

FRANDZEL ROBINS BLOOM & CSATO, L.C.
1000 WILSHIRE BOULEVARD, NINETEENTH FLOOR
LOS ANGELES, CALIFORNIA 90017-2427
(323) 852-1000

1 Michael J. Gomez, (State Bar No. 251571)
mgomez@frandzel.com
2 Reed S. Waddell, (State Bar No. 106644)
rwaddell@frandzel.com
3 Reina Jean Clark, (State Bar No. 300011)
rclark@frandzel.com
4 FRANDZEL ROBINS BLOOM & CSATO, L.C.
1000 Wilshire Boulevard, Nineteenth Floor
5 Los Angeles, California 90017-2427
Telephone: (323) 852-1000
6 Facsimile: (323) 651-2577

7 Attorneys for Secured Creditor
FARM CREDIT WEST, FLCA

8
9 **UNITED STATES BANKRUPTCY COURT**
10 **CENTRAL DISTRICT OF CALIFORNIA**
11 **SANTA ANA DIVISION**

12 In re
13 NORTHERN HOLDING LLC,
14
15 Debtor.

Case No. 8:20-bk-13914-MW

Chapter 11

**DECLARATION OF RICHARD L.
KILGORE III ISO FCW OPPOSITION
TO HILCO APPLICATION**

Hearing Requested Per LBR 9013-1(o)(4)

The Hon. Mark S. Wallace

DECLARATION OF RICHARD L. KILGORE III.

I, RICHARD L. KILGORE III, declare and state as follows:

1. I am currently a California State Certified General Real Estate Appraiser (#AG08850), and am an Accredited member of the American Society of Farm Managers and Rural Appraisers. I am an independent contractor affiliated with Edwards, Lien & Toso, Inc., Agricultural Appraisers & Consultants ("ELT"), whose principal offices are located at 8408 N. Lander Avenue, Hilmar, California.

2. I have personal knowledge of the facts set forth herein, which are known by me to be true and correct. If called as a witness, I could and would competently testify thereto. This declaration is submitted at the request of Farm Credit West, FLCA, ("FCW"), and FCW's counsel of record, Frandzel Robins Bloom and Csato, LC ("Frandzel"), in connection with the captioned Bankruptcy Case, *In re: Northern Holding LLC*, U.S.B.C. (C.D. Cal.) Case No. 8:20-bk-13914-MW.

3. Attached hereto, marked Exhibit 1, and incorporated herein by this reference is a Curriculum Vitae providing an overview of my license information, qualifications and experience as a real estate appraiser for the purpose of conducting an appraisal of the three agricultural properties identified below and described in even more detail in my attached appraisal report (collectively, the "Properties").

Property # 1 -- 1172 San Marcos Road ("Rabbit Ridge Winery")

Property # 2 -- San Marcos Road ("Texas Road Vineyard")

Property # 3 -- 2380 Live Oak Road ("Live Oak Vineyard").

4. ELT was retained by Frandzel to produce an appraisal of the Properties for the benefit of FCW, so that FCW could ascertain the value said Properties for the purposes of this bankruptcy case: I have been a Senior Appraiser affiliated with ELT since 2010, with a particular expertise in preparing and providing appraisals on complex commercial agricultural properties, including wineries. ELT assigned me with the task of preparing the Appraisal Report on the

FRANDZEL ROBINS BLOOM & CSATO, L.C.
1000 WILSHIRE BOULEVARD, NINETEENTH FLOOR
LOS ANGELES, CALIFORNIA 90017-2427
(323) 852-1000

1 Properties commissioned by Frandzel on behalf of FCW.

2 5. To that end, attached hereto, marked as Exhibit 2, and incorporated herein by this
3 reference, is the Report I prepared on the three (3) appraisals I conducted with respect to the
4 Properties, having an effective date of January 21, 2021, (the "Appraisal"). Page 4 of the attached
5 Appraisal provides more detail, and my Certification, as to how the valuations set forth therein
6 were calculated, including specifically that my opinions and conclusions were developed in
7 conformity with, and subject to, among other things, both (i) the *Uniform Standards of*
8 *Professional Appraisal Practice*, and (ii) *the Code of Ethics* and other requirements set forth by
9 the *American Society of Farm Managers and Rural Appraisers*

10 6. To my knowledge, at no time since ELT was engaged by Frandzel for the benefit of
11 FCW (or ever), has any attorney, officer, employee, agent or principal of Frandzel, FCW or ELT
12 ever directed me, or anyone else affiliated with ELT, to arrive at any specific appraised value for
13 any or all of the Properties. Instead, I was commissioned to review and appraise, and did review
14 and appraise the Properties for whatever I believed the Properties were worth based on my
15 expertise, skill and knowledge and without interference or direction from ELT, FCW or its
16 counsel.

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

19 Executed on this 10th day of February, at Fresno, California.

20
21
22 
23 RICHARD L. KILGORE III

EXHIBIT 1

Richard L. Kilgore III, ARA
Senior Appraiser
Edwards, Lien & Toso, Inc.
Agricultural Appraisers & Consultants

8408 N. Lander Avenue, Hilmar, California 95324

Phone: (209) 634-9484 • Fax: (209) 634-0765 • e-mail: rich@eltappraisers.com • www.eltappraisers.com

SUMMARY OF QUALIFICATIONS

- CA Certified General Real Estate Appraiser #AG008850
- Expertise in selection and engagement of appraisers of agricultural and commercial real estate within the entire united states since 2005.
- Expertise in review of all types of appraisals with strong emphasis on greenhouse, dairy, winery, nut processing and milk processing facilities since 2005
- Experience in appraisal of agricultural and commercial real estate throughout Central and Northern California. Primary focus in nut processing, cold storage, wineries and other agricultural processing facilities since 1991.

COURT QUALIFICATIONS

- Experience as an expert witness with the Superior Courts of Fresno, Madera and Placer Counties.

PROFESSIONAL ACCREDITATIONS / LEADERSHIP

- Accredited member (ARA) of the American Society of Farm Managers and Rural Appraisers (1997 to Present).
- California ASFMRA Education Committee Chair (1998 to 2002).
- Co-Author of the "Best Practices of Rural Appraisal" course published by the ASFMRA (2009-2010)
- Member of the San Joaquin Valley Ag Lenders Society
- Affiliate Member of the North San Luis Obispo County Association of REALTORS

PROFESSIONAL EXPERIENCE

Senior Appraiser

Edwards, Lien & Toso, Inc.

July 2010 – Present
Hilmar, CA

- Perform complex appraisal assignments of farm, ranch and processing facility properties within the San Joaquin Valley of California.
- Perform agricultural valuation consulting services of farm, ranch and processing facilities.

Vice President / Senior Review Appraiser

Bank Of The West

January 2006 – July 2010
Fresno, CA

- Perform appraisal management responsibilities for real estate transactions. Duties include selection and engagement of appraisers, as well as provide appraisal management throughout the appraisal process and review final appraisal reports for accuracy, FIRREA and USPAP compliance, and overall reasonableness of value.
- Manage approximately 200 appraisal projects per year throughout the United States.
- Provide non-appraisal assistance in analyzing market data for credit related decisions.
- Self directed with little to no immediate supervision.
- Supervise one support staff member.

Richard L. Kilgore III, ARA, continued

Vice President / Senior Appraiser
American AgCredit

January 2001 - January 2006
Merced, CA

- Performed agricultural and commercial real estate appraisal reports with primary focus on dairy and nut processing facilities, but also included virtually all other types of real estate properties. Area of focus was the San Joaquin Valley of California.
- Provided appraiser training to three entry level appraisers. This included assistance in field inspections, data analysis and report writing.
- Provided non-appraisal assistance in analyzing market data for credit related decisions.

Appraiser
Fresno-Madera Farm Credit

January 1992 - January 2001
Fresno, CA

- Performed real estate appraisal reports on all forms of agricultural production properties within the Central San Joaquin Valley of California.
- Provided non-appraisal assistance in analyzing market data for credit related decisions.

EDUCATION AND TRAINING

Bachelor of Science – Agricultural Business
California State University, Fresno

1991
Fresno, CA

American Society of Farm Managers & Rural Appraisers

1992-Present

- Course A-100, Fundamentals of Rural Appraisal
- Course A-150, Report Writing
- Course A-180, Income capitalization
- Course A-200, Principles of Rural Appraisal
- Course A-250, Eminent Domain
- Course A-290, Highest and Best Use
- Course A-300, Advanced Rural Appraisal
- Course A-360, Introduction to Appraisal Review
- 7-Hour National USPAP Course
- Federal and State Laws and Regulations
- Standards of Ethics in Appraisal
- Valuation of Conservation Easements & Other Partial Interests
- Foundations of Appraisal Review
- Appraisal Applications of Regression Analysis
- Construction Details and Trends
- Appraisal of Owner-Occupied Commercial Properties
- Introduction to Legal Descriptions
- Land and Site Valuation
- Introduction to Expert Witness Testimony for Appraisers
- Basics of Expert Witness for Commercial Appraisers
- Commercial Land Valuation
- Appraisal of Industrial and Flex Buildings
- California Water and Agriculture – SGMA and SB88
- The Nuts and Bolts of California's Water Supply System
- Additional appraisal course work scheduled through the ASFMRA and regular attendance of ASFMRA meetings.

References Available Upon Request

EXHIBIT 2

An Appraisal Report of the:
NORTHERN HOLDING, LLC PROPERTIES
SAN LUIS OBISPO COUNTY, CA

An Appraisal Report of:

NORTHERN HOLDING, LLC PROPERTIES

Property #1 – Rabbit Ridge Winery: ±155.33 Acres Devoted to Vineyards and Winery
Property #2 – Texas Road Vineyard: ±155.00 Acres Devoted to Wine Grape Vineyards
Property #3 – Live Oak Vineyard: ±160.00 Acres Devoted to Vineyards and Estate
Residence with Supporting Outbuildings

Located at:

Property #1 – 1172 San Marcos Road
Property #2 – San Marcos Road
Property #3 – 2380 Live Oak Road
Paso Robles, San Luis Obispo County, CA

Effective Date of Appraisal:

January 21, 2021

Appraisal Report Prepared For:

Frandzel Robins Bloom & Csato, L.C.
Attn: Mr. Reed Waddell
1000 Wilshire Boulevard, 19th Floor
Los Angeles, CA 90017-2427

Prepared By:

Richard L. Kilgore, III



Edwards, Lien & Toso, Inc.
Agricultural Appraisers & Consultants
8408 N. Lander Avenue
Hilmar, California 95324
(209) 634-9484



January 31, 2021

Frandzel Robins Bloom & Csato, L.C.

Attn: Mr. Reed Waddell

1000 Wilshire Boulevard, 19th Floor

Los Angeles, CA 90017-2427

RE: Real Estate Appraisal of the Northern Holding, LLC Properties, Paso Robles, San Luis Obispo County, CA.

Dear Mr. Waddell;

Pursuant to our agreement, I have prepared three individual property appraisals of the Northern Holding, LLC, properties located in the Paso Robles area of San Luis Obispo County, all presented within a single report. It is my understanding that the purpose of this appraisal is to establish the current "As Is" and "Liquidation" market values of the subject properties with an intended use to aid in a bankruptcy litigation function. Mr. Reed Waddell, Frandzel Robins Bloom & Csato, L.C. and their assigns are the sole intended users of this report.

The subjects of this appraisal assignment are briefly identified as follows:

APPR. #	PROPERTY NAME	COUNTY / ASSESSOR'S PARCEL NO.	ACRES	LAND USE / IMPROVEMENTS
1	Rabbit Ridge Winery	026-104-001	155.33	Winery & Wine Grapes
2	Texas Road Vineyard	027-145-022	155.00	Wine Grapes
3	Live Oak Vineyard	026-342-039	160.00	Estate Residence & Wine Grapes

The basic scope of work of the appraisal included a physical inspection of the property, assembling/inspection of relevant data, analysis of data and preparation of this appraisal report for submission to you. All accepted appraisal industry approaches to value were considered and all applicable approaches were processed.

As a result of my investigation and analysis of the factors influencing real estate values, it is my opinion that the "As Is" and "Liquidation" market values of the fee simple interests in the Northern Holding, LLC properties, as of January 21, 2021, are as follows:

APPRAISAL NUMBER	PROPERTY IDENTIFICATION	ASSESSOR'S PARCEL NO.	ACRES	MARKET VALUE
1	Rabbit Ridge Winery	026-104-001	155.33	\$11,000,000
2	Texas Road Vineyard	027-145-022	155.00	\$3,250,000
3	Live Oak Vineyard	026-342-039	160.00	\$8,800,000

As of the effective date of this appraisal markets around the globe are adjusting to the unprecedented economic uncertainty created by the response to the Coronavirus (COVID-19) pandemic. This unfortunate situation has resulted in mass work stoppages in order to contain or limit its spread. At this time, it is premature to gauge the effect COVID-19 will have on the local agricultural markets, but a downward trend is deemed likely, at least in the interim, as the industry sectors cope with adjustments in market demand and the uncertainty of a turnaround time once the stress of the situation has abated and markets return to a sense of "normalcy".

Page 2

January 31, 2021

Frاندzel Robins Bloom & Csato, L.C.
Attn: Mr. Reed Waddell

RE: Real Estate Appraisal of the Northern Holding, LLC Properties, Paso Robles, San Luis
Obispo County, CA.

Dear Mr. Waddell;

*In accordance with USPAP Standards Rule 2-2(a)(xi), this appraisal assignment includes an
"extraordinary assumption", which may have affected the assignment results.*

The supporting data, analysis and conclusions upon which these value opinions are based are
contained in the accompanying report and in the appraisal work file. Reliance on these valuations
is valid only within the context of the entire report and within the assumptions and limiting
conditions stated herein. The legal description contained within the provided title report
adequately describes the property appraised. We trust you will find the report complete and to
your satisfaction.

Respectfully submitted,

A handwritten signature in blue ink, appearing to read "Richard L. Kilgore, III", is written over a horizontal line.

Richard L. Kilgore, III, ARA
CA CGREA #AG008850

TABLE OF CONTENTS

ASSUMPTIONS AND LIMITING CONDITIONS	1
CERTIFICATION OF APPRAISAL	4
SUMMARY OF SALIENT FACTS	5
INTRODUCTION	8
PURPOSE OF APPRAISAL	8
CLIENT, INTENDED USE AND USER OF THE APPRAISAL	8
EFFECTIVE DATE OF APPRAISAL AND PROPERTY INSPECTION	8
PROPERTY RIGHTS APPRAISED	8
COMPETENCY OF THE APPRAISER	9
DEFINITION OF VALUE	9
SCOPE OF WORK	10
PROPERTY IDENTIFICATION	10
TYPE AND EXTENT OF DATA RESEARCHED	10
TYPE AND EXTENT OF ANALYSIS APPLIED	11
SUMMARY	11
MARKET AREA DESCRIPTION AND ANALYSIS	12
SAN LUIS OBISPO COUNTY, CALIFORNIA	12
CURRENT MARKET TRENDS	13
WINE GRAPE INDUSTRY & LAND MARKET TREND ANALYSIS	13
GROUNDWATER MANAGEMENT	17

APPRAISAL #1 - RABBIT RIDGE WINERY

GENERAL PROPERTY DESCRIPTION	21
DETAILS OF PRESENT LAND USE & PRODUCTIVITY	21
LEGAL DESCRIPTION	22
OWNERSHIP	22
THREE-YEAR TITLE HISTORY	22
TENURE & OCCUPANCY	22
LOCATION AND ACCESS	22
SIZE, SHAPE, TOPOGRAPHY AND ELEVATION	23
UTILITIES AND SERVICES	23
ZONING AND PERMITTING	23
FEDERAL FLOOD HAZARD	23
FAULT-RUPTURE HAZARDS	24
WETLANDS	24
FUEL TANK/ENVIRONMENTAL CONCERNS	24
SOIL DETAILS	24
DRAINAGE	25
WATER SOURCE & DISTRIBUTION	25
ASSESSMENTS AND TAXES	28
DEED RESTRICTIONS	29
AGRICULTURAL PRESERVE DESCRIPTION	29
DESCRIPTION OF BUILDING IMPROVEMENTS	30
SITE IMPROVEMENTS	31

TABLE OF CONTENTS, continued

HIGHEST AND BEST USE	32
HIGHEST AND BEST USE DEFINITION	32
HIGHEST & BEST USE ANALYSIS	32
MARKETING TIME AND EXPOSURE TIME	35
VALUATION METHODOLOGY	36
COST APPROACH	38
LAND ANALYSIS COMMENTS	39
SALES COMPARISON ANALYSIS	42
LAND SALES REMARKS	43
LAND VALUATION SUMMARY	47
VINEYARD DEVELOPMENT COSTS	49
VINEYARD DEPRECIATION ANALYSIS	49
REPLACEMENT COST OF FACILITY STRUCTURES	51
FACILITY DEPRECIATION ANALYSIS	53
FACILITY DEPRECIATION COMMENTS	54
INDICATION OF VALUE BY THE COST APPROACH	55
SALES COMPARISON APPROACH	56
FACILITY ANALYSIS COMMENTS	57
FACILITY SALES COMPARISON ANALYSIS	60
WINERY SALES REMARKS	61
SALES COMPARISON ANALYSIS COMMENTS & VALUATION – FACILITY	61
VINEYARD ANALYSIS COMMENTS	63
VINEYARD SALES COMPARISON ANALYSIS	65
SALES COMPARISON ANALYSIS COMMENTS & VALUATION – VINEYARD	66
PERMITTED WINERY SITE ANALYSIS COMMENTS	67
PERMITTED WINERY SITE SALES COMPARISON ANALYSIS	68
SALES COMPARISON ANALYSIS COMMENTS & VALUATION – WINERY SITE	69
SALES COMPARISON APPROACH INDICATION OF VALUE	70
RECONCILIATION AND FINAL VALUE CONCLUSION	71
LIQUIDATION VALUE ANALYSIS	73

APPRAISAL #2 - TEXAS ROAD RANCH

GENERAL PROPERTY DESCRIPTION	77
DETAILS OF PRESENT LAND USE & PRODUCTIVITY	77
PRODUCTION HISTORY	78
LEGAL DESCRIPTION	78
OWNERSHIP	78
THREE-YEAR TITLE HISTORY	78
TENURE & OCCUPANCY	78
LOCATION AND ACCESS	79
SIZE, SHAPE, TOPOGRAPHY AND ELEVATION	79
UTILITIES AND SERVICES	79
ZONING AND TRENDS	79
FEDERAL FLOOD HAZARD	80
FAULT-RUPTURE HAZARDS	80
WETLANDS	80
FUEL TANK/ENVIRONMENTAL CONCERNS	80

TABLE OF CONTENTS, continued

SOIL DETAILS	80
DRAINAGE	81
WATER SOURCE & DISTRIBUTION.....	81
ASSESSMENTS AND TAXES	84
DEED RESTRICTIONS.....	85
AGRICULTURAL PRESERVE DESCRIPTION	85
DESCRIPTION OF BUILDING IMPROVEMENTS	85
SITE IMPROVEMENTS	85
HIGHEST AND BEST USE	86
HIGHEST AND BEST USE DEFINITION	86
HIGHEST & BEST USE ANALYSIS	86
MARKETING TIME AND EXPOSURE TIME.....	88
VALUATION METHODOLOGY.....	89
COST APPROACH.....	91
LAND ANALYSIS COMMENTS	92
SALES COMPARISON ANALYSIS.....	95
LAND SALES REMARKS	96
LAND VALUATION SUMMARY	101
VINEYARD DEVELOPMENT COSTS.....	103
VINEYARD DEPRECIATION ANALYSIS.....	103
INDICATION OF VALUE BY COST APPROACH.....	105
SALES COMPARISON APPROACH	106
VINEYARD ANALYSIS COMMENTS.....	107
VINEYARD SALES COMPARISON ANALYSIS.....	110
VINEYARD ANALYSIS COMMENTS & VALUATION.....	111
INDICATION OF VALUE BY SALES COMPARISON APPROACH.....	112
RECONCILIATION AND FINAL VALUE CONCLUSION	113
LIQUIDATION VALUE ANALYSIS	115

APPRAISAL #3 - LIVE OAK ROAD RANCH

GENERAL PROPERTY DESCRIPTION	119
SITE DESCRIPTION, DETAILS OF PRESENT LAND USE & PRODUCTIVITY	119
PRODUCTION HISTORY	120
LEGAL DESCRIPTION	120
OWNERSHIP.....	120
THREE-YEAR TITLE HISTORY.....	120
TENURE & OCCUPANCY	120
LOCATION AND ACCESS.....	120
SIZE, SHAPE, TOPOGRAPHY AND ELEVATION.....	121
UTILITIES AND SERVICES.....	121
ZONING AND TRENDS	121
FEDERAL FLOOD HAZARD.....	121
FAULT-RUPTURE HAZARDS	122
WETLANDS.....	122
FUEL TANK/ENVIRONMENTAL CONCERNS.....	122
SOIL DETAILS.....	122

TABLE OF CONTENTS, continued

DRAINAGE	123
WATER SOURCE & DISTRIBUTION.....	123
ASSESSMENTS AND TAXES	124
DEED RESTRICTIONS.....	124
AGRICULTURAL PRESERVE DESCRIPTION	124
DESCRIPTION OF BUILDING IMPROVEMENTS	125
SITE IMPROVEMENTS	126
HIGHEST AND BEST USE	127
HIGHEST AND BEST USE DEFINITION	127
HIGHEST & BEST USE ANALYSIS	127
HIGHEST & BEST USE ANALYSIS – AS IMPROVED, CONTINUED	128
MARKETING TIME AND EXPOSURE TIME.....	129
VALUATION METHODOLOGY.....	130
COST APPROACH.....	132
LAND ANALYSIS COMMENTS	133
SALES COMPARISON ANALYSIS	136
LAND SALES REMARKS	137
LAND VALUATION SUMMARY	139
REPLACEMENT COST OF STRUCTURAL IMPROVEMENTS	141
BUILDING DEPRECIATION ANALYSIS	142
BUILDING DEPRECIATION COMMENTS	143
SUMMARY OF STRUCTURAL AND SITE VALUE BY THE COST APPROACH	143
VINEYARD DEVELOPMENT COSTS.....	143
VINEYARD DEPRECIATION ANALYSIS	144
INDICATION OF VALUE BY COST APPROACH.....	146
SALES COMPARISON APPROACH	147
VINEYARD ANALYSIS COMMENTS.....	148
VINEYARD SALES COMPARISON ANALYSIS.....	151
VINEYARD SALES REMARKS.....	152
VINEYARD ANALYSIS COMMENTS & VALUATION.....	155
RESIDENTIAL ANALYSIS COMMENTS.....	156
RESIDENCE SALES COMPARISON ANALYSIS	157
RESIDENTIAL SALES REMARKS.....	158
RESIDENTIAL ANALYSIS COMMENTS & VALUATION	161
INDICATION OF VALUE BY SALES COMPARISON APPROACH.....	162
RECONCILIATION AND FINAL VALUE CONCLUSION	163
LIQUIDATION VALUE ANALYSIS	165
ADDENDUM	

ASSUMPTIONS AND LIMITING CONDITIONS

In completing this appraisal assignment, the following definitions, conditions and assumptions were presumed by the appraiser and are limitations to the appraiser's opinions:

1. Information furnished by owners, tenants, parties to sales, lien holders, or others is assumed to be accurate and reliable. Drawings or plats are provided only to assist the reader in visualizing the property and are not represented as an engineer's work product, or for legal reference.
2. It is assumed all applicable zoning, use regulations, and restrictions have been complied with unless nonconformity has been stated, defined, and considered in the report.
3. No responsibility is assumed for hidden or in-apparent conditions of soil, sub-soil, or structures that could have an effect on value. If such conditions are discovered, the final value is contingent upon verification and/or correction by a qualified expert. Any mineral deposits and rights thereto are included in the subject property of this appraisal, except where excluded in the title report. However, unless specifically cited, no value has been allocated to those mineral deposits or rights.
4. The legal description used was based on documents provided by the requesting party. Unless otherwise noted, the legal description has been relied on and the property is appraised as though free of all liens, leases, and encumbrances.
5. Water requirements and information provided has been relied on and, unless otherwise noted, it is assumed all water rights to the property have been secured, that there are no adverse easements or encumbrances with regard to Bureau of Reclamation regulations, and that the irrigation and domestic water and drainage system components, including distribution equipment and piping are real estate or real estate fixtures which convey with the land. Further, to ensure an operating unit, it is assumed any mobile surface piping or equipment essential for water distribution, recovery, or drainage is secured as it was a consideration in the value conclusions.
6. The value reported is based on the cited Fair Value definition, with the conditions of marketing being considered as normal market conditions.
7. While the appraiser has inspected the subject property, he is not qualified to detect hazardous substances whether by visual inspection or otherwise, not qualified to determine the effect, if any of known or unknown substances present. Unless otherwise stated, the final value estimate is based on the subject property being free of hazardous waste contamination. Parties desiring more precise and reliable information may wish to engage a professional environmental consultant to conduct an environmental assessment. Should such assessment indicate an adverse condition is present that has not been addressed by this appraisal; the conclusion of this appraisal may need revision.

ASSUMPTIONS & LIMITING CONDITIONS, continued

8. This report is not represented as a warranty as to value or conclusions and use of this report or reliance of the conclusion expressed in it is at the client's discretion; compliance with the standards or requirements of entities or parties not stated herein, and users of this report are noticed that use of this report for other than the function for which it was prepared is beyond the scope of the analysis and the intent of the appraiser(s) and Edwards, Lien & Toso, Inc.
9. The Americans with Disabilities Act (ADA) became effective January 26, 1992. The appraiser has not made a specific compliance survey and analysis of this property to determine whether or not it is in conformity with the various detailed requirements of the ADA. It is possible that a compliance survey of the property, together with a detailed analysis of the requirements of the ADA, could reveal that the property is not in compliance with one or more of the requirements of the Act. If so, this fact could have a negative effect upon the value of the property. Since the appraiser has no direct evidence relating to this issue, the appraiser did not consider possible non-compliance with the requirements of ADA in estimating the value of the property.
10. Testimony or attendance in court or at any other hearing is not required by reason of rendering this appraisal unless such arrangements are made at a reasonable time in advance.
11. This report has been prepared for the use of the client, for the purpose and to serve the function specified in the report, in accordance with the scope of work set forth in the services agreement; and it is the intent of the appraiser that this report meet the standards of The Appraisal Foundation as well as any professional organization in which the appraiser is a member. Neither all, nor any part of the content of the report, or copy thereof (including conclusions as to value, identity of the appraiser, professional designations, reference to any professional appraisal organization, or Edwards, Lien & Toso, Inc.) shall be used by anyone but the client specified in the report without the prior written consent of Edwards, Lien & Toso, Inc. This report is subject to review by duly appointed authorities representing any professional appraisal organization in which the appraiser is a member.
12. Special Limiting Conditions:
 - A. It is assumed that the subject property is in compliance with the County of San Luis Obispo and any applicable State of California and Federal environmental rules and regulations.
 - B. All information regarding the subject's historic plant use was provided by the client and subject ownership. This information was heavily relied upon in this appraisal and is assumed accurate and correct.
 - C. The refrigeration machinery and cool storage equipment are considered equivalent to real estate fixtures and are absolutely necessary for the consideration of the subject parcel as a packing and storage facility. Therefore, the valuation is conditional upon inclusion of the whole rather than the separate parts.

ASSUMPTIONS & LIMITING CONDITIONS, continued

12. Special Limiting Conditions, continued:

- D. The subject property was appraised without the benefit of a current preliminary title report. Without a preliminary title report, the appraiser was unable to assess any potential exceptions that may affect the title of the subject property. As such, the appraisers cannot be held responsible for any negative exceptions or easements that may be discovered within a current Preliminary Title Report.
- E. It is assumed the information pertaining to the subject property's current conditions, farming practices and physical descriptions provided by the client, property owner and public county records are accurate. The appraiser and the appraisal firm of Edwards, Lien & Toso, Inc. are to be held harmless for any omission that may have been realized or discovered through proper documentation.

13. Extraordinary Assumptions:

In accordance with USPAP Standards Rule 2-2(a)(xi), this appraisal assignment includes an "extraordinary assumption", which may have affected the assignment results.

- A. Other than for the well at the winery site, no pump test reports were provided for the on-site pumping plants to support the property owner's statements of well yields. Therefore, the subject property is appraised based on the **Extraordinary Assumption** that the irrigation wells are in good operating condition and capable of producing a water flow as indicated by the ownership and utilized herein. The stated value is subject to revision should current pump tests indicate a water flow rate significantly less than that stated.
- B. It is noted that the Rabbit Ridge Winery and Texas Road Vineyard properties currently have an insufficient supply of water to irrigate all plantable acreage. A Discussion with Courtney Howard at the San Luis Obispo County Department of Water Resources revealed that as long as the property has been irrigated, new wells may be developed in order to continue irrigation. However, the County utilizes a 5-year lookback. Therefore, if the property has not been irrigated in excess of five years, the well rights are revoked. This appraisal is based on the **Extraordinary Assumption** that the statement provided by the San Luis Obispo County officials is correct and that the subject ownership has entitlement to develop new wells to provide additional irrigation to the abandoned vineyards that are equivalent to open land.
- C. Access to the Texas Road Vineyard is provided through the Rabbit Ridge Winery property or along the dirt road that follows the Texas Road alignment, but there has been no verification of the legal access via the Texas Road alignment. This appraisal is based on the Extraordinary Assumption that access via the Texas Road alignment is valid or that there is other legal access provided to the parcel.

14. Hypothetical Conditions:

- A. None

CERTIFICATION OF APPRAISAL

I, the undersigned appraiser, certify that, to the best of my 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 is my personal, impartial and unbiased professional analyses, opinions, and conclusions.
3. I have no present or prospective interest in the properties that is the subjects of this report and no personal interest with respect to the parties involved.
4. I have no bias with respect to the properties that is the subjects of this report or to the parties involved with this assignment.
5. My engagement in this assignment was not contingent upon developing or reporting predetermined results.
6. My 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. My analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the *Uniform Standards of Professional Appraisal Practice*, the *Code of Ethics* set forth by the *American Society of Farm Managers and Rural Appraisers*.
8. I have made a personal inspection of the property that is the subject of this report.
9. No one provided significant real property appraisal assistance to the person signing this certification.
10. I have performed no services, as an appraiser or in any other capacity, regarding the property that is the subject of this report within the three-year period immediately preceding acceptance of this assignment.
11. The use of this report is subject to requirements of the American Society of Farm Managers and Rural Appraisers relating to review by their duly authorized representatives. However, any such use shall observe the confidential nature of the report.
12. I, Richard L. Kilgore, III, ARA, am currently a California State Certified General Real Estate Appraiser (#AG008850) being an Accredited member of the American Society of Farm Managers and Rural Appraisers.



Richard L. Kilgore, III, ARA
CGREA State of California (No. AG008850)

Date: 01/31/2021

SUMMARY OF SALIENT FACTS

Property Name:	Property #1 – Rabbit Ridge Winery
Assessor's Parcel Number(s):	026-104-001
Property Address / Location:	Located along the north side of San Marcos Road, ±1.5 miles west of Highway 101, being ±4 miles southeast of Paso Robles, in rural San Luis Obispo County. The recorded street address is 1172 San Marcos Road, Paso Robles, CA, 93446.
Land Area/Property Size:	±155.33 Assessed Acres
Land Use:	±28.38 acres of premium wine grape vineyards with ±63.30 acres of abandoned vineyards (vested plantable land) ±2.00 acres of olive orchard, ±7.30 acres of supporting farm roads, ±7.00 acres contained within a winery site and ±47.35 acres non-plantable ancillary land in steep hillsides.
Structural/Site Improvements:	Winery facility consists of ±43,210 SF of building area.
Flood Zone Rating:	Flood Zone "X"
Census Tract:	100.16 / 1
Ag. Preserve Status:	The subject property is <u>not</u> currently enrolled in the Williamson Act, Agricultural Preserve program.
Zoning:	AG – Agriculture
Soils:	Soils consist mostly of Arbuckle and Nacimiento soils (Capability Class 4 & 7).
Irrigation Supply & Distribution:	Two wells with submersible pumps (one being reworked) provide the water supply for the winery facility and vineyards. This system is also tied to the well on the Texas Road vineyard immediately to the north. The vines are irrigated via drip system.
Highest and Best Use:	Continuation of the operation of the winery facility and wine grape vineyard, while redeveloping the abandoned vineyards.
Interest Appraised:	Fee Simple
Value Indicators (Rounded):	<u>"As Is" Market Value</u>
Cost Approach:	\$11,570,000
Sales Comparison Approach:	\$10,810,000
Income Approach:	N/A – Excluded
Value Conclusion:	\$11,000,000
Liquidation Value:	\$10,540,000
Effective Date of Value:	January 21, 2021

SUMMARY OF SALIENT FACTS

Property Name:	Property #2 – Texas Road Vineyard	
Assessor's Parcel Number(s):	027-145-022	
Property Address / Location:	Located along the north side of Texas Road, just north of San Marcos Road and ± 1.5 miles west of Highway 101, being ± 4 miles northwest of Paso Robles, in rural San Luis Obispo County.	
Land Area/Property Size:	± 155.00 Assessed Acres	
Land Use:	± 25.30 acres of premium wine grape vineyards with ± 93.70 acres of abandoned vineyards (equivalent to plantable land) ± 5.00 acres in old olive orchard, ± 9.00 acres of supporting farm roads and well site, ± 1.00 acre in buildable residential site and ± 21.00 acres in a non-productive ancillary land.	
Structural/Site Improvements:	None.	
Flood Zone Rating:	Flood Zone "X"	
Census Tract:	101.02	
Ag. Preserve Status:	The subject property <u>is</u> currently enrolled in the Williamson Act, Agricultural Preserve program.	
Zoning:	AG – Agriculture	
Soils:	Primarily Linne soils (Capability Class 4 & 7).	
Irrigation Supply & Distribution:	A single on-site well with submersible pump that is tied to the two wells on the Rabbit Ridge Winery Parcel. Application is via drip system.	
Highest and Best Use:	Continuation of the existing vineyard while redeveloping the old vineyards that have been abandoned.	
Interest Appraised:	Fee Simple	
Value Indicators (Rounded):	<u>"As Is" Market Value</u>	
Sales Comparison Approach:	\$3,280,000	
Cost Approach:	\$3,210,000	
Income Approach:	N/A – Excluded	
Value Conclusion:	\$3,250,000	
Liquidation Value:	\$3,080,000	
Effective Date of Value:	January 21, 2021	

SUMMARY OF SALIENT FACTS

Property Name:	Property #3 – Live Oak Vineyard		
Assessor's Parcel Number(s):	026-342-039		
Property Address / Location:	2380 Live Oak Road, Paso Robles, CA. Located ± 0.2 mile north of Live Oak Road and ± 0.8 mile west of Arbor Road, being ± 2.5 miles southwest of Paso Robles, in rural San Luis Obispo County.		
Land Area/Property Size:	± 160.00 Assessed Acres		
Land Use:	± 71.60 acres of wine grape vineyards with ± 17.31 acres in non-viable vineyards (equivalent to open land), ± 25.00 acres of open plantable land, ± 7.52 acres in supporting farm avenues and lower farmstead site, ± 2.00 acres contained within an estate residential site and ± 35.07 acres in a non-productive ancillary land.		
Structural/Site Improvements:	Estate-type residence with attached garage, shop building and employee/rental house. There is also a manufactured home (mobile home) on jack stands, but it is considered personal property and excluded from this valuation.		
Flood Zone Rating:	Flood Zone "X"		
Census Tract:	100.16		
Ag. Preserve Status:	The subject property <u>is</u> currently enrolled in the Williamson Act, Agricultural Preserve program.		
Zoning:	AG – Agriculture		
Soils:	Primarily Nacimiento soils (Capability Class 4 & 7).		
Irrigation Supply & Distribution:	Four on-site wells with submersible pumps. Application is via drip system.		
Highest and Best Use:	Continuation of the existing residential and vineyard operations while redeveloping the non-viable vineyards.		
Interest Appraised:	Fee Simple		
Value Indicators (Rounded):	<u>"As Is" Market Value</u>		
Cost Approach:	\$9,010,000		
Sales Comparison Approach:	\$8,610,000		
Income Approach:	N/A – Excluded		
Value Conclusion:	\$8,800,000		
Liquidation Value:	\$8,460,000		
Effective Date of Value:	January 21, 2021		

INTRODUCTION

PURPOSE OF APPRAISAL

The purpose of this document is to provide a written report which contains the supporting market data and analysis utilized to derive the opinion of the “As Is” and “Liquidation” values of the subject properties in fee simple estate.

CLIENT, INTENDED USE AND USER OF THE APPRAISAL

The intended use of this appraisal is for assistance in establishing the “As Is” market value of the respective subject properties for a bankruptcy litigation purpose. Frandzel Robins Bloom & Csato, L.P., Attn: Mr. Reed Waddell is identified as the intended sole user(s) of this report. This appraisal was developed for the exclusive use of the aforementioned client for the intended use stated in this report. Use of or reliance on this appraisal by any other party is inappropriate and is entirely at the risk and discretion of such third party without warranty of any kind.

EFFECTIVE DATE OF APPRAISAL AND PROPERTY INSPECTION

The effective date of appraisal of the current “As Is” and “Liquidation” Market Value of the subject property is January 21, 2021, which is the date that the properties were last inspected. The report date is January 31, 2021 which is the completion date of the report.

PROPERTY RIGHTS APPRAISED

This valuation assignment called for the fee simple ownership interest in the subject property. This real property interest is defined as follows:

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.”*¹

¹ Appraisal Institute, *The Dictionary of Real Estate Appraisal*, 6th ed. (Chicago: Appraisal Institute, 2015).

COMPETENCY OF THE APPRAISER

Richard L. Kilgore, III, ARA has been specifically educated in the appraisal of agricultural properties and is experienced in the appraisal of the property types under analysis in this report since 1991. The appraiser has been awarded the professional designation of Accredited Rural Appraiser (ARA), the highest rank, and the only title conferred on rural appraisers by the American Society of Farm Managers and Rural Appraisers. The appraiser has been certified by the State of California as a Certified General Real Estate Appraiser, Certificate Number AG008850. Please refer to the appraiser's qualifications sheet included in the Addendum of this report for additional details.

DEFINITION OF VALUE

"Market value" 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

"As Is" market value is the most probable price of the property "As Is" based on its physical condition and subject to the zoning in effect as of the date of inspection. If the property is being constructed or renovated, a market value of the property upon completion should be rendered. This occurs when all improvements are completed but before achievement has stabilized net income. The valuation of "for sale" projects must include an estimate of the present value of projected cash flows with appropriate discounts for marketing time, real estate taxes, commission, administrative and carrying costs, and unearned entrepreneurial profit.

"Liquidation value" *The most probable price that a specified interest in property should bring under the following conditions:*

- 1) Consumation of a sale within a short period of time;*
- 2) The property is subjected to market conditions prevailing as of the date of valuation;*
- 3) Both the buyers and sellers 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,*
- 10) unaffected by special or creative financing or sales concessions granted by anyone associated with the sale.³*

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

² Appraisal Institute, *The Dictionary of Real Estate Appraisal*, 6th ed. (Chicago: Appraisal Institute, 2015).

³ Appraisal Institute, *The Dictionary of Real Estate Appraisal*, 6th ed. (Chicago: Appraisal Institute, 2015).

SCOPE OF WORK

PROPERTY IDENTIFICATION

Physical Characteristics:

In this appraisal assignment, an on-site inspection of the real property being appraised was performed on January 21, 2021. Mr. Lee Coddington provided a tour of the property and provided insight as to its physical characteristics. During the inspection, the structural improvements and vineyard plantings were inventoried and measured, boundaries were established and photos were taken from various locations on the subject. This process allowed us to gather information about the physical and economic characteristics of the property being appraised.

This valuation pertains only to the land, building/site improvements, and fixtures (as applicable) and does not include value in a business or other assets of a business. This excludes any subsurface, oil, gas, or mineral rights inherent to the subject properties.

Legal Characteristics:

Reliance was placed on documentation provided by the client, subject property representatives and that readily available from public records for information regarding legal descriptions, vesting, easements, covenants, restrictions, and other encumbrances. The presence of such items was not independently researched. A Preliminary Title Report was not provided to the appraisers to specifically identify current vesting, legal descriptions and comments on any exceptions to title.

Economic Characteristics:

The subject property has historically been and continues to be owner operated. The potential gross and net operating income is specifically addressed in the appraisal report within the income approach section.

TYPE AND EXTENT OF DATA RESEARCHED

The market area pertinent to the subject property has been determined. Research was conducted within that market area for comparable sales of competing properties occurring over the last several years prior to the date of appraisal. Data was collected and verified relative to the subject property, i.e. sales, rents, listings, etc. Sources for this information included various Assessors, Records and Planning Departments, local real estate brokers/agents, other appraisers and Edwards, Lien & Toso, Inc. plant data.

SCOPE OF WORK, continued

TYPE AND EXTENT OF ANALYSIS APPLIED

To preface this discussion, the market will be tested to make a determination of the highest and best use to estimate how to solve the appraisal problem. Furthermore, the appropriate valuation technique(s) will be applied to determine the "As Is" fee simple market value of the subject property.

Actual valuation portions of this assignment may involve the collection and analysis of data typically utilized in three common approaches to value. These include the sales comparison approach, the cost approach and the income approach. It is important to reiterate at this point that the value conclusion(s) stated is/are contingent upon the assumptions and limiting conditions found on the previous pages; and only the most appropriate approach to value may be presented within the report.

Highest and Best Use was determined under the industry accepted definition and criteria with feasibility of alternative uses examined.

The value opinion arrived at within the report is based upon review and analysis of the market conditions affecting the real property value(s), including land values, attributes of competitive properties, and sale data of agricultural properties.

The subject properties are improved with wine grape vineyard, winery facility and residential improvements. The cost approach is most applicable when the improvements are new or suffer only minor accrued depreciation. This approach is also used to estimate the market value of proposed construction, special-purpose properties, and other properties that are not frequently exchanged in the market. Given the presence of permanent planting and structural improvements, the cost approach was considered a reliable indicator of value for the subject property.

The subject property is located within an area of actively traded vineyard and winery properties. The presence of adequate market transactions warranted completion of the sales comparison approach to value.

The subject properties include substantial acreage of non-viable permanent plantings. The preponderance of non-viable plantings precluded the income approach as a reliable indicator of value, warranting its exclusion herein.

All applicable approaches to value were included within the individual valuation sections for each subject property. Refer to the Valuation Methodology section of this report for further.

SUMMARY

In addition to the previously described Scope of Work, throughout the appraisal report, the entire appraisal process has been documented.

MARKET AREA DESCRIPTION AND ANALYSIS

SAN LUIS OBISPO COUNTY, CALIFORNIA

San Luis Obispo County is located along the Pacific Ocean in the Central Coast Region of California, between Los Angeles and the San Francisco Bay Area. As of 2000, the county population was 246,681. The county seat is San Luis Obispo, California, with about 45,000 residents.

The county's distance from the large metro areas of San Francisco and Los Angeles has helped it to retain its rural character and reminders of old California abound. Father Junipero Serra founded the Mission San Luis Obispo de Tolosa in 1772 and the Mission is today an active part of downtown San Luis Obispo. The small size of the county's communities, scattered along the beaches, coastal hills, and mountains of the Santa Lucia range, provides a wide variety of coastal and inland hill ecologies to support many kinds of fishing, agriculture and tourist activities.

The mainstays of the economy are California Polytechnic State University with its 18,000 students, tourism, agriculture, and other government services, including the California Men's Colony, a penal institution. San Luis Obispo County is the third largest producer of wine in California, surpassed only by Sonoma and Napa Counties. Wine grapes are by far the largest agricultural crop in the county, and the wine production they support creates a direct economic impact and a growing wine country vacation industry.

Other coastal towns north of San Luis Obispo include Cambria, San Simeon, Morro Bay and Cayucos. Avila Beach and the so-called "Five Cities" are located to the south of San Luis Obispo. They are Arroyo Grande, Grover Beach, Halcyon, Oceano, and Pismo Beach. Nipomo, just south of the Five Cities, borders northern Santa Barbara County. Inland, the cities of Paso Robles, Templeton, Templeton, and Atascadero lie along the Salinas River, near the Paso Robles wine region.

Mission San Luis Obispo de Tolosa was founded on September 1, 1772 in the area that is now the city of San Luis Obispo, California. San Luis Obispo County was one of the original counties of California, created in 1850 at the time of statehood.

San Luis Obispo County's economy is categorized as a service economy. What the government classifies as "service jobs" account for 38% of the county's jobs, the true service sector is larger. Government jobs accounts for 20.7% of the County, which is also recognized as a service sector. The presence of Finance, Insurance, and Real Estate sector can also be classified as a service sector. Services and Retail combined accounts for 75% of county jobs. Manufacturing jobs now represent less than 6% of the county jobs.

The largest increases in employment were contributed by wholesale trade, local government, mining and retail trade. Other important sectors of the local economy include education and health jobs which comprise half of the largest employers in Nipomo.

CURRENT MARKET TRENDS

WINE GRAPE INDUSTRY & LAND MARKET TREND ANALYSIS

In California, the wine grape and winemaking industries have a direct relationship with one another. Therefore, in order to understand the wine grape industry, and the vineyard land market, it is necessary to briefly overview the entire industry. Varietal vineyard development is the predominant use of open land parcels and subsequently the highest and best use of most parcels in the area.

The Central Coast American Viticultural Area (AVA) stretches roughly 250 miles along the coastline of California, from San Francisco County in the north to Santa Barbara County in the south, averaging about 25 miles in width. A very large AVA, the Central Coast encompasses approximately four million acres, of which 90,300 acres are planted to wine grapes. The region produces almost 15 percent of the state's total wine grape production and is home to about 360 wineries.

An area further south, loosely called the Southern California Region, includes seven AVAs that cover 270,000 acres in Los Angeles, Riverside, San Bernardino and San Diego counties. American Viticultural Areas are to appellations of origin as grapes are to fruit.

AVAs are delimited grape growing areas distinguishable by geographic, climatic and historic features, and the boundaries have been delineated in a petition filed and accepted by the federal government. In size, AVAs range from extremely small to extremely large. AVAs are one kind of appellation, but not all appellations are AVAs. An appellation can also be a political designation, such as the name of a country, a state or states, or a county or counties within a state.

San Luis Obispo County has one of the longest winegrowing histories in North America, with vineyards planted by Spanish missionaries over 200 years ago. It has four distinct sub-AVAs (Arroyo Grande, Edna Valley, Paso Robles and York Mountain) each with its own terroir. A maritime influence affects the southern AVAs, as their east-west valley's allow cool Pacific breezes and coastal fog to enter unencumbered. Towards the north, York Mountain has just one winery, the longest continuously operated winery in the county. The largest and warmest AVA is Paso Robles, which is protected from much of the coastal influence by the Santa Lucia Mountains. After a long dormancy, modern commercial viticulture began in the early 1970s, with plantings of vineyards in the Edna Valley by the Chamisal and Paragon vineyards, both trying to produce Burgundy-like Chardonnay. Acreage of vines has increased almost four fold since 1990, with over 26,000 acres currently under vine. Of all these AVAs, Paso Robles is gaining the most attention, with structured Cabernet Sauvignon and Rhone varietals, produced by a dynamic group of young winemakers.

WINE GRAPE INDUSTRY & LAND MARKET TREND ANALYSIS, continued

As California's fastest growing wine region and largest geographic appellation, the Paso Robles American Viticultural Area (AVA) is a 24-square-mile territory encompassing more than 26,000 vineyard acres and over 250 wineries. Paso Robles is a unique wine region blessed with optimal growing conditions for producing premium and ultra-premium wines; greater day-to-night temperature swings than any other appellation in California, distinct micro-climates, diverse soils and a long growing season. As a result, more than 40 wine grape varieties are grown in Paso Robles, including Cabernet Sauvignon, Merlot, Syrah, Viognier, Roussanne, and Zinfandel, the area's heritage wine varietal. The economic impact of wine and grapes in the Paso Robles AVA is estimated at \$1.5 billion, employing 7,000 persons with a total payroll of \$182 million.

The general Paso Robles market is concentrated in premium and ultra-premium wine production, which typically competes on a global scale. In fact, wines from this region are generally classified with Monterey, Santa Barbara, Sonoma, Napa and France as the best regions on the world. The California Department of Food and Agriculture designates the general subject area as District 8, encompassing all of San Luis Obispo, Santa Barbara and Ventura Counties. Today, it is estimated that nearly 58% of all grapes grown within Paso Robles are exported to wineries outside of the AVA.

Overall, this region has benefited from a constant demand and price for grapes. In fact, when other districts in the state suffered through falling prices from 2009 through 2012, prices for Paso Robles vines dropped only slightly. However, the recent drought conditions caused substantially declining water levels that have resulted in a virtual moratorium on vineyard development unless other uses that utilize water are taken out of production. Essentially, this means that no new development that will require additional water use is permitted. This has resulted in a drop in vineyard expansions in areas historically used for dry and irrigated pasture. The following table outlines the weighted average grape prices (per ton) from between 2010 and 2019 (most current data) for the four leading white and red varieties in District 8.

Districts	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010	10-Year Average
<i>Whites</i>											
District 8	\$1,437	\$1,500	\$1,487	\$1,457	\$1,398	\$1,293	\$1,207	\$1,268	\$1,173	\$1,109	\$1,310
<i>Reds</i>											
District 8	\$1,855	\$1,704	\$1,797	\$1,706	\$1,664	\$1,524	\$1,485	\$1,443	\$1,230	\$1,062	\$1,483

WINE GRAPE INDUSTRY & LAND MARKET TREND ANALYSIS, continued

Variety	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010	10-Year Average
<i>Whites</i>											
Chardonnay	\$1,441	\$1,493	\$1,482	\$1,472	\$1,397	\$1,327	\$1,247	\$1,303	\$1,213	\$1,195	\$1,357
Sauv. Blanc	\$1,427	\$1,457	\$1,437	\$1,345	\$1,299	\$1,220	\$1,149	\$1,100	\$998	\$842	\$1,227
Rousanne	\$2,418	\$2,252	\$2,316	\$2,171	\$1,966	\$1,938	\$1,520	\$1,774	\$1,854	\$1,945	\$2,015
Viognier	\$1,369	\$1,469	\$1,476	\$1,518	\$1,584	\$1,482	\$1,385	\$1,442	\$1,368	\$1,524	\$1,462
Averages	\$1,664	\$1,668	\$1,678	\$1,627	\$1,562	\$1,492	\$1,325	\$1,405	\$1,358	\$1,377	\$1,515
<i>Reds</i>											
Cab. Sauv.	\$1,643	\$1,530	\$1,666	\$1,585	\$1,545	\$1,465	\$1,378	\$1,296	\$1,119	\$965	\$1,419
Merlot	\$1,428	\$1,077	\$1,156	\$1,103	\$1,053	\$1,057	\$1,041	\$1,085	\$863	\$735	\$1,060
Syrah	\$2,091	\$1,641	\$1,625	\$1,506	\$1,413	\$1,364	\$1,291	\$1,297	\$1,189	\$977	\$1,439
Zinfandel	\$1,737	\$1,515	\$1,382	\$1,478	\$1,480	\$1,407	\$1,266	\$1,342	\$1,164	\$1,064	\$1,384
Averages	\$1,725	\$1,441	\$1,457	\$1,418	\$1,373	\$1,323	\$1,244	\$1,255	\$1,084	\$935	\$1,325

*Per Final Grape Crush Reports 2010 through 2019.

From the mid 1990's and 2000, nearly all segments of the wine industry enjoyed increased demand as a result of heightened public awareness of positive health benefits associated with the moderate consumption of red wine (i.e.: the "Sixty-Minutes-French Paradox", which aired in November of 1991).

The market for wine grape vineyards in the general Paso Robles area has been basically reflective of wine market trends. Increasing grape demand in the mid and later years of the 1990's, more than recovered from values from the lower 1980's value levels. The period from 1990 to 2000 produced one of the largest vineyard expansions seen in California since the 1970's. In fact, there were only 25 wineries in Paso Robles in 1990, but today there are over 200 wineries present. Acreage also increased from less than 2,000 developed acres to nearly 26,000 acres during that same period.

Demand was especially strong for red varietal grape vineyards and a few white varieties. A review of average grower prices for varietal red and white grapes vs. traditional white varieties serves to illustrate the price differential for the two general classifications of wine grapes. Based on commodity price information and averages, red varietal grapes historically brought a premium over the blend white (traditional) varieties of 25% to 40%. Today the spread between the white and red varietals is much narrower. It is unclear if the spread will widen once again if and when prices increase in the future. The Paso Robles wine market remains positioned to take full advantage of a demand for premium wine production.

Between 2009 and 2012, demand for additional vineyard development land slowed modestly from the levels observed in 1995 to 2005. Most wineries active in the area were declining to add any additional acreage to their contract base, leaving most developers planting without a contract, or not developing at all. Existing vineyard properties currently on the market were not being purchased at the prices and demand that once existed. Numerous vineyard properties offered at peak asking prices were experiencing nominal or no interest and extended marketing periods or well over twelve months were being observed.

WINE GRAPE INDUSTRY & LAND MARKET TREND ANALYSIS, continued

The 2019 crop prices trended upward slightly from 2018 for both whites & reds even as overall production levels increased. However, this is not the case for 2020 as there is currently a surplus in the tanks and wineries are reluctant to offer any new contracts at this time. This is the accumulative effect of various factors, including tariffs, sale negotiations between two major wineries that was held up by antitrust concerns, and the decline in consumer demand, partly attributed to the COVID-19 pandemic. The end result is wineries have ample supplies in reserve and many non-contracted vineyards are selling their crop for bulk juice. The industry anticipates that numerous vineyards have been pushed since the 2020 harvest.

The California wine industry appears to have reached a saturation point with production in excess of demand. Although total production declined in 2014 & 2015 the non-bearing acreage coming into maturity contributed to the increasing production trend since 2016. Even though new wine grape developments are declining, supply is not adjusting on an acre to acre basis.

The wine grape market in District 8 has experienced highs and lows over the past 20 years, generally having good demand but subject to the cyclical nature of the wine grape industry, which is greatly dependent upon the prevailing economic condition of consumers.

GROUNDWATER MANAGEMENT⁶

In 1992, the State Legislature provided an opportunity for local groundwater management with the passage of Assembly Bill (AB) 3030, the Groundwater Management Act (**Water Code §10750 et seq. Part 2.75**). Groundwater management plans (known as GWMPs) were developed in many basins to provide planned and coordinated monitoring, operation, and administration of groundwater basins with the goal of long-term groundwater resource sustainability.

In 2014, Governor Jerry Brown signed into law a three bill legislative package, composed of AB 1739 (Dickinson), SB 1168 (Pavley), and SB 1319 (Pavley), collectively known as the Sustainable Groundwater Management Act (SGMA). SGMA provides local agencies with a framework for managing groundwater basins in a sustainable manner. Groundwater management, as defined in DWR's Bulletin 118 Update 2003, is the planned and coordinated monitoring, operation, and administration of a groundwater basin, or portion of a basin, with the goal of long-term groundwater resource sustainability. Recognizing that groundwater is most effectively managed at the local level, SGMA empowers local agencies to achieve sustainability within 20 years. SGMA resulted in changes to the Part 5.2, Part 2.74, Part 2.75, Part 2.11, and Part 6 of the California Water Code defining how groundwater is managed in California.

Under SGMA, DWR's role in groundwater management includes developing regulations for revising groundwater basin boundaries, developing basin boundary prioritization, developing regulations for groundwater sustainability plans (GSPs) and alternative plans, evaluating and assessing of GSPs, and providing technical assistance. For additional information on SGMA, please visit the Sustainable Groundwater Management Program website.

Key Legislation

Legislation that has been incorporated into the California Water Code that applies to groundwater management plans (known as GWMPs) includes AB 3030, SB 1938, AB 359, and provisions of SB X7 6 and AB 1152. These significant pieces of legislation establish, among other things, specific procedures on how GWMPs are to be developed and adopted by local agencies.

On January 1, 2015, additional key legislation incorporated into the California Water Code went into effect, including AB 1739, SB 1168, SB 1319. This legislation defines the required technical components that must be part of every groundwater sustainability plan (known as GSPs). Additional legislation was signed in 2015 that went into effect in January 2016, including SB 13, AB 939, SB 226, AB 617. The Key Legislation section provides final legislation packages and summaries for review.

⁶ http://www.water.ca.gov/groundwater/groundwater_management/index.cfm

GROUNDWATER MANAGEMENT, continued

Groundwater Management Plans and Groundwater Sustainability Plans in California

SGMA went into effect on January 1, 2015 and brought about changes to the California Water Code that, among other things, requires the formation of groundwater sustainability agencies (GSAs) overlying groundwater basins and the development of GSPs in medium- and high-priority basins. The GSAs, represented by local agencies are required to provide a copy of their GSPs to DWR and for DWR to review and approve those plans.

GWMPs may be developed in very low- or low-priority basins as they are not subject to SGMA. If you are located in a very low- or low-priority basin, you can visit [Developing a Groundwater Management Plan](#) for information to assist in developing, adopting, and updating GWMPs.

Beginning January 1, 2015, no GWMPs can be adopted in medium- and high-priority basins, in accordance with SGMA. GWMPs previously developed for medium- and high-priority basins are still in effect until GSPs are developed.

The information provided in this section will help the public locate, view, and download current GWMPs and GSPs in the future as they are provided to DWR. Beyond the individual plans, this section also provides related statewide maps and contact information.

Court Adjudications

Another form of groundwater management in California is through court adjudication. Adjudications can cover an entire basin, a portion of a basin, or a group of basins and all non-basin locations between. The court decree will define the area of adjudication. In basins or portions where a lawsuit is brought to adjudicate, the groundwater rights of all the overlayers and appropriators are determined by the court. The court also decides: 1) who the extractors (owners) are; 2) how much groundwater those well owners can extract; and 3) who the Watermaster will be to ensure that the basin or portion of the basin is managed in accordance with the court's decree. The Watermaster must report periodically to the court.

There are 24 court adjudications of groundwater in California that includes one adjudicated stream system. All 24 have restrictions on groundwater pumping.

Local Government Groundwater Ordinances or Joint Powers Agreements

Groundwater management is also achieved through local groundwater ordinances. Ordinances are laws adopted by local agencies such as cities or counties. Many ordinances related to groundwater have been adopted by local governments; however, the counties and cities are not required to submit updates to DWR. Groundwater related ordinances can be accessed from most individual city or county websites.

GROUNDWATER MANAGEMENT, continued

Summary of the Sustainable Groundwater Management Act of 2014

Sustainable Groundwater Management Act provides the framework for sustainable management of groundwater supplies by local authorities. SGMA requires the formation of local groundwater sustainability agencies that must assess conditions of their local water basins and adopt locally-based management plans. GSA's have 20 years to implement plans and achieve long-term groundwater sustainability.

SGMA is considered one part of a statewide, comprehensive water plan for California that includes investments in water conservation, water recycling, expanded water storage, safe drinking water, wetlands and watershed restoration. A basic outline of the SGMA is as follows:

- ❖ Creation of tools & authorities to manage groundwater
- ❖ Set high and medium priority basins
- ❖ Form GSA agencies (if none are formed the County is viewed as the agency).
- ❖ Preparation of GS Plan (GSP)
 - basin conditions & water budget;
 - measurable objectives & 5 year milestones;
 - achieve sustainability in 20 years
- ❖ Retains local government authorities
- ❖ Promotes coordination between land use plans and groundwater plans

Sustainability: Manage groundwater to prevent undesirable results:

- Chronic lowering of groundwater levels
- Reduction of groundwater storage
- Seawater intrusion
- Degraded water quality / containment plume migration
- Land subsidence
- Depletions of interconnected surface water

Time Frame:

June 2017 ~ Formation of GSAs

January 2020 ~ Completion of GSPs in critical over-drafted basins

January 2022 ~ Completion of GSPs in all other basins

January 2025 ~ Intervention delayed 2 years in areas with significant impacts to surface waters

The Association of California Water Agencies is the source for the above summary.

Formations of GSAs are mostly complete with some still in the works due to boundary discrepancies. Implementation of the SGMA has resulted in higher values for properties that have irrigation entitlements, as compared to properties that have never been irrigated, all other characteristics being relatively similar. This is attributed to the market recognizing that GSA's have the potential to restrict groundwater extraction in order to manage overdraft conditions, which could cause the set aside of farmland during the duration or loss of permanent plantings if the grower is unable to obtain adequate water

**Property #1- Rabbit Ridge Winery
±155.33 Acres**

GENERAL PROPERTY DESCRIPTION

DETAILS OF PRESENT LAND USE & PRODUCTIVITY

The subject property consists of ± 155.33 acres within a single assessor's tax parcel. It is located along the north side of San Marcos Road, being ± 1.5 mile west of State Highway 101 and ± 4 miles northwest of Paso Robles in northern San Luis Obispo County, California. Good year-round access is provided by San Marcos Road, which borders along and forms the southern property boundary. The subject is dedicated to a larger sized winery facility, complete with a wine grape vineyard. The winery is a high-quality, modern structure that features a state-of-the-art gravity design whereas the fruit is received at the highest point in the facility and it flows downward to the tank room, then downhill to the bottling line and barrel room. However, it has received substandard care over the past few years with the landscaping completely neglected. There are a total of ± 93.68 acres of vineyards on the property that were planted in 1997 and 1998, but only ± 28.38 acres are currently farmed. The remaining ± 63.30 acres have been abandoned by management. The vines are spaced 1 meter x 2 meters, resulting in $\pm 2,026$ vines/acre. Vines are unilaterally trained on a single cordon and spur pruned. The vineyards are supported on a VSP trellis system that includes a cordon wire with four movable wires and a top wire. The support system consists of steel pipe end posts with a steel stake at every 15' (every 5th vine). Finally, there is a wire beneath the cordon to support the drip hose. There is a $\pm \frac{1}{4}$ " steel rod for support at every vine. The vineyard and trellis system within the farmed acreage reflect fair to average condition, appearing to suffer from slightly substandard management in the past. The subject conforms well within the neighborhood with neighboring land uses consisting of a combination of native lands and vineyards. However, it cannot be ignored that there are numerous winery facilities also scattered throughout the area. The acreage use details and any reported land productivity are as follows:

Block	Acres	Comments
1	6.81	22 nd leaf Zinfandel/Primitivo vineyard, spaced 1m x 2m, reflecting fairly average condition.
3	4.75	22 nd leaf Zinfandel/Primitivo vineyard, spaced 1m x 2m, reflecting fairly average condition.
8	6.81	22 nd leaf Zinfandel vineyard, spaced 1m x 2m, reflecting fair to average condition.
12 & 13	10.01	22 nd leaf Zinfandel vineyard, spaced 1m x 2m, reflecting fair to average condition.
	28.38	Total Farmed Vineyards
Other Blocks	63.30	Vineyard blocks that have been abandoned and are no longer actively farmed. The vine loss is reportedly due to a limited water supply during the recent drought. The entire infrastructure (trellis & irrigation) remains in place.
Olives	2.00	Olive orchards.
	93.68	Total Plantable Acres
	7.30	Supporting farm avenues and well sites.
Winery Site	7.00	Winery site containing the winery building and associated site improvements, including asphalt driveway, decorative lawn areas, two commercial wastewater ponds and well with submersible pump. The landscaping has been abandoned and is in need of replacement or rehabilitation.
	107.98	Total Net Usable Acreage
	47.35	Ancillary areas contained within non-plantable hillsides that are not suited for development to permanent plantings.
	± 155.33	Total Acres

LEGAL DESCRIPTION

A current legal description was not provided for this appraisal assignment. Therefore, the assessor's parcel maps were relied upon for the size and boundaries of the subject property.

OWNERSHIP

According to the property profile records indicated by CoreLogic RealQuest® Professional (an online property information database reporting county records), the subject property is currently vested in the following ownership:

Northern Holding LLC

THREE-YEAR TITLE HISTORY

Per Mr. Lee Coddling and San Luis Obispo County records, the subject property was transferred via Quit Claim Deed (Doc. #61139) on October 28, 2020. The purchase price was recorded as \$11,500,000. The property had been exposed to the market via a listing by Mr. Jon Ohlgren. It was originally listed on 5/3/2018 at a price of \$14,900,000 and was increased to \$15,000,000 on 1/31/2019. It was later reduced to \$12,500,000 on 9/17/2019 and increased once again to \$14,500,000 on 4/14/2020, where it remained until it sold. It is noted that the seller was under duress to sell in order to avoid foreclosure. It is recognized that the sale price was below that of the list price, but it cannot be ignored that this property was exposed to the market for over two years, which does not appear to show a discount for the distressed seller. Mr. Coddling indicated that the value was determined by an appraisal ordered by his lender. A purchase contract was not provided. Analysis of the purchase is difficult due to the murky details provided regarding the marketing and transfer of the subject. There have been no other known transfers of ownership or attempts at marketing the subject property within the three years preceding the acceptance of this appraisal assignment.

TENURE & OCCUPANCY

Per Mr. Coddling, he operates the vineyards while the winery is reportedly leased to Rabbit Ridge Winery. Exact details of the lease are unknown as a copy of the lease was not provided, but it was reported that the lease partially includes a flat cash rent and some profit sharing. Without a copy of the lease, it is uncertain if the lease is legitimate or even at market rates.

LOCATION AND ACCESS

The subject property is located along the north side of San Marcos Road, being ± 1.5 mile west of State Highway 101 and ± 4 miles northwest of Paso Robles northern San Luis Obispo County, CA. It has a physical address reported as 1172 San Marcos Road, Paso Robles, CA.

LOCATION AND ACCESS, continued

Legal access is provided by San Marcos Road which borders along and forms the subject's southern boundary. San Marcos Road provides good year-round access via a paved asphalt surface that has two lanes, but no curbs, gutters or sidewalks. It connects with Highway 101 to the east. In turn, Highway 101 provides good access throughout California via connections within the State and Interstate highway systems.

SIZE, SHAPE, TOPOGRAPHY AND ELEVATION

The subject includes ± 155.33 assessed acres within a single assessor's tax parcel. It is slightly irregular in shape but is well blocked. The subject is located at an elevation typical of the surrounding area approximately 800'-900' above mean sea levels. Refer to the Topography Map found within the Addenda for visual details.

UTILITIES AND SERVICES

Typical rural on-site utilities and services are available to the subject property. Utilities consist of electrical service and natural gas provided by Pacific Gas and Electric Company with communication service available from AT&T and other carriers. There are no public water or sewer services available at the property. A domestic well provides domestic water service for the facility and vineyard while a septic system is in place for human waste disposal. The County provides police and fire protection. Garbage collection and propane services are available from various private companies.

ZONING AND PERMITTING

The subject is located in an area typically devoted to long-term agricultural use. It is zoned AG - Agriculture by San Luis Obispo County and is not located within the sphere of influence of any city or semi-rural community. The current agricultural use of the subject property as a winery facility is a permitted use according to the current zoning designation and General Plan for San Luis Obispo County, but does require a permit with site plan review. A copy of the winery permit was requested, but not provided. It was reported that the subject has a permit with the capacity to produce 400,000 cases annually. It was also reported that the permit allows for the construction of another 15,000 SF of warehouse area and a 4,500 SF tasting room, although these structures have not been constructed.

FEDERAL FLOOD HAZARD

The subject property is located in Flood Zone "X" according to the Federal Emergency Management Agency (FEMA)-Federal Insurance Rate Map (FIRM), San Luis Obispo County Panel No. 06079C0400G, dated November 16, 2012. Flood Zone "X" is defined as areas determined to be outside the 0.2% annual chance floodplain. Refer to the FEMA Flood Map in the report Addendum for visual details.

FAULT-RUPTURE HAZARDS

According to the California Department of Conservation Geological Survey's Earthquake Fault Zones, Special Publication 42 revised in 2018, the subject property is not located within an Alquist-Priolo Earthquake Fault Zone.

WETLANDS

A search of the U.S. Fish and Wildlife Service, National Wetlands Inventory webpage revealed no designated potential national wetland areas on the subject property. Visual inspection of the subject also revealed no areas that would appear to provide sensitive wetland habitat.

FUEL TANK/ENVIRONMENTAL CONCERNS

It is noted that there are two wastewater ponds situated on the subject property with the first designed to let solids settle to the bottom while the second is used for aeration. It is assumed that the ponds are permitted and in operation in compliance with the permitted guidelines. There was no evidence of hazardous conditions noted on the subject property, but it was noted that there is an electrical transformer present at the winery site and two well sites. However, the appraisers are not experts in the environmental field. It is recommended that if additional information is required, an environmental assessor be retained to perform an environmental audit on the subject property to ensure that all health, safety, and environmental standards are being met. It should also be known that the appraisers are not qualified to accurately judge the condition of the soils or environmental hazards which may exist. The assessment of these items is beyond the scope of this appraisal.

SOIL DETAILS

The soils found on the subject property were classified by the Natural Resources Conservation Service (NRCS) using the mapping tools found on the USDA's Web Soil Survey website and referenced in the following table.

(±) % of PROPERTY	MAP SYMBOL	SOIL TYPE	CAPABILITY UNIT
31.4%	179	Nacimiento-Los Osos complex, 9 to 30 percent slopes	4
30.6%	105	Arbuckle-Positas complex, 50 to 75 percent slopes	7
18.0%	102	Arbuckle-Positas complex, 9 to 15 percent slopes	4
15.6%	106	Arbuckle-San Ysidro complex, 2 to 9 percent slopes	3
2.8%	150	Hanford and Greenfield gravelly sandy loams, 2 to 9 percent slopes	2

The soil survey rates soils according to capability class. Capability classes show, in a general way, the suitability of soils for most kinds of crops. Soil capability classes are grouped by numbers 1 to 8, according to their limitations. As the number increases, it indicates progressively greater limitations and narrower choices for use.

SOIL DETAILS, continued

The Nacimiento series consists of moderately deep well drained soils with medium to high runoff; and moderately slow permeability. Used mainly for range with some dry farmed grain. Non-tilled areas have annual grasses and forbs with trees in draws and some live oak in places.

The Arbuckle series consists of very deep, well drained soils with negligible to high runoff; moderately slow to slow permeability. Used for dryland and irrigated orchards, irrigated row and field crops, dry-farmed grain, and for range. Natural vegetation is annual grasses and forbs, either alone or as an understory with blue oaks in stands ranging from open to dense.

The soils located on the subject property are typical of the market area and are suitable for the production of premium quality vineyards. Reference the Soils Map found in the Addendum section, noting specific soil locations throughout the property. Detailed soil descriptions are retained in the appraisal office.

DRAINAGE

Natural drainage for the land is primarily collected in natural water courses throughout the property. There is no dedicated drainage system currently in place. Natural water absorption is typically adequate under properly managed drip irrigation methods.

WATER SOURCE & DISTRIBUTION

Irrigation water is provided by two wells with submersible pumps, one of which is situated within the winery site, adjacent to the wastewater ponds. Size of the pump is unknown, but a pump test report by Advanced Technology Pump Testing Services on 12/10/2019 indicated that the well yielded 46.9 gallons per minute over a 4 hour testing period with the static water level being 82 feet. The well is reportedly 372 feet deep, so there is room for dropping the pump lower if needed. The other well is situated within vineyard Field 1. It is currently being reworked with a plastic slip inside the existing casing and a new pump. Exact yield of the new pump is unknown at this time. It is further noted that this parcel is farmed in conjunction with the ± 155.00 acre Texas Road ranch to the north, which is improved with a well and submersible pump that produces 40 gallons per minute. The irrigation systems are tied together so that any of the three wells can irrigated any vineyard block on the two ranches. This appraisal is based on the extraordinary assumption of continued use of the three combined wells.

As previously discussed, ± 28.38 acres on the subject property are currently irrigated with the remaining 63.30 acres currently abandoned. Still, an analysis of the water supply available to the subject property must be completed to determine the adequacy of the existing water supply to the subject.

WATER SOURCE & DISTRIBUTION, continued

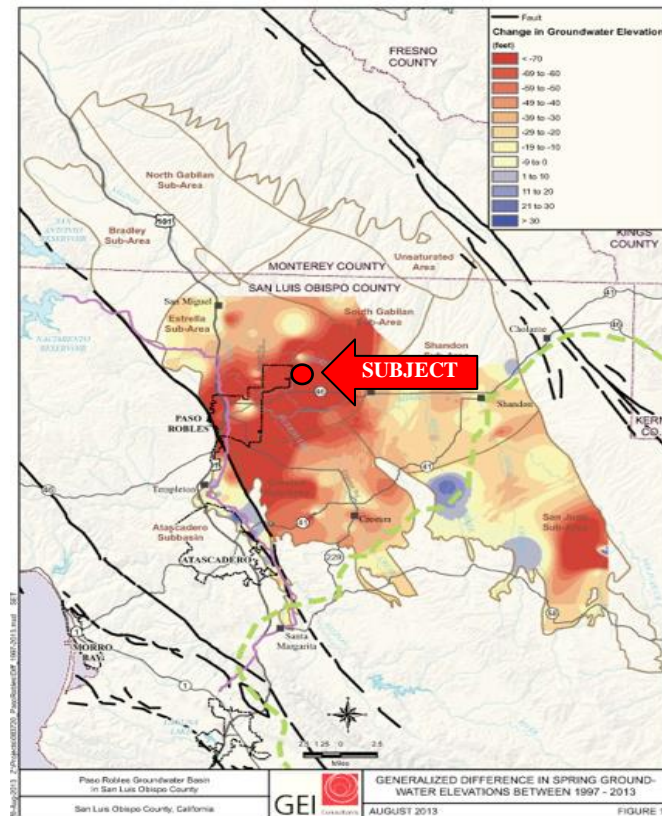
It is noted that the current well produces ± 47 gallons per minute and that the second well is being reworked, but it is unknown just how much the well will produce when completed. Therefore, this analysis is based on the known factor of having ± 47 gallons per minute. If the pump is operated for 18 hours per day during the 180 day growing season, an annual yield of 9,136,800 is produced. Construction of an irrigation reservoir could increase the pumping time, but with only 30,000 gallons of tank storage, pumping is limited to the 180 days. Multiple studies suggest that each vine requires an average of 130 gallons of water per year. Given the vineyard spacings, per vine water requirement and 9,136,800 gallons of annual yield, it is determined that the current well yields a sufficient supply of water to irrigate about 35.00 acres of vineyard.

It is noted that it is anticipated that the reworked well will provide an additional water supply, but just how much is uncertain. Still, given the presence of the abandoned vineyard plantings in place, it is determined that the land is considered vested plantable land and that installation of an additional well would be allowed to irrigate the acreage that has already been historically irrigated for nearly 15 years. Of course, construction of a reservoir could increase the irrigable acreage considerably as the reservoir could be filled prior to the season, providing a greater water supply.

The water supply for the subject property is within the Paso Robles Groundwater Basin. The Paso Robles Groundwater Basin is presently the primary water source for the northern portion of San Luis Obispo County, generally referred to as North County. The basin is large at $\pm 505,000$ acres (± 790 square miles). Communities from Garden Farms to San Miguel and Templeton to Shandon and Creston rely on the basin's groundwater. Rural residences, urban development, vineyards and other agricultural uses, and wineries all pump water from the underground basin to use for drinking, landscape and agricultural irrigation, and to meet the day-to-day requirements of living in an arid environment. In fact, this basin provides 29% of the total water supplies for San Luis Obispo County and 40% of all agricultural water.

Unfortunately, a combination of the recent drought and continued development of vineyards, resulting in more wells being drilled, has caused an overdraft of the aquifer. Current data indicates a deficit of 2,900 acre feet per year from the aquifer. To explain this, water is pulled from the aquifer for human or farming purposes and replenished through percolation through stream beds, water retention ponds and through irrigation. However, the amount of water being removed from the aquifer is about 2,900 acre feet more than is being replenished. This results in the lowering of the ground water level. In fact, maps provided by the San Luis Obispo County Department of Public Works show how aquifer levels in the Paso Robles groundwater basin have dropped by ± 70 feet from 1997 to 2013 with ± 30 feet occurring within the last four years alone. As such, it is estimated that ± 300 wells have gone dry during the 2014 growing season, necessitating the lowering of the wells and/or pumps or property owners forced to bring water in by tank.

WATER SOURCE & DISTRIBUTION, continued



As a result, of the over-drafting, the County of San Luis Obispo initiated Ordinance 3246 on August 27, 2013. This is an urgency ordinance that establishes a moratorium on new or expanded irrigated crop production (including vineyards). It also eliminates conversion of dry farm or grazing land to new or expanded irrigated crop production and new development that requires development of a well in the Paso Robles Groundwater Basin unless such uses offset their total projected water use. While this precludes most development of non-irrigated lands, the offset could include conversion of irrigated lands that require greater amounts of water. For example, a grower produces alfalfa on level ground and wishes to develop the site to vineyards. The hay requires greater amounts of water than do vineyards. Therefore, not only can the irrigated hay ground be developed to vineyards, but an amount of native pasture can also be developed as long as the same amount of water is utilized.

Further actions include Governor Jerry Brown signing a bill on September 15, 2014 that allows for the creation of a water management district in the depleted groundwater basin. This action was followed up on January 28, 2015 with the San Luis Obispo County Board of Supervisors voting to approve a Draft application to go to LAFCO for creation of the water management district. The district has the challenge of managing a water basin that covers ± 790 square miles. It is estimated that more than 8,000 wells are within the district. Creation of the district has resulted in the permitting of wells dropping drastically as the purpose of the district is on management of the ground water levels within the Paso Robles Groundwater Basin.

WATER SOURCE & DISTRIBUTION, continued

As previously discussed in the “Current Market Trends” section of this report the state of California has implemented the “Sustainability Groundwater Management Act” (SGMA). The subject is located in the Paso Robles Area Subbasin within the greater Salinas Valley Groundwater Basin, which is identified as Joint Powers Authority GSA (Basin #3-4.06). The Paso Robles area Subbasin is categorized as a “Critically Overdrafted” Basin.

The Paso Robles Subbasin Groundwater Sustainability Plan (GSP) has been jointly developed by four Groundwater Sustainability Agencies (GSAs):

- City of Paso Robles GSA
- Paso Basin - County of San Luis Obispo GSA
- San Miguel Community Services District (CSD) GSA
- Shandon - San Juan GSA

Through groundwater, surface water and precipitation analyses, the GSP has determined that the Paso Robles Subbasin will have a sustainable yield of 61,100 acre feet annually (AFY) as we move forward. However, based on historical, current and projected analyses, it is anticipated that if no changes are enacted, groundwater pumping will result in the removal of 74,800 AFY, resulting in deficit pumping of 13,700 AFY. In order to achieve sustainable pumping, the GSP proposes a series of mitigation projects that will result in greater groundwater inflows. They include the use of water from Lake Nacimiento for the cities of Paso Robles and Atascadero, use of applying treated wastewater from Paso Robles, San Miguel, Templeton and Atascadero to cropland and capturing annual rainwater runoff for groundwater recharge. It is acknowledged that while these management plans will likely increase the groundwater supply, it is doubtful that it will be sufficient to completely mitigate the deficit pumping. Although, the GSP does not exactly indicate the requirement of limiting pumping, conversations with experts in the area indicate that the general belief is that pumping will eventually be curtailed by nearly 20% in the near future.

In the long run the SGMA will likely have a positive impact to market demand and value for properties with ample water while properties that are dependent upon ground water supplies may be negatively impacted. It is difficult to extract the current effect of the SGMA in the market, but it is apparent that the market is currently transitioning to reflect preference towards properties with a combination of surface water deliveries and wells.

ASSESSMENTS AND TAXES

The tax parcel acreages, current 2020 assessments and taxes for the total subject property, per the San Luis Obispo County Assessor’s Office are as follows:

ASSESSMENTS						
APN	ACRES	LAND	IMPROV.	PER PROP.	TOTAL	TAX TOTAL
026-104-001	155.33	\$1,500,000	\$9,076,766	\$0	\$10,576,766	\$115,652.04
TOTALS	155.33	\$1,500,000	\$9,076,766	\$0	\$10,576,766	\$115,652.04

ASSESSMENTS AND TAXES, continued

The reader is cautioned that the above taxes are the current taxes on the subject property. A phone call to Anne at the San Luis Obispo County Tax Collector's Office indicated that the subject property has a substantial amount of delinquent taxes. In fact, the delinquent taxes were reported to be \$3,117,122.62 as of the date of value. The reader is cautioned that these delinquent taxes are increasing as interest accrues. It is assumed that the seller would have to pay the delinquent taxes to facilitate a potential sale of the property.

DEED RESTRICTIONS

A preliminary title report was not provided. As such, the appraiser was unable to determine if any restrictions were in place other than typical utilities, irrigation and roads. It is recommended that a current preliminary title report be carefully reviewed by the lender/user of this report.

AGRICULTURAL PRESERVE DESCRIPTION

The subject parcel is not currently enrolled in a San Luis Obispo County Land Conservation Agreement contract (Williamson Act).

In the early 1960s agricultural property tax burdens resulting from rapid land value appreciation became so great that in 1965, the Legislature passed the California Land Conservation Act, also known as the Williamson Act. The Act allows local governments to assess agricultural landowners based upon the income-producing value of their property, rather than the "highest and best use value" which had previously been the rule. The legislature intended that the act help farmers by providing property tax relief and by discouraging the unnecessary and premature conversion of agricultural land to non-agricultural uses. Under the act, agricultural preserve contracts are automatically renewed each year for 10 years unless either the landowner or local government has notified the other of its intention not to renew the contract. Following the notice of non-renewal, taxes gradually return to the level charged on equivalent, non-restricted property, although the land uses remain restricted until the contract expires (10 years after notice of non-renewal).

DESCRIPTION OF BUILDING IMPROVEMENTS

The subject is improved with a state-of-the-art winery that is constructed into a hillside and set up for gravity flow from receipt of the fruit to fermentation to bottling line. While the concrete tilt-up construction is a positive aspect of this facility, the lack of a dedicated tasting room is a slightly detracting feature. The winery was built mostly during 2002 and is operated as Rabbit Ridge Winery. It is reportedly permitted for and has the capacity to produce 400,000 cases per year. A summary of the structural improvements is as follows:

"AS IS" BUILDING IMPROVEMENT SUMMARY								
Building Description	Size (Sq. Ft.)	Total Size (Sq. Ft.)	Year Built	Frame	Exterior	Roof	Foundation/Flooring	Condition
Winery Facility		45,262	2002					
Tank Room	9,280		2002	Steel	CTU	Built-Up	Conc. Slab	Average
Connecting Corridor	2,550		2002	Steel	CTU	Tile	Conc. Slab	Average
Corridor 2nd Floor Offices	900		2002	Steel	CTU	Tile	Conc. Slab	Average
Warehouse/Bottling	10,092		2002	Steel	CTU	Tile/BU	Conc. Slab	Average
Tower Building 2nd Floor	400		2002	Steel	CTU	Tile	Conc. Slab	Average
Barrel Storage Building	19,720		2002	Steel	CTU	Tile/BU	Conc. Slab	Average
2nd Floor Offices & RR	1,440		2002	Steel	CTU	Tile	Conc. Slab	Average
R.O. / Pump House Building	880		2002	Wood	Stucco	Tile	Conc. Slab	Average
General Purpose Barn		1,040	1940's	Wood	Wood	G.I.	Conc. Slab	Average
General Purpose Barn		1,156	1940's	Wood	Wood	G.I.	Conc. Slab	Average
Storage Shed		117	2000	Wood	Wood	Comp.	Conc. Slab	Average

This is a very good quality facility and is designed to look like a Tuscan Villa with three buildings clustered together and connected by walkways, retaining walls and courtyards. This state-of-the-art winery is built into the hillside and is on three different levels with the receiving area with crush pad located at the top of the facility where the juice then moves into the lower level tank room via gravity flow. It again traverses via gravity flow from the tanks into the bottling line and/or barrel room which are situated at a level that is 22' below that of the tank room.

This concrete tilt-up facility consists of a steel frame with 6" sealed concrete slab flooring in the main work areas. Exterior walls are painted cement plaster with limestone veneer molding, aluminum frame windows and metal doors, both with painted louvers. Eave height ranges from 47' on the warehouse to a reported 34'8" on the barrel room and 55' on the tank room. All of the overhead roll-up doors are automated by electric switch. Decorative items include patina iron railings on the tower windows and bridge. Office areas have stone and carpet floor coverings along with stone flooring in the restrooms. The tower has been finished to use as an office and private tasting room. Roofing includes a combination of two-piece Tuscan style concrete tiles with copper gutters and downspouts along with some flat surface built-up composition roofing.

There is no public tasting room within this facility. However, it has been reported that the property is approved for a 15,000 SF future warehouse and a 4,500 SF tasting room that have not been constructed. A corner of the barrel room has been used as a temporary tasting room in the past but is no longer in operation.

DESCRIPTION OF STRUCTURAL IMPROVEMENTS, continued

As previously stated, this state-of-the-art winery has been designed for efficiency and includes several unique features. The first thing that is abundantly clear is that the hillside construction makes portions of the building below grade, which aids in keeping the buildings cooler. This hillside construction also provides for gravity flow from the crush pad into the wine tanks and again from the wine tanks to the lower level barrel room and bottling line. This effectively eliminates the need for pumps, although pumps are present as a backup system. Additional features include tanks that have individual pumps and hoses for automatic pump-overs. Each tank has an electronic control panel that allows the pump-overs to be turned on and off with a switch or by remote controls. This allows for more frequent and regular pump-overs, which are considered to improve the quality of the wine, at tremendous labor savings. Finally, an electronic and computer monitoring system is in place for controlling of the tanks from the office/laboratory that is situated on the second floor above the corridor.

There are two old barns and a small storage shed on the property as well. However, the barns are old and have low eaves while the storage shed is small. These structure lack utility within the market. With that in mind, they are not considered to be fully depreciated and land value contribution.

SITE IMPROVEMENTS

The site improvements are primarily centered in $\pm 47,500$ square feet of asphalt drives, parking areas and crush pad turn-around for the winery, 40' truck scale and two wastewater treatment ponds. There is also extensive shrubbery and trees around the winery building, but the landscaping has been neglected over the past few years. A fire suppression system with 60,000 gallon water tank is present while a 30,000 gallon tank is noted for the facility requirements and there is a recessed truck ramp for the facility loading dock. Finally, the property has perimeter deer fencing and an ornate entrance with automatic dual wrought iron gates with stone pillars and stone signage. The site improvements offer good utility for the existing winery operation.

HIGHEST AND BEST USE

HIGHEST AND BEST USE DEFINITION

In the most recent edition of Appraisal of Real Estate by the Appraisal Institute defines highest and best use as:

1) *"The reasonable and probable use that supports the highest present value of vacant land or improved property, as defined, as of the date of the appraisal."*

2) *The reasonably probable and legal use of land or sites as though vacant, found to be physically possible, appropriately supported, financially feasible, and that results in the highest present land value.*

3) *The most profitable use.*

Implied in these definitions is that the determination of highest and best use takes into account the contribution of a specific use to the community and community development goals as well as the benefits of that use to individual property owners. Hence, in certain situations the highest and best use of land may be for parks, greenbelts, preservation, conservation, wildlife habitats, and the like."

HIGHEST & BEST USE ANALYSIS

Generally, the highest and best use for a property is estimated after considering four factors. These factors are, in sequence, (1) the subject use is legally permissible, (2) the subject use is physically possible, (3) the subject use is financially feasible, and (4) the subject use is maximally productive. The appraiser will take these items in sequence.

AS VACANT

Legally Permissible - The subject property is located in an area typically devoted to long term agricultural uses, is currently zoned for exclusive agricultural uses per San Luis Obispo County, and is not located within the sphere of influence land of any city or rural community. The historical use of the subject property as a vineyard and winery facility complies with the existing county zoning designation and surrounding uses. It is permitted through San Luis Obispo County for the unlimited production, tasting and sales of wine, but allows for only six events per year with a maximum of 80 people. Any alternative urban uses would require re-zoning atypical to the current land uses as indicated in the General Plan for San Luis Obispo County. It is recognized that the subject is located within a neighborhood dominated by rural residential home sites with limited wineries present in the market and developments of permanent plantings are expanding within the market area, but the current agricultural zoning precludes any division of the subject property below 20-acre minimum parcel sizes. Predominant existing uses in the area of the subject property are agricultural and rural residential.

HIGHEST & BEST USE ANALYSIS, continued

Physically Possible - The existing use of the subject property as a vineyard and winery supports the physical possibility of the current use. The surrounding area of the subject property is primarily developed to similar rural residential and/or vineyard and winery uses with increasing vineyard plantings. The soil types, water supply, topography, and climatic conditions in the area of the subject property are conducive to native pasture as evidenced by historical use of the subject and neighboring lands. The placement of residential and/or farm related structural improvements are also physically possible as indicated by the presence of numerous structural improvements on neighboring properties. Permanent planting development is also physically possible on the more subtle terrain as evidenced by the vast plantings in the area.

Financially Feasible - Although not a driving market factor with native pasture properties, financial feasibility is marginally supported by the continued marketability and rental arrangements of such properties correlated with willingness of buyers, sellers and tenants within the market to accept income generated by native pasture for cattle grazing. Although livestock grazing provides minimal financial feasibility, market evidence indicates development to vineyards and/or orchards provides farm related income earning capabilities in excess of livestock grazing. Development of vineyards and/or placement of residential and/or farm related structures also not only provides income to the property but can also provide additional value to the property in excess of the vacant native pasture site.

Maximally Productive – The subject property includes a total of ±155.33 acres of hypothetically open land. It is determined that development to vineyards and/or structural improvements would provide maximum productivity to the subject within those portions that are physically suitable. While a small portion of the property has steep topography, the majority of the property has gently undulating topography that is suitable for development to permanent plantings and/or structural improvements.

Conclusion – The highest and best use of the subject property is as vacant land, with ±107.98 acres suitable for development to vineyards, supporting farm avenues and/or structural improvements. This provides for multiple uses, including but not limited to a rural residence, vineyard and winery. The remaining ±47.35 acres is considered non-usable.

HIGHEST & BEST USE ANALYSIS, continued

AS IMPROVED

Determination of highest and best use "as improved" involves the 155.33-acre property identified as a single San Luis Obispo County assessed parcel, improved with a wine grape vineyard and winery. The winery operations being conducted on the property are permitted under the San Luis Obispo County Agriculture zoning classification. San Luis Obispo County Planning Department personnel indicate that the current activities being conducted on the property have the appropriate use permit in place for said operation.

Use of the property, as presently developed, is physically possible as demonstrated by the subject and other winery facilities developed within the Paso Robles area of San Luis Obispo County.

Parcels developed with wineries provide an essential support service to the agricultural economy of the area. Financial feasibility of the winery operations involving the subject property inherently intertwines facility and equipment with management and marketing activities. This is not unusual, as it is the case with most specialized agricultural production and/or processing industries. Limited data is available pertaining to the rentability of properties developed similar to the subject and owner operation is definitely the "Norm" of this industry. Research indicates profitability of the winery operation "enterprise" being conducted; however, proper management is critical to the continued success of the enterprise. Both limited rental income information and profitability on an "Enterprise" basis will provide substantially higher return to the property as developed than return in an unimproved state. Use as a winery allows maximum productivity of the land as presently improved. Building improvements in place on the subject property are recognized with alternate and allowable uses, which provide greater productivity to the land as improved than as if vacant. Therefore, the present Highest and Best Use of this property "as improved" is concluded to be the existing use, developed to a winery facility given the layout and functional utility of the structures currently in place. This highest and best use also includes the existing development of wine grape vineyards that are an essential component of the winery facility as it provides the product for the facility. However, there are ±63.30 acres of abandoned vineyards that could be redeveloped in order to increase the value and income earning capabilities of the subject property.

The reader is also reminded that the waste areas are not considered plantable but do provide a buffer and some aesthetics.

MARKETING TIME AND EXPOSURE TIME

Marketing time is an estimate of time required to sell the property assuming it was placed on the market for sale as of the valuation date. This differs from exposure time, which relates to the reasonable period that would have been required in order to achieve a sale of the subject property as of the valuation date. Pinpointing exact time frames are extremely difficult, if not impossible.

Market and exposure times are dependent on a number of related and unrelated factors, including the overall health of the agricultural real estate market, supply and demand, track record of the realtors involved, and/or the overall ability and willingness of the seller and potential buyers to negotiate responsibly.

Given the above, it is difficult to heavily rely on historical exposure or marketing times for various properties, unless the appraisers are intimately familiar with each transaction. Nevertheless, in order to determine the exposure and marketing times, the appraisers reviewed numerous property sales for their exposure/marketing periods, as well as tested the current market for supply and demand activity.

The previous analyses of market conditions, and more specifically, the comparable sales presented and analyzed, were considered to provide a reflection of the current market conditions affecting the subject property in its current condition.

Demand for highly specialized facilities is generally modest but given the fact that the subject property has a historic use and that a conditional use permit is already in place, it is recognized that the subject property would likely command good interest if placed on the market. This is further compounded by the excellent location of the subject property on Highway 46, which is designed to attract tourism traffic for wine tasting.

Based on the current market conditions, and the analyzed sales, a marketing time range of roughly four to nine months is estimated for the subject property. There are no obvious indications of radical market changes in the immediate area and the marketing time estimate is based on this assumption. Lacking any more definitive data, it is also the appraiser's opinion that the necessary exposure time required for achieving a sale of the subject property, as of the current date of appraisal, would also be within a four to nine month time period. These estimates are provided given an asking price reasonably congruent with the stated value within this report.

VALUATION METHODOLOGY

Appraisers typically utilize three common approaches in estimating the market value of real property. These approaches are known as the sales comparison approach, the cost approach and the income approach.

In order to perform these analyses it is necessary that certain data be available which will allow the processing of each of the individual approaches.

The **sales comparison approach** provides an indication of value for a property through the comparison of the subject with recent sales of properties that are similar in location, highest and best use, quality, size, age, etc.

The **cost approach** provides an indication of market value through the summation of 1) the estimated value of the site or land with 2) an independent estimate of the replacement or reproduction costs of the subject improvements less an accounting for depreciation from all causes. This depreciation includes any physical deterioration due to age or wear and tear of the buildings as well as any functional or economic obsolescence suffered by the property.

The **income approach** provides an indication of a property's market value by comparing that property with other similar properties, which have recently been leased or rented to provide an indication of an economic rent level for the subject. From the estimate of economic rent, potential annual income can be anticipated. This potential annual income is then reduced to an estimate of net operating income by subtracting an anticipated vacancy and collection loss and appropriate operating expenses as applicable. Capitalization of this net operating income provides an indication of market value by what is referred to as "direct capitalization". Here again, a considerable amount of data is necessary to provide a reliable indication of market value.

With the above objectives in mind, research was undertaken in an attempt to find recent sales of properties which could be considered similar enough to the subject property and which would, after analysis, yield accurate indications of current market value.

Final Reconciliation: The last phase in the development of a value opinion in which two or more value indications derived from market data are resolved into a final value opinion, which may be either a final range of value or a single point estimate.⁸

The reconciliation process represents a weighing of the indicators derived from the approaches to value as to the indicator's reliability and applicability to the appraisal problem at hand. A final value conclusion is then estimated based on the available data and the appraiser's experience in appraising the type of property under analysis.

⁸ Appraisal Institute, *The Dictionary of Real Estate Appraisal*, 6th ed. (Chicago: Appraisal Institute, 2015).

VALUATION METHODOLOGY, continued

The subject property is improved with 28.38 net acres of vineyards and a winery facility. The cost approach is most applicable when the improvements are new or suffer only minor accrued depreciation. This approach is also used to estimate the market value of proposed construction, special-purpose properties, and other properties that are not frequently exchanged in the market. The cost approach is determined to be the most reliable indicator of value for the subject property. The subject structures are modern with a low effective age. Adequate data was available from local winery and rural residential sales to develop reliable depreciation rates and adequate land/site sales were available from which to derive underlying land values. Based upon the data available, it is determined that the data was sufficient to indicate a reliable estimate of value via the cost approach to value.

The sales comparison approach is often utilized in the appraisal of winery and/or vineyard properties when recent market sales are available in the general subject area. This was the case for the subject property. Several sales consisting of winery facilities, vineyards and winery sites were available within the market to determine allocated values to the individual components of the subject property, warranting completion of the sales comparison approach to value.

As previously stated, income from specialized winery facilities is difficult to track as it is based on managerial factors such as the ability produce and market wine, as well as produce the grapes that are utilized in the wine production. Because the profitability of the operation is principally based on management, the income approach was not determined to be applicable and was excluded herein. The lack of rentability of the winery facility and limited income earning capabilities of the partial vineyard and pasture rent precluded the income approach as a reliable indicator of value. Exclusion of this approach to value is not considered a violation of USPAP; merely the appraiser responding to market perceptions and recognizing that this approach would have inherent weaknesses in regard to providing an accurate and supportable value to the subject property.

COST APPROACH

The cost approach consists of a set of procedures through which a value indication is derived for the subject property by estimating the current cost to construct a reproduction of, or replacement for, the existing structure or development; deducting accrued depreciation from the reproduction or replacement cost or adding accrued appreciation to the reproduction or replacement cost; and adding the estimated land value plus an entrepreneurial profit. Adjustments may then be made to the indicated fee simple value of the subject property to reflect the value of the property interest being appraised.

The first step in the cost approach is to value the land for the subject property. The second step is to estimate the replacement or reproduction costs of all improvements. Improvement costs are then depreciated to reflect value loss from physical, functional and external causes. The depreciated improvement costs are then added to the land value to produce a value indicator by the cost approach. In some instances, market appreciation is supported.

Because the cost and market values are closely related when properties are new, the cost approach is important in determining the market value of new or relatively new improvements. The approach is especially persuasive when land value is well supported and the improvements are new or suffer only minor accrued depreciation and, therefore represent a use that approximates the highest and best use of the land as though vacant. The cost approach is also used to estimate the market value of proposed construction, special-purpose properties, and other properties that are not frequently exchanged in the market.

The presence of structural and permanent planting improvements on the subject property warranted completion of the cost approach to value.

The RCN for the subject's vineyards were primarily determined using a published cost data from the University of California Cooperative Extension. Actual costs of various permanent planting projects throughout California are also retained within the office files. These files include actual contractor estimates; actual historical cost bids; as well as the appraiser's own files and experience. The RCN for the winery facility, on the other hand, is developed utilizing the Marshall Valuation Service.

Depreciation and/or appreciation estimates were extracted from market data when possible. The underlying land value for the subject was determined by a sales comparison analysis. The resulting value contribution attributable to land will then be added back to the depreciated improvement costs to arrive at a total value for the subject property by the cost approach.

LAND ANALYSIS COMMENTS

The land value analysis is for use within the following cost approach analysis. Adjustments are qualitative as shown on the sales grid. Valuation through this approach (qualitative) utilizes a bracketing technique or relative comparison analysis.

It is recognized that the subject property includes a combination of irrigated land planted to vineyards and abandoned vineyards, winery site and ancillary waste acreage that is not plantable or usable. The sales analyzed herein include a combination of uses as well. The allocations for the three land descriptions are made within the comparable sales grid to provide separate value indications for the subject's two land classes.

Very few current sales of open land parcels occur in the area around the subject. Willing and eager buyers typically accept those parcels that do become available. The cited sales were selected as the most current and comparable to the subject property. All cited sales are located within the immediate North County market area under consideration, more specifically areas east of Highway 101 being proximate to Paso Robles and San Miguel. Date of sale (market conditions), location, size, access and topography are the main elements of comparison between the sales and subject. The financing aspects of each sale were reviewed prior to analysis and none of the cited sales required adjustments for financing terms. None of the sales required adjustments for building improvements.

Conditions of Sale ~ Conditions of sale reflect the motives of the buyers and sellers as to whether the sale is an arm's-length transaction (unusual circumstances). Through the confirmation process, it was determined that the comparable sales were arm's-length with normal circumstances. Thus, they are considered similar in regard to conditions of sale.

Cash Equivalency – Financing ~ Cash equivalency adjustment compensates for financing that is atypical: that is, not a cash transaction or its equivalent. All sales were cash or cash equivalent; therefore, an adjustment is not warranted.

Market Conditions (Time of Sale) ~ The market data suggests a relatively strong market for vineyards from 2000 through 2008 with a softening of the market from 2009 through 2012. However, the market appears to have stabilized over the past three years. All of the sales closed within the past 42 months. Therefore, all are rated as similar in regard to market conditions at the times of sale.

Location ~ Location can have a dramatic impact on the value of properties within this market. Not only are micro-climatic conditions important, but also visibility along major roadways or wine trails will have an impact on market prices. The subject property is located within the secondary San Miguel District of the Paso Robles AVA. Four of the sales are similarly located within the Estrella and San Juan Districts, which command prices similar to those within the subject's San Miguel District. However, the premium pricing received within the Adelaida District warranted a slightly superior rating to Sale #V2.

LAND ANALYSIS COMMENTS, continued

Zoning ~ The subject and all of the sales are zoned Agriculture. Thus, all are rated as similar to the subject within this category.

Size ~ The subject includes a total of 155.33 assessed acres with ± 100.98 acres being hypothetically dedicated to plantable and support land, with ± 7.00 acres in a winery site and ± 47.35 acres of ancillary land while the cited comparable sales range in parcel size from 80.83 acres to 726.16 acres. An attempt was made to find as similar sized transactions as possible, resulting in the selected set of sales data. Historically, parcel size comparisons related to the total dollars necessary to acquire a property. As the number of acres increases, the total dollars required to purchase the property also increases. Thus, there tends to be fewer qualified buyers for very large properties, which reduces competition. Conversely, there tends to be a greater number of buyers for smaller parcels, which increases competition (value). The current market is saturated with various types of buyers ranging from smaller operators actively seeking assemblage parcels to large investment companies actively seeking large 'economy of scale' properties. All are financially capable of aggressive pricing. Thus, no adjustments for size are considered necessary to the sales.

Access/Road Frontage ~ The subject property has paved road access from San Marcos Road and is ± 1.5 miles from State Highway 101, the main corridor through the market area. Thus, the subject is considered to have good access/road frontage. All of the sales have similar road access, resulting in similar ratings herein.

Shape/Uniformity ~ This category relates to the uniformity of the property. The subject is slightly irregular in shape, but not to a point where it negatively affects its farmability or marketability. In fact, it is considered fairly uniform for the area. The cited sales are generally well laid out as well with some slightly irregularities, similar to that of the subject.

Soils ~ The subject's soil is primarily comprised of capability class 2, 4 and 7 series. They are well drained and suitable for the production of excellent quality fruit. The sales have very similar quality soils, warranting similar ratings herein.

Utilities ~ The subject has typical rural utilities available on site. The presence of the utilities affords a much more economical and generally more favorable atmosphere for development. All of the sales also have utilities available at the street, similar to that of the subject property.

Topography ~ Steep topography not only inhibits the ability to develop permanent plantings, but also affects grazing capacity for livestock. The subject's plantable, support and structural areas have gently undulating topography while the native pasture ranges from gently undulating to fairly steep. The sales have similar topography, resulting in similar ratings.

LAND ANALYSIS COMMENTS, continued

Land Development ~ The subject property is valued as if hypothetically vacant within this cost approach analysis. Most of the sales include vacant plantable land that is similar to the hypothetically vacant subject property. However, Sale #V4 is improved with an older vineyard. It is recognized that the buyer purchased for redevelopment but had to pay slightly more for the presence of the vineyard, despite it not being viable. Thus, this sale is rated as slightly superior in regard to land development.

Water Supply ~ This category relates to the plantable acreage only. The subject property is irrigated via a well with submersible pump but has another well that is currently being reworked. Although the supply is questionable, the market for open land does not appear to reflect an adjustment for differences in wells as long as the land has been irrigated in the past, resulting in similar ratings for water supply.

Overall Comparison Rating ~ The overall rating is made after all the elements of comparison are considered. This rating reflects the appraiser's overall judgment of market reaction to the subject based the particular sale indicator. Thus, a sale rated as similar would indicate that a similar market response exhibited by the sale could be expected for the subject. Hence, a market value near the particular sale price would be expected. When an inferior rating is applied the judgment is that the sale property has inferior characteristics; thus, a market value above the sale indicator would be expected for the subject property. Conversely, when a superior rating is applied a market value below the sale indicator would be expected.

SALES COMPARISON ANALYSIS

The following land sales were selected from among a very limited group of data in the valuation of the subject's underlying land by sales comparison. The information is cited and analyzed in the following grid resulting in a per acre range of value applicable to the subject.

	SUBJECT	COMPARABLE LAND SALES ANALYSIS				
		(Sale #V1)	(Sale #V2)	(Sale #V3)	(Sale #V4)	(Sale #V5)
Buyer Name		Sran	GJD Holdings	Brown Pelican	Asellus-PR	Dam Fine
Seller Name		Armour Ridge	Desmond	Cross Canyon	C Rava	Laird Vineyard
Sale Recording Date		8/2/2019	6/12/2018	2/8/2018	10/31/2017	8/2/2017
Document No.		31509	24056	5188	50026	34114
County	SLO	SLO	SLO	SLO	SLO	SLO
Location	NW Paso	East Paso	West Paso	East Paso	Shandon	East Paso
AVA District	San Miguel	Estrella	Adelaida	Estrella	San Juan Creek	Estrella
Assessor's Parcel No.	026-104-001	026-183-009+	026-233-008	019-051-045+	017-251-018+	026-183-014
Gross Ac./Size	155.33	130.12	80.83	316.40	726.16	119.90
Terms/Financing	Cash Equiv.	Conv.	Conv.	Conv.	Conv.	Conv.
Nominal Sale Price		\$2,400,000	\$2,535,000	\$8,500,000	\$38,700,000	\$2,500,000
Market Adj. Sale Price		\$2,400,000	\$2,535,000	\$8,500,000	\$38,700,000	\$2,500,000
Personal Prop. Contrib.		NONE	NONE	NONE	(\$2,000,000)	NONE
Building Contribution		NOMINAL	(\$490,870)	"	(\$704,418)	(\$14,400)
Land Allocation		\$2,400,000	\$2,044,130	\$8,500,000	\$35,995,582	\$2,485,600
Mkt. Adj. Land \$/Acre		\$18,445	\$25,289	\$26,865	\$49,570	\$20,731
Vineyard Acreage	N/A	None	None	189.60	691.60	90.73
Value of Vineyard	N/A	N/A	N/A	\$6,537,250	\$35,182,702	\$2,228,890
Vineyard Value/Ac.	N/A	N/A	N/A	\$34,479	\$50,871	\$24,566
Plantable Ac.	100.98	98.00	57.00	81.40	14.80	4.75
Value of Plantable	N/A	\$2,284,440	\$1,723,800	\$1,790,800	\$370,000	\$95,000
Plantable Value/Ac.	N/A	\$23,311	\$30,242	\$22,000	\$25,000	\$20,000
Winery/Home Site Ac.	7.00	1.00	3.50	1.50	5.00	1.00
Value of Home Site	N/A	\$100,000	\$300,000	\$150,000	\$350,000	\$150,000
Home Site Value/Ac.	N/A	\$100,000	\$85,714	\$100,000	\$70,000	\$150,000
Ancillary Acreage	47.35	31.12	20.33	43.90	5.76	23.42
Value of Native	To Determine	\$15,560	\$20,330	\$21,950	\$2,880	\$11,710
Native Value/Ac.	"	\$500	\$1,000	\$500	\$500	\$500
	SUBJECT	ELEMENTS OF COMPARISON - PER ACRE				
Land/Ac. \$ Indication	SUBJECT	\$18,445	\$25,289	\$26,865	\$49,570	\$20,731
Conditions of Sale	Market	SIMILAR	SIMILAR	SIMILAR	SIMILAR	SIMILAR
Cash Equivalency	Cash Equiv.	"	"	"	"	"
Market Conditions	1/21/2021	"	"	"	"	"
Location	NW Paso	"	SL SUP/SIM	"	"	"
Zoning	Agriculture	"	SIMILAR	"	"	"
Size (Acres)	155.33	"	"	"	"	"
Access/Road Frontage	Paved/Good	"	"	"	"	"
Shape/Uniformity	Uniform	"	"	"	"	"
Soils	Class 2,4&7	"	"	"	"	"
Utilities	Limited Rural	"	"	"	"	"
Topography	Undulating	"	"	"	"	"
Land Development	As Open	"	"	"	SL SUP/SIM	"
Water Supply (Irrig.)	Well	"	"	"	SIMILAR	"
Indicated Market Value	N/A	SIMILAR	SL SUPERIOR	SIMILAR	SL SUPERIOR	SIMILAR
Of Vested Land/Ac.:	N/A	\$23,311	\$30,242	\$22,000	\$25,000	\$20,000
Indicated Market Value	To Determine	SIMILAR	SIMILAR	SIMILAR	SIMILAR	SIMILAR
of Native Land/Acre:	"	\$500	\$1,000	\$500	\$500	\$500

LAND SALES REMARKS

Previously cited sales data is analyzed using qualitative adjustments based upon appraisal judgment and quantitative adjustments where available to extract from market evidence. Brief discussions of the presented land sales are as follows:

Sale #V1 (Sran Vineyards) ~ is located just north of the Paso Robles City boundary, west of Paso Robles City Airport, being west of and adjacent to the former California State School for Boys at 2310 Dry Creek Road. The property is situated in the Estrella District of the Paso Robles AVA. It includes 75.20 acres contained within a single assessor's tax parcel. Land use includes 66.72 acres of varietal wine grape vineyards with 5.48 acres in non-productive land and 3.00 acres in a building/winery site. The vineyard was originally developed in the early 1980's and has been neglected over the years. It is in poor condition and does not contribute to the value of the property. As a result, the vineyard is considered equivalent to vested plantable land. Building improvements include two small homes in fair to poor condition and a work shop. These improvements also offer no contributory value to the overall property. Water is provided by an on-site well. A recent 4 hour pump test indicated an average production of 128.5 gpm. Soils are primarily capability class 2 and 3 series on gently undulating topography.

This property was approved for a large custom crush facility; however, entitlements are in place only until December 2018. The development plan consists of 190,000 square foot custom crush facility with a maximum annual case production of 1.3 million cases. It was reported that a smaller facility is also an option, with a total build out in three phases over 15 years. The property has been on and off the market for several years. The most recent offering was for 247 days with an original asking price of \$2,990,000. At the time the sale was contracted, asking price was \$ 2,299,000.

Sale #V2 (GJD Holdings & Cheren) ~ is located on the north side of Adelaida Road approximately 4 miles northwest of Paso Robles and is situated in the Adelaida District of the Paso Robles AVA. It includes 80.83 acres contained within a single assessor's tax parcel. Land use includes ± 57.00 acres of gently rolling plantable land with a ± 3.50 acre home/winery site and ± 20.33 acres of ancillary land. Access to the property is from the north side of Adelaida Road via Stags Leap Way, a private easement roadway that services several other properties. Terrain is moderate to steeply sloping hills, being mostly south facing. Soils are typical for the area and suitable for premium wine grape production. The property was historically developed to dry farmed almonds & walnuts. The trees remain in place; however, have not been farmed for years. According to sales information, building improvements include a large residence and 2,000 sf metal shop building. Agent information indicates the residence is 7,000 sf, however, according to county records, the residence is approximately 4,746 sf. The home was built in 1990 and apparently has undergone several additions. Overall, the building improvements are estimated to contribute \$490,870 to the property. The property includes an onsite domestic well with output reported at 11 gpm. The property was listed for sale for 994 days prior to receiving an acceptable offer. The property was originally offered for sale at a price of \$4,200,000. At the time of sale, asking price was \$2,550,000. The property was purchased by the owner of a well-known westside Paso Robles winery and several westside vineyards.

LAND SALES REMARKS, continued

Sale #V3 (Brown Pelican Farms) ~ is located is located along the southeast corner of Cross Canyon and Pleasant Roads, being ± 6 miles northeast of Paso Robles in San Luis Obispo County and within the Estrella District of the Paso Robles AVA. It includes 316.40 acres contained within two continuous assessor's tax parcels. Ranchita Canyon Road slightly bisects the property twice, creating two small portions of land on the east side of the road that are not farmable. The property is improved with 243.64 ac. of vineyard planted in 1996/97, but the 81.40 acres of Merlot are reportedly slated for removal by the buyer, warranting a value closer to plantable land values therein. Although the vineyard was developed in 1996/97, some graftings occurred in 2004 and 2007. Vines are planted on a 10'x6' spacing using a unilateral VSP trellis system and are cane pruned. Plantings include 21.63 acres of Petite Sirah (grafted 2004), 67.28 acres of Cabernet Sauvignon, 57.78 acres of Syrah, 3.96 acres of Tempranillo (grafted 2004), 5.43 acres of Zinfandel and 6.16 acres of Zinfandel (grafted 2007). Remaining 27.36 acres is contained in supporting farm roads and well sites. Vines reflect fairly average condition. Average production is reported at 5.6 tons/acre for Petite Sirah, 5.4 tons/acre for Merlot, 5.0 tons/acre for Tempranillo, 4.9 tons/acre for Cabernet Sauvignon, 4.8 tons/acre for Syrah and 4.0 tons/acre for Zinfandel. Pricing is reported at \$1,150/ton and \$1,160/ton set by Merlot and Petite Sirah, respectively while higher prices of \$1,457/ton, \$1,568/ton, and \$1,700/ton have recently been received for Syrah, Cabernet Sauvignon and Zinfandel, respectively.

Soils include a combination of class 3 and 4 series on terrain that includes slight to moderately sloping hills. There are some nearly level areas adjacent to the dry creek bed, which bisects the property. water is provided by two on-site deep well pumping plants. The primary well is centrally located within the main farmstead site area. The pump is powered by a 250-HP US Motors electric motor, serial #U 01 7549219-0005 R 0004. The well is reportedly 980' deep with a reported yield of ± 440 gallons per minute. A set of 4 sand-media filters are located at this site. The well is situated near the southwest corner of the property. It is outfitted with a 60-HP submersible pump. The well is reportedly 700' deep with a yield of ± 560 gallons per minute. A spin filter is present at this site for the drip irrigation system. These two wells provide a combined total of $\pm 1,000$ gallons per minute, which equates to ± 4.10 gallons per minute per irrigated acre. This is considered sufficient for vineyard purposes. This is supported by the average condition of the vineyard that exhibited no visible signs of water stress. The pipelines between the wells are connected so that either well can be utilized to irrigate any block.

Per the listing agent, the subject property had been exposed to the market for nearly a year and a half via confidential listing. According to the client it is currently under contract at a price of \$8,500,000. Due to confidentiality, no other aspects of the purchase have been disclosed. However, the buyer is a pension fund that is managed by Hancock and this is considered to be an arm's-length transaction.

LAND SALES REMARKS, continued

Sale #V4 (Asellus-Paso Robles, LLC) ~ is comprised of three non-contiguous vineyard ranches developed and farmed under one ownership. The three properties, also known as the Home Ranch, Highway 41 Ranch, and Sin Falta Ranch are located just south of the town of Shandon in northern San Luis Obispo County. They contain a total of ± 726.16 gross acres. Each ranch is described as follows.

The Home Ranch is situated approximately 2 miles south of Shandon at the southwest corner of Clark and Truesdale Roads; more specifically at 2445 Truesdale Road. The property contains approximately 320 acres and is located in the San Juan Creek sub-appellation of the Paso Robles AVA. Terrain is near level to slightly undulating. Soils are rated mostly class II and III when irrigated. The property is improved with a 311.00 gross acre vineyard developed primarily on 8' x 5' spacing with bi-lateral trained VSP trellis system and includes overhead sprinkler system for frost protection.

Varietals include 46.00 net acres of Merlot planted in 1995/1996 and 20.00 net acres of Chardonnay developed in 1997; 10.00 net acres of Primitivo and 10.00 net acres of Zinfandel planted in 2005; 20.00 net acres of Pinot Noir in 2006 and 20.00 net acres in 2012; 5.50 net acres of Primitivo, 5.50 acres of Zinfandel, 50.00 net acres of Pinot Grigio, and 25.00 net acres of Petite Sirah in 2007; 9.00 acres of Tannant planted in 2008; and 30.00 net acres of Cabernet Sauvignon planted in 2015 and 20.00 acres in 2016. There are another 14.80 acres of irrigated pasture that are suitable as plantable land with another 15.00 acres that is ancillary land utilized as vineyard roads, reservoirs, well sites, and staging areas. Overall, the vineyard demonstrates average to good vigor, has good uniformity, and is in average to good condition. Reported production has averaged between 6 - 7 tons overall. The property also has structural improvements that include a 2,229 sf 4 bedroom, 3 bathroom residence, 2,006 sf work shop and a 1,880 sf horse barn with corrals. The buildings are average+ quality and in average to good condition. Water is provided by three irrigation wells, one of which is capped. The operating wells have a reported production totaling 2,827 gpm. The capped well was recently drilled and has a yielding capability of 800 to 1,200 gpm. Additional irrigation infrastructure includes three reservoirs utilized for frost protection. Two of the reservoirs (26 acre-foot and 10 acre-foot) are lined and located near the farmstead. The third reservoir (24 acre-foot) is not lined and currently not in use, being located in the southwestern portion of the ranch. The property also includes a domestic well; production is unknown.

The Highway 41 Ranch is located approximately 2 miles southwest of Shandon on the west side of Highway 41 East at 1500 Highway 41 East. The property is comprised of approximately 192.60 gross acres and is situated in the San Juan Creek sub-appellation of the Paso Robles AVA. Terrain is near level to gently rolling. Soils are class 2 and 3 when irrigated. The property is improved with 191.60 gross acres of vineyard planted mostly on 8' x 6' spacing, bi-lateral trained using a VSP trellis system and includes overhead sprinklers for frost protection. The vineyard is developed to 37.00 net acres of Grenache Noir in 2009 and 2013; 42.90 net acres of Petite Sirah in 2012; 21.70 net acres of Pinot Noir in 2012; 25.00 net acres Primitivo in 2013; 18.40 net acres Malbec and 21.50 net acres of Petite Verdot in 2014; and 20.70 net acres of Cabernet Sauvignon in 2016. Overall production in 2016 for total bearing acres was reported at 7.80 tons/acre.

LAND SALE REMARKS, continued

Sale #V4 (Asellus-Paso Robles, LLC), continued ~ The vineyard was reported to have good uniformity and in good condition. Structural improvements consist of a 900 sf 2 bedroom, 1 bathroom farm managers residence. The home was built in 2013 and appears in good condition. Water is provided by two irrigation wells and one domestic well. Production for the irrigation wells was reported to total 2,143 gpm; production for the domestic well is unknown. There is also a lined reservoir with a capacity of 8.5 acre-feet which is used for frost control.

The Sin Falta Ranch is located approximately 6.5 miles southeast of Shandon on east and west sides of Shell Creek Road at 4650 & 5125 Shell Creek Road. The property is comprised of approximately 213.56 acres and is situated in the Paso Robles Highlands District, a sub-appellation of the Paso Robles AVA. Terrain is mostly near level to gently rolling. Soils are rated as class I & II when irrigated. The property is developed to 189.00 gross vineyard acres on 8' x 6', 7' x 7', and 6' x 6' spacing, bilateral trained on a VSP trellis system and includes overhead sprinklers for frost protection. The 6' x 6' is an inter-planting (originally 12' x 6') of the same varietals. The inter-plantings consist of 7.70 net acres of Chardonnay planted in 1976/2012; and 47.60 net acres of Chardonnay, 21.80 acres of Petite Sirah, and 26.10 net acres of Merlot planted in 1976/2013. Additional plantings include 61.00 net acres of Petite Sirah planted in 1997 and 2011. The vineyard's overall production was reported at 8.59 tons/acre over the past five years; however, as the 2012 and 2013 have reached maturity, the 2016 overall yield was 11.28 tons/acre. Overall, the vineyard demonstrates good vigor and uniformity and is in average to good condition. The property is also improved with a 900 sf ranch manager residence built as a model match to the residence on the Highway 41 Ranch. Water is provided by two irrigation wells and two domestic wells. Total production for the irrigation wells was reported to be 2,781 gpm. There are also two lined reservoirs on the property utilized for frost control. The northern reservoir is located near the northern farmstead, totaling 36 acre feet. The southern reservoir is located on the northern portion of the southern parcel, having a 50 acre-foot capacity.

The property was not listed for sale on the open market and was purchased by a large investment company actively pursuing large incoming producing vineyard properties for in-house portfolios. The seller was originally asking \$40,000,000 for the real property and \$2,000,000 for equipment/personal property. The sale price was negotiated by private parties and was derived by an appraisal preformed for the buyer. The total purchase price was \$38,700,000 which included \$2,000,000 in equipment/personal property.

Sale #V5 (Dam Fine Trust) ~ is located approximately 3 miles northeast of Paso Robles, being 1.5 mile west of Airport Road at the terminus of Adobe Road with access by way of a gravel easement roadway. The property is situated in within the Paso Robles Estrella District of the Paso Robles AVA. The property's terrain is slight to moderately sloping hills. A large dry creek area that includes areas of scattered oaks encompasses approximately 25 acres. The dry creek enters the property at the southeast corner and runs diagonally to its northwesterly corner. Soils include Class III, IV, and VII when irrigated; Class VII being the area along the dry creek. The property is developed to wine grapes with 69.60 net acres planted to Cabernet Sauvignon, 12.00 net acres to Syrah, and a 2.80 net acres to Merlot. The gross vineyard totals 90.73 acres including interior roads, turnouts, staging area, and well. The vineyard was developed in 1998 on 10'x7' spacing on a VSP trellis system. The Cabernet Sauvignon is caned pruned; the Syrah and Merlot are spur pruned.

LAND SALE REMARKS, continued

Sale #V5 (Dam Fine Trust), continued ~ The vineyard's reported five year production average approximately 2.5 tons/acre. The Cabernet Sauvignon and Merlot five year average was slightly greater at 3 +/- tons/acre. The Syrah five year average was less than 1.5 tons/acre. Overall, the vineyard demonstrates fair uniformity and condition. Building improvements consist of a 1,200 sf shop building used to store farm equipment and includes a chemical cage. The shop has an average. The property was listed for sale for 357 days with an original asking price of \$3,950,000. The listing price at the time of sale was \$2,783,000. condition. The property was listed for sale for 357 days with an original asking price of \$3,950,000. The listing price at the time of sale was \$2,783,000.

LAND VALUATION SUMMARY

Based upon the comparison analyses provided herein, the market value of the subject's underlying open land would be logically supported within the indicated range of value. The cited sales are current for this market, are located in a similar farming region and have similar farming capabilities. The data utilized is deemed to provide a reliable range of values.

The subject is located in the San Miguel District of North County, an area that has historically been viewed as a secondary grape growing and winery region with rural residences scattered throughout. Few parcels become available for sale within the market area and those that are available are generally obtained aggressively by local growers.

The cited sales provide an overall range of value from \$20,000/acre to \$30,242/acre for acreage that is suitable for development to permanent plantings and structural improvements due to terrain and water supplies. However, the ancillary land value for non-plantable areas is much lower at between \$500/acre and \$1,000/acre while residential/winery sites command prices ranging from \$100,000 to \$350,000 per site.

Value estimation throughout this approach utilizes a bracketing technique or relative comparison analysis. Absolute, dollar quantitative adjustments are not realistic through matched pair analyses within this imperfect market. Greatest support though this sale comparative process is proved by viewing the subject in relation to the sales cited.

Sales #V1, #V3 are very recent transactions while Sale #V5 is a slightly more dated transaction that are all located in areas equivalent to the subject's San Miguel District. All have very similar quality soils and water conditions. Access and road frontage are also very similar to that of the subject. As a result, all are rated as similar to the subject's underlying vested plantable land at prices of \$23,311/acre, \$22,000/acre and \$20,000/acre, respectively. Meanwhile the ancillary native land is also rated as similar at prices of \$500/acre, each.

Sale #V2 is a recent transaction that is actually situated within fairly close proximity to the subject property, but is situated within the Adelaida District, which commands higher fruit and real estate prices. Therefore, it is rated as overall slightly superior to the subject's vested plantable land at a price of \$30,242/acre. The ancillary native land is not affected by location as it has no vineyard use, resulting in a similar rating at a price of \$1,000/acre.

LAND VALUATION SUMMARY, continued

Sale #V4 is one of the more dated transactions but was included for its larger size. The soil quality and water supply are similar to the subject. Although the buyer purchased with the intent of removing the vines, the presence of the vines forced the buyer to pay a little more for the property, resulting in a slightly superior rating at a price of \$25,000/acre. The ancillary land, on the other hand, is considered similar at a price of \$500/acre.

Based on the data presented herein, the subject is best represented closer to the bottom of the overall range of values due to its San Miguel location. It is evident from the data presented herein that Sales #V1, #V3 and #V5 are the best indicators of value for the subject's vested plantable land at prices of \$23,311/acre, \$22,000/acre and \$20,00/acre, respectively. Sales #V2 and #V4 provide good support via "less than" indications of \$30,242/acre and \$25,000/acre, respectively. Sales #V1 and #V3 are the most current transactions that are situated within the very similar Estrella District. Sale #V5 is also similarly located but is a slightly older transaction. Based on these three transactions, a value of **\$22,000/acre** is concluded as most appropriate for the subject property's underlying plantable land associated with the vineyards, abandoned vineyards (equivalent to plantable open land) and all support acreage necessary for the operation of the vineyard, such as farm roads and well site areas.

All of the sales indicated non-usable ancillary land similar to that of the subject. The ancillary land on all of the sales varied from a low of \$500/acre to a high of \$1,000/acre. Realizing that this is a fairly broad range of prices, it cannot be ignored that this applies to 47.35 acres of the subject property and that any variation in pricing results in minimal value difference, especially given the low value indications. Although there is a range in price allocations, it cannot be ignored that only one transaction indicates a value of \$1,000/acre and it is located within the Adelaida District while all four of the other transactions indicate a value of \$500/acre for the ancillary land. With most emphasis on the four transactions, a value of **\$500/acre** is applied to the ancillary land on the subject property.

The final component to calculate is the value of the permitted winery site. The land sales utilized herein indicate a range of residential/winery site values from a low of \$100,000 to a high of \$350,000, but this is for sites alone and does not include a permit for the winery operation. The permitted winery site component will be valued later within the sales comparison approach to value. Still, that value is carried over for use within this cost approach analysis. Based on the sales contained further within this report a value of **\$500,000** is concluded for the ±7.00 acre residential site.

Once the individual values of the subject's three land components are determined, they can be multiplied by the respective acreage to provide a total underlying land value for the subject property. The market value of the subject property's underlying land (farmed land, plantable land, supporting farm avenues, winery site and ancillary land) via the sales comparison analysis is stated as follows:

Land Value Contribution

±100.98 acres of underlying plantable land & support @ \$22,000/ac. = \$2,221,560
±47.35 acres of non-plantable ancillary land @ \$500/ac. = \$23,675
±7.00 acres of winery facility site w/permit @ = \$500,000
Total Land Contribution: = \$2,745,235

VINEYARD DEVELOPMENT COSTS

Development cost figures for the subject and sale properties were primarily obtained from cost sheets published by the University of California Cooperative Extension (UC) as well as from actual development budget information provided by the property owner. The UC data that is referred to is cited in the publication "Production and Sample Costs to Establish a Vineyard and Produce Wine Grapes" for the Central Coast region. However, this publication is somewhat dated. In order to utilize more current data, the publication of "Sample Costs to Establish and Produce Wine Grapes" for the North Coast region was also utilized. It is recognized that vineyard development within the North Coast region share some parallels with those of the Central Coast, but development costs are generally slightly higher, warranting some adjustments to the data therein. Additional sources include actual development costs of similar wine grape developments in the region that have been obtained from historical vineyard developments within the Central Coast region. The data from all sources was considered for utilization herein and adjusted accordingly based on reasonableness and individual characteristics of the subject developments.

The development cost statement provides the appraiser's estimate of developing and operating costs for vineyards until economic maturity (where annual income exceeds annual costs). The reader is reminded that only ± 28.38 acres of vineyard are currently farmed with the remaining ± 63.30 acres being abandoned. Therefore, this analysis applies to the ± 28.38 acres only. The following table summarizes the estimated replacement costs of the subject vineyard blocks. This estimate is well supported by the cost studies cited and the appraisers file data. Refer to the Establishment/Development Cost table within the addendum for a detail of the development.

Description of Improvement	Vineyard RCN / Acre
1997-98 Planted Vineyard Blocks (Spaced 1meter x 2meters)	\$38,755

VINEYARD DEPRECIATION ANALYSIS

The next step is to determine if there is any depreciation or appreciation attributable to the subject property. To determine the current market value for the wine grapes developed on the subject, market depreciation or appreciation must be extracted from the respective sales presented in this report. In order to derive the depreciation rates from those sales, the underlying open land value must be extracted from the total sales prices, as well as any additional non-permanent planting improvement values, such as building improvements, to arrive at a residual value or contributory value for the permanent planting improvements only. Replacement Cost New figures are then derived to establish the cost to develop the mature producing vineyards. The vineyard contributory values are then subtracted from the Replacement Cost New value to arrive at the total depreciation indicated by the individual sale.

VINEYARD DEPRECIATION ANALYSIS, continued

These depreciated or appreciated values are then divided by the overall weighted effective age of the vineyards to arrive at an annualized depreciation or appreciation rate. Currently, demand for wine grape vineyards appears to be strong for younger vineyards with modern varieties, resistant rootstock and spacings, but much weaker for older vineyards in fair condition. It is imperative to analyze vineyards on winery sales transactions as they reflect the motivations of buyers within the market for properties including wineries and vineyards. Therefore, the six winery/vineyard sales analyzed within the sales comparison approach are analyzed for depreciation herein.

While no single sale stands out as an ideal indicator for any of the subject blocks, together, they provide a range of rates from which to derive depreciation or appreciation for the subject. It is recognized that this data is somewhat weak, but it is the best data available for this commodity. Refer to the following table for a summary of depreciation rates indicated by the winery/vineyard sales within the market.

VINEYARD SALES DEPRECIATION ANALYSIS						
Wine Grape Sale Number	(#W1)	(#W2)	(#W3)	(#W4)	(#W5)	(#W6)
Buyer's Name	Laetitia Vnyrd	Chalk Knoll	Sutter Home	Robert Hall	Tolosa	Eagle Castle
Sale Date	3/15/2019	10/12/2017	12/23/2016	7/29/2016	8/3/2015	7/23/2014
Parcel Size	1,915.59	23.29	46.12	21.08	20.41	25.00
Adjusted Vineyard Price/Acre	\$24,246	\$24,000	\$32,892	\$27,149	\$65,000	\$40,000
Less Underlying Open Land Value	(\$20,000)	(\$20,000)	(\$20,000)	(\$22,000)	(\$40,000)	(\$25,000)
Vineyard Contributory Value	\$4,246	\$4,000	\$12,892	\$5,149	\$25,000	\$15,000
Replacement Cost New	\$39,024	\$38,949	\$39,001	\$27,406	\$29,372	\$21,856
Total (Depreciation)/Appreciation	(\$34,778)	(\$34,949)	(\$26,110)	(\$22,257)	(\$4,372)	(\$6,856)
% (Depreciation)/Appreciation	-89.12%	-89.73%	-66.95%	-81.21%	-14.89%	-31.37%
Weighted Effective Age	20	12	15	10	20	13
Annual (Deprec.)/Apprec. Rate	-4.46%	-7.48%	-4.46%	-8.12%	-0.74%	-2.41%

*Vineyard allocations only - Adjusted for wasteland, if substantial, open land, and buildings, etc.

The reader is reminded that appreciation is reflected by positive rates while negative rates reflect depreciation. In fact, all of the sales reflect depreciation within the market. The depreciation rates range from a low of 14.89% to a high of 89.73%. While this data can be somewhat confusing on the surface, upon closer observation a trend can be ascertained.

VINEYARD DEPRECIATION ANALYSIS, continued

One issue to consider is the application of overall depreciation versus annual depreciation. The sales are analyzed on an overall depreciation rate as well as on an annualized basis. However, the data does suggest that the market is more reflective of an overall rate of depreciation for vineyards. Annualized rates range from a low of 0.74% depreciation to a high of 8.12% depreciation. The market has historically indicated that there is an inverse relationship to the ages of the plantings with the oldest vineyards actually indicating the lowest annualized depreciation rate and the youngest sale showing the highest annualized rate. This is an indication that the market reflects depreciation as a lump sum that is applied early in the development and not on an annualized basis, especially due to the fact that the majority of the development costs are incurred within the first year of development. Therefore, an overall rate of depreciation will be applied herein.

Another issue to consider is whether the vines are planted on resistant rootstock or their own roots. All of the subject's plantings are developed on resistant roots which is preferable within the market. As will be exhibited within the sales comparison approach, the vineyard on Sale #V4 is rated as most similar to that of the subject with an overall depreciation rate of 81.21%. The other sales appear to bracket the abbreviated range indicated by this transaction. With that in mind, an overall depreciation rate of **80.00%** is selected for the subject vineyards.

REPLACEMENT COST OF FACILITY STRUCTURES

The building and site improvements are exclusively included in the valuation of the subject property. The replacement costs also include the heating and cooling systems within the buildings, but exclude any equipment and machinery (M&E), office furniture (FF&E), rolling stock and inventory. All machinery and equipment associated with the wine production and cooperage were appraised separately and not included within this appraisal report.

Facility building RCNs are typically derived by the traditional methods, such as the *Marshall Valuation Service*. Actual costs of similar constructed facilities are also retained within the appraisal files, when available, of various facility projects throughout California. These files include actual contractor estimates; actual historical cost bids; as well as the appraiser's own files and experience.

The subject winery includes three primary buildings, each being nearly 20 years old. Given the limited maintenance on the facility over the past few years, it is considered to have an effective age of 20 years. It is noted that there are two barns and a storage shed on the property, but their limited utility and age resulted in no value contribution. Since they are considered fully depreciated, they will not be included in this cost approach valuation.

The replacement costs for site improvements were also calculated and include septic systems, domestic well and pressure systems, gravel drives, concrete aprons, irrigation systems, perimeter fencing and landscaping. Building costs for similar structural improvements range from roughly \$150 per square foot to nearly \$500 per square foot. This generally includes the wine processing buildings, case goods, barrel storage, refrigerated areas, offices, sales/tasting rooms, residences and supporting farm structures. Note that these market extracted costs include hard and soft costs but exclude any entrepreneurial profit.

REPLACEMENT COST OF FACILITY STRUCTURES, continued

Winery structures generally have economic lives of ± 50 years. These economic lives are utilized to determine the physical depreciation applicable to the subject and sale properties. Again, the subject winery has an overall effective age of 20 years as of the date of inspection. The site improvements reflect a very similar effective age; however, the landscaping has been abandoned and needs refurbishing.

Based on the Marshall Valuation Service, the subject's classifications are stated as follows:

Building	Marshall Valuation Service Classifications					
	Class	Classification	Quality	ID	Section	Page
Winery Facility	S	Industrials - (Process) Manufacturing	Good	495	14	15

Now that the classifications of each of the subject's structures are determined, individual unit costs of each building can be determined by multiplying the base structure cost by the varying multipliers. The following table summarizes the calculation of each of the structures estimated replacement costs by the Marshall Valuation Service.

Building	Marshall Valuation Service Adjustments									Building RCN / SF
	Base Cost	Sprinklers	HVAC	Drains	Total	Height	Perim	Current	Location	
Winery Facility	\$164.00	\$3.15	\$2.50	\$3.25	\$172.90	1.181	1.094	1.06	1.17	\$277.05

Now that the individual building RCNs are calculated, they are applied to the subject's structural and site improvements to provide a total property RCN. Below is a summary of the replacement costs for the building and site improvements located on the subject property.

BUILDING IMPROVEMENT REPLACEMENT COSTS - "AS IS"							
Building Description	Size	Unit	Eff. Age	Remaining Econ. Life	Weighted Eff. Age	Replacement Cost New/Unit	Total Repl. Cost New
Winery Facility	45,262	SF	20	30	17.495	\$277.05	\$12,539,715
Tank Room	Included						
Connecting Corridor	Included						
Corridor 2nd Floor Offices	Included						
Warehouse/Bottling	Included						
Tower Building 2nd Floor	Included						
Barrel Storage Building	Included						
2nd Floor Offices & RR	Included						
R.O. / Pump House Building	Included						
Site Improvements:							
Pump/Well & Pressure System			20	30	0.091	Lump Sum	\$65,000
Septic System			20	30	0.021	Lump Sum	\$15,000
Gravel Drives & Small Parking ($\pm 47,500$ SF)			20	30	0.249	\$3.75/SF	\$178,125
Fire Suppression System			20	30	0.077	Lump Sum	\$55,000
Loading Dock Truck Ramp 100'x20'			20	30	0.006	\$20.00/SF	\$4,000
40' Truck Scale			20	30	0.063	Lump Sum	\$45,000
Crush Pad & Drains ($\pm 4,500$ SF)			20	30	0.028	\$4.50/SF	\$20,250
Process Water Recycling System			20	30	0.174	Lump Sum	\$125,000
Site Prep.-Grading, Utilities Hook-ups			20	30	0.488	Lump Sum	\$350,000
Unforeseen Cost Overruns & Incidentals			20	30	1.308	7% of Overall	\$937,796
Weighted Effective Age:					20.00		
Total Improvement Replacement Cost New:							\$14,334,887

FACILITY DEPRECIATION ANALYSIS

A search was conducted for sales of similar winery facilities resulting in the discovery of six sales transactions of relatively similar sized facilities within the market. Like the subject, all facilities are permitted for the production and sales of wine. Although not unique, the lack of a residence on the subject is somewhat uncommon. Because all of the sales have residential improvements, the residences are extracted from this analysis in order to analyze the winery improvements only. The wine facility sales are considered to provide a reliable range of depreciation with entrepreneurial profit and/or obsolescence applicable to the subject property.

The following table summarizes the market derived depreciation rates from the winery facilities found within the market. Note that any M&E, inventory or other personal property included in the sales transactions was extracted out of this analysis in order to analyze the structural and site improvements only.

The following table summarizes the physical depreciation recognized in the market for facility structural and site improvements.

WINERY SALES DEPRECIATION ANALYSIS						
Sale Number	Sale #W1	Sale #W2	Sale #W3	Sale #W4	Sale #W5	Sale #W6
Buyer	Confidential	Confidential	Confidential	Confidential	Confidential	Confidential
Seller	Confidential	Confidential	Confidential	Confidential	Confidential	Confidential
Winery & Tasting (Building Area)	25,313	112,978	91,090	46,262	73,010	21,330
Sale Date	Mid 2019	Late 2017	Late 2016	Mid 2016	Mid 2015	Mid 2014
Document Number	Confidential	Confidential	Confidential	Confidential	Confidential	Confidential
County	SLO	SLO	SLO	SLO	SLO	SLO
Assessor's Parcel Number	Confidential	Confidential	Confidential	Confidential	Confidential	Confidential
Verified Sales Price	Confidential	Confidential	Confidential	Confidential	Confidential	Confidential
Inventory Contributions	Confidential	Confidential	Confidential	Confidential	Confidential	Confidential
Equipment Allocation	Confidential	Confidential	Confidential	Confidential	Confidential	Confidential
Adjusted Sales Price	Confidential	Confidential	Confidential	Confidential	Confidential	Confidential
Land Allocation	Confidential	Confidential	Confidential	Confidential	Confidential	Confidential
Building Analysis						
Total Building Contribution	\$3,883,143	\$10,771,840	\$13,609,260	\$9,314,720	\$13,520,000	\$3,540,650
Less Residential Improvements	(\$618,510)	\$0	\$0	\$0	\$0	(\$97,500)
Winery Building Contribution	\$3,264,633	\$10,771,840	\$13,609,260	\$9,314,720	\$13,520,000	\$3,443,150
Replacement Cost	\$5,656,600	\$15,486,919	\$20,950,700	\$13,878,600	\$22,633,100	\$5,090,618
Accrued Depreciation	(\$2,391,967)	(\$4,715,079)	(\$7,341,440)	(\$4,563,880)	(\$9,113,100)	(\$1,647,468)
Percent Depreciation	-42.29%	-30.45%	-35.04%	-32.88%	-40.26%	-32.36%
Effective Age	21	20	20	20	22	15
Annual Depreciation	-2.01%	-1.52%	-1.75%	-1.64%	-1.83%	-2.16%

FACILITY DEPRECIATION COMMENTS

The comparable facility sales indicate a range in total structural and site improvement depreciation from 30.45% to 42.29% with annual depreciation rates ranging from 1.52% to 2.16%. An economic life of 50 years was utilized for facility improvements based on market information and information from Section 14 of the Marshall Valuation Service. This would generally result in annual physical depreciation of 2.0%.

Any sale labeled "Confidential" will not be identified within this report. This is due to the confidential nature of the sales data provided. Much of the data was acquired under agreements of limited disclosure by the parties involved with the transactions. Specific disclosure of confidential information will only be provided if mutually agreed between the appraiser(s) and reviewer(s) that the information is required for appraisal review. Furthermore, such confidential information will only be provided under signed agreements of continued confidentiality.

Sale #W1 is the most current transaction with a rate indication of 2.01%. The remaining transactions bracket the indication therein. With that in mind, Sale #W1 is weighted most heavily within this analysis. Based on the data presented herein, a **2.0% annual rate of depreciation** is considered appropriate for the subject property's structural and site improvements. Coincidentally, this correlates with a 50 year effective age.

Site improvements are depreciated at the same overall rates as indicated by the respective facility structural improvements for consistency within the approach. It is realized that the economic lives of some site improvements may be less than structural improvements. However, the depreciation rates derived from the sales reflect the inclusion of site improvements; therefore, this is deemed a proper method of applying depreciation to these items in a consistent manner.

INDICATION OF VALUE BY THE COST APPROACH

The indicated values for the vineyard, buildings and site improvements, and underlying site are summarized on the following table to provide for a total property value of the real estate (land, building and site improvements) by the cost approach.

COST APPROACH TO VALUE INDICATION	
Analysis	"As Is"
Total Replacement Cost New of Structural and Site Improvements	\$14,334,887
Effective Age (years)	20
Indicated Annual Physical Depreciation (per year)	-2.00%
Total Percent Physical Depreciation	-40.00%
Total Physical Depreciation	(\$5,733,955)
Depreciated Value of Facility Structural and Site Improvements	\$8,600,932
Per Acre Replacement Cost New of Vineyard Plantings	\$38,755
Effective Age (years)	14
Indicated Annual Physical Depreciation (per year)	N/A
Total Percent Depreciation	-80.00%
Total Depreciation	(\$31,004)
Depreciated RCN / Acre	\$7,751
Acres Developed	28.38
Depreciated Value of Vineyard Improvements	\$219,974
Land/Site Value indication by Sales Comparison	\$2,745,235
Total Value as indicated by the Cost Approach:	\$11,566,141
ROUNDED:	\$11,570,000

**Rounded to the nearest \$10,000*

SALES COMPARISON APPROACH

A set of procedures in which a value indication is derived by comparing the property being appraised to similar properties that have been sold recently; applying appropriate units of comparison and making adjustments to the sale prices of the comparable sales based on the elements of comparison. The sales comparison approach may be used to value improved properties, vacant land, or land being considered as though vacant; it is the most common and preferred method of land valuation when comparable sales data are available.

The sales comparison approach to value uses sales of comparable properties, adjusted for differences, to indicate a value for the subject property. Valuation is often accomplished using a physical unit of comparison such as a price per acre, price per square foot or an economic unit of comparison, such as a gross rent multiplier. Adjustments are applied to the physical units of comparison derived from the comparable sales and then the units of comparison are applied to yield a value indicator for the subject property.

Valuation throughout this approach utilizes a bracketing technique or relative comparison analysis. Absolute, dollar quantitative adjustments are not realistic through matched pair analyses within this imperfect market. Greatest support through this sale comparative process is provided by viewing the subject property in relation to the sales cited. Considered adjustments are qualitative and retained in the appraisal office work files.

Valuation indicated by this portion of the sales comparison approach will utilize sales data provided on the illustrated sales grids to follow. Areas of comparison analyzed in an effort to discover an appropriate unit of comparison included building area and land/site area. Although wineries generally sell as a single unit including, land, buildings and M&E; the equipment component is considered personal property that can be interchanged easily. Thus, the equipment was appraised separately and is excluded from this valuation assignment.

The sales comparison approach to value is deemed to be a relatively reliable method to value the subject property. An adequate supply of comparable winery sales exists for direct comparison to the subject property. However, analysis of the sales results in the sales having varying degrees of comparability to the subject property in terms of winery improvements, winery sites with permits and vineyard plantings. Because these components compare differently to the subject, three separate analyses will be performed to determine the values of the individual components on the subject.

FACILITY ANALYSIS COMMENTS

The subject is considered a specialized facility but includes structures that have the potential for multiple alternative uses. This aspect is taken into consideration within the sales comparison analyses. The following elements of comparison are used to compare the sales to the winery component of the subject facility.

Conditions of Sale ~ Conditions of sale reflect the motives of the buyers and sellers as to whether the sale is an arm's-length transaction (unusual circumstances). Through the confirmation process, it was determined that most of the sales are arm's-length transactions with normal circumstances, resulting in similar ratings herein. However, it cannot be ignored that Sale #W6 was a foreclosure transaction that was well known in the market, resulting in a lower purchase price and warranting a slightly inferior rating in regard to conditions of sale.

Cash Equivalency – Financing ~ Cash equivalency adjustment compensates for financing that is atypical; that is, not a cash transaction or its equivalent. All of the sales were cash or cash equivalent; therefore, an adjustment is not warranted.

Market Conditions (Time of Sale) ~ The market data suggests a relatively strong market for winery facilities from 2000 through 2008 with a softening of the market from 2009 through 2012. However, the market appears to have stabilized and possibly even strengthened slightly within the past few years. All of the sales closed since 2014, warranting similar ratings for market conditions at the time of sale.

Location ~ Location can have a dramatic impact on the value of properties within this market. Not only are micro-climatic conditions important, but also visibility along major roadways or wine trails will have an impact on market prices. The subject property is located within the San Miguel District, which is somewhat of a secondary market that is equivalent to east-side districts. The majority of the sales were all located within similar districts throughout San Luis Obispo County, but the location within a premium growing district west of Highway 101 resulted in a slightly superior rating to Sale #W6.

Facility Size ~ The subject facility includes a total of 45,262 square feet of building area. An effort was made to locate larger sized winery facilities, resulting in a range of building sizes of 21,330 square feet to 112,978 square feet. The reader is reminded that because the subject property lacks a residence, the sizes and price allocations of the residential portions of the sales have been extracted out. Therefore, this analysis considers the winery improvements only. The facility size rating relates to the total dollars necessary to acquire a property. As the size of the property increases, the total dollars required to purchase the property also increases. Thus, there tends to be fewer qualified buyers for very large properties, which reduces competition. Conversely, there tends to be a greater number of buyers for properties with fewer structural improvements, which increases competition (value). The sales are adjusted according to their relative comparability to the subject based on size. In fact, all are larger scale facilities that would attract very similar type buyers. Therefore, all are rated as similar within this category.

FACILITY ANALYSIS COMMENTS, continued

Quality of Construction ~ This category compares the quality of construction of the winery and associated buildings of the sales to that of the subject property. The subject's winery building is of good quality concrete tilt-up construction with a Tuscan Villa design, consisting of extensive fenestration and limestone veneer molding with reinforced concrete slab foundation. Roofing consists of a combination of built-up composition and two-piece concrete Tuscan tiles. Sales #W1, #W4 and #W6 have similar concrete tilt-up construction, but the lower quality steel construction of Sales #W2, #W3 and #W5 warranted slightly inferior ratings.

Winery Building Utility ~ This category relates to the functional utility of the sales compared to the subject. This aspect also considers how the equipment is utilized and placed for operation. The subject has excellent flow and utility. Most of the sales have similar utility as that of the subject. The one exception is the low eave heights of the buildings on Sale #W1, which cause some limitations on equipment within the structure, resulting in a slightly inferior rating therein.

Tasting Room ~ This presence of tasting rooms is compared within this category. The subject property lacks a tasting room. Sales #W3 and #W4 similarly lack tasting rooms, but the presence of tasting rooms for on-site sales resulted in slightly superior ratings to Sales #W1, #W2, #W5 and #W6.

Additional Structures ~ Additional structures do add a benefit to winery properties, albeit at a much smaller scale than winery building improvements. The subject property has no measurable additional structures. The sales are also limited to winery buildings that are included within the square foot analysis, resulting in similar ratings to all. It is important to note that any residential improvements are extracted out of this analysis.

Effective Age of Improvements ~ As previously discussed, the subject property's winery buildings were estimated to have an effective age of 20 years. The winery buildings on the sales have effective ages ranging from 15 to 22 years, resulting in similar ratings within this category.

Overall Condition of Improvements ~ This category compares the condition of the subject improvements to that of the sale properties. The subject reflects fairly average overall condition due to limited maintenance over the past few years. The sales data were largely selected for their similar condition, resulting in similar ratings to Sales #W2, #W5 and #W6. The remaining three transactions reflect good overall condition that is slightly superior to the subject facility.

Site Improvements ~ This adjustment accounts for the amount of and quality of site improvements on the sales in relation to the subject. Site improvements include grading of the facilities to promote good drainage, good gravel parking lot, attractive landscaping to provide an aesthetic atmosphere for customers, sewer and water systems. The majority of the sales have very similar site improvements to that of the subject. However, the lack of truck scales and smaller scale fire suppression systems on Sales #W1 and #W2 warranted slightly inferior ratings.

Overall Utility ~ This category relates to the overall functionality of the sale facilities in comparison to the subject. The subject has excellent utility as the facility has a gravity flow design to move wine through the system without the need for pumps. Sales #W4 and #W5 have similar excellent designs (although different), but the typically average designs of the remaining transactions resulted in slightly inferior ratings for overall utility.

FACILITY ANALYSIS COMMENTS, continued

Overall Comparison Rating ~ The overall rating is made after all the elements of comparison are considered. This rating reflects the appraiser's overall judgment of market reaction to the subject based the particular sale indicator. Thus, a sale rated as similar would indicate that a similar market response exhibited by the sale could be expected for the subject. Hence, a market value near the particular sale price would be expected. When an inferior rating is applied, the judgment is that the sale property has inferior characteristics; thus, a market value above the sale indicator would be expected for the subject property. Conversely, when a superior rating is applied a market value below the sale indicator would be expected.

As previously mentioned, the valuation of the subject property includes the real estate component of the subject only. It is recognized that the value inherent in the business of operating a winery includes the machinery and equipment (M&E); however, the M&E was excluded from this assignment as it is considered personal property. The following analysis results in a range of values applicable to the real estate improvements based on a price per square foot of building area.

FACILITY SALES COMPARISON ANALYSIS

The below referenced winery facility sales were selected among a limited group of expanded market data in the valuation of the subject by the sales comparison approach. The sales information is cited and analyzed in the following grid resulting in a value of the subject's structural and site improvements that is based on a price per square foot of building area.

COMPARATIVE WINERY FACILITY SALES							
	SUBJECT	(#W1)	(#W2)	(#W3)	(#W4)	(#W5)	(#W6)
Buyer Name		Confidential	Confidential	Confidential	Confidential	Confidential	Confidential
Seller Name		Confidential	Confidential	Confidential	Confidential	Confidential	Confidential
Sale Recording Date		Mid 2019	Late 2017	Late 2016	Mid 2016	Mid 2015	Mid 2014
Doc. Number		Confidential	Confidential	Confidential	Confidential	Confidential	Confidential
Assessor's Parcel No.	026-104-001	Confidential	Confidential	Confidential	Confidential	Confidential	Confidential
County	SLO	SLO	SLO	SLO	SLO	SLO	SLO
Location	San Miguel	Confidential	Confidential	Confidential	Confidential	Confidential	Confidential
Acreage	155.33	1,915.59	59.75	46.12	21.08	20.41	25.00
Nominal Sale Price		Confidential	Confidential	Confidential	Confidential	Confidential	Confidential
Inventory Allocation		Confidential	Confidential	Confidential	Confidential	Confidential	Confidential
Equipment Allocation		Confidential	Confidential	Confidential	Confidential	Confidential	Confidential
Adjusted RE Sale Price		Confidential	Confidential	Confidential	Confidential	Confidential	Confidential
Overall Size of Facility	45,262	25,313	112,978	91,090	46,262	73,010	21,330
% Tasting Building	0%	5%	6%	0%	5%	4%	4%
% Winery Buildings	100%	95%	94%	100%	90%	96%	96%
% Other	0%	0%	0%	0%	0%	0%	0%
Facility Effective Age	20	21	20	20	20	22	15
Real Estate Allocation	To Determine	Confidential	Confidential	Confidential	Confidential	Confidential	Confidential
Total Land Allocation		Confidential	Confidential	Confidential	Confidential	Confidential	Confidential
Allocation to Buildings		\$3,883,143	\$10,771,840	\$13,609,260	\$9,314,720	\$13,520,000	\$3,540,650
Less Residential		(\$618,510)	\$0	\$0	\$0	\$0	(\$97,500)
Allocation to Winery		\$3,264,633	\$10,771,840	\$13,609,260	\$9,314,720	\$13,520,000	\$3,443,150
Adjusted Winery Price / SF of Buildings	To Determine	\$128.97	\$95.34	\$149.40	\$201.35	\$185.18	\$161.42
ELEMENTS OF COMPARISON							
Value Indication / SF.	To Determine	\$128.97	\$95.34	\$149.40	\$201.35	\$185.18	\$161.42
Conditions of Sale	Market	SIMILAR	SIMILAR	SIMILAR	SIMILAR	SIMILAR	SL INF
Cash Equivalency	Cash Equiv.	"	"	"	"	"	SIMILAR
Market Conditions	1/21/2021	"	"	"	"	"	"
Location	San Miguel	"	"	"	"	"	SL SUP
Facility Size (S.F.)	45,262	"	"	"	"	"	SIMILAR
Quality of Construction	Conc. Tilt-Up	"	SL INF	SL INF	"	SL INF	"
Winery Building Utility	Average	SL INF	SIMILAR	SIMILAR	"	SIMILAR	"
Tasting Room	None	SL SUP	SL SUP	"	"	SL SUP	SL SUP
Additional Structures	None	SIMILAR	SIMILAR	"	"	SIMILAR	SIMILAR
Effective Age	20 Years	"	"	"	"	"	"
Overall Condition	Average	SL SUP	"	SL SUP	SL SUP	"	"
Site Improvements	Scale/Pvmnt/LS	SL INF	SL INF	SIMILAR	SIMILAR	"	"
Overall Utility	Good	"	"	SL INF	"	"	SL INF
Overall Comparison	SUBJECT	SL INFERIOR	INFERIOR	SL INFERIOR	SL SUPERIOR	SIMILAR	SIMILAR
Indicated Market Value of Subject (Per Sq.Ft.)	To Determine	sl more	more than	sl more	sl less	near	near
		\$128.97	\$95.34	\$149.40	\$201.35	\$185.18	\$161.42

WINERY SALES REMARKS

The winery sales are labeled "Confidential". Therefore, the sellers, buyers, property sizes, purchase prices or other identifying information is not included and the sales will not be plotted on sale map(s) included within this report. This is due to the confidential nature of the sales data provided. Much of the data was acquired under agreements of limited disclosure by the parties involved with the transactions. Specific disclosure of confidential information will only be provided if mutually agreed between the appraiser(s) and reviewer(s) that the information is required for appraisal review. Furthermore, such confidential information will only be provided under signed agreements of continued confidentiality. Research for this appraisal assignment revealed additional facility sale transactions for which either insufficient data was available for comparative analysis; the sales reflected older transfer dates or the properties were not considered directly comparable. It should be noted that the sales cited required allocations based on the appraiser's judgment in some instances. This situation is primarily due to the unique nature of properties, which transfer with "Business Enterprise" or "Going Concern" motivations. A concerted effort has been undertaken to separate the "Tangible" from the "Intangible" wherever possible. The preceding sales grid provides statistical analysis of the transactions and a brief narrative discussion of the sales cited, limited due to confidentiality, and indicated as follows:

SALES COMPARISON ANALYSIS COMMENTS & VALUATION – FACILITY

All six of the previously cited and discussed winery facility sales have varying degrees of comparability to the subject property and illustrate marketability of special purpose processing, retail and special events facilities with residential improvements within the market environment.

Sale #W1 is a fairly similar sized facility that reflects similar effective to that of the subject. It is recognized that the presence of a tasting room and good condition of the facility are slightly superior to that of the subject, but that aspect is more than offset by the steel frame construction with limited site improvements and low eaves. As a result, this sale is rated as overall slightly inferior to the subject facility at a price allocation of \$128.97/square foot.

Sale #W2 is a slightly larger sized facility that reflects similar effective age and condition as the subject winery. The presence of a tasting room is slightly superior to the subject, but that aspect is more than offset by the steel construction, limited site improvements and fair utility. As a result, it is rated as overall inferior to the subject winery at a price of \$95.34/square foot.

Sale #W3 is a slightly larger sized winery facility that similarly lacks a tasting room and reflects similar age. It is noted that the good condition of the facility is slightly superior to that of the subject, but that aspect is more than offset by the steel construction and average utility, resulting in an overall slightly inferior rating at a price of \$149.40/square foot.

Sale #W4 is a very similar sized facility that was built with construction standards very similar to that of the subject winery. Furthermore, the lack of a tasting room, effective age and modern utility are also similar to the subject. However, the good condition of the facility resulted in an overall slightly superior rating at a price of \$201.35/square foot.

SALES COMPARISON ANALYSIS COMMENTS & VALUATION – FACILITY, continued

Sale #W5 is a fairly similar sized winery that has a similar effective age and reflects similar condition. The utility of this modern facility is also similar to that of the subject. It is noted that the presence of a tasting room is slightly superior to the subject, but that aspect is essentially offset by the steel construction, resulting in an overall fairly similar rating at a price of \$185.18/square foot.

Sale #F6 is the purchase of a slightly smaller sized winery that has a fairly similar effective age and reflects average condition. The location of this property and presence of a tasting room are slightly superior to those of the subject, but those aspects are essentially offset by the distressed nature of the sale and lower utility in favor of an aesthetic design. As a result, this sale is rated as overall fairly similar to the subject winery at a price of \$161.42/square foot.

Given the set of data presented herein, the subject's winery facility component is best represented by Sale #W5 and #W6 indicators at prices of \$185.18/square foot and \$161.42/square foot, respectively. The remaining transactions provide good support via bracketing with Sale #W4 indicating a value less than \$201.35/square foot while Sales #W1, #W2 and #W3 indicate values greater than \$128.97/square foot, \$95.34/square foot and \$149.40/square foot, respectively. With that in mind, a narrowed range of \$161.42/square foot and \$185.18/square foot is deemed most appropriate for the subject winery facility as indicated by Sales #W5 and #W6. Both sales are considered good indicators of value for the subject with offsetting features. Neither sale stands out as the better indicator of value for the subject. With that in mind, a rate near the midpoint between the two transactions is deemed most appropriate for the subject facility, resulting in a unit value of **\$175.00/square foot** concluded herein.

VINEYARD ANALYSIS COMMENTS

The subject is improved with a vineyard on gently undulating topography. It has desirable varieties that reflect good condition, exhibiting fairly uniform growth and vigor. The following elements of comparison are used to compare the sales to the winery component of the subject facility.

Many of the elements of comparison were previously discussed within the valuation of the winery facility, precluding readdressing herein. These include Conditions of Sale, Cash Equivalency and Market Conditions. However, several categories are reflective of the vineyard improvements only and are summarized below.

Location ~ Location can have a dramatic impact on the value of properties within this market. Not only are micro-climatic conditions important, but also visibility along major roadways or wine trails will have an impact on market prices. The subject property is located within the San Miguel District, which is somewhat of a secondary market that is equivalent to east-side districts. The majority of the sales were all located within similar districts throughout San Luis Obispo County, but the location within a premium growing district west of Highway 101 resulted in a superior rating to Sale #W6. Although winery facilities do not contribute greater value within the Sale #W5 location, the vineyards do, due to better growing conditions. As a result, Sale #W5 is also rated as slightly inferior herein.

Property Size ~ The subject includes a total of 28.11 acres of mature vineyard and supporting acreage while the cited comparable sales range in vineyard size from 2.00 acres to 305.25 acres. Again, only the vineyards on the winery sales are included herein as they best reflect the buyer motivation versus sales without winery improvements. The vineyards on the sales are all associated with the wineries and considered to be similar in regard to size.

Soil Quality ~ The subject's soil is primarily comprised of capability class 4 series. These soils have good drainage, which is favorable for vineyard production, but have only fair fertility, necessitating application of extensive fertilizers and amendments. All of the sales have similar class 2, 3, 4, 6 and 7 series soils, warranting similar ratings within this category.

Topography ~ Steep topography inhibits the ability to develop permanent plantings, but the subject and sales all have gently undulating topography, resulting in similar ratings to all.

Vineyard Varieties ~ This category compares the desirability of the various varieties on the sales properties to those on the subject. The Zinfandel and Petite Sirah varieties planted on the subject property are modestly desirable within the market. Most of the sales have very similar variety vineyards, but the Merlot vines on Sale #W2 warranted a slightly inferior rating due to lesser demand in the market.

Vineyard Age ~ This category compares the ages of the vines on the sales to those of the subject. The subject vineyards are ± 22 years old. The vineyards on the majority of the sales are very similar in age to those of the subject, but the fact that the majority of the vines on Sale #W1 were planted around 1990 warranted a slightly inferior rating.

VINEYARD ANALYSIS COMMENTS, continued

Vineyard Condition ~ Planting condition relates to the overall growth, vigor and uniformity of the vineyards, which typically reflects the general health of the plantings. Overall, the subject vineyards reflect fairly average condition with below average production (actual production records were not provided, which is typical of fruit that is processed within the winery). The vineyards on Sales #W1, #W4 and #W6 are very similar in condition to that of the subject. However, the vineyards on Sales #W3 and #W5 reflect good condition that is slightly superior to that of the subject while the fair condition of the vines on Sale #W2 warranted a slightly inferior rating within this category.

Water Source ~ The subject property is irrigated via one good well and a second well that is being reworked, supplemented by the winery wastewater recycling system with 30,000 gallons of storage tanks and two wastewater ponds. This appears to provide an adequate supply of water for the subject plantings. The sales are similarly improved with wells.

Distribution System ~ The market recognizes that drip and micro-sprinkler irrigation systems are superior to solid set sprinkler irrigation. They provide greater efficiency of water and nutrient application. The subject and all sales are irrigated via drip system, resulting in similar ratings.

Overall Comparison Rating ~ The overall rating is made after all the elements of comparison are considered. This rating reflects the appraiser's overall judgment of market reaction to the subject based the particular sale indicator. Thus, a sale rated as similar would indicate that a similar market response exhibited by the sale could be expected for the subject. Hence, a market value near the particular sale price would be expected. When an inferior rating is applied, the judgment is that the sale property has inferior characteristics; thus, a market value above the sale indicator would be expected for the subject property. Conversely, when a superior rating is applied a market value below the sale indicator would be expected.

VINEYARD SALES COMPARISON ANALYSIS

The vineyard portions of the same winery sales are now compared to the subject property within this analysis. The sales information is cited and analyzed in the following grid resulting in a value of the subject's vineyard plantings that is based on a price per acre basis.

COMPARATIVE WINERY VINEYARD SALES							
	SUBJECT	(#W1)	(#W2)	(#W3)	(#W4)	(#W5)	(#W6)
Buyer Name		Confidential	Confidential	Confidential	Confidential	Confidential	Confidential
Seller Name		Confidential	Confidential	Confidential	Confidential	Confidential	Confidential
Sale Recording Date		Mid 2019	Late 2017	Late 2016	Mid 2016	Mid 2015	Mid 2014
Doc. Number		Confidential	Confidential	Confidential	Confidential	Confidential	Confidential
Assessor's Parcel No.		Confidential	Confidential	Confidential	Confidential	Confidential	Confidential
County	SLO	SLO	SLO	SLO	SLO	SLO	SLO
Location	San Miguel	Confidential	Confidential	Confidential	Confidential	Confidential	Confidential
Acreage	155.33	Confidential	Confidential	Confidential	Confidential	Confidential	Confidential
Winery Site	7.00	Confidential	Confidential	Confidential	Confidential	Confidential	Confidential
Other Acreage	119.95	Confidential	Confidential	Confidential	Confidential	Confidential	Confidential
Vineyard/Supp Acreage	28.38	305.25	23.29	16.44	13.16	2.00	11.29
Nominal Sale Price		Confidential	Confidential	Confidential	Confidential	Confidential	Confidential
Inventory Allocation		Confidential	Confidential	Confidential	Confidential	Confidential	Confidential
Equipment Allocation		Confidential	Confidential	Confidential	Confidential	Confidential	Confidential
Adjusted RE Sale Price		Confidential	Confidential	Confidential	Confidential	Confidential	Confidential
Overall Size of Facility	45,262	25,313	112,978	91,090	46,262	73,010	21,330
Real Estate Allocation	To Determine	Confidential	Confidential	Confidential	Confidential	Confidential	Confidential
Total Building Allocation		Confidential	Confidential	Confidential	Confidential	Confidential	Confidential
Winery Site Allocation		Confidential	Confidential	Confidential	Confidential	Confidential	Confidential
Other Acreage Alloc.		Confidential	Confidential	Confidential	Confidential	Confidential	Confidential
Total Vineyard Allocation		Confidential	Confidential	Confidential	Confidential	Confidential	Confidential
Adjusted Vineyard Price / Acre	To Determine	\$24,246	\$24,000	\$32,892	\$27,149	\$65,000	\$40,000
ELEMENTS OF COMPARISON							
Value Indication / Ac.	To Determine	\$24,246	\$24,000	\$32,892	\$27,149	\$65,000	\$40,000
Conditions of Sale	Market	SIMILAR	SIMILAR	SIMILAR	SIMILAR	SIMILAR	SIMILAR
Cash Equivalency	Cash Equiv.	"	"	"	"	"	"
Market Conditions	1/21/2021	"	"	"	"	"	"
Location	San Miguel	"	"	"	"	SL SUP	SUPERIOR
Property Size	155.33	"	"	"	"	SIMILAR	SIMILAR
Soil Quality	Class 2,4&7	"	"	"	"	"	"
Topography	Undulating	"	"	"	"	"	"
Vineyard Varieties	Zin / PS	"	SL INF	"	"	"	"
Vineyard Age	22nd Leaf	SL INF	SIMILAR	"	"	"	"
Vineyard Condition	Average	SIMILAR	SL INF	SL SUP	"	SL SUP	"
Irrigation Supply	Well	"	"	SIMILAR	"	SIMILAR	"
Distribution System	Drip / Good	"	"	"	"	"	"
Overall Comparison	SUBJECT	SL INFERIOR	SL INFERIOR	SL SUPERIOR	SIMILAR	SUPERIOR	SUPERIOR
Indicated Market Value of Subject (Per Acre)	To Determine	sl more \$24,246	sl more \$24,000	sl less \$32,892	near \$27,149	less than \$65,000	less than \$40,000

SALES COMPARISON ANALYSIS COMMENTS & VALUATION – VINEYARD

All six of the previously cited and discussed winery facility sales have vineyard plantings that are compared to the subject property. Although additional vineyard sales could have been utilized, the fact that these vineyards sold in conjunction with winery facility improvements makes them especially comparable to the subject since they similarly include multiple uses with similar buyer motivations.

The adjustments applied to the sales within this analysis are generally fairly similar to those within the analysis of the facility improvements. However, rather than discussing the adjustments twice, each sale will be discussed as it applies to the subject individually.

The vineyard varieties on Sale #W1 are similar to those of the subject and reflect similar overall condition. However, the much older age of the plantings resulted in an overall slightly inferior rating at a vineyard allocated price of \$24,246/acre.

Sale #W2 is a relatively recent transaction that has similar aged vines. However, the Merlot variety that reflects fair condition resulted in an overall slightly inferior rating at a vineyard allocated price of \$24,000/acre.

Sale #W3 includes similar variety vines that are similar in age to those of the subject. However, the good condition of the vineyard resulted in an overall slightly superior rating at a vineyard allocated price of \$32,892/acre.

The vineyard on Sale #W4 is improved with similar varieties. The age and condition of the vineyard is also similar to that of the subject, resulting in an overall similar rating at a price allocation of \$27,147/acre.

Sale #W5 includes a vineyard with similar varieties. The ages of the vines are also similar to those of the subject, but the good condition of the vines and location where premium quality fruit is located resulted in an overall superior rating at a price of \$65,000/acre.

The vineyard on Sale #W6 is physically very similar to that of the subject. The vineyard varieties, age and condition are all quite similar, but the location within a premium growing district resulted in an overall superior rating at a price of \$40,000/acre.

Based on the data presented herein, it is evident that sale #W4 best reflects the subject property vineyard at a price allocation of \$27,147/acre. The remaining transactions provide good support via bracketing with Sales #W1 and #W2 indicating values greater than \$24,246/acre and \$24,000/acre, respectively, while Sales #W3, #W5 and #W6 indicate values less than \$32,892/acre, \$65,000/acre and \$40,000/acre, respectively. Given the fairly average condition of the subject plantings, a value allocation of **\$27,000/acre** is considered most appropriate for the subject property's wine grape vineyard component.

PERMITTED WINERY SITE ANALYSIS COMMENTS

Additional value is created on the subject property by the presence of a winery permit. Although requested, a copy of the actual permit was not provided. However, it was reported that the winery site is permitted to produce 400,000 cases of wine annually with tasting allowed and limited special events (exact number is unknown). The following elements of comparison are used to compare the permitted winery sites on the sales to that of the subject.

Many of the elements of comparison were previously discussed within the valuation of the winery facility, precluding readdressing herein. These include Conditions of Sale, Cash Equivalency and Market Conditions. However, several categories are reflective of the vineyard improvements only and are summarized below.

Location ~ Location can have a dramatic impact on the value of properties within this market. Not only are micro-climatic conditions important, but also visibility along major roadways or wine trails will have an impact on market prices. The subject property is located within the San Miguel District, which is somewhat of a secondary market that is equivalent to east-side districts. The majority of the sales were all located within similar districts throughout San Luis Obispo County, but the location within a premium growing district west of Highway 101 resulted in a superior rating to Sale #W6.

Site Size ~ The subject includes a total of 7.00 acres of winery facility site while the sales have site sizes ranging from mature vineyard and supporting acreage while the cited comparable sales range in vineyard size from 7.00 acres to 29.68 acres. Obviously, larger permitted site sizes are preferred within the market. The sites on Sales #W4 and #W6 are similar in size to that of the subject, but the winery sites on the remainder of the sales are quite a bit larger than the subject, resulting in slightly superior ratings.

Permit Capacity ~ The subject's winery permit reportedly allows for the production of 400,000 cases of wine annually. The permit capacity of Sale #W5 is quite similar to that of the subject while Sale #W3 has a much higher capacity, resulting in a slightly superior rating. The remaining transactions are limited to lower capacities, warranting slightly inferior ratings.

Tasting ~ This capacity compares the ability to have tasting on site. The subject and all of the sales have permitted tasting, resulting in similar ratings to all.

Site Profile ~ This category compares the desirability of the various sites for their aesthetics such as views and locations along wine trails. The subject property provides modest views and aesthetics. It is also not located on a premium wine trail. Most of the sales have similar site profiles, but the locations of Sales #W4 and #W6 along major highways or wine trails with the ability for good signage to bring in traffic warranted slightly superior ratings.

PERMITTED WINERY SITE SALES COMPARISON ANALYSIS

Finally, the winery site on the subject will be determined by comparison to the allocated site values on the sales within this analysis. The sales information is cited and analyzed in the following grid resulting in a value of the subject's winery site that is based on a lump sum price per site basis.

	SUBJECT	COMPARATIVE WINERY SITE SALES					
		(#W1)	(#W2)	(#W3)	(#W4)	(#W5)	(#W6)
Buyer Name		Confidential	Confidential	Confidential	Confidential	Confidential	Confidential
Seller Name		Confidential	Confidential	Confidential	Confidential	Confidential	Confidential
Sale Recording Date		Mid 2019	Late 2017	Late 2016	Mid 2016	Mid 2015	Mid 2014
Doc. Number		Confidential	Confidential	Confidential	Confidential	Confidential	Confidential
Assessor's Parcel No.		Confidential	Confidential	Confidential	Confidential	Confidential	Confidential
County	SLO	SLO	SLO	SLO	SLO	SLO	SLO
Location	San Miguel	Confidential	Confidential	Confidential	Confidential	Confidential	Confidential
Acreage	155.33	Confidential	Confidential	Confidential	Confidential	Confidential	Confidential
Winery/Farmstead Site	7.00	Confidential	Confidential	Confidential	Confidential	Confidential	Confidential
Ancillary Acreage	119.95	Confidential	Confidential	Confidential	Confidential	Confidential	Confidential
Vineyard Acreage	28.38	Confidential	Confidential	Confidential	Confidential	Confidential	Confidential
Nominal Sale Price		Confidential	Confidential	Confidential	Confidential	Confidential	Confidential
Inventory Allocation		Confidential	Confidential	Confidential	Confidential	Confidential	Confidential
Equipment Allocation		Confidential	Confidential	Confidential	Confidential	Confidential	Confidential
Adjusted RE Sale Price		Confidential	Confidential	Confidential	Confidential	Confidential	Confidential
Overall Size of Facility	45,262	25,313	112,978	91,090	46,262	73,010	21,330
Real Estate Allocation	To Determine	Confidential	Confidential	Confidential	Confidential	Confidential	Confidential
Total Building Allocation		Confidential	Confidential	Confidential	Confidential	Confidential	Confidential
Total Vineyard Allocation		Confidential	Confidential	Confidential	Confidential	Confidential	Confidential
Other Acreage Alloc.		Confidential	Confidential	Confidential	Confidential	Confidential	Confidential
Winery Site Allocation	To Determine	\$500,000	\$500,000	\$600,000	\$600,000	\$1,000,000	\$700,000
ELEMENTS OF COMPARISON							
Value Indication	To Determine	\$500,000	\$500,000	\$600,000	\$600,000	\$1,000,000	\$700,000
Conditions of Sale	Market	SIMILAR	SIMILAR	SIMILAR	SIMILAR	SIMILAR	SIMILAR
Cash Equivalency	Cash Equiv.	"	"	"	"	"	"
Market Conditions	1/21/2021	"	"	"	"	"	"
Location	San Miguel	"	"	"	"	"	SL SUP
Site Size	7.00 Acres	SL SUP	SL SUP	SL SUP	"	SL SUP	SIMILAR
Permit Capacity	400,000 Cases	SL INF	SL INF	"	SL INF	SIMILAR	SL INF
Tasting	Yes	SIMILAR	SIMILAR	SIMILAR	SIMILAR	"	SIMILAR
Site Profile	Average	"	"	"	SL SUP	"	SL SUP
Overall Comparison	SUBJECT	SIMILAR	SIMILAR	SL SUPERIOR	SIMILAR	SL SUPERIOR	SL SUPERIOR
Indicated Market Value		near	near	sl less	near	sl less	sl less
of Subject (Per Site)	To Determine	\$500,000	\$500,000	\$600,000	\$600,000	\$1,000,000	\$700,000

SALES COMPARISON ANALYSIS COMMENTS & VALUATION – WINERY SITE

All of the six of the previously cited and discussed winery facility sales have winery sites that are permitted for their stated winery and wine tasting room uses. Discussions with local real estate brokers indicated that most feel substantial value is present within this market due to the increasingly difficult nature of obtaining new permits for wine production due to continuing drought conditions and restrictions on well drilling. A range of \$250,000 to nearly \$2,000,000 was indicated through the interview process with virtually all indicating that winery sites within the Willow Creek, Templeton Gap and Adelaida districts command the highest premiums with more remote properties that are not located on paved wine trails with limited traffic flow commanding prices closer to the bottom of the range. However, one expert indicated that given the current environment and difficulties in obtaining permits, he anticipated that all permits have a value of at least \$500,000.

The allocation of site values were determined as observed within the market and applied consistently throughout the process. These sales indicate a range of site values from a low of \$500,000 to a high of \$1,000,000. The adjustments applied to the sales within this analysis are generally fairly similar to those within the analysis of the facility improvements. However, rather than discussing the adjustments twice, each sale will be discussed as it applies to the subject individually.

Based on this analysis, Sales #W1 and #W2 have the most similar physical and permit characteristics to those of the subject while the remaining transactions all have slightly superior aspects, whether it be location and/or size of the facility sits. In fact, these generally offset the lower permitted capacities that are present on all but Sale #W3. With that in mind, Sales #W1 and #W2 are rated as similar to the subject at permitted site values of \$500,000 each, while the Sales #W3, #W4, #W5 and #W6 are rated as slightly superior at permitted site allocations of \$600,000, \$600,000, \$1,000,000 and \$700,000, respectively. With this in mind, a value of **\$500,000** is considered most appropriate for the subject property's permitted winery site.

SALES COMPARISON APPROACH INDICATION OF VALUE

Once the values of the individual subject components are determined, they can be combined to provide a total value for the subject property. As previously discussed, a value of the plantable land (abandoned vineyards and supporting farm roads) was concluded at \$22,000/acre while the ancillary land was concluded at \$500/acre within the cost approach. A detailed analysis of the subject property valuation, based on the per acre and per square foot value contributions as described in the sales comparison approach above is included in the following table:

INDICATION BY SALES COMPARISON APPROACH – EXCLUDING WINE CAVES				
Land Description	Size	Unit	Indicated Unit Value (\$)	Total Value
Winery Building & Site Improvements	45,262	Sq. Ft.	\$175.00	\$7,920,850
Wine Grape Vineyards & Support Acreage	28.38	Acres	\$27,000	\$766,260
Permitted Winery Site	7.00	Lump	\$500,000	\$500,000
Plantable Land (Abandoned Vines, Olives & Roads)	72.60	Acres	\$22,000	\$1,597,200
Ancillary (Non-usable) Land	47.35	Acres	\$500	\$23,675
Total Value By Sales Comparison Approach:				\$10,807,985
ROUNDED TOTAL VALUE:				\$10,810,000

**Rounded to the nearest \$10,000*

RECONCILIATION AND FINAL VALUE CONCLUSION

The three approaches to value accepted by the appraisal industry are used to provide a value opinion of the subject property with only two approaches completed. A brief discussion of the three approaches and their indicated values follows:

- The **cost approach** to value is based on the premise that a buyer will pay no more for a property than the replacement or reproduction cost new (RCN) of a similar improvement(s), less all forms of depreciation, plus land value and assuming the process can be accomplished without undue delay. The subject winery facility and vineyard planting improvements were considered to contribute value above land. Therefore, the cost approach was processed, resulting in vineyard and facility improvement depreciated values, which were combined with the land contribution from a sales comparison analysis. The total rounded value indication via the cost approach is stated as follows:

COST APPROACH VALUE INDICATION:
\$11,570,000

- The **sales comparison approach** is based on the principle of substitution. Actual sales of similar wineries with vineyards in the subject area were analyzed and adjusted to indicate the value of the subject property. Application of this incremental value consideration was applied to the subject acreage resulting in a rounded value indication by the sales comparison approach of:

SALES COMPARISON APPROACH VALUE INDICATION:
\$10,810,000

- The **income approach** is based on anticipation of future income streams, which will reflect current value by applying capitalization rates derived from sales comparable to the subject. The income approach, while researched for this assignment, was excluded from analysis and presentation within this report. Rationale for exclusion of this income approach from this assignment was discussed in previous sections of the report; however, will be further addressed in the following final value conclusion discussion.

INCOME APPROACH VALUE INDICATION:
N/A - Excluded

RECONCILIATION AND FINAL VALUE CONCLUSION, continued

All three-appraisal industry accepted approaches to value were considered, with the cost and sales comparison approaches processed and illustrated within this report. The cost approach is considered to provide a reliable indication of value for special use properties of this type, as the depreciated replacement cost to create similar "Utility" to an entity seeking such a facility is illustrated. The sales comparison approach provides indications of marketability of winery facilities. This property does not fall into a rental category where sufficient data exists to constitute reliable rental income and capitalization rate data for processing an income approach. Furthermore, market research did not reveal any indications of market participant response to an income approach based upon rental income of the property.

The variance between the sales comparison and cost approach value indicators is fairly modest with less than a 7% difference. It is recognized that the sales comparison approach best reflects the actions of buyers and sellers within the market. With that in mind, slightly more emphasis is placed on the sales comparison approach with the cost approach providing excellent support therein.

It is recognized that the subject property was recently purchased via Quit Claim Deed on 10/28/2020 at a price of \$11,500,000. However, the actual terms of the purchase and motivations of the buyer and seller have been somewhat murky and a full explanation has not been provided. Furthermore, a copy of the purchase contract was not provided. It is apparent that the sales data presented herein does not support a value equivalent to the purchase price. Therefore, it is difficult, if not impossible, to appropriately analyze the recent transfer of the subject, precluding reliability of the recent sale. With this in mind, the value stated herein is based solely on the sales data obtained within the market.

**"AS IS" MARKET VALUE AS OF 01/21/2021
IS AS FOLLOWS:**

\$11,000,000

LIQUIDATION VALUE ANALYSIS

This market liquidation analysis was performed through a survey of regional banking and financial institutions, real estate brokers, as well as a survey of sale data. This process was performed in order to assess the potential discount in terms of value that would be applicable to the property in question if it were to be marketed in a time frame less than that stated as a typical marketing period in the market value range opinion as a bank acquired property. The reduction in exposure time of a particular property typically results in a decreased sale price, often regarded to as the Liquidation Value. The liquidation analysis is described below.

LIQUIDATION VALUATION

The concluded marketing period, to achieve sale, for each property is estimated between four and nine months; provided the given asking price is reasonably congruent with the stated value within this report. No consideration is given to any contingencies that may occur. Additionally, the stated marketing period does not consider delays due to lender financing or agreed extensions, i.e. tax purposes or 1031 exchanges.

The client did not indicate a time frame for a liquidation sale valuation based on the "As Is" value as of the date of inspection. Therefore, a six month holding period is utilized herein.

The Dictionary of Real Estate Appraisal, Sixth Edition 2015, defines Liquidation Value as "The most probable price that a specified interest in property should bring under the following conditions:

1. Consummation of a sale within a short period of time.
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 U.S. 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."

LIQUIDATION VALUATION, continued

This definition can be modified to provide for valuation with specified financing terms.

The set liquidation period of six months is within the current marketing expectations for similar properties listed within the prevailing market acceptance. Properties placed on the market well above market acceptance tend to languish for extended periods and asking prices are eventually reduced over the listing term. Some listings are allowed to expire and then after a short period are placed back on the market at a slightly lower price. These sellers are basically fishing the market. Within the past couple of years values have steadily trended upward; hence, some listings initially viewed as above market eventually sold at the perceived "higher" price. In these cases, the sellers were under no pressure to liquidate and were basically waiting the market.

The current market environment in the general agricultural sector remains in balance. The market consists with buyers actively targeting properties for assemblage. These buyers have the financial capability to compete aggressively and are supported by lenders offering competitive terms and interest rates. Hence, given the number of buyers, and the ease of available credit, land sales can be consummated in a relatively short period.

A survey of agricultural lenders indicated that they often have difficulty in providing funding for projects in less than twelve weeks due to the underwriting required in order to fully document and close a loan (appraisals, credit analysis, and loan documentation). Hence, conventional financing through institutions may extend escrow periods but fall well within the client's defined exposure period.

As related to real estate, the cost of conveyance generally includes realtor commission and ancillary costs associated with closing a sale such as escrow charges and legal fees (document review). Broker commissions are negotiable but generally fall in the range of 2% to 5% of the sale's price. The appraisers will utilize a 3% broker's commission due to the moderate size of the subject property. Ancillary closing costs can vary depending on complexity of a property; however, a set allowance of \$15,000 is applied.

Holding or possession of real estate also has associated costs that must be factored. Possession costs preserve the asset during the estimated marketing period. These costs include real estate taxes, irrigation district assessments, insurance and maintenance of buildings. These costs are prorated for the holding period.

The subject property involves a commercial farming and winery parcel that could offer income during the liquidation period. However, no consideration is given for potential crop or wine processing proceeds. Although farming costs must be expended to maintain crop and plant health the market generally reimburses the seller for cultural costs to date; hence, no deductions are required.

Although cultural costs are not deducted, a management fee should be recognized to address the farming oversight of inputs during the holding period. Again, these fees are negotiable but given the short term would likely be on the higher end of the spectrum. Thus, a management fee of 1% of the sale price is considered reasonable; however, will be adjusted upward for the smaller parcels and downward for the larger parcels.

LIQUIDATION VALUATION, continued

The estimated costs to deduct from the concluded value are based on conversations with area sales professionals. The consensus is that reasonable costs of sale (applied to the concluded value) are:

- 0% discount for “quick sale” as there is a ready market; the estimated market values in this report are considered reflective of current market conditions and recognize a marketing period that would be required to allow adequate exposure. Judging that the estimated liquidation period of six months is a reasonable marketing period in itself, no discount would be expected.
- A 3% sales commission is estimated for professionally marketing and selling the asset for most of the ranches. A set allowance of \$15,000 is deducted for closing costs, such as escrow costs and legal consultation (review of documents).
- Possession costs to preserve the asset during the estimated six-month liquidation marketing period (costs include prorated property taxes, irrigation district assessments and if applicable building insurance/maintenance). A management fee (1%) based on market value is also applied.

The liquidation analysis and resulting value estimate is provided in the following model.

Subject Market Value				\$11,000,000
Less 0% Liquidation Discount:				\$0
		Net Sales Price:		\$11,000,000
Less:	Annual	Prorated Months		
Possession Costs (6 Months):				
Real Estate Taxes	\$115,652	6 =	\$57,826	
Insurance/Maintenance (0.8% RCN)		6 =	\$0	
Management Fee/Security	\$110,000	6 =	\$55,000	
Total Possession Costs		=		\$112,826
Cost of Sale:				
Sales Commission	3.00%	=		\$330,000
Ancillary Costs		=		\$15,000
Estimated Total Cost of Possession/Sale:				\$457,826
Estimated Liquidation Value:				\$10,542,174
Rounded:				\$10,540,000

In summary, the estimated liquidation value is judged to adequately reflect market discounting within a six-month holding period, as well as property holding costs and brokerage commission.

**Property #2 – Texas Road
Vineyard
±155.00 Acres**

GENERAL PROPERTY DESCRIPTION

DETAILS OF PRESENT LAND USE & PRODUCTIVITY

The subject property consists of 155.00 acres contained within a single assessor's tax parcel. This interior located property is situated along the north side of the Texas Road alignment, being $\pm\frac{1}{2}$ mile north of San Marcos Road, $\pm\frac{1}{2}$ mile east of Mahoney Road, ± 1.5 miles west of State Highway 101 and ± 4 miles northwest of Paso Robles in northern San Luis Obispo County, California. The subject is dedicated to a wine grape vineyard that is operated in conjunction with the vineyard and winery to the south, for which it produces fruit. There are a total of ± 119.00 acres of vineyards on the property that were planted between 2004 and 2006, but only ± 25.30 acres are currently farmed. The remaining ± 93.70 acres have been abandoned by management. The vines are spaced 1 meter x 2 meters, resulting in $\pm 2,026$ vines/acre. Vines are unilaterally trained on a single cordon and spur pruned. The vineyards are supported on a VSP trellis system that includes a cordon wire with four movable wires and a top wire. The support system consists of steel pipe end posts with a steel stake at every 15' (every 5th vine). Finally, there is a wire beneath the cordon to support the drip hose. There is a $\pm\frac{1}{4}$ " steel rod for support at every vine. The vineyard and trellis system within the farmed acreage reflect fairly average condition, appearing to suffer from slightly substandard management in the past. The subject conforms well with the neighborhood with neighboring land uses consisting of a combination of native lands and vineyards. However, it cannot be ignored that there are numerous winery facilities also scattered throughout the area. The acreage use details and any reported land productivity are as follows:

SUBJECT ACREAGE SUMMARY		
Block	Acres	Comments
2-1	4.50	16 th leaf Zinfandel vines, planted 2004, fairly average condition
2-2	3.30	16 th leaf Merlot vines, planted 2004, fairly average condition
3-6	5.50	16 th leaf Cabernet Sauvignon vines, planted 2004-06, fairly average condition
3-7	6.20	16 th leaf Petite Sirah vines, planted 2004, fairly average condition
3-8	5.80	16 th leaf Petite Sirah vines, planted 2004, fairly average condition
	25.30	Total Farmed Vineyards
Other Blocks	93.70	Vineyard blocks that have been abandoned and are no longer actively farmed. The vine loss is reportedly due to a limited water supply during the recent drought. The entire infrastructure (trellis & irrigation) remains in place.
Olives	5.00	Olive orchards that could be removed and developed to vineyards
	124.00	Total Plantable Acres
	9.00	Supporting farm avenues and well sites (6.77% of plantable acres).
	133.00	Total Vineyard, Plantable & Support Acres
Site	1.00	Potential home site for residence and outbuildings.
	134.00	Total Net Usable Acreage
	21.00	Ancillary areas contained within non-plantable hillsides that are not suited for development to permanent plantings.
	155.00	Total Acres

PRODUCTION HISTORY

Actual production records were not provided. Instead, the property owner orally indicated that since the fruit has historically gone to the adjacent winery to the south that is under a common ownership, they control production on the vines in order to provide the best quality fruit. Still, it was reported that yields have historically been low at less than 2 tons per acre. Management is being proactive with fertilizers and amendments in an attempt to achieve between 3 and 4 tons this year.

LEGAL DESCRIPTION

A current legal description was not provided for this appraisal assignment. Therefore, the assessor's parcel map was relied upon for the size and boundaries of the subject property.

OWNERSHIP

According to the property profile records indicated by CoreLogic RealQuest® Professional (an online property information database reporting county records), the subject property is currently vested in the following ownership:

Northern Holding LLC

THREE-YEAR TITLE HISTORY

Per Mr. Lee Coddington and San Luis Obispo County records, the subject property was transferred via Quit Claim Deed (Doc. #61137) on October 28, 2020. The purchase price was recorded as \$4,300,000. The property had been exposed to the market via a listing by Mr. Jon Ohlgren. It was originally listed on 12/31/2016 at a price of \$5,300,000 and was reduced to \$4,750,000 on 1/24/2018. It remained at that price until the date of sale. It is noted that the seller was under duress to sell in order to avoid foreclosure. It is recognized that the sale price was below that of the list price, but it cannot be ignored that this property was exposed to the market at \$4,750,000 for nearly two years prior to a sale at \$4,300,000, which does not appear to show much of a discount for the distressed seller. It is noted that the seller was under duress to sell in order to avoid foreclosure. Mr. Coddington indicated that the value was determined by an appraisal ordered by his lender. A purchase contract was not provided. Analysis of the purchase is difficult due to the murky details provided regarding the marketing and transfer of the subject. There have been no other known transfers of ownership or attempts at marketing the subject property within the three years preceding the acceptance of this appraisal assignment.

TENURE & OCCUPANCY

Per Mr. Coddington, he operates the vineyard.

LOCATION AND ACCESS

The subject property is located along the north side of Texas Road, being $\pm\frac{1}{2}$ mile north of San Marcos Road, $\pm\frac{1}{2}$ mile east of Mahoney Road, ± 1.5 miles west of State Highway 101 and ± 4 miles northwest of Paso Robles northern San Luis Obispo County, CA. It does not have a physical address reported.

Legal access is provided by Texas Road which borders along and forms a portion of the subject's southern boundary. It provides average year-round access via a dirt and gravel surface that is minimally maintained with no curbs, gutters or sidewalks. It extends $\pm\frac{1}{2}$ mile west to the intersection with Mahoney Road, which then extends south $\pm\frac{1}{2}$ mile to San Marcos Road. In turn, San Marcos Road then extends ± 2 miles northeast to intersect with Highway 101. Finally, Highway 101 provides good access throughout California via connections within the State and Interstate highway systems.

SIZE, SHAPE, TOPOGRAPHY AND ELEVATION

The subject includes ± 155.00 assessed acres within a single assessor's tax parcel. It is slightly irregular in shape but is well blocked. It is located at an elevation typical of the surrounding area at approximately 800'-900' above mean sea levels. Refer to the Topography Map found within the Addenda for visual details.

UTILITIES AND SERVICES

Typical rural on-site utilities and services are available to the subject property. Utilities consist of electrical service and natural gas provided by Pacific Gas and Electric Company with communication service available from AT&T and other carriers. There are no public water or sewer services available at the property. A domestic well provides domestic water service for the facility and vineyard while a septic system is in place for human waste disposal. The County provides police and fire protection. Garbage collection and propane services are available from various private companies.

ZONING AND TRENDS

The local area of the subject is typically devoted to long-term agricultural use. It is zoned AG - Agriculture by San Luis Obispo County and is not located within the sphere of influence of any city or semi-rural community. The current agricultural use of the subject property as a vineyard is allowed under the existing agricultural zoning and designation within the General Plan for San Luis Obispo County.

FEDERAL FLOOD HAZARD

The subject property is located in Flood Zone "X" according to the Federal Emergency Management Agency (FEMA)-Federal Insurance Rate Map (FIRM), San Luis Obispo County Panel No. 06079C0400G, dated November 16, 2012. Flood Zone "X" is defined as areas determined to be outside the 0.2% annual chance floodplain. Refer to the FEMA Flood Map in the report Addendum for visual details.

FAULT-RUPTURE HAZARDS

According to the California Department of Conservation Geological Survey's Earthquake Fault Zones, Special Publication 42 revised in 2018, the subject property is not located within an Alquist-Priolo Earthquake Fault Zone.

WETLANDS

A search of the U.S. Fish and Wildlife Service, National Wetlands Inventory webpage revealed no designated potential national wetland areas on the subject property. Visual inspection of the subject also revealed no areas that would appear to provide sensitive wetland habitat.

FUEL TANK/ENVIRONMENTAL CONCERNS

No above ground or subsurface fuel storage tanks were observed on the subject property. There was no evidence of hazardous conditions noted on the subject property, but it was noted that there is an electrical transformer present at the well site. The reader is reminded that the appraiser is not an expert in the environmental field. It is recommended that if additional information is required, an environmental assessor be retained to perform an environmental audit on the subject property to ensure that all health, safety, and environmental standards are being met. It should also be known that the appraisers are not qualified to accurately judge the condition of the soils or environmental hazards which may exist. The assessment of these items is beyond the scope of this appraisal.

SOIL DETAILS

The soils found on the subject property were classified by the Natural Resources Conservation Service (NRCS) using the mapping tools found on the USDA's Web Soil Survey website and referenced in the following table.

(±) % of PROPERTY	MAP SYMBOL	SOIL TYPE	CAPABILITY UNIT
46.2%	152	Linne-Calodo complex, 9 to 30 percent slopes	4
45.9%	154	Linne-Calodo complex, 50 to 75 percent slopes	7
5.4%	179	Nacimiento-Los Osos complex, 9 to 30 percent slopes	4
2.5%	198	Santa Lucia-Lopez complex, 15 to 50 percent slopes	6

SOIL DETAILS, continued

The soil survey rates soils according to capability class. Capability classes show, in a general way, the suitability of soils for most kinds of crops. Soil capability classes are grouped by numbers 1 to 8, according to their limitations. As the number increases, it indicates progressively greater limitations and narrower choices for use.

Linne series consists of moderately deep, well drained soils with medium to very rapid runoff; and moderately slow permeability. Used for range. Some areas farmed to small grains, related crops, and almonds. Naturalized and native vegetation is annual grasses and forbs, some live oak, and coastal sage.

The Nacimiento series consists of moderately deep well drained soils with medium to high runoff; and moderately slow permeability. Used mainly for range with some dry farmed grain. Non-tilled areas have annual grasses and forbs with trees in draws and some live oak in places.

The soils located on the subject property are typical of the market area and are suitable for the production of premium quality vineyards. Reference the Soils Map found in the Addendum section, noting specific soil locations throughout the property. Detailed soil descriptions are retained in the appraisal office.

DRAINAGE

Natural drainage for the land is primarily collected in natural water courses throughout the property. There is no dedicated drainage system currently in place. Natural water absorption is typically adequate under properly managed drip irrigation methods.

WATER SOURCE & DISTRIBUTION

Irrigation water is provided by a well with a submersible pump that is located along the eastern property boundary. Size of the pump is unknown, but the well reportedly produces 40 gallons per minute (gpm) per Mr. Coddington. It is further noted that this parcel is farmed in conjunction with the ± 155.33 acre Rabbit Ridge Winery ranch to the south, which is improved with two wells, one of which reportedly yields 90 gpm while the other is being reworked as of the date of inspection. The irrigation systems are tied together so that any of the three wells can irrigate any vineyard block on the two ranches. This appraisal is based on the extraordinary assumption of continued use of the three combined wells.

As previously discussed, ± 25.30 acres on the subject property are currently irrigated with the remaining 93.70 acres currently abandoned. Still, an analysis of the water supply available to the subject property must be completed to determine the adequacy of the existing water supply to the subject.

WATER SOURCE & DISTRIBUTION, continued

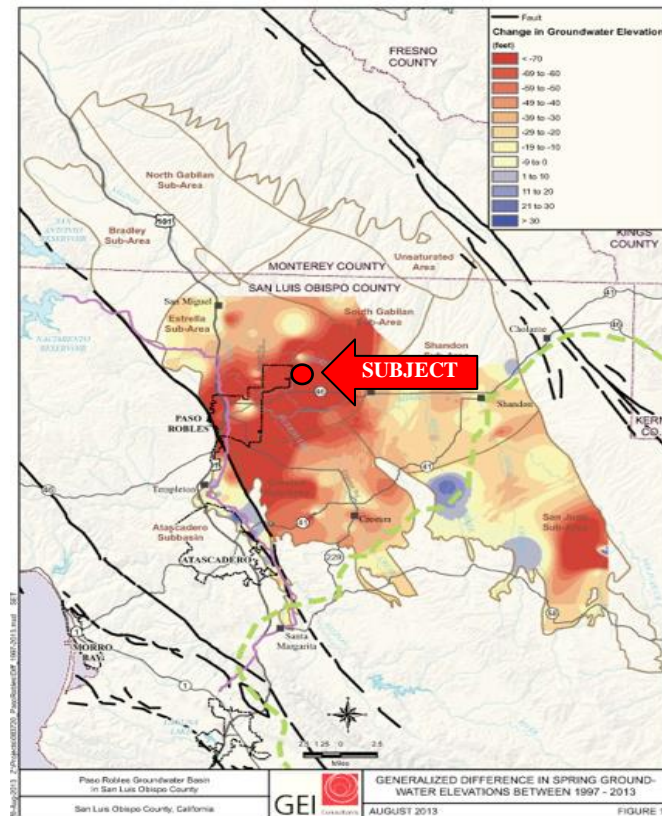
It is noted that the current well produces 40 gpm while the main off-site well yields 90 gpm and that the second well is being reworked, but it is unknown just how much the well will produce when completed and the main off-site well will likely be required for the Rabbit Ridge Winery vineyard. Therefore, this analysis is based on the known factor of having 40 gallons per minute available to the subject vineyards. If the pump is operated for 18 hours per day during the 180 day growing season, an annual yield of 7,776,000 is produced. Construction of an irrigation reservoir could increase the pumping time, but with only 20,000 gallons of tank storage, pumping is limited to the 180 days. Multiple studies suggest that each vine requires an average of 130 gallons of water per year. Given the vineyard spacings, per vine water requirement and 7,776,000 gallons of annual yield, it is determined that the current well yields a sufficient supply of water to irrigate about 30 acres of vineyard.

It is noted that it is anticipated that the reworked well will provide an additional water supply, but just how much is uncertain. It is also noted that the existing well on the subject property had previously yielded up to 150 gpm, but now only pumps 40 gpm. Therefore, it is assumed that the well and pump could be refurbished to increase the well yield. Furthermore, construction of a reservoir would provide additional water supplies as the reservoir could be filled prior to the start of the season, prolonging the time allowed to pump. Still, given the presence of the abandoned vineyard plantings in place, it is determined that the land is considered vested plantable land and that installation of an additional would likely be allowed to irrigate the acreage that has already been historically irrigated for nearly 15 years. However, the County has a 5-year look-back on any new well permits, so the permit would need to be obtained prior to five years after the abandonment.

The water supply for the subject property is the Paso Robles Groundwater Basin. The Paso Robles Groundwater Basin is presently the primary water source for the northern portion of San Luis Obispo County, generally referred to as North County. The basin is large at $\pm 505,000$ acres (± 790 square miles). Communities from Garden Farms to San Miguel and Templeton to Shandon and Creston rely on the basin's groundwater. Rural residences, urban development, vineyards and other agricultural uses, and wineries all pump water from the underground basin to use for drinking, landscape and agricultural irrigation, and to meet the day-to-day requirements of living in an arid environment. In fact, this basin provides 29% of the total water supplies for San Luis Obispo County and 40% of all agricultural water.

Unfortunately, a combination of the recent drought and continued development of vineyards, resulting in more wells being drilled, has caused an overdraft of the aquifer. Current data indicates a deficit of 2,900 acre feet per year from the aquifer. To explain this, water is pulled from the aquifer for human or farming purposes and replenished through percolation through stream beds, water retention ponds and through irrigation. However, the amount of water being removed from the aquifer is about 2,900 acre feet more than is being replenished. This results in the lowering of the ground water level. In fact, maps provided by the San Luis Obispo County Department of Public Works show how aquifer levels in the Paso Robles groundwater basin have dropped by ± 70 feet from 1997 to 2013 with ± 30 feet occurring within the last four years alone. As such, it is estimated that ± 300 wells have gone dry during the 2014 growing season, necessitating the lowering of the wells and/or pumps or property owners forced to bring water in by tank.

WATER SOURCE & DISTRIBUTION, continued



As a result, of the over-drafting, the County of San Luis Obispo initiated Ordinance 3246 on August 27, 2013. This is an urgency ordinance that establishes a moratorium on new or expanded irrigated crop production (including vineyards). It also eliminates conversion of dry farm or grazing land to new or expanded irrigated crop production and new development that requires development of a well in the Paso Robles Groundwater Basin unless such uses offset their total projected water use. While this precludes most development of non-irrigated lands, the offset could include conversion of irrigated lands that require greater amounts of water. For example, a grower produces alfalfa on level ground and wishes to develop the site to vineyards. The hay requires greater amounts of water than do vineyards. Therefore, not only can the irrigated hay ground be developed to vineyards, but an amount of native pasture can also be developed as long as the same amount of water is utilized.

Further actions include Governor Jerry Brown signing a bill on September 15, 2014 that allows for the creation of a water management district in the depleted groundwater basin. This action was followed up on January 28, 2015 with the San Luis Obispo County Board of Supervisors voting to approve a Draft application to go to LAFCO for creation of the water management district. The district has the challenge of managing a water basin that covers ± 790 square miles. It is estimated that more than 8,000 wells are within the district. Creation of the district has resulted in the permitting of wells dropping drastically as the purpose of the district is on management of the ground water levels within the Paso Robles Groundwater Basin.

WATER SOURCE & DISTRIBUTION, continued

As previously discussed in the “Current Market Trends” section of this report the state of California has implemented the “Sustainability Groundwater Management Act” (SGMA). The subject is located in the Paso Robles Area Subbasin within the greater Salinas Valley Groundwater Basin, which is identified as Joint Powers Authority GSA (Basin #3-4.06). The Paso Robles area Subbasin is categorized as a “Critically Over-drafted” Basin.

The Paso Robles Subbasin Groundwater Sustainability Plan (GSP) has been jointly developed by four Groundwater Sustainability Agencies (GSAs):

- City of Paso Robles GSA
- Paso Basin - County of San Luis Obispo GSA
- San Miguel Community Services District (CSD) GSA
- Shandon - San Juan GSA

Through groundwater, surface water and precipitation analyses, the GSP determined that the Paso Robles Subbasin will have a sustainable yield of 61,100 acre feet annually (AFY) as we move forward. However, based on historical, current and projected analyses, it is anticipated that if no changes are enacted, groundwater pumping will result in the removal of 74,800 AFY, resulting in deficit pumping of 13,700 AFY. In order to achieve sustainable pumping, the GSP proposes a series of mitigation projects that will result in greater groundwater inflows. They include the use of water from Lake Nacimiento for the cities of Paso Robles and Atascadero, use of applying treated wastewater from Paso Robles, San Miguel, Templeton and Atascadero to cropland and capturing annual rainwater runoff for groundwater recharge. It is acknowledged that while these management plans will likely increase the groundwater supply, it is doubtful that it will be sufficient to completely mitigate the deficit pumping. Although, the GSP does not exactly indicate the requirement of limiting pumping, conversations with experts in the area indicate that the general belief is that pumping will eventually be curtailed by nearly 20% in the near future.

In the long run the SGMA will likely have a positive impact to market demand and value for properties with ample water while properties that are dependent upon ground water supplies may be negatively impacted. It is difficult to extract the current effect of the SGMA in the market, but it is apparent that the market is currently transitioning to reflect preference towards properties with a combination of surface water deliveries and wells.

ASSESSMENTS AND TAXES

The tax parcel acreages, current 2020-21 assessments and taxes for the total subject property, per the San Luis Obispo County Assessor’s Office are as follows:

ASSESSMENTS						
APN	ACRES	LAND	IMPROV.	PER PROP.	TOTAL	TAX TOTAL
027-145-022	155.00	\$179,071	\$1,042,372	\$0	\$1,221,443	\$13,236.52
TOTALS	155.00	\$179,071	\$1,042,372	\$0	\$1,221,443	\$13,236.52

DEED RESTRICTIONS

A preliminary title report was not provided. As such, the appraiser was unable to determine if any restrictions were in place other than typical utilities, irrigation and roads. It is recommended that a current preliminary title report be carefully reviewed by the lender/user of this report.

AGRICULTURAL PRESERVE DESCRIPTION

The subject parcel is not currently enrolled in a San Luis Obispo County Land Conservation Agreement contract (Williamson Act).

In the early 1960s agricultural property tax burdens resulting from rapid land value appreciation became so great that in 1965, the Legislature passed the California Land Conservation Act, also known as the Williamson Act. The Act allows local governments to assess agricultural landowners based upon the income-producing value of their property, rather than the "highest and best use value" which had previously been the rule. The legislature intended that the act help farmers by providing property tax relief and by discouraging the unnecessary and premature conversion of agricultural land to non-agricultural uses. Under the act, agricultural preserve contracts are automatically renewed each year for 10 years unless either the landowner or local government has notified the other of its intention not to renew the contract. Following the notice of non-renewal, taxes gradually return to the level charged on equivalent, non-restricted property, although the land uses remain restricted until the contract expires (10 years after notice of non-renewal).

DESCRIPTION OF BUILDING IMPROVEMENTS

There are no structural improvements on the subject property.

SITE IMPROVEMENTS

The site improvements are primarily centered in farm avenues that are utilized in support of the vineyard operations, a well, pumping station and two $\pm 10,000$ gallon water holding tanks atop a hill along the northern boundary of the property. The site improvements offer good utility for the existing vineyard operation.

HIGHEST AND BEST USE

HIGHEST AND BEST USE DEFINITION

In the most recent edition of Appraisal of Real Estate by the Appraisal Institute defines highest and best use as:

1) *"The reasonable and probable use that supports the highest present value of vacant land or improved property, as defined, as of the date of the appraisal."*

2) *The reasonably probable and legal use of land or sites as though vacant, found to be physically possible, appropriately supported, financially feasible, and that results in the highest present land value.*

3) *The most profitable use.*

Implied in these definitions is that the determination of highest and best use takes into account the contribution of a specific use to the community and community development goals as well as the benefits of that use to individual property owners. Hence, in certain situations the highest and best use of land may be for parks, greenbelts, preservation, conservation, wildlife habitats, and the like."

HIGHEST & BEST USE ANALYSIS

Generally, the highest and best use for a property is estimated after considering four factors. These factors are, in sequence, (1) the subject use is legally permissible, (2) the subject use is physically possible, (3) the subject use is financially feasible, and (4) the subject use is maximally productive. The appraiser will take these items in sequence.

AS VACANT

Legally Permissible - The subject property is located in an area typically devoted to long term agricultural uses, is currently zoned for exclusive agricultural uses per San Luis Obispo County, and is not located within the sphere of influence land of any city or rural community. The hypothetical use of the subject property as native pasture complies with the existing county zoning designation and surrounding uses. Additional allowed uses include dry-farmed cropland, and vineyards with or without residential and farm related structural improvements. Wineries and tasting rooms are also allowed under the current zoning designation but do require a conditional use permit. Any alternative urban uses would require re-zoning atypical to the current land uses as indicated in the General Plan for San Luis Obispo County. It is recognized that several rural residential home sites and agricultural facilities are present in the market but the current agricultural zoning precludes any division of the subject property below the 20 acre minimum parcel size. Predominant existing uses in the area of the subject are agricultural with limited rural residential parcels.

HIGHEST & BEST USE ANALYSIS – AS IMPROVED, continued

Physically Possible - The existing use of the subject property as a premium quality vineyard supports the physical possibility of the current use. The surrounding area of the subject is primarily developed to vineyard plantings on suitable topography. There are also multiple rural residential home sites to the west and south. The soil types, water supply, topography, and climatic conditions in the area are conducive to the hypothetical use of the subject as native pasture for cattle grazing as well as for the existing use as a vineyard. The placement of residential and/or farm related structural improvements are also physically possible as indicated by the presence of numerous structural improvements on neighboring properties.

Financially Feasible - Although not a driving market factor with native pasture properties, financial feasibility is marginally supported by the continued marketability and rental arrangements of such properties correlated with willingness of buyers, sellers and tenants within the market to accept income generated by native pasture for cattle grazing. Although livestock grazing provides minimal financial feasibility, market evidence indicates development to vineyards provides farm related income earning capabilities in excess of livestock grazing. Development of vineyards and/or placement of residential and/or farm related structures not only provides income to the property but can also provide additional value to the property in excess of the vacant native pasture site.

Maximally Productive – The subject property includes a total of ±155.00 acres of hypothetically open land. It is determined that development to vineyards and/or structural improvements would provide maximum productivity to the subject within those portions physically suitable (terrain that is not too steep). Most of the topography has moderate slopes that are suitable for vineyard development with only limited steep, non-plantable areas. The subject also has a good supply of irrigation water via three deep well pumping plants.

Conclusion – The highest and best use of the subject property, “as vacant” is as native pasture suitable for development of a premium quality vineyard with the potential for construction of residential and/or farm related structural improvements.

AS IMPROVED

Determination of highest and best use "as improved" involves the 155.00-acre property, improved with a wine grape vineyard. Use of the property, as presently developed, is physically possible as demonstrated by the subject and other vineyard properties within the Paso Robles area. Market evidence confirms that the vineyards on the subject contribute value to the land on which they are situated and continue to have the capabilities to generate profits in excess of that of open land. There are no structures of value present. It is noted that only 25.30 acres of the property's vineyards are currently farmed with the remaining 93.70 acres having been abandoned. Furthermore, there are 5.00 acres of olives that offer minimum utility within this market.

Considering the legal permissibility, physical characteristics and maximum productivity of the subject, the highest and best use of the property is concluded to be the existing agricultural use as a vineyard farming unit with potential for redevelopment of the abandoned vineyards, development of the olive orchard to vineyards and construction of good quality residential and/or farm related structural improvements.

MARKETING TIME AND EXPOSURE TIME

Marketing time is an estimate of time required to sell the property assuming it was placed on the market for sale as of the valuation date. This differs from exposure time, which relates to the reasonable period that would have been required in order to achieve a sale of the subject property as of the valuation date. Pinpointing exact time frames are extremely difficult, if not impossible.

Market and exposure times are dependent on a number of related and unrelated factors, including the overall health of the agricultural real estate market, supply and demand, track record of the realtors involved, and/or the overall ability and willingness of the seller and potential buyers to negotiate responsibly. Given the above, it is difficult to heavily rely on historical exposure or marketing times for various properties, unless the appraiser is intimately familiar with each transaction. Nevertheless, in order to determine the exposure and marketing times, the appraisers reviewed several open land and permanent planting sales for their exposure periods.

Over the past six years the agricultural land markets have been strong with a stable to slightly increasing trend in nearly every sector and land use. This was largely due to continued high commodity prices and broad export market that has fueled the optimistic outlooks within most agricultural sectors. In addition to attracting investors many existing growers had the financial capability to expand or acquire assemblage parcels. Low interest rates and high profits contributed to a highly competitive market.

The retrospective market indicated marketing and exposure periods from approximately one month to nearly six months, with the majority of sales occurring within a one to three month time frame. A segment of the market involves properties that languished on the market for up to a year or more; however, these mainly involved properties priced above the prevailing market and eventually sold when the market rose to that level. A substantial portion of sales were direct and never formally exposed to the market, which is common in a heated market.

It is recognized that the world is currently facing a Covid-19 pandemic that has stalled nearly all economic sectors globally. As of the writing of this report, we are about 1 month into the pandemic and the closure of most non-essential industries. Although there is optimism that the virus will be contained soon and that businesses will be operating in a relatively short period of time, there is substantial uncertainty as well. This uncertainty also creates some questions as to the affect that it will have on the local real estate market. So far, it does not appear that buyers are backing out of purchase contracts due to the virus, but it is not unreasonable to assume that some properties may sit on the market for a little longer. Still, that is unproven.

Based on this research of market conditions, through discussions with realtors and lender staff appraisers, as well as, the analyzed sales, an extended marketing time could be expected, but is not a certainty. A review of historical sales supports an exposure time of one to four months when looking backward. However, if marketed today, a potential longer marketing period of between three months to six months is anticipated. This should be ample time for the commodity markets to settle out and for potential buyers within the market to get an idea of where the markets are headed.

VALUATION METHODOLOGY

Appraisers typically utilize three common approaches in estimating the market value of real property. These approaches are known as the sales comparison approach, the cost approach and the income approach.

In order to perform these analyses it is necessary that certain data be available which will allow the processing of each of the individual approaches.

The **sales comparison approach** provides an indication of value for a property through the comparison of the subject with recent sales of properties that are similar in location, highest and best use, quality, size, age, etc.

The **cost approach** provides an indication of market value through the summation of 1) the estimated value of the site or land with 2) an independent estimate of the replacement or reproduction costs of the subject improvements less an accounting for depreciation from all causes. This depreciation includes any physical deterioration due to age or wear and tear of the buildings as well as any functional or economic obsolescence suffered by the property.

The **income approach** provides an indication of a property's market value by comparing that property with other similar properties, which have recently been leased or rented to provide an indication of an economic rent level for the subject. From the estimate of economic rent, potential annual income can be anticipated. This potential annual income is then reduced to an estimate of net operating income by subtracting an anticipated vacancy and collection loss and appropriate operating expenses as applicable. Capitalization of this net operating income provides an indication of market value by what is referred to as "direct capitalization". Here again, a considerable amount of data is necessary to provide a reliable indication of market value.

With the above objectives in mind, research was undertaken in an attempt to find recent sales of properties which could be considered similar enough to the subject property and which would, after analysis, yield accurate indications of current market value.

Final Reconciliation: The last phase in the development of a value opinion in which two or more value indications derived from market data are resolved into a final value opinion, which may be either a final range of value or a single point estimate.¹¹

The reconciliation process represents a weighing of the indicators derived from the approaches to value as to the indicator's reliability and applicability to the appraisal problem at hand. A final value conclusion is then estimated based on the available data and the appraiser's experience in appraising the type of property under analysis.

¹¹ Appraisal Institute, *The Dictionary of Real Estate Appraisal*, 6th ed. (Chicago: Appraisal Institute, 2015).

VALUATION METHODOLOGY, continued

The subject property is improved with 155.00 acres dedicated to vineyards, plantable land, reservoirs, yard areas and supportable land. The cost approach is most applicable when the improvements are new or suffer only minor accrued depreciation. This approach is also used to estimate the market value of proposed construction, special-purpose properties, and other properties that are not frequently exchanged in the market. The cost approach is determined to be a reliable indicator of value for the subject due to the presence of permanent planting improvements. Adequate data was available from local vineyard sales to develop reliable depreciation rates and adequate land/site sales were available from which to derive underlying land values. Based upon the data available, it is determined that the data was sufficient to indicate a reliable estimate of value via the cost approach to value.

The sales comparison approach is often utilized in the appraisal of vineyard properties when recent market sales are available in the general subject area. This was the case for the subject property. Several vineyard improved sales were available within the market to determine allocated values to the individual components of the subject property, warranting completion of the sales comparison approach to value.

As the subject property is considered an income earning farming unit, it cannot be ignored that only about 20% of the farmable acreage is actually being farmed with the remainder having abandoned vineyards. The lack of income earning capabilities on the 80% of the farmable land precluded the income approach as a reliable indicator of value, warranting its exclusion herein.

Based on the data presented herein, two of the three approaches to value are considered to be the reliable indicators of value for the subject property and are completed as such.

COST APPROACH

The cost approach consists of a set of procedures through which a value indication is derived for the subject property by estimating the current cost to construct a reproduction of, or replacement for, the existing structure or development; deducting accrued depreciation from the reproduction or replacement cost or adding accrued appreciation to the reproduction or replacement cost; and adding the estimated land value plus an entrepreneurial profit. Adjustments may then be made to the indicated fee simple value of the subject property to reflect the value of the property interest being appraised.

The first step in the cost approach is to value the land for the subject property. The second step is to estimate the replacement or reproduction costs of all improvements. Improvement costs are then depreciated to reflect value loss from physical, functional and external causes. The depreciated improvement costs are then added to the land value to produce a value indicator by the cost approach. In some instances, market appreciation is supported.

Because the cost and market values are closely related when properties are new, the cost approach is important in determining the market value of new or relatively new improvements. The approach is especially persuasive when land value is well supported and the improvements are new or suffer only minor accrued depreciation and, therefore represent a use that approximates the highest and best use of the land as though vacant. The cost approach is also used to estimate the market value of proposed construction, special-purpose properties, and other properties that are not frequently exchanged in the market.

The presence of permanent planting improvements on the subject property warranted completion of the cost approach to value.

The RCN for the subject's vineyards were primarily determined using a published cost data from the University of California Cooperative Extension. Actual costs of various permanent planting projects throughout California are also retained within the office files. These files include actual contractor estimates; actual historical cost bids; as well as the appraiser's own files and experience.

Depreciation and/or appreciation estimates were extracted from market data when possible. The underlying land value for the subject was determined by a sales comparison analysis. The resulting value contribution attributable to land will then be added back to the depreciated improvement costs to arrive at a total value for the subject property by the cost approach.

LAND ANALYSIS COMMENTS

The land value analysis is for use within the following cost approach analysis. Adjustments are qualitative as shown on the sales grid. Valuation through this approach (qualitative) utilizes a bracketing technique or relative comparison analysis.

It is recognized that the subject property includes a combination of irrigated land planted to vineyards and abandoned vineyards, winery site and ancillary waste acreage that is not plantable or usable. The sales analyzed herein include a combination of uses as well. The allocations for the different land descriptions are made within the comparable sales grid to provide separate value indications for the subject's differing land uses.

Very few current sales of open land parcels occur in the area around the subject. Willing and eager buyers typically accept those parcels that do become available. The cited sales were selected as the most current and comparable to the subject property. All sales are located within the immediate North County market area under consideration, more specifically areas east of Highway 101 being proximate to Paso Robles and San Miguel. Date of sale (market conditions), location, size, access and topography are the main elements of comparison between the sales and subject. The financing aspects of each sale were reviewed prior to analysis and none of the cited sales required adjustments for financing terms. Any value attributed to the presence of structures on the sales is allocated out in order to analyze the land components only.

Conditions of Sale ~ Conditions of sale reflect the motives of the buyers and sellers as to whether the sale is an arm's-length transaction (unusual circumstances). Through the confirmation process, it was determined that the comparable sales were arm's-length with normal circumstances. Thus, they are considered similar in regard to conditions of sale.

Cash Equivalency – Financing ~ Cash equivalency adjustment compensates for financing that is atypical: that is, not a cash transaction or its equivalent. All sales were cash or cash equivalent; therefore, an adjustment is not warranted.

Market Conditions (Time of Sale) ~ The market data suggests a relatively strong market for vineyards and plantable land from 2000 through 2008 with a softening of the market from 2009 through 2012. However, the market appears to have stabilized over the past three years. All of the sales closed within the past 42 months. Therefore, all are rated as similar in regard to market conditions at the times of sale.

Location ~ Location can have a dramatic impact on the value of properties within this market. Not only are micro-climatic conditions important, but also visibility along major roadways or wine trails will have an impact on market prices. The subject property is located within the secondary San Miguel District of the Paso Robles AVA. Five of the sales are similarly located within the Estrella and San Juan Districts, which command prices similar to those within the subject's San Miguel District. However, the premium pricing received within the Adelaida District warranted a slightly superior rating to Sale #V2.

LAND ANALYSIS COMMENTS, continued

Zoning ~ The subject and all of the sales are zoned Agriculture. Thus, all are rated as similar to the subject within this category.

Size ~ The subject includes a total of 155.00 assessed acres with ± 124.00 acres being hypothetically dedicated to plantable and support land, with ± 1.00 acre in a potential residential site and ± 21.00 acres of ancillary land while the cited comparable sales range in parcel size from 80.83 acres to 726.16 acres. An attempt was made to find as similar sized transactions as possible, resulting in the selected set of sales data. Historically, parcel size comparisons related to the total dollars necessary to acquire a property. As the number of acres increases, the total dollars required to purchase the property also increases. Thus, there tends to be fewer qualified buyers for very large properties, which reduces competition. Conversely, there tends to be a greater number of buyers for smaller parcels, which increases competition (value). The current market is saturated with various types of buyers ranging from smaller operators actively seeking assemblage parcels to large investment companies actively seeking large 'economy of scale' properties. All are financially capable of aggressive pricing. Thus, no adjustments for size are considered necessary to the sales.

Access/Road Frontage ~ The subject property has dirt road access along the north side of the Texas Road alignment and is ± 1.5 miles from State Highway 101, the main corridor through the market area. Thus, the subject is considered to have average access/road frontage. All of the sales have similar paved or dirt road access. The market reflects no real difference for properties with paved road access versus dirt road access, resulting in similar ratings herein.

Shape/Uniformity ~ This category relates to the uniformity of the property. The subject is slightly irregular in shape, but not to a point where it negatively affects its farmability or marketability. In fact, it is considered fairly uniform for the area. The cited sales are generally well laid out as well with some slightly irregularities, similar to that of the subject.

Soils ~ The subject's soil is primarily comprised of capability class 2, 4 and 7 series. They are well drained and suitable for the production of excellent quality fruit. The sales have very similar quality soils, warranting similar ratings herein.

Utilities ~ The subject has typical rural utilities available on site. The presence of the utilities affords a much more economical and generally more favorable atmosphere for development. All of the sales also have utilities available at the street, similar to that of the subject property.

Topography ~ Steep topography not only inhibits the ability to develop permanent plantings, but also affects grazing capacity for livestock. The subject's plantable, support and structural areas have gently undulating topography while the native pasture ranges from gently undulating to fairly steep. The sales have similar topography, resulting in similar ratings.

LAND ANALYSIS COMMENTS, continued

Land Development ~ The subject property is valued as if hypothetically vacant within this cost approach analysis. Most of the sales include vacant plantable land that is similar to the hypothetically vacant subject property. However, Sale #L4 is improved with an older vineyard. It is recognized that the buyer purchased for redevelopment but had to pay slightly more for the presence of the vineyard, despite it not being viable. Thus, this sale is rated as slightly superior in regard to land development.

Water Supply ~ This category relates to the plantable acreage only. The subject property is irrigated via a well with submersible pump. It is noted that the well currently produces only enough water to irrigate about 30-acres. However, it is noted that the well could be retooled and another well added in order to irrigate the entire property. Although the supply is questionable and will require securing additional supplies, the market for open land does not appear to reflect an adjustment for differences as long as the property is allowed to be irrigated and farmed as vineyards, resulting in similar ratings for water supply to most of the sales. The one exception is Sale #V6, which has plantable land, but due to the Paso Robles Groundwater Basin ordinance, cannot irrigate the land, precluding development to vineyards. With that in mind, the plantable land portion of Sale #V6 is rated as slightly inferior.

Overall Comparison Rating ~ The overall rating is made after all the elements of comparison are considered. This rating reflects the appraiser's overall judgment of market reaction to the subject based the particular sale indicator. Thus, a sale rated as similar would indicate that a similar market response exhibited by the sale could be expected for the subject. Hence, a market value near the particular sale price would be expected. When an inferior rating is applied the judgment is that the sale property has inferior characteristics; thus, a market value above the sale indicator would be expected for the subject property. Conversely, when a superior rating is applied a market value below the sale indicator would be expected.

SALES COMPARISON ANALYSIS

The following land sales were selected from among a very limited group of data in the valuation of the subject's underlying land by sales comparison. The information is cited and analyzed in the following grid resulting in a per acre range of value applicable to the subject.

COMPARABLE LAND SALES ANALYSIS							
	SUBJECT	(Sale #V1)	(Sale #V2)	(Sale #V3)	(Sale #V4)	(Sale #V5)	(Sale #V6)
Buyer Name		Sran	GJD Holdings	Brown Pelican	Asellus-PR	Dam Fine	Crossland
Seller Name		Armour Ridge	Desmond	Cross Canyon	C Rava	Laird Vineyard	Plate
Sale Recording Date		8/2/2019	6/12/2018	2/8/2018	10/31/2017	8/2/2017	1/24/2020
Document No.		31509	24056	5188	50026	34114	3712
County	SLO	SLO	SLO	SLO	SLO	SLO	SLO
Location	NW Paso	East Paso	West Paso	East Paso	Shandon	East Paso	East Paso
AVA District	San Miguel	Estrella	Adelaida	Estrella	San Juan Creek	Estrella	Estrella
Assessor's Parcel No.	026-104-001	026-183-009+	026-233-008	019-051-045+	017-251-018+	026-183-014	027-191-051
Gross Ac./Size	155.33	130.12	80.83	316.40	726.16	119.90	93.46
Terms/Financing	Cash Equiv.	Conv.	Conv.	Conv.	Conv.	Conv.	Conv.
Nominal Sale Price		\$2,400,000	\$2,535,000	\$8,500,000	\$38,700,000	\$2,500,000	\$3,600,000
Market Adj. Sale Price		\$2,400,000	\$2,535,000	\$8,500,000	\$38,700,000	\$2,500,000	\$3,600,000
Personal Prop. Contrib.		NONE	NONE	NONE	(\$2,000,000)	NONE	NONE
Building Contribution		NOMINAL	(\$490,870)	"	(\$704,418)	(\$14,400)	(\$786,360)
Land Allocation		\$2,400,000	\$2,044,130	\$8,500,000	\$35,995,582	\$2,485,600	\$2,813,640
Mkt. Adj. Land \$/Acre		\$18,445	\$25,289	\$26,865	\$49,570	\$20,731	\$30,105
Vineyard Acreage	N/A	None	None	189.60	691.60	90.73	76.94
Value of Vineyard	N/A	N/A	N/A	\$6,537,250	\$35,182,702	\$2,228,890	\$2,515,780
Vineyard Value/Ac.	N/A	N/A	N/A	\$34,479	\$50,871	\$24,566	\$32,698
Plantable Ac.	133.00	98.00	57.00	81.40	14.80	4.75	12.13
Value of Plantable	N/A	\$2,284,440	\$1,723,800	\$1,790,800	\$370,000	\$95,000	\$97,040
Plantable Value/Ac.	N/A	\$23,311	\$30,242	\$22,000	\$25,000	\$20,000	\$8,000
Winery/Home Site Ac.	1.00	1.00	3.50	1.50	5.00	1.00	2.75
Value of Home Site	N/A	\$100,000	\$300,000	\$150,000	\$350,000	\$150,000	\$200,000
Home Site Value/Ac.	N/A	\$100,000	\$85,714	\$100,000	\$70,000	\$150,000	\$72,727
Ancillary Acreage	21.00	31.12	20.33	43.90	5.76	23.42	1.64
Value of Native	To Determine	\$15,560	\$20,330	\$21,950	\$2,880	\$11,710	\$820
Native Value/Ac.	"	\$500	\$1,000	\$500	\$500	\$500	\$500
ELEMENTS OF COMPARISON - PER ACRE							
Land/Ac. \$ Indication	SUBJECT	\$18,445	\$25,289	\$26,865	\$49,570	\$20,731	\$30,105
Conditions of Sale	Market	SIMILAR	SIMILAR	SIMILAR	SIMILAR	SIMILAR	SIMILAR
Cash Equivalency	Cash Equiv.	"	"	"	"	"	"
Market Conditions	1/21/2021	"	"	"	"	"	"
Location	NW Paso	"	SL SUP/SIM	"	"	"	"
Zoning	Agriculture	"	SIMILAR	"	"	"	"
Size (Acres)	155.33	"	"	"	"	"	"
Access/Road Frontage	Paved/Good	"	"	"	"	"	"
Shape/Uniformity	Uniform	"	"	"	"	"	"
Soils	Class 2,4&7	"	"	"	"	"	"
Utilities	Limited Rural	"	"	"	"	"	"
Topography	Undulating	"	"	"	"	"	"
Land Development	As Open	"	"	"	SL SUP/SIM	"	"
Water Supply (Irrig.)	Well	"	"	"	SIMILAR	"	INF/SIM
Indicated Market Value	To Determine	SIMILAR	SL SUPERIOR	SIMILAR	SL SUPERIOR	SIMILAR	INFERIOR
Of Vested Land/Ac.:	"	\$23,311	\$30,242	\$22,000	\$25,000	\$20,000	\$8,000
Indicated Market Value	To Determine	SIMILAR	SL SUPERIOR	SIMILAR	SL SUPERIOR	SIMILAR	SL SUPERIOR
Of Residential Site:	"	\$100,000	\$300,000	\$150,000	\$350,000	\$150,000	\$200,000
Indicated Market Value	To Determine	SIMILAR	SIMILAR	SIMILAR	SIMILAR	SIMILAR	SIMILAR
of Native Land/Acre:	"	\$500	\$1,000	\$500	\$500	\$500	\$500

LAND SALES REMARKS

Previously cited sales data is analyzed using qualitative adjustments based upon appraisal judgment and quantitative adjustments where available to extract from market evidence. Brief discussions of the presented land sales are as follows:

Sale #V1 (Sran Vineyards) ~ is located just north of the Paso Robles City boundary, west of Paso Robles City Airport, being west of and adjacent to the former California State School for Boys at 2310 Dry Creek Road. The property is situated in the Estrella District of the Paso Robles AVA. It includes 75.20 acres contained within a single assessor's tax parcel. Land use includes 66.72 acres of varietal wine grape vineyards with 5.48 acres in non-productive land and 3.00 acres in a building/winery site. The vineyard was originally developed in the early 1980's and has been neglected over the years. It is in poor condition and does not contribute to the value of the property. As a result, the vineyard is considered equivalent to vested plantable land. Building improvements include two small homes in fair to poor condition and a work shop. These improvements also offer no contributory value to the overall property. Water is provided by an on-site well. A recent 4 hour pump test indicated an average production of 128.5 gpm. Soils are primarily capability class 2 and 3 series on gently undulating topography.

This property was approved for a large custom crush facility; however, entitlements are in place only until December 2018. The development plan consists of 190,000 square foot custom crush facility with a maximum annual case production of 1.3 million cases. It was reported that a smaller facility is also an option, with a total build out in three phases over 15 years. The property has been on and off the market for several years. The most recent offering was for 247 days with an original asking price of \$2,990,000. At the time the sale was contracted, asking price was \$ 2,299,000.

Sale #V2 (GJD Holdings & Cheren) ~ is located on the north side of Adelaida Road approximately 4 miles northwest of Paso Robles and is situated in the Adelaida District of the Paso Robles AVA. It includes 80.83 acres contained within a single assessor's tax parcel. Land use includes ± 57.00 acres of gently rolling plantable land with a ± 3.50 acre home/winery site and ± 20.33 acres of ancillary land. Access to the property is from the north side of Adelaida Road via Stags Leap Way, a private easement roadway that services several other properties. Terrain is moderate to steeply sloping hills, being mostly south facing. Soils are typical for the area and suitable for premium wine grape production. The property was historically developed to dry farmed almonds & walnuts. The trees remain in place; however, have not been farmed for years. According to sales information, building improvements include a large residence and 2,000 sf metal shop building. Agent information indicates the residence is 7,000 sf, however, according to county records, the residence is approximately 4,746 sf. The home was built in 1990 and apparently has undergone several additions. Overall, the building improvements are estimated to contribute \$490,870 to the property. The property includes an onsite domestic well with output reported at 11 gpm. The property was listed for sale for 994 days prior to receiving an acceptable offer. The property was originally offered for sale at a price of \$4,200,000. At the time of sale, asking price was \$2,550,000. The property was purchased by the owner of a well-known westside Paso Robles winery and several westside vineyards.

LAND SALES REMARKS, continued

Sale #V3 (Brown Pelican Farms) ~ is located is located along the southeast corner of Cross Canyon and Pleasant Roads, being ± 6 miles northeast of Paso Robles in San Luis Obispo County and within the Estrella District of the Paso Robles AVA. It includes 316.40 acres contained within two continuous assessor's tax parcels. Ranchita Canyon Road slightly bisects the property twice, creating two small portions of land on the east side of the road that are not farmable. The property is improved with 243.64 ac. of vineyard planted in 1996/97, but the 81.40 acres of Merlot are reportedly slated for removal by the buyer, warranting a value closer to plantable land values therein. Although the vineyard was developed in 1996/97, some graftings occurred in 2004 and 2007. Vines are planted on a 10'x6' spacing using a unilateral VSP trellis system and are cane pruned. Plantings include 21.63 acres of Petite Sirah (grafted 2004), 67.28 acres of Cabernet Sauvignon, 57.78 acres of Syrah, 3.96 acres of Tempranillo (grafted 2004), 5.43 acres of Zinfandel and 6.16 acres of Zinfandel (grafted 2007). Remaining 27.36 acres is contained in supporting farm roads and well sites. Vines reflect fairly average condition. Average production is reported at 5.6 tons/acre for Petite Sirah, 5.4 tons/acre for Merlot, 5.0 tons/acre for Tempranillo, 4.9 tons/acre for Cabernet Sauvignon, 4.8 tons/acre for Syrah and 4.0 tons/acre for Zinfandel. Pricing is reported at \$1,150/ton and \$1,160/ton set by Merlot and Petite Sirah, respectively while higher prices of \$1,457/ton, \$1,568/ton, and \$1,700/ton have recently been received for Syrah, Cabernet Sauvignon and Zinfandel, respectively.

Soils include a combination of class 3 and 4 series on terrain that includes slight to moderately sloping hills. There are some nearly level areas adjacent to the dry creek bed, which bisects the property. water is provided by two on-site deep well pumping plants. The primary well is centrally located within the main farmstead site area. The pump is powered by a 250-HP US Motors electric motor, serial #U 01 7549219-0005 R 0004. The well is reportedly 980' deep with a reported yield of ± 440 gallons per minute. A set of 4 sand-media filters are located at this site. The well is situated near the southwest corner of the property. It is outfitted with a 60-HP submersible pump. The well is reportedly 700' deep with a yield of ± 560 gallons per minute. A spin filter is present at this site for the drip irrigation system. These two wells provide a combined total of $\pm 1,000$ gallons per minute, which equates to ± 4.10 gallons per minute per irrigated acre. This is considered sufficient for vineyard purposes. This is supported by the average condition of the vineyard that exhibited no visible signs of water stress. The pipelines between the wells are connected so that either well can be utilized to irrigate any block.

Per the listing agent, the subject property had been exposed to the market for nearly a year and a half via confidential listing. According to the client it is currently under contract at a price of \$8,500,000. Due to confidentiality, no other aspects of the purchase have been disclosed. However, the buyer is a pension fund that is managed by Hancock and this is considered to be an arm's-length transaction.

LAND SALES REMARKS, continued

Sale #V4 (Asellus-Paso Robles, LLC) ~ is comprised of three non-contiguous vineyard ranches developed and farmed under one ownership. The three properties, also known as the Home Ranch, Highway 41 Ranch, and Sin Falta Ranch are located just south of the town of Shandon in northern San Luis Obispo County. They contain a total of ± 726.16 gross acres. Each ranch is described as follows.

The Home Ranch is situated approximately 2 miles south of Shandon at the southwest corner of Clark and Truesdale Roads; more specifically at 2445 Truesdale Road. The property contains approximately 320 acres and is located in the San Juan Creek sub-appellation of the Paso Robles AVA. Terrain is near level to slightly undulating. Soils are rated mostly class II and III when irrigated. The property is improved with a 311.00 gross acre vineyard developed primarily on 8' x 5' spacing with bi-lateral trained VSP trellis system and includes overhead sprinkler system for frost protection.

Varietals include 46.00 net acres of Merlot planted in 1995/1996 and 20.00 net acres of Chardonnay developed in 1997; 10.00 net acres of Primitivo and 10.00 net acres of Zinfandel planted in 2005; 20.00 net acres of Pinot Noir in 2006 and 20.00 net acres in 2012; 5.50 net acres of Primitivo, 5.50 acres of Zinfandel, 50.00 net acres of Pinot Grigio, and 25.00 net acres of Petite Sirah in 2007; 9.00 acres of Tannant planted in 2008; and 30.00 net acres of Cabernet Sauvignon planted in 2015 and 20.00 acres in 2016. There are another 14.80 acres of irrigated pasture that are suitable as plantable land with another 15.00 acres that is ancillary land utilized as vineyard roads, reservoirs, well sites, and staging areas. Overall, the vineyard demonstrates average to good vigor, has good uniformity, and is in average to good condition. Reported production has averaged between 6 and 7 tons overall. The property also has structural improvements that include a 2,229 sf 4 bedroom, 3 bathroom residence, 2,006 sf work shop and an 1,880 sf horse barn with corrals. The buildings are average+ quality and in average to good condition. Water is provided by three irrigation wells, one of which is capped. The operating wells have a reported production totaling 2,827 gpm. The capped well was recently drilled and has a yielding capability of 800 to 1,200 gpm. Additional irrigation infrastructure includes three reservoirs utilized for frost protection. Two of the reservoirs (26 acre-foot and 10 acre-foot) are lined and located near the farmstead. The third reservoir (24 acre-foot) is not lined and currently not in use, being located in the southwestern portion of the ranch. The property also includes a domestic well; production is unknown.

The Highway 41 Ranch is located approximately 2 miles southwest of Shandon on the west side of Highway 41 East at 1500 Highway 41 East. The property is comprised of approximately 192.60 gross acres and is situated in the San Juan Creek sub-appellation of the Paso Robles AVA. Terrain is near level to gently rolling. Soils are class 2 and 3 when irrigated. The property is improved with 191.60 gross acres of vineyard planted mostly on 8' x 6' spacing, bi-lateral trained using a VSP trellis system and includes overhead sprinklers for frost protection. The vineyard is developed to 37.00 net acres of Grenache Noir in 2009 and 2013; 42.90 net acres of Petite Sirah in 2012; 21.70 net acres of Pinot Noir in 2012; 25.00 net acres Primitivo in 2013; 18.40 net acres Malbec and 21.50 net acres of Petite Verdot in 2014; and 20.70 net acres of Cabernet Sauvignon in 2016. Overall production in 2016 for total bearing acres was reported at 7.80 tons/acre.

LAND SALE REMARKS, continued

Sale #V4 (Asellus-Paso Robles, LLC), continued ~ The vineyard was reported to have good uniformity and in good condition. Structural improvements consist of a 900 sf 2 bedroom, 1 bathroom farm managers residence. The home was built in 2013 and appears in good condition. Water is provided by two irrigation wells and one domestic well. Production for the irrigation wells was reported to total 2,143 gpm; production for the domestic well is unknown. There is also a lined reservoir with a capacity of 8.5 acre-feet which is used for frost control.

The Sin Falta Ranch is located approximately 6.5 miles southeast of Shandon on east and west sides of Shell Creek Road at 4650 & 5125 Shell Creek Road. The property is comprised of approximately 213.56 acres and is situated in the Paso Robles Highlands District, a sub-appellation of the Paso Robles AVA. Terrain is mostly near level to gently rolling. Soils are rated as class I & II when irrigated. The property is developed to 189.00 gross vineyard acres on 8' x 6', 7' x 7', and 6' x 6' spacing, bilateral trained on a VSP trellis system and includes overhead sprinklers for frost protection. The 6' x 6' is an inter-planting (originally 12' x 6') of the same varietals. The inter-plantings consist of 7.70 net acres of Chardonnay planted in 1976/2012; and 47.60 net acres of Chardonnay, 21.80 acres of Petite Sirah, and 26.10 net acres of Merlot planted in 1976/2013. Additional plantings include 61.00 net acres of Petite Sirah planted in 1997 and 2011. The vineyard's overall production was reported at 8.59 tons/acre over the past five years; however, as the 2012 and 2013 have reached maturity, the 2016 overall yield was 11.28 tons/acre. Overall, the vineyard demonstrates good vigor and uniformity and is in average to good condition. The property is also improved with a 900 sf ranch manager residence built as a model match to the residence on the Highway 41 Ranch. Water is provided by two irrigation wells and two domestic wells. Total production for the irrigation wells was reported to be 2,781 gpm. There are also two lined reservoirs on the property utilized for frost control. The northern reservoir is located near the northern farmstead, totaling 36 acre feet. The southern reservoir is located on the northern portion of the southern parcel, having a 50 acre-foot capacity.

The property was not listed for sale on the open market and was purchased by a large investment company actively pursuing large incoming producing vineyard properties for in-house portfolios. The seller was originally asking \$40,000,000 for the real property and \$2,000,000 for equipment/personal property. The sale price was negotiated by private parties and was derived by an appraisal preformed for the buyer. The total purchase price was \$38,700,000 which included \$2,000,000 in equipment/personal property.

Sale #V5 (Dam Fine Trust) ~ is located approximately 3 miles northeast of Paso Robles, being 1.5 mile west of Airport Road at the terminus of Adobe Road with access by way of a gravel easement roadway. The property is situated in within the Paso Robles Estrella District of the Paso Robles AVA. The property's terrain is slight to moderately sloping hills. A large dry creek area that includes areas of scattered oaks encompasses approximately 25 acres. The dry creek enters the property at the southeast corner and runs diagonally to its northwesterly corner. Soils include Class III, IV, and VII when irrigated; Class VII being the area along the dry creek. The property is developed to wine grapes with 69.60 net acres planted to Cabernet Sauvignon, 12.00 net acres to Syrah, and a 2.80 net acres to Merlot. The gross vineyard totals 90.73 acres including interior roads, turnouts, staging area, and well. The vineyard was developed in 1998 on 10'x7' spacing on a VSP trellis system. The Cabernet Sauvignon is caned pruned; the Syrah and Merlot are spur pruned.

LAND SALE REMARKS, continued

Sale #V5 (Dam Fine Trust), continued ~ The vineyard's reported five year production average approximately 2.5 tons/acre. The Cabernet Sauvignon and Merlot five year average was slightly greater at 3 +/- tons/acre. The Syrah five year average was less than 1.5 tons/acre. Overall, the vineyard demonstrates fair uniformity and condition. Building improvements consist of a 1,200 sf shop building used to store farm equipment and includes a chemical cage. The shop has an average. The property was listed for sale for 357 days with an original asking price of \$3,950,000. The listing price at the time of sale was \$2,783,000. The property was listed for sale for 357 days with an original asking price of \$3,950,000. The listing price at the time of sale was \$2,783,000.

Sale #V6 (Crossland) ~ is located on the east side of Airport Road, northeast of the City of Paso Robles and is bounded by the Estrella River to the north and east. This property is located in the Paso Robles Estrella District, a sub-appellation of the Paso Robles AVA. The land use consists of 76.94 gross acres of wine grape vineyard, a 2.75 acre site, 12.13 acres of non-vested plantable land and 1.64 acres of non-productive/waste land. Water is provided by two agricultural wells with an estimated production of 570 gallons per minute and a domestic well. Structural improvements are extensive and include a main residence with detached garage, guest quarters, secondary residence with attached garage, shop building, storage building, two storage sheds and an equipment shed/barn. Site improvements for the main residence include entry porch, breeze-way, large concrete patio with outdoor kitchen, several arbors, 240 sf in-ground lap pool, bocce ball court, extensive landscaping, concrete flat work, asphalt driveway, and septic system(s). Site improvements associated with the secondary residence include an entry porch, patio off the back of the home, minimal landscaping, asphalt driveway, and septic system. Other site improvements include wells, water delivery systems, corral pipe fencing, entry gates, and perimeter fencing. The majority of the vineyard (blocks 4-7) was developed in 1998 on 8' x 7' spacing (778 vines per acre). Blocks 1-3 were developed in 2016 & 2017 and are part of redevelopment plan for the vineyard. This portion of the vineyard is on modern 8' x 5.25' spacing (1,037 vines per acre) using a similar VSP trellis system design as the older portion of vineyard. Overall, the vineyard demonstrates average to good uniformity & vigor, and is in average to good condition. The vineyard is managed using farming techniques that limit yields with the expectation of producing higher quality wine grapes. The grapes are currently contracted by local winery for an average of \$2,300/ton with a limit of 4 tons per acre. Annual average production for 2018 and 2019 (excluding 2018 production for the '16 & '17 plantings and the '17 plantings for 2019 figures) was 4.33 tons/acre and 3.96 tons/acre respectively.

At the time of sale, this property was listed with Jenny Heinzen of Jenny Heinzen Real Estate for \$3,890,000. According to the local MLS, the property was initially listed for sale on February 8, 2019 with Mid Coast Properties for \$4,500,000. On June 6, 2019 the listing expired and was relisted for sale on June 18, 2019 with Jenny Heinzen for the current asking price of \$3,890,000. The property was initially under contract on October 29, 2019 for a purchase price of \$3,750,000. On or around November 15, 2019 this pending sale was canceled and the property was back on the market at the current offering price of \$3,890,000. On December 16, 2019, a subsequent offer to purchase the subject property was accepted by the seller in the amount of \$3,600,000. Overall, the property had been listed for sale for approximately 287 days.

LAND VALUATION SUMMARY

Based upon the comparison analyses provided herein, the market value of the subject's underlying open land would be logically supported within the indicated range of value. The cited sales are current for this market, are located in a similar farming region and have similar farming capabilities. The data utilized is deemed to provide a reliable range of values.

The subject is located in the San Miguel District of North County, an area that has historically been viewed as a secondary grape growing and winery region with rural residences scattered throughout. Few parcels become available for sale within the market area and those that are available are generally obtained aggressively by local growers.

The cited sales provide an overall range of value from \$20,000/acre to \$30,242/acre for acreage that is suitable for development to permanent plantings and structural improvements due to terrain and water supplies. However, the ancillary land value for non-plantable areas is much lower at between \$500/acre and \$1,000/acre while residential/winery sites command prices ranging from \$100,000 to \$350,000 per site.

Value estimation throughout this approach utilizes a bracketing technique or relative comparison analysis. Absolute, dollar quantitative adjustments are not realistic through matched pair analyses within this imperfect market. Greatest support through this sale comparative process is proved by viewing the subject in relation to the sales cited.

Sales #V1 and #V3 are very recent transactions while Sale #V5 is a slightly more dated transaction that are all located in areas equivalent to east side districts. All have very similar quality soils and water conditions. Access and road frontage are also very similar to that of the subject. As a result, all are rated as similar to the subject's underlying vested plantable land at prices of \$23,311/acre, \$22,000/acre and \$20,000/acre, respectively. Meanwhile the ancillary native land is also rated as similar at prices of \$500/acre, each.

Sale #V2 is a recent transaction that is actually situated within fairly close proximity to the subject property, but is situated within the Adelaida District, which commands higher fruit and real estate prices. Therefore, it is rated as overall slightly superior to the subject's vested plantable land at a price of \$30,242/acre. The ancillary native land is not affected by location as it has no vineyard use, resulting in a similar rating at a price of \$1,000/acre.

Sale #V4 is one of the more dated transactions but was included for its larger size. The soil quality and water supply are similar to the subject. Although the buyer purchased with the intent of removing the vines, the presence of the vines forced the buyer to pay a little more for the property, resulting in a slightly superior rating at a price of \$25,000/acre. The ancillary land, on the other hand, is considered similar at a price of \$500/acre.

Sale #V6 is located within fairly close proximity to the subject and is one of the most recent transactions within the market. The size of the property, shape, topography and soil quality are all quite similar to the subject. While the plantable land portion is physically quite similar to the subject, it is noted that this portion of the property has never been irrigated and is not eligible to be irrigated due to the current groundwater ordinance. Thus, it is considered non-vested plantable land. This inability to apply irrigation water to the plantable land resulted in an overall slightly inferior rating in comparison to the subject's plantable land at a price of \$8,000/acre.

LAND VALUATION SUMMARY, continued

Based on the data presented herein, the subject is best represented closer to the bottom of the overall range of values due to its San Miguel location. It is evident from the data presented herein that Sales #V1, #V3 and #V5 are the best indicators of value for the subject's vested plantable land at prices of \$23,311/acre, \$22,000/acre and \$20,00/acre, respectively. Sales #V2 and #V4 provide good support via "less than" indications of \$30,242/acre and \$25,000/acre, respectively. Sales #V1 and #V3 are the most current transactions that are situated within the very similar Estrella District. Sale #V5 is also similarly located but is a slightly older transaction. Based on these three transactions, a value of **\$22,000/acre** is concluded as most appropriate for the subject property's underlying plantable land associated with the vineyards, abandoned vineyards and olive orchard (equivalent to plantable open land) and all support acreage necessary for the operation of the vineyard, such as farm roads and well site areas.

All of the sales indicated non-usable ancillary land similar to that of the subject. The ancillary land on all of the sales varied from a low of \$500/acre to a high of \$1,000/acre. Realizing that this is a fairly broad range of prices, it cannot be ignored that this applies to 21.00 acres of the subject property and that any variation in pricing results in minimal value difference, especially given the low value indications. Although there is a range in price allocations, it cannot be ignored that only one transaction indicates a value of \$1,000/acre and it is located within the Adelaida District while all four of the other transactions indicate a value of \$500/acre for the ancillary land. With most emphasis on the four transactions, a value of **\$500/acre** is applied to the ancillary land on the subject property.

The final component to calculate is the value of the residential site. Most of the sales contained herein are located east of Highway 101 and regarded as East Paso Robles. Most have very similar values within the market. They also share similar views and desirability, but the Adelaida District location of Sale #V2 warranted a slightly superior rating at \$300,000 while the much larger sizes of the sites on Sales #V4 and #V6 also warranted a slightly superior ratings at prices of \$350,000 and \$200,000. Sales #V1, #V3 and #V5 are most similar in sizes at 1.00, 1.50 and 1.00 acres in size and have very similar locations with similar amenities. Therefore, all are rated as overall similar at prices of \$100,000, \$150,000 and \$150,000, respectively. With two of the three transactions indicating price allocations of \$150,000, a value of **\$150,000** is concluded as most appropriate for the subject's residential home site.

Once the individual values of the subject's three land components are determined, they can be multiplied by the respective acreage to provide a total underlying land value for the subject property. The market value of the subject property's underlying land (farmed land, plantable land, supporting farm avenues, residential site and ancillary land) via the sales comparison analysis is stated as follows:

Land Value Contribution

±133.00 acres of underlying plantable land & support @ \$22,000/ac. = \$2,926,000
±21.00 acres of non-plantable ancillary land @ \$500/ac. = \$10,500
±1.00 acres of residential building site @ = \$150,000
Total Land Contribution: = \$3,086,500

VINEYARD DEVELOPMENT COSTS

Development cost figures for the subject and sale properties were primarily obtained from cost sheets published by the University of California Cooperative Extension (UC) as well as from actual development budget information provided by the property owner. The UC data that is referred to is cited in the publication "Production and Sample Costs to Establish a Vineyard and Produce Wine Grapes" for the Central Coast region. However, this publication is somewhat dated. In order to utilize more current data, the publication of "Sample Costs to Establish and Produce Wine Grapes" for the North Coast region was also utilized. It is recognized that vineyard development within the North Coast region share some parallels with those of the Central Coast, but development costs are generally slightly higher, warranting some adjustments to the data therein. Additional sources include actual development costs of similar wine grape developments in the region that has been obtained from historical vineyard developments within the Central Coast region. The data from all sources was considered for utilization herein and adjusted accordingly based on reasonableness and individual characteristics of the subject developments.

The development cost statement provides the appraiser's estimate of developing and operating costs for vineyards until economic maturity (where annual income exceeds annual costs). The reader is reminded that only ± 25.30 acres of vineyard are currently farmed with the remaining ± 93.70 acres being abandoned. Therefore, this analysis applies to the ± 25.30 acres only. The following table summarizes the estimated replacement costs of the subject vineyard blocks. This estimate is well supported by the cost studies cited and the appraisers file data. Refer to the Establishment/Development Cost table within the addendum for a detail of the development.

Description of Improvement	Vineyard RCN / Acre
2004 Planted Vineyard Blocks (Spaced 1meter x 2meters)	\$38,755

VINEYARD DEPRECIATION ANALYSIS

The next step is to determine if there is any depreciation or appreciation attributable to the subject property. To determine the current market value for the wine grapes developed on the subject, the appraiser must derive market depreciation or appreciation for respective sales presented in this report. In order to derive the depreciation rates from those sales, the appraiser must first extract the underlying open land value from the total sales price, as well as any additional non-permanent planting improvement values, such as building improvements, to arrive at a residual value or contributory value for the permanent planting improvements only. Replacement Cost New figures are then derived to establish the cost to develop the mature producing vineyards. The vineyard contributory values are then subtracted from the Replacement Cost New value to arrive at the total depreciation indicated by the individual sale.

VINEYARD DEPRECIATION ANALYSIS, continued

These depreciated or appreciated values are then divided by the overall weighted effective age of the vineyards to arrive at an annualized depreciation or appreciation rate. Currently, demand for wine grape vineyards appears to be strong for younger vineyards with modern varieties, resistant rootstock and spacings, but much weaker for older vineyards in fair condition on their own rootstock. Wine consumption and resulting demand for grapes appears to be relatively stable over the past 18 months, resulting in relatively static profitability within the market for good vineyards. Several sales of wine grape vineyards were found in the market and analyzed herein. The reader is reminded that many of these sales are the same transactions that were utilized in the land valuation, but that is due to the limited sales activity within the market and multiple land uses on each transaction, warranting their inclusion herein.

Depreciation and/or appreciation rates were extracted from several wine grape vineyard sales. While no single sale stands out as an ideal indicator for any of the subject blocks, together, they provide a range of rates from which to derive depreciation or appreciation for the subject. It is recognized that this data is somewhat weak, but it is the best data available for this commodity.

VINEYARD SALES DEPRECIATION ANALYSIS						
Wine Grape Sale Number	(Sale #V1)	(Sale #V2)	(Sale #V3)	(Sale #V4)	(Sale #V5)	(Sale #V6)
Buyer's Name	Sran	GJD Holdings	Brown Pelican	Asellus-PR	Dam Fine	Crossland
Sale Date	8/2/2019	6/12/2018	2/8/2018	10/31/2017	8/2/2017	1/24/2020
Parcel Size	130.12	80.83	316.40	726.16	119.90	93.46
Adjusted Sales Price/Acre	\$23,311	N/A	\$34,479	\$50,871	\$24,566	\$29,404
Less Underlying Open Land Value	(\$20,000)	N/A	(\$22,000)	(\$25,000)	(\$20,000)	(\$22,000)
Vineyard Contributory Value	\$3,311	N/A	\$12,479	\$25,871	\$4,566	\$7,404
Replacement Cost New	\$29,294	N/A	\$31,444	\$32,200	\$28,521	\$30,740
Total (Deprec.)/Apprec.	(\$25,984)	N/A	(\$18,965)	(\$6,329)	(\$23,955)	(\$23,336)
% (Depreciation)/Appreciation	-88.70%	N/A	-60.31%	-19.65%	-83.99%	-75.91%
Weighted Effective Age	20	N/A	15	17	17	22
Annual (Deprec.)/Apprec. Rate	-4.43%	N/A	-4.02%	-1.16%	-4.94%	-3.45%

*Vineyard allocations only - Adjusted for wasteland, if substantial, open land, and buildings, etc.

The reader is reminded that appreciation is reflected by positive rates while negative rates reflect depreciation. In fact, all of the sales reflect rates of depreciation. The depreciation rates range from a low of 19.65% to a high of 88.70%. While this data can be somewhat confusing on the surface, upon closer observation a trend can be ascertained.

VINEYARD DEPRECIATION ANALYSIS, continued

One issue to consider is the application of overall depreciation versus annual depreciation. The sales are analyzed on an overall depreciation rate as well as on an annualized basis. However, the data does suggest that the market is more reflective of an overall rate of depreciation for vineyards. Annualized rates range from a low of 1.16% depreciation to a high of 4.94% depreciation. The market has historically indicated that there is an inverse relationship to the ages of the plantings with the oldest vineyards actually indicating the lowest annualized depreciation rate and the youngest sale showing the highest annualized rate. This is an indication that the market reflects depreciation as a lump sum that is applied early in the development and not on an annualized basis, especially due to the fact that the majority of the development costs are incurred within the first year of development. Therefore, an overall rate of depreciation will be applied herein.

Another issue to consider is whether the vines are planted on resistant rootstock or their own roots. All of the subject's plantings are developed on resistant roots which is preferable within the market. As will be exhibited within the sales comparison approach, Sales #V5 and #V6 are rated as most similar to that of the subject with overall depreciation rates of 83.99% and 75.91%, respectively. The other sales appear to bracket the abbreviated range indicated by these two transactions. Neither sale stands out as the best indicator for the subject, resulting in a rate indication selected near the middle of the narrowed range. With that in mind, an overall depreciation rate of **80.00%** is selected for the subject vineyards.

INDICATION OF VALUE BY COST APPROACH

The indicated value for the subject property is summarized on the following table to provide for a total property value of the real estate (land and permanent planting improvements) by the cost approach to value.

COST APPROACH TO VALUE INDICATION	
Analysis	"As Is"
Per Acre Replacement Cost New of Vineyard Plantings	\$38,755
Effective Age (years)	18
Indicated Annual Physical Depreciation (per year)	N/A
Total Percent Depreciation	-80.00%
Total Depreciation	(\$31,004)
Depreciated RCN / Acre	\$7,751
Acres Developed	25.30
Total Mature Vineyard Contribution	\$196,101
Land/Site Value indication by Sales Comparison	\$3,086,500
Total Value as indicated by the Cost Approach:	\$3,282,601
ROUNDED:	\$3,280,000

**Rounded to the nearest \$10,000*

SALES COMPARISON APPROACH

A set of procedures in which a value indication is derived by comparing the property being appraised to similar properties that have been sold recently; applying appropriate units of comparison and making adjustments to the sale prices of the comparables based on the elements of comparison. The sales comparison approach may be used to value improved properties, vacant land, or land being considered as though vacant; it is the most common and preferred method of land valuation when comparable sales data are available.

The sales comparison approach to value uses sales of comparable properties, adjusted for differences, to indicate a value for the subject property. Valuation is often accomplished using a physical unit of comparison such as a price per acre, or an economic unit of comparison, such as a gross rent multiplier. Adjustments are applied to the physical units of comparison derived from the comparable sales and then the units of comparison are applied to yield a value indication for the subject property.

Value estimation through this approach utilizes a bracketing technique or relative comparison analysis. Absolute, dollar quantitative adjustments are not realistic through matched pair analyses. Viewing the subject property in relation to the cited sales provides the greatest support through this sale comparative process.

All sales have a common highest and best use. The terms and motivation behind the sales were confirmed with a principle to the transaction. The value of buildings, personal property and any other concessions or adjustments as allocated from the sale price is for the purposes of these analyses.

An extensive search for recent market sales of properties sharing similar characteristics as the subject was completed. However, very few current sales of premium wine grape vineyards occur in the area around the subject as the market area is dedicated to a wide variety of uses. Furthermore, properties are generally very tightly held and seldom enter the open market. Due to the limited supply of properties available for sale, these properties all compete for the same buyers within the market and are considered good indicators of value for the subject property.

The cited sales utilized herein were selected as the most current and comparable to the subject property. All cited sales are located within the market area under consideration. Date of sale (market conditions), location, soils, land use (plantings), age, condition, and water conditions are the main elements of comparison between the sales and subject. The financing aspects of each sale were reviewed prior to analysis and none of the cited sales required adjustments for financing terms; however, any adjustments for personal property and/or incurred cultural costs were made prior to comparison.

VINEYARD ANALYSIS COMMENTS

The following elements of comparison are used to compare the sales to the subject vineyard.

Conditions of Sale ~ Conditions of sale reflect the motivations of the buyers and sellers as to whether the sale is an arm's-length transaction (unusual circumstances). Through the confirmation process, it was determined that the comparable sales were arm's-length with normal circumstances. Thus, all of the transactions are considered similar in regard to conditions of sale.

Cash Equivalency – Financing ~ Cash equivalency adjustment compensates for financing that is atypical; that is, not a cash transaction or its equivalent. All of the sales were cash or cash equivalent; therefore, an adjustment is not warranted.

Market Conditions (Time of Sale) ~ The market data suggests a relatively strong market for vineyards from 2000 through 2008 with a softening of the market from 2009 through 2012. However, the market appears to have stabilized within the past three years. All of the sales closed within the past 42 months. Therefore, all are rated as similar in regard to market conditions at the times of sale.

Location ~ Location can have a dramatic impact on the value of properties within this market. Not only are micro-climatic conditions important, but also visibility along major roadways or wine trails will have an impact on market prices. The subject property is located within the secondary San Miguel District of the Paso Robles AVA. Five of the sales are similarly located within the Estrella and San Juan Districts, which command prices similar to those within the subject's San Miguel District. However, the premium pricing received within the Adelaida District warranted a slightly superior rating to Sale #V2.

Zoning ~ The subject and all of the sales are zoned AG; Agriculture. Thus, all are rated as similar to the subject within this category.

Size ~ The subject includes a total of 155.00 assessed acres with ± 25.30 acres being farmed as vineyards while the cited comparable sales range in parcel size from 80.83 acres to 726.16 acres. An attempt was made to find as similar sized transactions as possible, resulting in the selected set of sales data. Historically, parcel size comparisons related to the total dollars necessary to acquire a property. As the number of acres increases, the total dollars required to purchase the property also increases. Thus, there tends to be fewer qualified buyers for very large properties, which reduces competition. Conversely, there tends to be a greater number of buyers for smaller parcels, which increases competition (value). The current market is saturated with various types of buyers ranging from smaller operators actively seeking assemblage parcels to large investment companies actively seeking large 'economy of scale' properties. All are financially capable of aggressive pricing. Thus, no adjustments for size are considered necessary to the sales.

VINEYARD ANALYSIS COMMENTS, continued

Access/Road Frontage ~ The subject property has dirt road access along the north side of the Texas Road alignment and is ± 1.5 miles from State Highway 101, the main corridor through the market area. Thus, the subject is considered to have average access/road frontage. All of the sales have similar paved or dirt road access. The market reflects no real difference for properties with paved road access versus dirt road access, resulting in similar ratings herein.

Shape/Uniformity ~ This category relates to the uniformity of the property. The subject is slightly irregular in shape, but not to a point where it negatively affects its farmability or marketability. In fact, it is considered fairly uniform for the area. The cited sales are generally well laid out as well with some slightly irregularities, similar to that of the subject.

Soils ~ The subject's soil is primarily comprised of capability class 2, 4 and 7 series. They are well drained and suitable for the production of excellent quality fruit. The sales have very similar quality soils, warranting similar ratings herein.

Utilities ~ The subject has typical rural utilities available on site. The presence of the utilities affords a much more economical and generally more favorable atmosphere for development. All of the sales also have utilities available at the street, similar to that of the subject property.

Topography ~ Steep topography not only inhibits the ability to develop permanent plantings, but also affects grazing capacity for livestock. The subject's plantable, support and structural areas have gently undulating topography while the native pasture ranges from gently undulating to fairly steep. The sales have similar topography, resulting in similar ratings.

Vineyard Varieties ~ This category compares the desirability of the various varieties on the sales properties to those on the subject. The Cabernet Sauvignon and Petite Sirah varieties planted on the subject property are desirable within the market and reflect good condition. The sales all have varieties that have relatively similar desirability within the market, resulting in similar ratings within this category.

Vineyard Age ~ Although vines can have economic lives of up to 50 years, the younger vines do tend to produce higher yields of good quality fruit, resulting in slightly greater demand for the younger orchards that have more years of remaining economic life. The subject are starting to get a little older at 18 years old, but still have a productive life ahead of them. Sale #V4 is rated as slightly superior with an average age of 12 years while Sales #V1, #V3, #V5 and #V6 are rated as slightly inferior with ages from 21 to 30 years.

Vineyard Condition ~ Planting condition relates to the overall growth, vigor and uniformity of the vineyards, which typically reflects the general health of the plantings. Overall, the subject vineyards reflect fairly average condition. The vineyard on Sale #V5 similarly reflects average condition, but the poor condition of the vineyard on Sale #V1 warrants a slightly inferior rating. Sales #V3, #V4 and #V6, on the other hand, reflect average to good condition that is slightly superior to that of the subject.

VINEYARD ANALYSIS COMMENTS, continued

Average Production ~ Although production is partially a factor of management, buyers do consider historical yields when purchasing vineyard properties. Obviously, higher yields are preferred over lower production. Actual production records for the subject property were not provided, but management anticipated historical yields to be near 2 tons/acre. The poor production of Sale #V1 is rated as slightly inferior to the subject while the good production of Sales #V3, #V4 and #V6 with yields of 4 tons/acre to over 8 tons/acre resulted in slightly superior ratings within this category. The ± 2.50 tons/acre yield on Sale #V5 warranted a similar rating.

Rootstock ~ Although own rootstock can sometimes result in superior quality fruit, it is susceptible to phylloxera. As such, the market generally shows a preference to vineyards planted on disease resistant rootstock. The subject and all of the sales are planted on disease resistant rootstock, resulting in similar ratings within this category.

Water Supply ~ The subject property is irrigated via one on-site well and two shared off-site wells. The sales are similarly improved with wells, resulting in similar ratings to all.

Overall Comparison Rating ~ The overall rating is made after all the elements of comparison are considered. This rating reflects the appraiser's overall judgment of market reaction to the subject based the particular sale indicator. Thus, a sale rated as similar would indicate that a similar market response exhibited by the sale could be expected for the subject. Hence, a market value near the particular sale price would be expected. When an inferior rating is applied, the judgment is that the sale property has inferior characteristics; thus, a market value above the sale indicator would be expected for the subject property. Conversely, when a superior rating is applied a market value below the sale indicator would be expected.

VINEYARD SALES COMPARISON ANALYSIS

The following vineyard sales are compared to the subject property within this analysis. The sales information is cited and analyzed in the following grid resulting in a value of the subject's vineyard plantings that is based on a price per acre basis.

COMPARABLE VINEYARD SALES ANALYSIS							
	SUBJECT	(Sale #V1)	(Sale #V2)	(Sale #V3)	(Sale #V4)	(Sale #V5)	(Sale #V6)
Buyer Name		Sran	GJD Holdings	Brown Pelican	Asellus-PR	Dam Fine	Crossland
Seller Name		Armour Ridge	Desmond	Cross Canyon	C Rava	Laird Vineyard	Plate
Sale Recording Date		8/2/2019	6/12/2018	2/8/2018	10/31/2017	8/2/2017	1/24/2020
Document No.		31509	24056	5188	50026	34114	3712
County	SLO	SLO	SLO	SLO	SLO	SLO	SLO
Location	NW Paso	East Paso	West Paso	East Paso	Shandon	East Paso	East Paso
AVA District	San Miguel	Estrella	Adelaida	Estrella	San Juan Creek	Estrella	Estrella
Assessor's Parcel No.	027-145-002	026-183-009+	026-233-008	019-051-045+	017-251-018+	026-183-014	027-191-051
Gross Ac./Size	155.00	130.12	80.83	316.40	726.16	119.90	93.46
Terms/Financing	Cash Equiv.	Conv.	Conv.	Conv.	Conv.	Conv.	Conv.
Nominal Sale Price		\$2,400,000	\$2,535,000	\$8,500,000	\$38,700,000	\$2,500,000	\$3,600,000
Market Adj. Sale Price		\$2,400,000	\$2,535,000	\$8,500,000	\$38,700,000	\$2,500,000	\$3,600,000
Personal Prop. Contrib.		NONE	NONE	NONE	(\$2,000,000)	NONE	NONE
Building Contribution		NOMINAL	(\$490,870)	"	(\$704,418)	(\$14,400)	(\$786,360)
Land Allocation		\$2,400,000	\$2,044,130	\$8,500,000	\$35,995,582	\$2,485,600	\$2,813,640
Mkt. Adj. Land \$/Acre		\$18,445	\$25,289	\$26,865	\$49,570	\$20,731	\$30,105
Vineyard Acreage	25.30	98.00	None	189.60	691.60	90.73	76.94
Value of Vineyard	N/A	\$2,284,440	N/A	\$6,537,250	\$35,182,702	\$2,228,890	\$2,515,780
Vineyard Value/Ac.	N/A	\$23,311	N/A	\$34,479	\$50,871	\$24,566	\$32,698
Plantable Ac.	107.70	None	57.00	81.40	14.80	4.75	12.13
Value of Plantable	N/A	N/A	\$1,723,800	\$1,790,800	\$370,000	\$95,000	\$97,040
Plantable Value/Ac.	N/A	N/A	\$30,242	\$22,000	\$25,000	\$20,000	\$8,000
Winery/Home Site Ac.	1.00	1.00	3.50	1.50	5.00	1.00	2.75
Value of Home Site	N/A	\$100,000	\$300,000	\$150,000	\$350,000	\$150,000	\$200,000
Home Site Value/Ac.	N/A	\$100,000	\$85,714	\$100,000	\$70,000	\$150,000	\$72,727
Ancillary Acreage	21.00	31.12	20.33	43.90	5.76	23.42	1.64
Value of Native	To Determine	\$15,560	\$20,330	\$21,950	\$2,880	\$11,710	\$820
Native Value/Ac.	"	\$500	\$1,000	\$500	\$500	\$500	\$500
ELEMENTS OF COMPARISON - PER ACRE							
Vineyard/Ac. Indication	SUBJECT	\$23,311	N/A	\$34,479	\$50,871	\$24,566	\$29,404*
Conditions of Sale	Market	SIMILAR	N/A	SIMILAR	SIMILAR	SIMILAR	SIMILAR
Cash Equivalency	Cash Equiv.	"	"	"	"	"	"
Market Conditions	1/21/2021	"	"	"	"	"	"
Location	NW Paso	"	"	"	"	"	"
Zoning	Agriculture	"	"	"	"	"	"
Size (Acres)	155.00	"	"	"	"	"	"
Access/Road Frontage	Paved/Good	"	"	"	"	"	"
Shape/Uniformity	Uniform	"	"	"	"	"	"
Soils	Class 2,4&7	"	"	"	"	"	"
Utilities	Limited Rural	"	"	"	"	"	"
Topography	Undulating	"	"	"	"	"	"
Vineyard Varieties	CS & PS	"	"	"	"	"	"
Vineyard Age	18th Leaf	SL INF	"	SL INF	SL SUP	SL INF	SL INF
Vineyard Condition	Fair-Avg.	"	"	SL SUP	"	SIMILAR	SL SUP
Average Production	Est. 3 Tons	"	"	"	"	"	"
Rootstock	Resistant	SIMILAR	"	SIMILAR	SIMILAR	"	SIMILAR
Water Supply (Irrig.)	Well	"	"	"	"	"	"
Overall Comparison	SUBJECT	INFERIOR	N/A	SL SUPERIOR	SUPERIOR	SL INFERIOR	SL SUPERIOR
Indicated Market Value		more than	N/A	sl less	less than	sl more	sl less
of Vineyard/Acre:	To Determine	\$23,311	N/A	\$34,479	\$50,871	\$24,566	\$29,404*

VINEYARD ANALYSIS COMMENTS & VALUATION

The subject property is developed to a fairly average vineyard that features market accepted varieties with a low production history. There is also an adequate supply of irrigation water via one on-site and two off-site deep well pumping plants. The subject also includes an average home site with modest views and access. The six sales include mature wine grape vineyards that provide a reliable range of values applicable to the subject property.

Sale #V1 is a similar sized property has similar quality soils, topography and vineyard varieties. Water conditions are also similar, but the older age and fair to average condition of the vineyard resulted in an overall slightly inferior rating at a price of \$23,311/acre.

Sale #V3 is a fairly recent transaction of a similar sized property east of Paso Robles. The soils, topography and water conditions are similar to the subject. It is noted that the vines on this transaction are older than those of the subject, but that aspect is more than offset by the average to good condition of the vines and 4 to 5 tons/acre yields. As a result, this sale is rated as overall slightly superior to the subject at a price of \$34,479/acre.

Sale #V4 includes a slightly larger property located near Shandon. The soils, topography and water condition are similar to the subject, but the younger age, good condition and high yields of this property resulted in an overall superior rating at a price of \$50,871/acre.

Sale #V5 is a similar sized property situated east of Paso Robles. It has similar soils, topography and water conditions. The condition and yields are fairly similar to those of the subject, but the older age of the vines resulted in an overall slightly inferior rating at a price of \$24,566/acre.

Sale #V6 is the most current transaction within the market. It includes a similar sized property situated east of Paso Robles with similar soils, water conditions and topography. It is noted that the older age of the vineyard is slightly inferior to the subject, but that aspect is more than offset by the better condition and higher yields. The reader is advised that this sale has two different blocks with one being older and allocated a price of \$29,404, while the smaller block of 4th and 5th vines are allocated at \$40,000. For this analysis only the older vineyard is analyzed. As a result, this sale is rated as slightly superior to the subject vineyard at a vineyard at an allocated price of \$29,404/acre.

Again, the subject property is a fairly average quality vineyard that has is located within the San Miguel District of the Paso Robles AVA. All of the sales with vineyard sales utilized herein are also located within east-side districts. Unfortunately, no single sale stands out as the best indicator of value for the subject, but together, they provide a reliable range of values applicable to the property. In fact, it is determined that Sales #V1 and #V5 indicate values greater than \$23,311/acre and \$24,566/acre, respectively while Sales #V3, #V4 and #V6 indication values less than \$34,479/acre, \$50,871/acre and \$29,404/acre, respectively. While this range appears daunting on the surface a review of the highest inferior indicator (Sale #V5) and the lowest superior indicator (Sale #V6) results in a narrowed range from greater than \$24,566/acre to less than \$29,404/acre. The Sale #V1 and #V3 transactions support this abbreviated range. Of the two best indicators, both are similar in size and located within fairly close proximity. It is noted that the vineyard condition on Sale #V5 is most similar to the subject, but Sale #V6 is the most current transaction in the market. Neither sale stands out as best. Therefore, a value near the midpoint of the two transactions is selected herein. With that in mind, a unit value of **\$27,000/acre** is selected as most appropriate for the subject vineyard plantings.

VINEYARD ANALYSIS COMMENTS & VALUATION, continued

The subject property also includes ± 93.70 acres of abandoned vineyards equivalent to open plantable land, ± 9.00 acres of supporting farm roads and ± 5.00 acres in an old olive orchard that are also equivalent to plantable land, ± 1.00 acre in a fairly average home site and ± 21.00 acres of non-productive waste acreage. Rather than reanalyze the land sales contained within the cost approach, the value of those three components is carried over from the land analysis section of the cost approach. As discussed within the cost approach analysis, a unit value of **\$22,000/acre** is allocated to the open plantable land, supporting farm roads and old olive orchard while the non-productive ancillary acreage is allocated a unit value of **\$500/acre** and the home site is allocated a value of **\$150,000**.

INDICATION OF VALUE BY SALES COMPARISON APPROACH

A detailed analysis of the subject property valuation, based on the per unit value contributions as described in the sales comparison approach above is included in the following table:

SALES COMPARISON APPROACH INDICATION				
Land Description	Size Acres	Unit	Indicated Unit Value (\$)	Total Value
Mature Wine Grape Vineyards	25.30	Ac.	\$27,000	\$683,100
Support Acreage (Farm Roads & Olive Orchard)	14.00	"	\$22,000	\$308,000
Old Vineyards Equivalent to Plantable Land	93.70	"	\$22,000	\$2,061,400
Residential Home Site/Farmstead	1.00	"	\$150,000	\$150,000
Waste Acreage (Non-Plantable)	21.00	"	\$500	\$10,500
<i>Sub-Total of Land Values</i>				\$3,213,000
Building Improvements (Includes Site Improvements)				\$0
Total Value By Sales Comparison Approach:				\$3,213,000
ROUNDED TOTAL VALUE:				\$3,210,000

*Rounded to the nearest \$10,000

RECONCILIATION AND FINAL VALUE CONCLUSION

The three approaches to value accepted by the appraisal industry are used to provide a value opinion of the subject property. A brief discussion of the three approaches and their indicated values follows:

- The **cost approach** to value is based on the premise that a buyer will pay no more for a property than the replacement or reproduction cost new (RCN) of a similar improvement(s), less all forms of depreciation, plus land value and assuming the process can be accomplished without undue delay. The subject includes permanent planting improvements of value. Therefore, the cost approach was applicable in the valuation of the subject property. The improvement contributions, which were combined with the underlying land contribution from a sales comparison analysis, resulted in a total rounded value indication stated as follows:

COST APPROACH VALUE INDICATION:
\$3,280,000

- The **sales comparison approach** is based on the principle of substitution. Limited, but sufficient sales data of wine grape vineyard properties were available from which to derive a credible market value indication for the subject property via the sales comparison approach as follows:

SALES COMPARISON APPROACH VALUE INDICATION:
\$3,210,000

- The **income approach** is based on the anticipation of future income streams, which will reflect value by applying capitalization rates derived from the analysis of comparable sales. The subject property is considered an income earning farming unit, but it cannot be ignored that only about 20% of the farmable acreage is actually being farmed with the remainder having abandoned vineyards. The lack of income earning capabilities on the 80% of the farmable land precluded the income approach as a reliable indicator of value, warranting its exclusion herein.

INCOME APPROACH VALUE INDICATION:
N/A - Excluded

RECONCILIATION AND FINAL VALUE CONCLUSION, continued

In summary, two of the three industry accepted approaches to value the subject property have been completed in this appraisal assignment. Rounded value estimates by sales comparison and cost approaches correlate closely since the data extracted from the market is the basis for each approach. Adequate open land sales, replacement cost data and market derived depreciation resulted in a reliable value indication via the cost approach. The market data included sufficient comparable sales to provide a relatively sound basis for comparison within the sales comparison approach. However, the limited income earning capabilities due to the fact that $\pm 80\%$ of the property is dedicated to abandoned vineyards, precluded reliability of the income approach to value, warranting its exclusion herein.

The variance between the sales comparison and cost approach value indicators is fairly modest with less than a 3% difference. It is recognized that the sales comparison approach best reflects the actions of buyers and sellers within the market, but the cost approach was based on the same market data as the sales comparison approach, resulting in a high degree of reliability therein as well. Based on the data presented herein, the final value conclusion is reconciled between the sales comparison and cost approach indications.

It is recognized that the subject property was recently purchased via Quit Claim Deed on 10/28/2020 at a price of \$4,300,000. However, the actual terms of the purchase and motivations of the buyer and seller have been somewhat murky and a full explanation has not been provided. Furthermore, a copy of the purchase contract was not provided. It is apparent that the sales data presented herein does not support a value equivalent to the purchase price. Therefore, it is difficult, if not impossible, to appropriately analyze the recent transfer of the subject, precluding reliability of the recent sale. With this in mind, the value stated herein is based solely on the sales data obtained within the market.

**“AS IS” MARKET VALUE AS OF 01/21/2021
IS AS FOLLOWS:
\$3,250,000**

LIQUIDATION VALUE ANALYSIS

This market liquidation analysis was performed through a survey of regional banking and financial institutions, real estate brokers, as well as a survey of sale data. This process was performed in order to assess the potential discount in terms of value that would be applicable to the property in question if it were to be marketed in a time frame less than that stated as a typical marketing period in the market value range opinion as a bank acquired property. The reduction in exposure time of a particular property typically results in a decreased sale price, often regarded to as the Liquidation Value. The liquidation analysis is described below.

LIQUIDATION VALUATION

The concluded marketing period, to achieve sale, for each property is estimated between four and nine months; provided the given asking price is reasonably congruent with the stated value within this report. No consideration is given to any contingencies that may occur. Additionally, the stated marketing period does not consider delays due to lender financing or agreed extensions, i.e. tax purposes or 1031 exchanges.

The client did not indicate a time frame for a liquidation sale valuation based on the "As Is" value as of the date of inspection. Therefore, a six month holding period is utilized herein.

The Dictionary of Real Estate Appraisal, Sixth Edition 2015, defines Liquidation Value as "The most probable price that a specified interest in property should bring under the following conditions:

1. Consummation of a sale within a short period of time.
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 U.S. 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."

LIQUIDATION VALUATION, continued

This definition can be modified to provide for valuation with specified financing terms.

The set liquidation period of six months is within the current marketing expectations for similar properties listed within the prevailing market acceptance. Properties placed on the market well above market acceptance tend to languish for extended periods and asking prices are eventually reduced over the listing term. Some listings are allowed to expire and then after a short period are placed back on the market at a slightly lower price. These sellers are basically fishing the market. Within the past couple of years values have steadily trended upward; hence, some listings initially viewed as above market eventually sold at the perceived "higher" price. In these cases, the sellers were under no pressure to liquidate and were basically waiting the market.

The current market environment in the general agricultural sector remains in balance. The market consists with buyers actively targeting properties for assemblage. These buyers have the financial capability to compete aggressively and are supported by lenders offering competitive terms and interest rates. Hence, given the number of buyers, and the ease of available credit, land sales can be consummated in a relatively short period.

A survey of agricultural lenders indicated that they often have difficulty in providing funding for projects in less than twelve weeks due to the underwriting required in order to fully document and close a loan (appraisals, credit analysis, and loan documentation). Hence, conventional financing through institutions may extend escrow periods but fall well within the client's defined exposure period.

As related to real estate, the cost of conveyance generally includes realtor commission and ancillary costs associated with closing a sale such as escrow charges and legal fees (document review). Broker commissions are negotiable but generally fall in the range of 2% to 5% of the sale's price. The appraisers will utilize a 4% broker's commission due to the moderate size of the subject property. Ancillary closing costs can vary depending on complexity of a property; however, a set allowance of \$15,000 is applied.

Holding or possession of real estate also has associated costs that must be factored. Possession costs preserve the asset during the estimated marketing period. These costs include real estate taxes, irrigation district assessments, insurance and maintenance of buildings. These costs are prorated for the holding period.

The subject property involves a commercial farming and winery parcel that could offer income during the liquidation period. However, no consideration is given for potential crop or wine processing proceeds. Although farming costs must be expended to maintain crop and plant health the market generally reimburses the seller for cultural costs to date; hence, no deductions are required.

Although cultural costs are not deducted, a management fee should be recognized to address the farming oversight of inputs during the holding period. Again, these fees are negotiable but given the short term would likely be on the higher end of the spectrum. Thus, a management fee of 1% of the sale price is considered reasonable; however, will be adjusted upward for the smaller parcels and downward for the larger parcels.

LIQUIDATION VALUATION, continued

The estimated costs to deduct from the concluded value are based on conversations with area sales professionals. The consensus is that reasonable costs of sale (applied to the concluded value) are:

- 0% discount for “quick sale” as there is a ready market; the estimated market values in this report are considered reflective of current market conditions and recognize a marketing period that would be required to allow adequate exposure. Judging that the estimated liquidation period of six months is a reasonable marketing period in itself, no discount would be expected.
- A 4% sales commission is estimated for professionally marketing and selling the asset for most of the ranches. A set allowance of \$15,000 is deducted for closing costs, such as escrow costs and legal consultation (review of documents).
- Possession costs to preserve the asset during the estimated six-month liquidation marketing period (costs include prorated property taxes, irrigation district assessments and if applicable building insurance/maintenance). A management fee (1%) based on market value is also applied.

The liquidation analysis and resulting value estimate is provided in the following model.

Subject Market Value				\$3,250,000
Less 0% Liquidation Discount:				\$0
		Net Sales Price:		\$3,250,000
Less:	Annual	Prorated Months		
Possession Costs (6 Months):				
Real Estate Taxes	\$13,236	6 =	\$6,618	
Insurance/Maintenance (0.8% RCN)		6 =	\$0	
Management Fee/Security	\$32,500	6 =	\$16,250	
Total Possession Costs		=		\$22,868
Cost of Sale:				
Sales Commission	4.00%	=		\$130,000
Ancillary Costs		=		\$15,000
Estimated Total Cost of Possession/Sale:				\$167,868
Estimated Liquidation Value:				\$3,082,132
Rounded:				\$3,080,000

In summary, the estimated liquidation value is judged to adequately reflect market discounting within a six-month holding period, as well as property holding costs and brokerage commission.

**Property #3 – Live Oak Vineyard
±160.00 Acres**

GENERAL PROPERTY DESCRIPTION

SITE DESCRIPTION, DETAILS OF PRESENT LAND USE & PRODUCTIVITY

The subject property consists of 160.00 acres contained within a single assessor's tax parcel. This interior located property is situated $\pm\frac{1}{4}$ mile north of Live Oak Road, being ± 1.30 miles north of Highway 46 and ± 2 miles west of Highway 101 and Paso Robles in northern San Louis Obispo County, California. The subject is dedicated to a wine grape vineyard with large, estate-style house, labor dwelling and shop building. There is also a mobile home on this property, but it is not included in this valuation because it is situated on jack stands and considered personal property. This property also includes ± 17.31 acres of poor vineyards that are not viable, plantable native land and ± 35.07 acres of non-usable ancillary land. Neighboring land uses include a combination of premium vineyards, wineries, native pasture and rural residential home sites. The acreage use details and any reported land productivity are as follows:

Block	Acres	Comments
Field 1	56.44	This field consists of multiple blocks with planting dates varying between 2000, 2006 and 2017. Varieties include Chardonnay, Cabernet Sauvignon, Grenache, Nero D'Avola, Aglianico, Mouvedre, Petite Verdot, Viognier and Syrah. The majority of the vines are spaced 1 meter X 2 meters, resulting in 2,026 vines/acre with ± 33.29 acres supported on a VSP trellis system (see description below). However, there are also ± 23.65 acres supported on a "Tee Pee" system that involves two stakes that are angled to cross at the top with the vines on each stake being head pruned and forming more of a bush like shape. Condition within this field ranges from fair to good, depending on the block.
Field 3	15.16	Six blocks planted in 2000 to Cabernet Sauvignon, Cabernet Franc, Marsanne, Viognier and Petite Sirah. Vines are spaced 1 meter X 2 meters, resulting in 2,026 vines/acre. They are cane pruned due to Eutypa and supported on a VSP trellis system that includes a cordon wire with four movable wires and a top wire. The trellis consists of steel pipe end posts with a steel stake at every 15' (every 5 th vine). Finally, there is a wire beneath the cordon to support the drip hose. There is a $\pm\frac{1}{4}$ " steel rod for support at every vine. This field reflects fairly average condition.
	71.60	Total Farmed Vineyards
Field 2	17.31	This field includes vines that appear to have been planted from 2017 through 2019. Unfortunately, the vines within this field did not take well, resulting in a very high mortality rate. Most buyers would typically remove the vines within this field and redevelop it. The trellis system remains from the original 2000 plantings being a VSP system identical to that in Field 3, except that the vines are planted at every other stake, resulting in a 2 meter X 2 meter spacing for 1,013 vines/acre.
	25.00	Plantable areas that are still native on a moderate hillside.
	113.91	Total Plantable Acres
	7.52	Supporting farm avenues and well sites.
Home Site	2.00	Home site consisting of the estate-type residence with pool, tennis court and extensive landscaping.
Farmstead	1.50	Farmstead area occupied by the labor dwelling, shop and mobile home.
	124.93	Total Net Usable Acreage
	35.07	Ancillary areas contained within non-plantable hillsides that are not suited for development to permanent plantings.
	± 160.00	Total Acres

PRODUCTION HISTORY

Actual production records were not provided.

LEGAL DESCRIPTION

A current legal description was not provided for this appraisal assignment. Therefore, the assessor's parcel map was relied upon for the size and boundaries of the subject property.

OWNERSHIP

According to the property profile records indicated by CoreLogic RealQuest® Professional (an online property information database reporting county records), the subject property is currently vested in the following ownership:

Northern Holding LLC

THREE-YEAR TITLE HISTORY

Per Mr. Lee Coddling and San Luis Obispo County records, the subject property was transferred via Quit Claim Deed (Doc. #61138) on October 28, 2020 with the buyer being Mr. Coddling and the seller being Erich Russell. The purchase price was recorded as \$9,700,000. The property was exposed to the market via a pocket listing by Mr. Jon Ohlgren in excess of one year. Mr. Ohlgren would not disclose the exact length of the exposure or the asking price, citing confidentiality of the property owner, Mr. Erich Russell. However, Mr. Ohlgren did indicate that he was the one to introduce the buyer and seller together. It is noted that Mr. Russell was under duress to sell due to the threat of foreclosure. Mr. Coddling indicated that the value was determined by an appraisal ordered by his lender. A purchase contract was not provided. Analysis of the purchase is difficult due to the murky details provided regarding the marketing and transfer of the subject. There have been no other known transfers or title or attempts at marketing the subject property within the three years preceding the acceptance of this appraisal.

TENURE & OCCUPANCY

The subject vineyard is reportedly operated by Mr. Lee Coddling while Mr. Erich Russell resides within the large house. A rental rate of \$12,000/month was reported by Mr. Coddling, but a copy of the lease agreement was not provided. The second house was reportedly vacant at the time of inspection.

LOCATION AND ACCESS

The subject is an interior located property that is situated $\pm\frac{1}{4}$ mile north of Live Oak Road, being ± 1.30 mile north of Highway 46 and ± 2 miles west of Highway 101 and Paso Robles in northern San Luis Obispo County, CA. There is a physical address reported as 2380 Live Oak Road, Paso Robles, CA.

LOCATION AND ACCESS, continued

Access to Live Oak Road is provided by a dirt avenue that appears to be an easement across the property to the south (APN 026-342-055), which is indicated on the APN map. Live Oak Road provides average year-round access via a dirt and gravel surface that is minimally maintained with no curbs, gutters or sidewalks. It connects with Arbor Road ± 1.20 miles east of the driveway. Arbor Road then goes south ± 0.35 miles to the intersection with State Highway 46. In turn, Highway 46 extends westward to the central California coast and eastward ± 1 mile to State Highway 101, which provides excellent access to Paso Robles, San Luis Obispo and points beyond via connections within the State and Interstate highway systems. Overall, the subject property has average access for the market area.

SIZE, SHAPE, TOPOGRAPHY AND ELEVATION

The subject includes ± 160.00 assessed acres within a single assessor's tax parcel. It is square in shape and is well blocked. It is located at an elevation typical of the surrounding area approximately 800'-900' above mean sea levels. Refer to the Topography Map found within the Addenda for visual details.

UTILITIES AND SERVICES

Typical rural on-site utilities and services are available to the subject property. Utilities consist of electrical service and natural gas provided by Pacific Gas and Electric Company with communication service available from AT&T and other carriers. There are no public water or sewer services available at the property. A domestic well provides domestic water service for the facility and vineyard while a septic system is in place for human waste disposal. The County provides police and fire protection. Garbage collection and propane services are available from various private companies.

ZONING AND TRENDS

The local area of the subject is typically devoted to long-term agricultural use. It is zoned AG - Agriculture by San Luis Obispo County and is not located within the sphere of influence of any city or semi-rural community. The current agricultural use of the subject property as a vineyard is allowed under the existing agricultural zoning and designation within the General Plan for San Luis Obispo County.

FEDERAL FLOOD HAZARD

The subject property is located in Flood Zone "X" according to the Federal Emergency Management Agency (FEMA)-Federal Insurance Rate Map (FIRM), San Luis Obispo County Panel No. 06079C0605G, dated November 16, 2012. Flood Zone "X" is defined as areas determined to be outside the 0.2% annual chance floodplain. Refer to the FEMA Flood Map in the report Addendum for visual details.

FAULT-RUPTURE HAZARDS

According to the California Department of Conservation Geological Survey's Earthquake Fault Zones, Special Publication 42 revised in 2018, the subject property is not located within an Alquist-Priolo Earthquake Fault Zone.

WETLANDS

A search of the U.S. Fish and Wildlife Service, National Wetlands Inventory webpage revealed no designated potential national wetland areas on the subject property. Visual inspection of the subject also revealed no areas that would appear to provide sensitive wetland habitat.

FUEL TANK/ENVIRONMENTAL CONCERNS

Two above ground fuel storage tanks were observed adjacent to the shop building on the farmstead. One is ± 350 gallons in size while the other is ± 500 gallons in size. Both are situated horizontally on elevated steel stands to provide gravity flow into equipment. There was no evidence of subsurface fuel storage tanks observed on the subject property. There was no evidence of hazardous conditions noted either, but it was noted that there are several electric transformers present within the estate home site, farmstead area and well sites. However, the appraisers are not experts in the environmental field. It is recommended that if additional information is required, an environmental assessor be retained to perform an environmental audit on the subject property to ensure that all health, safety, and environmental standards are being met. It should also be known that the appraisers are not qualified to accurately judge the condition of the soils or environmental hazards which may exist. The assessment of these items is beyond the scope of this appraisal.

SOIL DETAILS

The soils found on the subject property were classified by the Natural Resources Conservation Service (NRCS) using the mapping tools found on the USDA's Web Soil Survey website and referenced in the following table.

(\pm) % of PROPERTY	MAP SYMBOL	SOIL TYPE	CAPABILITY UNIT
74.0%	179	Nacimiento-Los Osos complex, 9 to 30 percent slopes	4
15.9%	176	Nacimiento silty clay loam, 30 to 50 percent slopes, MLRA 15	4
6.4%	105	Arbuckle-Positas complex, 50 to 75 percent slopes	7
3.8%	181	Nacimiento-Los Osos complex, 50 to 75 percent slopes	7

The soil survey rates soils according to capability class. Capability classes show, in a general way, the suitability of soils for most kinds of crops. Soil capability classes are grouped by numbers 1 to 8, according to their limitations. As the number increases, it indicates progressively greater limitations and narrower choices for use.

SOIL DETAILS, continued

The Nacimiento series consists of moderately deep well drained soils with medium to high runoff; and moderately slow permeability. Used mainly for range with some dry farmed grain. Non-tilled areas have annual grasses and forbs with trees in draws and some live oak in places.

The Arbuckle series consists of very deep, well drained soils with negligible to high runoff; moderately slow to slow permeability. Used for dryland and irrigated orchards, irrigated row and field crops, dry-farmed grain, and for range. Natural vegetation is annual grasses and forbs, either alone or as an understory with blue oaks in stands ranging from open to dense.

The soils located on the subject property are typical of the market area and are suitable for the production of premium quality vineyards. Reference the Soils Map found in the Addendum section, noting specific soil locations throughout the property. Detailed soil descriptions are retained in the appraisal office.

DRAINAGE

Natural drainage for the land is primarily collected in natural water courses throughout the property. There is no dedicated drainage system currently in place. Natural water absorption is typically adequate under properly managed drip irrigation methods.

WATER SOURCE & DISTRIBUTION

There are five wells on the subject property, but it was reported that only four wells are being used for irrigation. The first well is situated near the main estate home and reportedly yields 60 gallons per minute (gpm) while a second well is located by the labor dwelling, yielding 90 gpm and a well within the southeast corner of the property reportedly produces 30 gpm. These three wells pump water to a $\pm 30,000$ gallon concrete tank situated atop a hill in the northwest corner of the property. Water is gravity fed to Fields 1 and 2 where it is applied via drip system utilizing a hose that is suspended on a wire beneath the cordon wire on the trellis systems. The fourth well is situated near the southern property boundary within Field 3. This well is utilized solely for application of water to Field 3 via the use of two $\pm 5,000$ gallon fuel tanks.

Of special note is that the subject's ground water supply is not within the Paso Robles Groundwater Basin (PWGB). Unlike the PWGB, there are currently no restrictions and no moratorium on well drilling within the area as recharge is very good locally.

There are ± 88.91 acres on the subject property that are currently irrigated with another ± 25.00 acres of plantable land. An analysis of the water supply available to the subject property must be completed to determine the adequacy of the existing water supply to the subject.

WATER SOURCE & DISTRIBUTION, continued

It is noted that three of the four wells produce a combined total of 180 gpm with an unknown yield coming from the fourth well. Therefore, this analysis is based on the known factor of having 180 gallons per minute. If the pumps operated for 18 hours per day during the 180 day growing season, an annual yield of 34,992,000 is produced. Construction of an irrigation reservoir could increase the pumping time, but with only 40,000 gallons of tank storage, pumping is limited to the 180 days. Multiple studies suggest that each vine requires an average of 130 gallons of water per year. Given the vineyard spacings, per vine water requirement and 34,992,000 gallons of annual yield, it is determined that the current wells yield a sufficient supply of water to irrigate between 130 and 135 acres of vineyard, which is more than sufficient for the current planted acreage.

ASSESSMENTS AND TAXES

The tax parcel acreages, current 202021 assessments and taxes for the total subject property, per the San Luis Obispo County Assessor's Office are as follows:

ASSESSMENTS						
APN	ACRES	LAND	IMPROV.	PER PROP.	TOTAL	TAX TOTAL
026-342-039	160.00	\$285,499	\$2,224,320	\$0	\$2,509,819	\$27,251.68
TOTALS	160.00	\$285,499	\$2,224,320	\$0	\$2,509,819	\$27,251.68

DEED RESTRICTIONS

A preliminary title report was not provided. As such, the appraiser was unable to determine if any restrictions were in place other than typical utilities, irrigation and roads. It is recommended that a current preliminary title report be carefully reviewed by the lender/user of this report.

AGRICULTURAL PRESERVE DESCRIPTION

The subject parcel is not currently enrolled in a San Luis Obispo County Land Conservation Agreement contract (Williamson Act).

In the early 1960s agricultural property tax burdens resulting from rapid land value appreciation became so great that in 1965, the Legislature passed the California Land Conservation Act, also known as the Williamson Act. The Act allows local governments to assess agricultural landowners based upon the income-producing value of their property, rather than the "highest and best use value" which had previously been the rule. The legislature intended that the act help farmers by providing property tax relief and by discouraging the unnecessary and premature conversion of agricultural land to non-agricultural uses. Under the act, agricultural preserve contracts are automatically renewed each year for 10 years unless either the landowner or local government has notified the other of its intention not to renew the contract. Following the notice of non-renewal, taxes gradually return to the level charged on equivalent, non-restricted property, although the land uses remain restricted until the contract expires (10 years after notice of non-renewal).

DESCRIPTION OF BUILDING IMPROVEMENTS

The structural improvements are centered around a very large estate-type owner's residence with office, attached garage, salt-water pool, outside fireplace and tennis court. The residence sits atop a hill that is extensively landscaped with mature trees and extravagant planter areas. The hilltop location provides excellent 360 views.

The property also includes a low cost labor dwelling and wood framed shop building on a separate farmstead area. There is also a manufactured house (mobile home) situated adjacent to the labor dwelling. However, the manufactured house is placed on jack stands and is not attached to the real estate. As such, it is considered personal property and excluded from this valuation assignment.

Building Description	Size Sq. Ft.	Year Built	Frame	Exterior	Roof	Foundation	Condition	Utility
Estate Residence	7,063	1987	Wood	Stucco	Tile	Concrete	Avg. - Gd.	Good
Attached Garage	1,292	1987	Steel	Concrete	Comp.	Concrete	Avg. - Gd.	Good
Labor Dwelling	1,056	±1980	Steel	Steel 3X	Steel	Concrete	Fair	Fair
Shop Building	2,880	±1980	Steel	Steel 3X	Steel	Concrete	Avg.	Avg.

The **Main House** is an excellent quality estate-type residence that includes a total of 7,063 SF (per SLO County) but measured at 7,137 SF. Given the rounding performed during measuring and the plans available to the County, the size of 7,063 SF as reported by the Assessor's Office is utilized herein. It is reported that the subject also includes a 380 SF basement with stone flooring, wood plank ceiling, built-in wine racks on the walls, and an island counter in the center of the room. However, the basement is not included within the square footage of the house.

The house was originally built in 1987 but was remodeled and added onto in 2001. It underwent a major exterior renovation in 2008 that included the conversion of a portion of the back side of the garage to an entrance with laundry room and a guest suite to the rear of the garage with access to the patio. The exterior of the house was also renovated in 2008 to reflect a Tuscan style with the addition of a new clay tile roof, extensive rock fenestration and other ornate facing. A second level was also added to the rear and south sides of the house that include ±1,868 square feet of space. The second floor includes an office area to the rear with the south side dedicated to the master suite.

An interior inspection of the house was not performed. However, a prior appraisal of the property indicated that it includes marble flooring in the entry, living room, dining room, master suite, 2 bedrooms with bathrooms, and 2 additional bathrooms while hardwood flooring is present in the office and gym. On the other hand, the kitchen, media room, recreation room, laundry room, one bathroom and guest suite have limestone flooring. Granite counters with professional quality appliances including a Viking range, built-in sub-zero refrigerator and two dishwashers are present in the kitchen.

DESCRIPTION OF BUILDING IMPROVEMENTS, continued

Ornate fixtures are abundant within the patio area to the rear of the house with elegant stairs leading down to a lower level where the salt water pool is present. Near the pool is a pool house that features a stone exterior with restrooms, equipment room and sitting area with fireplace. A tennis court is also situated behind the pool area.

Overall, the house reflects fairly average condition from the exterior and appears to suffer from deferred maintenance. It was noted that some of the decorative concrete trim around some of the windows and doorways has fallen off, there was some dry-rot noted on some of the eaves and some of the wood columns are rotting at the base. Much of the landscaping in the rear of the house also appears to be dead, while areas around the pool are weedy. The tennis courts are also cracking with weeds coming up through the concrete in many places.

The **Labor dwelling** is a low cost structure that was measured at 22'x48' for a total of 1,056 SF of building area. It is a wood framed house that features a pressed wood (T-111) exterior and composition shingle roof over a concrete slab foundation. Mr. Codding indicated that the house is currently not rented and is under renovation as of the date of inspection. The interior of the house was not accessed. It appears to have been built around the 1990's and reflects fair to average condition from the exterior.

The **Shop Building** was measured at 72'x40', resulting in a total of 2,880 SF of building area. It features a wood frame with steel siding and roofing over a concrete slab foundation. There is no interior finish as the studs are exposed. The eave height is estimated at 16' high. It has one 16' roll-up door, two 8' roll-up doors and two pedestrian entries. The shop appears to have been built in the 1990s and reflects fairly average condition.

SITE IMPROVEMENTS

The subject property is located in a very good wine grape growing region and is located within one of the most sought after districts (Willow Creek) within the central coast area of California. There are ±250 winery facilities within the area to provide services for the products grown on the subject. Furthermore, the main house is a high quality estate-type residence that would command great interest within the market. The subject's utilization for its primary existing agricultural use as a premium quality wine grape vineyard/rural residence is considered to be the highest and best use of the property. Overall, the subject appears very well suited for this use, conforming to community standards.

HIGHEST AND BEST USE

HIGHEST AND BEST USE DEFINITION

In the most recent edition of Appraisal of Real Estate by the Appraisal Institute defines highest and best use as:

1) *"The reasonable and probable use that supports the highest present value of vacant land or improved property, as defined, as of the date of the appraisal."*

2) *The reasonably probable and legal use of land or sites as though vacant, found to be physically possible, appropriately supported, financially feasible, and that results in the highest present land value.*

3) *The most profitable use.*

Implied in these definitions is that the determination of highest and best use takes into account the contribution of a specific use to the community and community development goals as well as the benefits of that use to individual property owners. Hence, in certain situations the highest and best use of land may be for parks, greenbelts, preservation, conservation, wildlife habitats, and the like."

HIGHEST & BEST USE ANALYSIS

Generally, the highest and best use for a property is estimated after considering four factors. These factors are, in sequence, (1) the subject use is legally permissible, (2) the subject use is physically possible, (3) the subject use is financially feasible, and (4) the subject use is maximally productive. The appraiser will take these items in sequence.

AS VACANT

Legally Permissible - The subject property is located in an area typically devoted to long term agricultural uses, is currently zoned for exclusive agricultural uses per San Luis Obispo County, and is not located within the sphere of influence land of any city or rural community. The hypothetical use of the subject property as native pasture complies with the existing county zoning designation and surrounding uses. Additional allowed uses include dry-farmed cropland, vineyards and orchards with or without residential and farm related structural improvements. Wineries and tasting rooms are also allowed under the current zoning designation but do require a conditional use permit. Any alternative urban uses would require re-zoning atypical to the current land uses as indicated in the General Plan for San Luis Obispo County. It is recognized that several rural residential home sites and agricultural facilities are present in the market and developments of permanent plantings are expanding within the market area, but the current agricultural zoning precludes any division of the subject property below 20-acre minimum parcel sizes. Predominant existing uses in the area of the subject are agricultural with limited rural residential parcels.

HIGHEST & BEST USE ANALYSIS – AS IMPROVED, continued

Physically Possible - The existing use of the subject property as a premium quality vineyard supports the physical possibility of the current use. The surrounding area of the subject is primarily developed to vineyard plantings on suitable topography. There are also multiple rural residential home sites to the west, east and south. The soil types, water supply, topography, and climatic conditions in the area are conducive to the hypothetical use of the subject as native pasture for cattle grazing as well as for the existing use as a vineyard. The placement of residential and/or farm related structural improvements are also physically possible as indicated by the presence of numerous structural improvements on neighboring properties.

Financially Feasible - Although not a driving market factor with native pasture properties, financial feasibility is marginally supported by the continued marketability and rental arrangements of such properties correlated with willingness of buyers, sellers and tenants within the market to accept income generated by native pasture for cattle grazing. Although livestock grazing provides minimal financial feasibility, market evidence indicates development to vineyards provides farm related income earning capabilities in excess of livestock grazing. Development of vineyards and/or placement of residential and/or farm related structures not only provides income to the property but can also provide additional value to the property in excess of the vacant native pasture site.

Maximally Productive – The subject property includes a total of ± 160.00 acres of hypothetically open land. It is determined that development to vineyards and/or structural improvements would provide maximum productivity to the subject within those portions physically suitable (terrain that is not too steep). Most of the topography has moderate slopes that are suitable for vineyard development with only limited steep, non-plantable areas. The subject also has a good supply of irrigation water from four on-site wells.

Conclusion – The highest and best use of the subject property, “as vacant” is as native pasture suitable for development of a premium quality vineyard with the potential for construction of residential and/or farm related structural improvements.

AS IMPROVED

Determination of highest and best use "as improved" involves the 160.00-acre property, improved with a premium quality wine grape vineyard and excellent quality main dwelling with labor dwelling and shop building. Use of the property, as presently developed, is physically possible as demonstrated by the subject and other vineyard properties within the Paso Robles area. Market evidence confirms that ± 71.60 acres of vineyards and the structures on the subject contribute value to the land on which they are situated and continue to have the capabilities to generate profits in excess of that of open land. The structures are modern and in average to good condition while the ± 71.60 acres of plantings are in the prime of their lives and generate income greater than that of open land. However, there are ± 17.31 acres of poor quality vines and ± 25.00 acres of open land that are suitable for additional development of vineyards.

Considering the legal permissibility, physical characteristics and maximum productivity of the subject property, the highest and best use is concluded to be the existing agricultural use as a wine grape vineyard farming unit with estate-type home and supporting buildings with the potential to develop the non-viable vineyard and other plantable areas to vineyards.

MARKETING TIME AND EXPOSURE TIME

Marketing time is an estimate of time required to sell the property assuming it was placed on the market for sale as of the valuation date. This differs from exposure time, which relates to the reasonable period that would have been required in order to achieve a sale of the subject property as of the valuation date. Pinpointing exact time frames are extremely difficult, if not impossible.

Market and exposure times are dependent on a number of related and unrelated factors, including the overall health of the agricultural real estate market, supply and demand, track record of the realtors involved, and/or the overall ability and willingness of the seller and potential buyers to negotiate responsibly. Given the above, it is difficult to heavily rely on historical exposure or marketing times for various properties, unless the appraiser is intimately familiar with each transaction. Nevertheless, in order to determine the exposure and marketing times, the appraisers reviewed several open land and permanent planting sales for their exposure periods.

Over the past six years the agricultural land markets have been strong with a stable to slightly increasing trend in nearly every sector and land use. This was largely due to continued high commodity prices and broad export market that has fueled the optimistic outlooks within most agricultural sectors. In addition to attracting investors many existing growers had the financial capability to expand or acquire assemblage parcels. Low interest rates and high profits contributed to a highly competitive market.

The retrospective market indicated marketing and exposure periods from approximately one month to nearly six months, with the majority of sales occurring within a one to three month time frame. A segment of the market involves properties that languished on the market for up to a year or more; however, these mainly involved properties priced above the prevailing market and eventually sold when the market rose to that level. A substantial portion of sales were direct and never formally exposed to the market, which is common in a heated market.

It is recognized that the world is currently facing a Covid-19 pandemic that has stalled nearly all economic sectors globally. As of the writing of this report, we are about 1 month into the pandemic and the closure of most non-essential industries. Although there is optimism that the virus will be contained soon and that businesses will be operating in a relatively short period of time, there is substantial uncertainty as well. This uncertainty also creates some questions as to the affect that it will have on the local real estate market. So far, it does not appear that buyers are backing out of purchase contracts due to the virus, but it is not unreasonable to assume that some properties may sit on the market for a little longer. Still, that is unproven.

Based on this research of market conditions, through discussions with realtors and lender staff appraisers, as well as, the analyzed sales, an extended marketing time could be expected, but is not a certainty. A review of historical sales supports an exposure time of one to four months when looking backward. However, if marketed today, a potential longer marketing period of between three months to six months is anticipated. This should be ample time for the commodity markets to settle out and for potential buyers within the market to get an idea of where the markets are headed.

VALUATION METHODOLOGY

Appraisers typically utilize three common approaches in estimating the market value of real property. These approaches are known as the sales comparison approach, the cost approach and the income approach.

In order to perform these analyses it is necessary that certain data be available which will allow the processing of each of the individual approaches.

The **sales comparison approach** provides an indication of value for a property through the comparison of the subject with recent sales of properties that are similar in location, highest and best use, quality, size, age, etc.

The **cost approach** provides an indication of market value through the summation of 1) the estimated value of the site or land with 2) an independent estimate of the replacement or reproduction costs of the subject improvements less an accounting for depreciation from all causes. This depreciation includes any physical deterioration due to age or wear and tear of the buildings as well as any functional or economic obsolescence suffered by the property.

The **income approach** provides an indication of a property's market value by comparing that property with other similar properties, which have recently been leased or rented to provide an indication of an economic rent level for the subject. From the estimate of economic rent, potential annual income can be anticipated. This potential annual income is then reduced to an estimate of net operating income by subtracting an anticipated vacancy and collection loss and appropriate operating expenses as applicable. Capitalization of this net operating income provides an indication of market value by what is referred to as "direct capitalization". Here again, a considerable amount of data is necessary to provide a reliable indication of market value.

With the above objectives in mind, research was undertaken in an attempt to find recent sales of properties which could be considered similar enough to the subject property and which would, after analysis, yield accurate indications of current market value.

Final Reconciliation: The last phase in the development of a value opinion in which two or more value indications derived from market data are resolved into a final value opinion, which may be either a final range of value or a single point estimate.¹³

The reconciliation process represents a weighing of the indicators derived from the approaches to value as to the indicator's reliability and applicability to the appraisal problem at hand. A final value conclusion is then estimated based on the available data and the appraiser's experience in appraising the type of property under analysis.

¹³ Appraisal Institute, *The Dictionary of Real Estate Appraisal*, 6th ed. (Chicago: Appraisal Institute, 2015).

VALUATION METHODOLOGY, continued

Because cost and market values closely relate when properties are new, the cost approach is important in determining the market value of new or relatively new improvements. The approach is especially persuasive when land value is well supported and the improvements are new or suffer only minor accrued depreciation and, therefore, represent a use that approximates the highest and best use of the land as though vacant. The cost approach is also used in the market valuation of proposed construction, special-purpose properties, and other properties that are not frequently exchanged in the market. The subject property is improved with mature permanent plantings and extensive building improvements that are centered around an estate residence. Given the presence of permanent plantings and structures of value, the cost approach is deemed a reliable indicator of value and is completed herein.

Generally, in the appraisal of agricultural property, the sales comparison approach is most often utilized. This is typically due to the availability of recent market sales in the general subject area. The sales comparison approach was considered to demonstrate the current market value of the subject property, and thus was processed.

The subject property is considered an income producing unit, which would warrant completion of the income approach. However, the requirement of imputing income and expense data on the subject and sales properties could result in drastically different values with only slight variances in imputed figures. The potential for slight errors precluded the income approach as the most reliable indicator of value.

COST APPROACH

The cost approach consists of a set of procedures through which a value indication is derived for the subject property by estimating the current cost to construct a reproduction of, or replacement for, the existing structure or development; deducting accrued depreciation from the reproduction or replacement cost or adding accrued appreciation to the reproduction or replacement cost; and adding the estimated land value plus an entrepreneurial profit. Adjustments may then be made to the indicated fee simple value of the subject property to reflect the value of the property interest being appraised.

The first step in the cost approach is to value the land for the subject property. The second step is to estimate the replacement or reproduction costs of all improvements. Improvement costs are then depreciated to reflect value loss from physical, functional and external causes. The depreciated improvement costs are then added to the land value to produce a value indicator by the cost approach. In some instances, market appreciation is supported.

Because the cost and market values are closely related when properties are new, the cost approach is important in determining the market value of new or relatively new improvements. The approach is especially persuasive when land value is well supported and the improvements are new or suffer only minor accrued depreciation and, therefore represent a use that approximates the highest and best use of the land as though vacant. The cost approach is also used to estimate the market value of proposed construction, special-purpose properties, and other properties that are not frequently exchanged in the market.

The presence of permanent planting and residential improvements on the subject property warranted completion of the cost approach to value.

The RCN for the subject's land preparation and vineyards were primarily determined using a published cost data from the University of California Cooperative Extension while the Marshall Valuation Service was largely relied upon for the residential construction costs. Actual costs of various permanent planting projects throughout California are also retained within the office files. These files include actual contractor estimates; actual historical cost bids; as well as the appraiser's own files and experience.

Depreciation and/or appreciation estimates were extracted from market data when possible. The underlying land value for the subject was determined by a sales comparison analysis. The resulting value contribution attributable to land will then be added back to the depreciated improvement costs to arrive at a total value for the subject property by the cost approach.

LAND ANALYSIS COMMENTS

The land value analysis is for use within the following cost approach analysis. Adjustments are qualitative as shown on the sales grid. Valuation through this approach (qualitative) utilizes a bracketing technique or relative comparison analysis.

It is recognized that the subject property includes a combination of irrigated land planted to vineyards, residential/winery site and ancillary waste acreage that is not plantable or usable. The sales analyzed herein include a combination of uses as well. The allocations for the three land descriptions are made within the comparable sales grid to provide separate value indications for the subject's two land classes.

Very few current sales of open land parcels occur in the area around the subject. Willing and eager buyers typically accept those parcels that do become available. The cited sales were selected as the most current and comparable to the subject property. All cited sales are located within the immediate North County market area under consideration, more specifically areas west of Highway 101 being proximate to Templeton and Paso Robles. Date of sale (market conditions), location, size, access and topography are the main elements of comparison between the sales and subject. The financing aspects of each sale were reviewed prior to analysis and none of the cited sales required adjustments for financing terms. Any building contribution on the sales is extracted out in order to analyze the land only.

Conditions of Sale ~ Conditions of sale reflect the motives of the buyers and sellers as to whether the sale is an arm's-length transaction (unusual circumstances). Through the confirmation process, it was determined that the comparable sales were arm's-length with normal circumstances. Thus, they are considered similar in regard to conditions of sale.

Cash Equivalency – Financing ~ Cash equivalency adjustment compensates for financing that is atypical: that is, not a cash transaction or its equivalent. All sales were cash or cash equivalent; therefore, an adjustment is not warranted.

Market Conditions (Time of Sale) ~ The market data suggests a relatively strong market for vineyards from 2000 through 2008 with a softening of the market from 2009 through 2012. However, the market appears to have stabilized over the past three years. All of the sales closed within the past 42 months. Therefore, all are rated as similar in regard to market conditions at the times of sale.

Location ~ Location can have a dramatic impact on the value of properties within this market. Not only are micro-climatic conditions important, but also visibility along major roadways or wine trails will have an impact on market prices. The subject property is located within the prestigious Willow Creek District that is highly regarded for its award winning wine production. All of the sales are similarly located within either the Willow Creek District or very similar Templeton Gap and Adelaida districts, all of which are west of Highway 101 and rated as similar in regard to location for the plantable land. However, it is noted that Sale #L3 is essentially located within a small valley and has no hilltops on which to develop a good residential site with views. Thus, the site area is rated as slightly inferior within this category.

LAND ANALYSIS COMMENTS, continued

Zoning ~ The subject and all of the sales are zoned Agriculture. Thus, all are rated as similar to the subject within this category.

Size ~ The subject includes a total of 160.00 assessed acres with ± 122.93 acres being hypothetically dedicated to plantable and support land, with ± 2.00 acres in a primary residential site and ± 35.07 acres of ancillary land while the cited comparable sales range in parcel size from 22.48 acres to 165.07 acres. An attempt was made to find as similar sized transactions as possible, resulting in the selected set of sales data. Historically, parcel size comparisons related to the total dollars necessary to acquire a property. As the number of acres increases, the total dollars required to purchase the property also increases. Thus, there tends to be fewer qualified buyers for very large properties, which reduces competition. Conversely, there tends to be a greater number of buyers for smaller parcels, which increases competition (value). While most sales are considered similar to the subject property in regard to size, it cannot be ignored that Sales #L1 and #L2 are less than 50 acres in size and generally considered more of rural residential sites. With that mind, Sales #L3, #L4, #L5 and #L6 are rated as similar in size while the smaller Sales #L1 and #L2 are rated as slightly superior due to their rural residential home site desirability.

Access/Road Frontage ~ The subject property is located $\pm \frac{1}{4}$ mile off of a dirt and gravel surface secondary road that is only $\pm 1\frac{1}{2}$ mile distant from Highway 46 West, which is considered good location for the area. The market reflects no adjustment for properties with paved road access versus dirt road access. Therefore, all of the sales are rated as similar to the subject.

Shape/Uniformity ~ This category relates to the uniformity of the property. The subject is slightly irregular in shape, but not to a point where it negatively affects its farmability or marketability. In fact, it is considered fairly uniform for the area. The cited sales are generally well laid out as well with some slightly irregularities, similar to that of the subject.

Soils ~ The subject's soil is primarily comprised of capability class 4 series. They are well drained and suitable for the production of excellent quality fruit. The sales have very similar quality soils, warranting similar ratings herein.

Utilities ~ The subject has typical rural utilities available on site. The presence of the utilities affords a much more economical and generally more favorable atmosphere for development. All of the sales also have utilities available at the street, similar to that of the subject property.

Topography ~ Steep topography not only inhibits the ability to develop permanent plantings, but also affects grazing capacity for livestock. The subject's plantable, support and structural areas have gently undulating topography while the native pasture ranges from gently undulating to fairly steep. The sales have similar topography, resulting in similar ratings.

LAND ANALYSIS COMMENTS, continued

Land Development ~ The subject property is valued as if hypothetically vacant within this cost approach analysis. Most of the sales include vacant plantable land that is similar to the hypothetically vacant subject property. However, Sales #L4 and #L5 are improved with old almond and walnut orchards that required removal by the buyer in order to make the land suitable for development to vineyards. It is recognized that a buyer would have to incur extensive costs to remove the existing plantings, which is reflected by the actions of the buyer, resulting in a slightly inferior rating in comparison to the subject's open land.

Water Supply ~ This category relates to the plantable acreage only. The subject property is irrigated via a well with submersible pump. Although the supply is sufficient, the market for open land does not appear to reflect an adjustment for differences in wells, resulting in similar ratings for water supply.

Overall Comparison Rating ~ The overall rating is made after all the elements of comparison are considered. This rating reflects the appraiser's overall judgment of market reaction to the subject based the particular sale indicator. Thus, a sale rated as similar would indicate that a similar market response exhibited by the sale could be expected for the subject. Hence, a market value near the particular sale price would be expected. When an inferior rating is applied the judgment is that the sale property has inferior characteristics; thus, a market value above the sale indicator would be expected for the subject property. Conversely, when a superior rating is applied a market value below the sale indicator would be expected.

SALES COMPARISON ANALYSIS

The following land sales were selected from among a very limited group of data in the valuation of the subject's underlying land by sales comparison. The information is cited and analyzed in the following grid resulting in a per acre range of value applicable to the subject.

COMPARATIVE LAND SALES							
	SUBJECT	(Sale #L1)	(Sale #L2)	(Sale #L3)	(Sale #L4)	(Sale #L5)	(Sale #L6)
Buyer Name		Dileva	Catapult	M&C Glenwood	GJD Holdings	Cretan	Udsen
Seller Name		Wilkowski	Woodward	Stathacopoulos	Desmond	Hurlbert	Weibe
Sale Recording Date		8/5/2019	5/22/2019	7/20/2018	6/12/2018	10/27/2017	7/14/2017
Document No.		31644	19179	29547	24056	49349	30750
County	SLO	SLO	SLO	SLO	SLO	SLO	SLO
Location	Willow Creek	Templeton	Templeton	Templeton	Adelaida	Adelaida	Templeton
Assessor's Parcel No.	026-342-039	026-471-006	026-321-001	026-342-036+	026-233-008	026-281-040	040-061-008+
Gross Ac./Size	160.00	22.48	47.30	108.10	80.83	76.60	165.07
Terms/Financing	Cash Equiv.	Cash	Cash	Cash	Conv.	Conv.	Conv.
Nominal Sale Price		\$1,520,000	\$1,750,000	\$1,600,000	\$2,535,000	\$1,390,000	\$7,428,150
Market Adj. Sale Price		\$1,520,000	\$1,750,000	\$1,600,000	\$2,535,000	\$1,390,000	\$7,428,150
Personal Prop. Contrib.		NONE	NONE	NONE	NONE	NONE	None
Building Contribution		(\$183,816)	"	"	(\$490,870)	(\$100,000)	"
Land Allocation		\$1,336,184	\$1,750,000	\$1,600,000	\$2,044,130	\$1,290,000	\$7,428,150
Mkt. Adj. Land \$/Acre		\$59,439	\$36,998	\$14,801	\$25,289	\$16,841	\$45,000
Vineyard Acreage	N/A	None	None	None	None	None	None
Value of Vineyard	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Vineyard Value/Ac.	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Plantable/Support Ac.	122.93	15.00	27.00	30.00	57.00	20.00	153.07
Value of Plantable	To Determine	\$719,984	\$1,321,050	\$1,184,350	\$1,723,800	\$752,250	\$6,408,150
Plantable Value/Ac.	"	\$47,999	\$48,928	\$39,478	\$30,242	\$37,613	\$41,864
Home Site Acreage	2.00	1.00	1.00	1.00	3.50	1.50	4.00
Value of Home Site	To Determine	\$600,000	\$400,000	\$300,000	\$300,000	\$400,000	\$1,000,000
Home Site Value/Ac.	"	\$600,000	\$400,000	\$300,000	\$85,714	\$266,667	\$250,000
Ancillary Acreage	35.07	6.48	19.30	77.10	20.33	55.10	8.00
Value of Native	To Determine	\$16,200	\$28,950	\$115,650	\$20,330	\$137,750	\$20,000
Native Value/Ac.	"	\$2,500	\$1,500	\$1,500	\$1,000	\$2,500	\$2,500
ELEMENTS OF COMPARISON - PER ACRE							
Land/Ac. \$ Indication	SUBJECT	\$59,439	\$36,998	\$14,801	\$25,289	\$16,841	\$45,000
Conditions of Sale	Market	SIMILAR	SIMILAR	SIMILAR	SIMILAR	SIMILAR	SIMILAR
Cash Equivalency	Cash Equiv.	"	"	"	"	"	"
Market Conditions	1/21/2021	"	"	"	"	"	"
Location	Willow Creek	"	"	SIM/SL INF	"	"	"
Zoning	Agriculture	"	"	SIMILAR	"	"	"
Size (Acres)	160.00	SL SUP	SL SUP	"	"	"	"
Access/Road Frontage	Gravel/Avg.	SIMILAR	SIMILAR	"	"	"	"
Shape/Uniformity	Uniform	"	"	"	"	"	"
Soils	Mostly Class 4	"	"	"	"	"	"
Utilities	Limited Rural	"	"	"	"	"	"
Topography	Gently Rolling	"	"	"	"	"	"
Land Use	As Open	"	"	"	SL INF/SIMILAR	SL INF/SIM	"
Water Supply (Irrig.)	4 Wells	"	"	"	SIMILAR	SIMILAR	"
Indicated Market Value	To Determine	SL SUPERIOR	SL SUPERIOR	SIMILAR	SL INFERIOR	SL INFERIOR	SIMILAR
Of Vested Land/Ac.:	"	\$47,999	\$48,928	\$39,478	\$30,242	\$37,613	\$41,864
Indicated Market Value	To Determine	SL SUP	SIMILAR	SL INFERIOR	SIMILAR	SIMILAR	SUPERIOR
Of Site Area:	"	\$600,000	\$400,000	\$300,000	\$300,000	\$400,000	\$1,000,000
Indicated Market Value	To Determine	SIMILAR	SIMILAR	SIMILAR	SIMILAR	SIMILAR	SIMILAR
of Native Land/Acre:	"	\$2,500	\$1,500	\$1,500	\$1,000	\$2,500	\$2,500

LAND SALES REMARKS

Previously cited sales data is analyzed using qualitative adjustments based upon appraisal judgment and quantitative adjustments where available to extract from market evidence. Brief discussions of the presented land sales are as follows:

Sale #L1 (Dileva) ~ This sale is located along the west side of Arbor Road, southwest of Paso Robles and is situated within the Paso Robles sub-AVA of Templeton Gap. The reported address is 1135 Arbor Road, Paso Robles, CA. The parcel consists of ± 6.00 rolling acres near the road with Lockwood shaly loam soil. The parcel then ascends across steep, unusable ground to a home site and ± 6.00 additional, southwest facing acres with sloping Nacimiento silty clay loam soil. The ± 12.00 usable acres are adaptable to vineyard. Property is improved with an 1,840 sf residence constructed in the 80's with average utility, currently in average condition and estimated to contribute \$100 per square foot. Water is provided by a domestic well. The property was originally listed for \$1,800,000 with RE/MAX Parkside for 303 days. This is an arms-length transaction.

Sale #L2 (Catapult) ~ is located on the south side of Peachy Canyon Road approximately 2 miles west of Paso Robles and is situated in the Willow Creek District, a sub-appellation of the Paso Robles AVA. It has a street address of 1695 Peachy Canyon Road, Paso Robles, CA. The property consists of 47.30 acres and contains an estimated ± 27.00 acres of land suitable for vineyard development. Terrain is moderate to steep sloping with soils primarily Linne Calodo and Nacimiento silty clay, with class ratings of 4 & 6 when irrigated. Improvements consist of a 1972, 1,368 sf manufactured home and an older shop/barn structure. The improvements are judged to have no contributory value to the overall property. Well information was not provided; however it is assumed there is a domestic well located on the property. The buyer owns multiple properties/vineyards adjacent/surrounding the subject as well as a premium winery facility in west Paso/Templeton area. The property was not listed on the open market but appears to be an arms-length transaction purchased as assemblage.

Sale #L3 (M & C Glenwood, LLC) ~ is located at the terminus of Township Road, being ± 1.5 miles north of Highway 46 West and ± 4.00 miles southwest of Paso Robles in the Willow Creek District (Templeton Gap) of the Paso Robles AVA. It includes 113.43 acres contained within two contiguous assessor's tax parcels. Land use includes ± 30.00 acres of open plantable land on gently rolling topography with a ± 2.00 acre home/winery site and ± 83.43 acres of ancillary land that is situated in steep hill sides and wooded areas. Electricity and a well are situated on the site. Soils are a combination of capability class 3 and 6 series on undulating topography. Township Road is a dirt and gravel surface roadway that extends ± 1 mile south to Las Tablas Road, which features a paved asphalt surface. This property had previously been utilized as a lavender farm many years ago but has most recently been left vacant. It was listed for 6 months at a price of \$1,690,000 prior to the seller accepting an offer of \$1,600,000. Terms were cash to seller. This appears to be an arm's-length transaction.

LAND SALES REMARKS, continued

Sale #L4 (GJD Holdings & Cheren) ~ is located on the north side of Adelaida Road approximately 4 miles northwest of Paso Robles and is situated in the Adelaida District of the Paso Robles AVA. It includes 80.83 acres contained within a single assessor's tax parcel. Land use includes ± 57.00 acres of gently rolling plantable land with a ± 3.50 acre home/winery site and ± 20.33 acres of ancillary land. Access to the property is from the north side of Adelaida Road via Stags Leap Way, a private easement roadway that services several other properties. Terrain is moderate to steeply sloping hills, being mostly south facing. Soils are typical for the area and suitable for premium wine grape production. The property was historically developed to dry farmed almonds & walnuts. The trees remain in place; however, have not been farmed for years. According to sales information, building improvements include a large residence and 2,000 sf metal shop building. Agent information indicates the residence is 7,000 sf, however, according to county records, the residence is approximately 4,746 sf. The home was built in 1990 and apparently has undergone several additions. Overall, the building improvements are estimated to contribute \$490,870 to the property. The property includes an onsite domestic well with output reported at 11 gpm. The property was listed for sale for 994 days prior to receiving an acceptable offer. The property was originally offered for sale at a price of \$4,200,000. At the time of sale, asking price was \$2,550,000. The property was purchased by the owner of a well-known westside Paso Robles winery and several westside vineyards.

Sale #L5 (Cretan Farms) ~ is located on the south side of Adelaida Road, approximately 6¼ miles northwest of Paso Robles in the Adelaida District of the Paso Robles AVA. It includes 76.60 acres contained within a single assessor's tax parcel. The terrain is sloping and has been utilized for walnuts. Approximately 20 acres are considered plantable. The soils include mostly Nacimiento silty clay, 30-50% slope, Nacimiento-Ayar complex, 30-50%, and Balcom Nacimiento association, steep. The property is improved with a $\pm 2,240$ square foot ranch house with an estimated contributory value of \$100,000. Water is provided by a well, which at this time production is unconfirmed. The property was listed for \$1,575,000 and on the market for 286 days. The sale is an arms-length transaction with cash to the seller.

Sale #L6 (Udsen) ~ is located on the north side of Highway 46 West approximately 1.60 miles west of US Highway 101 and 4 miles southwest of Paso Robles. The property is located in the Templeton Gap District of the Paso Robles AVA. It includes 165.07 acres contained within two contiguous assessor's tax parcels. The terrain is near level to slightly rolling and has been historically used as dry crop land and dry pasture. The legal description describes the property as two legal lots in two assessor's parcels. Building improvements consist of an old farm house, old hay barn, and several farm support structures. The improvements appear to have some utility; however, are old & in fair to poor condition and have no contributory value. Water is provided by an on-site domestic well; production was not reported. The buyer was anxious to secure the property and closed escrow without a well test. The buyer installed additional wells subsequent to the purchase. The property was not listed for sale on the open market and was negotiated between private parties. According to the buyer, the sale was an arms-length transaction.

LAND VALUATION SUMMARY

Based upon the comparison analyses provided herein, the market value of the subject's underlying open land would be logically supported within the indicated range of value. The cited sales are current for this market, are located in a similar farming region and have similar farming capabilities. The data utilized is deemed to provide a reliable range of values.

The subject is located in the Willow Creek District of North County, an area that has historically been viewed as a premium grape growing and winery region with rural residences scattered throughout. Few parcels become available for sale within the market area and those that are available are generally obtained aggressively by local growers.

The cited sales provide an overall range of value from \$30,242/acre to \$48,929/acre for properties that are suitable for development to permanent plantings and structural improvements due to terrain and water supplies. However, the ancillary land value for non-plantable areas is much lower at between \$1,000/acre and \$2,500/acre while residential/winery sites command prices ranging from \$300,000 to \$1,000,000 per site.

Value estimation throughout this approach utilizes a bracketing technique or relative comparison analysis. Absolute, dollar quantitative adjustments are not realistic through matched pair analyses within this imperfect market. Greatest support through this sale comparative process is proved by viewing the subject in relation to the sales cited.

Sales #L1, #L2 are very recent transactions that are located west of Templeton and within the similar Templeton Gap district. Both have very similar quality soils and water conditions. Access and road frontage are also very similar to that of the subject. However, the small size of the parcels that are well suited to rural residential home sites resulted in overall slightly superior ratings at prices of \$47,999/acre and \$48,929/acre, respectively. Meanwhile the ancillary land is rated as similar at prices of \$2,500/acre and \$1,500/acre, respectively.

Sale #L3 is a fairly recent transaction located west of Templeton. The soils, topography and water conditions are very similar to those of the subject. Location is also similar to the plantable vineyard land, resulting in an overall similar rating at a price of \$39,478/acre. However, the limited views for a home site resulted in a slightly inferior home site rating at \$300,000 while the ancillary land is rated as similar to the subject at an allocated price of \$1,500/acre.

Sales #L4 and #L5 are fairly recent transactions that are similarly located west of Paso Robles. The soils, topography and water conditions are also very similar to those of the subject. However, the fact that orchards were in place on the plantable land that needed to be removed by the buyer resulted in overall slightly inferior ratings at allocated prices of \$30,242/acre and \$37,613/acre, respectively. The ancillary land, on the other hand, is considered similar at prices of \$1,000/acre and \$2,500/acre, respectively.

Sale #L6 is a slightly more dated transaction that is located west of Templeton and within the Templeton Gap districts. It has very similar quality soils and water conditions. Access and road frontage are also very similar to that of the subject. As a result, it is rated as similar to the subject's underlying open plantable land at a price allocation of \$41,864/acre. The ancillary land is also rated as similar at a price of \$2,500/acre.

LAND VALUATION SUMMARY, continued

Based on the data presented herein, the subject is best represented near the middle of the overall range of values due to its Willow Creek location, size and access. It is evident from the data presented herein that Sales #L3 and #L6 are the best indicators of value for the subject at prices of \$39,479/acre and \$41,864/acre, respectively. The remaining transactions provide good support via bracketing with Sales #L1 and #L2 indicating values less than \$47,999/acre and \$48,928/acre, respectively while Sales #L4 and #L5 indicate values greater than \$30,242/acre and \$37,613/acre, respectively. With that in mind, the narrowed range of \$39,479/acre and \$41,864/acre indicated by Sales #L3 and #L6 is adequately supported. These two sales indicate less than a 6% variance. With equal emphasis on these two transactions, a value of **\$40,000/acre** is concluded as most appropriate for the subject property's underlying plantable land associated with the vineyards, plantable open land and all support acreage necessary for the operation of the vineyard, such as farm roads and well site areas.

All of the sales indicated non-usable ancillary land similar to that of the subject. The ancillary land on all of the sales varied from a low of \$1,000/acre to a high of \$2,500/acre. Realizing that this is a fairly broad range of prices, it cannot be ignored that this applies to 35.07 acres of the subject property and that any variation in pricing results in minimal value difference, especially given the low value indications. Given the above indicated range, a value near the middle of the range is deemed most appropriate. Therefore, the value of **\$2,000/acre** is applied to the ancillary land on the subject property.

The final component to calculate is the value of the estate home site. All six of the previously cited and discussed sales have non-permitted residential sites. The allocation of site values was determined as observed within the market and applied consistently throughout the process. These sales indicate a range of site values from a low of \$300,000 to a high of \$1,000,000. All sites are within the Willow Creek, Templeton Gap and Adelaida districts, commanding premiums within the market. However, the data does indicate that the highest premiums are paid for properties near primary wine trails and with good overall views of vineyards and neighboring hills.

Based on this analysis, Sales #V2, #V4 and #V5 have very similar sites that feature good views at allocations of \$400,000, \$300,000 and \$400,000, respectively. Sale #V1, on the other hand, has better views that is rated as slightly superior to the subject at a price of \$600,000 while the limited views provided by Sale #V3 resulted in a slightly inferior rating at a price allocation of \$300,000, respectively. Finally, Sale #V6 not only has much better views, but is also accessed from State Highway 46, resulting in a considerably superior rating at a price of \$600,000.

It is evident from this data that this is an imperfect market, but it is clear that the subject property's good location and mountain views warrant placement near the middle of the range. It is also recognized that the subject site is enhanced by the proximity to the Highway 46. Therefore, a value closer to the top of the narrowed range is determined most reliable. With that in mind, a value of **\$400,000** is considered most appropriate for the subject property's potential residential/winery site.

LAND VALUATION SUMMARY, continued

Once the individual values of the subject's three land components are determined, they can be multiplied by the respective acreage to provide a total underlying land value for the subject property. The market value of the subject property's underlying land (farmed land, plantable land, residential site, drives and periphery) via the sales comparison analysis is stated as follows:

Land Value Contribution

±122.93 acres of underlying plantable land & support @ \$40,000/ac. = \$4,917,200
±35.07 acres of non-plantable ancillary land @ \$2,000/ac. = \$70,140
±2.00 acres of residential site @ = \$400,000

Total Land Contribution: = \$5,387,340

REPLACEMENT COST OF STRUCTURAL IMPROVEMENTS

Replacement costs for the subject's building and site improvements were developed through the use of a national source, the Marshall Valuation Service; actual contractor estimates; as well as the appraisers own files and experience. The costs for the subject's dwellings and garage were developed from Section 12 of the Marshall Valuation Service while the shop building was developed from Section 17. This publication provides base costs with adjustments for varying features. Additional local and current cost multipliers are included in this analysis as the base costs are based on slightly historical and national data.

Based on the Marshall Valuation Service, the subject's classifications are stated as follows:

Building	Marshall Valuation Service Classifications					
	Class	Classification	Quality	ID	Section	Page
Estate Residence	D	High Value Residences	Type III	N/A	12	27
Attached Garage	D	Residential Garages	Good	152	12	35
Labor Dwelling	D	Single-Family Residences	Fair	351	12	25
Shop Building	D	Farm Implement - Equipment Shops	Average	476	17	28

Now that the classifications of each of the subject's structures are determined, individual unit costs of each building can be determined by multiplying the base structure cost by the varying multipliers. The following table summarizes the calculation of each of the structures estimated replacement costs by the Marshall Valuation Service.

Building	Marshall Valuation Service Adjustments					Adjusted RCN / SF
	Base Cost	Height	Perim	Current	Location	
Estate Residence	\$296.00	1.000	1.016	1.05	1.19	\$375.77
Attached Garage	\$38.25	1.000	1.000	1.05	1.19	\$47.79
Labor Dwelling	\$80.50	1.000	1.000	1.05	1.19	\$100.58
Shop Building	\$17.10	1.116	1.000	1.09	1.19	\$24.75

REPLACEMENT COST OF STRUCTURAL IMPROVEMENTS, continued

Now that the individual building RCNs are calculated, they can be applied to the subject property to provide a total property RCN. Below is a summary of the replacement costs for the building and site improvements located on the subject property:

Building Description	Size (S.F.)	Replacement Cost New/Unit	Total Repl. Cost New
Estate Residence	7,063	\$375.77	\$2,654,061
Attached Garage	1,292	\$47.79	\$61,749
Labor Dwelling	1,056	\$100.58	\$106,217
Shop Building	2,880	\$24.75	\$71,290
Site Improvements:			
Site Prep.-- Grading			\$75,000
Landscaping, Misc. Paving, Pool, Utilities Hook-ups			\$360,000
Indirect Costs & Overruns			\$266,265
Total RCN:			\$3,594,582

BUILDING DEPRECIATION ANALYSIS

After estimating the replacement cost new of the building improvements on the subject property, the improved sales were analyzed to determine any physical, functional or external depreciation that may exist in the market. The replacement costs for the buildings located on the comparable sales were determined in the same manner as the subject property. The difference between the replacement cost new for the building improvements on each sale and the indicated contributory value represents the total depreciation recognized by the market. The effective age was then estimated for the building improvements on each sale based on age, utility and overall condition. The depreciation was then divided by the effective age to arrive at an annual depreciation rate. A summary of improved sales will follow.

DEPRECIATION ANALYSIS						
Sale Number	Sale #R1	Sale #R2	Sale #R3	Sale #R4	Sale #R5	Sale #R6
Buyer	Halter RE	Harrison	Willowstone	Confidential	Rava	Hawley
Seller	Jones	Buss	Achevee	Confidential	Brohaugh	Summit Canyon
Residence Size (Square Feet)	2,857	4,967	5,937	5,568	4,357	3,564
Sale Date	7/2/2020	10/11/2019	5/21/2019	5/1/2018	11/8/2017	2/11/2016
Location	Adelaida	Willow Creek	Willow Creek	Willow Creek	Creston	Willow Creek
Assessor's Parcel Number	014-101-031+	026-342-040	039-101-045	039-191-012	035-081-003	026-331-030
Adjusted Sales Price	\$2,700,000	\$2,800,000	\$5,600,000	\$6,957,500	\$3,655,000	\$1,900,000
Land Allocation	(\$1,971,465)	(\$1,400,000)	(\$3,448,707)	(\$4,087,423)	(\$2,277,683)	(\$1,191,156)
Building Analysis						
Total Building Contribution	\$728,535	\$1,400,000	\$2,151,293	\$2,870,077	\$1,377,317	\$708,844
Other Structural Value	\$0	\$0	(\$281,138)	(\$1,262,929)	(\$140,800)	(\$102,960)
Value of Residence	\$728,535	\$1,400,000	\$1,870,155	\$1,607,148	\$1,236,517	\$605,884
Replacement Cost	\$877,100	\$1,988,450	\$2,147,950	\$1,826,304	\$1,437,810	\$944,460
Accrued Depreciation	(\$148,565)	(\$588,450)	(\$277,795)	(\$219,156)	(\$201,293)	(\$338,576)
Percent Depreciation	-16.94%	-29.59%	-12.93%	-12.00%	-14.00%	-35.85%
Effective Age	9	15	6	7	8	15
Annual Depreciation	-1.88%	-1.97%	-2.16%	-1.71%	-1.75%	-2.39%

BUILDING DEPRECIATION COMMENTS

The comparable sales indicate a range in annual depreciation to residences (including garages and site improvements) from a low of 1.71% to a high of 2.39%. These rates measure all forms of depreciation and are inclusive of physical, functional and external pressures. Although the range is fairly broad, it is apparent that there is some trending around the 2.00% annual rate of depreciation, which also happens to correlate with a 50-year economic life. With that in mind, an annual rate of depreciation of **2.00%** is considered most appropriate for the subject residence, garage and site improvements. The shop building is also allocated the same rate of annual depreciation as 50-year economic lives are typical.

SUMMARY OF STRUCTURAL AND SITE VALUE BY THE COST APPROACH

With the estimated replacement cost new of the improvements calculated, the indicated rate of depreciation is applied to indicate a depreciated value of the structural and site improvements. The following table illustrates the valuation of the structural and site improvements by the cost approach:

Building Description	Size (S.F.)	Replacement Cost New/Unit	Total Repl. Cost New	Eff. Age	Econ. Life	% Annual Deprec.	% Total Deprec.	Total Deprec.	Deprec. Value
Estate Residence	7,063	\$375.77	\$2,654,061	20	50	2.00%	40%	\$1,061,624	\$1,592,437
Attached Garage	1,292	\$47.79	\$61,749	20	50	2.00%	40%	\$24,700	\$37,049
Labor Dwelling	1,056	\$100.58	\$106,217	30	50	2.00%	60%	\$63,730	\$42,487
Shop Building	2,880	\$24.75	\$71,290	30	50	2.00%	60%	\$42,774	\$28,516
Site Improvements:									
Site Prep.-- Grading			\$75,000	20	50	2.00%	40%	\$30,000	\$45,000
Landscaping, Pool, Utility Hook-ups			\$360,000	20	50	2.00%	40%	\$144,000	\$216,000
Indirect Costs & Overruns			\$266,265	20	50	2.00%	40%	\$106,506	\$159,759
Totals			\$3,594,582						\$2,121,248

VINEYARD DEVELOPMENT COSTS

Development cost figures for the subject and sale properties were primarily obtained from cost sheets published by the University of California Cooperative Extension (UC) as well as from actual development budget information provided by the property owner. The UC data that is referred to is cited in the publication "Production and Sample Costs to Establish a Vineyard and Produce Wine Grapes" for the Central Coast region. However, this publication is somewhat dated. In order to utilize more current data, the publication of "Sample Costs to Establish and Produce Wine Grapes" for the North Coast region was also utilized. It is recognized that vineyard development within the North Coast region share some parallels with those of the Central Coast, but development costs are generally slightly higher, warranting some adjustments to the data therein. Additional sources include actual development costs of similar wine grape developments in the region that has been obtained from historical vineyard developments within the Central Coast region. The data from all sources was considered for utilization herein and adjusted accordingly based on reasonableness and individual characteristics of the subject developments.

VINEYARD DEVELOPMENT COSTS, continued

The development cost statement provides the appraiser's estimate of developing and operating costs for vineyards until economic maturity (where annual income exceeds annual costs). It is recognized that there are some young vines on the subject that were planted in 2017 but those vines should now be producing at near maximum levels along with the 2000 and 2006 plantings. All acreage is at least at the end of the 5th year of their development and at economic levels. Therefore, a single table is deemed reliable for the subject plantings. The reader is reminded that the subject property includes several blocks of 2017 through 2019 plantings within Field 2 that have a very high mortality rate. These plantings are not considered to contribute value within the market as most potential buyers would remove the vines and redevelop the field. With that in mind, the acreage of Field 2 is not included within the cost approach.

The following table summarizes the estimated replacement costs of the subject vineyard blocks. It is noted that these costs are at the top of the range, but that is due to the high density of the vineyard plantings. This estimate is well supported by the cost studies cited and the appraisers file data.

Description of Improvement	Vineyard RCN / Acre
2000, 2006 and 2017 Planted Vineyard Blocks (1 meter X 2 meters)	\$41,807

VINEYARD DEPRECIATION ANALYSIS

The next step is to determine if there is any depreciation or appreciation attributable to the subject property. To determine the current market value for the wine grapes developed on the subject, the appraiser must derive market depreciation or appreciation for respective sales presented in this report. In order to derive the depreciation rates from those sales, the appraiser must first extract the underlying open land value from the total sales price, as well as any additional non-permanent planting improvement values, such as building improvements, to arrive at a residual value or contributory value for the permanent planting improvements only. Replacement Cost New figures are then derived to establish the cost to develop the mature producing vineyards. The vineyard contributory values are then subtracted from the Replacement Cost New value to arrive at the total depreciation indicated by the individual sale.

These depreciated or appreciated values are then divided by the overall weighted effective age of the vineyards to arrive at an annualized depreciation or appreciation rate. Currently, demand for wine grape vineyards appears to be strong for younger vineyards with modern varieties, resistant rootstock and spacings, but much weaker for older vineyards in fair condition on their own rootstock. Wine consumption and resulting demand for grapes appears to be relatively stable over the past 18 months, resulting in relatively static profitability within the market for good vineyards. Several sales of wine grape vineyards were found in the market and analyzed herein.

Depreciation and/or appreciation rates were extracted from several wine grape vineyard sales. While no single sale stands out as an ideal indicator for any of the subject blocks, together, they provide a range of rates from which to derive depreciation or appreciation for the subject. It is recognized that this data is somewhat weak, but it is the best data available for this commodity.

VINEYARD DEPRECIATION ANALYSIS, continued

VINEYARD SALES DEPRECIATION ANALYSIS						
Wine Grape Sale Number	(#V1)	(#V2)	(#V3)	(#V4)	(#V5)	(#V6)
Buyer's Name	Halter RE	Daou	Westside R	Willowstone	Vista Serrano	Udsen
Sale Date	7/2/2020	12/13/2019	10/17/2019	5/21/2019	5/30/2019	9/22/2017
Parcel Size (Acres)	118.92	244.00	76.00	70.53	40.00	55.00
Net Vineyard Size (Acres)	21.51	38.00	66.68	39.93	34.00	43.21
Adjusted Sales Price/Vineyard Acre	\$55,725	\$36,510	\$45,411	\$58,901	\$33,069	\$54,261
Less Underlying Open Land Value	(\$40,000)	(\$35,000)	(\$40,000)	(\$40,000)	(\$30,000)	(\$40,000)
Vineyard Contributory Value	\$15,725	\$1,510	\$5,411	\$18,901	\$3,069	\$14,261
Replacement Cost New	\$30,637	\$30,952	\$29,342	\$30,180	\$31,212	\$31,235
Total (Depreciation)/Appreciation	(\$14,912)	(\$29,442)	(\$23,932)	(\$11,279)	(\$28,143)	(\$16,974)
% (Depreciation)/Appreciation	-48.67%	-95.12%	-81.56%	-37.37%	-90.17%	-54.34%
Weighted Effective Age	20	13	20	10	20	13
Annual (Deprec.)/Apprec. Rate	-2.43%	-7.32%	-4.08%	-3.74%	-4.51%	-4.18%

*Vineyard allocations only - Adjusted for wasteland, if substantial, open land, and buildings, etc.

The reader is reminded that appreciation is reflected by positive rates while negative rates reflect depreciation. In fact, all of the sales reflect rates of depreciation. The depreciation rates range from a low of 37.37% to a high of 95.12%. While this data can be somewhat confusing on the surface, upon closer observation a trend can be ascertained.

One issue to consider is the application of overall depreciation versus annual depreciation. The sales are analyzed on an overall depreciation rate as well as on an annualized basis. However, the data does suggest that the market is more reflective of an overall rate of depreciation for vineyards. Annualized rates range from a low of 2.43% depreciation to a high of 7.32% depreciation. The market has historically indicated that there is an inverse relationship to the ages of the plantings with the oldest vineyards actually indicating the lowest annualized depreciation rate and the youngest sale showing the highest annualized rate. This is an indication that the market reflects depreciation as a lump sum that is applied early in the development and not on an annualized basis, especially due to the fact that the majority of the development costs are incurred within the first year of development. Therefore, an overall rate of depreciation will be applied herein.

Another issue to consider is whether the vines are planted on resistant rootstock or their own roots. All of the subject's plantings are developed on resistant roots which is preferable within the market. The final aspect to consider is the value of the underlying land. Higher land values result in lower contribution to the vines, which generally causes greater depreciation while less depreciation is noted on properties with lower land values and greater contribution to the vines.

Upon analysis, it is noted that Sales #V1, #V3, #V4 and #V6 have similar underlying land values at \$40,000/acre. They indicate overall depreciation rates of 48.67%, 81.56%, 37.37% and 54.34%, respectively. Most of the sales provide a tight range with the exception of Sale #V3, which is much higher than the other three sales but this appears to be more of an anomaly. With most emphasis on the Sale #V1, #V4 and #V6 indicators and slightly less on the Sale #V3 indicator, an overall depreciation rate of **50.00%** is selected for the subject vineyards.

INDICATION OF VALUE BY COST APPROACH

Now that the value of the land is calculated, the replacement costs new for the plantings and site improvements have been developed and the appropriate rate of depreciation has been determined, the value of the overall subject property can be calculated. The reader is reminded that there are residential improvements on the subject property. Because the structures were already valued by the cost approach, the calculated depreciated value of the structures is carried over and included within the following table.

The following table is a summary analysis of value for the subject property by the cost approach:

COST APPROACH VALUE INDICATION	
Description	"As Is" 1/21/2021
Per Acre Replacement Cost New of Vineyard Plantings	\$41,807
Effective Age (years)	20
Total Percent Depreciation	-50.00%
Total Depreciation	(\$20,903)
Depreciated RCN / Acre	\$20,903
Acres Developed	71.60
Total Vineyard Contribution	\$1,496,691
Building Value Carried Over	\$2,121,248
Plantable Land/Site Value Indication by Sales Comparison	\$4,917,200
Home Site Value Indication by Sales Comparison	\$400,000
Non-Productive Land Value indication by Sales Comparison	\$70,140
Total Value as indicated by the Cost Approach:	\$9,005,279
ROUNDED:	\$9,010,000

**Rounded to the nearest \$10,000*

SALES COMPARISON APPROACH

A set of procedures in which a value indication is derived by comparing the property being appraised to similar properties that have been sold recently; applying appropriate units of comparison and making adjustments to the sale prices of the comparables based on the elements of comparison. The sales comparison approach may be used to value improved properties, vacant land, or land being considered as though vacant; it is the most common and preferred method of land valuation when comparable sales data are available.

The sales comparison approach to value uses sales of comparable properties, adjusted for differences, to indicate a value for the subject property. Valuation is often accomplished using a physical unit of comparison such as a price per acre, or an economic unit of comparison, such as a gross rent multiplier. Adjustments are applied to the physical units of comparison derived from the comparable sales and then the units of comparison are applied to yield a value indication for the subject property.

Value estimation through this approach utilizes a bracketing technique or relative comparison analysis. Absolute, dollar quantitative adjustments are not realistic through matched pair analyses. Viewing the subject property in relation to the cited sales provides the greatest support through this sale comparative process.

All sales have a common highest and best use. The terms and motivation behind the sales were confirmed with a principle to the transaction. The value of buildings, personal property and any other concessions or adjustments as allocated from the sale price is for the purposes of these analyses.

An extensive search for recent market sales of properties sharing similar characteristics as the subject was completed. However, very few current sales of premium wine grape vineyards occur in the area around the subject as the market area is dedicated to a wide variety of uses. Furthermore, properties are generally very tightly held and seldom enter the open market. Due to the limited supply of properties available for sale, these properties all compete for the same buyers within the market and are considered good indicators of value for the subject property.

The cited sales utilized herein were selected as the most current and comparable to the subject property. All cited sales are located within the market area under consideration. Date of sale (market conditions), location, soils, land use (plantings), age, condition, and water conditions are the main elements of comparison between the sales and subject. The financing aspects of each sale were reviewed prior to analysis and none of the cited sales required adjustments for financing terms; however, any adjustments for personal property and/or incurred cultural costs were made prior to comparison.

The market lacked an adequate sample of uniquely comparable sales (with similar vineyard /building mixes). Therefore, separate allocations for vineyard improved land and residential building improvements had to be made. This resulted in the analysis of permanent plantings on a per acre basis with the building improvements compared on a per square foot basis. The vineyard portion of the subject will be analyzed first, followed by the analysis of the building and associated site improvements.

VINEYARD ANALYSIS COMMENTS

The following elements of comparison are used to compare the sales to the vineyard component of the subject property.

Conditions of Sale ~ Conditions of sale reflect the motivations of the buyers and sellers as to whether the sale is an arm's-length transaction (unusual circumstances). Through the confirmation process, it was determined that most of the comparable sales were arm's-length with normal circumstances, resulting in similar ratings. However, the high sales price of Sale #V7 with older fair to average vines gives the appearance of a motivated buyer who purchased for assemblage with his neighboring vineyards, warranting a slightly superior rating.

Cash Equivalency – Financing ~ Cash equivalency adjustment compensates for financing that is atypical; that is, not a cash transaction or its equivalent. All of the sales were cash or cash equivalent; therefore, an adjustment is not warranted.

Market Conditions (Time of Sale) ~ The market data suggests a relatively strong market for vineyards from 2000 through 2008 with a softening of the market from 2009 through 2012. However, the market appears to have stabilized over the past three years. All of the sales closed within the past 42 months. Therefore, all are rated as similar in regard to market conditions at the times of sale.

Location ~ Location can have a dramatic impact on the value of properties within this market. Not only are micro-climatic conditions important, but also visibility along major roadways or wine trails will have an impact on market prices. The subject property is located within the prestigious Willow Creek District that is highly regarded for its award winning wine production. All of the sales are similarly located within either the Willow Creek District or similar Templeton Gap and Adelaida districts, all of which are west of Highway 101 and rated as similar in regard to location.

Zoning ~ The subject and all of the sales are zoned AG; Agriculture. Thus, all are rated as similar to the subject within this category.

Size ~ The subject includes a total of 160.00 acres of which ± 71.60 acres are developed to premium quality vineyard with ± 9.02 acres of supporting farmstead areas and farm roads resulting in a total planted and support size of 80.62 acres. The sales, on the other hand, reflect land sizes ranging from 40.00 acres to 244.00 acres. An attempt was made to find as similar sized transactions as possible, resulting in the selected set of sales data. Typically, as the number of acres increases the total dollars required to purchase the property also increases. Thus, there tends to be fewer qualified buyers for very large properties, which reduces competition. Conversely, there tends to be a greater number of buyers for smaller parcels, which increases competition (value). However, an analysis of the market indicated very little to no difference in values for developed properties with sizes from ± 40.00 acres to nearly ± 500.00 acres, primarily due to the limited supply of either within the market. Therefore, all of the sales are rated as similar within this category.

Access/Road Frontage ~ The subject property and the sales have good, paved road frontage or gravel easements, providing good year-round access, resulting in similar ratings.

VINEYARD ANALYSIS COMMENTS, continued

Shape/Uniformity ~ This category relates to the uniformity of the property. The subject is square in shape with slightly irregular in shaped blocks, but not to a point where it negatively affects the farmability or marketability of the subject. The cited sales are generally well laid out as well with some slight irregularities, similar to that of the subject.

Soils ~ The subject is primarily comprised of capability class 4 series soils. These soils have good drainage, which is favorable for vineyard production, but have only fair fertility, necessitating application of extensive fertilizers and amendments. All of the sales have similar class 2, 3, 4 and 6 series soils, warranting similar ratings within this category.

Utilities ~ The subject property has typical rural utilities available on site. The presence of the utilities affords a much more economical and generally more favorable atmosphere for farming practices. All of the sales also have utilities available, similar to that of the subject property.

Topography ~ Steep topography inhibits the ability to develop permanent plantings. The subject's vineyard areas are primarily gently undulating. The sales have similar topography, resulting in similar ratings.

Vineyard Varieties ~ This category compares the desirability of the various varieties on the sales properties to those on the subject. The Chardonnay, Cabernet Sauvignon, Mourvedre, Grenache, Petite Sirah, Viognier and Marsanne varieties planted on the subject property are desirable within the market and reflect good condition. Most of the sales have very similarly desirable varieties. However, the extensive Rhone varietals on Sale #V8 are rated as slightly inferior as they have limited desirability within the market.

Vineyard Age ~ Although vines can have economic lives of up to 25 years, the younger vines do tend to produce higher yields of good quality fruit, resulting in slightly greater demand for the younger orchards that have more years of remaining economic life. The subject includes a variety of younger and older vines with a weighted average age of 15 years. Sales #V8 and #V12 have generally similar aged vineyards, but the ± 10 year old vines on Sale #V10 warranted a slightly superior rating. Sales #V7, #V9 and #V11, on the other hand, are rated as slightly inferior due to the vineyards being in excess of 20 years old.

Vineyard Condition ~ Planting condition relates to the overall growth, vigor and uniformity of the vineyards, which typically reflects the general health of the plantings. Overall, the subject vineyards reflect fairly average condition with reported low production, but exactly how much production was not provided. The vineyards on Sales #V7, #V8, #V9, #V11 and #V12 are very similar in condition to that of the subject. However, the good condition of the vineyards on Sale #V10 is slightly superior to that of the subject.

Rootstock ~ Although own rootstock can sometimes result in superior quality fruit, it is susceptible to phylloxera. As such, the market generally shows a preference to vineyards planted on disease resistant rootstock. The subject and the sales are planted on disease resistant rootstock, resulting in similar ratings within this category.

VINEYARD ANALYSIS COMMENTS, continued

Water Supply ~ The subject property is irrigated via four on-site wells that reportedly provide an abundant supply of water. The sales are similarly improved with wells, resulting in similar ratings to all.

Overall Comparison Rating ~ The overall rating is made after all the elements of comparison are considered. This rating reflects the appraiser's overall judgment of market reaction to the subject based the particular sale indicator. Thus, a sale rated as similar would indicate that a similar market response exhibited by the sale could be expected for the subject. Hence, a market value near the particular sale price would be expected. When an inferior rating is applied, the judgment is that the sale property has inferior characteristics; thus, a market value above the sale indicator would be expected for the subject property. Conversely, when a superior rating is applied a market value below the sale indicator would be expected.

VINEYARD SALES COMPARISON ANALYSIS

The following vineyard sales are compared to the subject property within this analysis. The sales information is cited and analyzed in the following grid resulting in a value of the subject's vineyard plantings that is based on a price per acre basis.

COMPARATIVE VINEYARD SALES							
	SUBJECT	(Sale #V7)	(Sale #V8)	(Sale #V9)	(Sale #V10)	(Sale #V11)	(Sale #V12)
Buyer Name		Halter RE	Daou	Westside R	Willowstone	Vista Serrano	Udsen
Seller Name		Jones	Luna Matta	Westside V	Achevee	Russell	Hollister
Sale Recording Date		7/2/2020	12/13/2019	10/17/2019	5/21/2019	5/30/2019	9/22/2017
Document No.		32999	56037	45799	18980	20219	42440
County	SLO	SLO	SLO	SLO	SLO	SLO	SLO
Location	Willow Creek	Adelaida	Willow Creek	Adelaida	Willow Creek	Adelaida	Templeton Gap
Assessor's Parcel No.	026-342-039	014-101-031+	026-281-009	014-311-029	039-101-045	026-021-070	039-381-052
Gross Ac./Size	160.00	118.92	244.00	76.00	70.53	40.00	55.00
Terms/Financing	Cash Equiv.	Conv.	Conv.	Conv.	Conv.	Conv.	Conv.
Nominal Sale Price		\$2,700,000	\$3,500,000	\$3,500,000	\$5,600,000	\$1,800,000	\$2,750,000
Market Adj. Sale Price		\$2,700,000	\$3,500,000	\$3,500,000	\$5,600,000	\$1,800,000	\$2,750,000
Personal Prop. Contrib.		NONE	NONE	NONE	NONE	NONE	NONE
Building Contribution		(\$728,535)	(\$96,620)	(\$172,020)	(\$2,151,293)	(\$165,650)	"
Land Allocation		\$1,971,465	\$3,403,380	\$3,327,980	\$3,448,707	\$1,634,350	\$2,750,000
Mkt. Adj. Land \$/Acre		\$49,175	\$13,948	\$49,175	\$48,897	\$49,175	\$49,175
Vineyard/Sup Acreage	80.62	21.51	38.00	66.68	39.93	34.00	43.21
Value of Vineyard	To Determine	\$1,178,645	\$1,387,380	\$3,027,980	\$2,351,907	\$1,124,350	\$2,344,605
Vineyard Value/Ac.	"	\$54,795	\$36,510	\$45,411	\$58,901	\$33,069	\$54,261
Vested Plantable Land	42.31	4.00	42.00	0.00	9.92	0.00	0.00
Value of Plantable	N/A	\$160,000	\$1,470,000	\$0.00	\$396,800	\$0.00	\$0.00
Plantable Value/Ac.	N/A	\$40,000	\$35,000	N/A	\$40,000	N/A	N/A
Home Site Acreage	2.00	2.00	1.00	5.00	7.00	2.00	1.00
Value of Hoe Site	To Determine	\$450,000	\$300,000	\$300,000	\$700,000	\$500,000	\$400,000
Home Site Value/Ac.	"	\$225,000	\$300,000	\$60,000	\$100,000	\$250,000	\$400,000
Non-Productive Ac.	35.07	91.41	163.00	4.32	13.68	4.00	10.79
Value of Non-Product.	To Determine	\$182,820	\$246,000	\$0	\$0	\$10,000	\$5,395
Non-Prod. Value/Ac.	"	\$2,000	\$1,509	\$0	\$0	\$2,500	\$500
Value of Other	N/A	NONE	NONE	NONE	NONE	NONE	NONE
ELEMENTS OF COMPARISON - PER ACRE							
Vineyard/Ac. Indication	SUBJECT	\$54,795	\$36,510	\$45,411	\$58,901	\$33,069	\$54,261
Conditions of Sale	Market	SL SUP	SIMILAR	SIMILAR	SIMILAR	SIMILAR	SIMILAR
Cash Equivalency	Cash Equiv.	SIMILAR	"	"	"	"	"
Market Conditions	1/21/2021	"	"	"	"	"	"
Location	Willow Creek	"	"	"	"	"	"
Zoning	Agriculture	"	"	"	"	"	"
Size (Acres)	160.00	"	"	"	"	"	"
Access/Road Frontage	Gravel/Avg.	"	"	"	"	"	"
Shape/Uniformity	Uniform	"	"	"	"	"	"
Soils	Mostly Class 4	"	"	"	"	"	"
Utilities	Limited Rural	"	"	"	"	"	"
Topography	Gently Rolling	"	"	"	"	"	"
Vineyard Varieties	Mixed Good	"	SL INF	"	"	"	"
Vineyard Age	Eff. 15 Yrs.	SL INF	SIMILAR	SL INF	SL SUP	SL INF	"
Vineyard Condition	Fairly Avg.	SIMILAR	"	SIMILAR	"	SIMILAR	"
Rootstock	Resistant	"	"	"	SIMILAR	"	"
Water Supply (Irrig.)	4 Wells	"	"	"	"	"	"
Overall Comparison	SUBJECT	SIMILAR	SL INFERIOR	SL INFERIOR	SUPERIOR	SL INFERIOR	SL SUPERIOR
Indicated Market Value		near	sl more	sl more	less than	sl more	sl less
of Vineyard/Acre:	To Determine	\$54,795	\$36,510	\$45,411	\$58,901	\$33,069	\$54,261

VINEYARD SALES REMARKS

As previously stated, the lack of puritan sales within this limited market resulted in use of sales that include a combination of plantable land, residential home sites, vineyards and non-productive land.

Sale #V7 (Halter Real Estate) ~ is located in the "Willow Creek Ranch" that was owned by film maker King Vidor and later developed into several large acreage estate home sites. The property is situated approximately 1/2 mile northwest of Vineyard Drive, being on the southwest side Vineyard Ranch Road at 8470 Vineyard Ranch Road. The property is improved with a good quality custom built home with attached garage and "life style" wine grape vineyard. The subject's terrain is mostly moderate to steep sloping and includes approximately 91 acres of oak covered woodland. The subject's vineyard consists approximately 17.40 net acres or 21.51 gross acres that includes farm roads and staging areas. The vineyard is comprised of 4.02 net acres of Cabernet Sauvignon planted in 1990, 6.39 net acres of Merlot planted in 1991, 5.40 net acres of Chardonnay planted in 1992, and 1.59 net acres of Merlot planted in 1994. The vineyard was developed on 11' x 8' and 11' x 7' spacing using a quadrilateral cordon system and is planted on it's on rootstock. The vineyard was reported to be in fair to average condition. The residence contains approximately 2,857 square feet and contains 4 bedrooms, 3 bathrooms with open floor plan and vaulted-open beam ceilings. The residence also includes a large 4-car garage. The home is reported to be in good condition. Water is provided by two-on site wells with production reported to total over 250 gallons per minute. The property was originally listed for sale for \$3.2MM. At the time of sale, the subject's listing price had been reduced to \$2,995,000 and was on the market for 345 days. The buyer owns large swathes of land including premium wine grapes and renown winery in the Adelaida area. A portion of their land holdings are contiguous to the subject property.

Sale #V8 (Daou) ~ is located on the north side of Peachy Canyon Road, approximately 5 miles west of Paso Robles. The property was historically used as a nut orchard before 35.75 net acres of vineyard were developed from 2001 to 2014. The vineyard is planted to Rhone and Italian varietals; developed with metal end posts, metal stake every other vine, and VSP trellis system. The spacing is mostly 10' x 5', however a few blocks are closer to 8' x 4'. The production is close to 2 tons per acre with contracts to top tier wineries in the area. The terrain is sloping to steeply sloping. The soils include Balcom, Nacimiento, Callegaus, Still, and Linne-Calodo series. Water is provided by four on-site well with reported output of 130+ gpm and seven, 10,000 gallon steel holding tanks. There is a 3,000 sf metal equipment shop with concrete slab foundation, 3-phase power, and 3 roll-up doors. The property was listed with Jenny Heinzen Real Estate for 145 days. This is an arms-length transaction.

Sale #V9 (Westside Vineyard Real Estate) ~ is located along both side of Chimney Rock Road, ±12.3 miles west of Paso Robles and ±3 miles northeast of Adelaida Road junction and is situated in the Adelaida District, a sub appellation of the Paso Robles AVA. Terrain varies from near level to moderately steep hillsides with soils ranging from class 2 to class 6. The property is improved with a wine grape vineyard and includes a primary residence, two guest residences, and several farm support structures. The vineyard is broken into sixteen blocks and planted to seven varietals (Cabernet Sauvignon, Cabernet Franc, Syrah, Merlot, Petit Syrah, Malbec and Petite Verdot). More particularly, the vineyard is divided by Chimney Rock Road and identified as the "Westside" vineyard and "Eastside" vineyard. The vineyard totals approximately 6.68 gross acres which includes 4.65 acres of farm roads, well sites, and staging areas.

VINEYARD SALES REMARKS, continued

Sale #V9 (Westside Vineyard Real Estate), continued ~ The "Westside" vineyard is composed of five blocks (W1-W5) totaling 17.15 net acres and planted to five varietals, all on their own rootstock and on 10' X 6' (726 vines/acre) spacing on a VPS trellis system. Blocks W1, W3 & W4 were planted in 1994, Block W2 was planted in 2016 & Block W5 was planted in 2004. The "Eastside" vineyard is composed of eleven blocks (E1-E11) totaling 44.88 net acres and planted to six varietals, all on disease resistant rootstock (except E1 & E9) and on 6' X 5' (1,452 vines/acre) spacing. Most of the vineyard was planted in 1998, except block E4 in 2001, E7 in 2011 and E9 in 2016. These blocks are both cordon trained and cane pruned using a VSP trellis system. Per information provided by the real estate agent, the 5-year average (2014-2018) for the "Westside" Vineyard has been 2.94 tons per acre and for the "Eastside" vineyard has been 3.19 tons per acre. The vineyard's overall 5-year production average is 3.12 tons per acre.

The main home (9480 Chimney Rock Road) is located along the east side of the road. This is an average quality, wood frame, one story residence that was constructed in 1950, has been renovated over the years and is in average condition. The guest home (9440 Chimney Rock Road) is also located along the east side of the road, just north of the main home. This is an fair quality, wood frame, one story residence that was constructed in 1942, has been renovated over the years and is in fair condition. There is also a 792 square foot, third residence on the property (9325 Chimney Rock Road), that is located along the west side of the road. This is an older, fair quality, wood frame, one story residence. Additional structural improvements include a shed and barn in the farmstead area along the west side of the road, a walnut processing shed, carport, and various out buildings in the farmstead area along the east side of the road. These outbuildings are very old in poor condition, precluding contribution to the value of the property.

The subject property includes 5 on-site wells with total production of 146 gallons per minute. The property also includes approximately 28,000 gallons of water storage (18,000 gallon concrete cistern and two 5,000 gallon tanks).

The property was first listed on September 9, 2016 with another real estate company for \$4,700,000. In late 2017, the property was pending sale in the amount of \$4,050,000, but subsequently, fell out of escrow. The asking price was reduced to \$4,200,000 on June 12, 2018. The property was relisted with Jenny Heinzen on June 19, 2019 with an asking price of \$3,750,000. Overall, the subject property was on the market for 992 days.

Sale #V10 (Willowstone Vineyard) ~ is located approximately 6+ miles southwest of Paso Robles on the northeast side of Vineyard Drive at 5170 Vineyard Drive and is situated in the Willow Creek District of the Paso Robles AVA. The terrain is moderately rolling hills, primarily having southwest exposure with predominate soils being class II and IV when irrigated. The property consists of 39.93 gross acres of premium wine grapes, a nearly 6,000 sf estate home that includes a pool with pool house and outdoor entertainment area, a small guest home (not permitted), and a 3,000 sf storage building built to be utilized for wine process. The property also includes a landing strip and an approved minor use permit for winery and tasting room. The seller never finalized the MUP due to other unresolved county permit issues.

VINEYARD SALES REMARKS, continued

Sale #V10 (Willowstone Vineyard), continued ~ The vineyard is developed on 10' x 6' spacing and is comprised of 22.78 net acres of Cabernet Sauvignon planted in 2000 (9.3 net acres was re-grafted in 2016 to a new Cab clone), 1.00 net acre of Merlot planted in 2001, 1.00 net acre of Grenache, 2.14 net acres Mourvedre, & 2.50 net acres Petit Verdot grafted in 2015, 1.00 net acres Petite Syrah & 1.00 net acres Petit Verdot grafted in 2016, and 2.50 net acres Syrah, 1.60 net acres Petit Verdot, and 1.60 net acres of Petit Syrah planted in 2019. The vineyard was reported to average 4-5 tons/year. The buyer reimbursed the seller outside escrow for cultural and other related vineyard costs and received the 2019 crop. The estate residence was built in 2009 after a fire engulfed the original home. It was reported that the home had some flaws/issues that would need to be resolved by the new owners. Water was provided by 3 on-site wells with an estimated total output of 55-60 gpm. The property also included a large pond that was utilized for recreation purposes as well as fire suppression. The property was listed for sale for 24 days prior to receiving an acceptable offer. It was reported that the property entered escrow at the full asking price, but the sale price was subsequently renegotiated/reduced due to needed repairs on the property. It was also reported that the seller was motivated to sell due to financial duress and listed the property at a fire-sale price.

Sale #V11 (Vista Serrano 5805, LLC) ~ is an interior located property that is situated $\pm\frac{1}{2}$ mile north of Nacimiento Lake Road at the intersection with Oak Flat Road and ± 1 mile east of the intersection of San Marcos Road with Nacimiento Lake Road, being ± 3.5 miles northwest of the city of Paso Robles in San Luis Obispo County. It includes 40.00 acres contained within a single assessor's tax parcel. Land use includes ± 34.00 acres of mature vineyards with a ± 2.00 acre residential site scattered in three locations and ± 4.00 acres of non-usable ancillary land. Vineyard is developed to Zinfandel, Cabernet Sauvignon, Petite Sirah, Mourvedre and Grenache, all planted in 1998. The vines are getting close to the end of their economic lives and the trellis system is showing signs of deferred maintenance. Access is provided via dirt avenues across properties to the east to Mustard Creek Road, another dirt road that extends southward to Nacimiento Lake Road. Soils are a class 3, 4 and 6 series on rolling topography. The primary home site has good views of the local vineyards and the Coastal Range. Irrigation is reportedly provided by a well with application via drip system. Building improvements include a $\pm 2,000$ SF main house that was built in 1978 with an older guest house ($\pm 1,056$ SF), barn with apartment (± 800 SF) and a mobile home (± 770 SF). The main house reflects fairly average condition while the other structures reflect fair to average condition. This property received adequate market exposure via a local real estate broker at a price of \$2,200,000. It was on the market for just under 100 days prior to a negotiated price of \$1,900,000 being accepted. Cultural costs for the crop to the date of sale were paid for outside of escrow.

Sale #V12 (Udsen) ~ is located ± 1 mile southwest of Templeton and $\pm\frac{1}{2}$ mile south of Vineyard Drive at the terminus of Rossi Road, being situated just west of Highway 101. It partially fronts the highway, is outside PRGWB Ordinance area, and is within the Templeton Gap District of the Paso Robles AVA. Terrain is mostly level to slightly undulating. Property includes ± 37.65 net acres of vineyard or ± 43.21 gross acres including well sites, staging areas, interior roads, and reservoir. The vineyard is developed on 8'x8' spacing (680 vines/acre) and 8'x7' spacing (778 vines/acre), bi-lateral trained cordons using a VSP trellis system and includes overhead frost protection. It was planted in 2000 to ± 21.96 net acres of Cabernet Sauvignon, ± 8.25 net acres of Syrah, and ± 7.44 net acres of Merlot. Overall, the vineyard demonstrates average to good vigor, fair to average uniformity, and is in average condition.

VINEYARD ANALYSIS COMMENTS & VALUATION

The subject property is developed to a fairly average quality wine grape vineyard that features market accepted varieties that are reported to provide a good production history. There is also an adequate supply of irrigation water via four on-site wells. The subject also includes a good home site with excellent views. Overall, the subject is considered to be a desirable property within the Willow Creek District of the West Paso Robles market area. The six sales include mature wine grape vineyards that provide a reliable range of values applicable to the subject property.

Sale #V7 is the most current transaction within the market. This similar sized property has similar quality soils, topography, vineyard varieties and condition. It is noted that the vines are older than those of the subject, but that aspect is essentially offset by the apparent buyer motivation. As a result of offsetting features, this sale is rated as overall fairly similar to the subject vineyard at a price of \$54,795/acre.

Sales #V8 is a recent transaction of a fairly similar sized property. The soils, topography, age and condition of the vineyard are similar to those of the subject. However, the slightly inferior Rhone varietals resulted in an overall slightly inferior rating at a price of \$36,510/acre.

Sales #V9 and #V11 are fairly recent transactions of similar sized properties situated within the Adelaida district to the north of the subject. The topography, soils and water conditions are similar to those of the subject. The varieties and condition of the vineyards are also similar, but both vineyards reflect ages in excess of 20 years, resulting in slightly inferior ratings at prices of \$45,411/acre and \$33,069/acre, respectively.

Sale #V10 is a similar sized vineyard property that is similarly located within the Willow Creek District. It has topography, soils and water conditions that are similar to the subject. Varieties are also similar, but the younger age and better condition of the vines resulted in an overall slightly superior rating at a price of \$58,901/acre.

Sale #V12 is the most dated sale utilized but was selected because it is physically most similar to the subject property at a price of \$54,261/acre.

Again, the subject property is a fairly average quality vineyard that is located west of Paso Robles within the Willow Creek District of the Paso Robles AVA. All of the sales included herein are also located within the Willow Creek sub-appellation or similar Templeton Gap and Adelaida districts. Upon comparison, it is determined that Sales #V7 and #V12 are most similar to the subject with vineyard price allocations of \$54,795/acre and \$54,261/acre, respectively. The remaining transactions provide good support via bracketing with Sale #V10 indicating a value less than \$58,901/acre while Sales #V8, #V9 and #V11 indicate values greater than \$36,510/acre, \$45,411/acre and \$33,069/acre, respectively. With good support for the Sale #V7 and #V12 indicators, a value selection of **\$55,000 per acre** is considered well supported for the subject property's vineyard improvements.

RESIDENTIAL ANALYSIS COMMENTS

The subject is improved with a high quality custom built residence with attached garage and extensive landscaping/site improvements. The following elements of comparison are used to compare the sales to the residence on the subject property.

Many of the elements of comparison were previously discussed within the valuation of the vineyard, precluding readdressing herein. These include Conditions of Sale, Cash Equivalency, Market Conditions and Location. However, several categories are reflective of the residential improvements only and are summarized below.

Dwelling Size ~ The subject includes an estate residence that is 7,063 square feet in size. However, an analysis of the market indicates no measurable difference for dwelling sizes from $\pm 3,000$ to $\pm 7,000$ square feet in size. Therefore, all sales are rated as similar within this category.

Quality of Construction ~ This category compares the quality of construction of the residences of the sales to that of the subject property. The subject is a High Quality Class IV (Excellent) house that features a Tuscan design that is popular within the region. Although of a different design, Sales #R3 and #R4 feature very similar quality of construction to that of the subject. However, Sales #R1, #R2 and #R5 feature High Quality Class I to II construction that is slightly inferior to that of the subject.

Additional Features ~ Additional features do add a benefit to the residential element. In fact, the subject includes a saltwater pool with pool house, tennis courts and extensive high-end landscaping. The additional features on Sales #R2, #R3 and #R5 are different, but of similar quality and utility to those of the subject. Sales #R1 and #R4, on the other hand, have additional features that are slightly inferior to those of the subject.

Effective Age of Improvements ~ As previously discussed, the subject's residence was remodeled in 2008, but currently suffers from deferred maintenance, resulting in an effective age of 20 years. All of the sales have lower effective ages, resulting in slightly inferior ratings.

Overall Condition of Improvements ~ This category compares the condition of the sale properties to that of the subject. As previously stated, the subject residence suffers from deferred maintenance on the exterior, resulting in an average to good condition rating. The residence on Sale #R2 reflects similar average to good condition, but the remaining sales all reflect good condition that is slightly superior to the subject.

Additional Structures ~ This category compares the presence of additional structures on the property. The subject property includes a modest labor dwelling and a shop building. The additional improvements on Sales #R2 and #R3 are similar to those of the subject, but the remaining transactions have limited additional structures of value, resulting in slightly inferior ratings within this category.

Site Improvements ~ This adjustment accounts for the amount of and quality of site improvements on the sales in relation to the subject. Site improvements include grading and/or paving of driveways, attractive landscaping, solar systems, sewer and water systems. The subject property includes excellent landscaping with a concrete driveway. Although different, the sales all have similar quality site improvements.

RESIDENCE SALES COMPARISON ANALYSIS

Five sales containing comparable residences were analyzed within this valuation. The sales information is cited and analyzed in the following grid resulting in a value of the subject's residential and site improvements s that is based on a price per square foot basis.

		COMPARATIVE RESIDENCE SALES				
	SUBJECT	(Sale #R1)	(Sale #R2)	(Sale #R3)	(Sale #R4)	(Sale #R5)
Buyer Name		Halter RE	Harrison	Willowstone	Confidential	Rava
Seller Name		Jones	Buss	Achevee	Confidential	Brohaugh
Sale Recording Date		7/2/2020	10/11/2019	5/21/2019	5/1/2018	11/8/2017
Doc. Number		32999	44815	18980	22193	51227
Assessor's Parcel No.	026-342-039	014-101-031+	026-342-040	039-101-045	039-191-012	035-081-003
County	SLO	SLO	SLO	SLO	SLO	SLO
Location	Willow Creek	Adelaida	Willow Creek	Willow Creek	Willow Creek	Creston
Acreage	160.00	118.92	67.00	70.53	73.30	129.90
Nominal Sale Price		\$2,700,000	\$2,800,000	\$5,600,000	\$8,750,000	\$3,655,000
Personal Property		NONE	NONE	NONE	(\$1,792,500)	NONE
Adjusted RE Sale Price		\$2,700,000	\$2,800,000	\$5,600,000	\$6,957,500	\$3,655,000
Residence Size	7,063	2,857	4,967	5,937	5,568	4,357
Facility Effective Age	20	9	15	6	7	8
Real Estate Allocation	To Determine	2,700,000	2,800,000	5,600,000	6,957,500	3,655,000
Total Land Allocation		(\$1,971,465)	(\$1,400,000)	(\$3,448,707)	(\$4,087,423)	(\$2,277,683)
Allocation to Buildings		\$728,535	\$1,400,000	\$2,151,293	\$2,870,077	\$1,377,317
Less Other Buildings		\$0	\$0	(\$281,138)	(\$1,262,929)	(\$140,800)
Allocation to Residences		\$728,535	\$1,400,000	\$1,870,155	\$1,607,148	\$1,236,517
Adjusted Winery						
Price / SF of Buildings	To Determine	\$255.00	\$281.86	\$315.00	\$288.64	\$283.80
		ELEMENTS OF COMPARISON				
Value Indication / SF.	To Determine	\$255.00	\$281.86	\$315.00	\$288.64	\$283.80
Conditions of Sale	Market	SIMILAR	SIMILAR	SIMILAR	SIMILAR	SIMILAR
Cash Equivalency	Cash Equiv.	"	"	"	"	"
Market Conditions	1/21/2021	"	"	"	"	"
Dwelling Size	7,063	"	"	"	"	"
Quality of Construction	Tuscan - Excellent	SL INF	SL INF	"	"	SL INF
Additional Features	Pool/Pool House	"	SIMILAR	"	SL INF	SIMILAR
Effective Age	20 Years	SL SUP	SL SUP	SL SUP	SL SUP	SL SUP
Overall Condition	Avg. - Good	"	SIMILAR	"	"	"
Additional Structures	Labor Res / Shop	SL INF	"	SIMILAR	SL INF	SL INF
Site Improvements	Avg. - Good	SIMILAR	"	"	SIMILAR	SIMILAR
Overall Comparison	SUBJECT	SL INFERIOR	SIMILAR	SL SUPERIOR	SIMILAR	SIMILAR
Indicated Market Value		sl more	near	sl less	near	near
of Subject (Per Sq.Ft.)	To Determine	\$255.00	\$281.86	\$315.00	\$288.64	\$283.80

RESIDENTIAL SALES REMARKS

As previously stated, the lack of puritan sales within this limited market resulted in use of sales that include a combination of plantable land, residential home sites, vineyards and non-productive land.

Sale #R1 (Halter Real Estate) ~ is located in the "Willow Creek Ranch" that was owned by film maker King Vidor and later developed into several large acreage estate home sites. The property is situated approximately 1/2 mile northwest of Vineyard Drive, being on the southwest side Vineyard Ranch Road at 8470 Vineyard Ranch Road. The property is improved with a good quality custom built home with attached garage and "life style" wine grape vineyard. The subject's terrain is mostly moderate to steep sloping and includes approximately 91 acres of oak covered woodland. The subject's vineyard consists approximately 17.40 net acres or 21.51 gross acres that includes farm roads and staging areas. The vineyard is comprised of 4.02 net acres of Cabernet Sauvignon planted in 1990, 6.39 net acres of Merlot planted in 1991, 5.40 net acres of Chardonnay planted in 1992, and 1.59 net acres of Merlot planted in 1994. The vineyard was developed on 11' x 8' and 11' x 7' spacing using a quadrilateral cordon system and is planted on it's on rootstock. The vineyard was reported to be in fair to average condition. The residence contains approximately 2,857 square feet and contains 4 bedrooms, 3 bathrooms with open floor plan and vaulted-open beam ceilings. The residence also includes a large 4-car garage. The home is reported to be in good condition. Water is provided by two-on site wells with production reported to total over 250 gallons per minute. The property was originally listed for sale for \$3.2MM. At the time of sale, the subject's listing price had been reduced to \$2,995,000 and was on the market for 345 days. The buyer owns large swathes of land including premium wine grapes and renown winery in the Adelaida area. A portion of their land holdings are contiguous to the subject property.

Sale #R2 (Buss 2001 Family Trust) ~ is located at 3773 Live Oak Road, Paso Robles, CA. It is situated on the north side of Live Oak Road, being ± 6 miles southwest of Paso Robles within the Willow Creek District of the Paso Robles AVA. This property includes 67.00 acres contained within a single assessor's tax parcel. Land use is primarily native land with the exception of the two acre home site that sits atop a ridge with excellent views. This 4,183 square foot house was built with good quality Tuscan design. Room count includes 4 bedrooms with 2.5 bathrooms. This multi-level house includes a kitchen with dining room and living room located along the main level. The living room features a stone fireplace and built in bookcase that opens into the dining room with hand painted mural & walk in wine cellar. Wood windows surround the kitchen with granite counter tops. Travertine and hardwood flooring are found throughout the house. A fireplace is also present within the master suite. The property includes a stone patio with wrought iron railings that lead to the pool and & spa, artificial turf and built in BBQ.

Additional structures include a 1 bedroom and 1 bathroom guest house. The Barnmaster barn features 2 indoor stalls, storage & tack room with 3 outdoor stalls & 1 \pm acre of fenced pasture. These structures have an estimated contributory value of approximately \$1,400,000. Water is provided by an on-site well. This property was on the market for over about three months at a price of \$2,900,000 prior to an offer of \$2,800,000 being accepted. It was reported to be an arm's length transaction.

RESIDENTIAL SALES REMARKS, continued

Sale #R3 (Willowstone Vineyard) ~ is located $\pm 6+$ miles southwest of Paso Robles on the northeast side of Vineyard Drive at 5170 Vineyard Drive and is situated in the Willow Creek District of the Paso Robles AVA. The terrain is moderately rolling hills, primarily having southwest exposure with predominate soils being class II and IV when irrigated. The property consists of 39.93 gross acres of premium wine grapes, a nearly 6,000 sf estate home that includes a pool with pool house and outdoor entertainment area, a small guest home (not permitted), and a 3,000 sf storage building built to be utilized for wine process. The property also includes a landing strip and an approved minor use permit for winery and tasting room. The seller never finalized the MUP due to other unresolved county permit issues. The buyer reimbursed the seller outside escrow for cultural and other related vineyard costs and received the 2019 crop. The estate residence was built in 2009 after a fire engulfed the original home. Water was provided by 3 on-site wells with an estimated total output of 55-60 gpm. The property also included a large pond that was utilized for recreation purposes as well as fire suppression. The property was listed for sale for 24 days prior to receiving an acceptable offer. It was reported that the property entered escrow at the full asking price, but the sale price was subsequently renegotiated/reduced.

Sale #R4 (Confidential) ~ is a confidential sale of a property that is located within the premium wine grape growing region west of Paso Robles and Highway 101. It includes a 43.32 gross acre premium wine grape vineyard, boutique style winery/tasting room, estate residence with garage, and farm support building. The property's terrain is slight to moderately rolling hills with primary soils ranging from class II to class VI. The vines were planted from 2006 through 2014. They reflect good condition and have an average production of ± 2.5 tons/ acre over the past five years, but it was farmed purposely to produce wine grapes for premium wine. The winery was built in 2006 and is good quality metal frame construction on a reinforced concrete slab foundation with insulated metal panel (IMP) exterior siding and roof. The interior is divided into three individual bays/rooms with partition walls constructed of insulated metal siding. The individual bays consist of a barrel room, a fermentation room, and a tasting room with office & lab and two restrooms. The entire building is cooled utilizing glycol chillers and night air system. A concrete crush pad consisting of approximately 5,000 square feet is located on the southwest side of the building. Included with the crush pad is a 1,250 \pm square foot shade canopy. An MUP was approved by the county for annual production of 5,000 cases and industry events. The winery structure is in good condition. There is a large "estate" style house and an extra farm storage building present on this property. Water is provided by four smaller, but good quality wells. This transaction was negotiated between two private parties and was not exposed to the market.

The estate residence was built in 1998 by a prominent local builder, is approximately 5,568 square feet multilevel home with high quality wood frame construction on a raised reinforced concrete perimeter foundation, exterior cement lap board siding and composition shingle roof. The main level consists of a great room, dining room, game room, media room, office, guest bedroom, kitchen, laundry room, one full bathroom, $\frac{3}{4}$ bathroom, and a powder room. The upper level is comprised of master suite with master bathroom, study, open loft area, and two bedrooms with "jack & jill" full bathroom. Interior features include slate tile, hardwood, and carpet flooring, vaulted beam ceilings in the master bedroom and dining room; clerestory ceiling and rock fireplace in the great room, and 10 foot ceilings throughout the remainder of the main level. The second level, excluding the master bedroom, includes 9 foot ceilings. There are numerous built-in custom cabinetries, solid wood doors, crown molding, and high end finishes throughout the home.

RESIDENTIAL SALES REMARKS, continued

Sale #R4 (Confidential), continued ~ The kitchen includes an island breakfast bar with cooktop range, granite countertops, built-in commercial grade appliances, sub-zero refrigerator, and walk-in pantry. The master suite has a sitting room (originally designed as a nursery), fireplace, and a two walk-in closets. The garage is approximately 880 square feet and provides access to a 220 square foot attached workout room (gym). The residence includes a veranda style porch along the south and west sides of the structure along with numerous stained concrete walkways. Also included is a large back patio with wood pergola that houses a built in outdoor kitchen/barbeque and sunken fire pit.

Sale #R5 (Rava) ~ is located southeast of the City of Paso Robles and northwest of the community of Creston, on the north side of Creston Road, just east of Stagecoach Road at 6996 Creston Road. It is composed of three legal lots, consisting of 129.90 gross acres and utilized as a wine grape vineyard with an estate residence. This property is located in the El Pomar District, a sub appellation of the Paso Robles AVA. The property's terrain is undulating to steeply sloping with class II, IV & VI soils. Water is provided by one on-site well with an estimated production of 113 gpm. The vineyard is broken into eleven blocks and planted to six varietals (Merlot, Petite Sirah, Zinfandel, Mourvedre, Petite Verdot and Grenache). These vines were planted in 2008, except for block 10 which was replanted to Petite Verdot in 2017, on 9'X6" spacing (807 vines/acre) and 9'X5' spacing (968 vines/acre). The seven year average (2010-2016) for all varietals was 5.10 tons/acre. Overall condition of the vineyard is average. There is also a one-acre hilltop home site at the north end of the vineyard that offers excellent views of the surrounding countryside and a five-acre farmstead along the south edge of the property between vineyard blocks 2 and 10. Within this farmstead area is approximately one-acre of olive, almond and fruit trees. The remaining 83.04 acres is currently dry farmland/grazing land and much of this portion of the property is referred to as non-vested plantable land and the unplantable steep hillsides are referred to as non-plantable land.

There is an estate residence situated on an elevated building pad within the property. This is a very good quality, wood frame, two story residence that was constructed in 2008 and is in good condition. The main floor includes a large great room and kitchen with a large master bedroom and bath off one side of the great room and two guest bedrooms, 2.5 baths and a laundry room off the other side of the great room. The upper level includes a bonus room, two offices and a bath. There is also an oversize two-car garage under the east side of the home with a (814 SF) finished workshop off the side. Outdoor features include a covered concrete porte-cochere in front of the home, outdoor kitchen under a pergola with a wood burning pizza oven, two burner gas range, three burner gas BBQ and a sink with disposal, wood burning fireplace, bocce ball court, extensive patios and extensive good landscaping.

Within the farmstead areas there is a County approved, proposed site for a winery which includes converting the existing 2,000 SF barn into a wine processing facility to include a 500 SF tasting room. There is also an old 1,500 square foot residence, 1,200 square foot barn and a couple sheds in the farmstead area. These structures are very old and in fair to poor condition. Given their age and condition, these buildings do not contribute to the overall value of the property. The property is listed with Gwen Severson of RE/MAX Parkside Real Estate for \$4,250,000. The property was first listed on August 24, 2016 with a list price of \$4,500,000 and the list price was reduced to \$4,250,000 on March 20, 2017. Overall, the property had been on the market for 520 days.

RESIDENTIAL ANALYSIS COMMENTS & VALUATION

Sale #R1 is the recent purchase of a property located within close proximity to the subject. This slightly smaller house features similar site improvements. It is noted that the younger age and good condition of the house are slightly superior to that of the subject, but those aspects are more than offset by the slightly lower quality of construction with less additional improvements. As a result, this sale is rated as overall slightly inferior to the subject's residence at an allocated price of \$255.00/square foot.

Sale #R2 is the recent purchase of a house on 67.00 acres proximate to the subject. This similar sized house has similar additional improvements and structures. It is recognized that the house was built with slightly lower quality standards than those of the subject, but that aspect is essentially offset by the younger age of the house. As a result, this sale is rated as overall fairly similar to the subject residence at a price of \$281.86/square foot.

Sale #R3 is the purchase of a property with a similar sized house within the Willow Creek District. This house reflects very similar quality of construction and includes similar additional features and structures. However, the younger age and good condition of this house resulted in an overall slightly superior rating at an allocated price of \$315.00/square foot.

Sale #R4 is also located within close proximity to the subject. This similar quality house features similar site improvements. It is recognized that the younger age and good condition of the house are slightly superior to the subject, but those aspects are essentially offset by the limited additional features and structures. As a result, this house is rated as fairly similar to the subject residence at an allocated price of \$288.64/square foot.

Sale #R5 is a slightly more distantly located property, but it includes a similar sized house that has very similar additional features and site improvements. It is noted that the quality of construction and limited additional structures are slightly inferior to those of the subject, but those aspects are essentially offset by the younger age and good condition of the house. As a result, this sale is rated as overall fairly similar to the subject residence at an allocated price of \$283.80/square foot.

Based on the data provided by the five aforementioned sales, the subject's residential improvements are considered best represented by Sales #R2, #R4 and #R5 with price allocations of \$281.86/square foot, \$288.64/square foot and \$283.80/square foot, respectively. The remaining transactions provide good support via bracketing with Sale #R1 indicating a value greater than \$255.00/square foot while Sale #R3 indicates a price less than \$315.00/square foot. Given the narrow range indicated by the three similar sales, a value allocation of **\$285.00/square foot** is considered most appropriate for the subject property's residential improvements.

RESIDENTIAL ANALYSIS COMMENTS & VALUATION, continued

The following table summarizes the value conclusions for the subject property's structural and site (included in the residence) improvements.

BUILDING VALUE CONTRIBUTION			
Description	SF	\$/SF	Total
Estate Residence	7,063	\$285.00	\$2,012,955
Attached Garage	1,292	N/A	Included
Labor Dwelling	1,056	N/A	Included
Shop Building	2,880	N/A	Included
Total Contributory Value:			\$2,012,955

INDICATION OF VALUE BY SALES COMPARISON APPROACH

The reader is reminded that the subject includes a residential site, supporting farm roads, plantable land and ancillary acreage. The support acreage and labor dwelling farmstead are considered equivalent to the vineyard acreage as it is necessary for the operation of the vineyard. Therefore, the vineyard acreage is concluded at ± 80.62 acres (71.60 acres of vines + 7.52 acres of farm roads/support + 1.50 acres of farmstead). However, the subject property also includes a ± 2.00 acre in a good home site, 17.31 acres of non-viable vineyard equivalent to plantable land, 25.00 acres of open plantable land and ± 35.07 acres of non-productive waste acreage. Rather than reanalyze the land sales contained within the cost approach, the value of those three components is carried over from the land analysis section of the cost approach. As discussed within the cost approach analysis, the plantable land is valued at **\$40,000/acre** while a unit value of **\$2,000/acre** is allocated to the non-productive ancillary acreage and the home site is allocated a value of **\$400,000**.

A detailed analysis of the subject property valuation, based on the per unit value contributions as described in the sales comparison approach above is included in the following table:

SALES COMPARISON APPROACH INDICATION				
Land Description	Size Acres	Unit	Indicated Unit Value (\$)	Total Value
Mature Wine Grape Vineyards	71.60	Ac.	\$55,000	\$3,938,000
Support Acreage (Farm Roads & Farmstead)	9.02	"	\$55,000	\$496,100
Plantable Acreage	42.31		\$40,000	\$1,692,400
Residential Estate Home Site	2.00	"	Lump Sum	\$400,000
Waste Acreage (Non-Plantable)	35.07	"	\$2,000	\$70,140
Sub-Total of Land Values	160.00			\$6,596,640
Building Improvements (Includes Site Improvements)				\$2,012,955
Total Value By Sales Comparison Approach:				\$8,609,595
ROUNDED TOTAL VALUE:				\$8,610,000

*Rounded to the nearest \$10,000

RECONCILIATION AND FINAL VALUE CONCLUSION

The three approaches to value accepted by the appraisal industry are used to provide a value opinion of the subject property. A brief discussion of the three approaches and their indicated values follows:

- The **cost approach** to value is based on the premise that a buyer will pay no more for a property than the replacement or reproduction cost new (RCN) of a similar improvement(s), less all forms of depreciation, plus land value and assuming the process can be accomplished without undue delay. The subject includes permanent planting and extensive structural improvements of value. Therefore, the cost approach was applicable in the valuation of the subject property. The improvement contributions, which were combined with the underlying land contribution from a sales comparison analysis, resulted in a total rounded value indication stated as follows:

COST APPROACH VALUE INDICATION:
\$9,010,000

- The **sales comparison approach** is based on the principle of substitution. Limited, but sufficient sales data of properties with wine grape vineyards and estate-type residences were available from which to derive a credible market value indication for the subject property via the sales comparison approach as follows:

SALES COMPARISON APPROACH VALUE INDICATION:
\$8,610,000

- The **income approach** is based on anticipation of future income streams, which will reflect current value by applying capitalization rates derived from sales comparable to the subject. The income approach, while researched for this assignment, was excluded from analysis and presentation within this report. Rationale for exclusion of this income approach from this assignment was discussed in previous sections of the report; however, will be further addressed in the following final value conclusion discussion.

INCOME APPROACH VALUE INDICATION:
N/A - Excluded

RECONCILIATION AND FINAL VALUE CONCLUSION, continued

All three-appraisal industry accepted approaches to value were considered, with the cost and sales comparison approaches processed and illustrated within this report. The cost approach is considered to provide a reliable indication of value for special use properties of this type, as the depreciated replacement cost to create similar "Utility" to an entity seeking such a facility is illustrated. The sales comparison approach provides indications of marketability of vineyards with extensive residential improvements. The income approach was researched for this assignment, but the property management did not provide historical yields or fruit pricing. Furthermore, the difficulties of estimating income and expenses along with the variations in capitalization rates precluded the income approach as a reliable indicator of value for the subject property, warranting its exclusion herein.

The variance between the sales comparison and cost approach value indicators is modest with less than a 5% difference. It is recognized that the sales comparison approach best reflects the actions of buyers and sellers within the market, but the cost approach was based on the same market data as the sales comparison approach, resulting in a high degree of reliability therein as well. Based on the data presented herein, the final value conclusion is reconciled between the sales comparison and cost approach indications.

It is recognized that the subject property was recently purchased via Quit Claim Deed on 10/28/2020 at a price of \$9,700,000. However, the actual terms of the purchase and motivations of the buyer and seller have been somewhat murky and a full explanation has not been provided. Furthermore, a copy of the purchase contract was not provided. It is apparent that the sales data presented herein does not support a value equivalent to the purchase price. Therefore, it is difficult, if not impossible, to appropriately analyze the recent transfer of the subject, precluding reliability of the recent sale. Therefore, the value stated herein is based solely on the sales data obtained within the market.

**“AS IS” MARKET VALUE AS OF 01/21/2021
IS AS FOLLOWS:
\$8,800,000**

LIQUIDATION VALUE ANALYSIS

This market liquidation analysis was performed through a survey of regional banking and financial institutions, real estate brokers, as well as a survey of sale data. This process was performed in order to assess the potential discount in terms of value that would be applicable to the property in question if it were to be marketed in a time frame less than that stated as a typical marketing period in the market value range opinion as a bank acquired property. The reduction in exposure time of a particular property typically results in a decreased sale price, often regarded to as the Liquidation Value. The liquidation analysis is described below.

LIQUIDATION VALUATION

The concluded marketing period, to achieve sale, for each property is estimated between four and nine months; provided the given asking price is reasonably congruent with the stated value within this report. No consideration is given to any contingencies that may occur. Additionally, the stated marketing period does not consider delays due to lender financing or agreed extensions, i.e. tax purposes or 1031 exchanges.

The client did not indicate a time frame for a liquidation sale valuation based on the "As Is" value as of the date of inspection. Therefore, a six month holding period is utilized herein.

The Dictionary of Real Estate Appraisal, Sixth Edition 2015, defines Liquidation Value as "The most probable price that a specified interest in property should bring under the following conditions:

1. Consummation of a sale within a short period of time.
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 U.S. 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."

LIQUIDATION VALUATION, continued

This definition can be modified to provide for valuation with specified financing terms.

The set liquidation period of six months is within the current marketing expectations for similar properties listed within the prevailing market acceptance. Properties placed on the market well above market acceptance tend to languish for extended periods and asking prices are eventually reduced over the listing term. Some listings are allowed to expire and then after a short period are placed back on the market at a slightly lower price. These sellers are basically fishing the market. Within the past couple of years values have steadily trended upward; hence, some listings initially viewed as above market eventually sold at the perceived "higher" price. In these cases, the sellers were under no pressure to liquidate and were basically waiting the market.

The current market environment in the general agricultural sector remains in balance. The market consists with buyers actively targeting properties for assemblage. These buyers have the financial capability to compete aggressively and are supported by lenders offering competitive terms and interest rates. Hence, given the number of buyers, and the ease of available credit, land sales can be consummated in a relatively short period.

A survey of agricultural lenders indicated that they often have difficulty in providing funding for projects in less than twelve weeks due to the underwriting required in order to fully document and close a loan (appraisals, credit analysis, and loan documentation). Hence, conventional financing through institutions may extend escrow periods but fall well within the client's defined exposure period.

As related to real estate, the cost of conveyance generally includes realtor commission and ancillary costs associated with closing a sale such as escrow charges and legal fees (document review). Broker commissions are negotiable but generally fall in the range of 2% to 5% of the sale's price. The appraisers will utilize a 3% broker's commission due to the moderate size of the subject property. Ancillary closing costs can vary depending on complexity of a property; however, a set allowance of \$15,000 is applied.

Holding or possession of real estate also has associated costs that must be factored. Possession costs preserve the asset during the estimated marketing period. These costs include real estate taxes, irrigation district assessments, insurance and maintenance of buildings. These costs are prorated for the holding period.

The subject property involves a commercial farming and winery parcel that could offer income during the liquidation period. However, no consideration is given for potential crop or wine processing proceeds. Although farming costs must be expended to maintain crop and plant health the market generally reimburses the seller for cultural costs to date; hence, no deductions are required.

Although cultural costs are not deducted, a management fee should be recognized to address the farming oversight of inputs during the holding period. Again, these fees are negotiable but given the short term would likely be on the higher end of the spectrum. Thus, a management fee of 1% of the sale price is considered reasonable; however, will be adjusted upward for the smaller parcels and downward for the larger parcels.

LIQUIDATION VALUATION, continued

The estimated costs to deduct from the concluded value are based on conversations with area sales professionals. The consensus is that reasonable costs of sale (applied to the concluded value) are:

- 0% discount for “quick sale” as there is a ready market; the estimated market values in this report are considered reflective of current market conditions and recognize a marketing period that would be required to allow adequate exposure. Judging that the estimated liquidation period of six months is a reasonable marketing period in itself, no discount would be expected.
- A 3% sales commission is estimated for professionally marketing and selling the asset for most of the ranches. A set allowance of \$15,000 is deducted for closing costs, such as escrow costs and legal consultation (review of documents).
- Possession costs to preserve the asset during the estimated six-month liquidation marketing period (costs include prorated property taxes, irrigation district assessments and if applicable building insurance/maintenance). A management fee (1%) based on market value is also applied.

The liquidation analysis and resulting value estimate is provided in the following model.

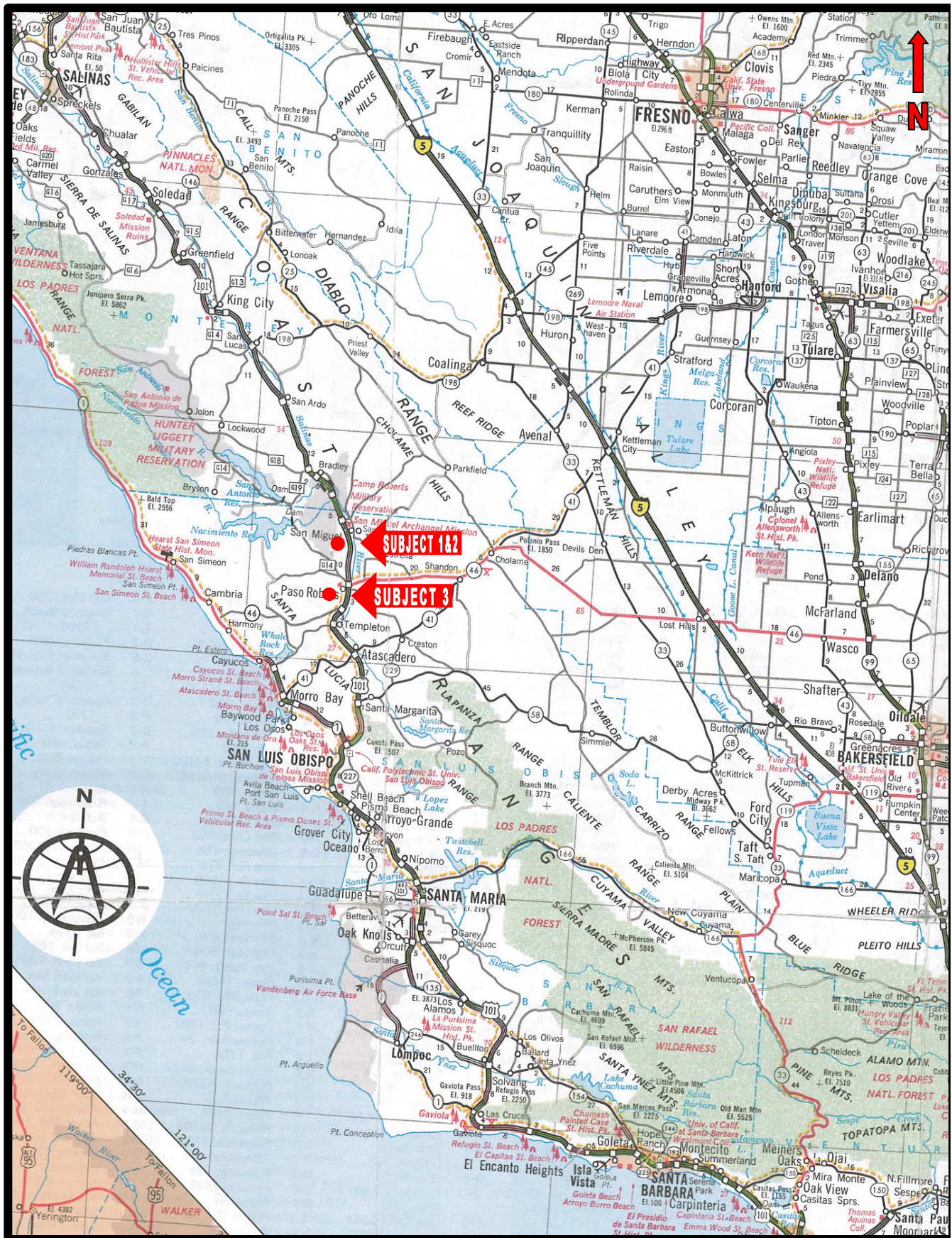
Subject Market Value					\$8,800,000
Less 0% Liquidation Discount:					\$0
				Net Sales Price:	\$8,800,000
Less:	Annual			Prorated Months	
Possession Costs (6 Months):					
Real Estate Taxes	\$27,252		6 =	\$13,626	
Insurance/Maintenance (0.8% RCN)			6 =	\$0	
Management Fee/Security	\$88,000		6 =	\$44,000	
Total Possession Costs			=		\$57,626
Cost of Sale:					
Sales Commission	3.00%		=		\$264,000
Ancillary Costs			=		\$15,000
Estimated Total Cost of Possession/Sale:					\$336,626
Estimated Liquidation Value:					\$8,463,374
Rounded:					\$8,460,000

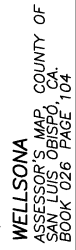
In summary, the estimated liquidation value is judged to adequately reflect market discounting within a six-month holding period, as well as property holding costs and brokerage commission.

ADDENDUM

- **MARKET AREA LOCATION MAP**
- **APN MAP**
- **SUBJECT AERIAL PLAT MAPS**
- **BORROWER VINEYARD PLANTING MAP**
- **BORROWER ACREAGE MAPS**
- **SUBJECT PHOTOGRAPHS**
- **SOILS MAP**
- **TOPOGRAPHY MAP**
- **FEMA FLOOD MAP**
- **VINEYARD DEVELOPMENT/ESTABLISHMENT COSTS**
- **EXPIRED LISTINGS**
- **SALES LOCATION MAP**
- **APPRAISERS' QUALIFICATIONS**

MARKET AREA LOCATION MAP



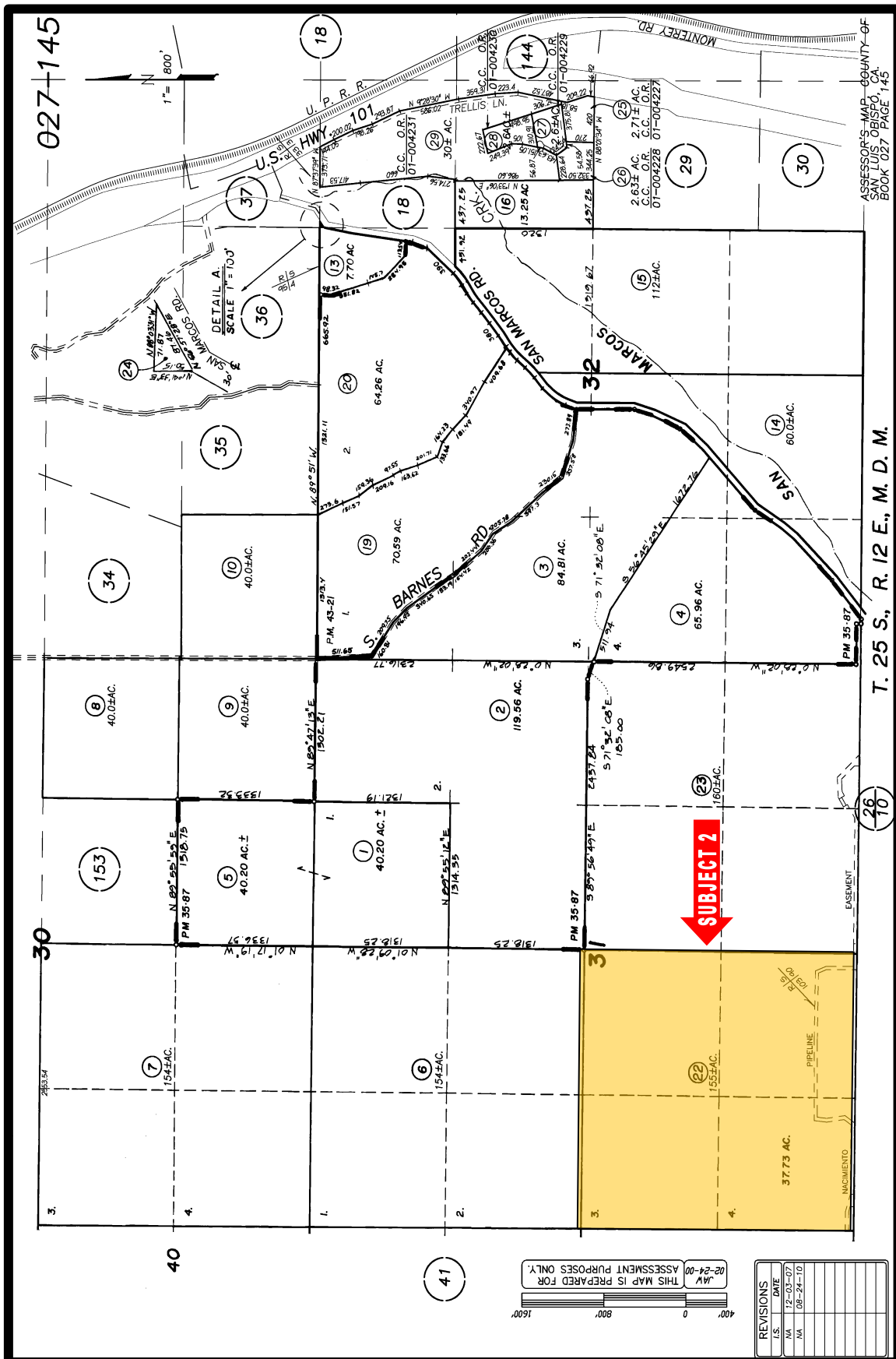


AL 92-062, O.R.VOL.4028, PGS.451-456.
T.26S. ; R.12E. ; SECTIONS 4. TO 9. M.D.B.M.

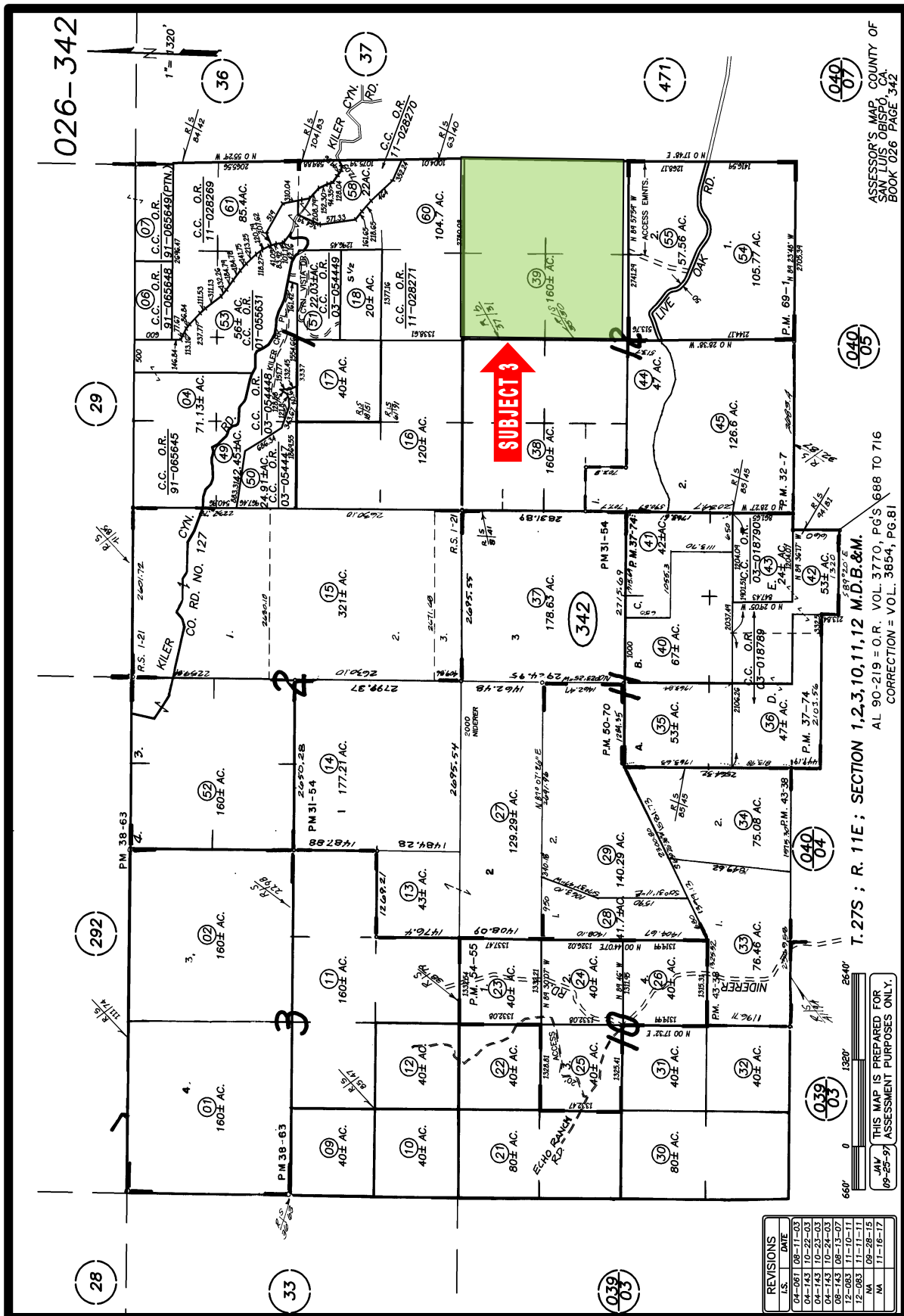
REVISIONS	
I.S.	DATE
05-433	05-19-05
06-083	08-26-05
08-267	11-26-07
NA	01-15-09
NA	08-25-10
NA	08-20-14
15-068	08-21-14
NA	10-23-15
NA	12-09-15

JAW
12-27-98

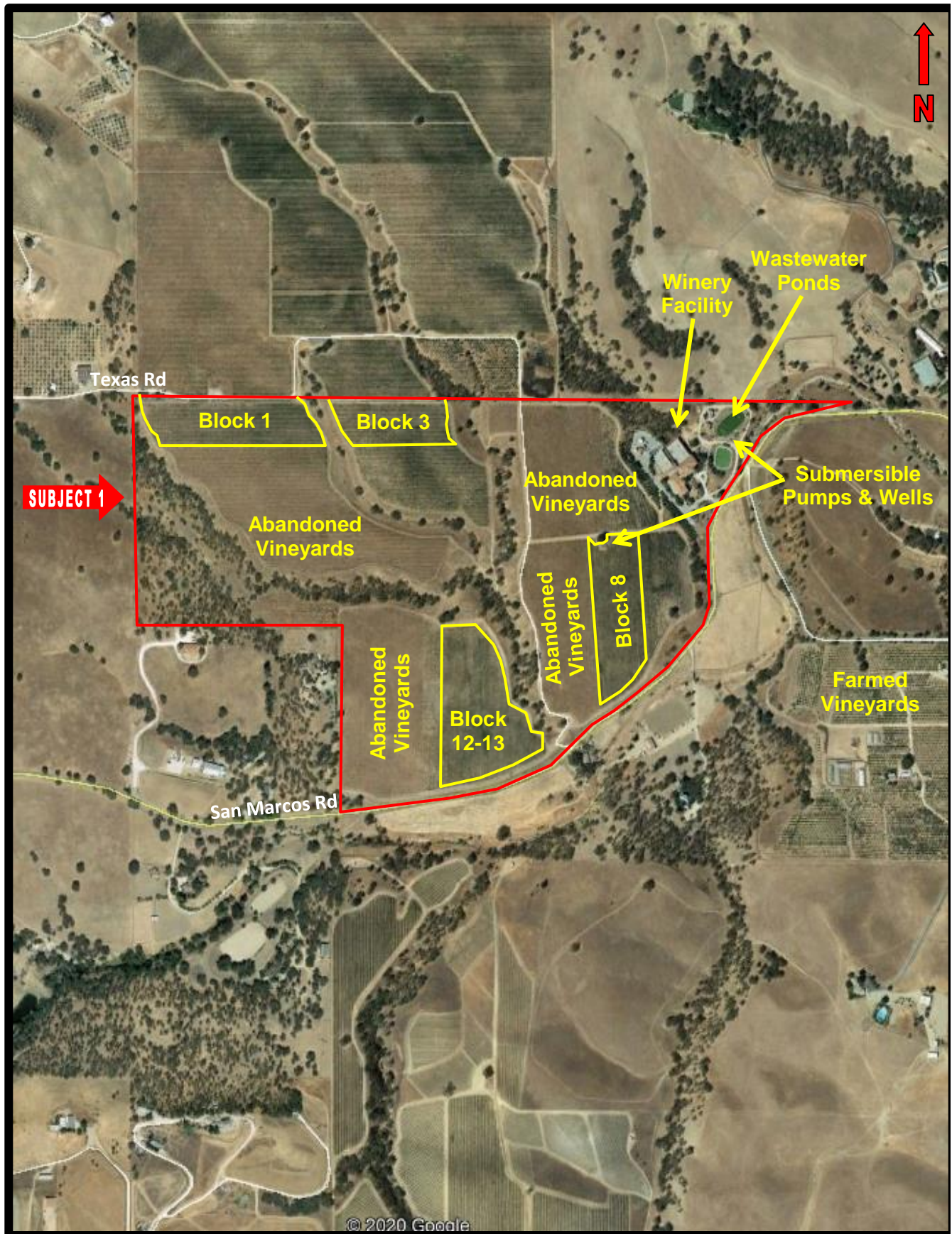
SUBJECT ASSESSOR'S PARCEL MAP



SUBJECT ASSESSOR'S PARCEL MAP



AERIAL PLAT MAP



FACILITY AERIAL PLAT



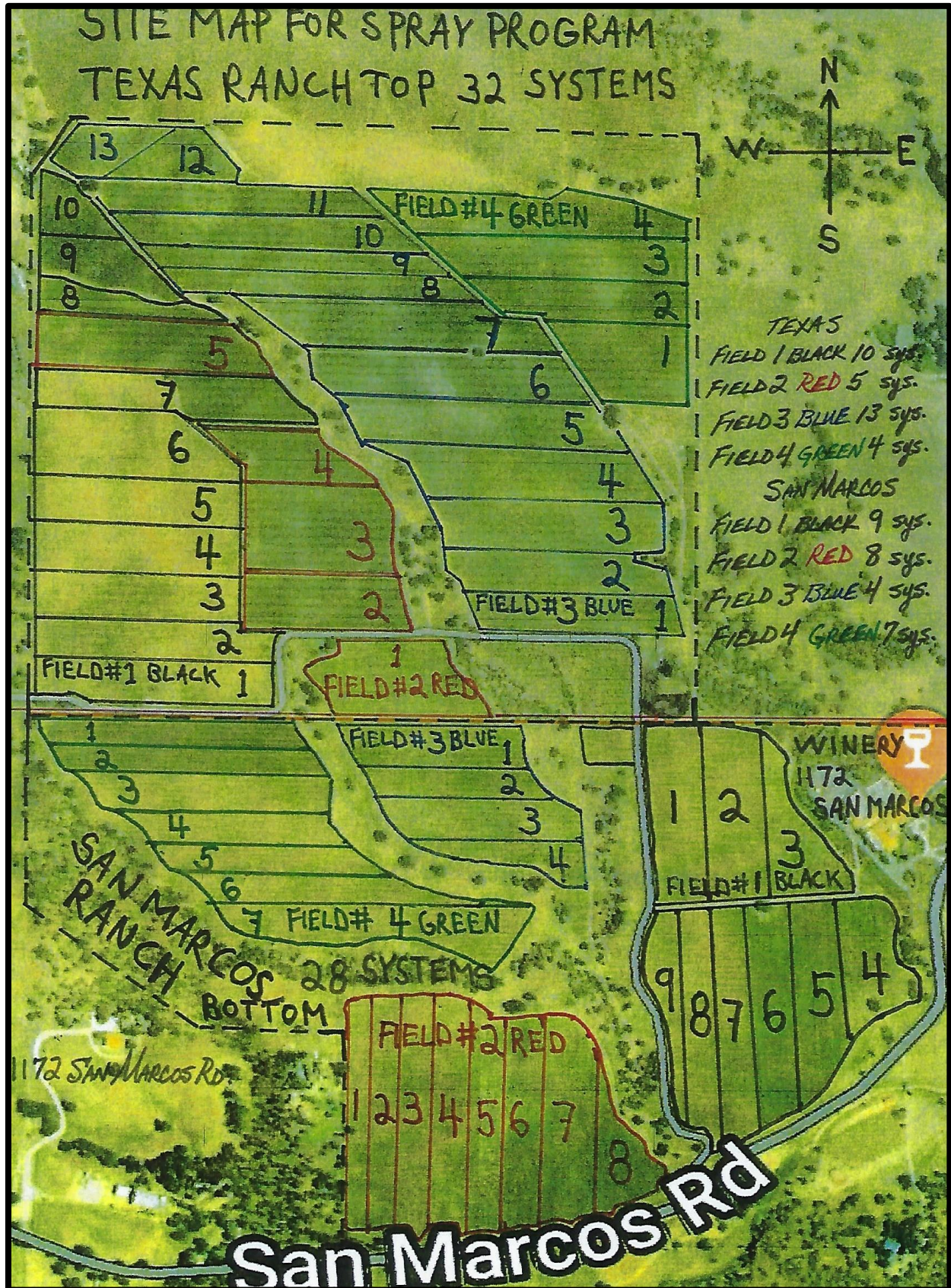
AERIAL PLAT MAP



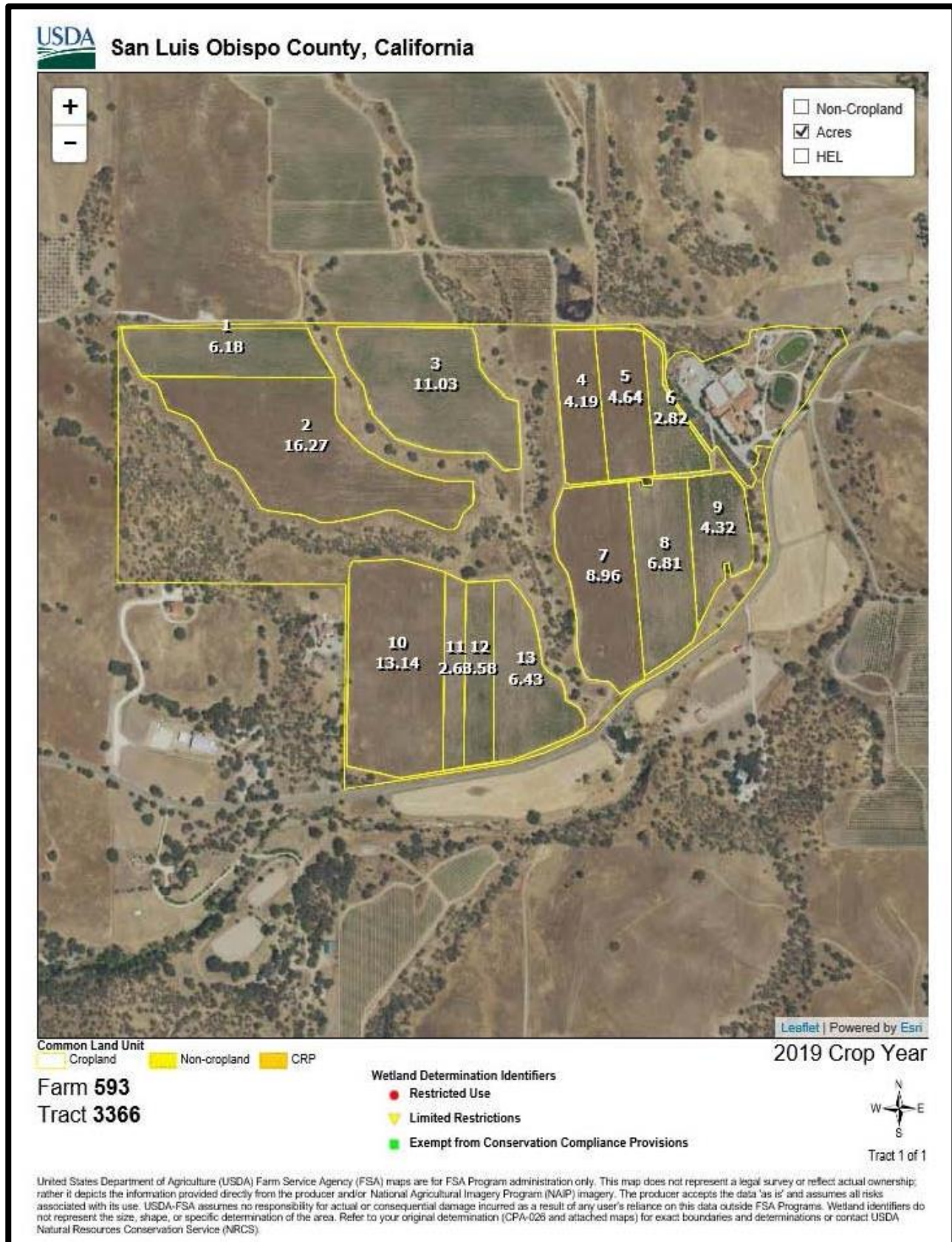
AERIAL PLAT MAP



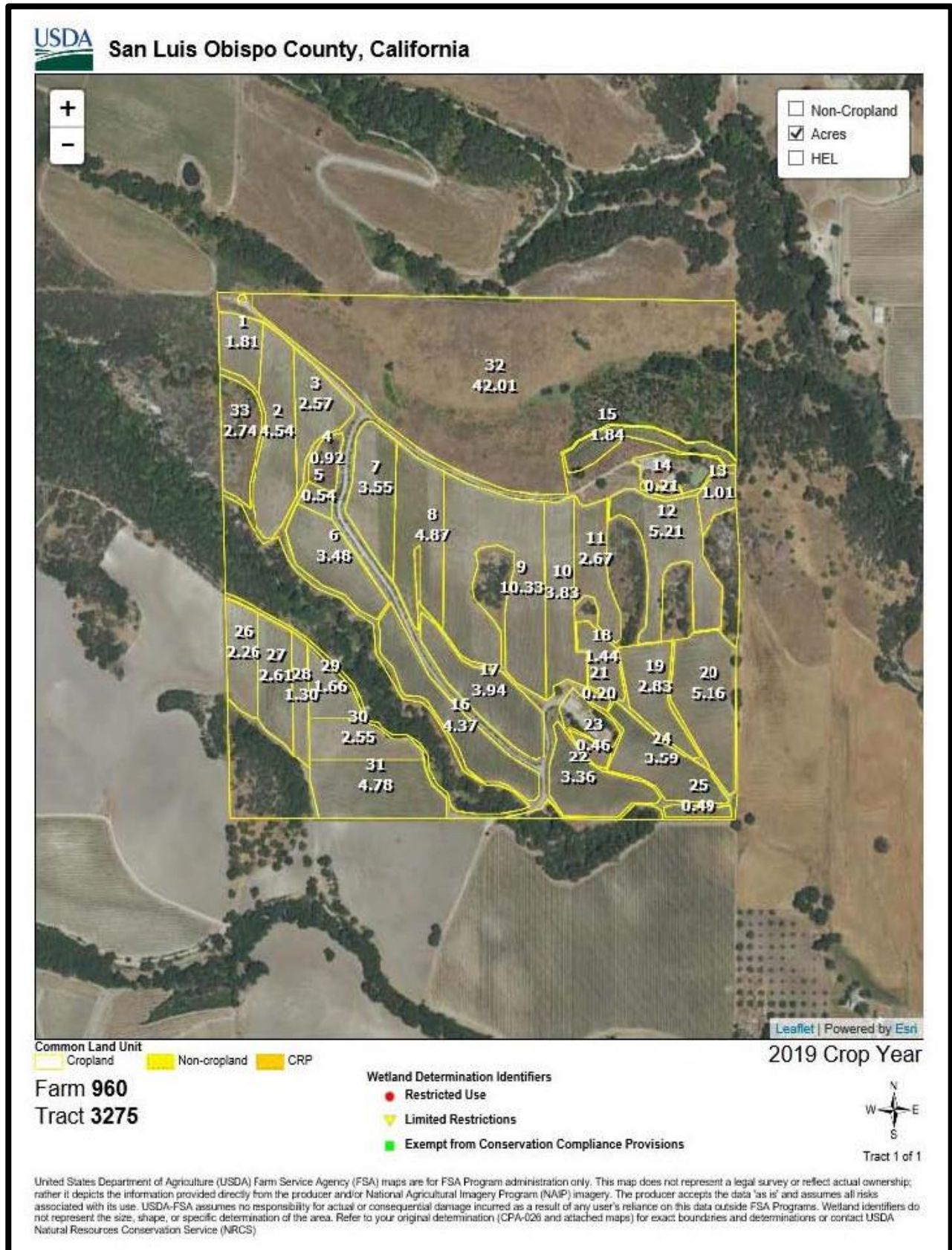
BORROWER VINEYARD PLANTING MAP



BORROWER ACREAGE MAP - RABBIT RIDGE WINERY



BORROWER ACREAGE MAP - LIVE OAK ROAD RANCH

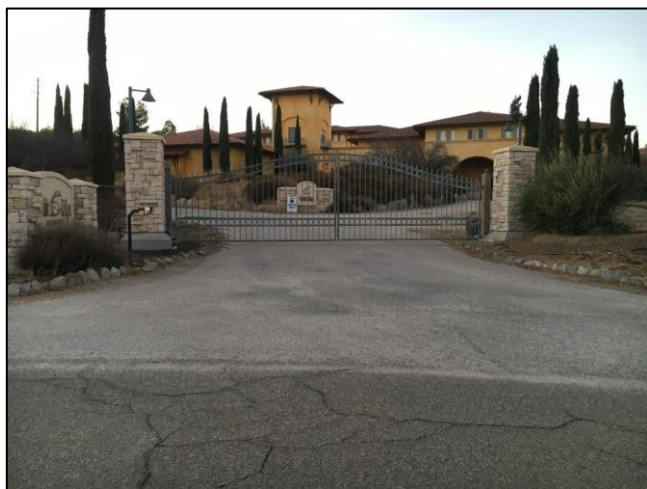




Looking East Along San Marcos Road



Winery From San Marcos Road



Entrance to Winery



Front of Barrel Room



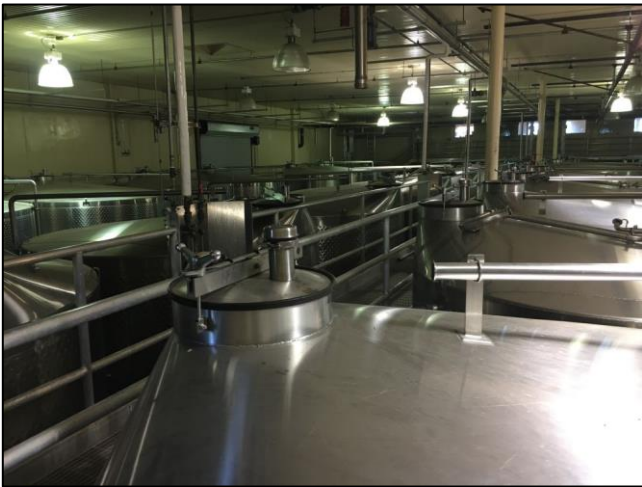
Front of Warehouse w/Loading Dock



Front of Barren Room with Office/Apt.



Crush Pad w/R.O. Building & Water Tanks

Fermentation Tanks Adjacent to Tank Room with
Barrel Room in Background

Tank Room



Lab / Office Area



Warehouse



Barrel Room



Refrigeration Equipment



Courtyard Suitable for Additional Tanks



Walkway Between Warehouse & Barrel Room



Walkway Between Warehouse & Barrel Room



Two Barns



Pressure Bladder & Fermentation Tanks

SUBJECT PHOTOGRAPHS
Declaration Page 198 of 226
"RABBIT RIDGE WINERY"

View of Roofline & Tower



Wastewater Pond



Well by Wastewater Pond



Well in Vineyard (Being Reworked)



Vineyard Being Farmed



Vineyard Being Farmed



Abandoned Vines



Abandoned Vines



Reverse Osmosis Equipment



Fire Suppression Pump



Crush Pad with R.O. Building & Fire Tank



40' Truck Scale



Farmed Vineyard Block



Farmed Vineyard Block



Farmed Vineyard Block



Abandoned Vineyard Block



Well Site



Water Storage Tanks at Top of Hill



"Tee Pee" Vineyard Trellis System



Farmed Vineyard Block in Field 1



Farmed Vineyard Block in Field 1



Farmed Vineyard Block in Field 1



Farmed Vineyard Block in Field 1



Farmed Vineyard Block in Field 1



Farmed Vineyard Block in Field 3



Farmed Vineyard Block in Field 3



Farmed Vineyard Block in Field 3



Non-Viable Vines in Field 2



Non-Viable Vines in Field 2



Non-Viable Vines in Field 2



Front of Estate Residence



Garage at Estate Residence



View Showing Dry-Rot



Trim Around Door Falling Off



Trim Around Window Falling Off



Rear of Estate Residence



Rear of Estate Residence & Pool



Pool Area With Pool House



Fireplace in Pool House



Landscaping at Front of Estate Residence



Labor Dwelling



Shop Building



Well Site at Farmstead Area



Well Site Near Estate Residence



Well Site in Southeast Corner of Property



Well Site Along Southern Boundary in Field 3

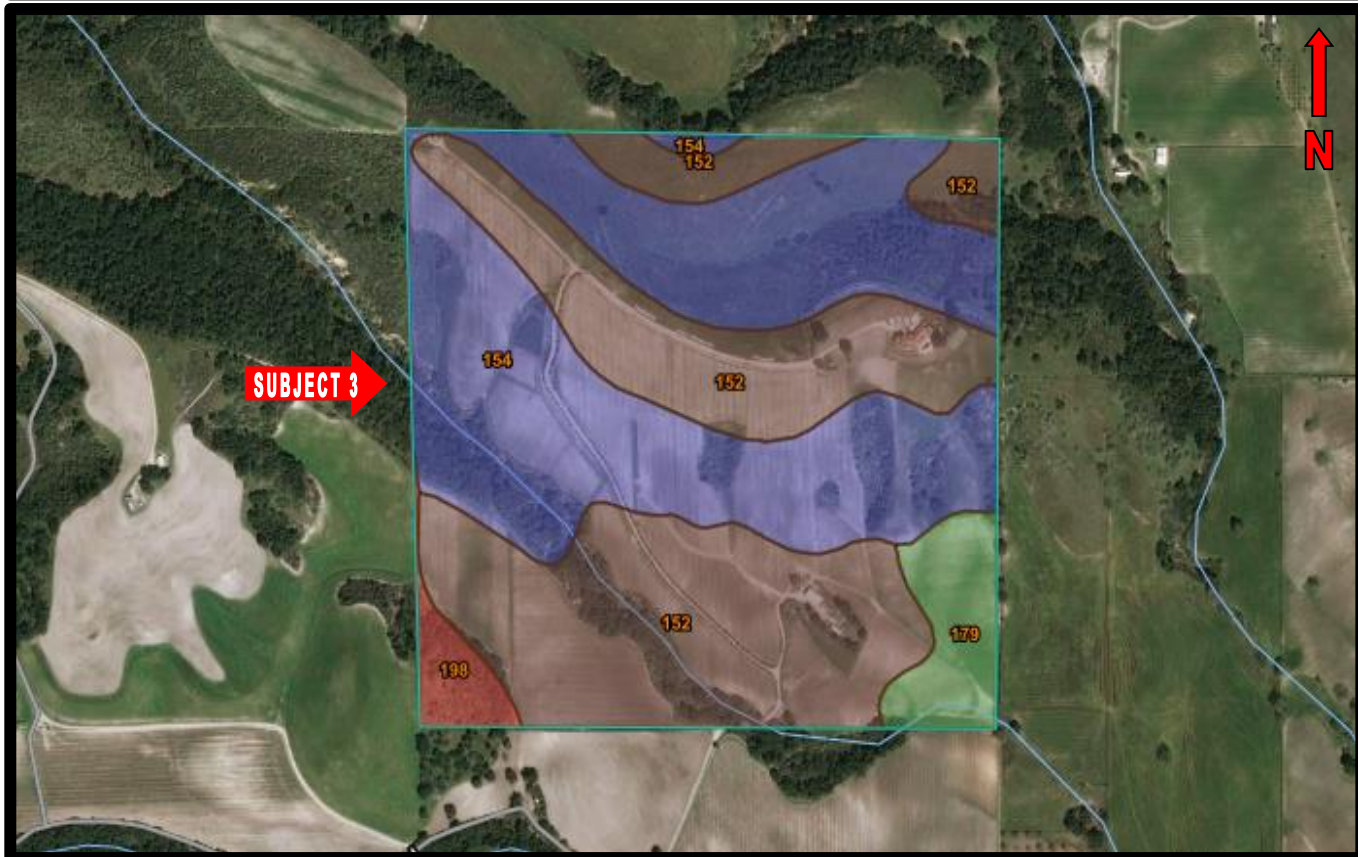
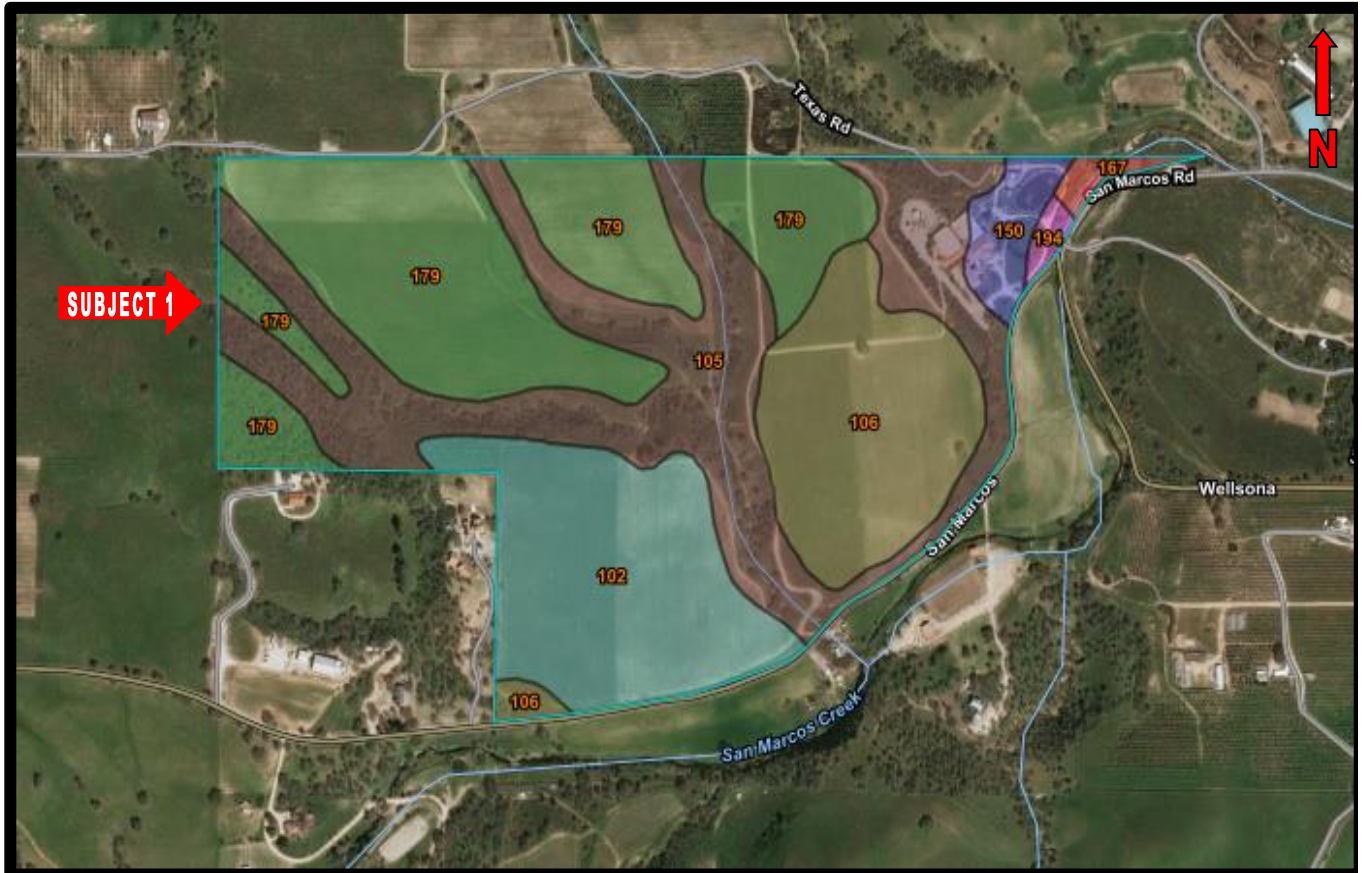


Plantable Land Along Northern Boundary

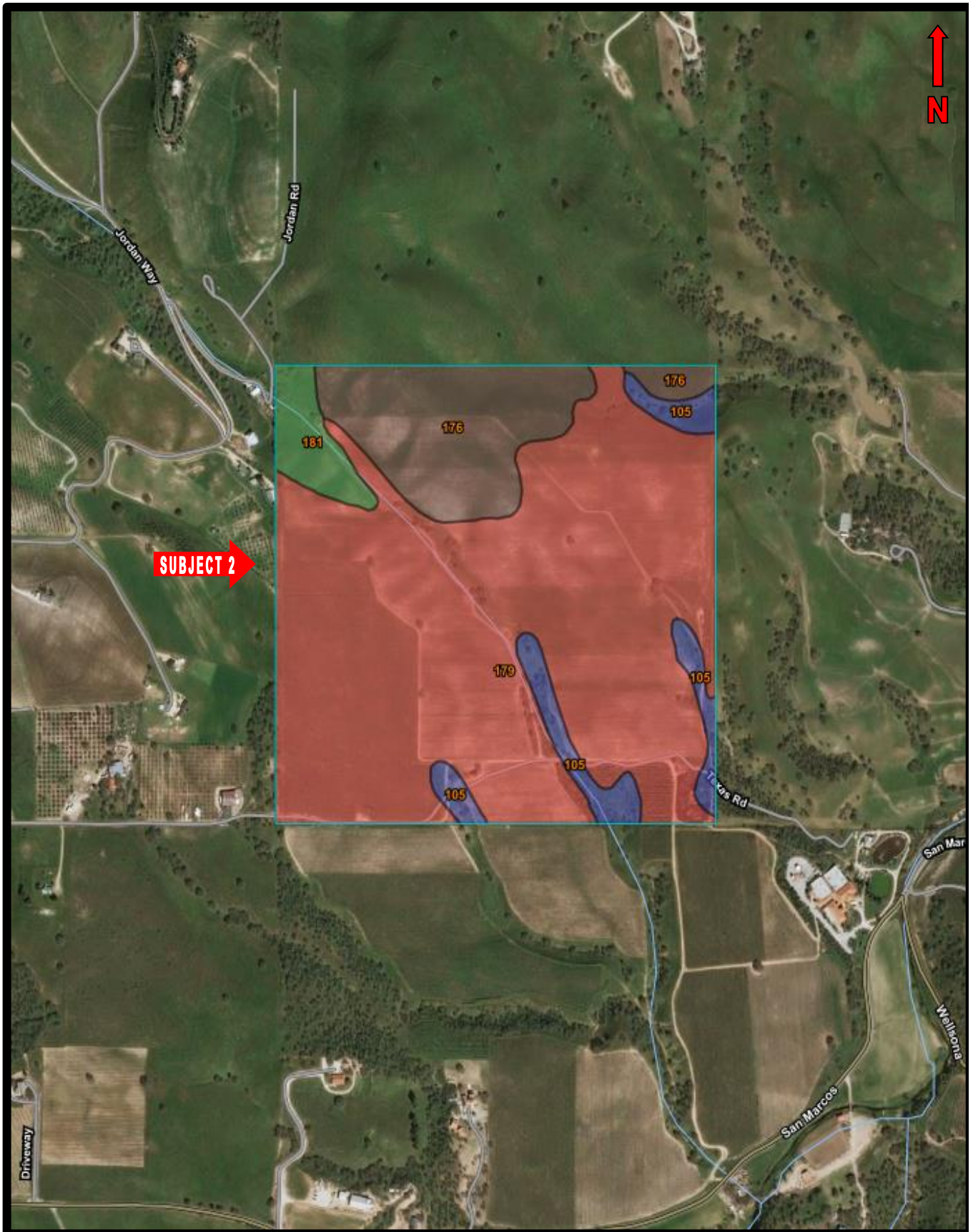


View From Estate Residence

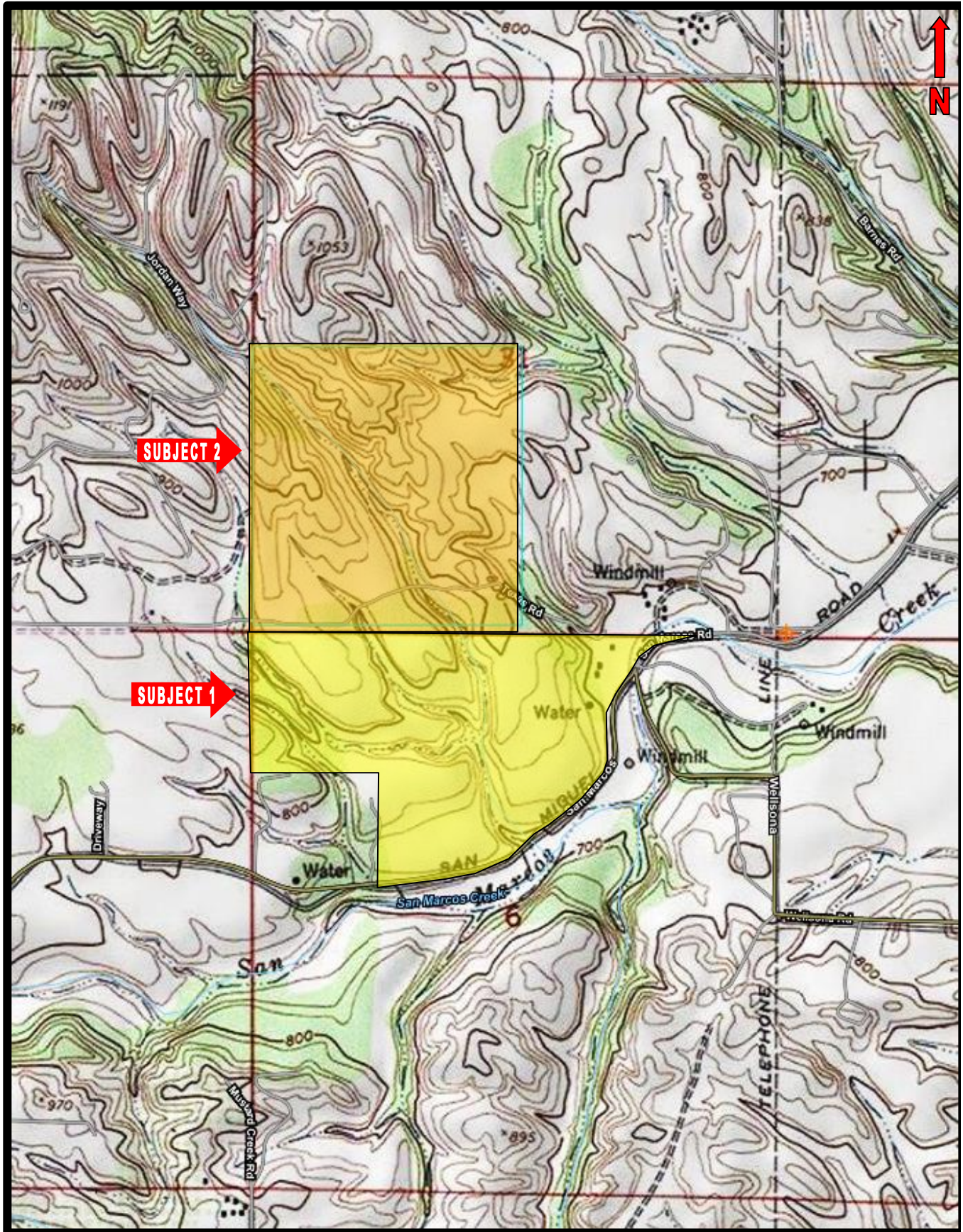
SOIL MAP



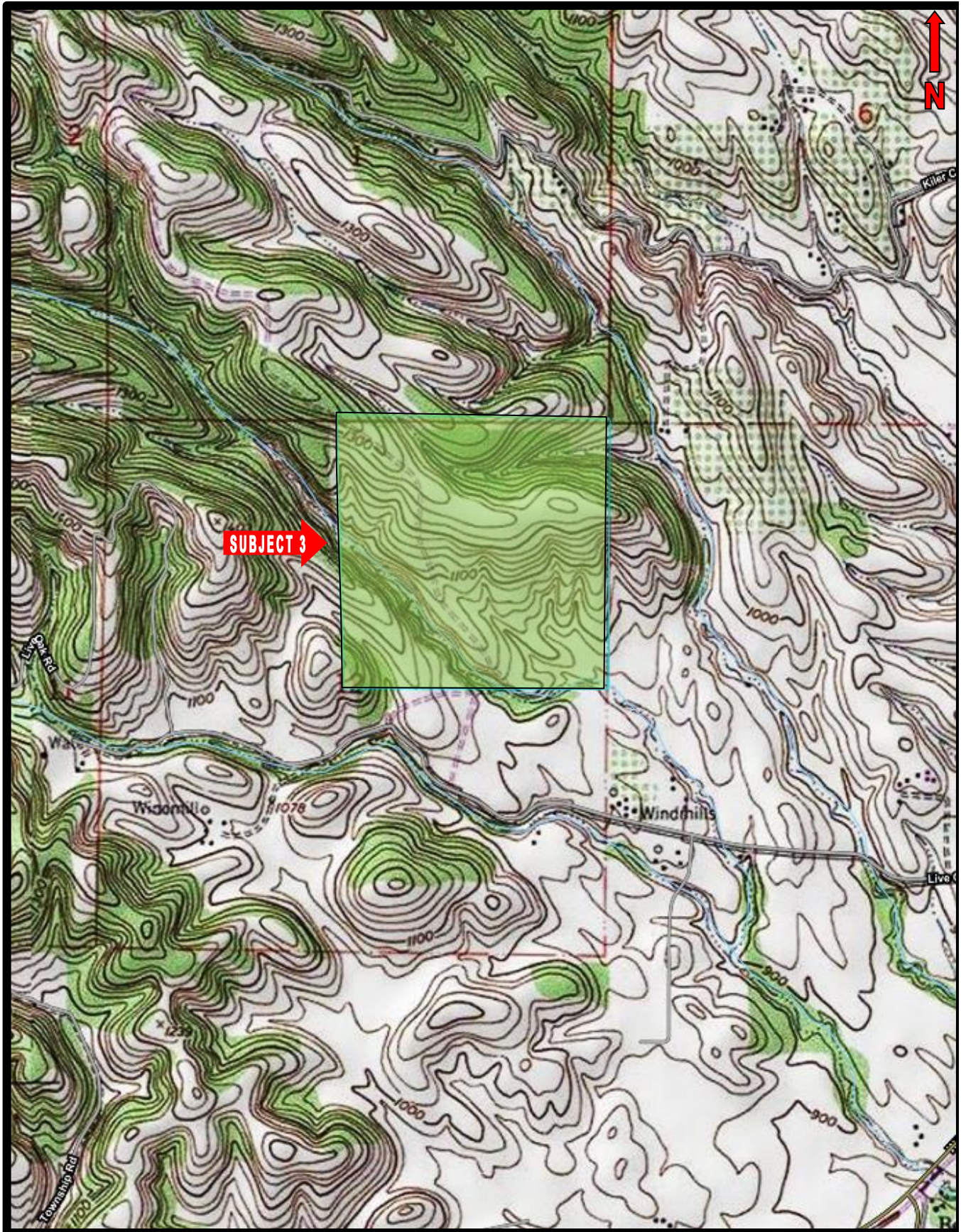
SOIL MAP



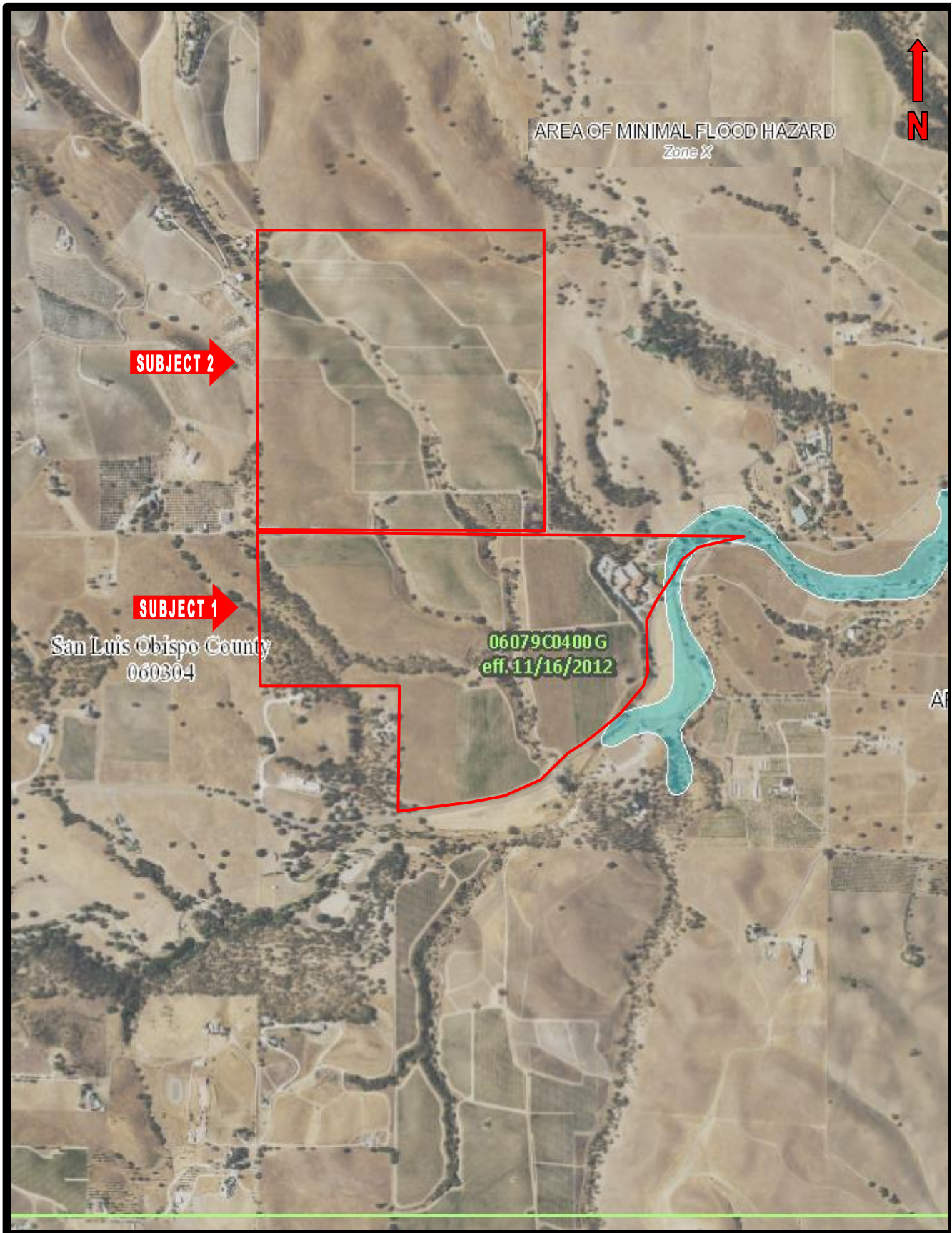
TOPOGRAPHY MAP



TOPOGRAPHY MAP



FEMA FLOOD MAP



FEMA FLOOD MAP



ESTABLISHMENT / DEVELOPMENT COSTS

VINEYARD DEVELOPMENT COSTS: RABBIT RIDGE WINERY								
Vines per acre	2,026	7' X 3' (100%) vine spacing						
Cost per vine	\$7.10							
H2O cost per acft	\$25.00	Based on well water						
Interest	5.50%							
	Water (acft/yr)	0.25	0.50	0.75	0.80	0.80	0.8	0.80
	Weighted Yield (tons/ac)	0.0	0.0	1.5	3.0	4.0	4.0	4.0
	Stabilized Price Per Ton (\$/ton)	\$1,500	\$1,500	\$1,500	\$1,500	\$1,500	\$1,500	\$1,500
	Gross Income	\$0	\$0	\$2,250	\$4,500	\$6,000	\$6,000	\$6,000
	Year	2014	2015	2016	2017	2018	2019	2020
	Years	1	2	3	4	5	6	7
CAPITAL COSTS								
Land Preparation - Deep Rip	\$675							
Land Preparation - Disc 2X	\$70							
Land Preparation - Tri-plane	\$45							
Survey / Mark / Layout	\$131							
Plant: Dig, Plant, Place Vine Guards	\$670	\$288						
Vines: Cost to Purchase Vines	\$14,385	\$288						
Install Trellis System	\$13,500							
Irrigation System (Drip Irrigation System)	\$1,200							
Land Value	\$22,000							
TOTAL CAPITAL COSTS	\$52,676	\$575	\$0	\$0	\$0	\$0	\$0	\$0
CULTURAL COSTS								
Irrigate: Pumping, labor	\$6	\$13	\$19	\$20	\$20	\$20	\$20	\$20
Fertilize: Applied Through Drip Line	\$650	\$538	\$111	\$111	\$111	\$111	\$111	\$111
Weed: Disk Middles	\$39	\$65	\$65	\$65	\$65	\$65	\$65	\$65
Weed: Hand Hoe	\$34	\$34						
Weed: Winter Strip-vine row- Spray	\$97	\$97	\$114	\$114	\$114	\$114	\$114	\$114
Weed: Summer Strip (Roundup) 3X		\$28	\$28	\$28	\$28	\$28	\$28	\$28
Prune: Dormant (Hand)		\$241	\$222	\$222	\$222	\$222	\$222	\$222
Train: Sucker, Green Tie, Train		\$1,385	\$715	\$715	\$715	\$715	\$715	\$715
Train: Shoot Position/Thin			\$224	\$224	\$224	\$224	\$224	\$224
Insect: Leafhoppers (Provado) 30			\$30	\$30	\$30	\$30	\$30	\$30
Disease: Mildew (Rally & Flint) 2X			\$87	\$87	\$87	\$87	\$87	\$87
Disease: Mildew (Sulphur Dust) 5X			\$67	\$67	\$67	\$67	\$67	\$67
Disease: Eutypa (Rally, Topsin) 79		\$79	\$79	\$79	\$79	\$79	\$79	\$79
Prune/Train: Trim Vines			\$15	\$15	\$15	\$15	\$15	\$15
Pickup Truck Use	\$35	\$35	\$35	\$35	\$35	\$35	\$35	\$35
ATV Use	\$18	\$18	\$16	\$16	\$16	\$16	\$16	\$16
TOTAL CULTURAL COSTS	\$879	\$2,533	\$1,827	\$1,828	\$1,828	\$1,828	\$1,828	\$1,828
TOTAL CAPITAL AND CULTURAL COSTS	\$53,555	\$3,108	\$1,827	\$1,828	\$1,828	\$1,828	\$1,828	\$1,828
HARVEST COSTS								
Hand Harvest Grapes			\$1,525	\$1,525	\$1,525	\$1,525	\$1,525	\$1,525
Haul to Crusher			\$90	\$90	\$90	\$90	\$90	\$90
Assessments/Dues			\$7	\$7	\$7	\$7	\$7	\$7
TOTAL HARVEST COSTS	\$0	\$0	\$1,622	\$1,622	\$1,622	\$1,622	\$1,622	\$1,622
OVERHEAD COSTS								
Office Expense	\$130	\$130	\$130	\$130	\$130	\$130	\$130	\$130
Liability Insurance	\$4	\$4	\$4	\$4	\$4	\$4	\$4	\$4
Sanitation Fees	\$38	\$38	\$38	\$38	\$38	\$38	\$38	\$38
Manager's Salary	\$351	\$351	\$351	\$351	\$351	\$351	\$351	\$351
Property Taxes	\$150	\$150	\$150	\$150	\$150	\$150	\$150	\$150
Property Insurance	\$121	\$121	\$121	\$121	\$121	\$121	\$121	\$121
Investment Repairs	\$90	\$90	\$90	\$90	\$90	\$90	\$90	\$90
TOTAL OVERHEAD COSTS	\$884	\$884	\$884	\$884	\$884	\$884	\$884	\$884
Total Cash Costs	\$54,439	\$3,992	\$4,333	\$4,334	\$4,334	\$4,334	\$4,334	\$4,334
Accumulated Cash Costs	\$54,439	\$58,431	\$62,763	\$67,097	\$67,097	\$67,097	\$67,097	\$67,097
Interest								
Current	\$210	\$15	\$17	\$17	\$17	\$17	\$17	\$17
Total Cash Costs for the Year	\$54,648	\$4,007	\$4,349	\$4,351	\$4,351	\$4,351	\$4,351	\$4,351
Gross Income	\$0	\$0	\$2,250	\$4,500	\$6,000	\$6,000	\$6,000	\$6,000
Total Cash Cost Less Gross Income (NOI)	(\$54,648)	(\$4,007)	(\$2,099)	\$149	\$1,649	\$1,649	\$1,649	\$1,649
Total Accumulated Cash Costs	(\$54,648)	(\$58,656)	(\$60,755)					
Less Land	\$22,000	\$22,000	\$22,000					
Total Accumulated Cash Cost Less Land Value	(\$32,648)	(\$36,656)	(\$38,755)					
				Mature RCN				

ESTABLISHMENT / DEVELOPMENT COSTS

VINEYARD DEVELOPMENT COSTS: TEXAS ROAD RANCH							
Vines per acre	2,026	7' X 3' (100%) vine spacing					
Cost per vine	\$7.10						
H2O cost per acft	\$25.00	Based on well water					
Interest	5.50%						
	Water (acft/yr)	0.25	0.50	0.75	0.80	0.80	0.8
	Weighted Yield (tons/ac)	0.0	0.0	1.5	3.0	4.0	4.0
	Stabilized Price Per Ton (\$/ton)	\$1,500	\$1,500	\$1,500	\$1,500	\$1,500	\$1,500
	Gross Income	\$0	\$0	\$2,250	\$4,500	\$6,000	\$6,000
	Year	2014	2015	2016	2017	2018	2019
	Years	1	2	3	4	5	6
CAPITAL COSTS							
Land Preparation - Deep Rip	\$675						
Land Preparation - Disc 2X	\$70						
Land Preparation - Tri-plane	\$45						
Survey / Mark / Layout	\$131						
Plant: Dig, Plant, Place Vine Guards	\$670	\$288					
Vines: Cost to Purchase Vines	\$14,385	\$288					
Install Trellis System	\$13,500						
Irrigation System (Drip Irrigation System)	\$1,200						
Land Value	\$22,000						
TOTAL CAPITAL COSTS	\$52,676	\$575	\$0	\$0	\$0	\$0	\$0
CULTURAL COSTS							
Irrigate: Pumping, labor	\$6	\$13	\$19	\$20	\$20	\$20	\$20
Fertilize: Applied Through Drip Line	\$650	\$538	\$111	\$111	\$111	\$111	\$111
Weed: Disk Middles	\$39	\$65	\$65	\$65	\$65	\$65	\$65
Weed: Hand Hoe	\$34	\$34					
Weed: Winter Strip-vine row- Spray	\$97	\$97	\$114	\$114	\$114	\$114	\$114
Weed: Summer Strip (Roundup) 3X		\$28	\$28	\$28	\$28	\$28	\$28
Prune: Dormant (Hand)		\$241	\$222	\$222	\$222	\$222	\$222
Train: Sucker, Green Tie, Train		\$1,385	\$715	\$715	\$715	\$715	\$715
Train: Shoot Position/Thin			\$224	\$224	\$224	\$224	\$224
Insect: Leafhoppers (Provado) 30			\$30	\$30	\$30	\$30	\$30
Disease: Mildew (Rally & Flint) 2X			\$87	\$87	\$87	\$87	\$87
Disease: Mildew (Sulphur Dust) 5X			\$67	\$67	\$67	\$67	\$67
Disease: Eutypa (Rally, Topsin) 79		\$79	\$79	\$79	\$79	\$79	\$79
Prune/Train: Trim Vines			\$15	\$15	\$15	\$15	\$15
Pickup Truck Use	\$35	\$35	\$35	\$35	\$35	\$35	\$35
ATV Use	\$18	\$18	\$16	\$16	\$16	\$16	\$16
TOTAL CULTURAL COSTS	\$879	\$2,533	\$1,827	\$1,828	\$1,828	\$1,828	\$1,828
TOTAL CAPITAL AND CULTURAL COSTS	\$53,555	\$3,108	\$1,827	\$1,828	\$1,828	\$1,828	\$1,828
HARVEST COSTS							
Hand Harvest Grapes			\$1,525	\$1,525	\$1,525	\$1,525	\$1,525
Haul to Crusher			\$90	\$90	\$90	\$90	\$90
Assessments/Dues			\$7	\$7	\$7	\$7	\$7
TOTAL HARVEST COSTS	\$0	\$0	\$1,622	\$1,622	\$1,622	\$1,622	\$1,622
OVERHEAD COSTS							
Office Expense	\$130	\$130	\$130	\$130	\$130	\$130	\$130
Liability Insurance	\$4	\$4	\$4	\$4	\$4	\$4	\$4
Sanitation Fees	\$38	\$38	\$38	\$38	\$38	\$38	\$38
Manager's Salary	\$351	\$351	\$351	\$351	\$351	\$351	\$351
Property Taxes	\$150	\$150	\$150	\$150	\$150	\$150	\$150
Property Insurance	\$121	\$121	\$121	\$121	\$121	\$121	\$121
Investment Repairs	\$90	\$90	\$90	\$90	\$90	\$90	\$90
TOTAL OVERHEAD COSTS	\$884	\$884	\$884	\$884	\$884	\$884	\$884
Total Cash Costs	\$54,439	\$3,992	\$4,333	\$4,334	\$4,334	\$4,334	\$4,334
Accumulated Cash Costs	\$54,439	\$58,431	\$62,763	\$67,097	\$67,097	\$67,097	\$67,097
Interest							
Current	\$210	\$15	\$17	\$17	\$17	\$17	\$17
Total Cash Costs for the Year	\$54,648	\$4,007	\$4,349	\$4,351	\$4,351	\$4,351	\$4,351
Gross Income	\$0	\$0	\$2,250	\$4,500	\$6,000	\$6,000	\$6,000
Total Cash Cost Less Gross Income (NOI)	(\$54,648)	(\$4,007)	(\$2,099)	\$149	\$1,649	\$1,649	\$1,649
Total Accumulated Cash Costs	(\$54,648)	(\$58,656)	(\$60,755)				
Less Land	\$22,000	\$22,000	\$22,000				
Total Accumulated Cash Cost Less Land Value	(\$32,648)	(\$36,656)	(\$38,755)				
				Mature RCN			

ESTABLISHMENT / DEVELOPMENT COSTS

VINEYARD DEVELOPMENT COSTS: LIVE OAK ROAD								
Vines per acre	2,026	7' X 3' (100%) vine spacing						
Cost per vine	\$7.10							
H2O cost per acft	\$25.00	Based on well water						
Interest	5.50%							
	Water (acft/yr)	0.25	0.50	0.75	0.80	0.80	0.80	0.80
	Weighted Yield (tons/ac)	0.0	0.0	1.0	2.5	4.0	4.0	4.0
	Stabilized Price Per Ton (\$/ton)	3,500	3,500	3,500	3,500	3,500	3,500	3,500
	Gross Income	\$0.00	\$0.00	\$3,500	\$8,750	\$14,000	\$14,000	\$14,000
	Year	2019	2020	2021	2022	2022	2022	2022
	Years	1	2	3	4	5	6	7
CAPITAL COSTS								
Land Preparation - Deep Rip, Disk, Roads, etc.	\$675							
Soil Amendments	\$70							
Roads & Deer Fencing	\$45							
Survey / Mark / Layout	\$131							
Plant: Dig, Plant, Place Vine Guards	\$670	\$288						
Vines: Cost to Purchase Vines	\$14,385	\$288						
Install Trellis System	\$13,500							
Irrigation System (Drip Irrigation System)	\$1,200							
Land Value	\$40,000							
TOTAL CAPITAL COSTS	\$70,676	\$575	\$0	\$0	\$0	\$0	\$0	\$0
CULTURAL COSTS								
Irrigate: Pumping, labor	\$6	\$13	\$19	\$20	\$20	\$20	\$20	\$20
Fertilize: Applied Through Drip Line	\$650	\$438	\$538	\$538	\$538	\$538	\$538	\$538
Weed: Disk Middles	\$39	\$65	\$65	\$65	\$65	\$65	\$65	\$65
Weed: Hand Hoe	\$34	\$34						
Weed: Winter Strip-vine row- Spray	\$97	\$97	\$114	\$114	\$114	\$114	\$114	\$114
Weed: Summer Strip (Roundup) 3X		\$28	\$28	\$28	\$28	\$28	\$28	\$28
Prune: Dormant (Hand)		\$241	\$222	\$222	\$222	\$222	\$222	\$222
Train: Sucker, Green Tie, Train		\$1,385	\$715	\$715	\$715	\$715	\$715	\$715
Train: Shoot Position/Thin			\$224	\$224	\$224	\$224	\$224	\$224
Insect: Leafhoppers (Provado) 30			\$30	\$30	\$30	\$30	\$30	\$30
Disease: Mildew (Rally & Flint) 2X			\$87	\$87	\$87	\$87	\$87	\$87
Disease: Mildew (Sulphur Dust) 5X			\$67	\$67	\$67	\$67	\$67	\$67
Disease: Eutypa (Rally, Topsin) 79		\$79	\$79	\$79	\$79	\$79	\$79	\$79
Prune/Train: Trim Vines			\$15	\$15	\$15	\$15	\$15	\$15
Pickup Truck Use	\$35	\$35	\$35	\$35	\$35	\$35	\$35	\$35
ATV Use	\$18	\$18	\$16	\$16	\$16	\$16	\$16	\$16
TOTAL CULTURAL COSTS	\$879	\$2,433	\$2,254	\$2,255	\$2,255	\$2,255	\$2,255	\$2,255
TOTAL CAPITAL AND CULTURAL COSTS	\$71,555	\$3,008	\$2,254	\$2,255	\$2,255	\$2,255	\$2,255	\$2,255
HARVEST COSTS								
Hand Harvest Grapes			\$1,525	\$1,525	\$1,525	\$1,525	\$1,525	\$1,525
Haul to Crusher			\$90	\$90	\$90	\$90	\$90	\$90
Assessments/Dues			\$7	\$7	\$7	\$7	\$7	\$7
TOTAL HARVEST COSTS	\$0	\$0	\$1,622	\$1,622	\$1,622	\$1,622	\$1,622	\$1,622
OVERHEAD COSTS								
Office Expense	\$130	\$130	\$130	\$130	\$130	\$130	\$130	\$130
Liability Insurance	\$4	\$4	\$4	\$4	\$4	\$4	\$4	\$4
Sanitation Fees	\$38	\$38	\$38	\$38	\$38	\$38	\$38	\$38
Manager's Salary	\$351	\$351	\$351	\$351	\$351	\$351	\$351	\$351
Property Taxes	\$150	\$150	\$150	\$150	\$150	\$150	\$150	\$150
Property Insurance	\$121	\$121	\$121	\$121	\$121	\$121	\$121	\$121
Investment Repairs	\$90	\$90	\$90	\$90	\$90	\$90	\$90	\$90
TOTAL OVERHEAD COSTS	\$884	\$884	\$884	\$884	\$884	\$884	\$884	\$884
Total Cash Costs	\$72,439	\$3,892	\$4,760	\$4,761	\$4,761	\$4,761	\$4,761	\$4,761
Accumulated Cash Costs	\$72,439	\$76,331	\$81,090	\$85,851	\$85,851	\$85,851	\$85,851	\$85,851
Interest								
Current	\$279	\$15	\$18	\$18	\$18	\$18	\$18	\$18
Accumulated	\$279	\$3,999	\$4,217	\$4,478	\$4,478	\$4,478	\$4,478	\$4,478
Total Cash Costs for the Year	\$72,718	\$3,907	\$4,778	\$4,779	\$4,779	\$4,779	\$4,779	\$4,779
Gross Income	\$0	\$0	\$3,500	\$8,750	\$14,000	\$14,000	\$14,000	\$14,000
Total Cash Cost Less Gross Income (NOI)	(\$72,718)	(\$3,907)	(\$1,278)	\$3,971	\$9,221	\$9,221	\$9,221	\$9,221
Total Accumulated Cash Costs	\$72,718	\$80,330	\$85,307					
Gross Income	\$0	\$0	\$3,500					
Total Accumulated Cash Cost Less Gross Income	(\$72,718)	(\$80,330)	(\$81,807)					
Total Cost To Establish	(\$72,718)	(\$80,330)	(\$81,807)					
Less Land	\$40,000	\$40,000	\$40,000					
Total Accumulated Cash Cost Less Land Value	(\$32,718)	(\$40,330)	(\$41,807)					
Mature RCN								

101 to San Marcos Road



ACRES: **156**
 \$ PER ACRE: **\$92,949**
 LOT(src): **6,795,360/156 (A)**
 AREA: **PR North 46-West 101**
 GROSS EQUITY:
 PRESENT LOANS AMOUNT:
 HAVE:
 DOM: **731**
 SLC: **Standard**
 PARCEL #: **026104001**
 LISTING ID: **NS19023894**
 LIST \$ ORIG.: **\$15,000,000**

Recent: 01/09/2021 : EXPD : A->X

[Use PEAD in Glide During COVID-19](#)

DESCRIPTION

This triple-level, gravity flow production winery features multiple labs/offices, catwalks and event space. The ±45,000 SF facility is located on ±156 acres and includes a hilltop crush pad behind the winery. The tanks are monitored and operated by a computerized system with precise control over temperatures and rates of fermentation. Also equipped with auto-timed pump-over devices on each tank. A bottling room, barrel room and tasting room are 22 feet below the tank room. 42+/- Acres of actively farmed Cabernet Sauvignon and Zinfandel.

EXCLUSIONS:

INCLUSIONS:

SUBDIVISION: **PR Rural West(250)/PR Rural West(250)**
 COUNTY: **San Luis Obispo**
 55+: **No**
 PROBATE AUTHORITY:

FENCING:
 VIEW: **Panoramic, Vineyard**

SEWER:
 UTILITIES:
 ELECTRIC:

LOT FEATURES: **Agricultural - Vine/Vineyard**
 WATERFRONT:

LAND

COMMON INTEREST: **None**
 LAND LEASE: **No**
 TAX LOT:
 TAX BLOCK:
 TAX TRACT #:
 LOT SIZE DIM:
 ASSESSMENTS:
 PARCEL #: **026104001**
 ADDITIONAL PARCEL(s): **No**

ZONING: **AG**
 ZONING DESC.:
 TAX PARCEL LTR:
 TAX MAP NUMBER:
 CURRENT USE: **Agricultural, Commercial, Industrial**
 POSSIBLE USE:
 SPECIAL ASSESSMENTS:

CLEARED:
 INGRESS/EGRESS:
 SOIL TYPE:
 TOPOGRAPHY
 WATER BODY NAME:
 WELL REPORT:

WELL PUMP MOTOR HP:
 ELEVATION:
 SURVEY:
 CURRENT GEO REPORT:
 NEW CONSTRUCTION YN: **No**

COMMUNITY

HOA FEE: **\$0**
 HOA FEE 2:
 HOA MANAGEMENT NAME:
 HOA MANAGEMENT NAME 2:

HOA NAME:
 HOA NAME 2:

HOA PHONE:
 HOA PHONE 2:

COMMUNITY FEATURES: **Rural**

INFRASTRUCTURE

IMPROVEMENTS:
 WATER WELL:
 WELL DEPTH:
 WATER TABLE DEPTH:
 WELL GALLONS PER MIN.:
 WELL HOLE SIZE:

IMPROVEMENTS TTL \$/ %:
 PERSONAL PROPERTY \$/ %:
 LAND VALUE \$/ %:
 USABLE LAND %:
 TAX RATE:
 TAX YEAR:
 TAX RATE TOTAL:
 TAX AREA:

BUS:
 CHURCH:
 ELECTRIC:
 FREEWAY:
 GAS:
 PHONE SERVICE:

SCHOOLS:
 SEWER:
 SHOPPING:
 STREET:
 WATER: **well**

LISTING

B.A. COMPENSATION: **2.5%**
 BAC REMARKS:
 DUAL/VARI. COMP?: **No**
 CURRENT FINANCING:
 LISTING TERMS: **Cash**
 LIST AGMT: **Exclusive Right To Sell**
 CONTINGENCY LIST:

LIST SERVICE: **Full Service**
 AD NUMBER:
 DISCLOSURES:
 INTERNET, AVM?/COMM?: **Yes/Yes**
 INTERNET?/ADDRESS?: **Yes/Yes**

DATES

LISTING DATE: **01/08/19**
 START SHOWING DATE:
 ON MARKET DATE: **01/08/19**
 PRICE CHG TIMESTAMP: **04/14/20**
 STATUS CHG TIMESTAMP: **01/09/21**
 MOD TIMESTAMP: **01/09/21**
 EXPIRED DATE: **01/08/21**
 PURCH CONTRACT DATE:
 ENDING DATE: **01/08/21**

CONTINGENCY:

PRIVATE REMARKS:

SHOWING INFORMATION

SHOW CONTACT TYPE: **Agent**
 SHOW CONTACT NAME: **Jon Ohlgren**

SHOW CONTACT PHONE: **8056897839**

OWNER'S NAME:

SHOWING INSTRUCTIONS: **Appointment with Jon Ohlgren**
 DIRECTIONS: **101 to San Marcos Road**

AGENT / OFFICE

CONTACT PRIORITY

LA: **(NS01464358) Jon Ohlgren**
 CoLA:
 LO: **(NSOHLGREN) Jon Ohlgren/Broker**
 LO PHONE: **805-965-5500**
 CoLO:
 CoLO PHONE:

LA STATE LIC.: **01464358**
 CoLA STATE LIC.:
 LO STATE LIC.: **01464358**
 LO FAX: **805-965-5300**
 CoLO STATE LIC.:
 CoLO FAX:
 OFFERS EMAIL:

1. LA CELL: **805-689-7839**
 2. LA DIRECT: **805-689-7893**
 3. LA EMAIL: **johlgrn@radiusgroup.com**

COMPARABLE INFORMATION







101 to San Marcos Road



ACRES: 155
 \$ PER ACRE: \$30,645
 LOT(src): 6,751,800/155 (A)
 AREA: PR North 46-West 101
 GROSS EQUITY:
 PRESENT LOANS AMOUNT:
 HAVE:
 DOM: 354
 SLC: Standard
 PARCEL #: 027145022
 LISTING ID: NS19286766
 LIST \$ ORIG.: \$4,750,000

[Use PEAD in Glide During COVID-19](#)

DESCRIPTION

Texas Road Vineyard is comprised of ±85 acres of income producing actively farmed ground with highly sought after fruit. Contracted to a number of high end wineries, varietals include Cabernet Sauvignon, Petite Sirah, Zinfandel, Grenache Blanc, Viognier, Syrah, Petite Verdot, Grenache, Merlot and Mourvedre. The fully fenced property features sweeping views, rolling hills and a small section of olive trees for oil production.

EXCLUSIONS:

INCLUSIONS:

SUBDIVISION: PR San Miguel
 West(260)/PR San Miguel
 West(260)
 COUNTY: San Luis Obispo
 55+: No
 PROBATE AUTHORITY:

FENCING:
 VIEW: Panoramic, Vineyard

SEWER:
 UTILITIES:
 ELECTRIC:

LOT FEATURES: Agricultural - Vine/Vineyard
 WATERFRONT:

LAND

COMMON INTEREST: None
 LAND LEASE: No
 TAX LOT:
 TAX BLOCK:
 TAX TRACT #:
 LOT SIZE DIM:
 ASSESSMENTS:
 PARCEL #: 027145022
 ADDITIONAL PARCEL(s): No

ZONING: AG
 ZONING DESC.:
 TAX PARCEL LTR:
 TAX MAP NUMBER:
 CURRENT USE: Agricultural
 POSSIBLE USE:
 SPECIAL ASSESSMENTS:

CLEARED:
 INGRESS/EGRESS:
 SOIL TYPE:
 TOPOGRAPHY
 WATER BODY NAME:
 WELL REPORT:

WELL PUMP MOTOR HP:
 ELEVATION:
 SURVEY:
 CURRENT GEO REPORT:
 NEW CONSTRUCTION YN: No

COMMUNITY

HOA FEE: \$0
 HOA FEE 2:
 HOA MANAGEMENT NAME:
 HOA MANAGEMENT NAME 2:

HOA NAME:
 HOA NAME 2:

HOA PHONE:
 HOA PHONE 2:

COMMUNITY FEATURES: Rural

INFRASTRUCTURE

IMPROVEMENTS:
 WATER WELL:
 WELL DEPTH:
 WATER TABLE DEPTH:
 WELL GALLONS PER MIN.:
 WELL HOLE SIZE:

IMPROVEMENTS TTL \$/:%
 PERSONAL PROPERTY \$/:%
 LAND VALUE \$/:%
 USABLE LAND %:
 TAX RATE:
 TAX YEAR:
 TAX RATE TOTAL:
 TAX AREA:

BUS:
 CHURCH:
 ELECTRIC:
 FREEWAY:
 GAS:
 PHONE SERVICE:

SCHOOLS:
 SEWER:
 SHOPPING:
 STREET:
 WATER: well

LISTING

B.A. COMPENSATION: 2.5%
 BAC REMARKS:
 DUAL/VARI. COMP?: No
 CURRENT FINANCING:
 LISTING TERMS: Cash, Cash to New Loan,
 Submit
 LIST AGMT: Exclusive Right To Sell
 CONTINGENCY LIST:

LIST SERVICE: Full Service
 AD NUMBER:
 DISCLOSURES:
 INTERNET, AVM?/COMM?: Yes/Yes
 INTERNET?/ADDRESS?: Yes/Yes

LISTING DATE: 12/30/19
 START SHOWING DATE:
 ON MARKET DATE: 12/30/19
 PRICE CHG TIMESTAMP: 12/30/19
 STATUS CHG TIMESTAMP: 12/18/20
 MOD TIMESTAMP: 12/18/20
 EXPIRED DATE: 01/08/21
 PURCH CONTRACT DATE:
 ENDING DATE: 12/18/20

CONTINGENCY:
 PRIVATE REMARKS:

SHOWING INFORMATION

SHOW CONTACT TYPE: Agent
 SHOW CONTACT NAME: Jon Ohlgren

SHOW CONTACT PHONE: 8056897839

OWNER'S NAME:

SHOWING INSTRUCTIONS: call
 DIRECTIONS: 101 to San Marcos Road

AGENT / OFFICE

CONTACT PRIORITY

LA: (NS01464358) Jon Ohlgren
 CoLA:
 LO: (NSOHLGREN) Jon Ohlgren/Broker
 LO PHONE: 805-965-5500
 CoLO:
 CoLO PHONE:

LA STATE LIC.: 01464358
 CoLA STATE LIC.:
 LO STATE LIC.: 01464358
 LO FAX: 805-965-5300
 CoLO STATE LIC.:
 CoLO FAX:
 OFFERS EMAIL:
 johlgren@radiusgroup.com

johlgren@radiusgroup.com
 1.LA CELL: 805-689-7839
 2.LA DIRECT: 805-689-7893
 3.LA EMAIL: johlgren@radiusgroup.com

CLOSE PRICE:
LIST PRICE: **\$4,750,000**
LIST \$ ORIGINAL:
PURCH CONTRACT DATE:
DOM/CDOM: **354/354**

BA:
BO:
BA STATE LIC.:
BO State License:

CoBA:
CoBA STATE LIC.:
CoBO State License:

Declaration Page 220 of 226

CONCESSIONS \$:
CONCESSION CMTS:
ENDING DATE: **12/18/20**

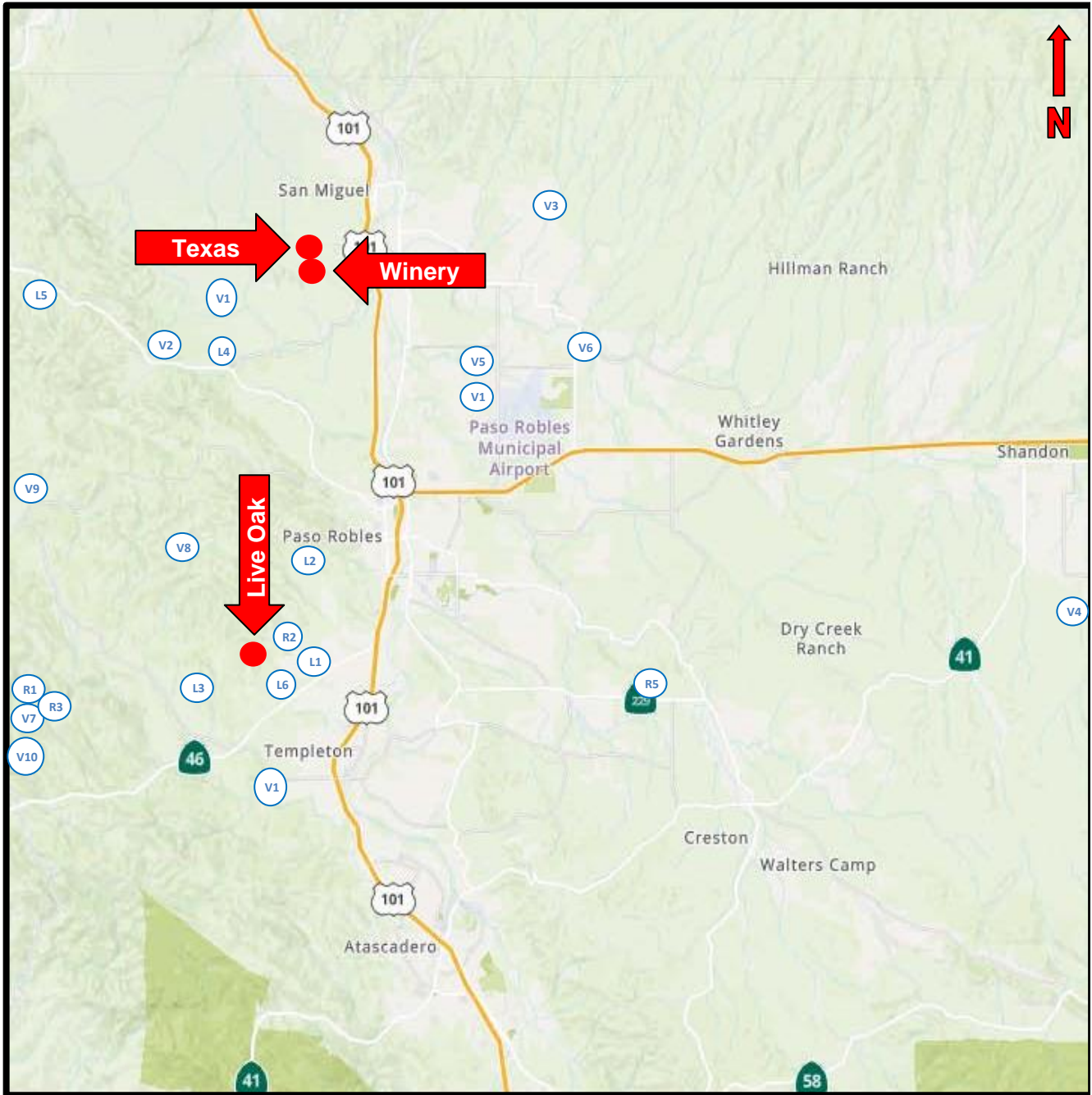




AGENT FULL: Land LISTING ID: NS19286766

Printed by Richard Kilgore, State Lic: AG008850 on 01/20/2021 7:39:49 PM

SALES MAP



Richard L. Kilgore III, ARA

Senior Appraiser

Edwards, Lien & Toso, Inc.

Agricultural Appraisers & Consultants

8408 N. Lander Avenue, Hilmar, California 95324

Phone: (209) 634-9484 • Fax: (209) 634-0765 • e-mail: rich@eltappraisers.com • www.eltappraisers.com

SUMMARY OF QUALIFICATIONS

- CA Certified General Real Estate Appraiser #AG008850
- Expertise in selection and engagement of appraisers of agricultural and commercial real estate within the entire united states since 2005.
- Expertise in review of all types of appraisals with strong emphasis on greenhouse, dairy, winery, nut processing and milk processing facilities since 2005
- Experience in appraisal of agricultural and commercial real estate throughout Central and Northern California. Primary focus in nut processing, cold storage, wineries and other agricultural processing facilities since 1991.

COURT QUALIFICATIONS

- Experience as an expert witness with the Superior Courts of Fresno, Madera and Placer Counties.

PROFESSIONAL ACCREDITATIONS / LEADERSHIP

- Accredited member (ARA) of the American Society of Farm Managers and Rural Appraisers (1997 to Present).
- California ASFMRA Education Committee Chair (1998 to 2002).
- Co-Author of the "Best Practices of Rural Appraisal" course published by the ASFMRA (2009-2010)
- Member of the San Joaquin Valley Ag Lenders Society
- Affiliate Member of the North San Luis Obispo County Association of REALTORS

PROFESSIONAL EXPERIENCE

Senior Appraiser

Edwards, Lien & Toso, Inc.

July 2010 – Present

Hilmar, CA

- Perform complex appraisal assignments of farm, ranch and processing facility properties within the San Joaquin Valley of California.
- Perform agricultural valuation consulting services of farm, ranch and processing facilities.

Vice President / Senior Review Appraiser

Bank Of The West

January 2006 – July 2010

Fresno, CA

- Perform appraisal management responsibilities for real estate transactions. Duties include selection and engagement of appraisers, as well as provide appraisal management throughout the appraisal process and review final appraisal reports for accuracy, FIRREA and USPAP compliance, and overall reasonableness of value.
- Manage approximately 200 appraisal projects per year throughout the United States.
- Provide non-appraisal assistance in analyzing market data for credit related decisions.
- Self directed with little to no immediate supervision.
- Supervise one support staff member.

Richard L. Kilgore III, ARA, continued

Vice President / Senior Appraiser
American AgCredit

January 2001 - January 2006
Merced, CA

- Performed agricultural and commercial real estate appraisal reports with primary focus on dairy and nut processing facilities, but also included virtually all other types of real estate properties. Area of focus was the San Joaquin Valley of California.
- Provided appraiser training to three entry level appraisers. This included assistance in field inspections, data analysis and report writing.
- Provided non-appraisal assistance in analyzing market data for credit related decisions.

Appraiser
Fresno-Madera Farm Credit

January 1992 - January 2001
Fresno, CA

- Performed real estate appraisal reports on all forms of agricultural production properties within the Central San Joaquin Valley of California.
- Provided non-appraisal assistance in analyzing market data for credit related decisions.

EDUCATION AND TRAINING

Bachelor of Science – Agricultural Business
California State University, Fresno

1991
Fresno, CA

American Society of Farm Managers & Rural Appraisers

1992-Present

- Course A-100, Fundamentals of Rural Appraisal
- Course A-150, Report Writing
- Course A-180, Income capitalization
- Course A-200, Principles of Rural Appraisal
- Course A-250, Eminent Domain
- Course A-290, Highest and Best Use
- Course A-300, Advanced Rural Appraisal
- Course A-360, Introduction to Appraisal Review
- 7-Hour National USPAP Course
- Federal and State Laws and Regulations
- Standards of Ethics in Appraisal
- Valuation of Conservation Easements & Other Partial Interests
- Foundations of Appraisal Review
- Appraisal Applications of Regression Analysis
- Construction Details and Trends
- Appraisal of Owner-Occupied Commercial Properties
- Introduction to Legal Descriptions
- Land and Site Valuation
- Introduction to Expert Witness Testimony for Appraisers
- Basics of Expert Witness for Commercial Appraisers
- Commercial Land Valuation
- Appraisal of Industrial and Flex Buildings
- California Water and Agriculture – SGMA and SB88
- The Nuts and Bolts of California's Water Supply System
- Additional appraisal course work scheduled through the ASFMRA and regular attendance of ASFMRA meetings.

References Available Upon Request

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 1000 Wilshire Boulevard, Nineteenth Floor, Los Angeles, CA 90017-2427.

A true and correct copy of the foregoing document entitled (*specify*): **DECLARATION OF RICHARD L. KILGORE III ISO FCW OPPOSITION TO HILCO APPLICATION** 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*) February 26, 2021 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:

SEE ATTACHED SERVICE LIST.

☒ Service information continued on attached page.

2. SERVED BY UNITED STATES MAIL:

On (*date*) February 26, 2021, 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.

SEE ATTACHED SERVICE LIST.

☒ 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*) February 26, 2021, 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.

Overnight Mail

Hon. Mark S. Wallace
United States Bankruptcy Court
Central District of California
Ronald Reagan Federal Building and Courthouse
411 West Fourth Street, Suite 6135
Santa Ana, CA 92701-4593

☐ 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.

February 26, 2021

Date

Sandra Young-King

Printed Name

/s/ Sandra Young King

Signature

ADDITIONAL SERVICE INFORMATION (if needed):

1. TO BE SERVED BY THE COURT VIA NOTICE OF ELECTRONIC FILING (NEF):

- Nancy S Goldenberg nancy.goldenberg@usdoj.gov
- Michael J Gomez mgomez@frandzel.com, dmoore@frandzel.com
- Roksana D. Moradi-Brovia roksana@rhmfirm.com,
matt@rhmfirm.com;janita@rhmfirm.com;susie@rhmfirm.com;max@rhmfirm.com;priscilla@rhmfirm.com;pardis@rhmfirm.com;russ@rhmfirm.com;rebeca@rhmfirm.com;david@rhmfirm.com;sloan@rhmfirm.com
- Matthew D. Resnik matt@rhmfirm.com,
roksana@rhmfirm.com;janita@rhmfirm.com;susie@rhmfirm.com;max@rhmfirm.com;priscilla@rhmfirm.com;pardis@rhmfirm.com;russ@rhmfirm.com;rebeca@rhmfirm.com;david@rhmfirm.com;sloan@rhmfirm.com
- United States Trustee (SA) ustpregion16.sa.ecf@usdoj.gov
- Reed S Waddell rwaddell@frandzel.com, sking@frandzel.com
- Gerrick Warrington gwarrington@frandzel.com, sking@frandzel.com

2. SERVED BY UNITED STATES

Northern Holding, LLC
143 1/2 S. Olive Street
Orange, CA 92866

Debtor

Roksana D. Moradi-Brovia
RESNIK HAYES MORADI LLP
17609 Ventura Blvd., Suite 314
Encino, CA 91316

Debtor's Counsel

Telephone: (818) 285-0100
Facsimile: (818) 855-7013
E-Mail: roksana@rhmfirm.com

U.S. Trustee
United States Trustee (SA)
411 W Fourth St., Suite 7160
Santa Ana, CA 92701-4593

U.S. Trustee

Nancy S Goldenberg
411 W Fourth St Ste 7160
Santa Ana, CA 92701-8000

Counsel for U.S. Trustee

Telephone: 714-338-3416
Facsimile: 714-338-3421
Email: nancy.goldenberg@usdoj.gov

bw 12-15-2020