

APPRAISAL REVIEW REPORT

**Lost Coast Redwoods
49551 Shoreline Highway (Highway 1)
Westport, California 95488
Mendocino County**

Prepared For

Wildlife Conservation Board
John Walsh
Deputy Executive Director
P.O. Box 944209
Sacramento, CA 94244-2090

Prepared By

Kester Appraisal, Inc.
Kody Kester
Certified General Appraiser/President
P.O. Box 3943
Paso Robles, CA 93447
Phone Number (805) 440-5665
Email: kody@kesterappraisal.com

Review Report Date

June 20, 2024





Letter of Transmittal

Kody Kester
Kester Appraisal, Inc.
PO Box 3943 • Paso Robles, CA 93447
Email: kody@kesterappraisal.com
Phone: 805-440-5665

June 20, 2024

Wildlife Conservation Board
John Walsh
Deputy Executive Director
P.O. Box 944209
Sacramento, CA 94244-2090

Dear Mr. Walsh:

At your request, I have completed an appraisal review of the property identified in this report as the Lost Coast Redwoods property located at 49551 Shoreline Highway (Highway 1) in Westport, Mendocino County, California (hereinafter referred to as "subject property").

A review of an appraisal is intended to determine if the appraisal report leads the reader to a logical and reasonable conclusion of the indicated Value by means determined by the adequacy and appropriateness of the data, as well as the analysis leading to the final value.

The review process falls under Standard 3 of the Uniform Standards of Professional Appraisal Practice and State of California Department of General Services Appraisal Guidelines. If a rebuttal/updated value is required, portions of USPAP Standard 1 are invoked; however, the process is governed under Standard 3(g).

The intended use of this review report is to provide the intended users with feedback as to the adequacy and reasonable of the appraisal report under review completed by Hanna & Associates in regard to the valuation of the fee simple property rights. Specifically, my scope of work focused on the value of the land and building improvements.

A separate independent review of the timber valuation prepared by NRCM, Inc. was completed separately by John Nickerson of Dogwood Spring Forestry, dated April 12, 2024. The findings of the timber independent review accept the findings and conclusions of the NRCM, Inc. timber valuation. A copy of this report is attached in the addendum of this review report.

The client is the Wildlife Conservation Board (WCB). The intended users are the client, the California Coastal Conservancy, the Bureau of Land Management (BLM) and the California Department of General Services (DGS). No other intended use or users of this appraisal review are intended by the reviewer. The reviewer has no current or prospective interest in the property or parties involved in the appraisal.

As requested, this appraisal review was developed in conformance with the current edition of the Uniform Standards of Professional Appraisal Practice (USPAP) as set forth by the Appraisal

Foundation, the Code of Ethics and Standards of Practice of the American Society of Farm Managers and Rural Appraisers (ASFMRA) and is intended to review the State of California Department of General Services Appraisal Specifications.

This Appraisal Review Report is based on information and data contained in the appraisal report and addendum that is the subject of this review. It is assumed that such data and information contained within the appraisal report is factual and accurate. Data and information from other sources may be considered.

Valuation and Review Summary

The conclusions of this review are subject to the assumptions and limiting conditions.

After reviewing the appraisal report, there were only some minor typographical errors identified. The appraisal does support the value conclusions and is credible. My comments are detailed further within this review.

Please feel free to reach out if I can clarify anything or be of further assistance.

Respectfully submitted,



Kody Kester
President

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Certification

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

- The statements of fact contained within this report are true and correct.
- I have no present or prospective interest in the real estate that is the subject of this appraisal review report.
- I have no personal interest or bias with respect to the subject matter of this appraisal review report or the parties involved.
- My engagement in this assignment was not contingent upon developing or reporting predetermined results.
- 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 review.
- I have the competency to review this type of property.
- I have provided no services, as an appraiser, or in any other capacity, regarding the property that is the subject of this report within the three-year (36-months) period immediately preceding acceptance of the assignment that resulted in this report.
- I have not made a personal inspection of the property that is the subject of this report. I reviewed photographs and various maps of the subject property provided by the client as well as reviewed photographs and maps from available public information.
- The analyses, opinions, and conclusions in this review report are limited only by the assumptions and limiting conditions stated in this review report and are my personal, impartial, and unbiased professional analyses, opinions, and conclusions.
- My analyses, opinions, and conclusions were developed, and this review report was prepared in conformity with the Uniform Standards of Professional Appraisal Practice.
- No one other than the undersigned provided significant appraisal, appraisal review, or appraisal consulting assistance.
- Neither all nor any part of the contents of this report shall be disseminated to the public through advertising media, public relations media, news media, sales media or any other public means of communication without the prior written consent of the undersigned.
- The reported analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Code of Professional Ethics & Standards of Professional Appraisal Practice of the American Society of Farm Managers and Rural Appraisers (ASFMRA).
- The use of this report is subject to the requirements of the ASFMRA relating to review by its duly authorized representatives.

Date Completed: June 20, 2024

Appraiser:


Kody Kester
California License #AG3002777
Expiration: 11/23/2024

Disclosure and Use

This report shall be used for its intended purposes only, and by the parties to whom it is addressed. Possession of this report does not include the right of publication. This report cannot be updated or changed by any party other than an employee of Kester Appraisal, Inc.

Neither all nor any part of this report shall be conveyed to any person or entity, other than the appraiser's or firm's client, through advertising, solicitation materials, public relations, news, sales, or other media without the written consent and approval of the authors, particularly as to valuation conclusions, the identity of the appraiser or firm with which the appraiser is connected, or any reference to the American Society of Farm Managers and Rural Appraisers (ASFMRA).

Further, the review appraiser or firm assumes no obligation, liability, or accountability to any third party. If this report is placed in the hands of anyone but the client, the client shall make such party aware of all the assumptions and limiting conditions of the assignment.

The review appraiser is not required to give testimony or to appear in court by reason of this review, with reference to the property in question, unless further arrangements have been previously made and mutually agreed upon.

Information estimates and opinions furnished to the review appraiser and contained in this report were obtained from sources considered reliable and believed to be true and correct. However, no responsibility for accuracy of such items furnished the appraiser can be assumed by the review appraiser.

The review appraiser assumes no responsibility for changes and/or limitations that may be imposed to the subject by the numerous governmental and political entities which have authority to make decisions that can alter property use, project feasibility, and value. This report has been prepared in accordance with the Code of Professional Ethics & Standards of Professional Appraisal Practice of the ASFMRA. The ASFMRA has a legal right to review the report.

Assumptions and Conditions of Appraisal Review

Review Limitations

The reader should be aware that there are also inherent limitations to the accuracy of the information and analyses contained in this review. Before making any decision based on the information and analyses contained in this report, it is critically important to read this entire section to understand these limitations.

Appraisal reviews are technical documents addressed to the specific technical needs of the clients. Casual readers should understand that this report does not contain all the information the reviewer has developed concerning the subject property or the real estate market.

While no factors the reviewer believes to be significant but unknown to the client have been knowingly withheld, it is always possible that the reviewer may have information of significance that may be important to others, but did not seem important in rendering an opinion about the quality of the original appraisal and was not included in this report.

All limiting conditions and assumptions contained in the subject appraisal report are also conditions of this review. The reviewer reserves the right to consider any additional information and data that may become available. Should information come to light after the completion of this review that may affect the review conclusions, the reviewer reserves the right to amend this report.

Government Regulations

It is assumed that there is full compliance with all applicable federal, state, and local environmental regulations, zoning regulations, building codes, and license laws. The totality of such laws and regulations governing the use and enjoyment of a property are beyond the scope of any particular individual, though the reviewer does try to keep abreast of any restrictions on the free enjoyment of real estate.

Engineering

An engineering analysis of the property was neither provided for use nor made as a part of this review contract. The reviewer is not a qualified engineer, nor does he purport to have any expertise in engineering.

While the referenced appraisal report describes physical characteristics of the property, it is provided to assist in visualization of the property and is not to be construed as an engineering analysis of the property. This is considered a “desk” review, and the reviewer has not made a physical inspection of the property.

If any interested party is concerned about the existence, condition, or adequacy of any particular item or aspect of the property, it is strongly suggested that a construction expert or engineer be engaged for a detailed, expert investigation.

Appraisal Review Fee

The review fee was based on professional services rendered and was not based on a “percent-of-value” basis.

Stand Alone Document

This review is not a standalone document and is expressly interrelated to the appraisal report and the final appraisal review report; therefore, the reader may need to refer to those documents for further detail. This Appraisal Review Report is based on information and data contained in the appraisal report that is the subject of this review. It is assumed that such data and information contained within the appraisal report is factual and accurate. Data and information from other sources may be considered. If so, the sources are identified and noted within this review.

Extraordinary Assumptions and Hypothetical Conditions

An extraordinary assumption is an assumption, which if found to be false, could alter the resulting opinion or conclusion. A hypothetical condition is an assumption made contrary to fact, but which is assumed for purposes of discussion, analysis, or the formulation of opinions.

Extraordinary Assumptions

None applied.

Hypothetical Conditions

None applied.

The use of any extraordinary assumptions and/or hypothetical conditions may affect the assignment results.

Summary of Salient Facts

Reviewer: Kody Kester

Effective Date of Review: June 20, 2024

Did Reviewer inspect subject property? No

Scope of Work: The reviewer has read the appraisal report and separately attached addendum, which included a copy of the timber valuation reports completed by NCRM, Inc. Per the request of the client, the reviewer has performed a Standard 3 USPAP review. The reviewer did not inspect the property with the property owner but did review photographs and various maps of the subject property provided by the client as well as reviewed photographs and maps from available public information.

The reviewer has relied upon the information, analyses, opinions, and conclusion that were summarized within the appraisal report and addendum. All assumptions, limiting conditions, extraordinary assumptions and hypothetical conditions stated within the appraisal report being reviewed are utilized in the reviewer's analysis.

In addition, the reviewer verified mathematical calculations, reviewed the primary selected sales for factual accuracy and spoke with appraiser John Hanna over the phone to discuss clarifications and questions.

Intended Use: The intended use of the appraisal report under review, which was to estimate the fair market value of the fee simple property rights.

Intended Users: The client (Wildlife Conservation Board), the California Coastal Conservancy, the Bureau of Land Management and the California Department of General Services (DGS).

Property Owner: Save The Redwoods League.

Appraiser: John C. Hanna, MAI | Hanna and Associates.

Property Type: Agricultural

Property Sub-Type: Coastal ranch property with timber resources.

Property Identification: Twenty-three tax parcels comprising three sub-ranches (Shady Dell, Devilbiss and Cape Vizcaino) totaling 4,566.41 surveyed acres with three physical addresses of 44000 & 49551 Shoreline Highway (Highway 1) and 80555 Usal Road in Westport, California (Mendocino County).

Type of Appraisal: Real Estate & Timber Valuation incorporated

Type of Appraisal Report: Narrative

Approaches to Value Developed: Sales Comparison Approach Only

Approaches to Value Omitted: Cost and Income Approaches

Property interest being appraised: Fee Simple

Report Compliance: The current edition of the Uniform Standards of Professional Appraisal Practice (USPAP) and the California Department of General Standards (DGS) Appraisal Standards.

Effective Date of the Appraisal: December 31, 2023

Appraised Values:

SCENARIO A: INDIVIDUAL RANCH VALUE

Ranch Name	Acres	Allocated Land Value	Allocated Timber Value to RE	Allocated Imp Value	Total Property Value
Shady Dell	978.58	\$195,716	\$3,600,133	\$0	\$3,795,849
Devilbiss	3,187.33	\$11,560,815	\$28,007,701	\$0	\$39,568,516
Cape Vizcaino	400.5	\$2,202,750	\$8,194,472	\$180,000	\$10,577,222
Summation	4,566.41	\$13,959,281	\$39,802,306	\$180,000	\$53,941,587

SCENARIO B: TOTAL RANCH HOLDING VALUE

	Acres	Allocated Land Value	Allocated Timber Value to RE	Allocated Imp Value	Total Property Value
Lost Coast Holding	4,566.41	\$13,959,281	\$39,802,306	\$180,000	\$53,941,587

Reviewer's Opinion of Value: The final reconciled values of the fee simple interest in the subject property are reasonably given based on the data presented and analyzed in this report.

The intended use of this review report is to provide the intended users with feedback as to the adequacy and reasonable of the appraisal report under review completed by Hanna & Associates in regard to the valuation of the fee simple property rights. Specifically, my scope of work focused on the value of the land and building improvements.

A separate independent review of the timber valuation prepared by NRCM, Inc. was completed separately by John Nickerson of Dogwood Spring Forestry, dated April 12, 2024. The findings of the timber independent review accept the findings and conclusions of the NRCM, Inc. timber valuation. A copy of this report is attached in the addendum of this review report.

Summary of USPAP Compliance

USPAP Compliance		
Introductory Information	Yes/NA	No
Is the appraisal identified as an Appraisal Report, or Restricted Appraisal Report (prominent use restriction required for restricted reports)? (S.R. 2-2)	Yes	
Are the client and intended users identified? (S.R. 2-2i)	Yes	
Does the appraisal identify the intended users of the appraisal report as well as the intended use? (S.R. 2-2ii)	Yes	
Does the appraisal identify the real property interest (fee simple, leased fee, leasehold, etc.) appraised? (S.R. 2-2iv)	Yes	
Is there a statement indicating the type of value(s), and cite the source of its definition? (S.R. 2-2v)	Yes	
Does the appraisal report include the approved definition of market value and any other definitions of values utilized (such as: insurable, liquidation, etc.)?	Yes	
Does the report state the effective date of the appraisal and the date of the report? (S.R. 2-2vi)	Yes	
Does the appraisal describe scope of work (disclosure of research and analyses performed)? (S.R. 2-2vii)	Yes	
Does the appraisal state the use of the real estate existing as of the date of value and the use of the real estate reflected in the appraisal? (S.R. 2-2ix)	Yes	
Is the report signed by a state-certified appraiser; are the certification number and expiration date included?	Yes	
History of Subject Property	Yes/NA	No

Does the appraisal contain a 3-year sales history for the subject? (S.R. 1-5b, 2-2viii)	Yes	
Does the appraisal analyze recent: listings, sales, or agreements of sale for the subject? (S.R. 1-5b, 2-2viii)	N/A	
Regional and Neighborhood Descriptions	Yes/NA	No
Does the appraisal identify factors within the region or city in which the property is located, including trends, supply/demand levels, etc.	Yes	
Does the appraisal identify factors within the neighborhood in which the property is located, such as: condition of neighboring properties, abnormal occupancy levels, neighborhood trends such as developing, mature, declining, transitioning, etc.	Yes	
Property Description	Yes/NA	No
Are factors affecting the site described such as: shape, size, topography, access, etc.	Yes	
Is the real estate involved in the appraisal including physical, legal, and economic characteristics relevant to the assignment described? (such as address, APN, sketch and/or legal description) (S.R. 2-2iii)	Yes	
Does the appraisal address availability of utilities and offsite improvements? This is especially important for proposed projects.	Yes	
Does the report address zoning and/or other legal restrictions?	Yes	
Was the appraiser provided a copy of a preliminary title report that highlighted any deed restrictions, easements, encumbrances, or other factors that may impact value?	Yes	
Does the report identify the assessor parcel number and real estate taxes for the property?	Yes	

Does the appraisal identify the flood hazard status of the subject property?		No
Does the appraisal address possible presence of environmental hazards?	Yes	
Does the report include site identification such as: parcel map, and/or site plan that depict the site configuration?	Yes	
Does the report describe the existing improvements (if any) including assessment of: construction components, quality, and condition?	Yes	
Does the report include a sketch or plans of the improvements, with dimensions?	Yes	
Does the report include an effective age and/or remaining economic life?	Yes	
Does the report identify any personal property, fixtures, or intangible items that are not real property, but have value that may be included in the final estimate?	Yes	
Does the report include photographs of the site and improvements to assist the reader in understanding the subject property?	Yes	
Highest and Best Use Analysis	Yes/NA	No
Does the appraisal include a discussion of the highest and best use that includes physically possible, legally permitted, and financially feasible uses?	Yes	
If market value is being estimated, does the appraisal develop an opinion of the highest and best use as if vacant? (S.R. 2-2x)	Yes	
If market value is being estimated, does the appraisal develop an opinion of the highest and best use as if improved (or based on the proposed improvements)? (S.R. 2-2x)	Yes	
Cost Approach	Yes/NA	No
If the cost approach is omitted, does the appraisal include explanation for the omission? (S.R. 2-2 viii) (If omitted, skip section F)	Yes	

Does the report include and analyze comparable land sales?	N/A	
Is the subject and sales identified on a location map?	N/A	
Does the report provide support for the replacement cost of the improvements, and include a source of cost estimation?	Yes	
Does the report deduct for depreciation items, such as physical deterioration, functional and/or external obsolescence?	Yes	
Sales Comparison Approach	Yes/NA	No
If the sales comparison approach is omitted, does the appraisal include explanation for the omission? (S.R. 2-2viii) (If omitted, skip section G)	N/A	
Does the report include photographs of the comparable sales?	Yes	
Is the subject and sales identified on a location map?	Yes	
Does the report include and analyze closed sales and listings of properties that have similar uses as the subject?	Yes	
Do the comparable sales provided have a consistent pattern of price/unit prior to adjustments?	Yes	
Income Approach	Yes/NA	No
If the income approach is omitted, does the appraisal include explanation for the omission? (S.R. 2-2 viii) (If omitted, skip section H)	Yes	
Is the subject and sales identified on a location map?	N/A	
Does the report include and analyze at least 5 leased properties that have similar uses as the subject (2 of which can be active listings)?	N/A	
Do the comparable rentals provided have a consistent pattern of price/unit prior to adjustments?	N/A	

If the subject is leased, is a rent roll included and does the appraisal reconcile any differences between market and contract rents?	N/A	
Does the appraiser reconcile forecast vacancy with historical vacancies for the subject or current market vacancy rates?	N/A	
If the subject is leased or a going concern, has the appraiser included income from the prior years and reconciled the forecast income with historical income patterns?	N/A	
Does the report forecast fixed and operating expenses and reconcile the forecast with historical performance (if available) or provide other industry expense data.	N/A	
Does the report utilize a capitalization rate that is consistent with the comparable sales?	N/A	
If the subject has greater than market vacancies, is an "as if stabilized" value provided with adjustments for stabilization costs and a time to reach stabilized occupancy?	N/A	
If a discounted cash flow (DCF) analysis was completed, was support included for the selected discount rate? If DCF and direct capitalization were used, were they reconciled to conclude an as stabilized value?	N/A	
Correlation and Final Conclusion of Value	Yes/NA	No
Does the appraisal include a discussion of the various approaches to value and reconcile differences between the indicated values by each approach, with a concluded value?	N/A	
Does the appraisal specifically identify the "As Is Value" with a current effective date?	Yes	
If applicable, does the appraisal identify any fractional interests of value that apply to personal property, fixtures, or intangible items such as business value or good will?	N/A	

If the property is encumbered by leases, does the appraiser provide a leased fee value?	N/A	
Does the report include an estimate of exposure time?	Yes	
If the subject is proposed construction, does the report include a time frame for completion, lease-up and/or sell-out with an absorption study?	N/A	
If the subject is a for-sale-type project, such as a subdivision or condominium project, does the appraisal analyze expenses during the absorption period and provide an "aggregate retail value, and a "bulk" value"?	Yes	
If the subject is leasehold, does the report identify the terms of the lease and analyze any effect on value that the lease may have?	N/A	
Appraisal Certification and Statement of Limiting Conditions	Yes/NA	No
Does the appraisal contain a signed certification in accordance with S.R. 2-3? (S.R. 2-2xii)	Yes	
Does the appraisal state all assumptions and limiting conditions that affect the analysis, opinions, and conclusions? (S.R. 2-1c & 2-2xi)	Yes	
Do the limiting conditions include a statement that pertinent information was unavailable to the appraiser, and describe what steps were taken <u>in an attempt to</u> obtain the missing information? (S.R. 2-2viii)	N/A	

Comments: Follow are the reviewer's comments related to USPAP compliance:

1) There are several typographical and mathematical errors noted below:

- Page A31 – Scenario A Table has incorrect Summation price per acre of \$6,057. Should state \$3.057 to be consistent with other sections of report.
- Page A32 – Scenario A Table has incorrect Total Property Value for Cape Vizcaino property. Should state \$10,397,222 to include improvement value and to be consistent with other sections of report.
- Page D2 – Incorrect reference to footnote "3" for OS zoning below table. Should be "4". Possible typographical error.
- Page D5 – "RL" reference in OS District description under Conditional Uses.
- Page PDF 191 – Table G2a shows "Combined Adjustment" for sale CF1 (\$4,651) as "Upward" yet next page Table G2b shows this sale as "Similar". Concluded value

of \$5,500 per acre suggests CF1 should be Upward, not Similar on page 192. Possible typographical error.

- Page PDF 198/Table G4b – Sale SA2 price per acre should state “\$501” not \$251.

None of typos affected the final valuation and were limited in nature. USPAP allows for typographical errors and omissions, so long as they are not so prevalent as to undermine the report. The minor typographical errors did not take away from the overall credibility of the appraisal.

- 2) The appraiser briefly describes a flood area on Parcel D9 of the Devilbiss Ranch but does not directly address any FEMA Flood zone designations explicitly. The reviewer noted that FEMA Flood Zone A is present on the Devilbiss Ranch related to Cottaneva Creek and on the Shady Dell property related to Usual Creek. While FEMA Flood designations are not a direct requirement of USPAP, it may be an expectation of the client for due diligence when a property acquisition is being considered.
- 3) The Cost Approach was not directly utilized in the assignment; however, the appraiser used a building contributory value analysis derived from cost source and age/life methodology to estimate the value of the subject buildings that contributed value. For complex properties like the subject, where comparable sales lack a similar building improvement mix it is not uncommon to deviate from traditional valuation methods.
- 4) The appraiser does not explicitly state the reasoning for exclusion of the Cost and Income Approaches to Value in the Applied Methodology section but does explain how elements of each approach are utilized in the Direct Sales Comparison Approach.
- 5) The timber resource component of value was significant in this assignment and the primary motivation for buyers of this property type. The appraisal included an analysis of the Timber Valuation Reports prepared by NRCM, Inc. The appraiser analyzed the reports and addressed applied a -10% adjustment to account for a similar methodology applied by market participants and reflected by some of the sales utilized in the analysis.
- 6) Aggregate Retail Value/Bulk Value – The appraiser adequately addressed the issue of Retail Aggregate Value versus Bulk Value and the value changes, if any, that be warranted when considering the whether the sum of the parts equal the whole. Specifically, it was noted that the timber value would not be discounted by appraisers in the Timber Valuations since these resources are typically purchased on a discounted cash flow basis.

These items are minor in nature and do not appear to affect the appraiser’s opinion of value. This is concluded to be a USPAP compliant appraisal report.

Summary of DGS Appraisal Compliance

Department of General Services (DGS) Appraisal Specifications				
#	Item	Description	Yes/NA	No
1	Title Page	Sufficient identification of appraisal project	Yes	
2	Letter of Transmittal	Summarizing important assumptions and conclusions, value estimate, date of value, date of report, etc.	Yes	
3	Table of Contents		Yes	
4	Assumptions and Limiting Conditions		Yes	
5	Scope of Work	Description of the scope of work, including the extent of data collection and limitations, if any, in obtaining and analyzing relevant data.	Yes	
6a	Definition of Fair Market Value	Definition of Fair Market Value, as defined by California Code of Civil Procedures, Section 1263.320.	N/A	
6b	Definition of Fair Market Value	Definition of Fair Market Value, as defined by Uniform Appraisal Standards for Federal Land Acquisitions, U.S. Department of Justice, 2000	Yes	
7	Photographs	Photographs of subject property and comparable data, including significant physical features and the interior of structural improvements if applicable.	Yes	
8	APN Maps	Copies of Assessor's plat maps with the subject parcels marked and an assemblage of all contiguous Assessors' parcels that depicts the ownership.	Yes	
9	Legal Description		Yes	
10	Remote Parcels	For large, remote, or inaccessible parcels, provide aerial photographs or topographical maps depicting the subject boundaries.	N/A	
11	Subject History	Three-year subject property history, including sales, listings, leases, options, zoning, applications for permits, or other documents or facts that might indicate or affect use or value.	Yes	

12	Marketing Documents	Discussion of any current Agreement of Sale, option, or listing of subject property.	Yes	
13	Market Characteristics	Regional, area, and neighborhood analyses.	Yes	
14	Market Conditions	Market conditions and trends including identification of the relevant market area, a discussion of supply and demand within the relevant market area (or other areas of competition), and a discussion of the relevant market factors impacting demand for site acquisition or leasing within the relevant market area.	Yes	
15	Site Characteristics	Size, topography, current use, zoning and land use issues, development entitlements, General Plan designations, utilities, offsite improvements, access, easements and restrictions, flood and earthquake information, toxic hazards, <u>taxes</u> and assessments, etc.	Yes	
16	Improvements	Description of subject improvements, including all structures, square footage, physical age, type of construction, quality of construction, condition, site improvements, etc.	Yes	
17	Lease History	Subject leasing and operating cost history.	Yes	
18	Highest and Best Use	Opinion of highest and best use for the subject property, based on an in-depth analysis supporting the concluded use. Such support typically requires a discussion of the four criteria or tests utilized to determine the highest and best use of a property.	Yes	
19	Approaches to Value	All approaches to market value applicable to the property type. Explain and support exclusion of any approaches to value.	Yes	
20	Sales Map	Map(s) showing all sale in relation to subject property.	Yes	
21	Sales Photos	Photographs and plat maps of comparable properties.	Yes	
22	Market Sales Data	In depth discussion of comparable properties, similarities and differences, and comparisons and adjustments to the comparable data, and discussion	Yes	

		of the reliability and credibility of the data as it relates to the indicated subject property value.		
23	Comparable Data Sheets	For sales, include information on grantor/grantee, sale dates, listed or asking price as of date of sale, financing, conditions of sale, buyer motivation, sufficient location information (street address, post mile, and/or distance from local landmarks such as bridges, road intersections, structures, etc.), land/site characteristics, improvements, source of any allocation of sale price between land and improvement, and confirming source	Yes	
24	Cost Methodology	Discussion of construction cost methodology, data source used, costs included and excluded, depreciation methodology, a discussion of accrued depreciation from all causes, and remaining economic life.	Yes	
25	Cost Methodology	Copies of construction cost data including, section and pages of cost manual (date of estimate or date of publication of cost manual must be provided if not indicated on page), copies of cost estimate if provided from another source, and supporting calculations including worksheets or spreadsheets.	Yes	
26	Part-take	In part-take situations, a discussion of special benefit and severance damages.	N/A	
27	Preliminary Title Report	Include a copy of a recent preliminary title report (within the past year) as an appraisal exhibit and discuss the effect of title exceptions on fair market value. If unavailable, the appraisal should be made contingent upon review of the preliminary title report and the assumption that there is no effect on value.	Yes	
28	Implied Dedication	Address and potential public access issues	Yes	
29	Reconciliation	Explain and support conclusions reached.	Yes	
30	Certification	Signed certification with content in compliance with USPAP	Yes	
31	Telecommunication Sites	If applicable, discussion of market conditions and trends including identification of the relevant market, a discussion of supply and demand within the relevant market area and a discussion of the relevant	N/A	

		market factors impacting demand for site acquisition and leasing within the relevant market area		
32	Additional Valuations	On occasions where properties involve personal property, business interests, water rights, minerals, or merchantable timber separate valuations may be necessary. If the Appraiser determines that there are such property interests or rights requiring a separate valuation, the appraiser shall notify client.	Yes	

Comments: Following are comments based on DGS appraisal requirements:

6a/6b) The required definition of Fair Market Value from California Code of Civil Procedures, Section 1263.20 was not cited on Page A6 of the report. However, the appraiser cited the definition of fair market value as defined by Uniform Appraisal Standards for Federal Land Acquisitions. Based on communication with the client, it is the intent of the state funders to transfer the subject property to the Bureau of Land Management (BLM), who is also an intended user of this review report. As such, the definition of fair market value appears to be adequate based on the intended use of the intended users.

28) A statement of Implied Dedication was not explicitly included in the report. However, the report implicitly discussed the issue of public use when discussing the Irrevocable Offer to Dedicate (OTD) for public trails recorded on the Shady Dell property. The OTD was discussed in detail throughout the report including its impact on the Highest and Best Use on pages D6 through D8. In addition, the appraisal uses similarly impacted comparable sales with restrictions to value the Shady Dell property. These sales were exclusive to the Shady Dell property and not inherent in the valuation of the other two sub-ranches, further making the implicit argument that no other public access impaired the subject. The appraiser explicitly stated within the report there is no other known potential public access/prescriptive easements within the “Public Access/Viewshed – Prescriptive Easements” section of the report on page C10.

Further the appraiser verbally clarified to the review appraiser during a phone call on 5/23/2024 that there was no potential public use observed during the site visit on the Devilbiss Ranch or Cape Vizcaino properties. Based on the data within the report and valuation analysis, it is the reviewer’s opinion that the issue of the Statement of Implied Dedication was addressed.

32) The appraiser relied on four Timber Valuation Reports from NCRM, Inc. to address the timber resource component of market value on the subject report. As previously noted in the USPAP review of the report, the appraiser reviewed the Timber Valuation Reports and applied an adjustment to better reflect the market value that would likely be applied by market participants.

The appraisal report complies with all the applicable DGS Appraisal Standards as it relates to the acquisition of a conservation easement.

Summary of Quality Analysis

Summary of Review		
Item	Grade	Comment
USPAP Compliance	Satisfactory	See previous section.
DGS Appraisal Compliance	Satisfactory	See previous section.
Market Analysis	Satisfactory	Appraiser included data from the region known as the North Coast or Redwood Empire.
Property Identification & Description	Satisfactory	
Scope of Work	Satisfactory	
Highest & Best Use Analysis & Conclusion	Satisfactory	Concluded as a coastal ranch primarily to be used for timber harvest with some secondary speculative value due to ocean proximity, legal parcels, and highway proximity. Single ranch holding.
Cost Approach Overall	N/A	Approach not presented
Land Valuation	Satisfactory	-
Cost Data Support	Satisfactory	Utilized in SCA for buildings
Depreciation Analysis	Satisfactory	Utilized in SCA for buildings
Cost Approach Value	N/A	-
Sales Comparison Approach Overall	Satisfactory	Well supported approach with adequate comparable sales to support the concluded opinion of value. Utilized encumbered sales to value Shady Dell Property
Comparable Sales	Satisfactory	Identified nineteen historical comparable sales in table F1 and 20 historical comparable sales in table F2. The appraiser reorganized previous sales into three components of value (Coastal Fronting Land, Coastal Oriented Land and Diminished/Restricted Use Land) on the subject property and selected primary sales within each group for direct comparison to the subject. The sales bracketed the subject property well based on the applied adjustments. Sixteen total sales were chosen by the appraiser for direct comparison to the subject.
Adjustments	Satisfactory	Utilized quantitative dollar adjustments for transactional adjustments and qualitative adjustments for property adjustments. Considered transactional, location, legal, physical and economic adjustments. Discussion of reasoning for the qualitative adjustments was discussed, and support for the adjustments was provided.
Sales Comparison Approach Value	Satisfactory	Coastal Fronting Values (Type A): Land values/acre ranged from \$2,278 to \$9,585 per acre (post-adjusted) with bracketed land values from \$3,553 to \$6,111 per acre. Appraiser reconciled at \$5,500/acre. Coastal Orientated Values (Type B): Land values/acre ranged from \$1,278 to \$5,186 per acre (post-adjusted) with bracketed land values from \$2,708 to \$3,825 per acre. Appraiser reconciled at \$3,000/acre. Restricted Land Values (Type C): Land values/acre ranged from \$118 to \$504 per acre (post-adjusted) with bracketed land values from \$118 to \$251 per acre. Appraiser reconciled at \$200/acre.
Income Approach Overall	N/A	Approach not presented

Income Analysis	N/A	Discussion of timber value was included by the appraiser
Capitalization Rate Analysis	N/A	-
DCF	N/A	-
Final Reconciliation of Value	Satisfactory	Reconciled 100% Sales Comparison Approach
Supporting Documentation	Satisfactory	Timber Valuation Reports, Preliminary Title Reports, Shady Dell Offer to Dedicate - Grant Agreement, Mendocino County Zoning Code Excerpts, Photographs of Subject, Appraiser Resume/Qualifications
Appraiser Certification	Satisfactory	Included
Appraiser Qualifications	Satisfactory	The appraiser has considerable experience and are qualified to appraise coastal ranch properties with timber resources
Overall Appraisal	Satisfactory	Overall, the appraisal report is detailed, well-thought out, exemplary in most aspects, credible and supports the concluded values that resulted in the \$53,940,000 fee simple value.
Appraisal Grade:		Acceptable

Property Overview

The property is located in Mendocino County, California and contains three sub-ranches (Shady Dell, Devilbiss and Cape Vizcaino) over 23 tax parcels totaling 4,566.41 survey acres. The subject was assembled from 2008 to 2021 by Save The Redwoods League in three transactions totaling \$48.9 million. Land uses are comprised primarily of timber harvesting, rural residential use and open space.

Improvements situated on the subject included several older buildings generally considered to be in very poor condition. An 850 square foot cabin, 600 square foot barn/shop and an observation platform were in good condition and contributed value to the Cape Vizcaino property.

The appraiser did an adequate job describing the legal, physical and economic characteristics of the subject property by each of the three sub-properties. Descriptions included the land uses and improvements, to lay the foundation for the Highest and Best Use analysis.

Extraordinary Assumptions/Hypothetical Conditions

Extraordinary Assumption 1 – Considering the subject does not have Certificates of Compliance and no legal parcel analysis was provided, an extraordinary assumption was made that “the existing Assessor’s Parcels are legal parcels and can be conveyed as such.”

Extraordinary Assumption 2 – Regarding the Offer to Dedicate terms “do not unduly restrict the projected harvest of timber as applied and valued in the NCRM Timber valuation.”

Hypothetical Condition 1 - The buildings on the DeVilbiss property are “assumed to be demolished and removed from the site along with any related materials. As such, the site will be assumed as vacant and conveyed in a clean condition.”

Hypothetical Condition 2 - The buildings on the Cape Vizcaino property are “assumed to be demolished and removed from the site along with any related materials. As such, the site will be assumed as vacant and conveyed in a clean condition.”

Hypothetical Condition 3 - The existing Carbon Project that encumbers both the Shady Dell and Cape Vizcaino properties is “terminated and not in place as of the effective date of valuation and the properties may be harvested according to the conditions set forth the NCRM Timber Valuation reports.”

Valuation

Highest and Best Use

- The appraiser concluded the highest and best use of the subject property as the assemblage of the three ranches with timber harvesting being the primary use with some secondary rural residential speculation when considering the ocean location, legal parcels and highway proximity
 - **The reviewer finds the four tests of Highest and Best Use were reasonably applied and the conclusion of the subject as a coastal estate single ranch is credible.**

Land Valuation Selection

- The review appraiser evaluated each of the adjustments for rationale and consistency of application to the comparable ranch sales.
 - Ultimately, the appraiser selected the 16 most comparable coastal ranch sales from the market area to compare directly with the subject. The 16 sales were organized into three separate data sets.
 - The qualified adjustments were applied as either “Upward”, “Similar” or “Downward” for each of the elements considered. The application of these adjustments is based on the experience and market observations of the appraiser.
 - Per the phone conversation with the appraiser, the application of the adjustments is not on a 1 to 1 basis meaning that one Upward adjustment does not necessarily cancel out one Downward adjustment and vice versa. The appraiser stated that the weights of each adjustment helped guide the appraiser in developing the overall adjustment to the subject property but that the overall adjustment was also a judgement by the appraiser. Therefore, the application of the adjustments in relation to the overall adjustment is impossible for the reviewer to analyze unless all the adjustments for one sale are the same as Sales CF1 and CF14 on Table G2a (PDF page 191)

- As previously noted on PDF Page 191 – Table G2a shows the “Combined Adjustment” for sale CF1 (\$4,651) as “Upward” yet next page Table G2b shows this sale as “Similar”. Concluded value of \$5,500 per acre suggests CF1 should be Upward, not Similar on page 192 since there were no downward adjustments for the sale. All the other adjustments appear to be logically based.
 - **The reviewer considered the impact of the adjustment that appeared to be incorrectly applied based on the analysis in the grids. The apparent misapplication did not affect the reasonableness of the conclusion since the concluded price per acre still made logical sense.**
- Finally, the reviewer considered the rationale of the land value reconciliation.
 - Within each of the three components of value, the appraiser concluded a value per acre for the subject within the bracketed land values suggested by the sales.

Improvement Valuation Section

- The appraiser utilized a depreciated cost new method often utilized in a Cost Approach to estimate the contributory value of the structural improvements within the Sales Comparison Approach. While not technically correct, the appraiser explains the use of the methodology.
 - **The methodology used by the appraisers is common for buildings on agricultural properties in the market area since direct head-to-head comparisons are often not particularly useful as the mix of building improvements can vary significantly from sale to sale.**
- In terms of depreciation, the appraiser applied a straight-line effective age/economic life overall depreciation percentage, inclusive of any physical, functional or external obsolescence depreciation factors.
 - **The methodology used by the appraiser is common for buildings on agricultural properties in the market area.**

It is the reviewer’s opinion that the overall value conclusion reached by the appraiser under review is a reasonable figure based on the totality of the evidence presented and analyzed.

Conclusion

There are no unsatisfactory issues with the appraisal report. The report may have some minor errors but is deemed fully acceptable. Any differences between the appraiser and the reviewer are within the expected range of opinion in the work of two or more competent appraisers. The report is clear, accurate, complete, and detailed enough to establish the property’s quality and salability.

The intended use of this review report is to provide the intended users with feedback as to the adequacy and reasonable of the appraisal report under review completed by Hanna & Associates in regard to the valuation of the fee simple property rights. Specifically, my scope of work focused on the value of the land and building improvements.

A separate independent review of the timber valuation prepared by NRCM, Inc. was completed separately by John Nickerson of Dogwood Spring Forestry, dated April 12, 2024. The findings of the timber independent review accept the findings and conclusions of the NRCM, Inc. timber valuation. A copy of this report is attached in the addendum of this review report.

ADDENDUM