



EXECUTIVE SUMMARY

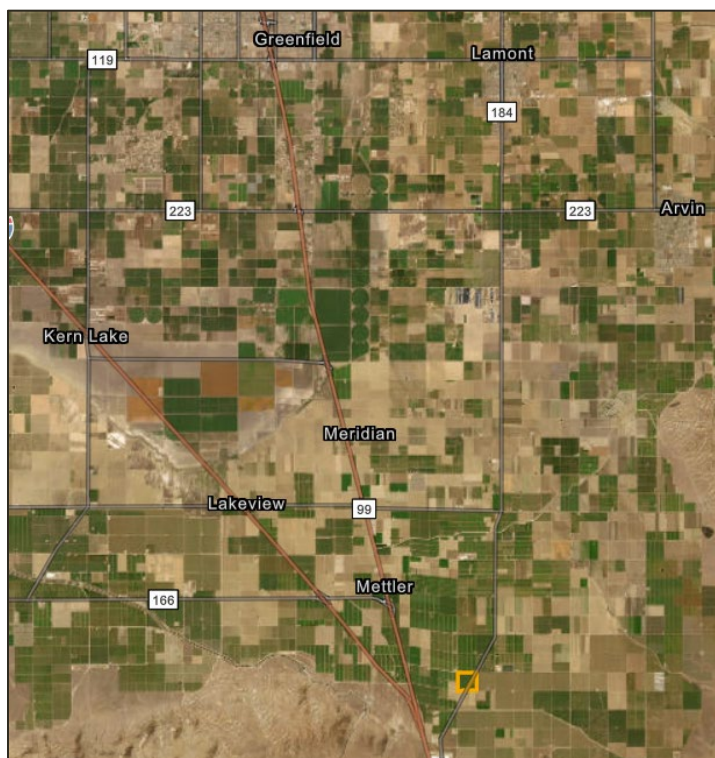
Kern Legray



EXECUTIVE SUMMARY

LOCATION The Kern Legray Farm or “Subject Property”, is located in Kern County, California and south of Bakersfield, California.

PHYSICAL ACCESS From Bakersfield, CA head south on Highway 99 for approximately 20.5 miles. Take CA-166 East to Mettler Frontage Road. Head south on Mettler Frontage Road approximately 2.5 miles. Turn left on Legray Road and continue south easterly approximately 1.4 miles to the northwest corner of the property.



LEGAL Ownership is vested in HD Pension Farmland LLC, a Delaware limited liability company.

PROPERTY TAXES The Subject Property consists of two contiguous tax parcels with a gross acreage of 156.34 reported by the Kern County Assessor’s Office. The two ATN¹s and the reported acreage are as follows: 238-380-08-008 (42.04 ac) and 238-380-21-005 (114.30 ac). The 2022-2023 taxes for the Subject Property are \$60,317.24 or \$385.81 per gross assessed acre. According to the Kern County Treasurer & Tax Collector’s Office, both installments for the 2022-2023 taxes have been paid in full.

¹ Assessor Tax Number



The Subject Property is located within an agriculture preserve area. The Subject Property is under the terms, provisions, covenants, restrictions and conditions contained in a document executed pursuant to the California Land Conservation Act of 1965 (Williamson Act) and recorded December 11, 2000, as Instrument No. 0200157624.

IRRIGATION

The Subject Property currently holds an irrigation contract with the Wheeler Ridge Maricopa Water Storage District (“WRM”) to irrigate 156.30 acres with surface water provided by WRM from two turnouts (AG17 and AG18). The contracts provide for a contract total of 442.00 acre feet from turn out AG17 (323.00 AF) and turn out AG18 (119.00 AF).

WRM is an irrigation district which receives its supplies from the State Water Project (“SWP”) through a series of dams, storage and conveyance infrastructure that delivers water throughout the state. WRM’s primary supply of water is through a SWP subcontract with the Kern County Water Agency.

WRM’s primary surface water supply is a 197,088 acre feet per year contract with the Kern County Water Agency. Additional SWP water is available to the district in wet years (Article 21 water). On average, the district delivers 169,000 acre feet of surface water and district developed groundwater annually to its farmers. The district supplements its surface water supplies during period of curtailments or drought conditions with numerous WRM wells that are used to recover wet year water that is recharged through district owned basins. In addition, WRM is able to source water from various open market transactions as a way to supplement its contracted supplies. WRM is advantageously located, enabling it to purchase and transact in supplemental water markets within and outside of its contracted SWP.

In addition to its surface water supplies, the Subject Property benefits from having access via the Water Sharing Agreement to four private irrigation wells, which provide supplemental water for irrigation. The Agreement allows for surface water and pumped groundwater to be shared over seven farms comprising a service area of ±2,400 acres of farmland. Water allocation to irrigators within the Agreement is based on net irrigated acres and crop water requirements. The Agreement provides for the management of surface water and groundwater sources throughout the entire service area providing maximum sustainability and efficiency. Additional surface water in wet years will alleviate the need to pump groundwater, which could help benefit the below shallow aquifer through indirect recharge. In dry years, groundwater can be pumped from various locations and delivered throughout the service area within the Agreement.



SGMA

Since 2014, California has been working to implement the Sustainable Groundwater Management Act (SGMA). SGMA aims to ensure groundwater use in California is sustainable by 2040. To do that, the California Department of Water Resources has designated basin-wide priorities based on groundwater risk and exposure, as well as enabled local level entities to help structure and oversee the management of groundwater.

The Subject Property lies within the White Wolf Subbasin, which is designated as Medium Priority by the California Department of Water Resources (“DWR”). The White Wolf Subbasin was created from a portion of the Kern Subbasin in 2014 after demonstrating to DWR that the hydrogeology for the White Wolf Subbasin is separate and distinct from the balance of the Kern Subbasin. The White Wolf Subbasin is covered by a single Groundwater Sustainability Agency (“GSA”) - White Wolf GSA, which was formed by a joint powers agreement among Arvin-Edison Water Storage District (“AEWSD”), WRM, Tejon-Castaic WD and Kern County. The White Wolf Groundwater Sustainability Plan “GSP” was submitted to DWR for review in January 2022. The DWR has until January 2024 to review the White Wolf Subbasin GSP. The GSP prepared by the White Wolf GSA states that the White Wolf Subbasin, as a whole, is not in a condition of critical overdraft, but provides a current estimated overdraft of 20,000-acre feet per year. The GSP also includes groundwater allocation and demand reduction; both WRM and AEWSD have included groundwater allocation, groundwater fee increases, and groundwater marketing and trading management actions for implementation in the White Wolf Subbasin within 3 to 5 years of GSP adoption.

WEATHER

The climate is semi-arid characterized by minimum precipitation in the valley, long and warm summers, mild winters, and normally, low humidity. Normally the growing season will average 300± days. Frost is more damaging to vine and tree crops if it occurs during bloom or early crop set. Five years of daily minimum and maximum temperatures and precipitation (2018-2022) were obtained from the Arvin-Edison – San Joaquin Valley – Station 125 weather station. For the summer months² the five-year monthly averages for the maximum temperatures ranged from 59.34°F to 98.68°F with minimum temperatures ranging from 36.66°F to 68.74°F. For the winter months³ the five-year monthly high averages ranged from 59.34°F to 65.50°F with minimum temperatures ranging from 38.22°F to 38.44°F.

The five year monthly average annual precipitation is 6.35" with most precipitation occurring during November through March (4.56"). The least amount of rainfall occurs

² June, July, and August

³ December, January, and February



during the summer months at less than an inch (0.01”).

TOPOGRAPHY

The elevation ranges from 760 feet above sea level north of the Subject Property and gently increasing in elevation southward approximately 20 feet every quarter mile to approximately 805 feet above sea level at the southeastern boundary. The farmland topography is level with surrounding grade.

SOILS

The soils on the Subject Property are classified as Irrigation Class 2 soil. There is approximately 76% identified as Premier sandy loam, 0 to 2 percent slopes and 24% identified as Cerini loam, 0 to 2 percent slopes.

CROP PATTERNS

The Subject property is planted to Almonds and farmed in three blocks. The first block contains 109.01 acres of Nonpareil (50%), Monterey (25%), and Wood Colony (25%) almonds that were planted in 2013. The second block contains 8.00 acres of Nonpareil (50%), Monterey (25%), and Wood Colony (25%) almonds that were planted in 2017. The third block contains 33.19 acres of Nonpareil (50%), Monterey (25%), and Wood Colony (25%) almonds that were planted in 2013. The property is directly operated through the Sellers own farm management company. The almond yields are available upon request.

ZONING

Municipal Zoning

According to the Kern County Planning Department and as shown on their Zoning Map No. 202, the subject property is zoned A, Exclusive Agriculture. The property is designated 8.1, Intensive Agriculture on the Kern County General Plan, Central Section.

Flood Zone

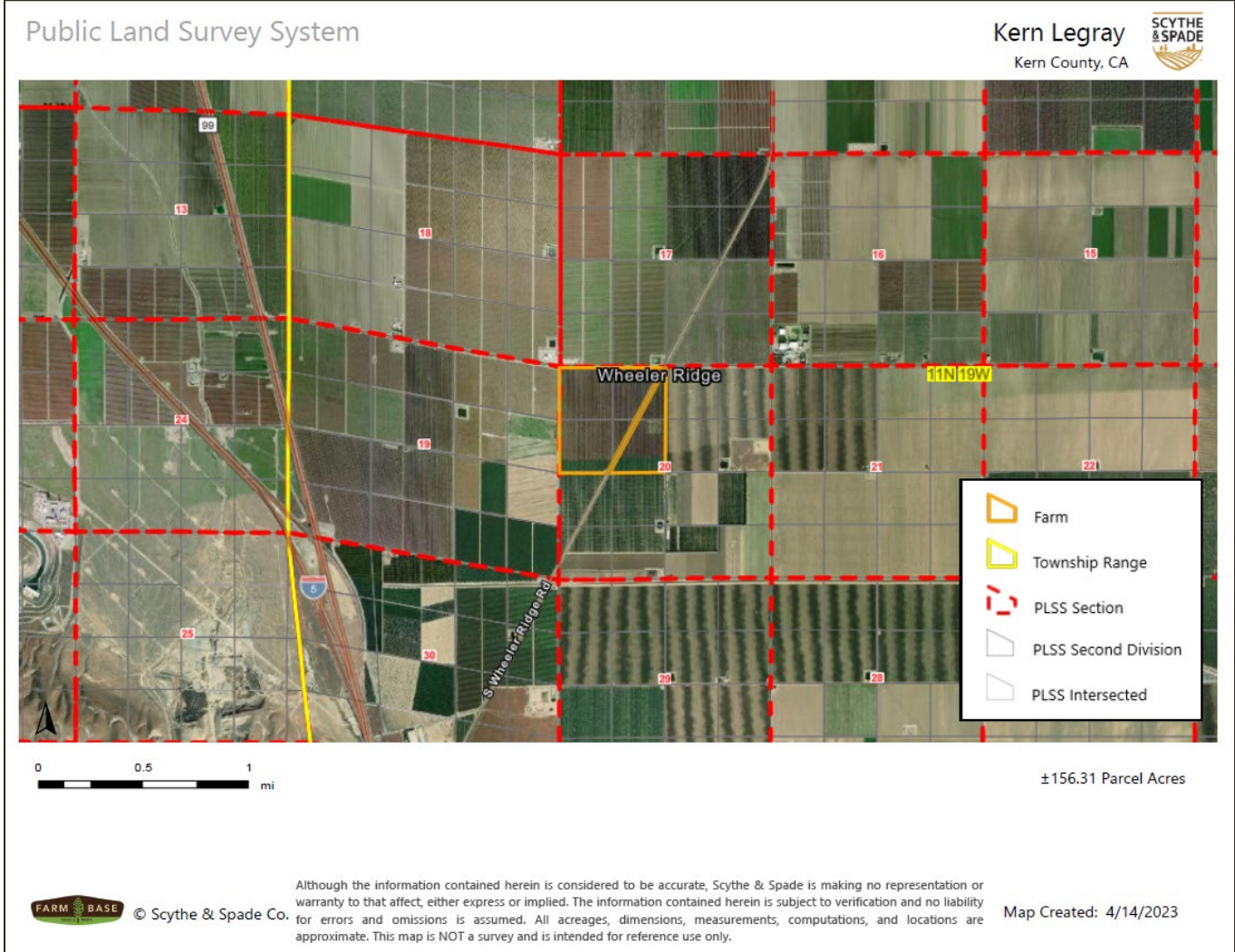
The Subject Property is in a Zone X flood zone. These areas are determined to be outside the 0.2% annual chance floodplain, effective September 26, 2008.

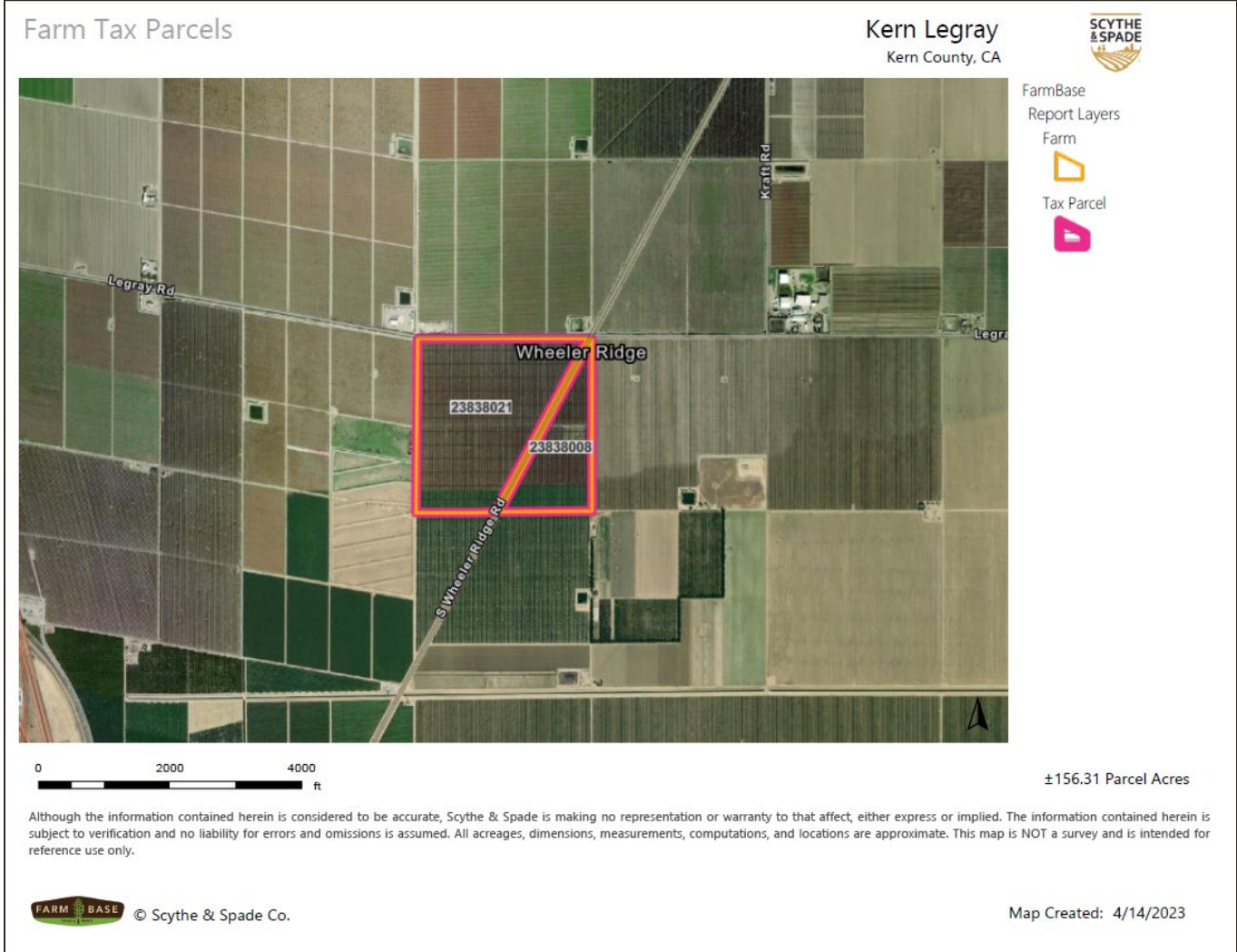
LOCAL MARKETS

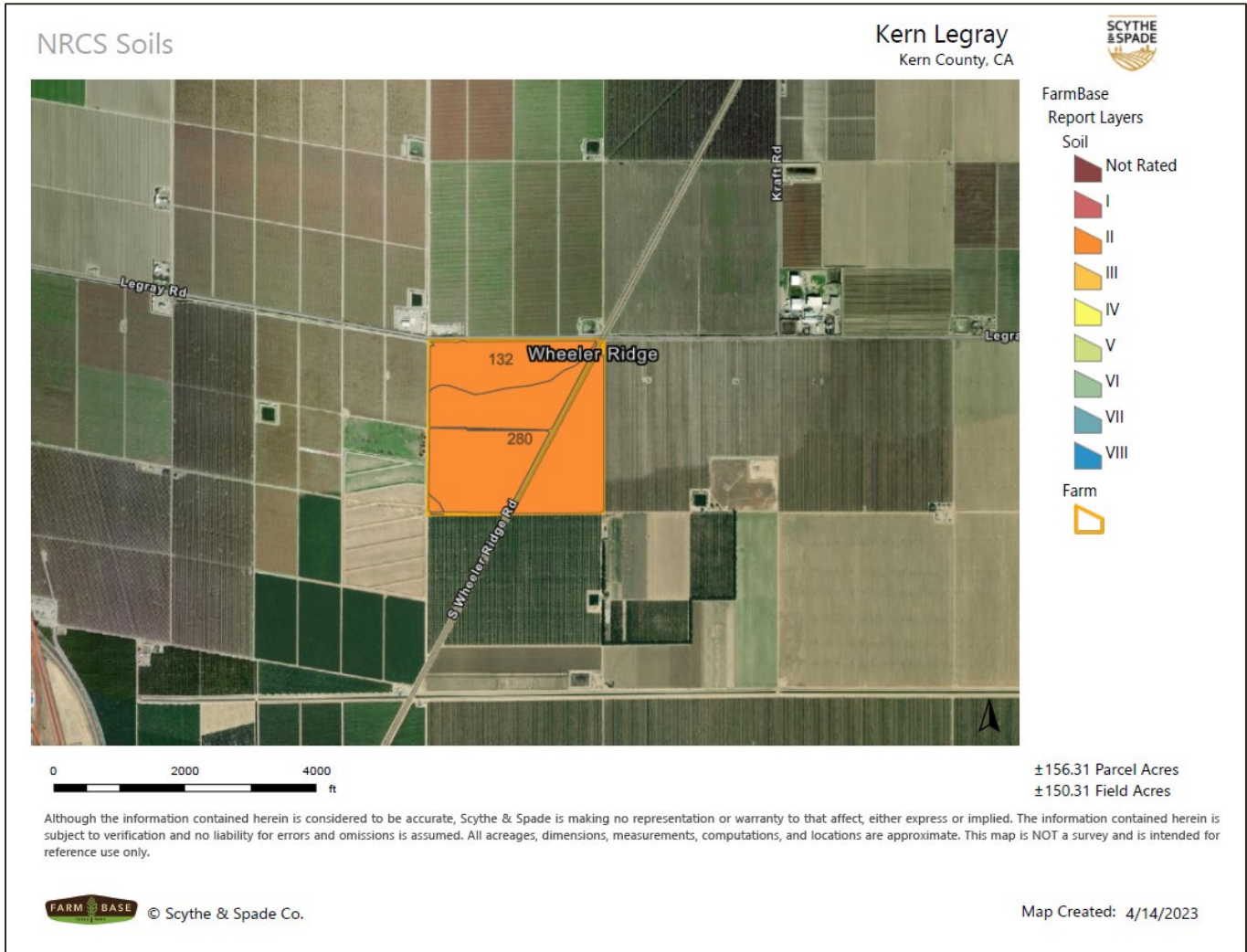
The economy of Kern County primarily relates to petroleum production and agriculture. A wide variety of crops are grown in Kern County including table grapes and almonds. They provide substantial economic benefit to the local economy. Kern County is one of the top five largest agricultural counties in the state with gross agricultural income exceeding \$7.7 billion dollars per year. There are numerous processors and marketing outlets for the various crops produced in Kern County.

SUPPORTING MAPS









Soil Information and Percentage Breakdown

Symbol	% AOI	Acre	IRR Class - Mapunit Name
280	75.97%	114.19	2e - Premier sandy loam, 0 to 2 percent slopes
132	24.03%	36.11	2e - Cerini loam, 0 to 2 percent slopes

