AVA 230-acre site improved with vineyards and vineyard estate
- 28 • Anderson Valley AVA 178-acre vineyard development with reservoir and 22 acres

of plantable land

- Russian River Valley AVA 165-acre site proposed for vineyard development
- Napa Valley AVA 160-acre parcel improved with a 100-acre high-density vineyard
- Napa Valley AVA 160-acre parcel improved with a 85-acre high-density vineyard
- Santa Clara Valley AVA winery, event center with amphitheater and 90-acre vineyard
- Russian River Valley AVA production vineyard 60-acre site improved with 50-acre vineyard
- Napa Valley AVA vineyard adjacent to the Napa River
- Oak Knoll AVA vineyard
- Oakville AVA Highway 29 winery, tasting room and vineyard
- Russian River AVA state-of-the-art winery and tasting room
- Russian River Valley AVA estate home and vineyard
- Santa Cruz Mountains AVA winery, event center and vineyard
- Santa Maria AVA winery, event center, estate home and vineyard
- Wooden Valley AVA vineyard

5. In June of 2021, I appraised Spring Mountain Vineyard ("Spring Mountain") and the relevant properties upon it for Spring Mountain Vineyard, LLC in an appraisal report dated June 30, 2121 ("June 21 Appraisal"). A true and correct copy of the June 21 Appraisal is attached as Exhibit "1" and is incorporated herein by this reference.

6. As a preface, Spring Mountain is composed of four adjacent vineyard estates with a total of 846.79 acres of land area in nine parcels. The four vineyard estates are known as Miravalle, Chateau Chevalier, La Perla and Alba. A total of 153.82 acres are improved with premium hillside vineyards planted to resistant rootstock. Ownership is in the process or has grafted existing vineyards to Cabernet Sauvignon, transitioning existing vineyards from very high density goblet trellis systems to high density 4 wire VSP systems, and replanting the older AXR vineyards to modern resistant rootstock.

7. The June 21 Appraisal valued each of the vineyard estates separately and then came

1 to a cumulative value. That cumulative value is found at page 18 of the June 21 Appraisal. It
2 values the four adjacent vineyard parcels as follows-

- 3 A. Miravalle Parcel-\$67,780,000
- 4 B. Chevalier Parcel-\$44,100,000
- 5 C. La Perla Parcel-\$84,400,000
- 6 D. Alba Parcel-\$8,600,000

7 Aggregate of Vineyard Estate Values: **\$204,900,000**

8 Less Replanting: \$800,000

9 Total Value: **\$204,100**

10 The balance of the June 21 Appraisal Report constitutes my direct testimony respecting the
11 valuation of the Spring Mountain property showing its value as of June 21, 2022.

12 8. **August 27, 2022 Spring Mountain Vineyard Appraisal Update:** At the request
13 of counsel for Spring Mountain, I was engaged to conduct a new appraisal of Spring Mountain
14 Vineyards. That appraisal process resulted in the following value summaries as of August 27,
15 2022.

16 9. I have prepared a "Spring Mountain Vineyard Value Summaries August 27, 2022"
17 ("August 27 Summary Update") and attach it as Exhibit "2" to this Declaration. The four parcels
18 of the Spring Mountain property received the following valuations:

- 19 A. Miravalle Parcel-\$84,500,000
- 20 B. Chevalier Parcel-\$39,200,000
- 21 C. La Perla Parcel-\$87,100,000
- 22 D. Alba Parcel-\$7,900,000

23 **Aggregate Value of Four Parcels as of August 27 Summary Update: \$218,700,000**

24 10. The foregoing provides my opinion of value for the Spring Mountain Winery, and
25 its real estate, as of August 27, 2022. I wish to add that I have not provided any valuation for any
26 other assets besides the real property and the improvements to the real property. Among other
27 things, I have not valued nor have I been asked to value, the Debtor's inventory of wine which it
28 has on hand.

1 11. It is my opinion that the aggregate of the retail values of the Spring Mountain
2 Vineyard properties has increased by \$14,600,000 between the appraisal report performed as of
3 June 21, 2021 and the current appraisal as of August 27, 2022. The primary parcel whose value
4 increased most significantly was the Miravalle Parcel which was appraised at \$67,780,000 as of
5 June 21, 2021 and saw its value increase to \$84,500,000, an increase of \$16,720,000. The reasons
6 for this increase are strong demand from international investors, as evidenced by the recent sales
7 of Joseph Phelps to LVMH and Shafer Vineyards. Additionally, construction costs have increased
8 significantly since the subject's winery and caves were completed, indicating a higher value
9 contribution of the subject's winery and caves. Furthermore, this property has increased plantable
10 lands as a result of the areas cleared by the Glass Fire.
11 Two of the parcels saw their value decrease slightly and the La Perla parcel increased in value
12 from \$84,400,000 to \$87,100,000 due to an increase in the amount of plantable land.

13
14 I declare the foregoing to be true under the penalty of perjury.

15 Executed this 3 day of October, 2022 at San Jose, California.

16
17 

18 John Vaughan, MAI
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EXHIBIT 1

Spring Mountain Vineyards

2805 Spring Mountain Road
Saint Helena, Napa County, CA 94574

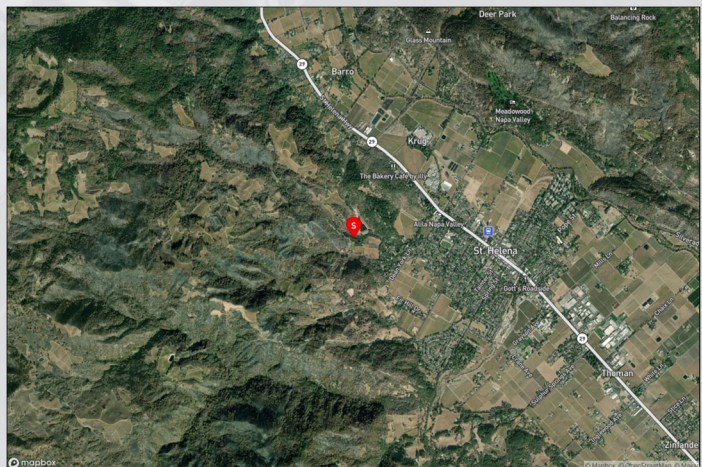
NKF Job No.: 21-0147037-1

Appraisal Report Prepared For:

Joseph M. Vann, Esq.
Cohen Tauber Spievack & Wagner P.C.
420 Lexington Avenue
New York, NY 10170

Prepared By:

Newmark Knight Frank
Valuation & Advisory, LLC
3055 Olin Avenue, Suite 2200
San Jose, CA 95128



June 30, 2021

Joseph M. Vann, Esq.
Cohen Tauber Spievack & Wagner P.C.
420 Lexington Avenue
New York, NY 10170

RE: Appraisal of Spring Mountain Vineyards located at 2805 Spring Mountain Road, Saint Helena, Napa County, CA 94574, prepared by Newmark Knight Frank Valuation & Advisory, LLC (herein "Firm" or "NKF")

NKF Job No.: 21-0147037-1

Dear Mr. Vann:

Newmark Knight Frank Valuation & Advisory, LLC (herein "Firm" or "NKF") has developed an appraisal of the referenced property and the results are presented in the following Appraisal Report.

Spring Mountain Vineyard is composed of four adjacent vineyard estates with a total of 846.79 acres of land area in nine parcels. The four vineyard estates are known as Miravalle, Chateau Chevalier, La Perla, and Alba. A total of 153.82 acres are improved with premium hillside vineyards planted to resistant rootstock. There are also plantable acreages of ± 56.74 acres that were previously planted to AXR rootstock. There are 64.66 acres of Tract I lands and 13.0 acres of Tract II lands, resulting in a total plantable acreage of 134.4 acres.

Historic vineyards were originally developed at Spring Mountain in the late 1800's. Ownership has extensively expanded and upgraded the vineyards and associated water resources to their current condition.

Ownership is in the process of grafting existing vineyards to Cabernet Sauvignon, transitioning existing vineyards from very high density gobelet trellis systems to high density 4 wire VSP systems, and replanting the older AXR vineyards to modern resistant rootstock.

At the client's request, we have provided values for the subject assemblage as a whole, as well as for the four individual vineyard estates.

COVID-19 Pandemic

The COVID-19 Pandemic has had a significant impact on the economy and, by extension, real estate markets. Commercial real estate is transforming and adapting with some similarities and some differences to previous crises. As the Pandemic has progressed, there has been greater clarity about the effects through metric and transactional data as well as market participant

information and expectations. Investment volume in 2020 declined 32.1% year-over-year, however investor momentum shifted significantly in the fourth quarter, with volume increasing by 93.9% quarter-over-quarter, according to Newmark Capital Markets Research. Available data and analyses are contained within this appraisal report and are a foundation to the appraisal. Effects and projections related to COVID-19 will be addressed throughout the report. The following are highlights relevant to the subject and this market.

Based on the analysis contained in the following report, the opinions of value for the subject properties are as follows:

Spring Mountain Vineyard Value Summaries June 10, 2021		
Miravalle		
	Rounded	\$67,800,000
Chevalier		
	Rounded	\$44,100,000
La Perla		
	Rounded	\$84,400,000
Alba		
	Rounded	\$8,600,000

Extraordinary Assumptions

An extraordinary assumption is defined in USPAP as an assignment-specific assumption as of the effective date regarding uncertain information used in an analysis which, if found to be false, could alter the appraiser's opinions or conclusions. The value conclusions are not subject to any extraordinary assumptions.

Hypothetical Conditions

A hypothetical condition is defined in USPAP as a condition, directly related to a specific assignment, which is contrary to what is known by the appraiser to exist on the effective date of the assignment results, but is used for the purpose of analysis. The value conclusions are not based on any hypothetical conditions.

Prior Services

NKF previously conducted an appraisal of the subject property for another client.



June 30, 2021
Joseph M. Vann, Esq.

The appraisal was developed based on, and this report has been prepared in conformance with the guidelines and recommendations set forth in the Uniform Standards of Professional Appraisal Practice (USPAP), and the requirements of the Code of Professional Ethics and Standards of Professional Appraisal Practice of the Appraisal Institute.



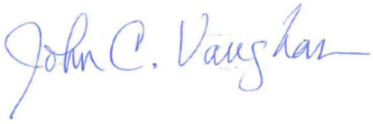
Certification

We certify that, to the best of our knowledge and belief:

1. The statements of fact contained in this report are true and correct.
2. The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions and are our personal, impartial and unbiased professional analyses, opinions, and conclusions.
3. We have no present or prospective interest in the property that is the subject of this report and no personal interest with respect to the parties involved.
4. We have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.
5. Our engagement in this assignment was not contingent upon developing or reporting predetermined results.
6. Our compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.
7. This appraisal assignment was not based upon a requested minimum valuation, a specific valuation, or the approval of a loan.
8. Our analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice, as well as the requirements of the State of California.
9. The reported analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Code of Professional Ethics and Standards of Professional Appraisal Practice of the Appraisal Institute.
10. The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.
11. As of the date of this report, John Vaughan, MAI has completed the continuing education program for Designated Members of the Appraisal Institute.
12. John Vaughan, MAI made a personal inspection of the property that is the subject of this report.
13. No one provided significant real property appraisal assistance to the person(s) signing this certification.
14. The Firm operates as an independent economic entity. Although employees of other service lines or affiliates of the Firm may be contacted as a part of our routine market research investigations, absolute client confidentiality and privacy were maintained at all times with regard to this assignment without conflict of interest.
15. Within this report, "Newmark Knight Frank", "NKF Valuation & Advisory", "NKF, Inc.", and similar forms of reference refer only to the appraiser(s) who have signed this certification and any persons noted above as having provided significant real property appraisal assistance to the persons signing this report.



16. John Vaughan, MAI has previously appraised the property that is the subject of this report for another federally-regulated financial institution within the three-year period immediately preceding the agreement to perform this assignment. John Vaughan, MAI has performed no other services, as an appraiser or in any other capacity,



John Vaughan, MAI
Senior Vice President
Certified General Real Estate Appraiser
California # AG: 002680
Telephone: 808.797.0148
Email: John.Vaughan@nrmk.com



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Appraisal Transmittal and Certification

Certification

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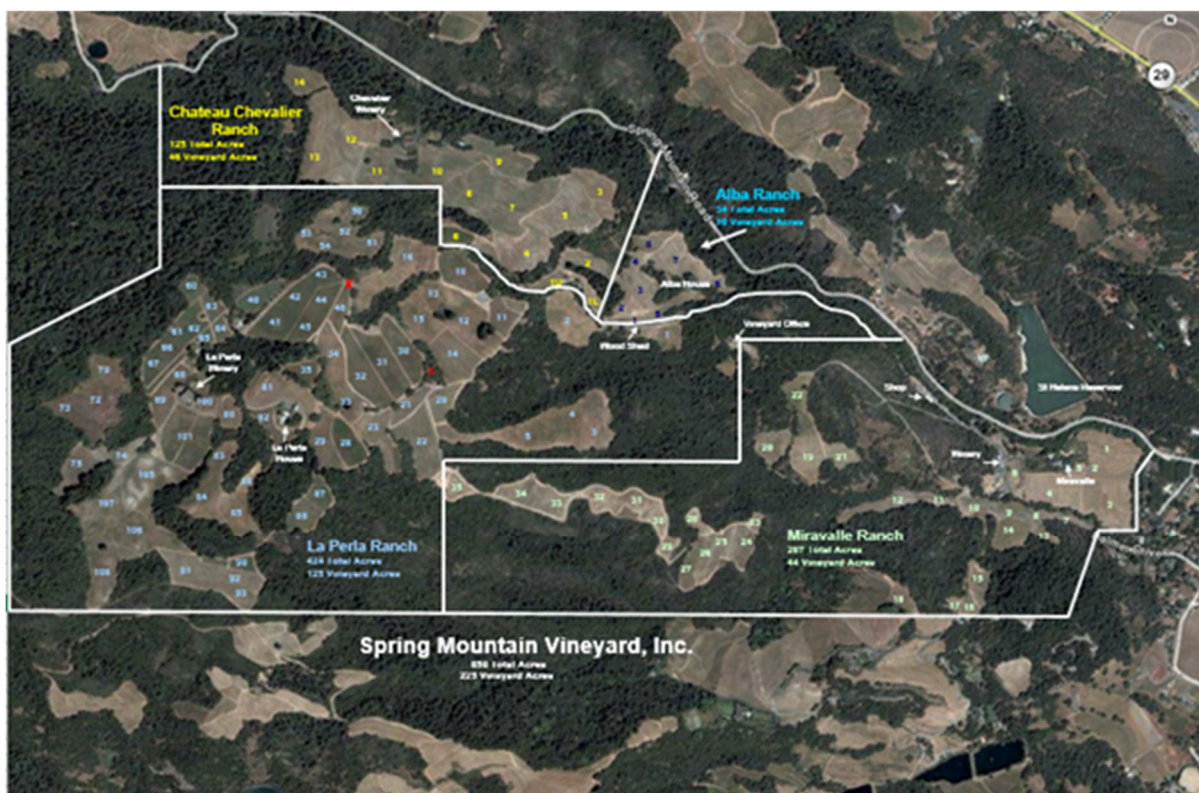
Addenda

A. Definitions

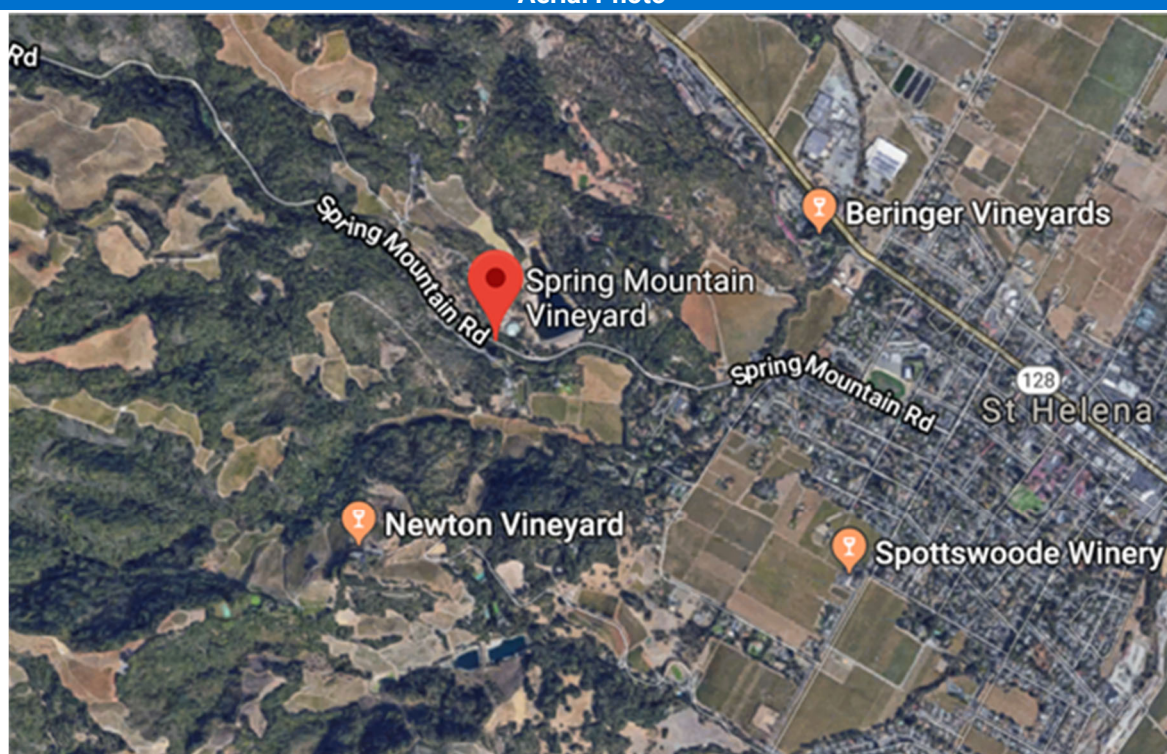
B. Engagement Letter

C. Appraiser Qualifications and Licenses





Aerial Photo



Location Map



Spring Mountain Winery



Miravalle Estate Entrance



Miravalle Estate



Spring Mountain Winery: refrigerated fermentation tanks



Spring Mountain Winery – Oak Cooperage



Spring Mountain Winery finished caves with barrel storage



Reservoir at La Perla scheduled for repair in 2021 as part of legal settlement



New 300 GPM well at La Perla



La Perla Estate historic winery building site



La Perla Estate site looking north with building site on left



View from La Perla Estate with vineyards in foreground



Historic Chateau Chevalier



Recently grafted vineyards at Chateau Chevalier on left with AXR vineyards scheduled for replanting in background



Typical vineyard after grafting with 4 wire VSP trellis



Spring Mountain Winery high density vineyard on gobelet trellis system



Typical AXR vineyard at La Perla scheduled for replanting

Executive Summary

Spring Mountain Vineyards

Property Type:	Specialty-Vineyard
Street Address:	2805 Spring Mountain Road
City, State & Zip:	Saint Helena, Napa County, CA 94574

Analysis Details

Valuation Date:	
Market Value "As Is"	June 10, 2021
Inspection Date and Date of Photos:	June 10, 2021
Report Date:	June 30, 2021
Report Type:	Appraisal Report
Client:	Cohen Tauber Spievack & Wagner P.C.
Intended Use:	Internal Business Decisions
Intended User:	Cohen Tauber Spievack & Wagner P.C.
Appraisal Premise:	As Is
Intended Use and User:	The intended use and user of our report are specifically identified in our report as agreed upon in our contract for services and/or reliance language found in the report. No other use or user of the report is permitted by any other party for any other purpose. Dissemination of this report by any party to non-client, non-intended users does not extend reliance to any other party and Newmark Knight Frank will not be responsible for unauthorized use of the report, its conclusions or contents used partially or in its entirety.
Interest Appraised:	Fee Simple
Exposure Time (Marketing Period) Estimate:	12 Months (12 Months)
Concluded Exposure Time	12 Months or Less
Concluded Marketing Time	12 Months or Less

Compiled by NKF



Spring Mountain Vineyard Value Summaries June 10, 2021					
Miravalle					
Component	SF	Acres	Value \$/SF	Value \$/Acre	Total Value
Victorian Estate Home	8,133		\$1,200		\$9,759,600
Winery Building	16,406		\$500		\$8,203,000
Winery Permit - 48,000 gallons per year					\$3,000,000
Wine Caves	18,155		\$400		\$7,262,000
Green House	1,368		\$75		\$102,600
Cottage	1,330		\$100		\$133,000
Barn	2,400		\$75		\$180,000
Shed/Shop			\$0		\$0
Resistant Vineyard		37.74		\$600,000	\$22,644,000
AXR Vineyard		5.21		\$450,000	\$2,344,500
Plantable Land - Track I		15.00		\$350,000	\$5,250,000
Homesites (3)		3.00		\$2,500,000	\$7,500,000
Building Footprint		5.00		\$200,000	\$1,000,000
Ancillary Land		200.65		\$2,000	\$401,300
Total - Miravalle	47,792	266.60			\$67,780,000
				Rounded	\$67,800,000
Chevalier					
Component	SF	Acres	Value \$/SF	Value \$/Acre	Total Value
Winery Building	10,180	1.00	\$300		\$3,054,000
Winery Permit - 24,500 gallons per year					\$1,500,000
Single Family Residence	0				\$0
Resistant Vineyard		42.87		\$600,000	\$25,722,000
Plantable Land - Track I		17.66		\$350,000	\$6,181,000
Homesites (3)		3.00		\$2,500,000	\$7,500,000
Ancillary Land		59.06		\$2,000	\$118,120
Total - Chevalier	10,180	123.59			\$44,075,120
				Rounded	\$44,100,000
La Perla					
Component	SF	Acres	Value \$/SF	Value \$/Acre	Total Value
Estate Home	0		\$300		\$0
Single Family Residence	0		\$150		\$0
Single Family Residence	0		\$150		\$0
Cabin	0		\$100		\$0
Vineyard Manager's Office	0		\$150		\$0
Garages	0		\$100		\$0
Feed Barn	0		\$50		\$0
Winery Building	0		\$150		\$0
Winery Permit - 20,000 gallons per year					\$1,500,000
Resistant Vineyard		63.07		\$600,000	\$37,842,000
AXR Vineyard		51.53		\$400,000	\$20,612,000
Plantable Land - Track I		32.00		\$350,000	\$11,200,000
Plantable Land - Track II		13.00		\$400,000	\$5,200,000
Homesites (3)		3.00		\$2,500,000	\$7,500,000
Ancillary Land		261.00		\$2,000	\$522,000
Total - La Perla		423.60			\$84,376,000
				Rounded	\$84,400,000
Alba					
Component	SF	Acres	Value \$/SF	Value \$/Acre	Total Value
Homesite		3.00		\$2,500,000	\$2,500,000
Resistant Vineyard		10.14		\$600,000	\$6,084,000
Ancillary Land		19.86		\$2,000	\$39,720
Total - Alba		33.00			\$8,623,720
				Rounded	\$8,600,000
Aggregate of the Estate Values					\$204,900,000
Less Replanting				-\$800,000	\$204,100,000



Extraordinary Assumptions and Hypothetical Conditions

An extraordinary assumption is defined in USPAP as an assignment-specific assumption as of the effective date regarding uncertain information used in an analysis which, if found to be false, could alter the appraiser's opinions or conclusions. The value conclusions are not subject to any extraordinary assumptions.

A hypothetical condition is defined in USPAP as a condition, directly related to a specific assignment, which is contrary to what is known by the appraiser to exist on the effective date of the assignment results, but is used for the purpose of analysis. The value conclusions are not based on any hypothetical conditions.

Compiled by NKF



Introduction

Ownership History

The current owner is Spring Mountain Vineyard, Inc.. To the best of our knowledge, no other sale or transfer of ownership has taken place within a three-year period prior to the effective date of the appraisal.

The property was listed for sale with International Wine Associates and that marketing effort resulted in an offer to purchase the historic Chateau Chevalier in 2019 by DBR-Lafite (Rothschild). That offer valued Chateau Chevalier at \$40,000,000 and led to a confidential LOI being executed in February 2021. The transaction was not consummated due to the impact of the pandemic.

In late 2021, ownership removed the offering for Spring Mountain Vineyard and listed the Chateau Chevalier with Engel & Volkers. The marketing efforts have resulted in ±10 offering memorandums being requested by interested parties. The asking price is \$45,000,000 and there are reportedly several interested parties.

Intended Use and User

The intended use and user of our report are specifically identified in our report as agreed upon in our contract for services and/or reliance language found in the report. No other use or user of the report is permitted by any other party for any other purpose. Dissemination of this report by any party to non-client, non-intended users does not extend reliance to any other party and Newmark Knight Frank will not be responsible for unauthorized use of the report, its conclusions or contents used partially or in its entirety.

- ❖ The intended use of the appraisal is for Internal Business Decisions and no other use is permitted.
- ❖ The client is Cohen Tauber Spievack & Wagner P.C. and the appraisal report is subject to attorney client privilege.
- ❖ The intended user is Cohen Tauber Spievack & Wagner P.C. and no other user is permitted by any other party for any other purpose.

Definition of Value

Market value is defined as:

"The most probable price which a property should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller each acting prudently and knowledgeably, and assuming the price is not affected by undue stimulus. Implicit in this



definition is the consummation of a sale as of a specified date and the passing of title from seller to buyer under conditions whereby:

- ❑ Buyer and seller are typically motivated;
- ❑ Both parties are well informed or well advised, and acting in what they consider their own best interests;
- ❑ A reasonable time is allowed for exposure in the open market;
- ❑ Payment is made in terms of cash in U.S. dollars or in terms of financial arrangements comparable thereto; and
- ❑ The price represents the normal consideration for the property sold unaffected by special or creative financing or sales concessions granted by anyone associated with the sale."

(Source: Code of Federal Regulations, Title 12, Chapter I, Part 34.42[g]; also Interagency Appraisal and Evaluation Guidelines, Federal Register, 75 FR 77449, December 10, 2010, page 77472)

Interest Appraised

The appraisal is of the Fee Simple interest.¹

- ◆ **Fee Simple Estate:** Absolute ownership unencumbered by any other interest or estate, subject only to the limitations imposed by the governmental powers of taxation, eminent domain, police power, and escheat.

Appraisal Report

This appraisal is presented in the form of an appraisal report, which is intended to comply with the reporting requirements set forth under Standards Rule 2-2(a) of USPAP. This report incorporates sufficient information regarding the data, reasoning and analysis that were used to develop the opinion of value in accordance with the intended use and user.

Purpose of the Appraisal

The primary purpose of the appraisal is to develop an opinion of the market value of the Fee Simple interest in the property.

Purpose of the Appraisal		
Appraisal Premise	Interest Appraised	Date of Value
Market Value "As Is"	Fee Simple	6/10/2021
<i>Compiled by NKF</i>		

¹ The Dictionary of Real Estate, 6th Edition, Appraisal Institute



Scope of Work

Extent to Which the Property is Identified

- ❑ Physical characteristics
- ❑ Legal characteristics
- ❑ Economic characteristics

Extent to Which the Property is Inspected

NKF inspected the subject property on June 10, 2021 as per the defined scope of work. John Vaughan, MAI made a personal inspection of the property that is the subject of this report.

Type and Extent of the Data Researched

- | | |
|---|--|
| ❑ Exposure and marketing time; | ❑ Flood zone status; |
| ❑ Neighborhood and land use trends; | ❑ Zoning requirements and compliance; |
| ❑ Demographic trends; | ❑ Real estate tax data; |
| ❑ Market trends relative to the subject property type; | ❑ Relevant applicable comparable data; and |
| ❑ Physical characteristics of the site and applicable improvements; | ❑ Investment rates |

Type and Extent of Analysis Applied

We analyzed the property and market data gathered through the use of appropriate, relevant, and accepted market-derived methods and procedures. Further, we employed the appropriate and relevant approaches to value, and correlated and reconciled the results into an estimate of market value, as demonstrated within the appraisal report.



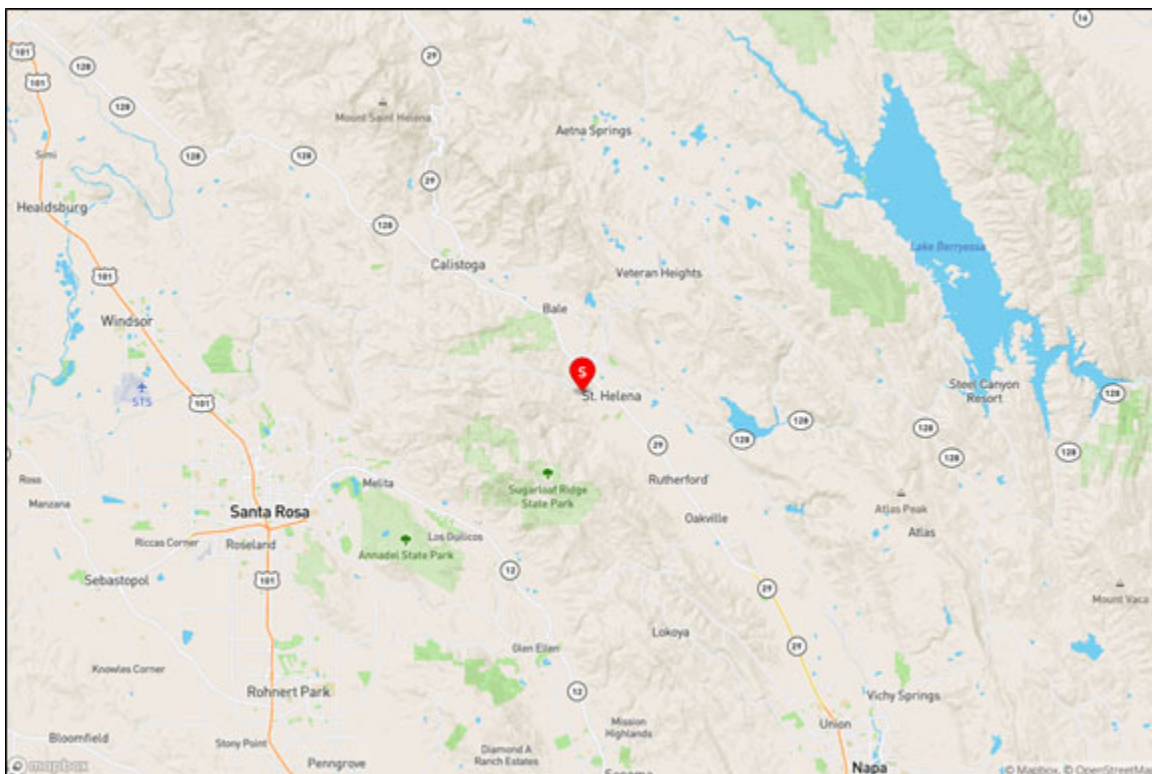
Economic Analysis

The Impact of COVID-19

It is well known that the past several months have been volatile. Real estate market volatility has resulted from the COVID-19 pandemic as well as other events such as oil price declines. Every day, there is greater clarity about the effects and expectations as evidenced by transaction activity, various data sources, and market participants. We have continuously reached out to brokers and other market participants to understand how the market is reacting.

Most of our major data sources, such as Moody's economy.com, include both COVID-19 pandemic period data and projections inclusive of its effects. This data is included within this section as well as throughout this report and is a central foundation of our analysis. There are an increasing number of transactions occurring and these are providing indications of trends.

Area Analysis



Area Map

The subject is located within Saint Helena and Napa County, California. It is part of the Napa MSA metro area (Napa).

Moody's Analytics' Economy.com provides the following economic summary for the Napa as of 44256.

Moody's Analytics Précis® Metro Indicators: Napa												
2015	2016	2017	2018	2019	2020	INDICATORS	2021	2022	2023	2024	2025	2026
10.4	10.0	10.2	10.3	10.6	10.3	Gross metro product (C12\$ bil)	10.9	11.6	12.0	12.4	12.7	13.0
6.9	-3.8	2.7	0.9	2.6	-2.9	% change	5.7	7.1	3.2	3.0	2.5	2.3
70.3	70.7	72.3	74.2	74.8	65.9	Total employment (ths)	67.0	70.2	71.9	72.8	73.5	74.1
2.6	0.5	2.3	2.7	0.8	-11.8	% change	1.6	4.8	2.3	1.4	0.9	0.8
4.6	4.3	3.6	3.0	2.9	8.3	Unemployment rate (%)	6.5	4.3	3.4	3.2	3.2	3.2
8.5	5.7	2.5	1.2	4.3	4.1	Personal income growth (%)	4.2	1.7	5.1	4.8	4.2	4.2
73.9	78.1	82.4	89.1	92.8	92.1	Median household income (\$ ths)	93.0	93.9	97.2	100.6	103.8	107.1
140.9	140.8	139.9	138.8	137.7	137.9	Population (ths)	138.3	138.5	138.8	139.1	139.4	139.6
0.3	0.0	-0.7	-0.8	-0.8	0.1	% change	0.2	0.2	0.2	0.2	0.2	0.2
0.2	-0.2	-1.0	-1.1	-1.0	0.2	Net migration (ths)	0.4	0.3	0.4	0.4	0.4	0.4
170	207	83	102	135	122	Single-family permits (#)	298	451	470	463	465	448
2	5	100	167	614	410	Multifamily permits (#)	92	50	57	61	67	69
271	295	316	332	341	351	FHFA house price (1995Q1=100)	370	387	401	420	438	456

Source: Moody's Analytics Précis® US Metro

Moody's summarizes the area's economic performance in recent months as follows:

Recent Performance

Napa's recovery has had difficulty finding traction amid a resurgence in COVID-19 cases this winter. Napa's heavy concentration in leisure/hospitality has subjected the area to larger than average job losses during the pandemic, and annual benchmark revisions uncovered a deeper jobs hole for the metro area to climb out of. Napa has recouped roughly half of jobs lost at the start of the pandemic, which is higher than the rest of California but lags compared with the nation. The jobless rate is less than half of April 2020's peak but remains just shy of triple its pre-pandemic level. House prices are still rising, but growth has been much weaker than average. Permitting perked up in late 2021.

Market Comparison

The following table illustrates key economic indicators and a comparison of the Napa to the regional grouping as a whole. As indicated, Napa is projected to outperform the West Region Metros in three of eight performance categories shown over the next five years.

Comparison of Key Economic Indicators - Napa Metro to West Region										
Indicator	Napa			Annual Growth		West Region Metros			Annual Growth	
	2015	2020	2025	2015 - 2020	2020 - 2025	2015	2020	2025	2015 - 2020	2020 - 2025
Gross metro product (C12\$ bil)	10.0	10.9	13.0	1.8%	3.6%	4,314	4,844	5,814	2.3%	3.7%
Total employment (ths)	70.7	67.0	74.1	-1.1%	2.0%	32,023	32,850	35,894	0.5%	1.8%
Unemployment rate (%)	4.3%	6.5%	3.2%			5.7%	9.2%	4.8%		
Personal income growth (%)	5.7%	4.2%	4.2%			6.8%	6.0%	5.1%		
Population (ths)	140.8	138.3	139.6	-0.4%	0.2%	75,743	78,939	81,916	0.8%	0.7%
Single-family permits (#)	207	298	448	7.5%	8.5%	160,707	221,687	333,584	6.6%	8.5%
Multifamily permits (#)	5	92	69	79.2%	-5.6%	116,528	128,243	142,057	1.9%	2.1%
FHFA house price (1995Q1=100)	295	370	456	4.6%	4.2%	452	612	719	6.2%	3.3%
Napa outperforming West Region Metros										
Napa underperforming West Region Metros										

Source: Moody's Analytics Précis® US Metro; Compiled by NKF



Employment Sectors and Trends

Employment data by occupation and business/industry sectors provides an indication of the amount of diversification and stability in the local economy. Job sector composition also gives an indication of the predominant drivers of current and future demand for supporting commercial real estate sectors. The following tables display employment data by occupation sector and by business/industry sector for the area and region.

Current Employment by Occupation Sector

Occupation Sector	94574		St. Helena City		Napa County		Napa, CA MSA		California	
White Collar	2,697	66.2%	1,735	65.8%	39,229	59.2%	39,229	59.2%	10,446,141	62.3%
Administrative Support	333	8.2%	199	7.5%	7,890	11.9%	7,890	11.9%	2,127,719	12.7%
Management/Business/Financial	1,139	28.0%	759	28.8%	11,435	17.2%	11,435	17.2%	2,665,801	15.9%
Professional	862	21.2%	536	20.3%	13,714	20.7%	13,714	20.7%	3,986,254	23.8%
Sales and Sales Related	363	8.9%	241	9.1%	6,190	9.3%	6,190	9.3%	1,666,367	9.9%
Services	609	14.9%	446	16.9%	12,644	19.1%	12,644	19.1%	2,880,284	17.2%
Blue Collar	769	18.9%	456	17.3%	14,438	21.8%	14,438	21.8%	3,443,509	20.5%
Construction/Extraction	120	2.9%	99	3.8%	3,113	4.7%	3,113	4.7%	878,681	5.2%
Farming/Fishing/Forestry	252	6.2%	109	4.1%	2,911	4.4%	2,911	4.4%	340,082	2.0%
Installation/Maintenance/Repair	88	2.2%	40	1.5%	1,814	2.7%	1,814	2.7%	442,516	2.6%
Production	149	3.7%	114	4.3%	3,731	5.6%	3,731	5.6%	810,952	4.8%
Transportation/Material Moving	160	3.9%	94	3.6%	2,869	4.3%	2,869	4.3%	971,278	5.8%
Total Employees (16+ Occupation Base)	4,075	100.0%	2,637	100.0%	66,311	100.0%	66,311	100.0%	16,769,934	100.0%

Source: ESRI; Compiled by NKF

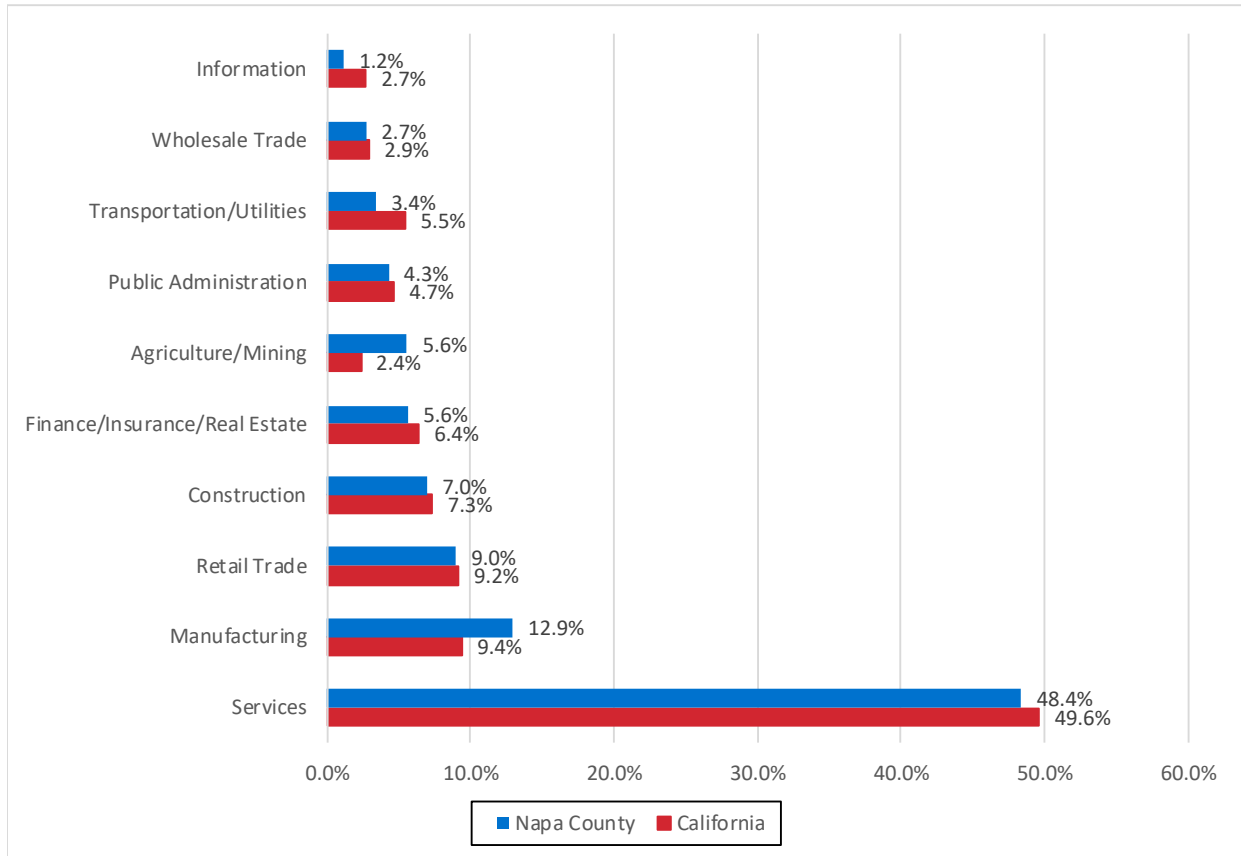
Current Employment by Industry Sector

Industry Sector	94574		St. Helena City		Napa County		Napa, CA MSA		California	
Agriculture/Mining	324	8.0%	122	4.6%	3,699	5.6%	3,699	5.6%	394,371	2.4%
Construction	202	5.0%	146	5.5%	4,609	7.0%	4,609	7.0%	1,230,684	7.3%
Manufacturing	678	16.6%	496	18.8%	8,575	12.9%	8,575	12.9%	1,575,513	9.4%
Wholesale Trade	127	3.1%	65	2.5%	1,799	2.7%	1,799	2.7%	488,208	2.9%
Retail Trade	231	5.7%	126	4.8%	5,954	9.0%	5,954	9.0%	1,538,102	9.2%
Transportation/Utilities	87	2.1%	54	2.0%	2,259	3.4%	2,259	3.4%	915,176	5.5%
Information	40	1.0%	35	1.3%	769	1.2%	769	1.2%	452,705	2.7%
Finance/Insurance/Real Estate	265	6.5%	185	7.0%	3,730	5.6%	3,730	5.6%	1,071,799	6.4%
Services	2,072	50.8%	1,399	53.1%	32,079	48.4%	32,079	48.4%	8,322,684	49.6%
Public Administration	49	1.2%	10	0.4%	2,838	4.3%	2,838	4.3%	780,692	4.7%
Total Employees (16+ Occupation Base)	4,075	100.0%	2,637	100.0%	66,311	100.0%	66,311	100.0%	16,769,934	100.0%

Source: ESRI; Compiled by NKF



Employment Comparison

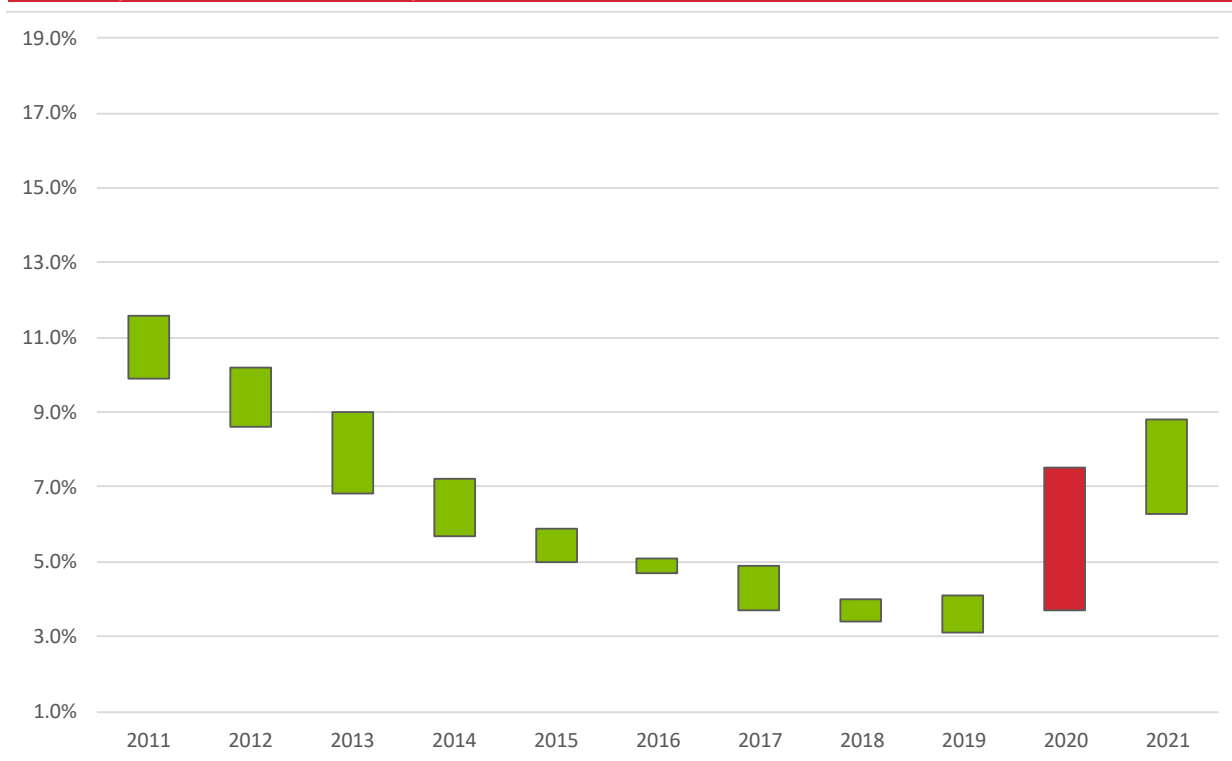


Source: ESRI; Compiled by NKF

Unemployment

The following table displays the historical unemployment data for the area derived from the US Department of Commerce, Bureau of Labor Statistics. The most recent reported unemployment rate for the Napa County, CA is 0.063 (April 2021).

Unemployment Rate: Napa County, CA



Bars represent beginning to end range of unemployment rates in each year

Red bars denote increasing unemployment from beginning to end of year

Green bars are declining unemployment from beginning to end of year

Compiled by NKF

Major Employers

The following table lists a number of major employers with the Napa as reported by Moody's. While not all-encompassing, this list provides further indication of the types of economic sectors that are drivers for the area.

Selected Major Employers: Napa

Rank	Employer	Employees
1	Napa State Hospital	2,400
2	St. Helena Hospital	1,300
3	St. Joseph Health Queen of the Valley	1,162
4	Trinchero Family Estates	1,103
5	Veteran's Home	781
6	Walmart Inc.	505
7	Napa Valley College	500-999
8	Silverado Resort and Spa	500-999
9	Treasury Wine Estates	410
10	Auberge du Soleil	250-499
11	Allied Universal	250-499
12	California Old Fellows	250-499
13	Domaine Chandon	250-499
14	Meadows of Napa Valley Retirement	250-499
15	McCarthy Library	250-499
16	Pavilion-Vintage Estate	250-499
17	Sutter Home Winery Inc.	250-499
18	Syar Industries Inc.	250-499
19	Calistoga Ranch	100-249
20	Las Alcobas	100-249

Source: Moody's Analytics Précis® US Metro

Analysis

Further economic analysis from Moody's is detailed as follows:

Reopening

Napa's economy will benefit from the gradual reopening after oscillating restrictions squeezed economic growth for a full year. Napa County recently moved into the less restrictive orange tier, which allows restaurants to operate at 50% indoor capacity and wineries at 25% capacity. The governor's goal of fully reopening the state by June 15 injects upside risk for consumer-reliant industries in Napa. Google mobility data show that retail and recreation activity in the county is still about 20% below the precrisis baseline, but the metro area will likely reach, if not surpass, pre-pandemic levels of activity this summer thanks to pent-up demand for travel.

Tourism

Hard-hit leisure/hospitality will get a shot in the arm over the near term thanks to relaxed restrictions, but a full recovery will take several years. Around 65% of jobs in leisure/hospitality were lost last spring, but more than half have already been recouped. Napa is highly dependent on travel and has the highest share of jobs in leisure/hospitality in California. Hospitality, retail and personal services firms are already looking to bolster staff ahead of the summer, knowing



tourists are itching to travel as the country approaches herd immunity. Also, with increased savings, consumers have the financial firepower to unleash spending, which bodes well for a metro area that caters primarily to wealthier visitors. Hotels in Napa are already reaching full capacity on weekends and weekday bookings are rising at a steady clip. Hiring challenges do inject some downside risk to the outlook, though, as the extremely high cost of living deters low-wage workers, and the volatility of the pandemic caused many to change industries. The metro area's labor force has contracted by almost four times as much as the national average, and employers will need to attract at least some of those workers back to keep up with demand.

Wine

Vintners were dealt a bad hand last year, but the near-term outlook is bright as consumers look to travel and splurge on luxury goods. Wineries are preparing for a surge in post-pandemic travel, and on-site tastings are crucial because they boost direct-to-consumer sales, which have higher profit margins than selling through a distributor. Another upside is that sales to restaurants and bars will surge as restrictions are relaxed and consumers look to dine out again.

Wildfires

California has experienced longer and more destructive wildfire seasons during the past several years. Given the severe drought conditions impacting the state, the current year is likely to see this trend accelerate. The subject properties were severely impacted by the Glass Fire of 2020 with several structures destroyed and many vineyard blocks suffering fire damage.

2020 saw the worst year on record for wildfires in California.

The Napa Valley was severely impacted by the LNU Lightning Complex fires, the 4th largest wildfire recorded in the history of California. A large complex of wildfires composed of numerous lightning-sparked fires, most of which were small. While initially started separately from each other, the Hennessey Fire eventually grew to merge with the Gamble, Green, Markley, Spanish, and Morgan Fires, resulting in a total burn area of 363,220 acres. The fire, which burned in the hills surrounding several large cities, such as Fairfield, Napa, and Vacaville, destroyed 1,491 structures and damaged a further 232. In all, six people were killed and another five injured. The Hennessey Fire destroyed homes, farms, ranches and many properties in four counties and resulted in evacuation of an estimated 17,000 residents in Napa County, including parts of Napa Valley's wine country, homes, resorts and neighborhoods around Lake Berryessa, including Aetna Springs, Angwin, Snell Valley, Atlas Peak, Chiles Valley, Steele Canyon, Pope Valley, Deer Park, Howell Mountain and unincorporated areas of Napa.

On September 27, 2020, the Glass Fire was started by an extension cord to an electrical fence of a private property off of Glass Mountain Road. It was not fully contained until October 20, 2020, after burning over 67,484 acres and destroying 1,555 structures, including 308 homes and 343 commercial buildings in Napa County, as well as 334 homes in Sonoma County. Miraculously, no



injuries or deaths were reported as a result of the fire. An estimated 70,000 people were under evacuation orders in the regions surrounding the Glass Fire. CAL FIRE officials did not lift all remaining evacuation orders related to the fire on October 19, 2020. Numerous structures were destroyed in Deer Park, including the Foothills Adventist Elementary School. Additionally, the fire destroyed or damaged 31 wineries, restaurants, and lodges in the region, including the famous 41-year-old Chateau Boswell Winery near St. Helena, and the 13th-century-style winery Castello di Amorosa winery near Calistoga, which lost \$5 million worth of wine. California's oldest resort, the White Sulphur Springs Resort, was also destroyed. The three-Michelin-starred The Restaurant at Meadowood also burned to the ground on September 28, 2020.

Initially a single 20-acre brush fire, it rapidly grew and merged with two smaller fires that expanded to 11,000 acres during the night of September 27 into September 28. Fueled by dry conditions and high winds, the Glass Fire jumped across both the Silverado Trail and the Napa River. A wine analytics expert said property damage to wineries alone will total hundreds of millions of dollars, with a possible \$1 billion winery-loss figure for the Glass Fire alone. The Glass Fire destroyed most of the 2020 Cabernet crop as well as many small-scale, family-run wine estates and ultraluxury wineries. The Glass Fire completely destroyed the Calistoga Ranch an ultra-luxury five-star resort with 50 rooms. It was part of the Auberge Resort Collection, which intends to reestablish the resort.

In October 2019, the Kincadee fire was started by a jumper cable on a PG&E transmission tower that broke during high winds and arced against the tower causing vegetation to ignite. It became the largest of the 2019 California wildfire season, and the largest wildfire recorded in Sonoma County at the time. The fire burned 77,758 acres as it swept through more than 100 miles and destroyed or damaged over 120 buildings.

Prior to the Kincadee fire, the most destructive wildfire to impact Sonoma and Napa counties occurred in October 2017, when Northern California was devastated by an outbreak of dozens of fires which developed into the worst wildland-urban cluster of fires in state history, covering some 245,000 acres. A state of emergency was declared for Napa, Sonoma, and Yuba counties on October 9th, and a federal Major Disaster Declaration was issued on October 16th. The fires devastated many communities in the region, mostly within Sonoma and Napa counties, and to a lesser extent, pockets of Lake, Mendocino, Solano, Butte, Yuba, Nevada, and Santa Cruz counties. The fires claimed at least 43 lives and destroyed thousands of structures, including 22 wineries and over 14,700 homes. Preliminary estimates indicate roughly \$3 billion in total property damage from the fires. At least 5,130 homes were destroyed in Sonoma County, 3,000 of which were within the City of Santa Rosa, which represented five percent of the city's housing stock. The fires sharply exacerbated the already existing housing crisis, with thousands of people displaced and desperately in need of housing.



The outlook for continued risks of wildfire has resulted in demand shifting from locations within the Wildfire Urban Interface (WUI) to areas of lesser risk. The WUI is the zone of transition between unoccupied land and human development. It is the line, area or zone where structures and other human development meet or intermingle with undeveloped wildland or vegetative fuels. Communities adjacent to and surrounded by wildland are at varying degrees of risk from wildfires.

Pandemic Migration and Remote Work

The pandemic resulted in significant demand for rural residential demand throughout the Bay Area, as affluent investors moved out of the high-density employment centers of San Francisco and Silicon Valley. The migration was amplified by the technology sector's ability to "work from anywhere". This resulted in significant demand for rural residential estates in Napa Valley.

Drought

In addition to the wildfires and pandemic, California is experiencing a severe drought and Napa County is currently at Level D4 – Exceptional Drought conditions, defined by NOAA's National Integrated Drought Information System as:

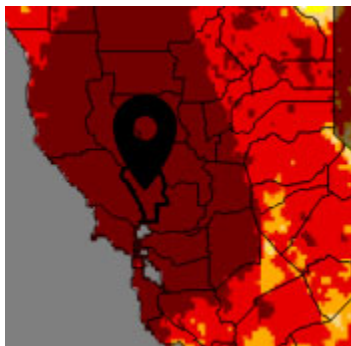
Fields are left fallow; orchards are removed; vegetable yields are low; honey harvest is small;

Fire season is very costly; number of fires and area burned are extensive;

Fish rescue and relocation begins; pine beetle infestation occurs; forest mortality is high; wetlands dry up; survival of native plants and animals is low; fewer wildflowers bloom; wildlife death is widespread; algae blooms appear.

Widespread crop/pasture losses with shortages of water in reservoirs, streams, and wells creating water emergencies.

The following exhibit illustrates the level of drought in Northern California. The severe drought conditions are impacting the vineyards throughout the North Coast AVA.

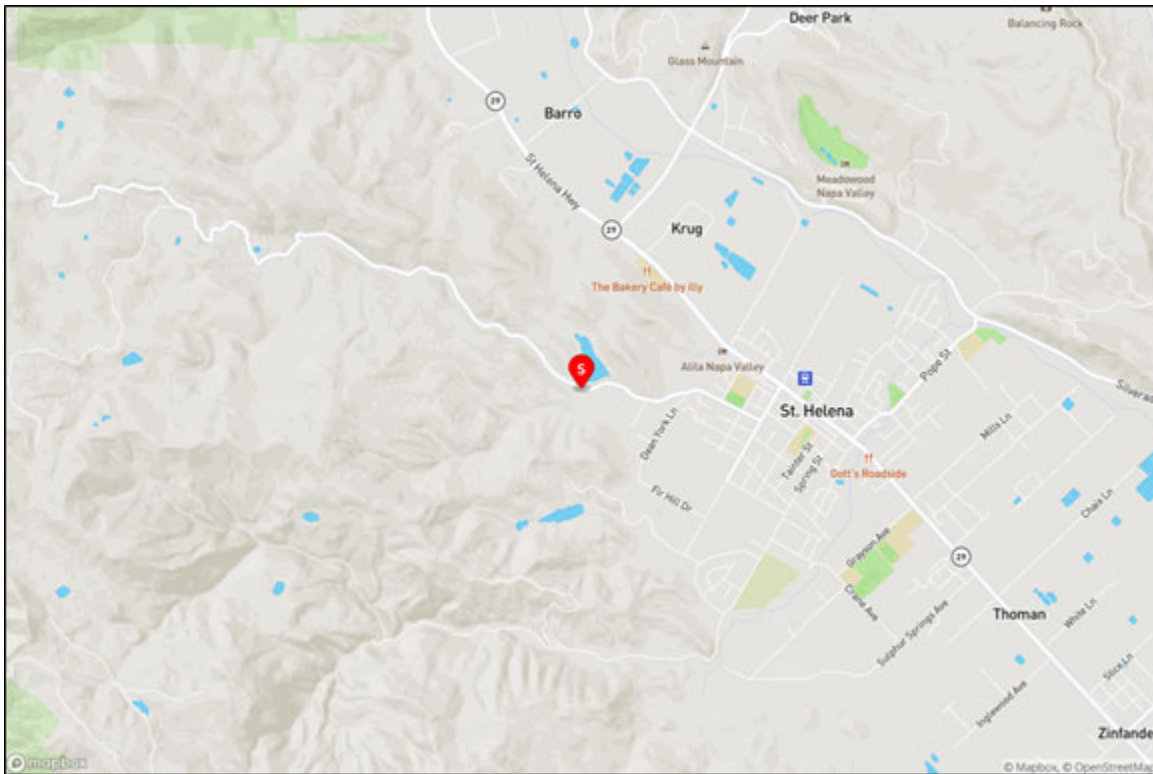


Conclusion

Napa's near-term outlook is growing more optimistic as the vaccine rollout progresses, providing hope for the area's tourist-dependent industries. In the long run, a high quality of life and highly educated workforce will keep the metro area in line with the California average in job and income growth. Napa's economy will benefit from the consumer spending surge this summer as domestic travelers flock to the nation's wine capital. This near-term boost will help get the recovery moving, but it will still be several years before employment surpasses pre-pandemic levels. Over the long run, world-class wineries and hospitality establishments will draw affluent tourists. This will keep Napa tied tightly to the national business cycle but allow employment growth to outperform.



Neighborhood Analysis



Area Map

Boundaries

The subject is located in the St. Helena community of Napa County. This area is generally delineated as follows:

North	Howell Mountain AVA
South	Oakville
East	Lake Hennessey, Vaca Mountains
West	Mayacamus Mountains

Access and Linkages

Primary access to the area is provided by Highway 128, a major arterial that traverses Napa Valley in a northwest/southeast direction. Access to the subject from downtown St. Helena is provided by Spring Mountain Road, and travel time from the major arterial to the subject is about three minutes. Overall, vehicular access is good.

Napa County Airport is located about 26 miles from the property; travel time is about 45 minutes. The Sonoma County Airport is located about 27 miles and 45 minutes from the property.

History and Character

St. Helena is located in Central Napa County. Since its inception, the area has served as a rural agricultural center. Charles Krug established Napa Valley's first commercial winery in 1861, roughly one mile from the city center. Shortly thereafter, in 1876, Beringer Vineyards was established nearby; a property which features the historic Victorian "Rhine House" mansion which was designed by the same architect as the subject's Miravalle Estate. By 1890, more than 140 wineries were operating in Napa Valley. As commercial wine growing and making developed, St. Helena became one of the major business and banking centers for the wine industry.

Today, several dozen major wineries surround the city, whose motto is "The Heart of Napa Valley", and which serves as a major destination for the County's \$1.4 billion tourism industry. The downtown area features well maintained Victorian and other historic buildings, prompting three blocks to be listed as a National Historic District on the National Register of Historic Places. St. Helena offers all major services including a hospital, colleges, hotels, inns, and numerous restaurants, boutiques, and tasting rooms.

Downtown St. Helena is located about five minutes driving time from the property.

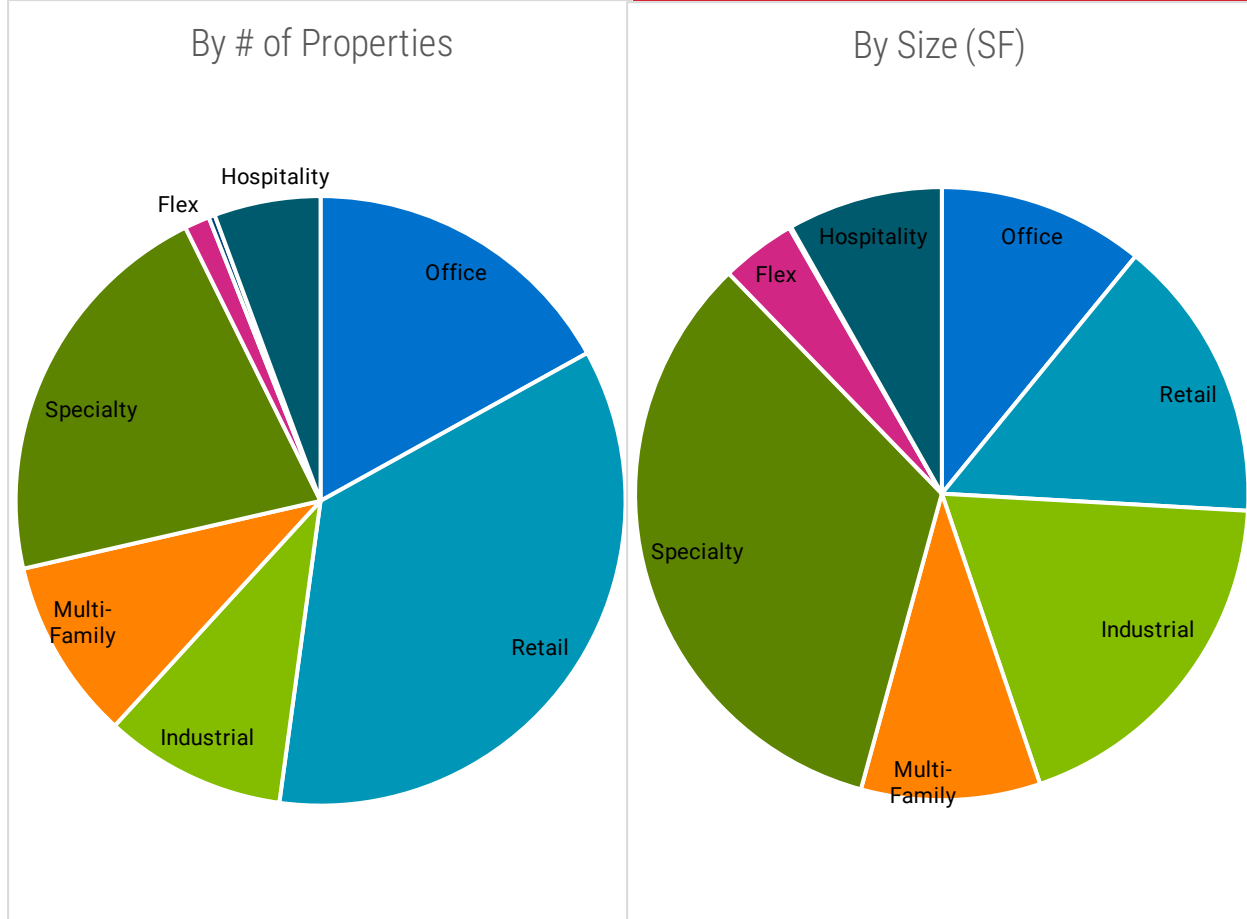
Land Use

In the immediate vicinity of the subject, predominant land uses are wine grape cultivation and wineries, with related tasting facilities. Wineries of note in the area include the subject's Spring Mountain Vineyards, Beringer Vineyards, Caymus Vineyards, Inglenook Winery, Quintessa Winery, Frog's Leap Winery, and Beaulieu Vineyards.

The majority of acreage on the area's valley floor lands is improved with vineyards, with some properties also including homes and winery components. While residential uses are scattered throughout the area, these uses are concentrated within the city of St. Helena. The remainder of land uses are comprised of typical commercial development and hospitality uses which support the area's resident population and tourism industry.

The following was developed from Costar data for the major property types in the surrounding 4 mile radius around the subject.



Surrounding Area Commercial Property Characteristics

Source: Costar; Compiled by NKF

Demographics

A demographic summary for the defined area is illustrated as follows:

Demographic Analysis								
	1-Mile Radius	3-Miles Radius	5-Miles Radius	94574	St. Helena City	Napa County	Napa, CA MSA	California
Population								
2010 Total Population	1,662	7,796	9,626	8,818	5,764	136,484	136,484	37,253,956
2020 Total Population	1,629	7,709	9,519	8,728	5,675	137,247	137,247	39,648,525
2025 Total Population	1,602	7,580	9,359	8,583	5,571	136,592	136,592	40,742,448
Projected Annual Growth %	-0.3%	-0.3%	-0.3%	-0.3%	-0.4%	-0.1%	-0.1%	0.5%
Households								
2010 Total Households	728	3,238	4,003	3,652	2,381	48,876	48,876	12,577,498
2020 Total Households	717	3,224	3,987	3,640	2,360	48,725	48,725	13,300,367
2025 Total Households	705	3,175	3,925	3,585	2,321	48,361	48,361	13,638,985
Projected Annual Growth %	-0.3%	-0.3%	-0.3%	-0.3%	-0.3%	-0.1%	-0.1%	0.5%
Income								
2020 Median Household Income	\$125,939	\$101,524	\$102,625	\$101,987	\$97,058	\$88,568	\$88,568	\$77,500
2020 Average Household Income	\$171,990	\$143,482	\$145,183	\$145,515	\$140,461	\$119,795	\$119,795	\$110,857
2020 Per Capita Income	\$73,514	\$60,701	\$61,110	\$60,717	\$58,386	\$42,789	\$42,789	\$37,302
Housing								
2020 Owner Occupied Housing Units	58.9%	49.9%	49.7%	49.8%	50.4%	57.9%	57.9%	50.9%
2020 Renter Occupied Housing Units	28.9%	33.7%	32.4%	32.1%	35.4%	31.1%	31.1%	41.5%
2020 Median Home Value	\$1,190,705	\$1,164,661	\$1,177,180	\$1,172,449	\$1,041,896	\$659,072	\$659,072	\$566,060
Median Year Structure Built	1962	1971	1970	1971	1972	1975	1975	1975
Miscellaneous Data Items								
2020 Bachelor's Degree	39.7%	31.5%	30.8%	30.8%	33.8%	23.9%	23.9%	21.5%
2020 Grad/Professional Degree	23.3%	20.6%	20.4%	20.2%	18.8%	12.8%	12.8%	13.2%
2020 College Graduate %	63.0%	52.1%	51.2%	51.0%	52.6%	36.7%	36.7%	34.7%
2020 Average Household Size	2.16	2.35	2.33	2.35	2.36	2.71	2.71	2.92
2020 Median Age	48.5	47.0	47.6	47.6	44.2	41.2	41.2	36.4

Source: ESRI; Compiled by NKF

Outlook and Conclusions

Napa Valley is part of the San Francisco Bay Area, which is one of world's most dynamic employment centers. The Bay Area is in the midst of a strong economic expansion and the wealth creation occurring in the current cycle is increasing demand for real estate in the region's most desirable locations, such as in the St. Helena area of Napa Valley. Considering the economic and social characteristics of the Bay Area and its influence on the Napa Valley area, we are optimistic about the short-term outlook. We project that Napa's economy will continue to improve during the current reopening cycle as wine industry and related tourism benefit from the strength of the region's economic expansion. Longer term, we expect the region to experience high levels of demand for real estate due to its proximity to the region's major employment centers, desirable lifestyle amenities, and favorable climactic conditions. This trend is expected to result in continued appreciation of real estate due to the limited supply of developable land in Napa Valley's core locations.



Wine Grape Market Analysis

Spring Mountain Vineyard is composed of four adjacent vineyard estates with a total of 153.82 acres are improved with premium hillside vineyards planted to resistant rootstock and 134.40 acres are considered plantable land.

Current ownership has positioned this property to continue the production of super premium wines rivaling the best in the world. The specific location of the subject and its extensive hillside plantings are well suited to attaining this goal, and if offered for sale, the assemblage would entice substantial interest from investors worldwide. The international demand for Napa Valley vineyard estates and wineries is evidenced by recently sold comparable properties to investors from Bordeaux, Italy, and China. Considering this current dynamic, we begin with an overview of the wine industry and current economic conditions in Napa's wine industry.

The Vineyard Estate submarket of the Northern San Francisco Bay counties of Marin, Sonoma and Napa is also a tremendously active sector of the local economy in which the subject property competes at the uppermost tier.

California's Napa Valley AVA, in which the subject is located, is California's most prestigious appellation. Napa Valley is comprised of the entirety of Napa County, and is also located within the larger North Coast AVA which is comprised of Napa, Sonoma, Marin, Lake, and Mendocino counties, along with a portion of western Solano County. The North Coast AVA embodies the foremost winemaking region of North America. The majority of this region is situated along the spine of the Mayacamas Mountain Range, one of the most distinctive geographical features of the North Coast, which heavily influences growing conditions.

California Wine Grape Overview

The State of California produces nearly 90 percent of the nation's wine, and has over 427,000 acres planted to vineyards. The California Department of Food and Agriculture tracks grape production for the state in the annual Grape Crush Report, released each spring. Data is reported by grape pricing district (primarily delineated by county), of which there are 17 in total.

We note that the 2020 harvest in Napa Valley was devastated by the LNU and Glass fires and the flagship Cabernet Sauvignon harvest was completely destroyed for all intents and purposes. The loss of the 2020 crop resulted in a shortage of Napa wine grapes and the outlook is cautiously optimistic that the 2021 harvest will have strong demand and good yields.

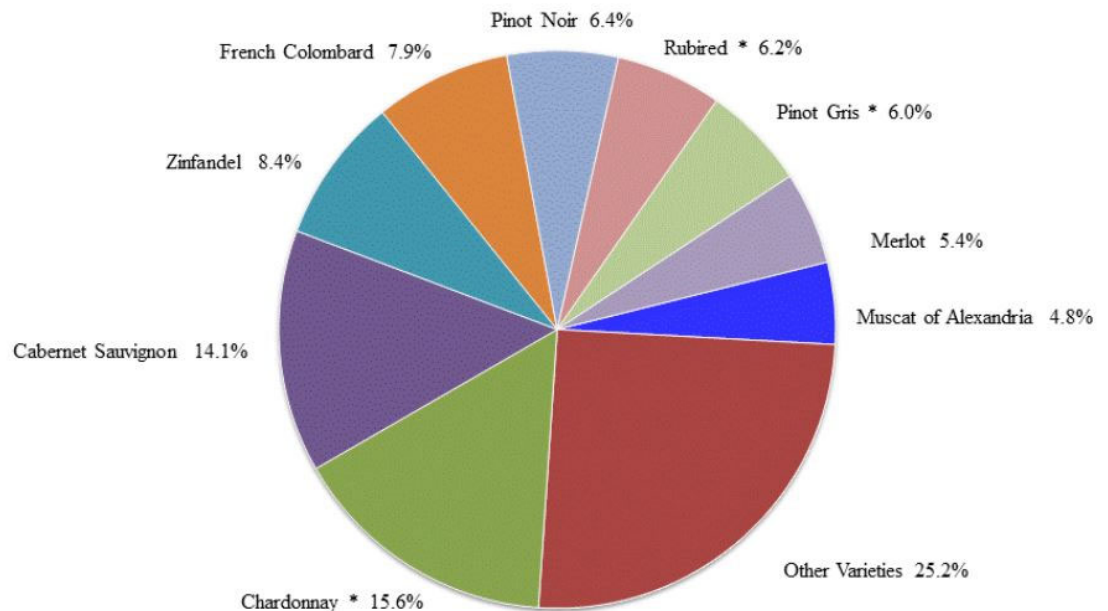
The most recent successful harvest was in 2019 and the 2019 Crush Report is summarized as follows:

- The 2019 crush totaled 4,085,772 tons, down 9.3 percent from the record 2018 harvest of 4,506,010 tons, when the total tonnage for all wine varieties was 4.282 million tons and the average price for all varieties increased from \$800 per ton to \$855 per ton.

- The 2019 Chardonnay price of \$899.83 was down 7.3 percent from 2018, and the Cabernet Sauvignon price of \$1,720.61 was up 2.2 percent from 2018. The 2019 average price for Zinfandel was \$564.74, down 5.8 percent from 2018;
- Red wine varieties accounted for the largest share of all grapes crushed, at 2,135,112 tons, down 12.8 percent from 2018;
- The 2019 white wine variety crush totaled 1,755,141 tons, down 4.3 percent from 2018;
- In 2019, Chardonnay continued to account for the largest percentage of the total crush volume with 15.6 percent;
- Cabernet Sauvignon accounted for the second leading percentage of crush with 14.1 percent;

Leading Grape Varieties Crushed in California

Percent of Total 2019 Crush ^{1/}



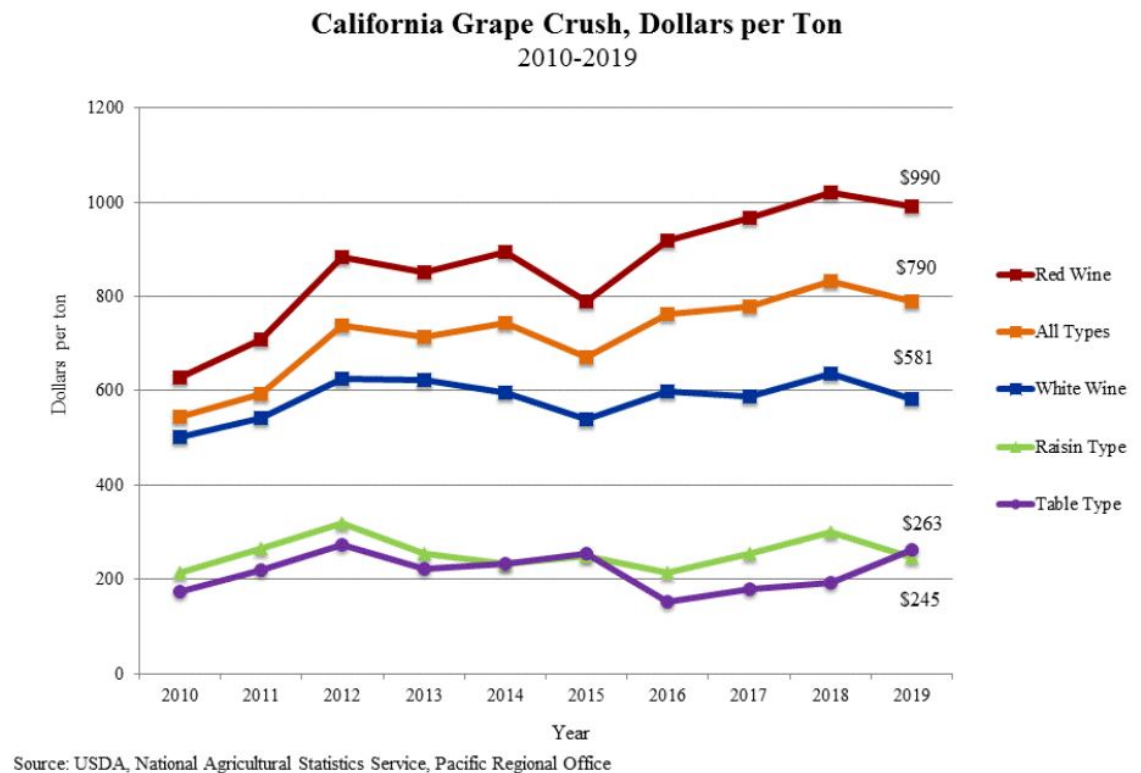
Source: USDA, National Agricultural Statistics Service, Pacific Regional Office

*Synonyms for variety names are shown on Page 5 of the *California Grape Crush Report, Preliminary 2019*.

^{1/} Percentages may not add to 100%, due to rounding.

- District 13, (Madera, Fresno, Alpine, Mono, Inyo Counties; and Kings and Tulare Counties north of Nevada Avenue (Avenue 192)), had the largest share of the State's crush, at 1,307,233 tons. The average price per ton in District 13 was \$300.60;

- Grapes produced in District 4 (Napa County) received the highest average price of \$5,797 per ton, up 3.9 percent from 2018. This dynamic contrasts with pricing in District 13 and supports projected future price increases for District 4.
- District 3 (Sonoma and Marin counties) received the second highest return of \$2,824, up 0.2 percent from 2018.



California's Napa Valley AVA is the nation's most prestigious appellation. Napa Valley is comprised of the entirety of Napa County, and is also located within the larger North Coast AVA which is comprised of Napa, Sonoma, Marin, Lake, and Mendocino counties, along with a portion of western Solano County.

The North Coast AVA embodies the foremost winemaking region of North America. Much of this region is situated along the spine of the Mayacamas Mountain Range, one of the most distinctive geographical features of the North Coast, which heavily influences growing conditions.

The international demand for Napa Valley vineyard estates and wineries is evidenced by recently sold comparable properties to investors from Bordeaux, Italy, and China. Considering

this current dynamic, we begin with an overview of the wine industry and current economic conditions in Napa's wine industry.

California Wine Grape Overview

The State of California produces nearly 90 percent of the nation's wine, and has over 427,000 acres planted to vineyards. The California Department of Food and Agriculture tracks grape production for the state in the annual Grape Crush Report, released each spring. Data is reported by grape pricing district (primarily delineated by county), of which there are 17 in total.

The 2019 harvest in Napa indicated a total crush was less than initially expected, as rains in the spring interfered with the flowering of some varietals.

The 2020 Grape Crush Report indicated that the harvest in Napa Valley was well below normal due to the Glass Fire, which severely impacted the harvest of Cabernet Sauvignon. Many vineyards did not harvest their late ripening Bordeaux varietals or Zinfandel due to smoke taint.

North Coast Overview

California contains four broadly defined winegrowing regions: North Coast, Central Coast, South Coast, and the Central Valley. All of the aforementioned regions, with the exception of the Central Valley, are also registered American Viticultural Areas (AVAs). In total, the state of California contains 107 recognized AVAs, each with its own unique growing characteristics; the majority of AVAs are relatively small and contained within the larger region's AVA boundaries.

The North Coast AVA is situated along the spine of the Mayacamas Mountain range, which is one of the most distinguishing geographical features of the AVA, along with its characteristic cool fog and breezes afforded by the Pacific Ocean. The subject property is located within the North Coast AVA, in addition to the Napa Valley AVA. A map showing the boundaries of the Napa Valley AVA and the associated nested AVA's is presented on the following page.



Recent Harvests

The 2020 harvest in Napa Valley was well below normal due to the Glass Fire, which severely impacted the harvest of Cabernet Sauvignon. Many vineyards did not harvest their late ripening Bordeaux varietals or Zinfandel due to smoke taint.

The 2019 harvest in the North Coast was lighter than the 2018 record harvest, which was the first year in which many wineries were unable to take all of the fruit that was produced and delivered.

In addition, 2019 was another year of serious wildfires that resulted in varying levels of smoke taint in some vineyards. The combination in 2019 of a record harvest and potential smoke taint in the fruit resulted in many growers having their fruit rejected as wineries were able to be very selective in their purchases. This dynamic led to some legal action as growers sought to enforce their contracts with wineries.

Undersupply of Napa Cabernet Sauvignon

The scale of the fire and smoke damage to the 2020 Napa Valley vintage for Cabernet Sauvignon is estimated at 80% of the crop. This has resulted in a shortage for the year, with many Napa Valley wineries deciding to not make a 2020 vintage for Napa Valley Cabernet Sauvignon or proprietary Bordeaux Blends. Given the shortage of fruit for the 2020 vintage, it is likely that pricing will increase for 2021 Bordeaux varietals from the Napa Valley AVA.

Oversupply in Bulk Market

Prior to the onset of the pandemic, the market was intensely focused on an oversupply in winery marketing channels. This dynamic generated significant attention as the primary driver of the oversupplied marketing channels was declining demand in the wine sector. This decline has been attributed to the increasing diversification in the adult beverage sector driven by consumer preferences that are evolving from the traditional sectors of beer, wine, and spirits. The expansion of the Craft Beer sector and the associated Hard Cider and now Hard Seltzers reflect shifting consumer preferences.

These shifts are impacting the core wine sectors, which tend to be more price sensitive and the bulk wine market has seen the largest pricing declines. The majority of the bulk wine market is generated in the Central Valley, District 13, (Madera, Fresno, Alpine, Mono, Inyo Counties; and Kings and Tulare Counties north of Nevada Avenue. This district had the largest share of the State's crush in 2019, at 1,307,233 tons. The average price per ton in District 13 was \$301. This district reflects the current oversupply in the market, as reflected by the depressed pricing. At the current level of production, vineyards in District 13 are not the highest and best use of the land and growers are expected to remove existing vineyards and replant with almond or pistachio orchards, which produce significantly more revenue per acre.

The Central Coast is also a focal point of concern for market participants as this area has seen significant increases in plantings of production vineyards. Pricing in this district is driven by

regional winemakers and is expected to be constrained until the related marketing channels achieve equilibrium.

Wildfires

The most challenging aspect of the past three harvests have been the impacts of serious wildfires throughout the North Coast AVA. The California wildfires in 2020 were by far the largest and most damaging in modern history. On September 27th, the Glass Fire was ignited and burned over 67,484 acres, destroying 1,555 structures, including 308 homes and 343 commercial buildings in Napa County, as well as 334 homes in Sonoma County. The fire destroyed or damaged 31 wineries, restaurants, and lodges in the region, including the famous 41-year-old Chateau Boswell Winery near St. Helena, and the 13th-century-style winery Castello di Amorosa winery near Calistoga, which lost \$5 million worth of wine (based on 120,000 bottles), though its \$30 million castle remains safe. California's oldest resort, the White Sulphur Springs Resort, was also destroyed. The three-Michelin-starred The Restaurant at Meadowood also burned to the ground on September 28, 2020.

In 2018, the Kincaid Fire in northeastern Sonoma County burned over 100 square miles in Sonoma County during harvest.

In 2017, the outbreak of dozens of fires in Northern California during the month of October developed into the worst wildland-urban cluster of fires in state history and covered 245,000 acres. The fires devastated many communities in the region, mostly within Sonoma and Napa counties, and to a lesser extent, pockets of Lake, Mendocino, Solano, Butte, Yuba, Nevada, and Santa Cruz counties. The fires claimed at least 43 lives and destroyed thousands of structures, including 22 wineries. Preliminary estimates indicated roughly \$3 billion in total property damage.

While 85 to 90 percent of the region's grapes had already been picked by the time the fires started, some of the red varietals which take longer to ripen, including the most valuable Cabernet Sauvignon, were at risk for smoke taint, particularly in areas where the ash settled on the grapes.

The subject property's La Perla and Alba estates had all their residential and ancillary improvements destroyed by the Glass Fire, while the vineyards suffered varying degrees of damage.

Wildfires will continue to be an issue for the North Coast AVA and with the greater impacts of climate change, represent a significant component of risk for the vineyard and winery sector. Nevertheless, in the face of a series of wildfires, property owners have exhibited a very high

level of resilience with the majority of owners opting to rebuild after wildfire damage rather than selling and leaving the area.

The Spring Mountain district was devastated by the Glass Fire and virtually all of the property owners are committed to rebuilding. This trend illustrates the resolve developing in the community as it faces the reality that wildfires will be an ongoing challenge for the region.

Napa County Appellations

Statewide, the county's wine production represents just 4% of the total production (tonnage), but over 25% of the total value of the wine economy, exemplifying the premium quality of Napa's fruit. Some 700 growers cultivate vines on 45,000 acres in Napa County, which represents just 9% of the county's total land area. The county harvests an annual average of about 140,000 tons valued at \$750 million, which accounts for over 95% percent of the county's agricultural crop value. There are approximately 475 wineries in the county, which produce over 1,000 different wine brands. The wine industry contributes an economic impact of roughly \$9.4 billion to the local economy, as well as providing 44,000 jobs.

While more than 34 different wine grape varieties are grown in the county, by far, the most abundant varietal is Cabernet Sauvignon ($\pm 20,000$ acres or 47% of the total), followed by Chardonnay ($\pm 6,400$ acres; 15%), Merlot ($\pm 4,700$ acres; 11%) acres), and Sauvignon Blanc ($\pm 2,700$ acres; 6%).

The first plantings of vineyards in Napa Valley occurred in the late 1830s, but it was the Paris Wine Tasting of 1976, (The Judgment of Paris), that first established Napa's international reputation for premium quality.

Napa County, all of which is contained within the larger North Coast AVA, contains eighteen recognized sub-AVAs: Spring Mountain District, Chiles Valley District, Atlas Peak, Diamond Mountain District, Los Carneros, Howell Mountain, Oakville, Mt. Veeder, Rutherford, St. Helena, Yountville, Stags Leap District, Calistoga, Wild Horse Valley, Coombsville, and Oak Knoll District of Napa Valley.

The subject is not within any of the sub-appellations, but is within the larger Napa Valley AVA.

Napa County Wine Grapes

Production and Pricing Trends

The annual California Grape Crush report tracks pricing and production trends by district and varietal. According to the 2018 Grape Crush Report, pricing for all varieties of Napa wine grapes has increased each year over the past several years, by an average of 7.1 percent annually. Most

recently, the 2018 harvest in the district saw a 29.6 percent increase in total tonnage for all varietals over the previous year, while average pricing increased by 6.6 percent. The following exhibits illustrate pricing and production trends for Napa since 2011.

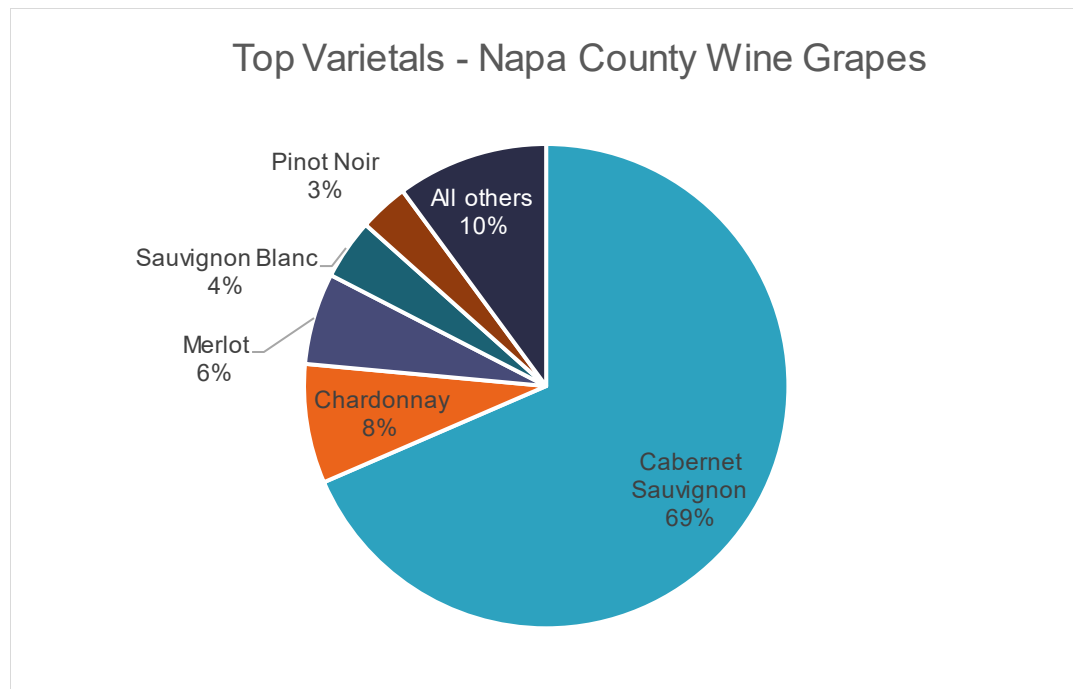
Napa County: Production & Pricing Trends - All Varietals

	Production (Tons)	% Change YOY	Avg. Price/Ton	% Change YOY
2011	121,872	-12.1%	\$3,390	4.7%
2012	182,859	50.0%	\$3,565	5.2%
2013	174,847	-4.4%	\$3,684	3.3%
2014	175,607	0.4%	\$4,077	10.7%
2015	124,126	-29.3%	\$4,336	6.3%
2016	153,045	23.3%	\$4,686	8.1%
2017	142,413	-6.9%	\$5,225	11.5%
2018	184,573	29.6%	\$5,571	6.6%
2019	90,473	-51.0%	\$5,769	3.5%

Source: California Crush Reports 2010 - 2019

Napa County's Top Varietals

In terms of total crop value (production multiplied by average price), the number one varietal in Napa is Cabernet Sauvignon, followed by Chardonnay. Merlot is the third most valuable varietal. The following exhibit illustrates the relative share of crop value for each of the district's top five varietals.



Below is an exhibit that lists historical trends in average pricing from the Crush Report for each of the top five varietals in Napa Valley.

Top Varietals - Napa County Wine Grapes															
Weighted Average Grower Returns/Ton Purchased by California Processors (Table 6)															
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	Chg. '18-'19	
1	Cabernet Sauvignon	\$4,302	\$4,780	\$4,773	\$4,453	\$4,660	\$5,060	\$5,499	\$5,923	\$6,319	\$6,830	\$7,498	\$7,925	\$7,941	0.2%
2	Chardonnay	\$2,287	\$2,400	\$2,321	\$2,211	\$2,255	\$2,354	\$2,474	\$2,500	\$2,596	\$2,673	\$2,811	\$2,917	\$3,032	3.9%
3	Merlot	\$2,725	\$2,769	\$2,628	\$2,518	\$2,560	\$2,649	\$2,792	\$2,977	\$3,145	\$3,352	\$3,390	\$3,760	\$4,055	7.8%
5	Sauvignon Blanc	\$1,834	\$1,906	\$1,880	\$1,810	\$1,831	\$1,861	\$1,899	\$1,910	\$2,011	\$2,141	\$2,282	\$2,423	\$2,485	2.6%
4	Pinot Noir	\$2,418	\$2,588	\$2,571	\$2,471	\$2,529	\$2,469	\$2,450	\$2,613	\$2,712	\$2,779	\$2,798	\$2,707	\$2,773	2.4%

Source: California Crush Reports 2011 - 2019

Pricing for each of the top five varietals has risen an average of 45 percent since 2011. For 2019, pricing rose an average of 3.4 percent. Merlot continued to exceed the market average adding a 7.8% increase over the 10.9 percent increase of 2018.

Cabernet Sauvignon Pricing Trends

The subject's existing vineyards and future vineyard development is focused primarily on Cabernet Sauvignon clones. The following exhibit summarizes pricing trends for the CS varietal, sourced from the Crush Reports for each year, by each of the four major North Coast districts.

Pricing Trends By County - Cabernet Sauvignon										
Weighted Avg. Returns/Ton Purchased by California Processors (Table 6)										
	2011	2012	2013	2014	2015	2016	2017	2018	2019	% Chg. '18 - '19
Mendocino	\$1,316	\$1,589	\$1,684	\$1,853	\$1,924	\$2,058	\$2,197	\$2,205	\$1,989	-9.8%
Lake	\$1,366	\$1,615	\$1,726	\$2,009	\$2,156	\$2,346	\$2,371	\$2,061	\$2,325	12.8%
Sonoma/Marin	\$2,113	\$2,314	\$2,501	\$2,614	\$2,720	\$2,965	\$3,071	\$3,114	\$3,058	-1.8%
Napa	\$4,660	\$5,060	\$5,499	\$5,923	\$6,319	\$6,830	\$7,498	\$7,925	\$7,941	0.2%

Source: California Crush Reports 2011 - 2019

As illustrated, pricing for Cabernet Sauvignon fruit has steadily risen over the past several years in each of the districts. Pricing for Napa Cabernet is the highest in the state, by far. Napa Cabernet increased by 0.2% in 2019 after a 5.7 percent increase in 2018.

Trends in Napa County Land Values

The California American Society of Farm Managers and Rural Appraisers, CalASFMRA, categorizes the Napa Valley real estate market into three categories: Prime, Secondary, and Outlying.

Prime Napa Valley are those locations considered capable of producing Cabernet Sauvignon of premium quality and include the following AVA's: Rutherford, Oakville, and St. Helena on the valley floor, and Stags Leap, Spring Mountain, Pritchard Hill, and Howell Mountain on the surrounding hillsides. These Prime locations have performed well with stable demand over the past thirty years, and have recently experienced strong sales at historically high pricing.

Secondary Napa Valley includes those adjacent to the Prime locations: Yountville, Calistoga, Oak Knoll, Coombsville, Napa, and Carneros. We consider the subject within this category. Recently, improved sales activity has occurred in these locations, driven by market participants looking to lock down access to quality Napa Valley fruit, especially the extremely desirable Cabernet Sauvignon varietal.

Outlying Napa County generally consists of the balance of regions which are located outside of the proper Napa Valley area, and include: American Canyon, Chiles Valley, Pope Valley, and others. Although vineyards here are potentially capable of producing premium quality fruit, the higher risk associated with their increased exposure to more extreme weather patterns results in a lower expected payoff in the long-term, and therefore constrain values.

The data in the following exhibit is sourced from the Trends in Agricultural Land and Lease Values report for California and Nevada, published by the California Chapter of the American Society of Farm Managers and Rural Appraisers, and tabulates historical trends in land values for Napa County.

LAND USE	VALUES PER ACRE	MARKET DEMAND	MARKET ACTIVITY	VALUE TREND
NAPA COUNTY				
Vineyards - Prime	\$300,000 - >\$450,000	Strong	Limited	Stable
Vineyards - Secondary	\$165,000 - >\$375,000	Moderate	Moderate	Stable-Declining
Vineyards - Outlying	\$50,000 - >\$165,000	Limited	Limited	Stable-Declining
Plantable - Prime	\$200,000 - >\$275,000	Strong	Limited	Stable
Plantable - Secondary	\$165,000 - >\$245,000	Moderate	Moderate	Stable
Plantable - Outlying	\$50,000 - >\$110,000	Limited	Limited	Stable-Declining
Homesite - Prime	\$2,000,000 - >\$5,000,000	Limited	Limited	Stable
Homesite - Secondary	\$300,000 - >\$3,000,000	Limited	Limited	Stable
Homesite - Outlying	\$0 - >\$350,000	Limited	Limited	Stable

The most recent data from CalASFMRA, as of their March 2021 report, indicates land values for vineyards in prime Napa Valley locations ranging from \$300,000 to \$450,000 per acre, with secondary Napa Valley locations range from \$165,000 to \$375,000 per acre with strong demand and limited supply. Values for prime locations were stable from 2019 to 2020. Plantable land in prime locations was reported at \$200,000 to \$275,000 per acre with strong demand and limited supply. Given the strong demand and limited supply, upward pressure on pricing is expected to continue for prime Napa vineyards and vineyard developments.

As Napa Valley and the surrounding hillsides approach complete plant-out, future development in Napa Valley is further constrained by restrictive zoning regulations and local community and environmental groups pushing for stricter controls on development. The market recognizes that Napa is ostensibly fully planted and additions to supply are precluded by the tightening legislative environment. Napa's wine grape supply will soon level off while demand continues to grow. This dynamic, a classic agricultural market phenomenon, has resulted in continually rising pricing over the past several years, despite three record harvests in a row from 2012 to 2014. This trend is projected to continue into the conceivable future. Recently, this rise in pricing has prompted major wineries to move to secure both existing vineyards and plantable lands, in an effort to gain greater control over fruit supplies.

The real estate market in Napa County includes a diverse combination of vineyard properties, with pricing and values influenced by location and appellation (AVA). Napa Valley's vineyards have proven their ability to produce world class Cabernet Sauvignon, in addition to the other Bordeaux varietals. As such, Napa Valley's reputation and good will drive demand and pricing, unlike typical agricultural markets. A wide spectrum of buyers are attracted to Napa Valley properties, including growers, local and international wineries, investment firms, and lifestyle buyers.

Wine Grape Market Outlook and Conclusions

The premier wine making region in the United States is Napa Valley; its wine grapes fetch the highest pricing in California. While wine grape production in Napa represents only about 4% of the state's total tonnage, due to its high pricing, the value of Napa's fruit represents about one quarter of the total value of California's wine grape crop. The highest priced varietal of any in the state, is Napa County Cabernet Sauvignon.

Napa Valley, in comparison with world wine grape production, has a competitive edge owing to its stable weather patterns and mild climate favoring successful wine grape harvests. Other major producers of premium wines are generally located in more extreme and variable climates that present grave challenges to successful harvests. Indeed, these greater risks are evidenced by the recent challenging harvests in France, Italy, Spain, Argentina, and Chile. As predicted by climate change models, this risk is expected to increase which will likely result in an advantage for Napa Valley winemakers.

The subject property has been positioned to produce all of the fruit required by the winery to meet its production. Excess fruit is sold, at prices with premiums nearing 100% of the average Napa grower returns, to some of the most renowned winemakers in the valley. Due to the subject's vertical integration, it is impossible to measure the exact value of the subject vineyards' harvests, as the best fruit is incorporated into the subject's winemaking program. However, the synergy of this system has been continually demonstrated in Napa Valley's super premium winery segment. Indeed, the major players in the region all desire to control access to prime quality fruit. This was particularly acute after the light harvests of 2010 and 2011. Considering the limited supply of Napa Valley vineyards, it is likely that increased upward pressure on wine grape pricing will hasten as the effects of climate change augment additional uncertainty to future harvests.

The subject benefits from its location in a coastal watershed mountain range, and combined with its access to a large municipal water system providing potable water, the subject is benefitted by some degree of insulation from the impact of drought. The subject property and its combination of entitled and proposed mountain vineyards, Cabernet Sauvignon and other highly desirable varietals, prestigious appellation, and its existing water sources, make it strategically aligned to capitalize on the robust demand for premium Napa Valley wine grapes in the current market.

Residential Market Analysis

The Bay Area economy's current expansion is causing increased demand for wine country vineyard estates. The highest pricing for vineyard estates in this market is achieved by properties in Napa Valley, and the St. Helena district in particular. The majority of the market consists of investors seeking a wine country estate home with less than 35 acres of planted vineyards. As properties exceed 35 acres of vines, local brokers report that demand from the region's major wineries seeking control of quality fruit eclipses that of vineyard estate buyers.

The vineyard estate segment of the market is critically concerned with an excellent quality residential estate, combined with an exceptional vineyard producing high quality fruit, preferably Cabernet Sauvignon. Vineyard Estates that include this combination of components are very desirable in the current market, brokers report.

According to local brokers specializing in Napa Valley's real estate market, a very limited pool of buyers exists seeking to acquire a vineyard estate with an operational winery. The combination of an estate home, vineyard, and winery at a single property restricts marketability in the vineyard estate sector. Reportedly, the winemaking operations cause difficulty in marketing properties with all three of these components. Brokers report that the majority of demand for vineyard estates is centered around properties with very limited winemaking facilities, with some exceptions.

In our discussions with local brokers, it was reported that the existence of both extensive custom quality residential improvements and a significantly sized winemaking facility are challenging to market because the major winemakers in the region are not attracted by non-performing assets (the residential improvements), while and the estate buyers are not keen on living proximate to a major winemaking outfit. Mr. Pat Roney of Vintage Wine Estates, in our interview, specified that in their procurements of winery operations and vineyards, the purchase was often set up to exclude any major residential improvements from the transaction. An example being in their acquisition of the Clos Pegase Winery and Vineyards, the extensive art collection of the seller was not included in the transaction.

Subject Property

The subject property is comprised of an assemblage of four contiguous vineyard estates containing a combined total of 846.79 acres and planted to premium hillside vineyards with 153.82 acres of resistant rootstock and 56.74 acres of fallow vineyards that were previously planted to AXR rootstock and are scheduled for replanting. There are 13.0 acres of fallow land planned for vineyard development and classified as Track II plantable land. There are approximately 64.66 acres of land that are classified as Track I plantable land.

The most prominent of the subject's four estate residences is the historic Victorian mansion, Miravalle. While this scale of development exceeds the typical vineyard estate desired by the majority of buyers in this market, the unique location of Miravalle, combined with its excellent quality and historic character, contribute substantial value to the property. The subject



assemblage would be expected to attract investment capital from investors worldwide if offered for sale.

The historic La Perla Estate is situated on a knoll that affords rim to rim views of Napa Valley. The improvements were destroyed by the Glass Fire. As a stand alone asset, La Perla would attract substantial attention from affluent Bay Area investors active in the vineyard estate market.

The Alba Estate is comprised of 10.14 acres of low-density vineyards planted in 2009, situated on a 33 acre site. The vineyard manager residence and other ancillary improvements were destroyed in the Glass Fire. If offered for sale, this estate would attract significant demand from vineyard estate investors.

The historic Chateau Chevalier winery building survived the Glass Fire and is currently being marketed for sale.

A wide array of potential investors would be attracted to the subject if offered for sale. In our interviews with local market participants, several key facets of the current assemblage were discussed that would be in determining market perception.

The subject's size is significantly larger than the typical vineyard estate of 35 acres or less.

The La Perla estate offers a very desirable site, with exceptional Napa Valley views. As the improvements were destroyed in the Glass fire, most county ordinances that control hillside development would be exempted and the site could be redeveloped rather quickly.

Access to the subject is provided via paved and gated access to the Miravalle Estate and the winery. The other estate properties are accessed via graded dirt roads that would require improvement to current Napa County standards, which include grade, pull-outs, and width.

According to the brokers we surveyed, the subject's existing Spring Mountain winery would be difficult to market in the Vineyard Estate sector. Rather, the winery would attract attention from major winemakers in the region.

We considered these marketability aspects in our valuation analysis. We will now review current residential market conditions in Napa Valley.

Housing Market Conditions

The pandemic created a major shift in the region's housing market as demand for rural residential properties soared as affluent investors moved out of the densely populated employment centers of the Bay Area. This has resulted in strong price appreciation Napa Valley as the supply of inventory was already limited by the destruction of multiple wildfires throughout Sonoma and Napa counties. Those fires exacerbated the region's already compressed housing market; both in the rental and for sale segments.

Migration of Bay Area Households in 2020

Below household numbers are *estimates* extrapolated from *The Wall Street Journal* article, "Americans Up & Moved During the Pandemic," based on permanent, change-of-address filings in 2020. The term "household" can signify one or many persons. Calculations do not appear to include *foreign immigration*. **The general dynamic in the Bay Area was net out-migration from more urban areas, and net in-migration into counties like Napa.** Of counties seeing negative changes, relocating tenants (paying very high rents) – the newly unemployed, office employees changed to work-from-home, or students at closed universities – were certainly a considerable component in out-migration. Of course, as seen in heated, local market conditions, homeowner/homebuyer moves also occurred in quantity. Trends may change with the opening of offices, universities, urban amenities. Even in non-pandemic years, significant population movements are normal.

Bay Area County	# Households Moving In (2020)	# Households Moving Out (2020)	Change in # Households	Total # of Households	% Change in Households
Alameda	50,000	67,000	- 17,000	577,177	- 2.9%
Contra Costa	35,000	32,000	+ 3,000	394,769	+ .8%
Marin	9,050	7,000	+ 2,050	105,432	+ 1.9%
Monterey	5,400	5,050	+ 350	127,155	+ .3%
Napa	3,300	2,550	+ 750	48,705	+ 1.5% ★
San Francisco	27,500	68,000	- 40,500	362,354	- 11%
San Mateo	24,000	34,000	- 10,000	263,543	- 3.8%
Santa Clara	42,000	67,000	- 25,000	640,215	- 3.9%
Santa Cruz	6,050	6,000	+ 50	95,818	-
Solano	12,000	10,650	+ 1,350	149,865	+ .9%
Sonoma	10,900	8,800	+ 2,100	189,374	+ 1.1%

All numbers are approximate. WSI article published 5/11/21; Methodology/data not validated by Compass. Other sources have published different conclusions on migration. Total household data per U.S. Census 2019 ACS survey estimates. Compiled in good faith, but may contain errors, and subject to revision.

COMPASS

Chronic lack of supply and relentless decreasing affordability plagued the region before the destructive fires of 2017, 2019, and 2020 destroyed significant portions of the housing stock and drove demand from high fire risk locations to areas of lower risk.

Before the fire destruction began, the entire greater Bay Area region was in the midst of a housing crisis, suffering from lack of supply and skyrocketing prices caused by the economic expansion centered in San Francisco and Silicon Valley. The fires have aggravated these conditions, displacing thousands. Insurance companies cover temporary housing for displaced residents and after catastrophic events often end up in bidding wars with each other for units.

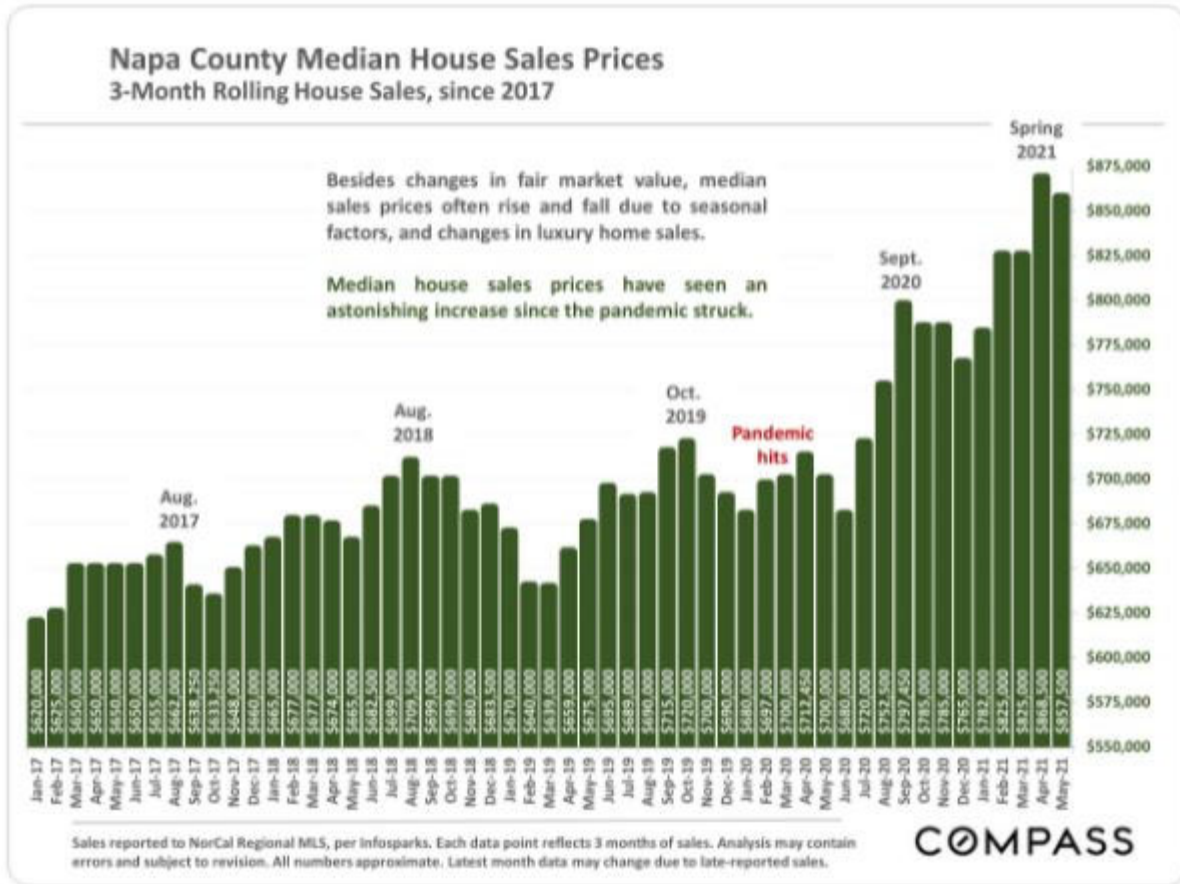
Current and Historical Statistics

The subject properties are in the St. Helena residential market of Napa Valley. The following statistics are sourced by Compass Real Estate, which actively tracks these markets.

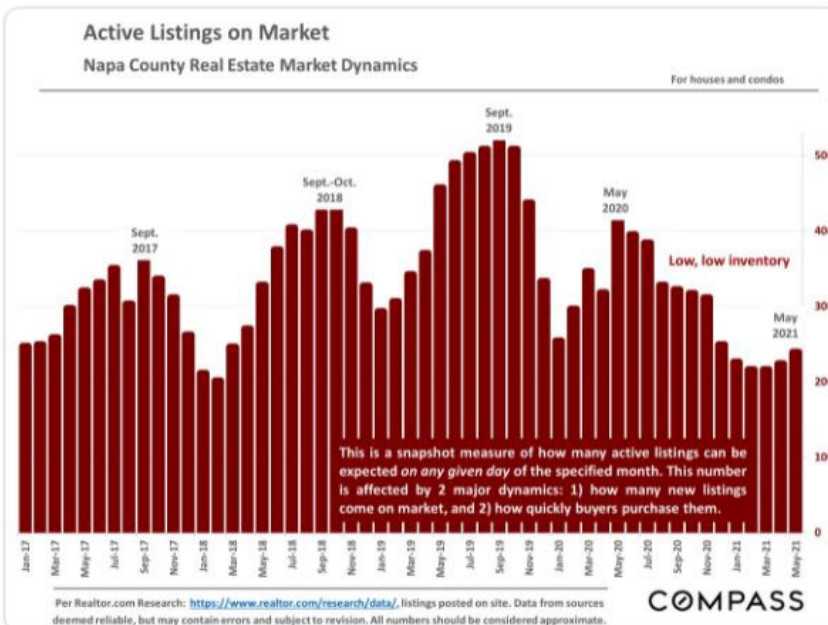
Napa County Housing Market

The Napa County residential market has historically fluctuated seasonally and is often skewed by the sales of luxury homes. The June 2021 market report from Compass indicated that the median sale price in Napa appreciated $\pm 30\%$ year over year.

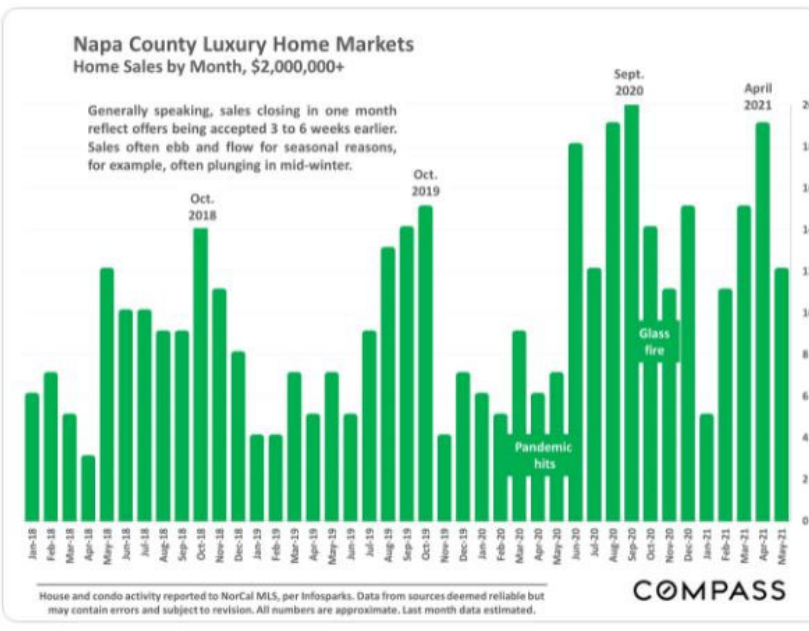




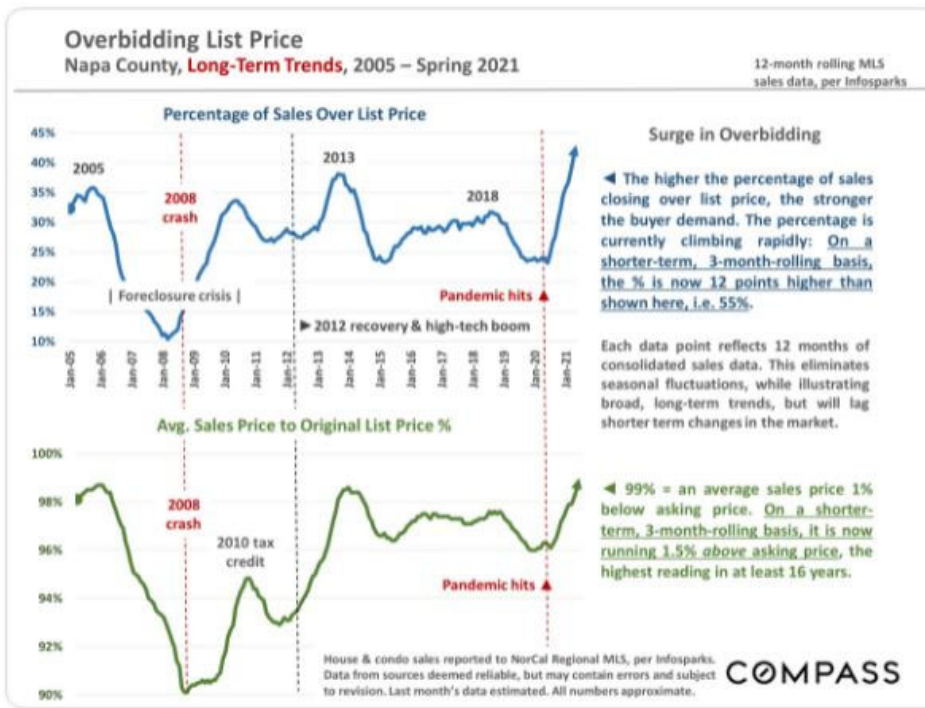
The inventory of supply decreased by $\pm 50\%$ from the summer of 2019, indicating strong upward pressure on pricing over the foreseeable future.



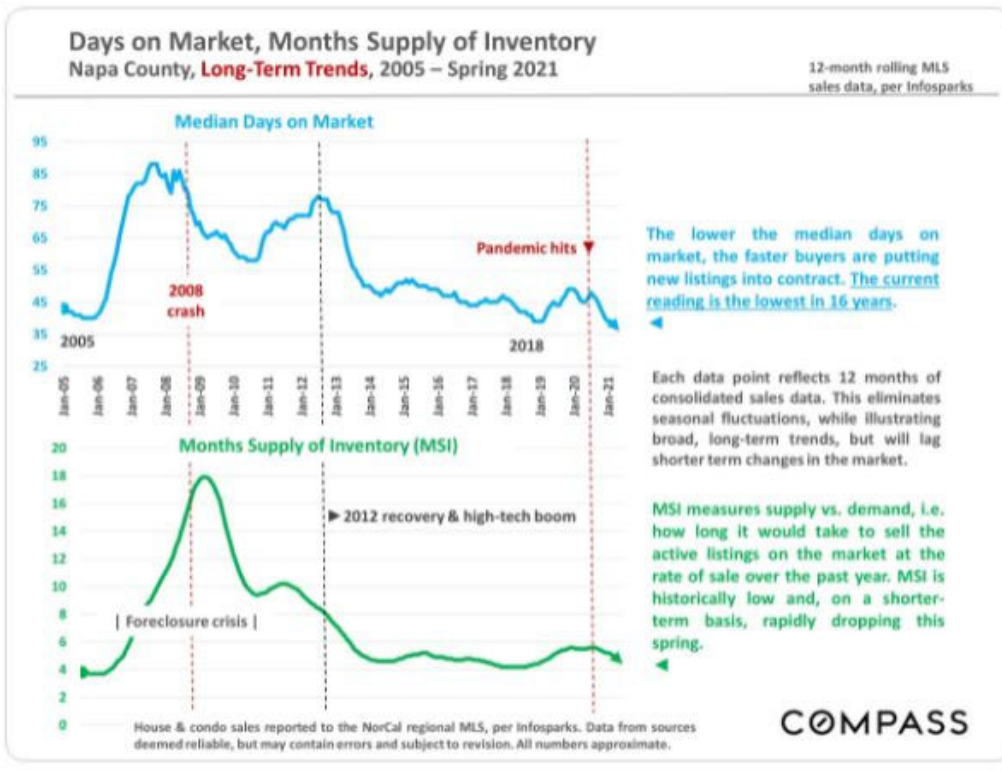
The luxury segment of the market is often marketed discretely and the following exhibit is likely an understatement of the current active listings. Based on the current supply, this market is likely undersupplied and upward pressure on pricing will likely continue.



As a result of the limited inventory, overbidding has become much more common in the Napa market.



The limited inventory is also resulting in shortened days on market before a sale is consummated.



Housing Market Conclusion

The pandemic has increased demand for luxury real estate in the subject's competitive market, while wildfires severely reduced inventory.

Residential Market Conclusion

The data presented reflects the strength of the Bay Area residential market and the level of demand for vineyard estates in Napa County. Currently, this market is experiencing growing demand for vineyard estates due to the ongoing migration from the employment centers of San Francisco and Silicon Valley. This migration is resulting in significant upward pressure on real estate prices in the subject's competitive market.

The subject's various vineyard estate properties would certainly attract substantial attention in the current economic climate. Historically, vineyard estates in Napa have attracted investment capital from the upper strata of the technology, investment banking, and legal vocations. Napa Valley's vineyard estates have a long history of being purchased or developed by successful individuals employed or active in those sectors. More than just the locational aspect, these investors are attracted to the lifestyle the vineyard estate embodies. Napa Valley is considered the prime focal

point for this type of product due to its world class wineries, relative proximity to the core employment centers of the Bay Area, exceptional weather, and world famous culinary offerings.

Robust demand for vineyard estates is indicated by the market data, in Napa and particularly in the St. Helena submarket.

As discussed previously, a wide array of potential investors would be attracted to the subject if offered for sale. In our interviews with local market participants, several key facets of the current assemblage were discussed that would be in determining market perception.

- The subject's size is significantly larger than the typical vineyard estate of 35 acres or less.
- The La Perla estate offers a very desirable site, with exceptional Napa Valley views.
- Access to the subject is provided via paved and gated access to the Miravalle Estate and the winery. The other estate properties are accessed via graded dirt roads that would require improvement to current Napa County standards, which include grade, pull-outs, and width.

According to the brokers we surveyed, the subject's existing winery would be difficult to market in the vineyard estate sector. Rather, the winery would attract attention from major winemakers in the region.

We considered these marketability aspects in our valuation analysis. Based on our interviews of local brokers, discussions with the region's major wine industry investors, and review of the market, the following conclusions were made.

Miravalle

Miravalle Estate's historic Victorian mansion would appeal to the region's major wine makers. The residence serves as the Chateau for the winery at Spring Mountain Vineyards. It is suitable for winery hosted events while adding a historical prestige to the winemaking program. The wine making operations' ability to compete in the super premium and ultra premium sectors of the wine industry are complemented by quality of the estate's finishes. Considering these factors, we have therefore considered the Miravalle Estate in the framework of the major winemaking and vineyard category of the market.

Chevalier

Due to the high cost of retrofitting the structures to current code requirements, the historic Chevalier estate buildings would not be accretive to the property's value. However, the two homesites provided by the property are recognized by market participants and investors as contributing substantial value to wine country properties.

La Perla & Alba

The La Perla and Alba estates would be redeveloped, as the properties offer very desirable building site. Significant time and effort would be required for this process. The residual site value



would accordingly be significantly reduced, based on the costs associated with improving access to current county standards, and approval process costs. Still, the locations and existing development rights would be accretive to the overall value of the properties.

Based on these observations and our market analysis conclusions, we have analyzed the subject holdings separately as four individual properties, and assigned values to the existing improvements based on their current use.

As an assemblage, the property's highest and best use is as a production vineyard and winery, and the Miravalle Estate residence would be most accretive to value as a combination event center, winery, and tasting room.

Considered as the individual estates, the improvements are highly accretive to the value proposition. In addition to the existing improvements, the potential homesites at the four estates would add significant value, as would the existing winery permits.



Land and Site Analysis

Spring Mountain Vineyard is comprised of an assemblage of four contiguous vineyard estates containing 846.79 acres of land area in nine parcels. A summary of the subject land areas and parcel numbers by vineyard estate is provided below.

Spring Mountain Vineyard Parcel Summary

Vineyard Estate	Parcel Nos.	Parcel Acres	Total Acres	Vineyard Acres
Miravalle	009-450-001	10.72	266.60	42.95
	022-180-020	233.35		
	022-180-021	22.53		
Chevalier	022-180-053	49.87	123.59	42.87
	022-260-012	24.86		
	022-260-013	48.86		
La Perla	022-180-017	153.40	423.60	63.07
	022-180-058	270.20		
Alba	022-180-015	33.00	33.00	10.14
Total			846.79	159.03

Land Description

Land Area	846.79 acres; 36,886,172 SF
Shape	Very Irregular
Topography	Rolling hills, steep hillsides, level
Drainage	No problems reported or observed
Environmental Hazards	None reported or observed
Ground Stability	No problems reported or observed
Flood Area Panel Number	06055C0263E, 060655C0245E
Date	September 26, 2008
Zone	X
Description	Outside of 500-year floodplain
Insurance Required?	No

Boundaries

The subject property is composed of nine contiguous parcels that, when combined, have a shape with a straight southern boundary line, and a northeastern boundary that generally follows the contours of York Creek. The eastern and western boundaries generally angle from the southwest toward the northeast. Please see the Site Plan presented later in this section.

Topography

The subject's topography consists of rolling hills to steep hillsides in the level portions. Generally, the hillsides are eastern facing, but some areas of the site have western and northern exposures. These topographical variations create a diversity of microclimates, and combined with the various elevations, these factors allow a wide array of flavor components to be produced. This variability in topography, elevation, and solar orientation result in a comprehensive spectrum of potential flavor profiles that make the subject vineyards highly desirable.

The subject's excess fruit has recently achieved pricing of approximately \$10,000 to \$12,000 per ton for Cabernet Sauvignon and the fruit from the subject's vineyards is used in the production of cult wines that achieve sale prices of over \$200 a bottle. Napa Valley mountain vineyard fruit is well documented as being very desirable in this market and sees high demand; the subject's vineyards exemplify the fundamental benefits offered by mountain terrain. The subject's topography is very well suited for the cultivation of wine grapes suitable for super premium winemaking.

Additionally, the subject's hillside vineyards have been cultivated since the 19th century, when the first vineyards in the area were established by Beringer Estate; some of these old vines still exist at the property. Since that time, Napa County has adopted restrictive regulations on hillside vineyard development, and in the current regulatory environment, it is unlikely the subject's existing vineyards would be permitted for development. This makes the subject's historic vineyards somewhat unique to the market and irreplaceable to a certain extent, and as such we have considered this factor in our valuation.

Utilities and Water Resources

The subject property is served by all necessary utilities, with PG&E providing electricity and natural gas, and sewer service provided by on site, private systems.

The subject benefits from extensive water resources; irrigation water is provided by on-site wells and springs, and potable water is supplied by the City of St. Helena.

Three primary wells exist on the property, the first is 360 feet in depth, developed in 1997, and currently provides 140 gallons per minute. The second was developed in 1998, is 390 feet deep, and provides 75 gallons per minute. The third well was developed in 2019, is 550 feet deep,



and was tested at 300 gallons per minute. Three smaller wells are located in the upper portions of the property.

Additionally, the subject has access to the city-owned Lower York Creek reservoir (160 acre feet of capacity) through a direct pipe to the lower portion of the property. The reservoir is fed via rainfall runoff from the surrounding watershed. Spring Mountain Vineyard has access to at least 25 acre feet of this water annually, under a contract with the City of St. Helena, during years when the reservoir has adequate supplies. During the current drought, the reservoir was unable to provide any water to the subject property.

These water resources are distributed through an extensive irrigation system. Two primary cisterns on the property each hold 30,000 gallons of water, one of which is exclusively for irrigation (vineyard and landscaping) use, and is sourced from the Lower York Creek reservoir. Water is pumped from this cistern to nine strategically located concrete holding tanks, each of which have 10,500 gallons of capacity; water from these tanks is either pumped or gravity fed to the various vineyard blocks. The other cistern is part of the potable water system for the winery and residential structures, but is also integrated with the vineyard irrigation system, should the need for additional irrigation resources arise.

A new reservoir was completed in 2015, but the construction failed and part of it has slid, requiring reconstruction. Ownership plans to begin the reconstruction in 2021, with completion scheduled for end of 2021. The cost is estimated to be \$500,000 based on the proposal dated June 24, 2021 from High Demand Earth Work & Vineyard Development. The reservoir is planned to hold 50 acre feet of water once complete.

EASEMENTS, ENCROACHMENTS AND RESTRICTIONS

Access Easements

- The access road to Chateau Chevalier is considered a private road, with one-way loop type access, and the winery permit allows for hours of operation from 8am to 5pm.
- The La Perla estate is accessed via a private road, and there is no comment on road restrictions. The winery permit allows for hours of operation between 7am and 6pm.
- The Alba Estate has an access easement considered a private driveway with hours of operation from 8am to 5pm Monday through Friday.

We were not provided a current title report to review. We are not aware of any other easements, encroachments, or restrictions that would adversely affect value. Our valuation assumes no adverse impacts from easements, encroachments, or restrictions, and further assumes that the subject has clear and marketable title.

Winery Permits

The subject property is entitled with four historical Napa County winery permits, one for each vineyard estate as summarized below.

Miravalle

The Miravalle estate has a current winery use permit for a maximum of 48,000 gallons per year (equivalent to $\pm 20,000$ cases of 750 milliliter bottles), tastings are permitted by appointment only. This winery is currently operational and produces wines under the Spring Mountain Vineyards label.

Chateau Chevalier

Chevalier has a current winery use permit (U-727273, approved 08/01/73) for a maximum of 125-150 tons per year; or approximately 22,500 gallons. The permit allows for tasting by invite or appointment only.

La Perla

La Perla has a Small Winery Use Permit Exemption (SW-208889, approved 11/23/88), for a maximum of 20,000 gallons annually. The site is allowed 10 tasting visitors per week.

Alba

A Small Winery Use Permit Exemption was filed for the Alba estate, which was marked as a "qualified" exemption and signed by the county, effective 09/07/84. Production capacity is a maximum of 2,500 gallons per year. The exemption allows for "occasional private visits; Not open to the public, no estimate of visitors, but expected to be very limited".

ENVIRONMENTAL ISSUES

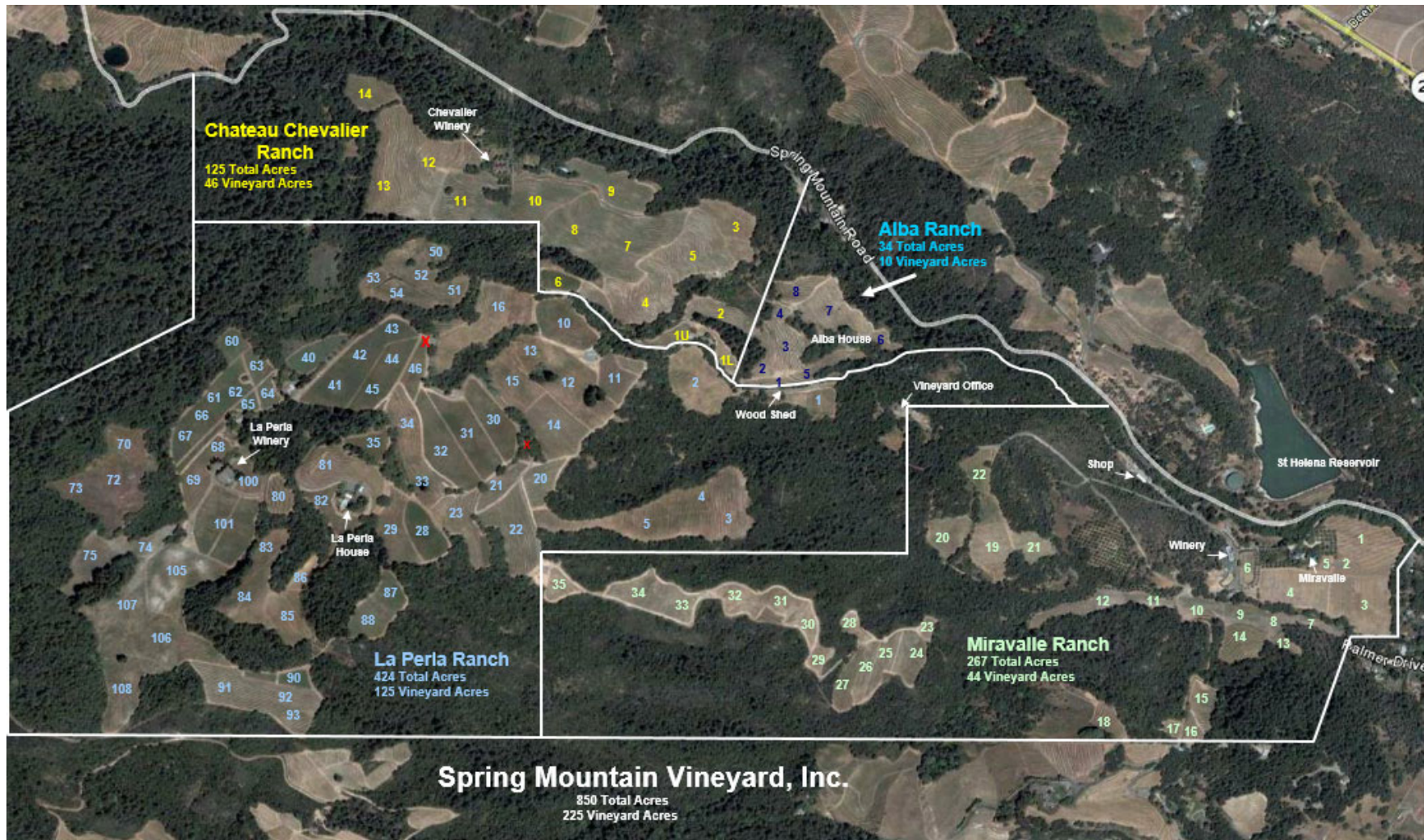
No environmental issues were observed or reported. NKF is not qualified to detect the existence of any potentially hazardous materials such as lead paint, asbestos, urea formaldehyde foam insulation, or other potentially hazardous construction materials on or in the subject property. The existence of such substances may affect the value of the property. For the purpose of this assignment, we have specifically assumed that any hazardous materials that would cause a loss in value do not affect the subject.

CONCLUSION

Overall, the physical characteristics of the site and the availability of utilities result in functional utility suitable for a variety of uses including those permitted by zoning. We are not aware of any other particular restrictions on development.



SITE PLAN



Improvements Description and Analysis

Spring Mountain Vineyard is comprised of an assemblage of four contiguous vineyard estates containing 846.79 acres of land area in nine parcels. Interspersed throughout the property are a total of 210.56 acres of premium hillside vineyards in 135 blocks. Spring Mountain Vineyard is also improved with the estate residence, two winery buildings, the tasting room, historic barn and other outbuildings. The Spring Mountain Winery has extensive winery caves that have been completely finished and utilized for barrel storage and private events.

The Miravalle winery building is currently in use, producing estate wines under the Spring Mountain Vineyard label.

Historic vineyards were originally developed at Spring Mountain in the late 1800's. Ownership has extensively expanded and upgraded the vineyards and associated water resources to their current condition.

Ownership is in the process of grafting existing vineyards to Cabernet Sauvignon, transitioning existing vineyards from very high density gobelet trellis systems to high density 4 wire VSP systems, and replanting the older AXR vineyards to modern resistant rootstock.

The vineyards are summarized based on rootstock in the following table.

Spring Mountain Vineyard Land Use Summary							
Vineyard Estate	Total Acres	Total Vineyard Acres	Resistant Vineyard Acres	Track II	Track II	Track I	
				Planned Replant (Old Vine)	Open Land Plantable	Forest Land (Poss. Total Plantable)	
Miravalle	266.60	42.95	37.74	5.21	0.00	15.00	20.21
Chevalier	123.59	42.87	42.87	0.00	0.00	17.66	17.66
La Perla	423.60	63.07	63.07	51.53	13.00	32.00	96.53
Alba	33.00	10.14	10.14	0.00	0.00	0.00	0.00
Total	846.79	159.03	153.82	56.74	13.00	64.66	134.40

The AXR-rooted vines are planned for removal and replanting on resistant rootstock. In addition, ownership plans to expand the vineyards over the next few years onto previously planted open land, as well as in various forested areas that were burned in the Glass Fire and will be cleared for planting.

The Glass Fire created tremendous heat as it burned through portions of the subject property and portions of the subject vineyards were damaged. The following exhibit summarizes the Replanting Schedule and projected costs of replanting the damaged vines. We have included an allowance of 20% for entrepreneurial incentive in our projected costs.

SMV Burned Vine Replant			
	Vines/labor	Date	Cost
Phase 1	Chevalier/La Perla	6/15/2021	\$150,000
Phase 2	La Perla	7/15/2021	\$180,000
Phase 3	Miravalle	8/15/2021	\$180,000
Phase 4	Miravalle/Alba	9/15/2021	\$162,000
Subtotal			\$672,000
Entrepreneurial Incentive @ 20%			\$134,400
Total			\$806,400
Rounded			\$800,000

Miravalle Vineyard

Miravalle Vineyard is planted to 42.95 acres of wine grapes in 34 vineyard blocks, primarily of Cabernet Sauvignon, along with other classic Bordeaux varietals. All vineyards are trellised and drip irrigated. Of the 42.95 acres, 5.21 acres of Cabernet was planted between 1982 and 1988 on AXR-rooted vines, and are planned for removal and replanting on resistant rootstock. The remaining 37.74 acres were planted between 1993 and 2005 on modern resistant rootstock.

The vines are primarily vertical shoot positioning (VSP) trellised and are cane pruned. The French gobelet style is used for the highest density plantings, where four shoots are pruned and trained in the shape of a goblet, which allows for better canopy management and produces fruit of exceptional quality in the high density plantings. A summary of varietals, average density, and average planting date is provided in the following table, with the full phenology presented on the page that follows.

The Glass Fire destroyed 38% of the vines at the Miravalle vineyards.

Miravalle 2018											count before Glass Fire # Of Vines	count after Glass Fire # Of Vines	Glass Fire Loss-2020	missing vines
Block #	Variety/clone	Nursery	Budwood	year planted	Vines/acre	Spacing	Trellis	Irrigation	Rootstock	Acre				
SMV 1	CS	FS	Spotts	82	726	10 X 6	3 wire T	Drip	AXR-1	3.68	2,672	2,572	100	43
SMV 2	CS	FS	Spotts	82	727	10 X 6	3 wire T	Drip	AXR-1	1.15	836	656	180	21
SMV 3 CS	CS	SN	8	93	2,416	6 X 3	VSP	Drip	101-14	1.43	3,455	3,221	234	33
SMV 3 CS	CS	LP-46	337	93	2,423	6 X 3	VSP	Drip	420/RG	1.33	3,222	2,910	312	39
SMV 3 PV	PV	FS	Sterling	93	2,421	6 X 3	VSP	Drip	1103P	1.49	3,608	3,602	6	32
SMV 4PV	PV	Herrick	1058	2005	2,420	6 X 3	VSP	Drip	101-14	1.00	2,415	2,180	235	84
SMV 4	CS	H/D	341	2005	2,420	6 X 3	VSP	Drip	Schwarzmann	2.33	5,624	5,427	197	6
SMV 5	CS	SN	337	97	2,244	6 X M	VSP	Drip	420a	0.32	718	483	235	20
SMV 6	MER	VIN	181	99	4,120	M X M	vert goblet	Drip	3309	0.50	2,060	1,942	118	94
SMV7	CF		LP29	2009	4,120	M X M	vert goblet	Drip	3309	0.14	573	53	520	9
SMV 8	SB	Herr	317	2005	2,234	6 X M	VSP	Drip	101-14	0.93	2,078	1,400	678	88
SMV 9	SB	Herr	376	2005	2,233	6 X M	VSP	Drip	101-14	1.29	2,881	2,086	795	132
SMV 10	SB	Herr	376	2005	2,231	6 X M	VSP	Drip	101-14	0.89	1,986	1,408	578	69
SMV 11	SB	Herr	317	2005	2,228	6 X M	VSP	Drip	101-14	1.36	3,030	1,895	1,135	88
SMV 12	CS	LP-10	191	93	904	8 X 6	VSP	Drip	101-14	0.91	823	683	140	33
SMV 13	CF	SMV	LP29	94	658	13 X 5	VSP	Drip	110R/SO4	0.40	263	204	59	40
SMV 14	CF	SMV	LP29	94	603	18 X 4	VSP	Drip	3309	2.13	1,285	609	676	100
SMV 15	CF	SMV	LP29	94	485	18 X 5	VSP	Drip	110R	1.13	548	77	471	40
SMV 16	CS	FS	Martha's	88	713	12 X 5	VSP	Drip	AXR/1103	0.38	271	49	222	18
SMV 17	CF	SMV	LP29	94	568	12 X 6	VSP	Drip	110R	0.38	216	10	206	45
SMV 18	CS	LP-87	15	94	670	13 X 5	VSP	Drip	110R	0.66	442	2	440	17
SMV 19	CS	LP-87	15	93	908	8 X 6	VSP	Drip	110R	2.01	1,825	303	1,522	64
SMV 20	CS	LP-10	191	95	484	15 X 6	VSP	Drip	110/3309	1.73	837	38	799	263
SMV 21	CS	LP-87	15	93	908	8 X 6	VSP	Drip	420A	1.21	1,099	540	559	51
SMV 22	CS	LP-87	15	96	908	8 X 6	VSP	Drip	3309	1.61	1,462	29	1,433	37
SMV 23	CS	Vt	7	8/5/1998	2,699	1.5m X 1.0m	VSP	Drip	101-14	0.23	619	248	371	8
SMV 24	CS	Vt	7	8/5/1998	2,699	1.5m X 1.0m	VSP	Drip	101-14	1.80	4,869	2,258	2,611	51
SMV 25	CS	Vt	7	8/6/1998	2,699	1.5m X 1.0m	VSP	Drip	3309	1.08	2,905	1,468	1,437	4
SMV 26	CS	Vt	7	8/5/1998	2,699	1.5m X 1.0m	VSP	Drip	3309	0.85	2,282	1,361	921	6
SMV 27	CS	Vt	7	8/5/1998	2,699	1.5m X 1.0m	VSP	Drip	101-14	0.73	1,975	97	1,878	13
SMV 28	SEM	Vt	315	8/6/1998	2,699	1.5m X 1.0m	VSP	Drip	3309	0.28	768	37	731	35
SMV 28	CS	Vt	7	8/6/1998	2,699	1.5m X 1.0m	VSP	Drip	3309	0.29	768	90	678	35
SMV 29	CS	Vt	7	8/7/1998	2,699	1.5m X 1.0m	VSP	Drip	101-14	0.40	1,067	77	990	8
SMV 30	CS	Vt	7	8/12/1998	2,699	1.5m X 1.0m	VSP	Drip	110r	1.12	3,028	1,158	1,870	79
SMV 31	CS	Vt	7	8/12/1998	2,699	1.5m X 1.0m	VSP	Drip	110r	1.07	2,882	1,429	1,453	30
SMV 32	CS	Vt	7	8/13/1998	2,699	1.5m X 1.0m	VSP	Drip	110r	1.01	2,723	1,501	1,222	40
SMV 33	CS	Vt	7	8/14/1998	2,699	1.5m X 1.0m	VSP	Drip	110r	1.66	4,467	2,842	1,625	72
SMV 34	CS	Vt	7	8/14/1998	2,699	1.5m X 1.0m	VSP	Drip	110r	1.22	3,287	1,501	1,786	37
SMV 35	CS	Vin	15	8/12/1998	2,699	1.5m X 1.0m	VSP	Drip	110r	0.84	2,260	2,085	175	32
Totals										42.95	78,129	48,531	29,598	1,916
											Lost Vines	38%	of Total	

Notes

old blocks with irrigation

MV-4,8,9,10,11 planted Aug. 2005

MV-28 budded to Semillon May 2005

MV-7 Planted June 2007 (block above guest parking lot)

MV-6 budded to Merlot clone 15 Apr.2008

MV-34 converted to cane Feb. 2011

MV-23-MV-35 converted to cane Feb 2012

MV-12 budded to Chard May 2013

MV-13,14,15,17 budded to CF May 2013

MV-4PV grafted to PV April 2015

MV-3ME,12,18 and 1/2 MV-28 budded to CS April 2018

MV-3 that was grafted from Merlot to CS in 2018 changed back to Merlot by cutting grafted heads, train up Merlot sucker

MV-9 and lower 10 rows of MV10 grafted to Chardonnay May 2020 (1.5 acres)

MV-3PV grafted to CS May 2021

Chateau Chevalier Vineyard

Chateau Chevalier Vineyard contains a total 42.87 vineyard acres in 13 blocks, nearly all of which is Cabernet Sauvignon. The entire vineyard was planted between 1995 and 2005 on modern resistant rootstock at an average density of 1,012 vines per acre, that are trained on the VSP system. A summary of varieties, average density, and average planting date is provided below. The Glass Fire destroyed 46.5% of the vines at these vineyards.

2018 Chateau Chevalier Phenology												count before count after Glass Fire Glass Fire Glass # of Vines # of Vines Loss-2020			missing		
Block	Variety	Nursery	Budwood	Yr. Planted	Vines/ac	Spacing	Trellis	Pruning	Irrigation	rootstock	Acres						
												1774	1,660	114	20		
												601	529	72	10		
CCV 2	CS	SN	CI 4	0/0/95	559	13 X6	VSP	Cane	Drip	420A	1.62	905	230	675	43		
CCV 3	CS	SN	CI 8	0/0/95	605	12 X6	VSP	Cane	Drip	420A	2.62	1375	515	860	38		
CCV 4	CS	SG	CI 7	0/0/95	559	13 X6	VSP	Cane	Drip	110R	3.85	2153	1,480	673	34		
CCV 5	CS	SN	CI 8	0/0/95	559	13 X6	VSP	Cane	Drip	110r	4.56	2548	1,935	613	61		
												2069	1,929	140	36		
												607	464	143	4		
CCV7	CS	SN	CI 8	5/0/99	1,031	13 X m	VSP	Cane	Drip	101-14	4.96	5110	3,627	1,483	144		
CCV8	CS	Vt	CI 4	5/0/99	1,031	13 X m	VSP	Cane	Drip	3309	4.16	4283	3,008	1,275	140		
CCV 9	CS	Vt110/SN101	CI 8	5/0/99	1,117	12 X m	VSP	Cane	Drip	101-14/110r	2.18	2430	1,929	501	42		
CCV10	CS	Vt	CI 8	5/0/99	1,031	13 X m	VSP	Cane	Drip	101-14	3.05	3140	1,786	1,354	96		
CCV11	CS	Vt	CI 8	5/0/99	1,031	13 X m	VSP	Cane	Drip	110r	3.09	3180	2,549	631	31		
CCV12CS	CS	SN	CI 4	8/3/1999	1,490	9 X m	VSP	Cane	Drip	101-14	7.26	11542	6,988	4,554	0		
CCV12CF	CF	SN	CI 312	8/2/1999	1,490	9 X m	VSP	Cane	Drip	3309	1.28	1899	1,417	482	76		
CCV 13	CS	LP-87	CI 15	0/0/95	559	13 X6	VSP	Cane	Drip	420A	2.10	1172	759	413	13		
CCV 14	CS	LP-10	CI 191	6/17/2005	559	13 X6	VSP	Cane	Drip	101-14	2.14	1191	585	606	57		
Totals											42.87	45979	31,390	14,589	845		
													Percent Lost			46.5%	to Glass Fire
Notes																	
CCV-14 grafted to Chard May 2005																	
CCV-2 grafted to Chard May 2010																	
CC-14,13,2 budded to CS April 2018																	

La Perla Vineyard

The La Perla Vineyard is comprised of 63.07 acres of vines in 67 blocks, mostly comprised of Cabernet Sauvignon, with complementary amounts of other classic Bordeaux varieties. The vineyard's modern plantings were planted between 1998 and 2004, and are trained on a VSP system with cane pruning. Four blocks (4.55 acres) have frost protection. A total of 51.53 acres of Cabernet Sauvignon and Merlot were planted on AXR and were destroyed by the Glass Fire. These areas are planned for replanting. The former AXR vineyards are considered plantable land in the valuation analysis.

The Glass Fire destroyed 24.1% of the resistant vines at the La Perla vineyards. The phenology and fire damage estimates are presented on the following page.

La Perla												count before Glass Fire	count after Glass Fire	Glass Fire Loss-2020	missing vines
New Block #	Variety	Nursery	Budwood	Year Planted	Vines/acre	Spacing	Trellis	Irrigation	Rootstock	Acres	# Of Vines	# Of Vines	# Of Vines		
1	CS	Vin	7	9/3/1999	2775	1.5 X 1.0	VSP	Drip	101-14	1.13	3,137	2,765	372		42
2	CS		BV	81	518	7X12	vert 2 wire	Drip	Axr-1	3.42	1,771	0	1,771		70
3	CS		Wente	71	518	7X12	sprawl	Drip	Axr-1	2.79	1,445	0	1,445		125
4	CS		BV	71	518	7X12	sprawl	Drip	Axr-1	1.54	796	0	796		20
5	CS		BV	70	622	7 X 10	sprawl	Drip	Axr-1	4.34	2,699	0	2,699		37
7U	CS	SN	Q 337	9/2/1999	2,699	1.5m X 1.0m	VSP	Drip	3309	0.66	1,774	1,660	114		20
7L	CS	SN	CL 4	8/2/1999	1,031	13 X m	VSP	Drip	110r	0.58	601	529	72		10
8U	CF	SN	312	7/26/1999	2,699	1.5m X 1.0m	VSP	Drip	3309	0.77	2,069	1,929	140		36
8L	CF	SN	312	7/26/1999	1,117	12 X m	VSP	Drip	3309	0.55	607	464	143		4
10	CS	Vin	191	08/08/00	2775	1.5 X 1.0	VSP	Drip	3309	2.38	6,595	6,582	13		42
11	CS	SN	4	10/14/1998	2239	6 X M	VSP	Drip	101-14	1.73	3,865	3,001	864		47
12	CS		Rocky Hill	1981	518	7X12	sprawl		Axr-1	3.96	2,050	0	2,050		955
14	CS	SN	8	10/15/1998	2239	6 X M	VSP	Drip	101-14	2.96	6,621	3,964	2,657		51
15	CS		Far Field	85	518	7X12	vert 2 wire		Axr-1	2.33	1,206	0	1,206		655
16	CS		?	85	1037	3.5X12	sprawl		Axr-1	3.52	3,650	0	3,650		1,225
20	PV	Vt	SMV3	10/14/1998	2239	6XM	VSP	Drip	110r	1.27	2,827	2,060	767		10
21	CF	SMV	LP29	10/13/1998	2239	6XM	VSP	Drip	3309	0.94	2,103	1,292	811		14
22	Malbec	Vin	JR	7/6/2000	2239	6XM	VSP	Drip	101-14	3.07	6,869	4,660	2,209		373
23	Malbec	Vin	JR	7/6/2000	1117	12 X M	VSP	Drip	101-14	2.68	2,989	1,941	1,048		66
28	CF	Vin	JR	2000	2775	1.0 X1.5	VSP	Drip	RG	1.59	4,395	4,375	20		13
29	CF		JR	2000	1117	12 X M	VSP	Drip	RG	2.52	2,813	1,500	1,313		3
30	Reservoir														
31	Reservoir														
32	Reservoir														
33	CS	LP-46	337	8/28/1998	957	14 X M	VSP	Drip	RG	1.54	1,471	116	1,355		66
34	CS	Vt	8HT	8/28/1999	957	14 X M	VSP	Drip	101-14	2.06	1,968	175	1,793		147
35	CF	SMV	LP29	10/2/1998	2775	1.5 X 1.0	VSP	Drip	3309	0.91	2,523	1,530	993		441
40	CS	LP-10,46	191/337	9/4/1998	4125	1.0 X 1.0	VSP	Drip	101-14	1.35	5,573	1,935	3,638		178
41	CS	Vt	7	9/1/1998	2063	1.0 X 2.0	VSP	Drip	3309	1.36	2,846	2,339	507		20
42	CS	Vt	7	9/3/1998	2063	1.0 X 2.0	VSP	Drip	3309	1.47	3,099	2,823	276		27
43	CS	Vt/SN	8 & 7	9/3/1998	2063	1.0 X 2.0	VSP	Drip	3309/101-14	1.46	3,080	2,143	937		32
44	CS	Vt	7	9/2/1999	2063	1.0 X 2.0	VSP	Drip	101-14	1.26	2,656	2,531	125		33
45	CS	Vt	7	9/2/1998	2063	1.0 X 2.0	VSP	Drip	101-14	1.22	2,572	2,459	113		27
46	CS	Vt	337	8/28/1999	2775	1.5 X 1.0	VSP	Drip	3309	0.99	2,744	2,382	362		42
50	CS		Far Field	85	518	7X12	vert 2 wire		Axr-1	1.08	561	0	561		420
51	CS		Far Field	85	518	7X12	vert 2 wire		Axr-1	0.89	461	0	461		159
52	CS		Far Field	85	518	7X12	vert 2 wire		Axr-1	1.89	976	0	976		191
53	CS		Far Field	85	518	7X12	vert 2 wire		Axr-1	0.61	316	0	316		141
54	CS		BV	79	518	7X12	vert 2 wire		Axr-1	1.79	925	0	925		250
60	CS	LP-10	191	9/16/1998	2063	1.0 X 2.0	VSP	Drip	3309	0.84	1,739	1,650	89		70
61	CS	LP-10,46	191/337	9/16/1998	2063	1.0 X 2.0	VSP	Drip	3309	0.96	1,989	1,800	189		80
62	CS	LP-10,46	191/337	9/17/1998	2063	1.0 X 2.0	VSP	Drip	3309	0.77	1,596	1,450	146		80
63	CS	LP-10	191	9/16/1998	2063	1.0 X 2.0	VSP	Drip	3309	0.63	1,296	1,150	146		280
64	CS	LP-10	191	9/16/1998	2063	1.0 X 2.0	VSP	Drip	3309	0.55	1,129	726	403		90
65	CS	LP-46	337	9/17/1998	2063	1.0 X 2.0	VSP	Drip	3309	0.31	634	534	100		4
66	ME	Vin	JR	9/18/1998	2063	1.0 X 2.0	VSP	Drip	RG	1.29	2,587	1,768	819		235
67	ME	SN	Bear Flats	9/18/1998	2063	1.0 X 2.0	VSP	Drip	RG	1.16	2,338	1,969	369		289
68CS	CS		337	1998	2234	6X1M	VSP	Drip	3309	1.86	4,145	3,597	548		97
70															
71															
72															
74	ME		RedGrove/Bo	88	622	7 x 10	3 wire T		Axr-1	1.05	652	0	652		176
75	ME		Newton	84	622	7 x 10	vert 2 wire		Axr-1	1.70	1,056	0	1,056		203
80	CS	SN	4	10/1/2008	2040	ter 2X	VSP	Drip	101-14	1.00	2,049	1,455	594		21
81	CS	SN	4	10/2/1998	2040	ter 2X	VSP	Drip	101-14	2.97	6,032	2,056	3,976		21
82	CS	Vt	7	10/6/1998	2775	1.5 x 1.0	VSP	Drip	3309	1.19	3,290	2,465	825		43
83	CS		Martini	64	518	7 x 12	vert 2 wire		Axr-1	1.03	532	0	532		290
84	CS		Far Field	83	622	7 x 10	vert 2 wire		Axr-1	1.99	1,236	0	1,236		110
85	CS		Far Field	84	518	7 x 12	vert 2 wire		Axr-1	0.70	364	0	364		68
86	CS		Far Field	83	622	7 x 10	vert 2 wire		Axr-1	1.71	1,064	0	1,064		100
87	CS	Vin	15	9/9/1998	2063	2.0 X 1.0	VSP	Drip	3309	1.03	2,125	1,448	677		91
88	PV	Vt	SMV3	9/9/1998	2063	2.0 X 1.0	VSP	Drip	3309	1.07	2,216	1,702	514		2
90	CS	LP-46	337	9/25/1998	4125	1.0 X 1.0	VSP	Drip	110r	0.82	3,368	880	2,488		43
91	CS	LP-10	191	9/24/1998	2040	ter 2X	VSP	Drip	110r	1.50	3,062	2,971	91		47
92	CS	LP-46	337	9/25/1998	2040	ter 2X	VSP	Drip	110r	1.42	2,898	2,846	52		45
93	CS	LP-87	15	9/24/1998	2040	ter 2X	VSP	Drip	110r	2.19	4,470	1,434	3,036		160
100	CS		7	1998	2234	6X1M	VSP	Drip	3309	0.80	1,796	1,319	477		9
101A	CS	SND	337	8/31/1999	4050	1.0 X 2.0	VSP	Drip	3309	0.76	1,534	1,500	34		13
101B	CS	SND	4	9/1/1999	4050	1.0 X 2.0	VSP	Drip	101-14	0.70	1,414	1,300	114		15
101C	CS	SND	4	9/1/1999	4050	1.0 X 2.0	VSP	Drip	101-14	0.70	1,427	1,358	69		11
101D	CS	SND	337	8/30/1999	4050	1.0 X 1.0	VSP	Drip	3309	0.75	3,040	501	2,539		28
101E	CS	SND	337	8/30/1999	4050	1.0 X 1.0	VSP	Drip	3309	0.49	1,969	1,400	569		20
101 F	CS	SND	337	8/31/1999	4050	1.0 X 1.0	VSP	Drip	3309	0.86	3,494	2,000	1,494		52
105	CS		Rocky Hill	88	726	5 x 12	3 wire T		Axr-1	4.17	3,027	0	3,027		430
106	CS		Rocky Hill	88	726	5 x 12	3 wire T		Axr-1	5.60	4,068	0	4,068		770
107	ME		RedGrove/Bo	88	726	5 x 12	3 wire T		Axr-1	2.48	1,798	0	1,798		380
108	CS		Rocky Hill	88	726	5 x 12	3 wire T		Axr-1	2.94	2,136	0	2,136		570
Totals										114.60	170,223	96,434	73,789		10,935
Resistant										63.07		Total of	43.3%	lost to Glass Fire	
AXR plantings considered plantable land												24.1% loss of resistant vines			



Notes

old blocks without irrigation

old blocks with irrigation

Part of LP 23 budded to Malbec May 2008

Part of LP 91 & 92 budded to PN clone 115 Apr. 2008

LP 93 Budded to PN clone 777 Apr. 2008

Rest of LP 23 budded to Malbec May 2009

Part of LP-91 & 92 budded to PN clone 777 Apr. 2010

Part of LP-91 & 92 budded to PN clone 777 & PN clone 115 Apr. 2011

LP-22 grafted to Malbec 2011/2012

Converted LP-1,33,34,35,82 to cane 2012

Converted LP-101 lower to cane 2013

Grafted LP-40 to Chard 2013

Grafted LP-21,35 to Cab Franc 2013

Grafted part of LP-41,45 to Chard May 2011

Grafted LP-60,63 to Chard May 2013

Grafted LP-61,62 to Chard May 2014

Planted ave. between LP66,67 and LP-68,69 to eliminate LP-68,69 May 2015

LP-30,31,32 pulled out to make room for new reservoir May 2015

LP-33,40,41/45,60,61,62,63,64,65,90,91,92,93 budded to CS Apr 2018

planted middle avenue in LP40's Mar. 2018

planted middle avenues between LP60,61,62,63,64,and 65 Mar. 2018

Grafted LP-23 to CS April 2020

Grafted upper half of LP-22 to CS May 2021

Alba Vineyard

The Alba Vineyard was planted in 2009 and contains 10.14 acres of terraced vineyards in eight blocks, all on modern resistant rootstock, planted at an average density of 523 vines per acre with primarily 14' x 6' spacing. The vines are VSP trellised, cane pruned, and drip irrigated. A summary of varietals, average density, and average planting date is provided below, along with the full phenology. The Glass Fire destroyed 45% of the vines at the Alba vineyards.

Block	Variety	Nursery	Budwood	Yr. Planted	Vines/ac	Spacing	Trellis	Pruning	Irrigation	Rootstock	Acres	count before	count after	Glass
												Glass Fire # Of Vines	Glass Fire # Of Vines	Fire Loss-2020
Alba 1	CF	Novavine	LP28	2009	523	17 X 6	Vertical SP	Cane	Drip	110R	0.53	273	219	54
Alba 2	CF	Novavine	LP28	2009	523	14 X 6	Vertical SP	Cane	Drip	110R	0.99	513	365	148
Alba 3	CF	Novavine	LP28	2009	523	14 X 6	Vertical SP	Cane	Drip	RG	2.11	1093	817	276
Alba 4	CS	Mercier	341	2008	523	14 X 6	Vertical SP	Cane	Drip	110R	0.29	327	291	36
Alba 5	CS	LP-87	15	2009	523	14 X 6	Vertical SP	Cane	Drip	3309	1.36	705	404	301
Alba 6	Merlot	Novavine	FPS 15	2009	523	14 X 6	Vertical SP	Cane	Drip	RG	0.60	311	87	224
Alba 7	CF	Novavine	LP28	2009	523	14 X 6	Vertical SP	Cane	Drip	RG	3.37	1747	706	1041
Alba 8	CS	LP-87	15	2009	523	14 X 6	Vertical SP	Cane	Drip	RG	0.89	463	99	364
Total											10.14	5432	2988	2444
Percent Lost to Glass Fire												45.0%		

Historical Yields

A crop history and estimated future yields by varietal and vineyard is presented on the following page, pursuant to an exhibit showing the total yields for all vineyard estates by varietal. We note that the subject's 2020 harvest was not completed due to the Glass Fire. This was typical for most vineyards in Napa Valley.

ALL RANCHES	ACRES	2007 TONS	2008 TONS	2009 TONS	2010 TONS	2011 TONS	2012 TONS	2013 TONS	2014 TONS	2015 TONS	2016 TONS	2017 TONS	2018 TONS	2019 TONS	2020 TONS
CAB SAUVIGNON	137.84	227.4570	144.6050	136.4555	158.0320	139.4635	328.3550	208.4600	212.5530	168.9325	166.4935	153.5240	234.6185	257.1380	13.6965
MERLOT	15.20	43.1840	17.3540	15.1295	26.5800	11.3755	30.4800	22.1130	19.5740	12.2785	13.3015	12.3415	7.2020	5.6595	0.0000
PETIT VERDOT	5.29	10.2300	7.2400	6.4875	8.9105	9.4430	14.8340	9.8670	12.3155	10.1285	13.6735	7.9540	18.0930	26.1175	0.0000
CABERNET FRANC	18.30	16.8710	13.6390	15.5410	19.6320	15.3185	26.5325	19.9215	26.9235	26.3685	25.3335	20.5785	32.8475	32.5935	0.0000
SYRAH	6.56	16.8535	8.9910	11.5770	15.1930	13.2225	18.2880	12.0370	18.4450	9.7479	8.2560	6.1990	0.0000	0.0000	0.0000
PINOT NOIR	6.05	7.7260	5.8950	5.4850	9.8540	13.3315	27.8960	22.6960	17.8415	13.1958	13.5025	15.0655	0.0000	0.0000	0.0000
Malbec	6.20	0.0000	0.3070	0.6675	2.4300	3.1040	12.2860	8.5480	10.7400	6.4565	6.4745	8.8340	8.1185	10.4815	0.0000
SAUVIGNON BLANC	5.38	27.0895	27.4190	21.3520	26.1750	23.5260	60.5490	22.9800	18.7585	13.7920	12.7450	13.9455	15.1645	19.4190	13.6235
CHARDONNAY	9.14	1.6885	1.9520	1.4135	1.7025	2.8160	3.0780	5.0400	10.9560	12.9700	14.8630	10.5110	0.0000	0.0000	0.0000
SEMILLON	0.57	2.3620	2.8130	2.3660	2.5000	2.8410	6.6150	2.5220	2.6475	2.2510	2.7190	2.6460	1.5115	1.0585	1.3035
VIOGNIER	0.50	0.7955	0.4850	0.7740	0.8710	0.4875	2.4305	1.2685	1.2430	0.2040	0.3420	0.2210	0.0000	0.0000	0.0000
MUSCAT	0.50	0.6170	0.3860	0.2860	0.4280	0.2065	0.5000	0.0000	0.5390	0.3110	0.2395	0.0000	0.0000	0.0000	0.0000
SUBTOTAL	211.53														
Open plantable land*	12.05*														
TOTAL	223.58	354.8740	231.0860	217.5345	272.3080	235.1355	531.8440	335.4530	352.5365	276.6362	277.9435	251.8200	317.5555	352.4675	28.6235
Annual Rainfall (inches)		27.65	34.70	31.90	51.90	63.05	37.40	38.35	29.75	35.30	46.85	81.00	32.95	66.25	24.50
Normal=46.00 inches															

Structural Improvements

Spring Mountain Vineyard is also improved with the estate residence, two winery buildings, the historic barn, tasting room, and extensive caves. A summary showing the type or name of the improvement and its size, by vineyard estate, is presented in the following table. We note that the square footages utilized throughout this report were provided by ownership, and differ from the Napa County Assessor's records, mostly attributed to the historic nature of the subject's structural improvements and incomplete records available to the Assessor. Public records indicate that the improvements were built between 1890 to 1977. A summary of structural improvements and their sizes by vineyard estate is provided in the following exhibit.

Spring Mountain Vineyards Structural Improvements Summary	
Description	SF
Miravalle	
Victorian Estate Home	8,133
Winery Building	16,406
Wine Caves	18,155
Green House	1,368
Cottage	1,330
Barn	2,400
Shed/Shop	2,495
Miravalle Total	50,287
Chevalier	
Winery Building	10,180
Chevalier Total	10,180
La Perla	
La Perla Total	
Alba	
Alba Total	0
Grand Total	60,467

Miravalle

The Miravalle estate residence (Villa Miravalle) was constructed in 1885 by Tiburcio Parrott, the original founder of the estate. The Victorian estate residence was designed by architect Albert Schroepfer, and is characterized by excellent quality finishes including custom stained glass windows, wood parquet flooring, period fixtures, and extensive carved wood detailing. The residence also features wraparound verandas, a swimming pool, and tower with cupola. The residence has been meticulously maintained and was in excellent condition at the time of inspection.

The winery building was originally constructed in the late 1890's, features exterior detailing on par with the estate residence, and was observed to be in good condition.

The wine caves, built in the late 1890's, are of reinforced barrel shell construction, finished with stone walls and concrete flooring. The caves have been expanded and renovated by current ownership, and were in very good condition at the time of inspection. The cave has a computer controlled climate management system.

The remaining improvements are of good to average quality construction, and were observed to be in good condition. The cottage is utilized as a tasting room.

Miravalle is extensively landscaped with a wide variety of flora, and is also improved with a packed pebble motor court, stone hardscaping, and an automatic entry gate.

Chateau Chevalier

Chateau Chevalier was founded by Fortune Chevalier in 1891. The stone winery building is one of Napa Valley's oldest wineries. The winery building survived the Glass Fire and will need significant modernization and renovation in order to be serviceable.

La Perla

The La Perla estate residence was destroyed in the Glass Fire. The property was first established in the 1870's, and situated on a knoll that overlooks Napa Valley, affording it exceptional views. The residence was relatively modern and had a swimming pool. Due to its knoll top location and the existing vineyard, the site will most likely be rebuilt to reflect current market standards if offered for sale.

The remaining improvements, including the historic winery building and single family residences were destroyed by the Glass Fire.

Alba

The Alba estate was destroyed by the Glass Fire. The improvements were constructed in 1979 and were comprised of a single family residence with a swimming pool, and a barn.

Functional Utility

The improvements appear to be adequately suited to their current use, and no apparent functional obsolescence is present.

We note that it is important to assess whether superadequacy exists for large, high cost residential improvements such as the subject's Miravalle Estate residence. While the historic mansion is large, it has a functional layout that is well designed. Additionally, while its cost likely exceeds that of most area residences, it is within the range of other high-end estate style home sales and cost data reviewed during our research. Furthermore, the character of the estate residence is well suited to area's prestigious atmosphere.

Deferred Maintenance

Deferred maintenance was identified in some of the structures, discussed previously, that would need to be addressed before the structures could be usable. These improvements were considered to have contributory value below that of their preexisting development entitlements, and thus no deductions for deferred maintenance were made in our analysis.

An itemized budget was provided by ownership showing the 2021 planned capital expenditures for maintenance, which total \$1,748,000. The budgets are provided below and on the following page. The repair and maintenance as it relates to fire damage is covered by insurance monies.

SMV Maintenance & Improvements Cap-Ex - 2021		Est. Cost
General - Estate & TR		
Barn Roof Repair	The whole barn is slowly deteriorating every year. There is a hole in the roof of the barn. The remainder of the roof is old and in poor shape and needs to be repaired.	\$ 50,000
Repave asphalt in front of winery (50-120k based on scope)	The asphalt in front of the winery is unsightly and unsafe. We have patched the driveway for many years, and we need to repave. Scope of this project is TBD on budget, but we should replace from the upper parking lot through to the end of the winery.	\$ 50,000
MV house chimney repair	The chimneys at the MV house were damaged during the 2014 earthquake. There is space between bricks in some areas and they are a safety hazard.	\$ 150,000
MV house roof	A considerable amount of shingles have been falling off the roof for some time. There is water potentially getting inside the building.	\$ 150,000
MV house siding, trim, rot, repairs	There are siding boards falling off the MV house along with areas of wood rot and bird damage. Some investment in the upkeep of this structure will help prevent additional damage.	\$ 50,000
Winery building wood rot, trim, repairs	There are many areas of the main winery/office building where water is getting through the siding/roof and causing wood rot. We had a piece of trip fall from the office tower and it could have injured a guest or an employee.	\$ 25,000
Winery building roof replacement	There are many leaks in the winery/office building roof. We have been patching these with SMV employee labor, but the roof is in need of replacement.	\$ 50,000
Yellow House floor	The floor is in terrible shape inside the YH. It is unsightly and does not put the best foot forward for SMV when guests come to visit the property.	\$ 10,000
Yellow House roof	The roof of the yellow house is falling apart and needs to be replaced. There is water leaking through the roof down through electrical fixtures.	\$ 16,800
La Perla Well Repair	The Glass fire burned two wells on the La Perla estate. The wells need to be repaired and all wiring and pumps replaced.	\$ 102,000
Install Deer Fencing	Replace burned Deer fencing surrounds the property to keep deer from damaging grapes vines	\$ 35,000
Rebuild Storage Barn	The Glass Fire destroyed all vineyard storage buildings. We need to build a barn to protect tractors and equipment from the elements	\$ 350,000
Remove Fire Rubble	Clean and Remove all Fire Rubble from the estate	\$ 350,000
Sub-total		\$ 1,388,800

Cellar & Caves		
Concrete for press/fruit pad + trench drain (smv labor)	This is part of the repaving project, the area near the fruit scale is particularly dangerous because we forklift heavy loads during harvest. This area should be re-paved so it is safe.	\$ 12,000
Trench drains in winery (2)	The drain system at SMV is in need of repair and improvement. Inadequate and insufficient drains lead to microbial development and wine spoilage risks. Trench drains would help alleviate these problems as well as save time during cleanup.	\$ 25,000
Fix drains in cave	The trench drains in the cave are worn down and some corners are in need of a re-build. This is a safety hazard for the forklift and for guests/employees walking around the cave system.	\$ 25,000
Seal and repaint oak tank fermentation area	The paint is peeling inside the oak fermentation room. The floor was improperly graded and the sealant is cracking because water does not drain. We should also seal up the cracks in the ceiling so that water does not drain onto the wood fermenters. This area is highly visible as all tours walk through it. From an aesthetic perspective it needs to be refreshed.	\$ 15,000
Demolish chemical/storage rooms & replace with shelving	The wood around the chemical storage room is molding/rotting and should be torn out. We do not need this room as we can store chemicals in a locker.	\$ 5,000
Metal catwalk	The wood catwalks are a TCA contamination risk and we should replace them with metal.	\$ 15,000
Add temperature & humidity control to part of cave	The ability to control the temperature of certain areas of the cave would facilitate AF/ML fermentation, but also storage of our wines. Reducing the temperature to 55f would help eliminate the Brett development we see every year.	\$ 50,000
Insulation, float and alarm system for glycol storage tanks	In case of failure or a pipe bursting, a float connected to an alarm and electro valve could easily save us \$5-10k. The hot glycol tank currently being used is not meant for insulated storage. A proper closed tank would save us money by reducing evaporation and heating demand.	\$ 4,000
Repair leaking glycol valves in vinwizard system	We are losing glycol to leaking valves. These valves need to be replaced periodically throughout the life of the vinwizard system.	\$ 20,000
Replacement for broken fittings & parts board & bucket rack (2-4k)	Our parts and fittings A-frames are a major contamination risk. We are storing critical sanitized parts on old wood that can harbor both winemaking microbes as well as TCA producing molds. This is a critical sanitation issue. The pegs on the current boards are breaking off and will need to be replaced this year.	\$ 4,000
Replacement water hose, fittings (quick release) & spray heads	Many water hoses are degrading and are frayed. These hoses are impossible to clean and harbor bacteria.	\$ 3,000
Replacement gaskets & seals for tanks in fermentation room	Several tanks still have original gaskets, which are no longer sealing properly. We need to replace these gaskets before the next crush season, especially if we don't sell fruit.	\$ 5,200
Wood rails - new	The wood rails that we store our barrels on will need to be replaced. These wood rails are old and despite regular pressure washing will harbor spoilage microorganisms.	\$ 3,000
Repair Burned Cave Vents	The Glass fire burned all three cave vents that help move air through the caves. All three need to be redrilled and repaired with all new motors, controls and fans.	\$ 152,000
Airocide units (6) for caves & bottling line	The airocide units are used to reduce the microbial and sensory issues we have in our cave system & bottling line. The units we trialed for the cave cleanout project have proven very effective. This will help us manage the airborne Brett populations in a larger area of our cave and winery.	\$ 21,000
Sub-total		\$ 359,200
General - Estate & TR		\$ 1,388,800
Cellar & Caves		\$ 359,200
Grand total		\$ 1,748,000

Recent Capital Expenditures

The following exhibit summarizes Capital Improvements during the past three years, from 2018 through 2020. A total of \$1,868,258 was invested in Capital Improvements at the property, with \$1,033,951 being for Barrels and Ovals, while \$663,400 was invested in the Vineyards.

Spring Mountain Vineyard, Inc. Capital Improvements For the years 2018-2020				
Sum of Net Change	2018	2019	2020	Grand Total
Barrels & Ovals	\$296,503	\$398,159	\$339,289	\$1,033,951
Construction in Progress	\$51,357	\$2,986	-\$35,257	\$19,086
Machinery & Equipment	\$900	\$57,531	\$42,434	\$100,864
Septic System	\$38,323			\$38,323
Roads & Landscaping			\$12,634	\$12,634
Vineyard	\$208,839	\$278,256	\$176,305	\$663,400
Grand Total	\$595,921	\$736,932	\$535,405	\$1,868,258

Capital improvement expenditures totaled \$2.5 million from 2015 through 2017. Approximately \$584,000 of that total was spent on barrel and oval acquisition during that time, which is considered personal property. A summary showing the categories and total expense by year is provided in the following table.

Spring Mountain Vineyard Recent Capital Improvement Expenditures				
Category	2015	2016	2017	Grand Total
Barrels & Ovals	\$201,757	\$213,186	\$168,714	\$583,657
Construction in Progress	\$1,224,339	\$412,334	\$55,335	\$1,692,009
Machinery & Equipment	\$117,473	\$38,718	\$45,250	\$201,441
Septic System	-	-	\$147	\$147
Vehicles	\$100	-	-	\$100
Vineyard	\$12,328	-	\$10,400	\$22,728
Grand Total	\$1,555,997	\$664,238	\$279,846	\$2,500,081



ADA Compliance

Based on our inspection and information provided, we are not aware of any ADA issues. However, we are not expert in ADA matters, and further study by an appropriately qualified professional would be recommended to assess ADA compliance.

Environmental Assessment

An environmental assessment report was not provided for review and environmental issues are beyond our scope of expertise. No hazardous substances were observed during our inspection of the improvements; however, we are not qualified to detect such substances. Unless otherwise stated, we assume no hazardous conditions exist on or near the subject.

Personal Property

Personal property items were not included in this analysis. Personal property items present at the Miravalle winery include extensive French oak cooperage, a bottling line, crush equipment, and stainless steel fermentation tanks.

CONCLUSION

The vineyard improvements have had all of their irrigation systems repaired, with over 160 miles of new drip irrigation system installed to repair the damage caused by the heat of the Glass Fire. All of the irrigation systems have been repaired and the vineyards are being irrigated with well water. The new well at the property is producing 300 gallons per minute and the settlement proceeds will more than cover the \$500,000 cost to repair the reservoir. All trellis posts that were damaged in the Glass Fire have been replaced with steel posts and the trellis systems are fully functional. The Glass Fire created tremendous heat as it burned through portions of the subject property and portions of the subject vineyards were damaged. The following exhibit summarizes the Replanting Schedule and projected costs of replanting the damaged vines. We have included an allowance of 20% for entrepreneurial incentive in our projected costs.

SMV Burned Vine Replant			
	Vines/labor	Date	Cost
Phase 1	Chevalier/La Perla	6/15/2021	\$150,000
Phase 2	La Perla	7/15/2021	\$180,000
Phase 3	Miravalle	8/15/2021	\$180,000
Phase 4	Miravalle/Alba	9/15/2021	\$162,000
Subtotal			\$672,000
Entrepreneurial Incentive @ 20%			\$134,400
Total			\$806,400
Rounded			\$800,000

The subject's structural improvements reflect a wide range of quality and construction as well as physical condition. The quality and condition of the Miravalle improvements are excellent. The improvements at Chevalier are of good quality construction, but are in fair condition and will require extensive repairs. The La Perla and Alba improvements were destroyed by the Glass Fire.

Overall, the Spring Mountain Vineyard property is rated excellent and the historic improvements add to the property's character and to its appeal to potential buyers in this price tier.



Zoning and Legal Restrictions

Zoning Summary	
Zoning Jurisdiction	Napa County
Zoning Designation	AW
Description	Agricultural Watershed
Legally Conforming?	Appears to be legally nonconforming
Zoning Change Likely?	No
Permitted Uses	Agriculture (including wineries & farmworker housing), single family residential, care facilities, and recreational uses
Category	Zoning Requirement
Minimum Lot Area	160 acres
Maximum Building Height	35 feet
Maximum Site Coverage	Not regulated
Source: Napa County Code of Ordinances	

The lot sizes of the Chevalier and Alba vineyard estates do not meet current zoning requirements of 160 acres minimum lot area. As such, these estates are considered preexisting, legally non-conforming uses.

We are not experts in the interpretation of zoning ordinances. An appropriately qualified land use attorney should be engaged if a determination of compliance with zoning is required.

Winery Permits

The subject property is entitled with four historical Napa County winery permits, one for each vineyard estate. Only the Miravalle winery permit is currently being utilized.

Miravalle

The Miravalle estate has a current winery use permit for a maximum of 48,000 gallons per year (equivalent to about 20,000 cases of 750 milliliter bottles), tastings are permitted by appointment only. This type of permit is typical for other high-end boutique Napa wineries that rely primarily on direct to consumer shipments for sales. This winery is currently operational and produces wines under the Spring Mountain Vineyards label.

Chateau Chevalier

Chevalier has a current winery use permit (U-727273, approved 08/01/73) for a maximum of 125-150 tons per year; or approximately 22,500 gallons. Tasting is permitted by invite or appointment only.



La Perla

La Perla has a Small Winery Use Permit Exemption (SW-208889, approved 11/23/88), for a maximum of 20,000 gallons annually. The site is allowed 10 tasting visitors per week.

Alba

A Small Winery Use Permit Exemption was filed for the Alba estate, which was marked as a "qualified" exemption and signed by the county, effective 09/07/84. Production capacity is a maximum of 2,500 gallons per year. The exemption allows for "occasional private visits; Not open to the public, no estimate of visitors, but expected to be very limited".

Measure C

Measure C was a Napa County initiative that, if passed, would have restricted the amount of permissible tree removal for new vineyard plantings on AW-zoned land (the subject's zoning designation). The vote took place on Tuesday, June 5 and while the final vote has not yet been certified, it appeared that the measure did not pass. Nevertheless, the vote was extremely close and indicated that there is growing support to limit future vineyard developments in the watershed areas. The impact of this trend will be to increase the value of existing vineyards and increase the vineyard development pipeline of Track I lands, of which the subject has approximately 41 acres. It is highly likely that some form of restrictions on new vineyard development will eventually pass in Napa County.

We are not experts in the interpretation of zoning ordinances. A qualified land use/zoning expert should be engaged if there are any zoning concerns or if a determination of compliance with zoning is required.

The subject's legal non-conforming use does not negatively impact the subject's marketability.



Real Estate Taxes

The subject property is taxed by Napa County.

Article XIII A (Prop 13) of the California Tax and Revenue Code, established that properties would be assessed on their market value as of March 1, 1975, the base year lien date.

Reassessment can only occur if the property is sold, substantial new construction occurs, or the property's use changes significantly. In which cases, the property could be reassessed to its market value. Increase of the base value are limited to only two percent per year.

Real estate taxes and assessments for the prior year are provided in the table below. The Napa Assessor is closed until July 6th, 2021 as they record the Tax Roll for 2021.

Taxes and Assessments -2020					
Assessed Value				Total	
	Tax ID	Land	Improvements	Total	Taxes
Miravalle	009-450-001	\$39,616	\$59,600	\$99,216	\$1,100
	022-180-020	\$2,293,734	\$3,235,908	\$5,529,642	\$59,090
	022-180-021	\$745,044	\$3,418,628	\$4,163,672	\$44,665
Total - Miravalle		\$3,078,394	\$6,714,136	\$9,792,530	\$104,855
Chevalier	022-180-053	\$1,133,419	\$676,450	\$1,809,869	\$19,715
	022-260-012	\$634,077	\$0	\$634,077	\$6,741
	022-260-013	\$2,017,970	\$2,697,996	\$4,715,966	\$50,718
Total - Chevalier		\$3,785,466	\$3,374,446	\$7,159,912	\$77,174
La Perla	022-180-017	\$2,969,093	\$817,252	\$3,786,345	\$40,950
	022-180-058	\$5,949,397	\$4,649,991	\$10,599,388	\$114,112
Total - La Perla		\$8,918,490	\$5,467,243	\$14,385,733	\$155,062
Alba	022-180-015	\$1,554,123	\$1,484,703	\$3,038,826	\$20,071
Grand Total		\$17,336,473	\$17,040,528	\$34,377,001	\$357,162

Typical property tax bills include the general tax levy, voted indebtedness, and direct assessments.

By law, the general tax levy in California is based on one percent of the assessed value of land, improvements and fixtures.

Voted indebtedness typically involves annual assessments to cover payments on general obligation bonds. The annual assessments are included on the tax bill until the debt is retired.



Direct or Special assessments are fixed charges such as flood control, sewer, refuse, or lighting assessments.

In this appraisal, property taxes are projected based on the reported tax rate for the subject property applied to the value conclusion in this appraisal.

If the property were sold it would be re-assessed to the Assessor's opinion of market value which, in most cases, is the sale price.



Highest and Best Use

As Vacant

Legally Permissible

The site is zoned AW, Agricultural Watershed. Permitted uses include agriculture (including wineries & farmworker housing), single family residential, care facilities, and recreational uses. However, if vacant, the subject's hillside vineyards would likely be prohibited from development, due to the more recent and stringent Napa County regulations for hillside vineyard plantings. As discussed in the zoning section of this report, the subject Chevalier and Alba properties do not meet the current standards for a separate lot, which is 160 acres..

Physically Possible

The subject site contains a total of 846.79 acres and is adequately served by utilities, has an adequate shape and size, sufficient access, etc., to be a separately developable site, as do each of the vineyard estate properties. The subject sites would support a site layout for any of the legally probable uses, which include vineyard, winery, residential and other similar uses.

There are no known physical reasons why the subject sites would not support any of these legally probable developments.

Given prevailing land use patterns in the area, only a premium wine grape vineyard and winery is given further consideration in determining highest and best use of the site, as though vacant.

Financially Feasible

The determination of financial feasibility is dependent primarily on the relationship of supply and demand for the legally permissible and physically possible land uses versus the cost to create the uses.

The subject's Spring Mountain AVA is one of Napa Valley's most prestigious appellations for winegrowing.

Pricing for Napa's wine grapes is the highest in the state, and wines made from Napa grapes are considered to be the finest produced in the country.

The subject's four winery permits are extremely valuable and the issuance of new winery permits are highly restricted in the county.

Based on our analysis of the market, there is currently adequate demand for winery and vineyard estate development in the subject's area. It appears that a newly developed winery and vineyard



estate on the site would have a value commensurate with its cost. Therefore, winery and vineyard estate development is considered to be financially feasible..

Maximally Productive

The final test of highest and best use of the site as though vacant is that the use be maximally productive, yielding the highest returns to the land. In the case of the subject as if vacant, the analysis has indicated that winery and vineyard estate development would be most appropriate.

Highest and Best Use Conclusion – As Vacant

Based on the preceding analysis and upon information and analysis contained in the area, neighborhood, and market analyses, the highest and best use as vacant would be development of winery and vineyard estate improvements. Sufficient demand exists for development to occur in the near term. Our analysis of the subject and market yields the conclusion that the most likely buyer, as if vacant, would be an owner-user / investor (land speculation) or developer.

As Improved

Spring Mountain Vineyard is an assemblage of four contiguous vineyard estates, planted to premium Bordeaux varietals. The property currently holds four Napa County winery permits of various levels. Wineries and vineyards with residential components are legally permitted uses at the subject site.

The subject property's improvements were built over a long period of time, from the 1890's to the 1970's, and reflect a wide range of physical conditions ranging from excellent (Villa Miravalle) to fair and in need of immediate repair for utilization (Chateau Chevalier winery).

The Miravalle, Chevalier, and La Perla vineyard estates are historic developments that have benefitted from extensive replanting with modern, high density vineyard plantings. The Alba estate was planted more recently with modern vineyards. These modern vineyard plantings add significant value to the site; however, the Miravalle and La Perla estates do retain a combined total of 56.74 acres of AXR-rooted vineyards, which do not meet current market standards for premium winegrowing. As such, the highest and best use of these portions of the subject vineyards would be to replant on modern resistant rootstock.

The Victorian estate residence at Miravalle is characterized by excellent quality finishes and materials, many of which would likely be irreplaceable today, including 1890's-era custom stained glass windows, period fixtures, and extensive carved wood detailing. The residence has been meticulously maintained and is in excellent condition. Overall, the improvements are seen as contributing significantly to the site value.

The subject is very well positioned for competition in the super premium wine market, with its diversity of vineyard blocks, historical structural improvements, desirable Bordeaux varietals, and prestigious Napa Valley location and sought-after AVA. As such, the highest and best use of the



property is for continued use as an assemblage of vineyard estates, a winery producing super premium wines, and replanting of the AXR-rooted vines to modern resistant rootstock.

Spring Mountain Vineyard is composed of an assemblage of four contiguous vineyard estates, three of which have elements which date back to the 19th century, including steep hillside vineyards that would likely be prohibited from development today. The subject represents a scale of investment that is relatively large for its competitive market; however, from a worldwide perspective, it embodies an irreplaceable and extremely desirable assemblage capable of producing world renowned wines. Because of this, it is our opinion that the subject would achieve a significant premium, if offered for sale, over smaller holdings without comparable entitlements.

Due to Spring Mountain Vineyard's irreplaceable and unique attributes, including the existing entitlements represented by the historic structures and hillside vineyards, it would be expected to attract substantial interest from international investors, well-capitalized Bay Area lifestyle buyers, and major California wine producers such as Foley Wines, Kendall-Jackson, Vintage Wine Estates, and Gallo.

The subject property is currently being marketed and the listing broker reported that the scale of investment is considered a significant hurdle for the subject's marketability. The most likely buyer of the entire holding would be one of the major wine industry entities and these investors do not assign value to potential homesites, which are a major driver of value in the competitive market. Therefore, it is our opinion, that based on the preliminary results from the current marketing effort, the highest and best use of the subject site as improved would be to subdivide the property into the four vineyard estates in order to capture the significant value associated with the subject's existing residential improvements, individual winery permits, and potential to further subdivide the estates based on their existing Napa Valley Assessor's office designated parcel numbers.

The indicated discount associated with marketing the property as a single holding, and not capturing the value of the individual winery permits, residential improvements, and potential homesites is estimated at between 20 to 30 percent of the value as if subdivided.



Appraisal Methodology

Cost Approach

The cost approach is based on the proposition that the informed purchaser would pay no more for the subject than the cost to produce a substitute property with equivalent utility. This approach is particularly applicable when the property being appraised involves relatively new improvements that represent the highest and best use of the land, or when it is improved with relatively unique or specialized improvements for which there exist few sales or leases of comparable properties.

Sales Comparison Approach

The sales comparison approach utilizes sales of comparable properties, adjusted for differences, to indicate a value for the subject. Valuation is typically accomplished using physical units of comparison such as price per square foot, price per unit, price per floor, etc., or economic units of comparison such as gross rent multiplier. Adjustments are applied to the property units of comparison derived from the comparable sale. The unit of comparison chosen for the subject is then used to yield a total value.

Income Capitalization Approach

The income capitalization approach reflects the subject's income-producing capabilities. This approach is based on the assumption that value is created by the expectation of benefits to be derived in the future. Specifically estimated is the amount an investor would be willing to pay to receive an income stream plus reversion value from a property over a period of time. The two common valuation techniques associated with the income capitalization approach are direct capitalization and the discounted cash flow (DCF) analysis.

Application of Approaches to Value

Approach	Comments
Cost Approach	The Cost Approach is not applicable and is not utilized in this appraisal.
Sales Comparison Approach	The Sales Comparison Approach is applicable and is utilized in this appraisal.
Income Capitalization Approach	The Income Capitalization Approach is not applicable and is not utilized in this appraisal.

Compiled by NKF

The sales comparison approach is viewed as most applicable in this valuation. The exclusion of the other two approaches does not impact the reliability of the appraisal.



Sales Comparison Approach

The sales comparison approach develops an indication of value by comparing the subject to sales of similar properties. The steps taken to apply the sales comparison approach are:

- ❑ Identify relevant property sales;
- ❑ Research, assemble, and verify pertinent data for the most relevant sales;
- ❑ Analyze the sales for material differences in comparison to the subject;
- ❑ Reconcile the analysis of the sales into a value indication for the subject.

Due to the investment scale of the subject property and the lack of sales of truly comparable properties in the market area, we have elected to value the various components of the subject property separately, including the vineyards, winery, vineyard estates, and homesites.

WINERIES AND VINEYARDS

We conducted a search for recent sales and current offerings of winery and vineyard properties in Napa County. Our search identified 12 sales of such properties, which were analyzed as they compare to the subject, and provide a reasonable indication of value for the subject properties.

Exhibits summarizing these sales are presented on the subsequent pages.



Comparable Sales

#	Property Name & Location	Land Area (Acres)	Sale Date	Sale Price	Not Included in Sale Price	Res. Units	Primary Residence Living Area (SF)	Ancillary Improvements	Winery Description	Winery Permit (gallons/yr)	Planted Acres of Vineyards	Plantable Acres	Varietals
1	Komes Ranch 2006 Zinfandel Lane, Saint Helena, CA	280.2	1/20	\$51,000,000	Flora Springs Brand, Inventory	1	N/A	One large shared reservoir & two wholly owned smaller reservoirs along with residence, office, and equipment storage bldgs.	Newer Good Quality Winery with Caves and Tasting Room (1978 & 2006)	120,000	58.0	15.0	Cabernet Sauvignon
2	Diamond Creek Vineyards 1500 Diamond Mountain Road Calistoga, CA	78.1	3/20	\$13,975,000	Significant Value Allocated to Goodwill and Library	1	N/A	Reservoir and Equipment Storage	Older Average Quality Winery and Tasting Room	10,000	20.75		Cabernet Sauvignon, Cabernet Franc, Merlot, Chardonnay
3	Summers Estate Winery 1171 Tubbs Lane Calistoga, CA	25.3	10/19	\$9,600,000	Inventory	1	2,240	Equipment storage	Modern Average Quality	100,000	21.2		Old Vine Zin, Chabono, Cabernet Sauvignon
4	Haynes Vineyard & Winery 4047 E. 3rd Avenue Napa, CA	43.36	9/19	12,525,000		1	1,500	-	Modern Average Quality	20,000	32.7	(17 of the 32.7)	Chardonnay, Pinot Noir, Syrah
5	Oak Knoll Ave & St. Helena (036-160-011) Napa, CA	44.6	4/18	\$12,000,000	-	-	-	Shared reservoir	-	-	-	42.6	-
6	Oak Knoll Ave & St. Helena (036-160-012) Napa, CA	44.6	4/18	\$11,900,000	-	-	-	Shared reservoir	-	-	-	42.6	-
7	Heitz Cellar 436 St. Helena Hwy., 500 Taplin Road, 8649 Silverado Trail, + addtl St. Helena, CA	1,100.0	4/18	\$142,500,000	Residential improvements, other outbuildings, \$32,500,000 for inventory, \$10,000,000 for brand	1	N/A	Tasting room on Silverado Trail, Second winery building (Oak Knoll)	Historic stone building built in 1898, plus newer buildings	144,000	439.0	15.0	Cabernet Sauv., Sauv. Blanc, Chardonnay, Zinfandel
8	Sullivan Vineyards 1090 Galleron Road St. Helena, CA	26.2	1/18	\$14,733,500	-	1	N/A	2 large reservoirs, vegetable garden for hospitality use, extensive hardscaping and landscaping	Modern Good Quality, wood frame, copper roof, multiple decks for hospitality use	25,000	21.3	-	Cabernet Sauvignon (70%), Cabernet Franc, Merlot, Chardonnay
9	4606 Oak Knoll Avenue Napa, CA	42.8	9/17	\$12,000,000	-	-	-	-	-	-	-	40.0	-
10	Ovid Napa Valley 9558 & 255 Long Ranch Road St. Helena, CA	73.6	4/17	\$30,000,000	\$20,000,000 for brand	-	-	Equipment storage	Built in 2002, modern, solar powered, gravity flow	18,000	15.0	-	Cabernet Sauvignon, Cabernet Franc, Merlot, Petit Verdot
11	Pedra Hill Winery Estate 1181 Las Posadas Road Angwin, CA	41.6	10/16	\$10,957,000	-	1	3,024	2 wells, five 10,000 gallon concrete water tanks, 2 5,000 gallon steel tanks for fire protection	798 SF Winery, 4,730 SF of caves, 5,500 SF of crush/fermentation pad	20,000	6.6	5.0	Mostly Bordeaux, some Pinot Noir
12	Ladera Vineyards 150 White Cottage Road Angwin, CA	182.0	9/16	\$44,635,000	All structural improvements, winery	-	-	-	Historic stone winery, 3 stories	13,500	69.0	12.2	Cabernet Sauvignon, Sauv. Blanc, Petit Verdot, Malbec
Low		26.2		\$10,957,000							6.6		
High		1,100.0		\$142,500,000							439.0		
Average		194.4		\$34,840,688							110.2		



Comparable Sales

#	Property Name & Location	Allocated Value to Residential/ Homesite	Winery & Caves Area (SF)	Allocated Value to Winery & Caves	Allocated Value to Winery & Caves Per SF	Allocated Value to Addtl Imp.	Allocated Value to Winery Site & Permit (Potential)	Allocated Value to Planted	Allocated Value to Plantable	Allocated Value to Ancillary Land	Allocated \$/Acre Planted	Allocated \$/Acre Plantable	Allocated \$/Acre Ancillary	AVA	Comments
1	Komes Ranch 2006 Zinfandel Lane, Saint Helena, CA	\$2,500,000	N/A	\$5,000,000	N/A	\$4,500,000	\$3,000,000	\$29,230,600	\$6,375,000	\$394,400	\$503,976	\$425,000	\$2,000	Rutherford and St. Helena	
2	Diamond Creek Vineyards 1500 Diamond Mountain Road Calistoga, CA	\$1,000,000	8,600	\$1,720,000	\$200	\$1,000,000	\$1,750,000	\$9,337,500		\$300,000	\$450,000	-	\$3,000	Diamond Mountain	
3	Summers Estate Winery 1171 Tubbs Lane Calistoga, CA	\$560,000	7,000	\$1,400,000	\$200	\$57,000	\$1,000,000	\$6,578,200		\$5,200	\$310,000		\$2,500	Calistoga	Tours and tastings by appt.
4	Haynes Vineyard & Winery 4047 E. 3rd Avenue Napa, CA	\$500,000	3,200	\$640,000	\$200		\$770,000	\$5,495,000	\$5,100,000	\$21,650	\$350,000	\$300,000	\$2,500	Coombsville	Winery Permit for 20,000 gallons Winery is 1,800 SF with sales office in mezzanine 1,414 sf of caves and 1,500 sf residence
5	Oak Knoll Ave & St. Helena (036-160-011) Napa, CA	\$1,000,000	-	-	-	-	\$1,000,000	-	\$10,000,000	-	-	\$234,687	-	Oak Knoll	Listing broker reported \$2,000,000 total allocation for "building sites"
6	Oak Knoll Ave & St. Helena (036-160-012) Napa, CA	\$1,000,000	-	-	-	-	\$1,000,000	-	\$9,900,000	-	-	\$232,340	-	Oak Knoll	Listing broker reported \$2,000,000 total allocation for "building sites"
7	Heitz Cellar 436 St. Helena Hwy., 500 Taplin Road, 8649 Silverado Trail, + addtl St. Helena, CA	-	50,100	\$20,000,000	\$399.20	\$5,000,000	\$3,000,000	\$116,300,000	\$5,250,000	-	Ranged from \$125,000 to \$425,000	\$350,000	-	Pope Valley, Rutherford, Howell Mtn., Oak Knoll, St. Helena, Calistoga	Rutherford AVA vineyards were allocated \$425,000 per acre
8	Sullivan Vineyards 1090 Galleron Road St. Helena, CA	\$2,150,000	5,894	\$1,550,000	\$262.98	\$485,250	\$1,500,000	\$9,048,250	-	-	\$425,000	-	-	Rutherford	Tasting by appointment
9	4606 Oak Knoll Avenue Napa, CA	-	-	-	-	-	\$4,000,000	-	\$8,000,000	-	-	\$200,000	-	Oak Knoll	-
10	Ovid Napa Valley 9558 & 255 Long Ranch Road St. Helena, CA	\$6,000,000	12,363	\$6,500,000	\$525.76	-	\$3,000,000	\$14,312,435	-	\$187,565	\$954,162	-	\$3,500	Pritchard Hill	Brand allocated \$20,000,000
11	Piedra Hill Winery Estate 1181 Las Posadas Road Angwin, CA	\$1,814,400	5,528	\$2,211,200	\$400	-	\$2,000,000	\$3,651,360	\$1,250,000	\$30,040	\$553,236	\$250,000	\$1,000	Howell Mountain	Residence built in 1998
12	Ladera Vineyards 150 White Cottage Road Angwin, CA	\$2,500,000	30,000	\$6,300,000	\$210.00	-	\$1,500,000	\$31,050,000	\$3,040,000	\$252,100	\$450,000	\$250,000	\$2,500	Howell Mountain	\$44,642,100
Low		\$1,000,000	5,528	\$1,550,000	\$210		\$1,000,000	\$3,651,360	\$1,250,000	\$30,040	\$425,000	\$200,000	\$1,000		
High		\$6,000,000	50,100	\$20,000,000	\$526		\$4,000,000	\$116,300,000	\$10,000,000	\$252,100	\$954,162	\$350,000	\$3,500		
Average		\$2,410,733	20,777	\$7,312,240	\$360		\$2,125,000	\$34,872,409	\$6,240,000	\$156,568	\$595,600	\$252,838	\$2,333		



Analysis of Comparable Winery/Vineyard Data

The comparable data reflects a wide range of winery and vineyard properties that were sold during the past five years. These transactions reflect the most significant transactions in this sector, with the exception of the off market sale of a partial interest in Colgin Cellars. That sale has not been included in this analysis because it involved a significant business value, which the appraisers were unable to extract from the purchase price.

The comparable sales are considered the best available data for deriving opinions of value for the subject's various components, including values for planted vineyards, winery improvements, plantable land, ancillary land, and winery permits.

The wide range in the physical and economic attributes of the comparable data precluded the application of a traditional adjustment grid analysis. Therefore, the data was considered on a specific case by case basis to support our concluded values.

Comparable 1 – Komes Ranch (former Flora Springs Winery and Vineyard): This is the January 2020 sale of the 280 acre Komes Ranch, which was formerly utilized by the Flora Springs Winery. The site is improved with 58 acres of vineyards and a modern, good quality winery with a permit to produce 120,000 gallons of wine annually. There was a single family residence, tasting room, equipment storage buildings, and ± 15 acres of plantable land.

The sale did not include the Flora Springs brand or inventory. The purchase price was reported at \$51,000,000 and the vineyards were allocated $\pm \$500,000$ per acre. The winery site and permit were allocated \$3,000,000 and the Winery and associated improvements were allocated \$5,000,000. The residential improvements were allocated \$2,500,000.

The vineyards at this comparable were approaching the end of their economic life and the buyer anticipated replanting in their investment horizon. This comparable is considered an excellent indicator of value for the subject vineyards, winery site, and winery permit. Given the subject's more recent vineyard plantings, we would expect the subject vineyards to achieve a higher price per acre.

Comparable 2 – Diamond Creek Vineyards: This is the March 2020 sale of the 78 acre Diamond Creek Vineyards. The site is improved with 20.75 acres of vineyards and an older, average quality winery with a permit to produce 10,000 gallons of wine annually. There was a modest single family residence, tasting room, and equipment storage buildings.

The sale included a significant allocation to Goodwill, as well as the wine library. The purchase price was reported at \$13,975,000 and the vineyards, which were older and would require replanting in the foreseeable future, were allocated $\pm \$450,000$ per acre, before considering the impact of the Goodwill included in the sale, but not included with the real estate. The winery site and permit were allocated \$1,750,000 and the Winery and associated improvements were allocated \$1,720,000. The residential improvements were allocated \$1,000,000.



The vineyards at this comparable were approaching the end of their economic life and the buyer anticipated replanting in their investment horizon. Additionally, upward adjustment is warranted for the Goodwill that was included in this transaction but not included in the value of the real estate.

This comparable is considered an excellent indicator of value for the subject vineyards, winery site, and winery permit. Given the subject's more recent vineyard plantings, we would expect the subject vineyards to achieve a higher price per acre.

Comparable 3 – Summers Estate Winery: This is the October 2019 sale of a 25.3 acre parcel on Tubbs Lane in Calistoga. The site is improved with 21.2 acres of vineyards and a modern, average quality winery that reportedly contains 7,000 square feet according to Napa County public records. The single family residence was converted to a tasting room. This comparable has an inferior location to the subject, indicating an upward adjustment to the allocated values.

Comparable 4 – Haynes Vineyard and Winery: This is the September 2019 sale of a 43.36 acre parcel in the Coombsville AVA. The site was improved with 32.7 acres of vineyards, with 17 acres requiring immediate replanting. This comparable has an inferior location to the subject, indicating an upward adjustment to the allocated values. The varieties grown at this vineyard achieve lower pricing than the subject's vineyards, indicating upward adjustment to the allocated values for planted and plantable land.

Comparables 5 and 6 are two vineyard parcels of 42.6 acres each that were sold in April 2018 for vineyard redevelopment. The parcels included a homesite and potential winery sites, each of which were allocated \$1,000,000 by the buyers.

Comparable 7 – Heitz Cellars: This April 2018 sale is considered the best indicator of value for the subject property due to its scale of investment and similar components. The vineyards included in this sale were dispersed throughout Napa County and in our analysis, the prime vineyards were allocated a value of \$425,000 per acre. The winery improvements were allocated \$20,000 or just under \$400 per square foot. The winery permit allows for production of 144,000 gallons annually and was allocated \$3,000,000. Market conditions have improved since this sale was negotiated, indicating upward adjustment to the allocated values.

Comparable 8 – Sullivan Vineyards: This sale from January 2018 is located in the Rutherford AVA and is comprised of 26.2 acres with 21.3 acres planted to Bordeaux varieties and Chardonnay.

Comparable 9 is the September 2017 of a vineyard redevelopment parcel in the Oak Knoll AVA comprised of 42.8 acres that had the potential for a large winery. The winery permit potential was allocated \$5,000,000 by the buyer.

Comparable 10 – Ovid Napa Valley: This sale from April 2017 is located in the premier Pritchard Hill district of the Howell Mountain AVA and is considered for its scale of investment and combination of uses. The buyer was Silver Oak, one of the premier winemakers in Napa. The



sale price included the brand, which achieves pricing even higher than that of Silver Oak and the buyer reportedly intends to capitalize on this premium by shifting production from their existing brand to the Ovid brand. Overall, this sale provides the highest indicated price per acre of planted vineyards, at \$954,162 per acre. Downward adjustments are required for location and scale of investment, indicating the subject would be expected to achieve lower price per acre of planted vineyards.

Comparable 11 – Piedra Hill Winery Estate: This October 2016 sale represents the recent sale of a boutique Winery and Vineyard Estate in the Howell Mountain AVA. This comparable is considered an excellent indicator of the premium achieved in this market by smaller, upscale wineries and vineyard estates. This sale indicated an allocated value of \$553,236 per planted vineyard acre. It is presented to provide support for our concluded values for the subject's individual vineyard estates.

Comparable 12 – Ladera Vineyards: In September of 2016, Ladera Vineyards was sold for \$44,635,000. This buyer was a partnership with existing wineries that sourced grapes from this property and were motivated to purchase the property in order to protect their access to this premium fruit. The property included an historic limestone winery and this transaction is considered an excellent indicator of value for the subject's various components. It is located in the Howell Mountain AVA. This comparable is considered an excellent indicator of the premium achieved in this market by historic wineries with vineyards planted to the classic Bordeaux varietals.

Summary

The following exhibit summarizes the indicated values allocated to the various components of the comparables.

Summary of Indicated Values from Comparable Sales												
#	Land Area (Acres)	Sale Price	Planted Acres of Vineyards	Allocated Value to Residential/ Homesite	Winery & Caves Area (SF)	Allocated Value to Winery & Caves	Allocated Value to Winery & Caves Per SF	Allocated Value to Winery Site & Permit (Potential)	Allocated Value to Ancillary Land	Allocated \$/Acre Planted	Allocated \$/Acre Plantable	Allocated \$/Acre Ancillary
Low	26.2	\$10,957,000	6.6	\$1,000,000	5,528	\$1,550,000	\$210	\$1,000,000	\$30,040	\$425,000	\$200,000	\$1,000
High	1,100.0	\$142,500,000	439.0	\$6,000,000	50,100	\$20,000,000	\$526	\$4,000,000	\$252,100	\$954,162	\$350,000	\$3,500
Average	194.4	\$34,840,688	110.2	\$2,410,733	20,777	\$7,312,240	\$360	\$2,125,000	\$156,568	\$595,600	\$252,838	\$2,333

Recent Marketing Efforts at Subject Property

The property was listed in 2019 for sale with International Wine Associates and that marketing effort resulted in an offer to purchase the historic Chateau Chevalier in 2019 by DBR-Lafite (Rothschild). That offer valued Chateau Chevalier at \$40,000,000 based on an allocation of \$800,000 per planted vineyard acre. The offer led to a confidential LOI being executed in February 2021 (subsequent to the Glass Fire). The transaction was not consummated due to the impact of the pandemic.



In late 2021, ownership removed the offering for Spring Mountain Vineyard and listed the Chateau Chevalier with Engel & Volkers. The marketing efforts have resulted in ± 10 offering memorandums being requested by interested parties. The asking price is \$45,000,000 and there are reportedly several interested parties.

Market Participants

The appraisers interviewed investors and brokers active in the premium vineyard and winery market of Napa Valley. These participants affirmed the view that the subject assemblage of four contiguous estates represents an irreplaceable, premium asset in its competitive market. The market participants reported that the subject's scale of investment represented a significant challenge of marketing the property as a single asset. The most likely investor for the subject's assemblage would not pay a premium for the residential improvements or potential homesites.

The market participants also reported that as individual vineyard estates, there would be significant premiums due to the larger pool of potential buyers associated with the reduced scale of investment and the ability to capitalize on the subject's residential improvements and potential homesites. In addition, the subject's winery permits would attain premiums if marketed as separate properties.

Overall, our survey of market participants indicated that in the current market, values of \$500,000 to \$700,000 per acre for modern vineyards planted on resistant rootstock to classic Bordeaux varietals would be achievable in the current market, with the upper end of the range reflective of the subject's individual vineyard estates and the lower end of the range reflective of the property as if sold to a single buyer.

Sales Comparison Approach Conclusions

The subject property is comprised of four distinct vineyard estates and in this approach, we have analyzed the properties individually, beginning with the Miravalle Estate, followed by Chevalier, La Perla, and Alba.

MIRAVALLE ESTATE

The main residence at Miravalle is allocated a value of \$1,200 per square foot based on the quality of the improvements and current construction costs. This results in a value conclusion of \$9,759,600 for the main residence. In our analysis of the main residence, we considered the highest and best use to be as a venue for winery related events, similar to the historic Beringer Estate.

The Miravalle Winery is allocated \$500 per square foot, based on the quality of the improvements and current construction costs. This results in an indicated value of \$8,203,000 for the winery. The Winery Permit is allocated \$3,000,000 based on its capacity and constraints. The subject's Winery Caves are of excellent quality and in very good condition, and are allocated \$400 per square foot.



The various ancillary structures are allocated \$75 to \$100 per square foot for improvements and \$200,000 per acre based on the five-acre footprint of the estate.

The Miravalle vineyards are allocated \$600,000 per acre for the modern plantings and \$450,000 for the AXR plantings. The Track I plantable land is allocated \$350,000 per acre.

The Miravalle Estate is situated on three Assessor's parcels and based on the desirability of this location, we have allocated \$2,500,000 per potential homesite.

Finally, there are 200 acres of lands at the Miravalle Estate which are considered ancillary land. These lands are allocated \$2,000 per acre based on the ratio of ancillary land to usable land.

The following exhibit summarizes the value conclusions for the Miravalle Estate.

Spring Mountain Vineyard Value Summaries June 10, 2021					
Miravalle					
Component	SF	Acres	Value \$/SF	Value \$/Acre	Total Value
Victorian Estate Home	8,133		\$1,200		\$9,759,600
Winery Building	16,406		\$500		\$8,203,000
Winery Permit - 48,000 gallons per year					\$3,000,000
Wine Caves	18,155		\$400		\$7,262,000
Green House	1,368		\$75		\$102,600
Cottage	1,330		\$100		\$133,000
Barn	2,400		\$75		\$180,000
Resistant Vineyard		37.74		\$600,000	\$22,644,000
AXR Vineyard		5.21		\$450,000	\$2,344,500
Plantable Land - Track I		15.00		\$350,000	\$5,250,000
Homesites (3)		3.00		\$2,500,000	\$7,500,000
Building Footprint		5.00		\$200,000	\$1,000,000
Ancillary Land		200.65		\$2,000	\$401,300
Total - Miravalle	47,792	266.60			\$67,780,000
				Rounded	\$67,800,000

CHATEAU CHEVALIER

The structural improvements at the Chevalier Estate represent perfected development rights and are allocated nominal values on this basis, with the abandoned winery building allocated \$300 per square foot of building area.

The resistant vineyards are allocated \$600,000 per acre and the Tract I Plantable Land is allocated \$350,000 per acre. The Winery Permit at this estate is allocated \$1,500,000 based on its capacity and constraints.

The Chevalier Estate is situated on three Assessor's parcels and based on the desirability of this location, we have allocated \$2,500,000 per potential homesite.

Finally, there are 59.06 acres of lands at this estate which are considered ancillary land. These lands are allocated \$2,000 per acre based on the ratio of ancillary land to usable land.

The following exhibit summarizes the value conclusions for the Chevalier Estate.

Spring Mountain Vineyard Value Summaries June 10, 2021					
Chevalier					
Component	SF	Acres	Value \$/SF	Value \$/Acre	Total Value
Winery Building	10,180	1.00	\$300		\$3,054,000
Winery Permit - 24,500 gallons per year					\$1,500,000
Resistant Vineyard		42.87		\$600,000	\$25,722,000
Plantable Land - Track I		17.66		\$350,000	\$6,181,000
Homesites (3)		3.00		\$2,500,000	\$7,500,000
Ancillary Land		59.06		\$2,000	\$118,120
Total - Chevalier	10,180	123.59			\$44,075,120
				Rounded	\$44,100,000



LA PERLA

The La Perla Winery Permit is allocated \$1,500,000 based on its capacity and constraints. The La Perla vineyards are allocated \$600,000 per acre for the modern plantings and \$400,000 for the AXR plantings. The Track I plantable land is allocated \$350,000 per acre and the Tract II plantable Land is allocated \$400,000. The La Perla Estate is situated on two Assessor's parcels and based on the views from this location, we have allocated \$2,500,000 per potential homesite. Finally, there are 261 acres of lands at the La Perla Estate which are considered ancillary land. These lands are allocated \$2,000 per acre. The following exhibit summarizes the value conclusions for the La Perla Estate.

Spring Mountain Vineyard Value Summaries June 10, 2021					
La Perla					
Component	SF	Acres	Value \$/SF	Value \$/Acre	Total Value
Winery Permit - 20,000 gallons per year					\$1,500,000
Resistant Vineyard		63.07		\$600,000	\$37,842,000
AXR Vineyard		51.53		\$400,000	\$20,612,000
Plantable Land - Track I		32.00		\$350,000	\$11,200,000
Plantable Land - Track II		13.00		\$400,000	\$5,200,000
Homesites (3)		3.00		\$2,500,000	\$7,500,000
Ancillary Land		261.00		\$2,000	\$522,000
Total - La Perla		423.60			\$84,376,000
				Rounded	\$84,400,000

ALBA

The Alba vineyards are allocated \$600,000 per acre for the modern plantings and \$400,000 for the AXR plantings. The potential homesite is allocated \$2,500,000. Finally, there are 19.86 acres of lands which are considered ancillary land. These lands are allocated \$2,000 per acre. The following exhibit summarizes the value conclusions for the La Perla Estate.

Spring Mountain Vineyard Value Summaries June 10, 2021					
Alba					
Component	SF	Acres	Value \$/SF	Value \$/Acre	Total Value
Homesite		3.00		\$2,500,000	\$2,500,000
Resistant Vineyard		10.14		\$600,000	\$6,084,000
Ancillary Land		19.86		\$2,000	\$39,720
Total - Alba		33.00			\$8,623,720
				Rounded	\$8,600,000



Reconciliation of Value

The values indicated by our analyses are as follows:

Spring Mountain Vineyard Value Summaries June 10, 2021					
Miravalle					
Component	SF	Acres	Value \$/SF	Value \$/Acre	Total Value
Victorian Estate Home	8,133		\$1,200		\$9,759,600
Winery Building	16,406		\$500		\$8,203,000
Winery Permit - 48,000 gallons per year					\$3,000,000
Wine Caves	18,155		\$400		\$7,262,000
Green House	1,368		\$75		\$102,600
Cottage	1,330		\$100		\$133,000
Barn	2,400		\$75		\$180,000
Shed/Shop			\$0		\$0
Resistant Vineyard		37.74		\$600,000	\$22,644,000
AXR Vineyard		5.21		\$450,000	\$2,344,500
Plantable Land - Track I		15.00		\$350,000	\$5,250,000
Homesites (3)		3.00		\$2,500,000	\$7,500,000
Building Footprint		5.00		\$200,000	\$1,000,000
Ancillary Land		200.65		\$2,000	\$401,300
Total - Miravalle	47,792	266.60			\$67,780,000
				Rounded	\$67,800,000
Chevalier					
Component	SF	Acres	Value \$/SF	Value \$/Acre	Total Value
Winery Building	10,180	1.00	\$300		\$3,054,000
Winery Permit - 24,500 gallons per year					\$1,500,000
Single Family Residence	0				\$0
Resistant Vineyard		42.87		\$600,000	\$25,722,000
Plantable Land - Track I		17.66		\$350,000	\$6,181,000
Homesites (3)		3.00		\$2,500,000	\$7,500,000
Ancillary Land		59.06		\$2,000	\$118,120
Total - Chevalier	10,180	123.59			\$44,075,120
				Rounded	\$44,100,000
La Perla					
Component	SF	Acres	Value \$/SF	Value \$/Acre	Total Value
Estate Home	0		\$300		\$0
Single Family Residence	0		\$150		\$0
Single Family Residence	0		\$150		\$0
Cabin	0		\$100		\$0
Vineyard Manager's Office	0		\$150		\$0
Garages	0		\$100		\$0
Feed Barn	0		\$50		\$0
Winery Building	0		\$150		\$0
Winery Permit - 20,000 gallons per year					\$1,500,000
Resistant Vineyard		63.07		\$600,000	\$37,842,000
AXR Vineyard		51.53		\$400,000	\$20,612,000
Plantable Land - Track I		32.00		\$350,000	\$11,200,000
Plantable Land - Track II		13.00		\$400,000	\$5,200,000
Homesites (3)		3.00		\$2,500,000	\$7,500,000
Ancillary Land		261.00		\$2,000	\$522,000
Total - La Perla		423.60			\$84,376,000
				Rounded	\$84,400,000
Alba					
Component	SF	Acres	Value \$/SF	Value \$/Acre	Total Value
Homesite		3.00		\$2,500,000	\$2,500,000
Resistant Vineyard		10.14		\$600,000	\$6,084,000
Ancillary Land		19.86		\$2,000	\$39,720
Total - Alba		33.00			\$8,623,720
				Rounded	\$8,600,000
Aggregate of the Estate Values					\$204,900,000
Less Replanting				-\$800,000	\$204,100,000



Cost Approach

As previously discussed, the Cost Approach was not utilized for valuation of the subject property.

Sales Comparison Approach

The Sales Comparison Approach is focused on comparing the subject to sale and other market transactions with the aim to develop an indication of value that is founded on the theory of substitution. The sales comparison approach is viewed as most applicable in the valuation of land parcels. Therefore, the sales comparison approach is the sole approach to value utilized in this appraisal.

Income Capitalization Approach

As the subject property is not leased, the Income Capitalization Approach was not applicable and not utilized.

Spring Mountain Vineyard Value Summaries June 10, 2021		
Miravalle		
	Rounded	\$67,800,000
Chevalier		
	Rounded	\$44,100,000
La Perla		
	Rounded	\$84,400,000
Alba		
	Rounded	\$8,600,000

Extraordinary Assumptions and Hypothetical Conditions

An extraordinary assumption is defined in USPAP as an assignment-specific assumption as of the effective date regarding uncertain information used in an analysis which, if found to be false, could alter the appraiser's opinions or conclusions. The value conclusions are not subject to any extraordinary assumptions.

A hypothetical condition is defined in USPAP as a condition, directly related to a specific assignment, which is contrary to what is known by the appraiser to exist on the effective date of the assignment results, but is used for the purpose of analysis. The value conclusions are not based on any hypothetical conditions.

Compiled by NKF

Exposure Time

Exposure time is the estimated length of time the subject property would have been offered on the market prior to the hypothetical consummation of a sale at market value on the effective date



of the appraisal. It is a retrospective estimate based on an analysis of past events assuming a competitive and open market.

Recent sales transaction data for similar properties, supply and demand characteristics for the local land market, and the opinions of local market participants were reviewed and analyzed. Based on this data and analysis, it is our opinion that the probable exposure time for the subject at the concluded market value / values stated previously is 12 months.

Marketing Time

Marketing time is an opinion of the amount of time it might take to sell a real or personal property interest at the concluded market value level during the period immediately after the effective date of an appraisal. Marketing time differs from exposure time, which is always presumed to precede the effective date of an appraisal. As no significant changes in market conditions are foreseen in the near term, it is our opinion that a reasonable marketing period for the subject is likely to be the same as the exposure time. Accordingly, we estimate the subject's marketing period at 12 months.



Assumptions and Limiting Conditions

The Appraisal contained in this Report (herein "Report") is subject to the following assumptions and limiting conditions:

1. Unless otherwise stated in this report, title to the property which is the subject of this report (herein "Property") is assumed to be good and marketable and free and clear of all liens and encumbrances and that there are no recorded or unrecorded matters or exceptions to title that would adversely affect marketability or value. No responsibility is assumed for the legal description, zoning, condition of title or any matters which are legal in nature or otherwise require expertise other than that of a professional real estate appraiser. This report shall not constitute a survey of the Property.
2. Unless otherwise stated in this report, it is assumed: that the improvements on the Property are structurally sound, seismically safe and code conforming; that all building systems (mechanical/electrical, HVAC, elevator, plumbing, etc.) are in good working order with no major deferred maintenance or repair required; that the roof and exterior are in good condition and free from intrusion by the elements; that the Property and improvements conform to all applicable local, state, and federal laws, codes, ordinances and regulations including environmental laws and regulations. No responsibility is assumed for soil or subsoil conditions or engineering or structural matters. The Property is appraised assuming that all required licenses, certificates of occupancy, consents, or other legislative or administrative authority from any local, state, or national government or private entity or organization have been or can be obtained or renewed for any use on which the value estimates contained in this report is based, unless otherwise stated. The physical condition of the Property reflected in this report is solely based on a visual inspection as typically conducted by a professional appraiser not someone with engineering expertise. Responsible ownership and competent property management are assumed.
3. Unless otherwise stated in this report, this report did not take into consideration the existence of asbestos, PCB transformers or other toxic, hazardous, or contaminated substances or underground storage tanks, or the cost of encapsulation, removal or remediation thereof. Real estate appraisers are not qualified to detect such substances. The presence of substances such as asbestos, urea formaldehyde foam insulation, contaminated groundwater or other potentially hazardous materials and substances may adversely affect the value of the Property. Unless otherwise stated in this report, the opinion of value is predicated on the assumption that there is no such material or substances at, on or in the Property.
4. All statements of fact contained in this report as a basis of the analyses, opinions, and conclusions herein are true and correct to the best of the appraiser's actual knowledge and belief. The appraiser is entitled to and relies upon the accuracy of information and material furnished by the owner of the Property or owner's representatives and on information and data provided by sources upon which members of the appraisal profession typically rely and that are deemed to be reliable by such members. Such information and data obtained from third party sources are assumed to be reliable and have not been independently verified. No warranty is made as to the accuracy of any of such information and data. Any material error in any of the said information or data could have a



substantial impact on the conclusions of this Report. The appraiser reserves the right to amend conclusions reported if made aware of any such error.

5. The opinion of value stated in this report is only as of the date of value stated in this report. An appraisal is inherently subjective and the conclusions stated apply only as of said date of value, and no representation is made as to the effect of subsequent events. This report speaks only as of the date hereof.
6. Any projected cash flows included in the analysis are forecasts of estimated future operating characteristics and are predicated on the information and assumptions contained within this report. Any projections of income, expenses and economic conditions utilized in this report are not predictions of the future. Rather, they are estimates of market expectations of future income and expenses. The achievement of any financial projections will be affected by fluctuating economic conditions and is dependent upon other future occurrences that cannot be assured. Actual results may vary from the projections considered herein. There is no warranty or assurances that these forecasts will occur. Projections may be affected by circumstances beyond anyone's knowledge or control. Any income and expense estimates contained in this report are used only for the purpose of estimating value and do not constitute predictions of future operating results.
7. The analyses contained in this report may necessarily incorporate numerous estimates and assumptions regarding Property performance, general and local business and economic conditions, the absence of material changes in the competitive environment and other matters. Some estimates or assumptions, however, inevitably will not materialize, and unanticipated events and circumstances may occur; therefore, actual results achieved during the period covered by the analysis will vary from estimates, and the variations may be material.
8. All prospective value opinions presented in this report are estimates and forecasts which are prospective in nature and are subject to considerable risk and uncertainty. In addition to the contingencies noted in the preceding paragraphs, several events may occur that could substantially alter the outcome of the estimates such as, but not limited to changes in the economy, interest rates, capitalization rates, behavior of consumers, investors and lenders, fire and other physical destruction, changes in title or conveyances of easements and deed restrictions, etc. In making prospective estimates and forecasts, it is assumed that conditions reasonably foreseeable at the present time are consistent or similar with the future.
9. The allocations of value for land and improvements must not be used in conjunction with any other appraisal and are invalid if so used. This report shall be considered only in its entirety. No part of this report shall be utilized separately or out of context.
10. Neither all nor any part of the contents of this report (especially any conclusions as to value, the identity of the appraiser, or any reference to the Appraisal Institute) shall be disseminated through advertising media, public relations media, news media or any other means of communication (including without limitation prospectuses, private offering memoranda and other offering material provided to prospective investors) without the prior written consent of the Firm. Possession of this report, or a copy hereof, does not carry with it the right of publication.
11. Client and any other Intended User identified herein should consider this report and the opinion of value contained herein as only one factor together with its own independent considerations and



underwriting guidelines in making any decision or investment or taking any action regarding the Property. Client agrees that Firm shall not be responsible in any way for any decision of Client or any Intended User related to the Property or for the advice or services provided by any other advisors or contractors. The use of this report and the appraisal contained herein by anyone other than an Intended User identified herein, or for a use other than the Intended Use identified herein, is strictly prohibited. No party other than an Intended User identified herein may rely on this report and the appraisal contained herein.

12. Unless otherwise stated in the agreement to prepare this report, the appraiser shall not be required to participate in or prepare for or attend any judicial, arbitration, or administrative proceedings.
13. The Americans with Disabilities Act (ADA) became effective January 26, 1992. No survey or analysis of the Property has been made in connection with this report to determine whether the physical aspects of the improvements meet the ADA accessibility guidelines. No expertise in ADA issues is claimed, and the report renders no opinion regarding the Property's compliance with ADA regulations. Inasmuch as compliance matches each owner's financial ability with the cost to cure the non-conforming physical characteristics of a property, a specific study of both the owner's financial ability and the cost to cure any deficiencies would be needed for the Department of Justice to determine compliance.
14. Acceptance and/or use of this report constitutes full acceptance of these Assumptions and Limiting Conditions and any others contained in this report, including any Extraordinary Assumptions and Hypothetical Conditions, and is subject to the terms and conditions contained in the agreement to prepare this report and full acceptance of any limitation of liability or claims contained therein.



Addendum A

Glossary of Terms

The following definitions are derived from The Dictionary of Real Estate Appraisal, 6th ed. (Chicago: Appraisal Institute, 2015).

- ◆ **Absorption Period:** The actual or expected period required from the time a property, group of properties, or commodity is initially offered for lease, purchase, or use by its eventual users until all portions have been sold or stabilized occupancy has been achieved.
- ◆ **Absorption Rate:** 1) Broadly, the rate at which vacant space in a property or group of properties for sale or lease has been or is expected to be successfully sold or leased over a specified period of time. 2) In subdivision analysis, the rate of sales of lots or units in a subdivision.
- ◆ **Ad Valorem Tax:** A tax levied in proportion to the value of the thing(s) being taxed. Exclusive of exemptions, use-value assessment provisions, and the like, the property tax is an ad valorem tax. (International Association of Assessing Officers [IAAO])
- ◆ **Assessed Value:** The value of a property according to the tax rolls in ad valorem taxation; may be higher or lower than market value, or based on an assessment ratio that is a percentage of market value.
- ◆ **Cash Equivalency:** An analytical process in which the sale price of a transaction with nonmarket financing or financing with unusual conditions or incentives is converted into a price expressed in terms of cash or its equivalent.
- ◆ **Contract Rent:** The actual rental income specified in a lease.
- ◆ **Disposition Value:** The most probable price that a specified interest in property should bring under the following conditions: 1) Consummation of a sale within a specified time, which is shorter than the typical exposure time for such a property in that market. 2) The property is subjected to market conditions prevailing as of the date of valuation. 3) Both the buyer and seller are acting prudently and knowledgeably. 4) The seller is under compulsion to sell. 5) The buyer is typically motivated. 6) Both parties are acting in what they consider to be their best interests. 7) An adequate marketing effort will be made during the exposure time. 8) Payment will be made in cash in US dollars (or the local currency) or in terms of financial arrangements comparable thereto. 9) The price represents the normal consideration for the property sold, unaffected by special or creative financing or sales concessions granted by anyone associated with the sale. This definition can also be modified to provide for valuation with specified financing terms.
- ◆ **Effective Rent:** Total base rent, or minimum rent stipulated in a lease, over the specified lease term minus rent concessions; the rent that is effectively paid by a tenant net of financial concessions provided by a landlord.
- ◆ **Excess Land:** Land that is not needed to serve or support the existing use. The highest and best use of the excess land may or may not be the same as the highest and best use of the improved parcel. Excess land has the potential to be sold separately and is valued separately. See also *surplus land*.



- ◆ **Excess Rent:** The amount by which contract rent exceeds market rent at the time of the appraisal; created by a lease favorable to the landlord (lessor) and may reflect unusual management, unknowledgeable or unusually motivated parties, a lease execution in an earlier, stronger rental market, or an agreement of the parties.
- ◆ **Exposure Time:** 1) The time a property remains on the market. 2) [The] estimated length of time that the property interest being appraised would have been offered on the market prior to the hypothetical consummation of a sale at market value on the effective date of the appraisal.
- ◆ **Extraordinary Assumption:** An assumption, directly related to a specific assignment, as of the effective date of the assignment results, which, if found to be false, could alter the appraiser's opinions or conclusions. See also **hypothetical condition**.
- ◆ **Fee Simple Estate:** Absolute ownership unencumbered by any other interest or estate, subject only to the limitations imposed by the governmental powers of taxation, eminent domain, police power, and escheat.
- ◆ **Floor Area Ratio (FAR):** The relationship between the above-ground floor area of a building, as described by the zoning or building code, and the area of the plot on which it stands; in planning and zoning, often expressed as a decimal, e.g., a ratio of 2.0 indicates that the permissible floor area of a building is twice the total land area.
- ◆ **Frictional Vacancy:** The amount of vacant space needed in a market for its orderly operation. Frictional vacancy allows for move-ins and move-outs.
- ◆ **Full Service Lease:** See **gross lease**.
- ◆ **General Vacancy:** A method of calculating any remaining vacancy and collection loss considerations when using discounted cash flow (DCF) analysis, where turnover vacancy has been used as part of the income estimate. The combined effects of turnover vacancy and general vacancy relate to total vacancy and collection loss.
- ◆ **Going-Concern Premise:** One of the premises under which the total assets of a business can be valued; the assumption that a company is expected to continue operating well into the future (usually indefinitely).
- ◆ **Going Concern Value:** An outdated label for the market value of all the tangible and intangible assets of an established and operating business with an indefinite life, as if sold in aggregate; more accurately termed the market value of the going concern or market value of the total assets of the business.
- ◆ **Gross Building Area (GBA):** 1) Total floor area of a building, excluding unenclosed areas, measured from the exterior of the walls of the above grade area. This includes mezzanines and basements if and when typically included in the market area of the type of property involved. 2) Gross leasable area plus all common areas. 3) For residential space, the total area of all floor levels measured from the exterior of the walls and including the superstructure and substructure basement; typically does not include garage space.



- ◆ **Gross Lease:** A lease in which the landlord receives stipulated rent and is obligated to pay all of the property's operating and fixed expenses; also called full-service lease.
- ◆ **Hypothetical Condition:** 1) A condition that is presumed to be true when it is known to be false. (Appraisal Institute: The Standards of Valuation Practice [SVP]) 2) A condition, directly related to a specific assignment, which is contrary to what is known by the appraiser to exist on the effective date of the assignment results, but is used for the purpose of analysis. See also **extraordinary assumption**.
- ◆ **Intended Users:** 1) The party or parties the valuer intends will use the report. (SVP) 2) The client and any other party as identified, by name or type, as users of the appraisal or appraisal review report by the appraiser, based on communication with the client at the time of the assignment. (USPAP, 2020-2021 ed.)
- ◆ **Investment Value:** 1) The value of a property to a particular investor or class of investors based on the investor's specific requirements. Investment value may be different from market value because it depends on a set of investment criteria that are not necessarily typical of the market. 2) The value of an asset to the owner or a prospective owner for individual investment or operational objectives. (International Valuation Standards [IVS])
- ◆ **Land-to-Building Ratio:** The proportion of land area to gross building area; one of the factors determining comparability of properties.
- ◆ **Lease:** A contract in which the rights to use and occupy land, space, or structures are transferred by the owner to another for a specified period of time in return for a specified rent.
- ◆ **Leased Fee Interest:** The ownership interest held by the lessor, which includes the right to receive the contract rent specified in the lease plus the reversionary right when the lease expires.
- ◆ **Leasehold Interest:** The right held by the lessee to use and occupy real estate for a stated term and under the conditions specified in the lease.
- ◆ **Lessee:** One who has the right to occupancy and use of the property of another for a period of time according to a lease agreement.
- ◆ **Lessor:** One who conveys the rights of occupancy and use to others under a lease agreement.
- ◆ **Liquidation Value:** The most probable price that a specified interest in property should bring under the following conditions: 1) Consummation of a sale within a short time period. 2) The property is subjected to market conditions prevailing as of the date of valuation. 3) Both the buyer and seller are acting prudently and knowledgeably. 4) The seller is under extreme compulsion to sell. 5) The buyer is typically motivated. 6) Both parties are acting in what they consider to be their best interests. 7) A normal marketing effort is not possible due to the brief exposure time. 8) Payment will be made in cash in US dollars (or the local currency) or in terms of financial arrangements comparable thereto. 9) The price represents the normal consideration for the property sold, unaffected by special or creative financing or sales concessions granted by anyone



associated with the sale. This definition can also be modified to provide for valuation with specified financing terms.

- ◆ **Market Rent:** The most probable rent that a property should bring in a competitive and open market reflecting the conditions and restrictions of a specified lease agreement, including the rental adjustment and revaluation, permitted uses, use restrictions, expense obligations, term, concessions, renewal and purchase options, and tenant improvements (TIs).
- ◆ **Market Value:** A type of value that is the major focus of most real property appraisal assignments. Both economic and legal definitions of market value have been developed and refined, such as the following. 1) The most widely accepted components of market value are incorporated in the following definition: The most probable price, as of a specified date, in cash, or in terms equivalent to cash, or in other precisely revealed terms, for which the specified property rights should sell after reasonable exposure in a competitive market under all conditions requisite to a fair sale, with the buyer and seller each acting prudently, knowledgeably, and for self-interest, and assuming that neither is under undue duress. 2) Market value is described, not defined, in the Uniform Standards of Professional Appraisal Practice (USPAP) as follows: A type of value, stated as an opinion, that presumes the transfer of a property (i.e., a right of ownership or a bundle of such rights), as of a certain date, under specific conditions set forth in the definition of the term identified by the appraiser as applicable in an appraisal. ²
- ◆ **Market Value of the Going Concern:** The market value of an established and operating business including the real property, personal property, financial assets, and the intangible assets of the business.
- ◆ **Marketing Time:** An opinion of the amount of time it might take to sell a real or personal property interest at the concluded market value level during the period immediately after the effective date of an appraisal. Marketing time differs from exposure time, which is always presumed to precede the effective date of an appraisal.
- ◆ **Modified Gross Lease:** A lease in which the landlord receives stipulated rent and is obligated to pay some, but not all, of the property's operating and fixed expenses. Since assignment of expenses varies among modified gross leases, expense responsibility must always be specified. In some markets, a modified gross lease may be called a double net lease, net net lease, partial net lease, or semi-gross lease.
- ◆ **Net Lease:** A lease in which the landlord passes on all expenses to the tenant. See also **gross lease;** **modified gross lease.**
- ◆ **Net Net Net Lease:** An alternative term for a type of net lease. In some markets, a net net net lease is defined as a lease in which the tenant assumes all expenses (fixed and variable) of operating a property except that the landlord is responsible for structural maintenance, building reserves, and management; also called NNN lease, triple net lease, or fully net lease.

² The actual definition of value used for this appraisal is contained within the body of the report. The definition of market value given above is general in viewpoint and is only provided for amplification.

- ◆ **Occupancy Rate:** 1) The relationship or ratio between the potential income from the currently rented units in a property and the income that would be received if all the units were occupied. 2) The ratio of occupied space to total rentable space in a building.
- ◆ **Overage Rent:** The percentage rent paid over and above the guaranteed minimum rent or base rent; calculated as a percentage of sales in excess of a specified breakpoint sales volume.
- ◆ **Percentage Rent:** Rental income received in accordance with the terms of a percentage lease; typically derived from retail store and restaurant tenants and based on a certain percentage of their gross sales.
- ◆ **Prospective Opinion of Value:** A value opinion effective as of a specified future date. The term does not define a type of value. Instead, it identifies a value opinion as being effective at some specific future date. An opinion of value as of a prospective date is frequently sought in connection with projects that are proposed, under construction, or under conversion to a new use, or those that have not yet achieved sellout or a stabilized level of long-term occupancy.
- ◆ **Rentable Area:** For office or retail buildings, the tenant's pro rata portion of the entire office floor, excluding elements of the building that penetrate through the floor to the areas below. The rentable area of a floor is computed by measuring to the inside finished surface of the dominant portion of the permanent building walls, excluding any major vertical penetrations of the floor. Alternatively, the amount of space on which the rent is based; calculated according to local practice.
- ◆ **Retrospective Value Opinion:** A value opinion effective as of a specified historical date. The term retrospective does not define a type of value. Instead, it identifies a value opinion as being effective at some specific prior date. Value as of a historical date is frequently sought in connection with property tax appeals, damage models, lease renegotiation, deficiency judgments, estate tax, and condemnation. Inclusion of the type of value with this term is appropriate, e.g., "retrospective market value opinion."
- ◆ **Shell Rent:** The typical rent paid for retail, office, or industrial tenant space based on minimal "shell" interior finishes (called vanilla finish or white wall finish in some areas). Usually the landlord delivers the main building shell space or some minimum level of interior build-out, and the tenant completes the interior finish, which can include wall, ceiling, and floor finishes, mechanical systems, interior electricity, and plumbing. Typically these are long-term leases with tenants paying all or most property expenses.
- ◆ **Surplus Land:** Land that is not currently needed to support the existing use but cannot be separated from the property and sold off for another use. Surplus land does not have an independent highest and best use and may or may not contribute value to the improved parcel. See also **excess land**.
- ◆ **Turnover Vacancy:** A method of calculating vacancy allowance that is estimated or considered as part of the potential income estimate when using discounted cash flow (DCF) analysis. As units or suites turn over and are available for re-leasing, the periodic vacancy time frame (vacancy window) to release the space is considered.



- ♦ **Usable Area:** 1) For office buildings, the actual occupiable area of a floor or an office space; computed by measuring from the finished surface of the office side of corridor and other permanent walls, to the center of partitions that separate the office from adjoining usable areas, and to the inside finished surface of the dominant portion of the permanent outer building walls. Sometimes called net building area or net floor area. See also floor area. 2) The area that is actually used by the tenants measured from the inside of the exterior walls to the inside of walls separating the space from hallways and common areas.
- ♦ **Use Value:** The value of a property assuming a specific use, which may or may not be the property's highest and best use on the effective date of the appraisal. Use value may or may not be equal to market value but is different conceptually. See also **value in use**.
- ♦ **Value In Use:** The value of a property assuming a specific use, which may or may not be the property's highest and best use on the effective date of the appraisal. Value in use may or may not be equal to market value but is different conceptually. See also **use value**.
- ♦ **Value Indication:** A valuer's conclusion of value resulting from the application of an approach to value, e.g., the value indication by the sales comparison approach.



Addendum B

Engagement Letter



Addendum C

Appraiser Qualifications and Licenses





John Vaughan

MAI

*Senior Vice President
Specialty Practice Leader –
Vineyards & Wineries*

t 808-797-0148
john.vaughan@nmrk.com

YEARS OF EXPERIENCE

33+

AREAS OF SPECIALTY

Vineyards

Wineries

Vineyard Developments

Vineyard Estates

John Vaughan MAI, currently serves as a Senior Vice President and leader of the Vineyards & Wineries specialty practice in the San Jose, California, office of Newmark Valuation & Advisory.

John has appraised a wide variety of real estate throughout California and Hawaii. The intended use of these assignments has included corporate advisory, disposition, acquisition, rent arbitration, tax appeal, and mortgage lending.

Prior to joining Newmark, John was an executive director for Cushman & Wakefield's Valuation & Advisory group, with responsibility for complex appraisal assignments in California and Hawaii.

Licenses and Designations

- MAI designation, Appraisal Institute
- Certified general real estate appraiser, states of California and Hawaii

Specialized Appraisal Experience: Wineries, Vineyards, and Vineyard Estates

- Guenoc Valley AVA winery and vineyards on 22,000-acre site
- Napa County AVA 6,200-acre site with 154-acre vineyard and proposed vineyard development
- Lake County AVA 2,900-acre site proposed for development with 1,300 acres of vineyards
- Atlas Peak AVA vineyard and proposed vineyard development on 1,600-acre site
- Carneros AVA winery and 760-acre vineyard on 1,030-acre site
- Spring Mountain AVA winery and vineyards with historic Victorian estate on 840-acre site
- Alexander Valley AVA winery producing 1.75 million cases of wine annually and 700-acre vineyard
- Atlas Peak AVA: Leasehold interest in 500-acre vineyard
- Petaluma Gap AVA high-density vineyard 250-acre site with 42-acre vineyard
- Guenoc Valley AVA winery, historic estate and 230-acre vineyard
- Pine Mountain AVA 230-acre site improved with vineyards and vineyard estate
- Anderson Valley AVA 178-acre vineyard development site with reservoir and 22 acres of plantable land
- Anderson Valley AVA 166-acre site developed with 35-acre high density vineyard
- Russian River Valley AVA 165-acre site proposed for vineyard development
- Napa Valley AVA 160-acre parcel improved with a 100-acre high-density vineyard
- Napa Valley AVA 160-acre parcel improved with an 85-acre high-density vineyard
- Napa Valley AVA winery and 145-acre vineyard
- Napa Valley AVA sparkling wine production facility with 112 acres of vineyards
- Santa Clara Valley AVA winery, event center with amphitheater and 90-acre vineyard
- Russian River Valley AVA production vineyard 60-acre site improved with 50-acre vineyard.

NEWMARK

John Vaughan

MAI

- Napa Valley AVA vineyard adjacent to the Napa River
- Oak Knoll AVA vineyard
- Oakville AVA Highway 29 winery, tasting room and vineyard
- Russian River AVA state-of-the-art winery and tasting room
- Russian River Valley AVA estate home and vineyard
- Santa Cruz Mountains AVA winery, event center and vineyard
- Santa Maria AVA winery, event center, estate home and vineyard
- Stags' Leap AVA Silverado Trail custom crush winery and vineyard
- Wooden Valley AVA vineyard

Education

John earned a Bachelor of Science degree in managerial economics from the University of California, Davis. More recently, he has completed the requirements of the Appraisal Institute's continuing education program.



Business, Consumer Services & Housing Agency
BUREAU OF REAL ESTATE APPRAISERS
REAL ESTATE APPRAISER LICENSE

John C. Vaughan

has successfully met the requirements for a license as a residential and commercial real estate appraiser in the State of California and is, therefore, entitled to use the title:

“Certified General Real Estate Appraiser”

This license has been issued in accordance with the provisions of the Real Estate Appraisers' Licensing and Certification Law.

BREA APPRAISER IDENTIFICATION NUMBER: AG 002680

Effective Date: March 2, 2021
Date Expires: March 1, 2023

Loretta Dillon

Loretta Dillon, Deputy Bureau Chief, BREA

3056136

THIS DOCUMENT CONTAINS A TRUE WATERMARK - HOLD UP TO LIGHT TO SEE "CHAIN LINK"

EXHIBIT 2

Spring Mountain Vineyard Value Summaries August 27, 2022

Miravalle

Component	SF	Acres	Value \$/SF	Value \$/Acre	Total Value
Victorian Estate Home	8,133		\$1,200		\$9,759,600
Winery Building	16,406		\$1,200		\$19,687,200
Winery Permit - 48,000 gallons per year					\$3,000,000
Wine Caves	18,155		\$800		\$14,524,000
Green House	1,368		\$75		\$102,600
Cottage	1,330		\$100		\$133,000
Barn	2,400		\$75		\$180,000
Shed/Shop			\$0		\$0
Resistant Vineyard		33.15		\$600,000	\$19,890,000
Tract II Replant		9.82		\$450,000	\$4,419,000
Plantable Land - Track I		24.00		\$350,000	\$8,400,000
Homesites (3)		3.00		\$1,000,000	\$3,000,000
Building Footprint		5.00		\$200,000	\$1,000,000
Ancillary Land		191.63		\$2,000	\$383,260
Total - Miravalle	47,792	266.60			\$84,478,660
				Rounded	\$84,500,000

Chevalier

Component	SF	Acres	Value \$/SF	Value \$/Acre	Total Value
Winery Building	10,180	1.00	\$175		\$1,781,500
Winery Permit - 24,500 gallons per year					\$1,500,000
Single Family Residence					
Resistant Vineyard		45.43		\$575,000	\$26,122,250
Plantable Land - Track I		19.00		\$350,000	\$6,650,000
Homesites (3)		3.00		\$1,000,000	\$3,000,000
Ancillary Land		55.16		\$2,000	\$110,320
Total - Chevalier	10,180	123.59			\$39,164,070
				Rounded	\$39,200,000

La Perla

Component	Acres	Value \$/Acre	Total Value
Winery Site			\$2,500,000
Winery Permit - 20,000 gallons per year			\$1,500,000
Resistant Vineyard	60.68	\$600,000	\$36,408,000
Plantable Land - Track I	40.00	\$450,000	\$18,000,000
Plantable Land - Track II	51.53	\$400,000	\$20,612,000
Homesites (3)	3.00	\$2,500,000	\$7,500,000
Ancillary Land	268.39	\$2,000	\$536,780
Total - La Perla	423.60		\$87,056,780
		Rounded	\$87,100,000

Alba

Component	Acres	Value \$/SF	Value \$/Acre	Total Value
Homesite	3.00		\$2,500,000	\$2,500,000
Resistant Vineyard	5.28		\$600,000	\$3,168,000
Plantable Land - Track II	4.86		\$450,000	\$2,187,000
Ancillary Land	24.72		\$2,000	\$49,440
Total - Alba	33.00			\$7,904,440
			Rounded	\$7,900,000

Aggregate of the Estate Values

\$218,700,000

PROOF OF SERVICE OF DOCUMENT

I am over the age of 18 and not a party to this bankruptcy case or adversary proceeding. My business address is 333 South Grand Avenue, Suite 3400, Los Angeles, CA 90071.

A true and correct copy of the foregoing document entitled **DECLARATION OF JOHN VAUGHAN, MAI IN SUPPORT OF DEBTOR'S MOTION FOR AUTHORIZATION TO USE CASH COLLATERAL** will be served or was served (a) on the judge in chambers in the form and manner required by LBR 5005-2(d); and (b) in the manner stated below:

1. TO BE SERVED BY THE COURT VIA NOTICE OF ELECTRONIC FILING (NEF): Pursuant to controlling General Orders and LBR, the foregoing document will be served by the court via NEF and hyperlink to the document. On (date) October 4, 2022 I checked the CM/ECF docket for this bankruptcy case or adversary proceeding and determined that the following persons are on the Electronic Mail Notice List to receive NEF transmission at the email addresses stated below:

☒ Service information continued on attached page.

2. SERVED BY UNITED STATES MAIL:

On (date) _____, I served the following persons and/or entities at the last known addresses in this bankruptcy case or adversary proceeding by placing a true and correct copy thereof in a sealed envelope in the United States mail, first class, postage prepaid, and addressed as follows. Listing the judge here constitutes a declaration that mailing to the judge will be completed no later than 24 hours after the document is filed.

☐ Service information continued on attached page.

3. SERVED BY PERSONAL DELIVERY, OVERNIGHT MAIL, FACSIMILE TRANSMISSION OR EMAIL (state method for each person or entity served): Pursuant to F.R.Civ.P. 5 and/or controlling LBR, on (date) October 4, 2022, I served the following persons and/or entities by personal delivery, overnight mail service, or (for those who consented in writing to such service method), by facsimile transmission and/or email as follows. Listing the judge here constitutes a declaration that personal delivery on, or overnight mail to, the judge will be completed no later than 24 hours after the document is filed.

☒ Service information continued on attached page.

I declare under penalty of perjury under the laws of the United States that the foregoing is true and correct.

October 4, 2022

Date

Patricia Dillamar

Printed Name

/s/Patricia Dillamar

Signature

CC 51988413v1 CC 51988413v1 This form is mandatory. It has been approved for use by the United States Bankruptcy Court for the Central District of California.

June 2012

F 9013-3.1.PROOF.SERVICE

ADDITIONAL SERVICE INFORMATION (if needed):

1. SERVED BY THE COURT VIA NOTICE OF ELECTRONIC FILING ("NEF")

Office of the U.S. Trustee / SR
USTPRegion17.SF.ECF@usdoj.gov

Elvina Rofael on behalf of U.S. Trustee Office of the U.S. Trustee / SR
elvina.rofael@usdoj.gov, Katina.Umpierre@usdoj.gov, GemMil.Langit@usdoj.gov

Victor A. Sahn on behalf of Debtor Spring Mountain Vineyard Inc.
victor.sahn@gmlaw.com, vsahn@ecf.inforuptcy.com

Phillip John Shine on behalf of U.S. Trustee Office of the U.S. Trustee / SR
phillip.shine@usdoj.gov

3. SERVED BY OVERNIGHT MAIL AND EMAIL

Debtor

Spring Mountain Vineyard Inc.
2805 Spring Mountain Road
St. Helena, CA 94574-1798
Attn: Don Yannias, President
email: don@bimi.com

Debtor's Financial Advisor And Chief Restructuring Officer

Attn: Kevin A. Krakora, Managing Director
Getzler Henrich & Associates LLC, a Hilco Global Company
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Tel: (312) 283-8071
email: kkrakora@getzlerhenrich.com

U.S. Trustee

Tracy Hope Davis
United States Trustee for Region 17
Office of The United States Trustee
450 Golden Gate Avenue, 5th Floor, Suite #05-0153
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Attorneys For U.S. Trustee

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280 South First Street, Rm. 268
San Jose, CA 95113
email: phillip.shine@usdoj.gov
Tel: (408) 535-5526

Secured Creditors

MGG (BV) Limited
MGG Canada Fund LP
MGG Insurance Fund Series Interests of t
MGG Investment Group LP
MGG Onshore Funding I LLC
MGG SF Drawdown Master Fund (Cayman) LP
MGG SF Drawdown Unlevered Fund II LP
MGG SF Drawdown Unlevered Fund LP
MGG SF Drawdown Unlevered Master Fund I
MGG SF Evergreen Unlevered Fund LP
MGG SF Evergreen Master Fund (Cayman) LP
MGG SF Evergreen Unlevered Fund LP
MGG SF Evergreen Unlevered Master Fund I
MGG Specialty Finance Fund I LP
MGG Specialty Finance Fund LP

c/o MGG California, LLC
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MGG Investment Group LP
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Counsel for Secured Creditors

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Suite 3800
Chicago, IL 60602-4342
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20 Largest Unsecured Creditors

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Santa Rosa, CA 95401
(707) 528-3860
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Tim@allengroupllp.com
Brent Garrison
Brent@allengroupllp.com

Bartelt Engineering
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(707) 258-1301

Belkorp AG, LLC
Attn: Laura Correll, Accounting
2413 Crows Landing Rd
Modesto, CA 95358
(209) 205-3706
ar@belkorpag.com

Brown's Auto Parts
Attn Dan Beltramai, Owner
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Saint Helena, CA 94574-1901
(707) 963-3638

brownsauto169@gmail.com

Castino Restaurant Equipment And Supply
50 Utility Ct.
Rohnert Park, CA 94928-1659
(707) 585-3566
sales@castinosolutions.com

Central Valley
Attn: Gerry Cruz, Accounting Mgr.
1100 Vintage Avenue.
Saint Helena, CA 94574
707 261-1900
gerryrc@centralvalley.com

Chubb Group of Insurance Companies
P.O. Box 777-1630
Philadelphia, PA 19175-0001
(800) 372-4822

Conway Beverage Group, LLC
Dba: Elite Brands
3238 Old Heather Rd.
San Diego, CA 92111-7716
Attn: Mr. Jay Conway

Famille Sylvain
855 Bordeaux Way #239
Napa, CA 94558-7549
(707) 492-3308

Francois Freres USA Inc.
1403 Jefferson St.
Napa, CA 94559-1708
(707) 294-2204

G3 Enterprises Inc.
(Tapp Labels)
580 Gateway Dr.
Napa, CA 94558
(707) 252-8300

IPFS
49 Stevenson St. #127
San Francisco, CA 94105-2909
(877) 687-9826

Napa County Treasurer
1195 3rd St. #108
Napa, CA 94559-3035

(707) 253-4311

Napa Ford Lincoln
170 Soscol Ave.
Napa, CA 94559
(707) 255-2580

Napa Valley Petroleum
P.O. Box 2670
Napa, CA 94558-0528
(707) 252-6888

Ramondin U.S.A. Inc.
541 Technology Way
Napa, CA 94558
(707) 944-2277

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Tonnellerie Sylvain
855 Bordeaux Way
Napa, CA 94558
(707) 492-3308

Wilbur Ellis Company LLC
c/o Registered Agent Solutions Inc.
720 14th St.
Sacramento, CA 95814-1905
(707) 963-3495

Wine Service Cooperative
1150 Dowdell Lane
Saint Helena, CA 94574
Attn: Bob Holmes
General Manager
Tel: (707) 963-9474
Fax: (707) 963 9359
bob@wineservicecoop.com

Critical Vendor

C Q & A Consulting
P.O. Box 777
Pinole, CA 94564
Attn: Deanna Leon

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Dept. of the Treasury, Alcoholic Beverage Control
Attn: Tracie Parker, Lic. Rep. I
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Internal Revenue Service
P.O. Box 7346
Philadelphia, PA 19101-7346
(800) 973-0424

California Department of Tax and Fee Administration
Special Operations Bankruptcy Team MIC: 74
P.O. Box 942879
Sacramento, CA 94279-0074
(800) 400-7115

Franchise Tax Board
Bankruptcy Section, MS A-340
P.O. Box 2952
Sacramento, CA 95812-2952
916-845-4750

Employment Development Department
Bankruptcy Unit-MIC 92E
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