Appraisal Of:

Somavia Ranch
South of Salinas, CA

Appraisal As Of:

December 18, 2015

Prepared For:

RCT Lands, LP
86 Monterey-Salinas Highway
Salinas, CA 93908

By:
Tom H. Pettitt
Certified General Real Estate Appraiser

Pettitt Lands, Inc. • Est. 1919
REAL ESTATE APPRAISALS
TOM H. PETTITT, Appraiser
License #AG007594

January 25, 2016

RCT Lands, LP
86 Monterey – Salinas Highway
Salinas, California 93908

RE: Appraisal Assignment - Somavia Ranch

Attn: Mr. Ray Franscioni

Dear Ray:

As you requested, enclosed is my Complete Appraisal and Summary Appraisal Report in a narrative format of a proposed agricultural conservation easement on the above ranch that is located on Somavia Road south of Salinas. This appraisal is confined to the 66.09 acres known as the Somavia Ranch, which is regarded as having some potential development and more specifically described within the following pages of this report.

The purpose of this appraisal is to estimate the market value of an agricultural conservation easement on the subject property. The intended use of the appraisal is for the possible acquisition of an agricultural conservation on the subject ranch, which may have a potential for development at some later time. The valuation is based on the present day market value of the subject ranch as it exists before a conservation easement and then a market value after the subject ranch is encumbered by a conservation easement.

In as much as the proposed conservation easement provides restrictions to the use of the land only, the contributory value of the improvements, if any, are not included in this appraisal value.

This appraisal is performed in compliance with the Uniform Standards of Professional Appraisal Practice (USPAP).

The effective date of the Complete Appraisal is December 18, 2015 and the date of the Summary Appraisal Report is January 25, 2016.

Office (831) 385-4888 FAX (831) 385-3950
P.O. Box 965 121 N. Vanderhurst King City, CA 93930-0965

The following value conclusions are subject to certain assumptions and limiting conditions set forth in the body of this report. My conclusions of values are as follows:

Subject Parcel

Market Land Value "Before" the Easement	**$3,040,000**
Market Land Value "After" the Easement	**$2,809,000**
Market Value of the Conservation Easement	**$ 231,000**

This letter is not the appraisal, but merely serves to transmit the appraisal report that follows. The subsequent pages describe the subject ranch, the information upon which the values have been made, an analysis of the data and the valuations concluded.

Respectfully submitted,

Tom H. Pettitt

Tom H. Pettitt
Certified General Real Estate Appraiser
License #AG007594

CERTIFICATION

I certify that, to the best of my knowledge and belief:

- **___ the facts and data reported by the appraiser and used in the appraisal process are true and correct.**
- **___ the analyses, opinions, and conclusions in this report are limited only by the assumptions and limiting conditions stated in this report; and are my personal, impartial, and unbiased professional analyses, opinions and conclusions.**
- **___ I have no present or prospective interest in the property that is the subject of this report and no personal interest with respect to the parties involved.**
- **___ I have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.**
- **___ my engagement in this assignment was not contingent upon developing or reporting predetermined results.**
- **___ my compensation is not contingent on an action or event resulting from the analyses, opinions, or conclusions in, or the use of, this appraisal.**
- **___ my analyses, opinions, and conclusions were developed and this report was prepared in conformity with the *Uniform Standards of Professional Appraisal Practice.***
- **___ I did personally inspect the subject property of this report.**
- **___ no one provided significant professional assistance to the person signing this review report.**
- **___ The appraiser who completed this report has been actively involved in the appraisal of real estate for a period of time in excess of twenty years and certifies that I am fully qualified and competent by training, knowledge and experience to complete this assignment.**
- **___ my estimate of values are as follows:**

SUMMARY OF CONCLUSION AND FINAL ESTIMATE OF VALUE:

Subject Parcel	*Value*	*Gross Usable Acreage*	*Average Value Per Acre*
Market Value "Before" Easement	$3,040,000	66.09	$45,998
Market Value "After" Easement	$2,809,000	66.09	$42,503
Market Value of the Easement	$ 231,000	66.09	$ 3,495

Tom H. Pettitt

Tom H. Pettitt
State License #AG007594

TABLE OF CONTENTS

	Page #
Certification	3
Summary of Facts and Conclusions	6
Summary of Conclusion and Final Estimate of Value	6
Assumptions and Statement of Limiting Conditions	7-8
Authorization of Appraisal	9
Client and Intended Users	9
Intended Use	9
Purpose of Appraisal	9
Market Value	10
Exposure Time & Marketing Period	10-11
Ownership	11
Property Interest Appraised	11
Effective Date and Date of Report	11
Definition of Fee Simple Estate with Ag Conservation Easement	12
Scope of Work	12-13
Location & Acreage of Subject Property	13
County Data for Monterey County	14-16
Neighborhood Land Use & Its Influences	17
General Market Conditions	18
Personal Property	18
Environmental Concerns	18
Mineral Rights	18
Zoning	19
Flood Hazards	19
Seismic Activity	19
Utilities	19
Water	19
Soils	20
Building Improvements	20
Use of Subject Property	20
Preliminary Title Report Review	20
Agricultural Land Area Definitions	20-21
Acreage Size	21
Highest and Best Use	21
"Before" Conservation Easement	22
"After" Conservation Easement	23-24
The Appraisal Process	24-25
Sales Comparison Approach	25-26
"Before" Value	27
Summary of Row Crop Land Sales "Before" Conservation Easement	28-29
Sales Comparison Approach Valuation "Before" Easement	29
Cost Approach "Before" Easement	30
Income Approach "Before" Easement	30
Summary of Indicated Land Value "Before" Easement	30

Effect of the Conservation Easement 30-31
"After" Value 31
Summary of Row Crop Land Sales "After" Conservation Easement 32-33
Sales Comparison Approach Valuation "After" Easement 33
Cost Approach "After" Easement 34
Income Approach "After" Easement 34
Summary of Indicated Land Value "After" 34
Valuation of the Conservation Easement 34
Reconciliation of Value 35
Final Conclusion of Value 35

Addendums
- Area Map
- Location Map
- Assessor's Map
- Aerial Map
- Soil Map & Information
- Zoning Information
- Flood Map
- Fault Zone Map
- Sales Maps & Sales Data
  - Row Crop Land Sales "Before"
  - Row Crop Land Sales "After"
- Percentage Effect of a Conservation Easement
- Photographs
- Qualifications

SUMMARY OF FACTS AND CONCLUSIONS

Name:	***Somavia* Ranch**
Location:	**Somavia Road South of Salinas**
Date of Value:	**December 18, 2015**
Date of Report (date signed):	**January 25, 2016**
Deeded Acres:	**66.09**
Usable Acres:	**66.09**
Zoning:	**Agricultural – 40 acre minimum parcel size**
Highest and Best Use:	**Currently, row crop and strawberries with some long-term future development.**

SUMMARY OF CONCLUSION AND FINAL ESTIMATE OF VALUE:

Subject Parcel	*Value*	*Gross Usable Acreage*	*Average Value Per Acre*
Market Value "Before" Easement	**$3,040,000**	**66.09**	**$45,998**
Market Value "After" Easement	**$2,809,000**	**66.09**	**$42,503**
Market Value of the Easement	**$ 231,000**	**66.09**	**$ 3,495**

ASSUMPTIONS AND STATEMENT OF LIMITING CONDITIONS:

(1) **This appraisal report sets forth all the assumptions and limiting conditions imposed by the terms of this assignment, or by the appraiser, affecting the analyses, opinion and conclusions contained in this report.**

(2) **The information and data reported in this appraisal have been furnished by sources deemed reliable. However, no warranty is given for its accuracy.**

(3) **The effective date of value to which the opinions expressed in this report apply, are set forth in the following appraisal report. The appraiser assumes no responsibility for economic or physical factors which may occur at some later date and which may/may not affect the opinions stated herein.**

(4) **No opinion as to title is rendered. Data regarding ownership and legal descriptions were obtained from sources generally considered reliable. Title is assumed to be marketable, free and clear of all liens, encumbrances, easements and restrictions, except those specifically expressed in the attached Preliminary Title Report. The property is appraised assuming it to be under responsible ownership and competent management.**

(5) **The Preliminary Title Report was not reviewed and was not taken into consideration in estimating the value of the conservation easement, however, this appraiser is not an attorney and therefore, no opinion is intended to be expressed for legal matters or those items of concern requiring specialized investigation or knowledge beyond that ordinarily held by employed real estate appraisers.**

(6) **The market value of the conservation easement provided in this appraisal report applies to the entire property in total and is located in the reconciliation and valuation section of this report.**

(7) **No engineering or survey work has been completed by the appraiser. Data pertaining to the size, shape, dimensions and area were taken from sources deemed reliable. No encroachments were observed or assumed to exist.**

(8) **It is assumed there are no hidden or inapparent conditions or the property, subsoil or structures that would render it more or less valuable. No responsibility is assumed for such conditions or for arranging for engineering studies that may be required to discover them.**

(9) **Unless otherwise stated in this report, the presence of potentially hazardous materials (i.e., toxic waste, asbestos, urea-formaldehyde, foam insulation, etc.) resulting from past or present uses of the property, construction and/or maintenance of the buildings, has not been observed. Such a condition may or may not be present, however, this appraiser has no knowledge of the**

existence of such materials on the subject property and is not qualified to detect such hazardous or toxic waste substances. The value estimated is predicated on the assumption of there being no such materials on or about the property to cause a loss in value.

(10) It is assumed all applicable zoning, use regulations and restrictions have been complied with unless a nonconformity has been stated, defined and considered in the appraisal report.

(11) All definitions used in this appraisal report, unless otherwise stated, are provided by *The Appraisal of Real Estate*, 10th ed., American Institute of Real Estate Appraisers, Chicago, IL., 1987.

(12) The Americans with Disabilities Act (ADA) became effective January 26, 1992. The appraiser has not made a specific compliance survey or analysis of the subject 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 this 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 I have no direct evidence relating to this issue, I did not consider possible non-compliance with the requirements of AD in estimating the value of the property.

(13) Unless otherwise noted in this report, the property is assumed to have no violations of the Endangered Species Act. The appraiser is not qualified to detect or identify those animals or plants that may be categorized on the State or Federal lists. Should there be a question regarding this Act, an expert in the field should be consulted.

(14) Maps, plats and other related exhibits included in the report are for illustration only and should not be relied upon for any other purposes. The maps were prepared by Pettitt Lands, Inc. and although they do not purport to represent survey accuracy, it is believed they are substantially correct, and therefore, adequately serve as visual reference to the subject property. The information for the preparation of these maps was obtained from County Maps, County Soils Maps, County Assessor's Parcel Maps, field inspections and the information available in the office of Pettitt Lands, Inc.

AUTHORIZATION OF APPRAISAL:

Mr. Ray Franscioni with RCT Lands, LP authorized this appraisal. The appraisal involves 66.09 acres of the Somavia Ranch located south of Salinas, California. Mr. Ray Franscioni requested a Complete Appraisal with a Summary Appraisal Report, which was developed and reported herein.

CLIENT AND INTENDED USERS:

RCT Lands, LP is the client. Funding Sources to the Conservancy and the property owner are other intended users. Use of this report by others is not intended by the appraiser.

INTENDED USE:

The intended use of this appraisal is the acquisition of a conservation easement by RCT Lands, LP.

PURPOSE OF THE APPRAISAL:

The purpose of this appraisal is to estimate the market value of the proposed conservation easement. The conservation easement is intended to preserve in perpetuity the agricultural productivity and open space values of the subject ranch.

MARKET VALUE:[1]

The most probable price which a property should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller ach acting prudently and knowledgeably, and assuming the price is not affected by undue stimulus. Implicit in this definition is the consummation of a sale as of a specified date and the passing of title from seller to buyer under conditions whereby:

1. **buyer and seller are typically motivated;**
2. **both parties are well informed or well advised, and acting in what they consider their best interests;**
3. **a reasonable time is allowed for exposure in the open market;**
4. **payment is made in terms of cash in United States dollars or in terms of financial arrangements comparable thereto; and**
5. **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.**

EXPOSURE TIME & MARKETING PERIOD:

Exposure time and marketing period are inter-related to the estimation of market value and are consideration in this report. Exposure time may be defined as follows:

The estimated length of time the property interest being appraised would have been offered on the market prior to the hypothetical consummation of a sale at market value on the effective date of appraisal; a retrospective estimate based upon as analysis of past events, assuming a competitive and open market. For purposes of this report, exposure time for the fee simple interest is estimated from six months to one year as it related to the value of the final market value.

The definition of a normal or reasonable marketing period is; the amount of time necessary to expose a property to the open market in order to achieve a sale. Implicit in this definition are the following characteristics:

---

[1] **The Glossary of Uniform Standards of Professional Appraisal Practice, 2001 Edition, Page 199.**

1. **The property will be actively exposed and aggressively marketed to potential purchasers through marketing channels commonly used by buyers and sellers of similar type properties.**

2. **The property would be offered at a price reflecting the most probable mark-up over market value used by sellers of similar type properties.**

3. **A sale will consummate under the terms and conditions under the definition of market value as require by the regulations.**

This varies for different types of properties and under different market conditions. The estimated exposure time is not intended as the predication of a date of sale, merely as an integral part of the analysis conducted during the appraisal assignment. The subject property would have a market time from six months to one year for the fee simple interest.

OWNERSHIP:

The ownership for the Somavia Ranch is vested as TMV per the Property Profile.

PROPERTY INTEREST APPRAISED:

The property interest appraised is the market value of the conservation easement of the appraised property, which is a fractional ownership interest.

EFFECTIVE DATE & DATE OF REPORT:

The effective date of the Complete Appraisal is December 18, 2015 and the date of the Summary Appraisal Report is January 25, 2016.

DEFINITION OF FEE SIMPLE ESTATE WITH AN AGRICULTURAL CONSERVATION EASEMENT:

Absolute ownership unencumbered by any other interest or estate, subject only to the limitations imposed by the governments powers of taxation, eminent domain, police power and escheat, and an agricultural conservation easement.

SCOPE OF WORK:

The scope of work was to prepare a complete appraisal in a narrative format suitable for presentation. This report is a Summary Appraisal Report which is intended to comply with the reporting requirements set forth under Standards Rule 2-2 (b) of the Uniform Standards of Professional Appraisal Practice (USPAP) for a Summary Appraisal Report. As such, it presents only the summary discussions of the data, reasoning, and analyses that were used in the appraisal process to develop the appraiser's opinion of value. Supporting documentation concerning the data, reasoning and analyses is retained in the appraiser's file. The depth of discussion contained in this report is specific to the needs of the client and for the intended use stated above.

During development of this appraisal, the appraiser researched available information regarding the valuation of agricultural land and potential development land in Monterey County. Discussions were held with real estate appraisers, buyers, sellers, brokers, property owners, property developers, and public officials. Additionally, I have investigated the general economy as well as the specifics of the subject's market within Monterey County. The results of my investigation are detailed in the balance of this report.

The appraiser searched official records in the county for the most recent comparable sales data deemed comparable to the subject ranch in order to arrive at the value of the proposed conservation easement. This data was then verified with the specific parties to the transactions and/or individuals familiar with or involved in each sale.

After reviewing the subject parcel and obtaining specific data from interviews with those familiar with the subject ranch, the appraisal process was completed with all data compiled and reflected in a final estimated market value of the proposed agricultural conservation easement.

The process of this assignment is to first estimate the market value as is before the conservation easement and then estimate the market value of the subject ranch with the conservation easement in place. The difference between the two values ensures the development rights transferred as a result of the conservation

easement. The transferred rights translate into the estimated market value of the conservation easement.

As the appraiser, I inspected the subject property on December 18, 2015 and took photos of the subject property.

I researched sales to be used before and after the proposed conservation easement and selected the sales to be used.

Finally, I analyzed all the information to estimate a before and after value and then developed a conclusion of the market value of the conservation easement.

LOCATION & ACREAGE OF SUBJECT PROPERTY:

The subject property is referred to as Monterey County Assessor's Parcel Number 137-151-009 containing 66.09 acres.

The subject ranch is located south of Salinas on Somavia Road between the 101 Freeway and the Salinas River. Access to the subject ranch is from 101 Freeway onto Somavia Road. The subject fronts on Somavia Road. The surrounding land use is devoted primarily to agriculture, with the exception of the neighboring property. This 6 acre parcel is improved with a pre-engineered metal building that is used for industrial purpose.

The City of Salinas is located approximately five miles north of the subject ranch.

For a visible interpretation of the location of the subject property, maps are made a part of this report.

COUNTY DATA FOR MONTEREY COUNTY:

Monterey County is located along the Pacific Coast of Central California some 100 miles south of San Francisco. The county has the Pacific Ocean to its west, Santa Cruz County to the north, San Benito County to the east and San Luis Obispo County to the south. The 101 Freeway bisects Monterey County running north to the south.

Monterey County has approximately 100 miles of coastline along the Pacific Ocean. It is estimated that 27% of Monterey County land is owned by the government with 25% occupied by Fort Hunter Liggett, Fort Ord, Camp Roberts and Los Padres National Forest. The county contains approximately 3,324 square miles or an estimated 2,127,360 acres of land.

The Salinas River is 155 miles in length and is the largest underground river in America. It bisects the county through the Salinas Valley and terminates near Moss Landing into Monterey Bay. The principal tributaries are the Arroyo Seco, Nacimiento and San Antonio rivers which catch rainfall from the Santa Lucia Mountains located on the west side of the county and the San Lorenzo river that flows from the Gabilan Mountains located on the east side of the county.

The Salinas Valley is located between the more moist and more rugged San Lucia Mountain range on the west and the Gabilan Mountain range on the east which has the least rainfall and more open hilly terrain. The valley is approximately 10 to 20 miles wide and 130 miles long. The sides of the valley are upper bench to hilly land from 400 to 600 feet high, which makes ideal cattle grazing and vineyards. The valley is the agricultural center of the county and one of the major vegetable producing regions in the United States.

Monterey County Population Growth

City	*1998**	*2000**	*2013***	*2020***
Carmel	4,560	4,477	3,775	3,873
Del Rey Oaks	1,700	1,709	1,648	2,237
Gonzales	6,650	8,264	8,296	15,969
Greenfield	10,200	10,810	16,729	21,855
King City	10,500	11,600	13,073	17,269
Marina	18,350	20,618	20,073	29,274
Monterey	33,800	33,130	28,252	30,278
Pacific Grove	17,450	17,392	15,268	15,550
Salinas	128,300	130,196	153,215	163,234
Sand City	190	243	338	1,498
Seaside	29,850	29,832	33,312	35,158
Soledad	22,100	10,233	25,430	33,760
Unincorporated	102,650	106,152	102,085	113,778
County Total	386,250	384,657	421,494	483,733

*** = Monterey County (1990 U.S. Census)**
**** = AMBAG Population Forecast**

Monterey County provides a variety of housing, with the highest price homes found in the Monterey Peninsula.

Monterey County has an estimated population of 384,657, according to the 2000 Department of Finance Statistics. Monterey County experienced a 5.0% growth from the last census of 1990. The majority of the county's population is located in the northern portion, on the Monterey Peninsula and in the greater Salinas area. Salinas, the county seat, is the largest city in Monterey County with a population of 143,000.

Salinas and the smaller Salinas Valley towns have been experiencing the majority of growth, whereas the Monterey Peninsula has remained relatively stable, as it has little land that is both zoned and adapted for development.

At the present time Monterey Peninsula has a limitation on sewer and water capacities. New highways and roads are needed, but the lack of funds and the environment are concerns.

The towns of the Salinas Valley have been transforming from agricultural based towns to bedroom commuter towns. The residential growth in the Salinas Valley will continue to grow and will require the annexation of farmland, which is a sensitive issue in Monterey County and the Salinas Valley.

Agriculture and tourism are the primary basic industries of Monterey County.

Monterey County is one of the favored areas for year around outdoor recreation. The Monterey Peninsula is known as the "Golf Capitol of the World" with the renowned Pebble Beach Golf Courses. The spectacular coastline makes the beaches a favorite spot. Boating and sailing are popular along the Carmel and Monterey Bay. In south Monterey County, there are numerous boating activities on San Antonio and Nacimiento Lakes.

History lives in Monterey County through restoration of historic buildings and in Salinas the hometown of John Steinbeck. Monterey County's beauty and popularity have been made famous by Steinbeck's literary works, which is why the Central California Coast is sometime called "Steinbeck Country".

What is classified as southern Monterey County is from Gonzales south to the county line of San Luis Obispo. One of the largest employers of south county is the Soledad State Prison located on 965 acres east of U.S. 101 between Gonzales and Soledad. This is an all male prison with over 12,000 inmates from maximum to medium security. The prison employs over 1,200 officers and staff. An expansion to the old section of the prison has been built at an estimated cost of $208,000,000. The new section includes a 2,200 bed prison for maximum to medium security inmates.

Monterey County and the Salinas Valley solidified itself as one of the most productive agricultural lands in the world in 2014 with its crops reaching a value of $4.49 billion. Vegetable crops (broccoli, cabbage and asparagus took up 1 million acres, lettuce alone took up 109,157, wine grapes 45,993 and flowers 341 acres. Organic farming took up 46,579 acres. Canada is the biggest importer of Monterey County with 476 million pounds. Monterey County produces 59% of the nation's lettuce.

2014 Top Ten Crops

1. Leaf Lettuce	$775,432,000
2. Strawberries	$709,296,000
3. Head Lettuce	$651,136,000
4. Broccoli	$412,084,000
5. Nursery	$286,577,000
6. Grapes	$247,357,000
7. Cauliflower	$188,173,000
8. Celery	$180,585,000
9. Misc. Vegetables	$159,702,000
10. Spinach	$157,834,000

At the time of this report, the 2015 Crop Report was not available.

Deep, fertile soils and a temperate coastal climate combine for ideal growing conditions, and under modern farming practices the farmland on the valley floor is typically utilized for the production of two and sometimes three crops per year. Produce, both fresh and processed, has made Monterey County a leader in agriculture.

Summary:

Monterey County is diverse in population, mild in climate and rich in history and resources. Monterey County will continue to be supported by the tourist and agriculture industries that will draw newcomers and retain longtime residents.

NEIGHBORHOOD LAND USE & ITS INFLUENCES:

When Mexico gained independence from Spain in 1822 is how outside settlers began to arrive in Salinas. Salinas is named for a nearby salt marsh. The city of Salinas became the county seat of Monterey County in 1822 and incorporated in 1874.

In the mid 1800s, Salinas's agricultural industry began to grow. In 1867 several local businessmen laid-out a town plan and enticed the Southern Pacific Railroad to build its tracks to Salinas.

Salinas and the Salinas Valley are known as "The Salas Bowl of the World" that fuels a 4.38 billion agriculture industry. The climate is also ideal for the floral and grape vineyards.

Although, agriculture forms an economic base, there are a number of manufacturing firms that call Salinas home.

Salinas's population:

1998	*2000*	*2005*	*2013*	*2020*
128,300	130,196	147,387	153215	163,234

Summary:

The economic base of Salinas will continue to be agriculture due to its location within the Salinas Valley and its prime farmland. The growth pressure is expected to continue in Salinas with single family homes and expansion of business.

The subject area consists of row crop farmland and strawberries.

The biggest obstacle facing Salinas is the direction of growth which is currently north and east, however, given the proximity of the subject to the city limits, there is a perception that properties such as the subject will have development pressure. This would require the conversion of farmland to development use, which is a sensitive issue in Monterey County since there still is a strong demand for farming in the subject area.

The subject area could be impacted by development when the city of Salinas runs out of land to develop or the demand to convert prime farmland to development is stopped, causing the subject area to be developed.

GENERAL MARKET CONDITIONS:

In the subject area, the growth rate is stable, property values for homes and farmland is increasing, vacant land and rangeland seems to be stable. In supply and demand there is a shortage for homes and farmland. Vacant land and rangeland seem to be in balance.

Residential financing in the subject's area is primarily conventional fixed and variable interest rate loans. Loan discounts, interest buydowns and other loan concessions are uncommon. Some seller financing does occur, typically at market rates with no impact on the contract price.

Farmland financing is primarily by life insurance companies, banks, farm credit and also seller financing.

PERSONAL PROPERTY:

Personal property, fixtures or intangible items that are not real property were not included in this appraisal.

ENVIRONMENTAL CONCERNS:

There were no obvious environmental hazards apparent to this appraiser. However, this appraiser is not qualified to detect such substances. Should the reader of this report desire more information, a professional in the field of hazardous wastes and environmental problems should be consulted.

MINERAL RIGHTS:

The valuation of mineral rights is beyond the scope of this appraisal and the experience of this appraiser. Therefore, the mineral rights were not valued in this report. Should a valuation of mineral rights be required, it is recommended that a person qualified in mineral right valuation be contracted.

ZONING:

The subject parcel is zoned HI –B-5 which is Heavy Industrial with a 60 acre minimum building site. Heavy Industrial zoning provide a district which will assure an environment conducive to the development and protection of modern research and other facilities, which are not dependent on pedestrian traffic. (see Zoning Information in Addendum)

FLOOD HAZARDS:

The subject ranch is zoned X, areas of minimal flooding according to the Federal Emergency Management Agency's Flood Insurance Rate Maps, Community Panels 06053C04006 effective April 2, 2009. (see Flood Map in Addendum)

SEISMIC ACTIVITY:

Monterey County is identified in the Alquist-Priolo Special Studies Zones Act of 1972 as active seismic locations. The northeast and the southeast of Monterey County show a small portion in the San Andreas Fault. The San Andreas Fault line is approximately 30 miles east of the subject. (see Fault Zone Map in Addendum).

UTILITIES:

Electricity and telephone service is available to the subject ranch. Sanitation would be septic tank.

WATER:

The subject ranch has one irrigation well and is improved with underground high pressure distribution system.

SOILS:

Soil Name	*Storie Index*	*% of Slope*	*Acres*	*% of Total*	*Soil Rating*
AeC – Antioch Loam	40	2-9	29.74	45	Class III
AeD – Antioch Loam	34	9-15	12.56	19	Class IV
AeA – Antioch Loam	45	0-2	2.64	4	Class III
CnA – Cropley Clay	51	0-2	10.57	16	Class II
CnC – Cropley Clay	48	2-9	10.58	16	Class II

BUILDING IMPROVEMENTS:

There are no building improvements on the subject ranch, therefore, the Cost Approach is not applicable in this appraisal.

The conservation easement would not impact the value of the building improvement. The contributory value of the building improvement is excluded from this analysis, as the Cost Approach is not considered applicable in this appraisal.

USE OF THE SUBJECT PROPERTY:

The subject property is in a premier area for row crops and strawberries.

PRELIMINARY TITLE REPORT REVIEW:

The preliminary title report was not reviewed.

AGRICULTURAL LAND AREA DEFINITIONS:

Within the description of the subject parcel, and the comparable sales, descriptions of land areas are utilized. The following is the appraiser's definition of the areas.

Deeded Area: **The deeded area is the gross acreage for the entire ranch.**

Net Crop Area: The net crop area is the crop area only; crop to crop. The net crop area excludes all areas that are not cultivated.

Gross Usable Area: The area of usable farmland including crop area, interior roads, building areas and storage yard. Excluded from this area would be any waste areas, areas within a river, and/or areas that do not provide a utility to the ranch.

ACREAGE SIZE:

The subject ranch has 66.09 deeded acres with 66.09 gross usable acres.

It is recommended that a survey be conducted to establish an accurate acreage calculation of the subject ranch being appraised, if necessary. The overall value of the parcel being appraised could change if the acreage determined from a survey is different from what I have been able to calculate.

HIGHEST AND BEST USE:

The definition of Highest and Best Use is the reasonably probable and legal use of vacant land or an improved property, which is physically possible, appropriately supported, financially feasible, and that results in the highest value. The four criteria the highest and best use must meet are legal permissibility, physical possibility, financial feasibility, and maximum profitability.[2]

This appraiser has considered the Highest and Best Use before the conservation easement and after the conservation easement has been recorded.

[2] The Dictionary of Real Estate Appraisal; American Institute of Real Estate Appraisers, Second Edition

BEFORE" CONSERVATION EASEMENT:

The subject parcel consists of row crops and strawberries. The agricultural use is a viable use and a consistent use with the surrounding properties to the south, east, west and the city of Salinas to the north. The agricultural use in also consistent with the land use policies, which are designed and intended to preserve and protect agricultural farmland.

The current General Plan does not impact the subject area towards development; however, general plans are based on political decisions that can be changed by the governmental agencies at a future date.

Summary:

The economic base of Salinas will continue to be agriculture due to its location within the Salinas Valley and its prime farmland. The growth pressure is expected to continue with Salinas's expansion of single family homes and businesses.

The subject area consists of row crop farmland and strawberries.

The biggest obstacle facing Salinas is the direction of growth, currently to the north and east. However, given the proximity of the subject to the city limits, there is a perception that properties such as the subject will have development pressure. This would require the conversion of farmland to development use, which is a sensitive issue in Monterey County since there still is a strong demand for farming in the subject area.

The current zoning, Monterey County and LAFCO policies, and the quality and diversity of this farmland makes it unlikely to be converted to other uses in the near future, however, due to changes in political preferences this situation could change at any time.

The "before" conservation easement Highest and Best Use of the subject ranch is agriculture with some long term potential of being developed at some time.

"AFTER" CONSERVATION EASEMENT:

The subject ranch is currently encumbered under a Williamson Act Land Conservation contract. The contract reduces property taxes in exchange for curtain development restrictions on land use. The term of the contract is 20 years and automatically renews each year absent a notice of non-renewal by either the land owner or Monterey County.

Even though 20 years may seem a long time for land to be restricted, Contracts are merely temporary restrictions. For instance, a person could enter and non-renew a Contract on a property three to four times in his or her lifetime. Moreover, there are no guarantees that a person's children or grandchildren would maintain the contract for any discernible period after a landowner's passing.

The subject ranch is currently in an HI-B-5 zone. Heavy Industrial – 60 acre zone limit development rights much like Contracts do. Just like Contracts, however, zoning codes are but temporary restriction on property; codes can, and often do, change at the whim of the County. Consequently, zoning codes are not a permit, reliable, and guaranteed way to restrict land for any discernible period of time.

In accord with the Civil Code under Section 815 states that the preservation of land in its natural, scenic, agricultural, historical, forested or open-space is among the most important environmental assets of California. It is in the public interest of this state to encourage the voluntary conveyance of conservation easement to qualified non-profit organization and THIS IS THE INTENT OF THE SUBJECT RANCH. However, not only does the Easement maintain the subject ranch in its current state and prohibit development, the Easement also contains several positive obligation and permits third- parties to enter the property to ensure compliance with its terms. These positive obligations, invasion of privacy, and perpetual restrictions on development will impact the subject ranch's overall market value.

When the proposed conservation easement is in place, the subject ranches will be limited to agriculture use and will no longer have any potential of being developed.

The proposed conservation easement is intended to preserve the open space and agricultural productivity of the subject parcel. In a sense, the easement places in perpetuity the agricultural preservation goal of the land. The difference in allowed uses between the existing zoning and the easement does not have a significant impact on the present day highest and best use of the property.

The after use will not allow for additional development. Subdivision or lot line adjustments may be permitted solely for purposes that maintain, enhance or

expand agricultural practices on the property. Subdivision or lot line adjustment shall not diminish or impair viability of the property as a farming unit, agricultural growing practices or productivity on the property, the conservation easement or open space character.

For the foreseeable future, the easement does not have a significant change on the subject property as the opportunity for immediate development in the before condition is already limited by the land use policies for the County of Monterey. However, for the long term, the easement is significant in that it places a restriction on the property for perpetuity. The future is unknown and one of the principals of real estate is that "change is inevitable". The easement could preclude and restrict an owner's ability to make changes, and does not allow for the easement to be terminated except..."*if it determines that conditions on or surrounding the Property change so much that it becomes impossible to fulfill its conservation purposes...".* Termination would require court approval and while the easement allows for termination, it is the opinion of the appraiser that most buyers would still be concerned that it would be difficult to terminate the easement.

The easement will not change the highest and best use, but will diminish the property rights by transferring some control of ownership to another entity, and will require that the agricultural productivity be conserved and maintained forever.

In the after situation, the highest and best use of the subject parcel is agricultural use only.

THE APPRAISAL PROCESS:

The appraisal process involves consideration of all factors influencing value including the cost, income and sales comparison approaches to arrive at the market value of the conservation easement.

The estimation of the market value of the conservation easement involves a systematic process in which the appraisal problem is defined and the data required is gathered, analyzed and interpreted into an estimate of value. Traditionally, three methods of valuation have been used in appraising: the cost, market, and income approaches.

In this appraisal, the Cost Approach will not be utilized as the conservation easement affects land only, it does not include any dwelling improvements. Therefore, the Cost Approach is not considered applicable in this appraisal.

In estimating the value of land, typically the Sales Comparison approach is used, relying upon the direct sales comparison method, looking at the price per usable acre as the indicator of value. In utilizing the Sales Comparison approach,

sales were adjusted to the subject property in both the "before" and "after". In addition sales were compared with each other to determine a percentage that conservation easements represent.

Income Approach will not be utilized in this appraisal assignment. The amount of rent that can be derived from the land is going to be the same for both "Before and After"; which is row crop farming.

To appraise a conservation easement, it is necessary to appraise the value before the conservation easement and after the conservation easement is in place. The difference between these two values is the value of the conservation easement.

SALES COMPARISON APPROACH:

The sales comparison approach involved a direct comparison between properties that have sold and the subject property. In order to make equal comparisons between the sales and the subject, the sales are reduced to a price per usable acre as the unit of comparison. This method of comparison is the most widely used and understood in the local market.

Valuation Process:

In order to determine the current value for the subject a search was conducted for recent comparable sales in the market area. As a result of the investigation, several sales were discovered and analyzed, of which the most comparable sales are used in comparison to the subject.

There are ten basic elements of comparison that are typically considered by most market participants. The key to making adjustments for any of these elements focuses on the depth and quality of the sales confirmation process. The basic elements of comparison are:

1. **Real Property Rights Conveyed**
2. **Financing Terms**
3. **Conditions of Sale**
4. **Expenditures Made After Purchase**
5. **Market Conditions (Time)**
6. **Location**
7. **Physical Characteristics**
8. **Economic Characteristics**
9. **Use (Zoning)**
10. **Non-Realty Components of the Sale Price**

The fee simple interest or equivalent is conveyed in all the sales presented. Adjustments for cash equivalency are not needed. The economic characteristics and the highest and best use of the subject and the sales are nearly equal. A potential buyer or investor would give each of the properties consideration for purchase. The same benefits/motivation of ownership is present in each.

A summary of the adjustments and comparable sales are included after the descriptions of the elements of comparison. Adjustments to the sales were made based on the following applicable elements of comparison.

Elements of Comparison:

Size:

Historical sales indicate that as a parcel increases in size the per acre value decreases. This is due, in part, because there are more available buyers for the smaller parcels. As the need increases for larger amounts of purchase money, or loan funds, the number of qualified buyers decreases.

Location/Access:

Parcels that are close to population centers and main transportation routes are most desirable and attract the highest prices. This adjustment also takes into account the various microclimates located throughout the valley. In addition, parcels that have road frontage rather than a deeded easement also attract higher prices.

Land Profile:

This adjustment accounts for the physical features of the property such as soil types, topography, water availability, zoning and flood hazard potential.

Adjustment Remarks:

Due to the complexity associated with comparing sales of this type, precise dollar adjustments are difficult to quantify and are generally not attempted by market participants. A relative percentage adjustment more accurately parallels the actions of these individuals. The following table is provided to assist the reader in understanding the symbol, definition and value range of the adjustments.

Adjustment Grid:

Symbol	*Definition*	*Percentage Adjustment*
NE	Nearly Equal	0%-2%
SI/SS	Slightly Inferior or Superior	3%-12%
I/S	Inferior or Superior	13%-22%
CI/CS	Considerably Inferior or Superior	23% or more

"BEFORE" VALUE:

The "before value" is the value of the property prior to the recordation of the easement. The before value is predicated on the sales comparison. The market sales utilized in this approach is described in the following pages.

The preceding sales include a variety of agricultural sales located in the Salinas Valley. These are the available sales to arrive at the market value for the "before" and "after" the conservation easement. These sales do require some adjustments in order to take into consideration the difference for location, soil diversity and terrain.

The following table summarizes the farmland sales "before" the conservation easement. The sales selected were selected based on similarity to the subject in time of sale, use, productivity and other amenities. These "before" sales were also selected due to their similar location to an urbanized area and are considered to have some long term development potential similar to the subject parcel.

Summary of Row Crop Farmland
"Before" the Conservation Easement

Sale	*Subject*	*Sale #1*	*Sale #2*	*Sale #3*
Ranch	Somavia	Alisal	Vaughan	Kerrigan
Grantor	----	Hageman	Garin	Kerrigan
Grantee	----	Bengard	Agland	Valle del Sol
Sale Date	----	09-01-15	05-09-14	08-31-12
Document #	----	#1549220	#14021311	#1250846
Sales Price	----	$23,000,000	$5,800,000	$870,000
Usable Acres	66.09	530.45	92.00	20.00
Price/Usable Acre	----	$43,350	$63,043	$43,500
Terms	----	All Cash	All Cash	All Cash
Location	Salinas	Salinas	Salinas	Gonzales
Topo	Level	Level	Level	Level
Utilities	Electricity & Telephone	Electricity & Telephone	Electricity & Telephone	Electricity & Telephone
Water	Deep Well	Deep Well	Deep Well	Deep Well
Soil	Loam	Loam	Loam	Loam
Crops	All Crops	All Crops	All Crops	All Crops
Improvements	Not Included	No Included	Not Included	Not Included
Zoning	F/40	F/40	F/40	F/40
Present Use	Farming	Farming	Farming	Farming
Highest & Best Use	Farming	Farming	Farming	Farming
Confirmation	Owner	Appraiser	Owner	Owner
Inspection	Yes	Yes	Yes	Yes
Williamson Act	Yes	Yes	Yes	Yes

Adjustment Per Acre

	Subject	*Sale #1*	*Sale #2*	*Sale #3*
Time	----	-	-	+ 15%
Soil/Diversity	Good	NE	CS	NE
Buildings	Not Included	Not Included	Not Included	Not Included
Location/Weather	Good	NE	CS	SS
Land Profile	Level	NE	CS	NE
Size	66.09	I	NE	NE
Total Adjustment	----	I	CS	SI
Adjustment Value Per Acre	----	$47,685	$44,130	$45,675

Row Crop Land Sales "Before":

Sale #1 is located southeast of Salinas on Encinal Road. Sale #1 is fairly equal to the subject in most adjustments. Historical sales indicate that as a parcel increases in size, the per acre value decreases. This is due, in part, because there are fewer buyers for larger properties. Also, as the need increases for a larger amount of purchase money, the number of qualified buyers decreases. Therefore, Sale #1 has an upward adjustment (inferior) for size.

Sale #2 is located west of Salinas at the corner of Highway 183 and McFadden Road. Sale #2 is considerably superior in soil productivity and location being in the Blanco area which is prime farmland area. Sale #2 is also considerably superior in terrain being all level.

Sale #3 is located north of Salinas on Bluff Road. Sale #3 has a time adjustment being a 2012 sale. Sale #3 is slightly superior in location with better road frontage.

Sales in 2014 and 2015 have been fairly stable, in my opinion, and require no adjustment.

Overall Adjustments:

Sale #1	**+10%**
Sale #2	**-30%**
Sale #3	**+ 5%**

The comparable sales indicate a market range in value from $42,700 to $63,043 per acre. After adjusting for characteristic differences, a tighter range from $44,130 to $47,685 per acre is determined. In determining the value for the subject consideration is given to all the sales with a value near the middle of the range selected for the subject. Based on this analysis, a value of $46,000 per acre was selected for LAND ONLY for the subject ranch.

SALES COMPARISON APPROACH VALUATION ("Before" Easement):

Gross Usable Acres		
66.09 acres @ $46,000 per acre	**=**	**$3,040,140**
Rounded To	**=**	**$3,040,000**

COST APPROACH ("Before" Easement):

The Cost Approach will not be utilized as the conversation easement affects "Land Only" and does not include any building improvements.

INCOME APPROACH ("Before" Easement):

The Income Approach will not be utilized. The amount of rent that can be derived from the land is going to the same for both "Before and After" which is row crop farming.

SUMMARY OF INDICATED LAND VALUE –"BEFORE" EASEMENT:

Ranch	*Sales Comparison Approach*	*Final Estimate Of Value*
Subject Parcel	**$3,040,140**	**$3,040,000**

EFFECT OF THE CONSERVATION EASEMENT:

The subject ranch is currently encumbered under a Williamson Act Land Conservation contract. The contract reduces property taxes in exchange for curtain development restrictions on land use. The term of the contract is 20 years and automatically renews each year absent a notice of non-renewal by either the land owner or Monterey County.

Even though 20 years may seem a long time for land to be restricted, Contracts are merely temporary restrictions. For instance, a person could enter and non-renew a Contract on a property three to four times in his or her lifetime. Moreover, there are no guarantees that a person's children or grandchildren would maintain the contract for any discernible period after a landowner's passing.

The subject ranch is currently in an HI-B-5. Heavy Industrial – 60 acres zone limit development rights much like Contracts do. Just like Contracts, however, zoning codes are but temporary restriction on property; codes can, and often do, change at the whim of the County. Consequently, zoning codes are not a permit, reliable, and guaranteed way to restrict land for any discernible period of time.

In accord with the Civil Code under Section 815 states that the preservation of land in its natural, scenic, agricultural, historical, forested or open-space is among the most important environmental assets of California. It is in the public interest of this state to encourage the voluntary conveyance of conservation easement to qualified non-profit organization and THIS IS THE INTENT OF THE SUBJECT RANCH. However, not only does the Easement maintain the subject ranch in its current state and prohibit development, the Easement also contains several positive obligation and permits third- parties to enter the property to ensure compliance with its terms. These positive obligations, invasion of privacy, and perpetual restrictions on development will impact the subject ranch's overall market value.

The proposed conservation easement is intended to preserve the open space and agricultural productivity of the subject ranch. The Conservation Easement was made for this purpose of protecting and preserving in perpetuity the land from being developed and remain in its present state, that of row crop farming.

For the immediate future, the easement does not have a significant change on the subject property as the opportunity for immediate development in the before condition is already limited by the land use policies for the County of Monterey. However, in the foreseeable future, the easement is significant in that it places a restriction on the property for perpetuity. The future is unknown and one of the principals of real estate is that "change is inevitable". The easement could preclude and restrict an owner's ability to make changes, and does not allow for the easement to be terminated unless..." *if it determines that conditions on or surrounding the Property change so much that it becomes impossible to fulfill its conservation purposes...*". Termination would require court approval, and while the easement allows for termination, it is the opinion of the appraiser that most buyers would still be concerned that it would be difficult to terminate the easement.

"AFTER VALUE":

The "after" value is the value of the property with a conservation easement which would extinguish the future benefit potential for development and it would also diminish the property rights by transferring some of the control of ownership to another entity. The "after" value is predicated on the sales comparison.

The following table summarizes the "after" sales that were selected due to their location being further from incorporated cities and having less development potential.

Summary of Row Crop Land Sales
"After" the Conservation Easement

Sale	*Subject*	*Sale #1*	*Sale #2*	*Sale #3*
Ranch	Somavia	Marvin	Matsui	Marihart
Grantor	----	Marvin	Matsui	Marihart
Grantee	---	Ramirez	Natividad	Gill
Sale Date	----	12-20-13	10-21-13	11-18-11
Document #	----	#1376516	#1365621	#1166140
Sales Price	----	$3,276,000	$7,325,500	$8,016,500
Usable Acres	66.09	78.00	166.00	227.70
Price/Usable Acre	----	$42,000	$44,126	$35,206
Terms	----	All Cash	All Cash	All Cash
Location	Salinas	Marina	Salinas	Salinas
Topo	Level	Level	Level	Level
Utilities	Electricity & Telephone	Electricity & Telephone	Electricity & Telephone	Electricity & Telephone
Water	Deep Well	Deep Well	Deep Well	Deep Well
Soil	Loam	Loam	Loam	Loam
Crops	All Crops	All Crops	All Crops	All Crops
Improvements	Not Included	Not Included	Not Included	Not Included
Zoning	F/40	F/40	F/40	F/40
Present Use	Farming	Farming	Farming	Farming
Highest & Best Use	Farming	Farming	Farming	Farming
Confirmation	Owner	Owner	Owner	Grantee
Inspection	Yes	Yes	Yes	Yes
Williamson Act	Yes	YES	Yes	Yes

Adjustment Per Acre

	Subject	*Sale #1*	*Sale #2*	*Sale #3*
Time	----	+ 10%	+ 10%	+ 15%
Soil/Diversity	Good	S	S	NE
Buildings	Not Included	Not Included	Not Included	Not Included
Location/Weather	Good	SI	SI	CI
Land Profile	Level	I	S	NE
Size	66.09	NE	I	I
Total Adjustment	----	SS	SS	CI
Adjustment Value Per Acre	----	$40,740	$42,802	$44,008

Row Crop Land Sales "After":

Sale #1 is located west of Salinas off of Nashua Road. Sale #1 has a time adjustment being a 2013 sale. Sale #1 is slightly superior in soil productivity. Sale #1 is slightly inferior in location with no road frontage and has flood hazard potential being next to the Salinas River. Sale #1 is superior to the subject in terrain being level.

Sale #2 is located east of the Salinas between Natividad Road and Old Stage Road. Sale #2 has a time adjustment being a 2013 sale. Sale #2 is superior in soil productivity. Sale #2 is slightly inferior to the subject in location with poor access with a dirt road through the adjoining property and has flood hazard potential being next to Gabilan Creek. Sale #2 is superior in terrain being all level. Historical sales indicate that as the parcel increases in size, the per acre value decreases. This is due, in part, because there are fewer buyers for larger properties. Also, as the need increases for a larger amount of purchase money, the number of qualified buyers decreases. Therefore, Sale #2 has an upward adjustment (inferior) for size.

Sale #3 is located just west of the subject on Somavia Road. Sale #3 has time adjustment being a 2011 sale. Sale #3 is inferior to the subject in location with no road frontage and has flood hazard potential being next to the Salinas River. Sale #3 is inferior for being a larger size as mentioned in Sale #2.

Sales in 2014 and 2015 have been fairly stable, in my opinion, and require no adjustment.

Overall Adjustment:

Sale #1	**- 3%**
Sale #2	**- 3%**
Sale #3	**+25%**

The comparable sales indicate a market range in value from $35,206 to $44,126 per acre. After adjusting for characteristic differences, a tighter range from $40,740 to $44,008 per acre is determined. In determining the value for the subject, consideration is given to all sales with a value near the middle of the range selected for the subject. Based on this analysis and all three sales have no development potential being in a flood hazard area, a value of $42,500 per acre was selected for LAND ONLY for the subject ranch.

SALES COMPARISON APPROACH VALUATION ("After" Easement):

Gross Usable Acres		
66.09 acres @ $42,500 per acre	**=**	**$2,808,825**
Rounded To	**=**	**$2,809,000**

COST APPROACH ("After" Easement):

The Cost Approach will not be utilized as the conservation easement affects "Land Only" and it does not include any building improvements.

INCOME APPROACH ("After" Easement):

The Income Approach will not be utilized. The amount of rent that can be derived from the land is going to be the same for both "Before and After" which is row crop farming.

SUMMARY OF INDICATED LAND VALUE –"AFTER" EASEMENT:

Ranch	*Sales Comparison Approach*	*Final Estimate Of Value*
Subject Parcel	**$2,808,825**	**$2,809,000**

VALUATION OF THE CONSERVATION EASEMENT:

The value of the conservation easement is the difference between the market land value of the ownership interest in the real property, as it exists before the easement and the market land value of the real property after it is encumbered by the easement. The Sales Comparison Approach was based on actual market sales.

Subject Ranch	*Value "Before" Easement*	*Value Per Acre*	*Value "After" Easement*	*Value Per Acre*	*Value of Conservation Easement*	*Value Per Acre*
Sales Comparison Approach	$3,040,000	$45,998	$2,809,000	$42,503	$231,000	$3,495

RECONCILIATION OF VALUE:

In the final analysis, the Sales Comparison Approach provided a relatively reasonable range as to the value of the Conservation Easement.

The Sales Comparison Approach is based on actual sales of agricultural land in Monterey County and was give considerable weight in estimating the percentage effect of a conservation easement.

I have attached in the addendum two sales, in part, to show a discount percent for a "Before" sale with no conservation easement and an "After" sale with a conservation easement. These two sales are fairly equal in date of sale, location and farming operation. The "Before" sale with no conservation easement sold for $63,000 per acre and the "After" sale with a conservation easement sold for $52,000 per acre which indicated a 17% discount. (See these sales in the addendum "Percentage Effect of a Conservation Easement").

The subject ranch with an estimated value "Before" of $46,000 per acre and "After" of $42,500 per acre indicated an 8% discount.

FINAL CONCLUSION OF VALUE:

The final conclusion of value is summarized as follows:

Somavia Ranch

"Before" Value	*"After" Value*	*Conservation Easement Value*	*Conservation Easement Value Per Acre*
$3,040,000	$2,809,000	$231,000	$3,495

Addendum

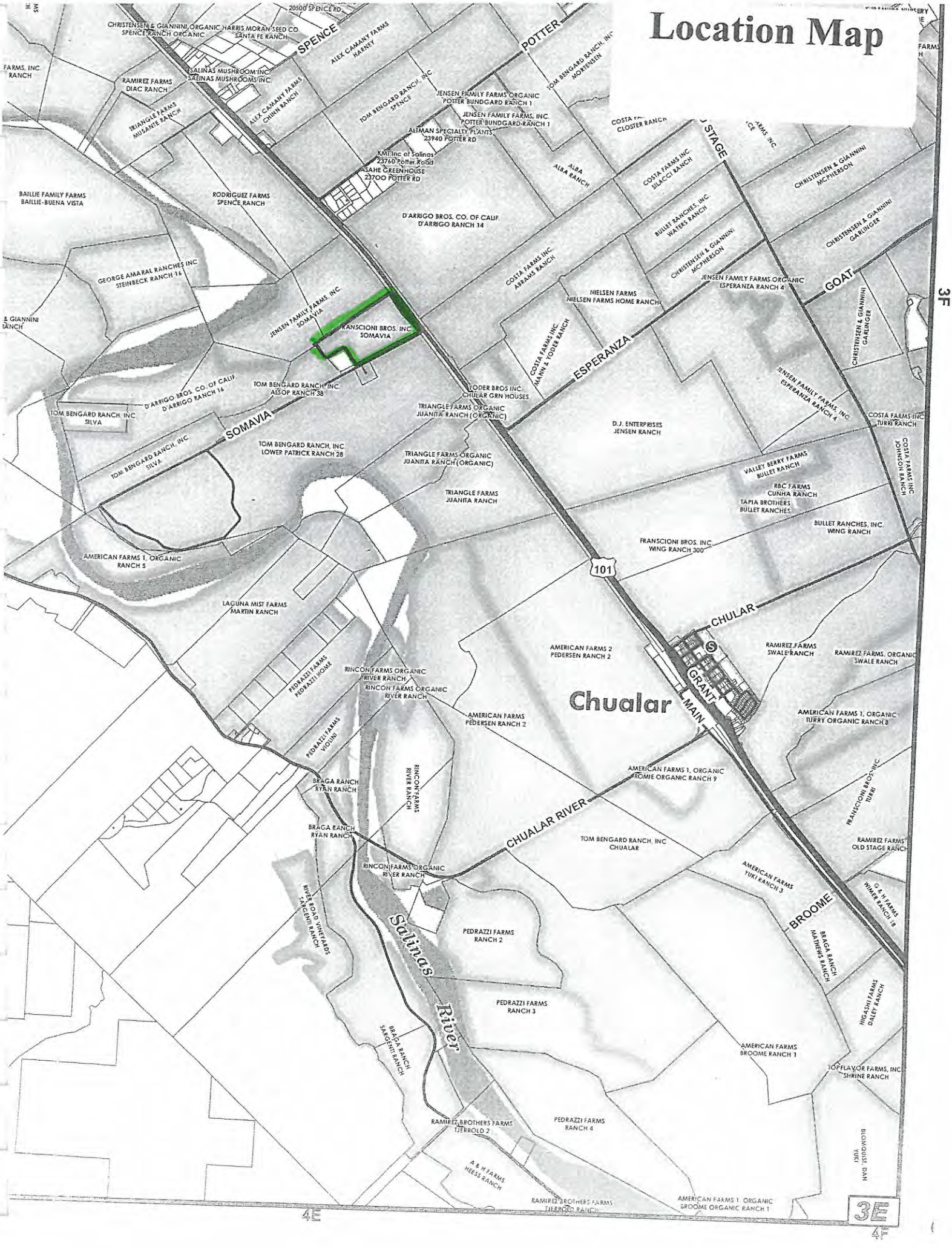
Area Map
Location Map
Assessor's Map
Aerial Map
Soil Map
Soil Information
Zoning Map
Flood Map
Fault Zone Map

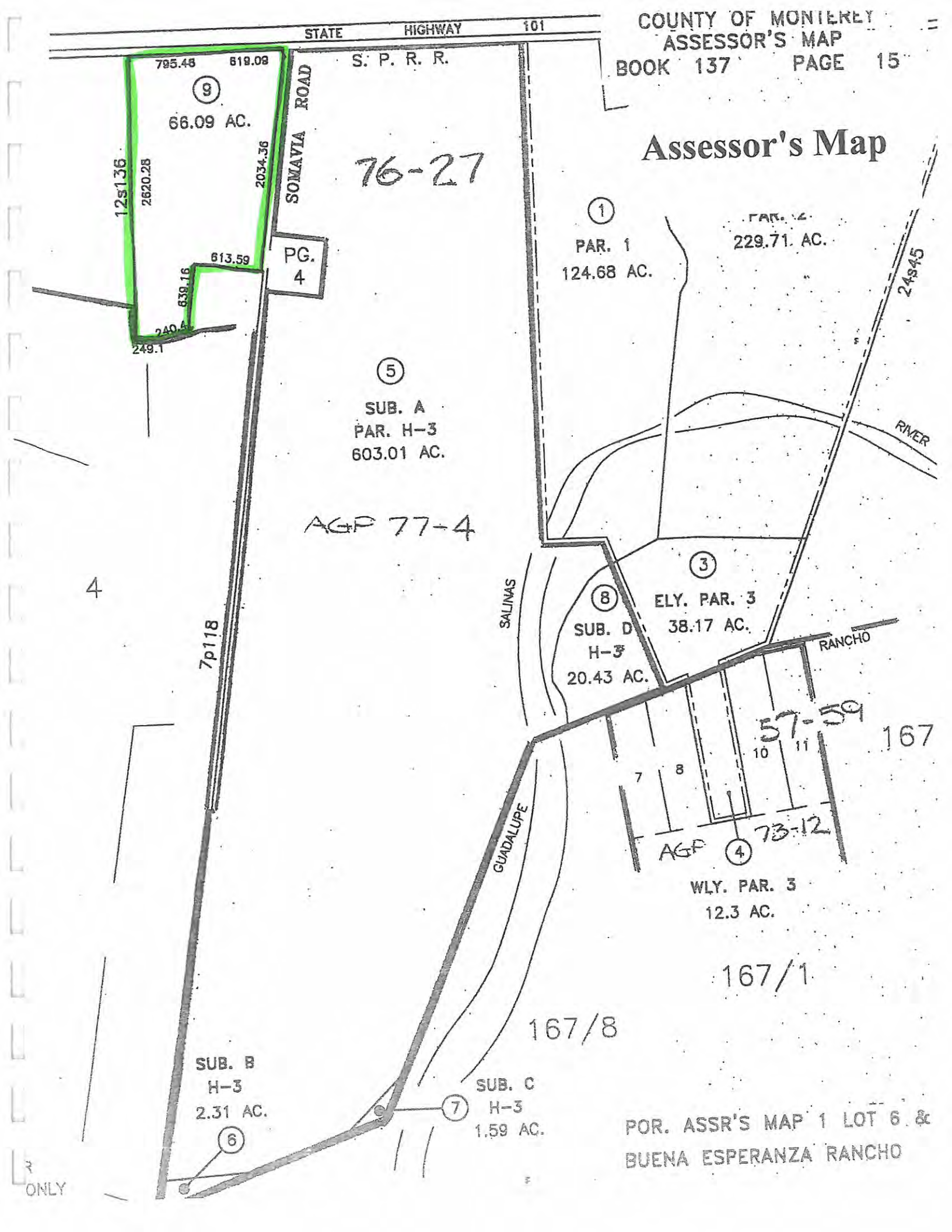
FAX (831) 624-0654

SALINAS
50 Winham Street
Salinas, CA 93901
(831) 424-8011
Monterey area Call
649-8771
FAX (831) 424-5169

Area Map

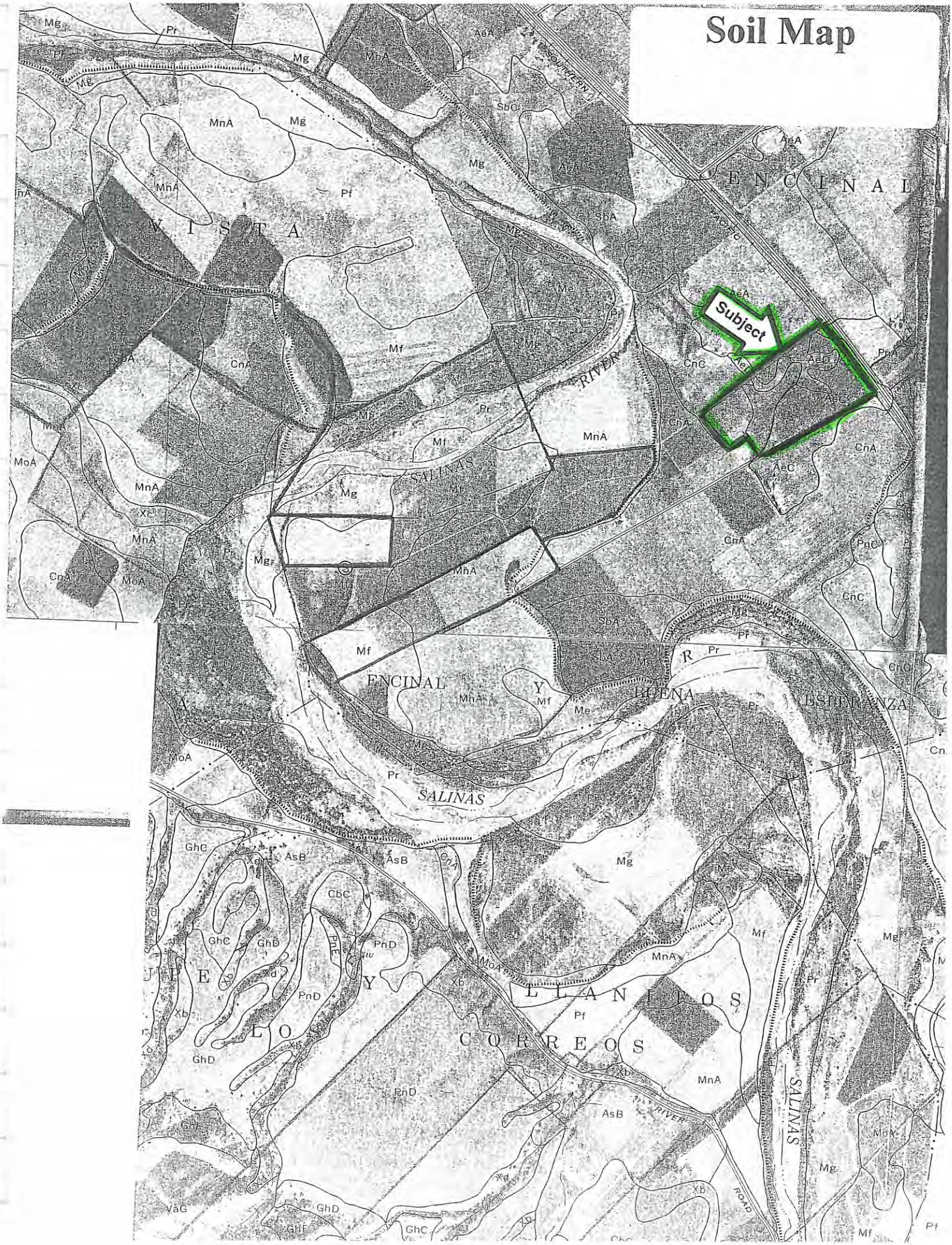
Location Map




COUNTY OF MONTEREY
ASSESSOR'S MAP
BOOK 137 PAGE 15
Assessor's Map
STATE HIGHWAY 101
S. P. R. R.
SOMAVIA ROAD
795.48
619.08
9
66.09 AC.
12s136
2620.28
2034.36
613.59
639.16
240.4
249.1
PG. 4
76-27
1
PAR. 1
124.68 AC.
PAR. 2
229.71 AC.
24s45
RIVER
5
SUB. A
PAR. H-3
603.01 AC.
AGP 77-4
4
7p118
SALINAS
8
SUB. D
H-3
20.43 AC.
3
ELY. PAR. 3
38.17 AC.
RANCHO
57-59
167
7
8
10
11
GUADALUPE
AGP
4
73-12
WLY. PAR. 3
12.3 AC.
167/1
167/8
SUB. B
H-3
2.31 AC.
6
SUB. C
H-3
1.59 AC.
7
POR. ASSR'S MAP 1 LOT 6 &
BUENA ESPERANZA RANCHO
ONLY

SOMAVIA RANCH
Aerial Map
Google earth
N
3000 ft

Soil Map



Subject
SOUTHERN
PACIFIC
RIVER
SALINAS
ENCINAL
VISTA
ENCINAL
BUENA
ESPERANZA
LLANITOS
CORREOS
LOS
SALINAS
RIVER
ROAD

SOIL INFORMATION

Capability Classes:

Capability classes, the broadest groups are designated by Roman numerals I through VIII. The numerals indicate progressively greater limitations and narrower choices for practical use, defined as follows:

Class I soils have few limitations that restrict their use.

Class II soils have moderate limitations that reduce the choice of plants or require moderate conservation practices.

Class III soils have severe limitations that reduce the choice of plants, require special conservation practices, or both.

Class IV soils have very severe limitations that reduce the the choice of plants, require very careful management, or both.

Class V soils are not likely to erode but have other limitations impractical to remove, that limit their use.

Class VI soils have severe limitations that make them generally usuitable for cultivation.

Class VII soils have very severe limitations that make them unsuitable for cultivation.

Class VIII soils and landforms have limitations that nearly preclude their use for commercial plants.

Storie Index Rating:

The Storie Index expresses numerically the relative degree of suitability of a soil for general intensive farming at the time of evaluation. The rating is based on soil characteristics only and is obtained by evaluating such factors as soil depth, texture of the surface layer, density of the subsoil, drainage, amount of salts and alkali, and relief. Other factors, such as availability of water for irrigation, climate, and distance from markets, might determine the desirability of growing certain plants in a given locality but are not considered. The index in itself, therefore, should not be considered as a direct index of land value. Where economic factors are known to the user, however, the Storie Index provides additional objective information for land tract value comparisons.

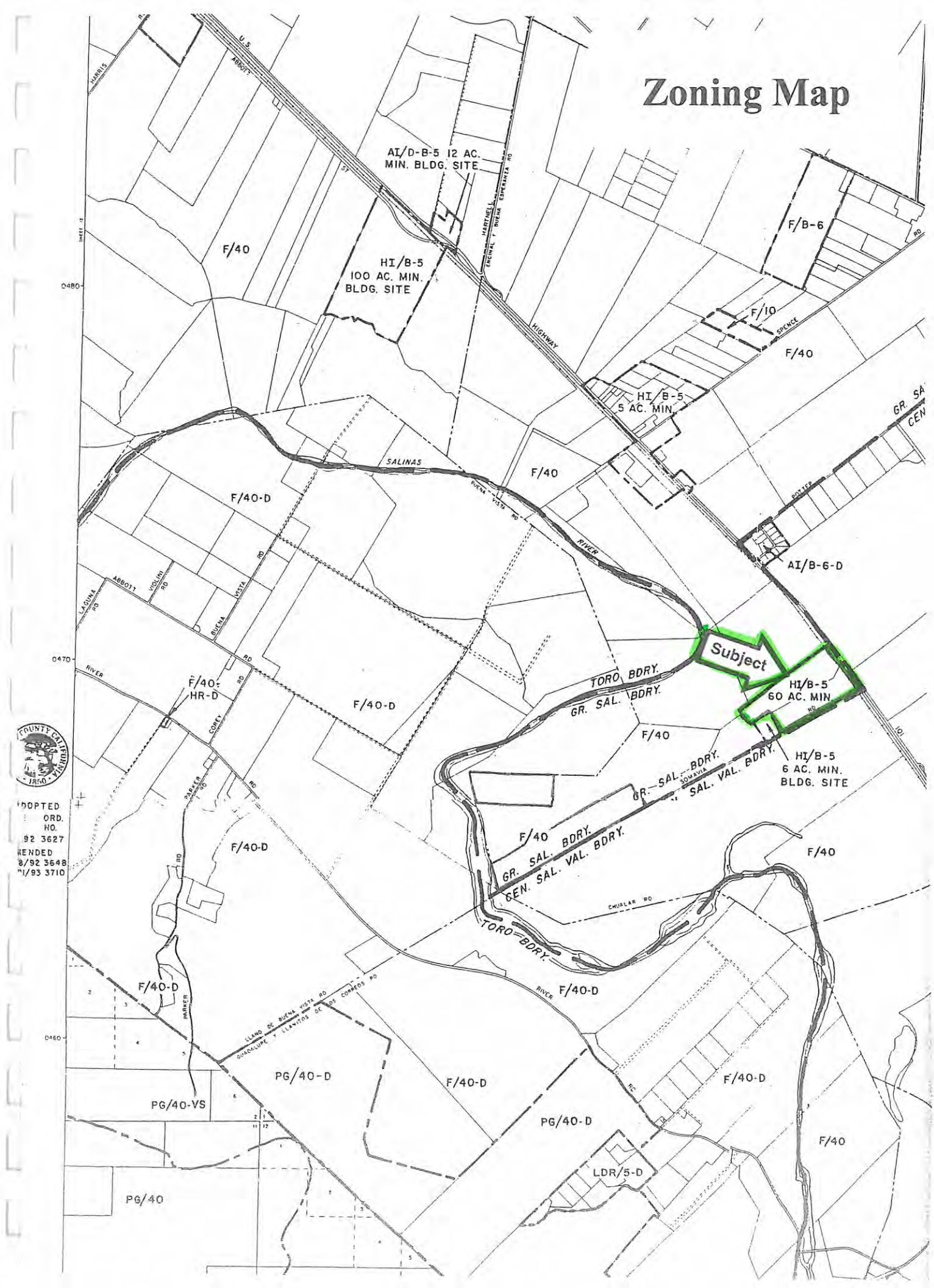
Storie Index Rating Continued:

Four general factors are considered in theindex rating. These factors are (A) the characteristics of the soil profile and soil depth, (B) the texture of the surface layer, (C) dominant slope of the soil and (X) other factors more readily subject to management or modification. In this area the X factors are drainage, salts and alkali, general nutrient level of the soil, and erosion. Each of these four general factors is evaluated on the basis of 100 percent. A rating of 100 percent expresses the most favorable, or ideal, condition for crop production, and lower ratings are given for conditions that are less facorable.

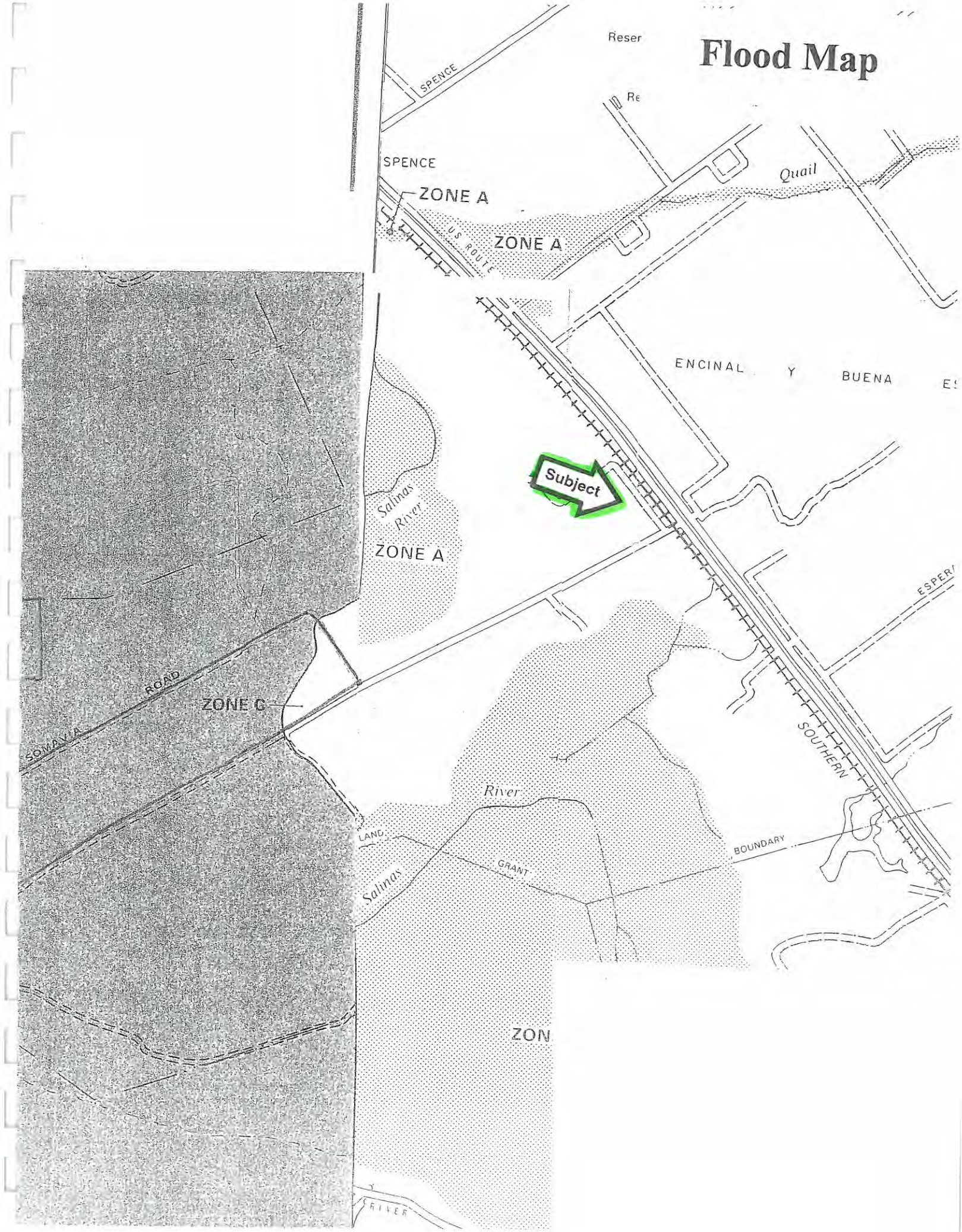
The index rating for a soil is obtained by multiplying the four factors, A,B,C and X and any factor may dominate or control the final rating. For example, a soil may have an excellent permeable profile justifying a rating of 100 percent for factor A, excellent texture of the surface layer justifying 100 percent for factor B, and a smooth nearly level surface justifying 100 percent for factor C. A slight drainage problem and a high accumulation of salts or alkali, however, justifies a rating of 90 x 20 or 18 percent for factor X. The index rating for this soil is 18. The high accumulation of salts or alkali would dominate the quality of the soil, render it unproductive for crops, and justify the low index rating of 18. In time, however, this soil may be partly or totally reclaimed. At the time the Storie Index should be reevaluated to reflect the changed conditions.

Soils are placed in six grades according to their suitability for general intensive farming as shown by their Storie Index rating. The index rating for grade 1 is 80 to 100; grade 2, 60 to 80; grade 3, 40 to 60; grade 4, 20 to 40; grade 5, 10 to 20; and grade 6, less than 10. Soils of grade 1 are excellent and well suited to general intensive farming. Grade 2 soils are good and also well suited to farming, but they are less desirable than grade 1 soils. Grade 3 soils are only fairly well suited to farming, grade 4 soils are poorly suited, and grade 5 soils are very poorly suited. Grade 6 consists of soils andland types are not suited to farming.

Zoning Map


Subject
AI/D-B-5 12 AC. MIN. BLDG. SITE
HI/B-5 100 AC. MIN. BLDG. SITE
HI/B-5 5 AC. MIN.
HI/B-5 60 AC. MIN.
HI/B-5 6 AC. MIN. BLDG. SITE
F/40
F/B-6
F/10
F/40-D
AI/B-6-D
F/40-HR-D
PG/40-D
PG/40-VS
PG/40
LDR/5-D
TORO BDRY.
GR. SAL. BDRY.
GEN. SAL. VAL. BDRY.
SALINAS
RIVER
HIGHWAY
ABBOTT
HARRIS
HARTNELL
ENCINAL Y BUENA ESPERANZA RD
SPENCE
POTTER
VIOLINI RD
LAGUNA RD
BUENA VISTA RD
COREY RD
PARKER RD
CHUALAR RD
LLANO DE BUENA VISTA RD
GUADALUPE Y LLANITOS DE LOS CORREOS RD
SOMAVIA
ADOPTED ORD. NO. 92 3627
AMENDED 8/92 3648, 11/93 3710

Flood Map


Reser
SPENCE
SPENCE
ZONE A
U.S. ROUTE
ZONE A
Quail
ENCINAL Y BUENA
Subject
Salinas River
ZONE A
ESPERI
ROAD
ZONE C
SOMAVIA
SOUTHERN
River
LAND
GRANT
BOUNDARY
Salinas
ZON
RIVER

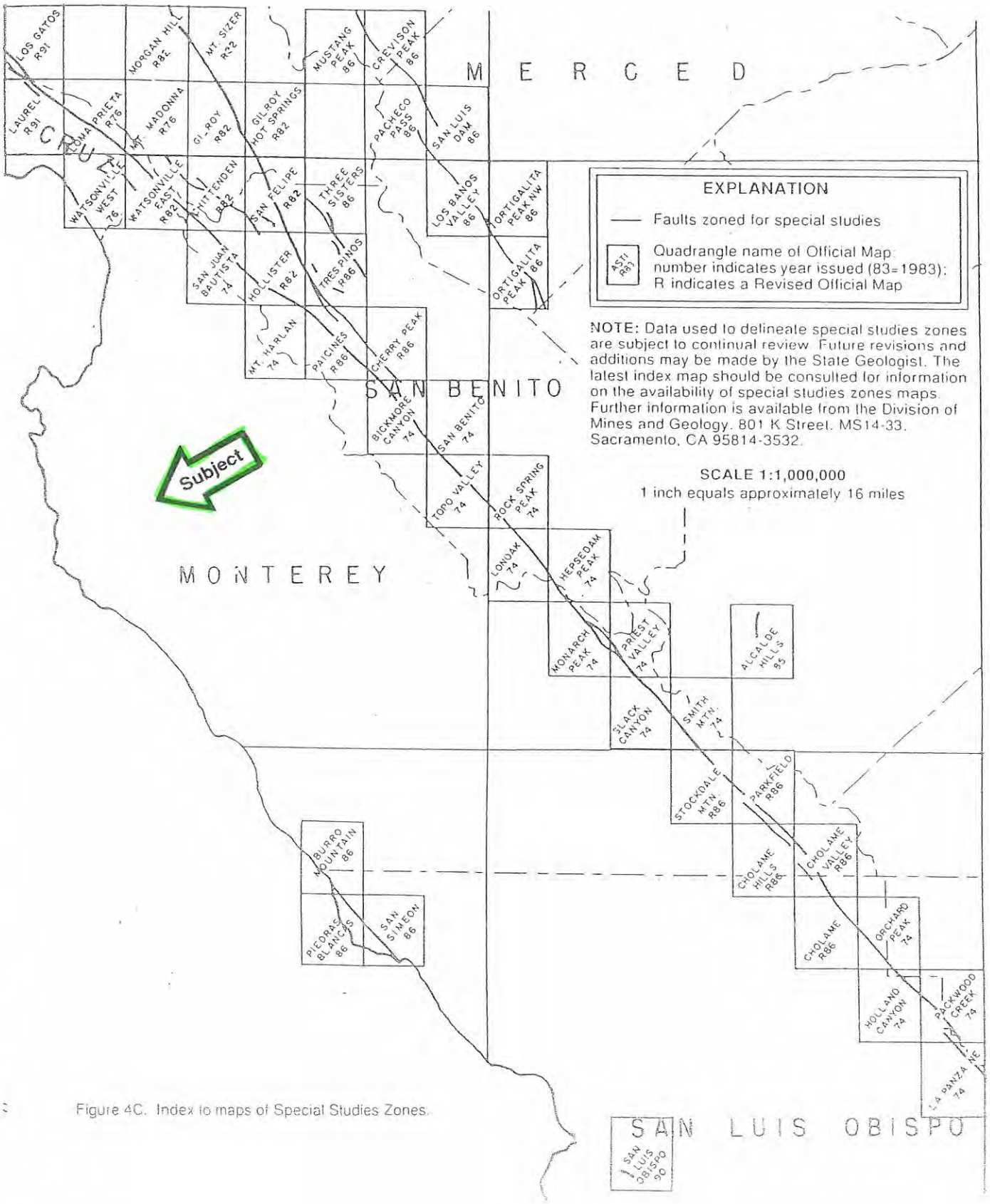


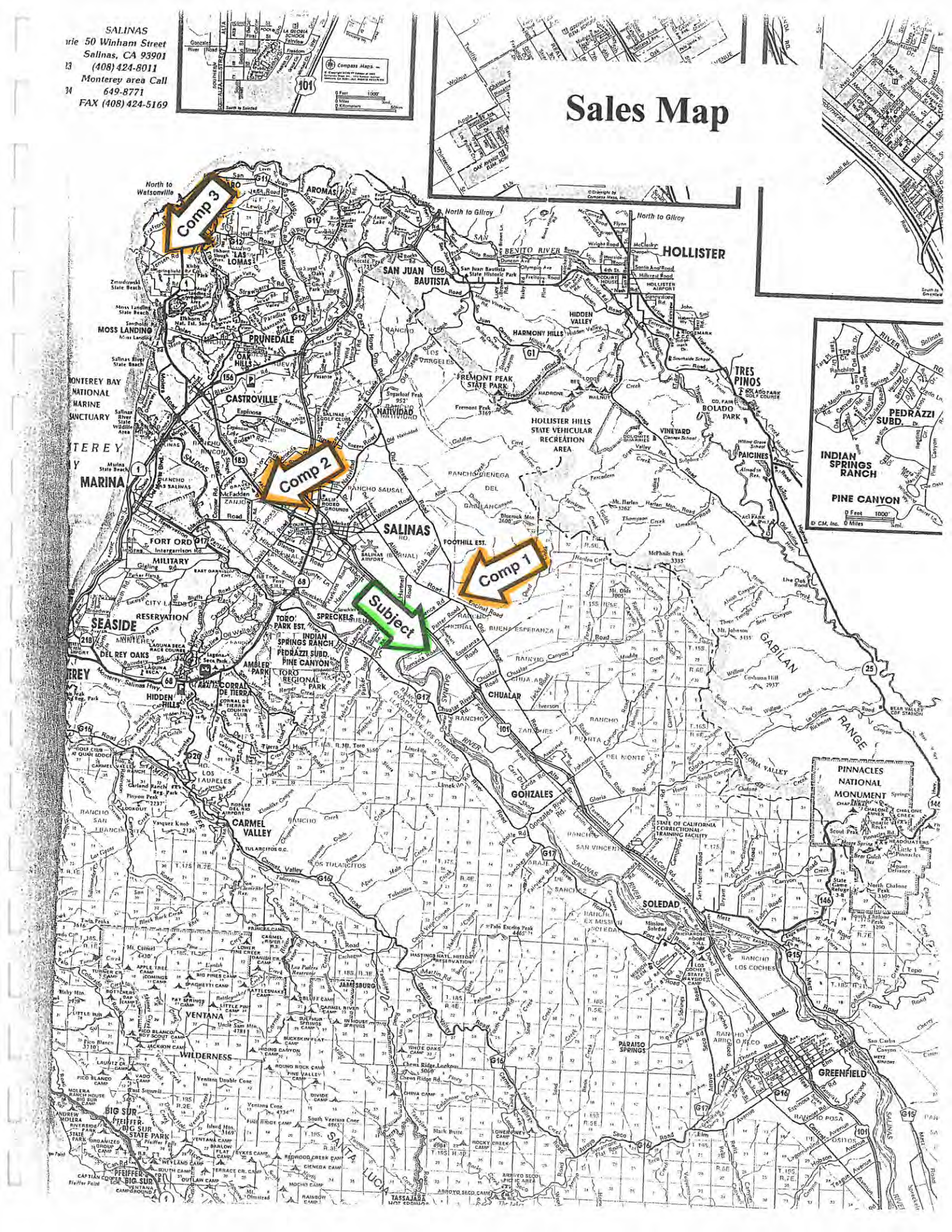
Figure 4C. Index to maps of Special Studies Zones.

Addendum

Sales Map & Data
Row Crop Land Sales
"Before"

SALINAS
rie 50 Winham Street
Salinas, CA 93901
13 (408) 424-8011
Monterey area Call
14 649-8771
FAX (408) 424-5169

Sales Map



SALES DATA # 1

RECORDED: 09-01-15	**DOC. # 1549220**
GRANTOR:	**Hageman D 1995 Trust**
GRANTEE:	**Bengard Harvest**
SALES PRICE:	**$23,000,000**
SIZE (GROSS ACRES):	**530.45**
SIZE (USABLE ACRES):	**530.45**
PRICE PER GROSS ACRES:	**$43,359**
PRICE PER USABLE ACRES:	**$43,350**
LOCATION:	**Southeast of Salinas on Encinal Road**
IMPROVEMENTS:	**Dwelling & Outbuilding (nominal value)**
TOPOGRAPHY:	**Level**
ZONING:	**F-40**
PRESENT USE:	**Row Crops**
SOILS:	**Class I & II**
RENT-USABLE ACRES:	**$ CAP RATE:**

REMARKS:

Google earth miles km

Aerial Map

2

SALES DATA # 2

RECORDED: 05-09-14	**DOC. # 14021311**
GRANTOR:	**Elisa Garin**
GRANTEE:	**Agland Capital LLC**
SALES PRICE:	**$5,800,000**
SIZE (GROSS ACRES):	**94.8**
SIZE (USABLE ACRES):	**92.0**
PRICE PER GROSS ACRES:	**$61,181**
PRICE PER USABLE ACRES:	**$63,043**
LOCATION:	**Castroville Road - Salinas**
IMPROVEMENTS:	**Nominal**
TOPOGRAPHY:	**Level**
ZONING:	**F-40**
PRESENT USE:	**Row Crops**
SOILS:	
RENT-USABLE ACRES:	**$ CAP RATE:**

REMARKS:

© 2009 Europa Technologies
Image AMBAG
© 2009 Google
Google
36°41'15.32" N 121°41'46.40" W elev 12 m Jul 30, 2007 Eye alt 1.84 km

SALES DATA # 3

RECORDED: 08-31-12	**DOC. # 1250846**
GRANTOR:	**Kerrigan Family Trust**
GRANTEE:	**Valle Del Sol Properties**
SALES PRICE:	**$870,000**
SIZE (GROSS ACRES):	**20.00**
SIZE (USABLE ACRES):	**20.00**
PRICE PER GROSS ACRES:	**$43,500**
PRICE PER USABLE ACRES:	**$43,500**
LOCATION:	**Bluff Road – Pajaro**
IMPROVEMENTS:	**None**
TOPOGRAPHY:	**Level**
ZONING:	**F-40**
PRESENT USE:	**Row Crops**
SOILS:	
RENT-USABLE ACRES:	**$ CAP RATE:**

REMARKS:

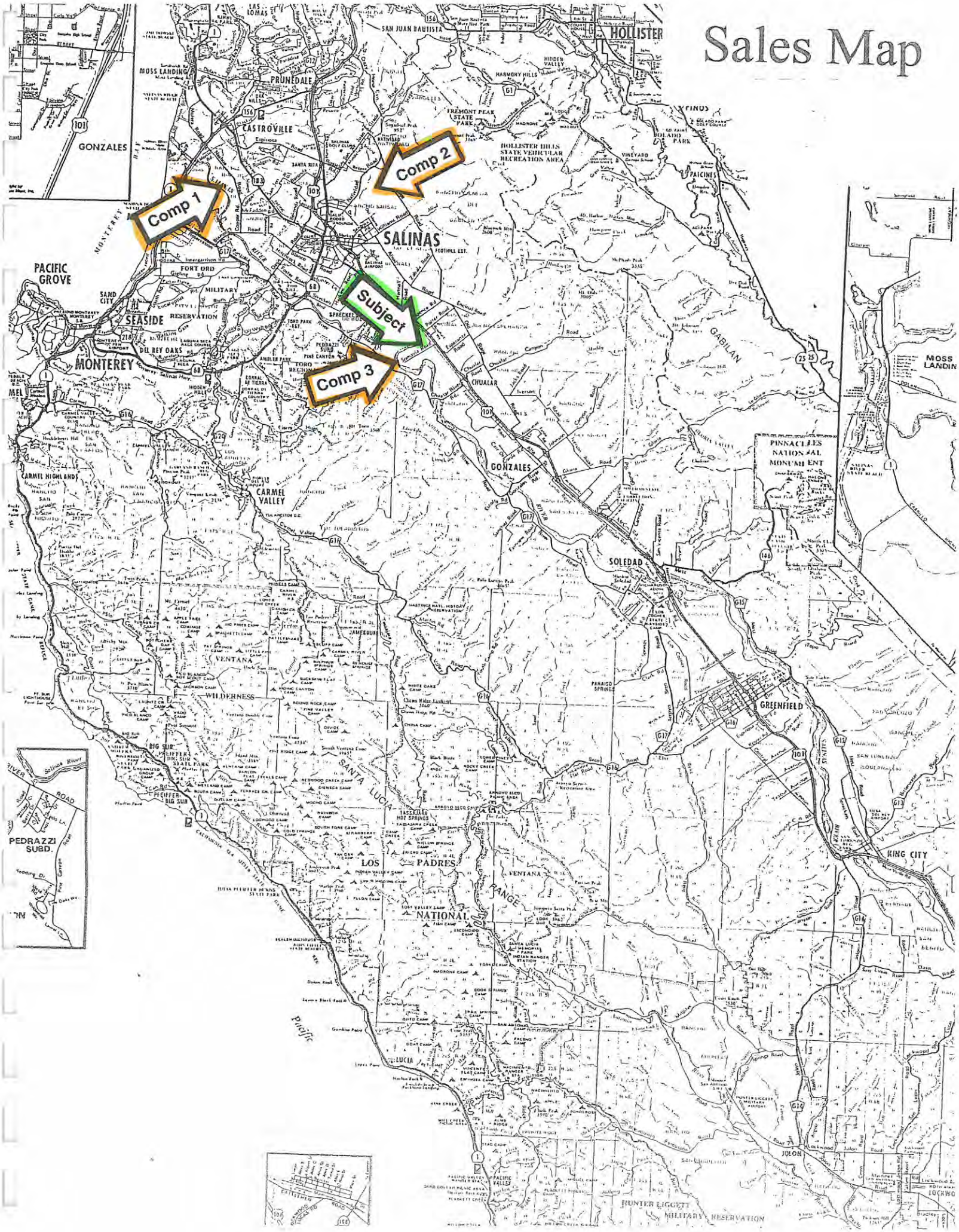
Google earth

feet 3000
km 1

Addendum

Sales Map & Data
Row Crop Land Sales
"After"

Sales Map


Comp 1
Comp 2
Comp 3
Subject
SALINAS
MONTEREY
PACIFIC GROVE
SEASIDE
CARMEL VALLEY
GONZALES
SOLEDAD
GREENFIELD
KING CITY
HOLLISTER
SAN JUAN BAUTISTA
CASTROVILLE
PRUNEDALE
MOSS LANDING
GONZALES
PEDRAZZI SUBD.
LOS PADRES NATIONAL
HUNTER LIGGETT MILITARY RESERVATION
PINNACLES NATIONAL MONUMENT

SALES DATA # 1

RECORDED: 12-20-13	**DOC. #**
GRANTOR:	**Marvin Ranch**
GRANTEE:	**Carlos Ramirez (Velle Del Sol)**
SALES PRICE:	**$3,646,000 + Imp.** **$3,276,000 Land Only**
SIZE (GROSS ACRES)	**171.00**
SIZE (USABLE ACRES)	**78.00**
PRICE PER GROSS ACRES	**$18,058**
PRICE PER USABLE ACRES	**$42,000 (Land Only)**
LOCATION:	**North of Salinas – West Blanco Rd.**
IMPROVEMENTS:	**Shop & Dwelling ($370,000)**
TOPOGRAPHY:	**Level**
ZONING:	**F-40**
PRESENT USE:	**Row Crops**
SOILS:	
RENT-USABLE ACRES:	**$ CAP RATE:**

REMARKS:

Google earth

miles 2
km 3

SALES DATA # 2

RECORDED: 10-21-13	**DOC. # 1365621**
GRANTOR:	**Matsui Nursery, Inc.**
GRANTEE:	**Natividad Road Salinas LLC**
SALES PRICE:	**$7,325,500**
SIZE (GROSS ACRES)	**170.00**
SIZE (USABLE ACRES)	**166.00**
PRICE PER GROSS ACRES	**$43,091**
PRICE PER USABLE ACRES	**$44,126**
LOCATION:	**East of Salinas**
IMPROVEMENTS:	**Nominal**
TOPOGRAPHY:	**Level**
ZONING:	**F-40**
PRESENT USE:	**Row Crops**
SOILS:	
RENT-USABLE ACRES:	**$ CAP RATE:**

REMARKS:

Google earth

miles 1
km 1

SALES DATA # 3

RECORDED: 11-18-11	**DOC. # 1166140**
GRANTOR:	**Marihart**
GRANTEE:	**David Gill**
SALES PRICE:	**$8,016,500**
SIZE (GROSS ACRES)	**413.03**
SIZE (USABLE ACRES)	**227.70**
PRICE PER GROSS ACRES	**$19,409**
PRICE PER USABLE ACRES	**$35,206**
LOCATION:	**Somavia Road - Salinas**
IMPROVEMENTS:	**None**
TOPOGRAPHY:	**Level**
ZONING:	**F-40**
PRESENT USE:	**Row Crops**
SOILS:	
RENT-USABLE ACRES:	**$1,900 CAP RATE: 5.40%**

REMARKS:

101
Data SIO, NOAA, U.S. Navy, NGA, GEBCO
© 2012 Google
Google
36°35'33.34" N 121°33'44.20" W
Sep 30, 2009
Eye alt 3.02 km

Addendum

Map of Sales
Percentage Effect of a
Conservation Easement
"Before & After"

After Sale – with conservation easement
Before Sale – no conservation easement
WATSONVILLE
FREEDOM
CORRALITOS
RANCHO SALISPUEDES
MOSS LANDING
PRUNEDALE
CASTROVILLE
LAS LOMAS
SAN JUAN BAUTISTA
GONZALES
MARINA
SEASIDE
SALINAS
PACIFIC GROVE
MONTEREY BAY ACADEMY
FREMONT PEAK STATE PARK
HARMONY HILLS
Mt. Pajaro 1578
Pajaro River
Elkhorn Slough
Monterey Bay
Watsonville Airport
College Lake
Kelly Lake
Lake Tynan
Pinto Lake
Harkins Slough
Moro Cojo Slough
Salinas River
Carlton County Airgrounds
Thompson Rd
Coward Road
Lakeview
Green Valley Road
Freedom Blvd
Airport Blvd
Holohan Road
Main Street
East Lake Avenue
Bridge Street
Alpine Road
Buena Vista
Harkins Slough
Rancho Rd
Ramsay Rd
Ohlone Parkway
Beach Road
Monterey Road
Castroville Blvd
Davis Road
Blackie Road
Espinosa Road
Salinas Road
Prunedale North Road
Echo Valley Road
Paradise Road
Dolan Road
Strawberry Hill Road
Hall Road
Elkhorn Road
Moss Landing Road
Struve Road
Dunes Drive
Sandholdt Road
Cooper Rd
McFadden Rd
Del Monte Blvd
Fremont Peak Road
Old Stage Road
Union Road
Crazier Road
Duncan Ave
Olympic Ave
Lucy Brown Rd
Bolsa Road
Vineyard Road
Hillcrest Road
Rider Road
Hudson Landing Road
Dolan Road
Sandholdt Road
Reservation Road
Del Rey Oaks
Sand City
Seaside
Marina
Fort Ord
Toro Park
Laguna Seca Raceway
Bob Laster Hills State Vehicular Recreation Area
Mt. Madonna
Casserly Rd
Webb Road
Hughes Rd
Whiting Rd
Peckham Road
Kerr Road
Wheelock Rd
Smith Road
Golfley Rd
Cassin Valley
Pioneers Road
Varni Rd
Amesti Rd
Corralitos Rd
Freedom Blvd
Calabasas Road
Watsonville Slough
Redwood Rd
Hazel Dell
Old Navy Point Rd
Pleasant Valley Road
Eureka Canyon Road
Shell Beach
Beach Road
Palisades
Road 2
Road 3
Road 4

Addendum

Sales Data for Percentage Effect of a Conservation Easement "Before"

SALES DATA #

RECORDED: 05-09-14	**DOC. # 14021311**
GRANTOR:	**Elisa Garin**
GRANTEE:	**Agland Capital LLC**
SALES PRICE:	**$5,800,000**
SIZE (GROSS ACRES):	**94.8**
SIZE (USABLE ACRES):	**92.0**
PRICE PER GROSS ACRES:	**$61,181**
PRICE PER USABLE ACRES:	**$63,043**
LOCATION:	**Castroville Road - Salinas**
IMPROVEMENTS:	**Nominal**
TOPOGRAPHY:	**Level**
ZONING:	**F-40**
PRESENT USE:	**Row Crops**
SOILS:	
RENT-USABLE ACRES:	**$ CAP RATE:**

REMARKS:

© 2009 Europa Technologies
Image AMBAG
© 2009 Google
Google
36°41'15.32" N 121°41'46.40" W elev 12 m Jul 30, 2007 Eye alt 1.84 km

Addendum

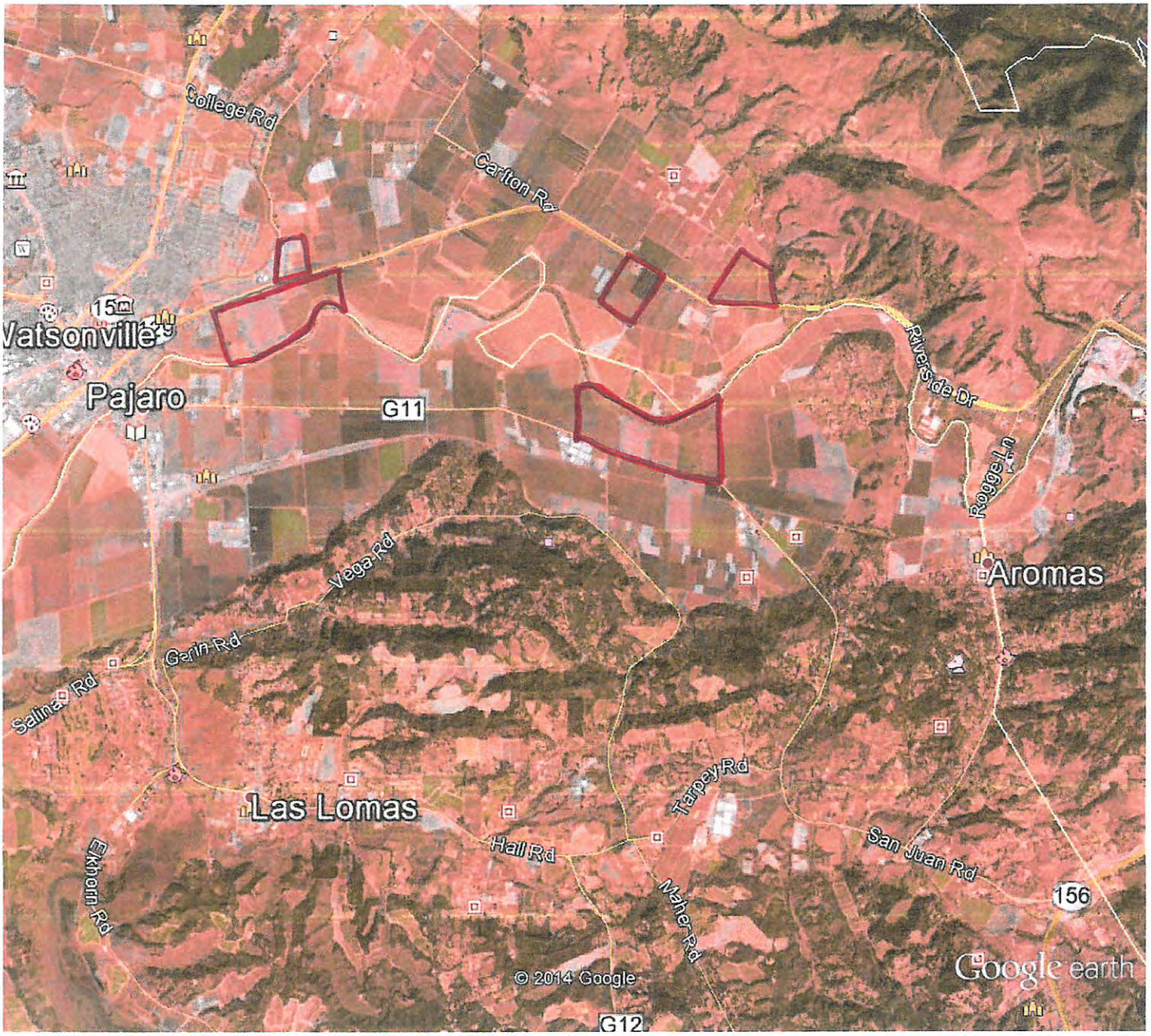
Sales Data for Percentage Effect of a Conservation Easement "After"

SALES DATA #

RECORDED: 03-01-14	**DOC. # 1410761**
GRANTOR:	**Borina Foundation**
GRANTEE:	**Judge Vaughn Walker**
SALES PRICE:	**$20,650,000**
SIZE (GROSS ACRES):	**443.5**
SIZE (USABLE ACRES):	**397.1**
PRICE PER GROSS ACRES:	**$46,561**
PRICE PER USABLE ACRES:	**$52,000**
LOCATION:	**Watsonville & N. Monterey County**
IMPROVEMENTS:	**Nominal**
TOPOGRAPHY:	**Level**
ZONING:	**F-40**
PRESENT USE:	**Row Crops**
SOILS:	
RENT-USABLE ACRES:	**$ CAP RATE:**

REMARKS:

The sale comprised of eight ranches , seven of which are encumbered by a conservation easement.



Google earth

miles 4
km 6

Addendum

Photographs
Qualifications

Subject ranch on right – Somavia Road on left

Subject ranch on left – Somavia Road on right

Somavia Road – SPRR Crossing and access to Highway 101

Well

Subject ranch on right – 101 Freeway and SPRR on left

Subject Ranch

SUMMARY OF QUALIFICATIONS

TOM H. PETTITT

CALIFORNIA STATE CERTIFIED
GENERAL REAL ESTATE APPRAISER
LICENSE #AG007594

Tom H. Pettitt is engaged in real estate sales, management, consultant and court appointed trustee since 1965. Mr. Pettitt specializes in Fee Appraisals and Real Estate Brokering of agricultural properties.

Education

Elementary and High School in King City
Arizona State University, BS degree 1960
California Licensed Appraiser, Certified General #AG007594

Appraisal Courses

Appraisal Specialties Course	**5/21/13**
USPAP Update Course	**5/21/13**
Standards of Professional Practice - Part A	**2/21/10**
Standards of Professional Practice - Part B	**2/23/10**
Residential Report Writing	**9/16/10**
Federal & State Laws and Regulations	**3/07/95**
Non-Discriminatory Appraising	**3/07/10**
Valuation of Contamination	**3/24/10**
Valuation of Partial Interest	**10/10/10**
Valuation of Fractional Interest	**2/02/10**

Professional Experience (Appraisal)

Valuation of Agricultural properties, including cattle ranches, row crops and vineyards
Special Use Valuation under Section 2032A of the Tax Reform Act of 1976
Valuation of Easements and partition of Agricultural properties
Valuation of a Fractional Interest
Valuation of a Conservation Easement

Professional Experience (Real Estate)

Pettitt Lands, Inc. and Buttgereit-Pettitt & Davis, Inc. has been in the Real Estate business since 1965.

Buttgereit-Pettitt & Davis, Inc. specializes in Residential, Commercial, Industrial and Agriculture property sales.

Property Management Experience

Buttgereit - Pettitt & Davis, Inc. has a property management department handling single-family homes and apartments.

Pettitt Lands, Inc. has managed over 30,000 acres of cattle grazing land and 1,000 acres of irrigated land in Monterey and San Benito County.

Activities

Director and Past President of the California Rodeo in Salinas
Director and Past President of the Salinas Valley Fair
Member of Rancheros Vistadores of Santa Barbara

LIST OF APPRAISAL CLIENTS

Ottone, Leach, Olsen & Ray, Attorneys
1st Capital Bank
Bud Antle, Inc.
Tom Bengard Ranches
Delicato Vineyards
Equitable Life Insurance Company
John Hancock Mutual Life Ins. Company
Mission Ranches
John E. Kesecker, Attorney
Greg Thelen, CPA
County of Monterey
Merrill Farms
Robert J. Pia, Attorney
Chilton & House, Attorneys
Prudential Insurance Company
Louis B. Frizzell, CPA
County of San Benito
Jerome F. Politzer, Attorney
Michael Cling, Attorney
Stevens, Sloan & Shah, CPAs
William H. Stoffers, Attorney
Ag Land Trust
D'Arrigo Brothers
Noland, Hamerly, Etienne & Hoss