

CERCA DEL CIELO

Property Description:

Cerca del Cielo is approximately 52 acres with approximately 25 planted acres primarily avocados.

There is a single story-family home with pool located in the grove with panoramic view of the valley. Additionally, there is a single wide permanent structure which can house an employee and small family.

There are six (6) tax parcels, but only two legal parcels per a boundary adjustment that was completed in 1973. APNs: 111-130-17-00, 111-130-34-00 and 111-130-35-00 are all one legal lot per Plat No. 111-130-7 (Final action date: 06/26/1973)

APNs: 111-130-42-00, 111-130-43-00 and 111-100-49-00 are all one legal lot which is also legal per Plat No. 111-130-7 (Final action date: 06/26/1973)

The grove has a main road from the entrance to the house with several side roads which facilitate access of the product at harvest time.

Fencing is chain-link with a gate at the front entrance and the east side of the grove is partially fenced with a small creek used as the boundary line on that side.

Included in the sale will be struts, a jeep with forklift used to transport bins to main road, and irrigation supplies located in the small room adjacent to the garage, and quad.

The annual cost of the fire insurance is \$5082.00 and the general liability is \$5802.00. Keep in mind the cost of the liability insurance includes the landscaping business.

Rancho Estates Mutual Water Company (REMWC)

There are 401 shares outstanding and of those 25.98 shares are issued to our parents which is 6.48% ($25.98/401 = .0648$). There is no periodic distributions in the form of either (a) cash distribution or (b) a credit towards their water bill from the shares.

I am attaching the most recent Consumer Confidence Report.

There are two meters on the ranch. The backflow valve is field tested yearly by a local certified technician. REMWC sends reminders of when this is due to each associated property.

In prior years, the purchased water was handled by taking the total bill from Yuima and dividing it by the usage for the entire district. Then the calculated cost per 1000 gallons was used to charge each customer their pro rata share of the Yuima bill.

However, in the past few years REMWC has done well with water sales and have not passed

along the Yuima charges. REMWC has absorbed the Yuima charges as a cost of doing business. That's the continued plan as long as costs are met.

The rates for REMWC are: \$2.76/ 1,000 gallons based on usage. Meter charge is \$293/month times 2 meters and then one \$25.98 monthly assessment fee.

The water usage rate via EMWC is approximately 20%+/- less than if you were purchasing water directly from Yuima. *Obviously, this needs to be compared for current Yuima rates but this was the case when we first placed the ranch on the market.*

The irrigation system is manual and hand operated based on zone schedule.

Grove Profile

There are approximately 52 acres of which approximately 25 are planted.

The grove features approximately 2,146 avocado trees, consisting primarily of Hass, followed by Lamb Hass and Reed varieties. The trees range in age from 2 to 52 years old, with plantings dating from 1974 to 2024.

There are also approximately 75 Navel orange trees and 100 pomegranate shrubs.

The avocado trees are spaced at 20x20 or 15x15.

This year was the first year Mission Produce packinghouse was used to sell some of the avocado product. In years past, Index Fresh packinghouse was used to sell the product.

The oranges and pomegranates are sold to an independent produce dealer.

Pickers are contracted separately from those offered by the packinghouses. In 2024 pickers were paid \$120.00 per bin and in 2025 & 2026 the pickers were paid \$160.00 per bin.

The grove is fertilized three times a year (April, June, November).

The harvesting usually starts with a field assessment by the field representative from the packinghouse in January. Picking can start in January and can go through June yearly.

For production and revenue see attachment.

Pest management is primarily tackling squirrels. He uses another rancher's private applicator certificate to apply the required pesticide.

We partner with Chaparral Honey who brings their bees to the ranch when the trees are flowering in the Spring to help pollinate the Hass and Lamb Hass. The Reed is self-pollinating.

Crop Insurance is obtained through Golden Pacific Crop Insurance Services current premium is \$655.00 per year. We will be increasing coverage to 60% for crop year 2027. Crop years are paid differently. For example, crop year 2026 was paid for in advance (end of 2024 beginning of 2025) as it is the crop that would bloom in Spring of 2025 and would complete harvest in Summer of 2026.

We filed a claim on crop year 2025 due to heat and wind damage. The insurer is also aware 125 trees were stumped December 2025 to January 2026 which will impact the harvest in 2027.

Projected Earnings

This is a collaborate effort as this is not my strength.

Using 2025 production and avocado pricing as the baseline, each producing tree generated about \$56.48 of gross revenue. Therefore, when those 125 trees are back at full production:

$125 \times \$56.48 \approx \$7,060$ of additional annual gross revenue.

So, at exactly the same productivity and pricing as 2025, the grove would look roughly like this:

Scenario

Approx. Gross Revenue

2,021 producing trees = \$114,142

125 trees restored to production = +\$7,060

2,146 producing trees again = \$121,202

Projected earnings are impacted by weather, market demands, alternate fruit bearing years, packout vs culls, disease, water costs and labor.

Solar Panels Description

There are 64 panels and Kilowatt size is 20.928 kW. It has a central inverter system. There is no battery bank or power that allows the system to run off-grid but the installer can be contacted (Cosmic Solar) to ensure the system is compatible with a storage/battery.

The contract with SunStrong expires on 08/21/2034. At the end of the lease, there are options to terminate, buyout or extend the lease. I reached out, August 17th, via email for the buyout amount. I can share that on July 23, 2023 the payoff amount was \$59,953.14. The monthly payment is \$428.48.

Future Potential

There is unplanted acreage that could be developed. The topography is the hillsides that can be graded for terraces or benches to plant additional trees and create equipment access to bring in the harvest.

Additionally, 125 trees were stumped 12/2025 to 01/2026. A stumped tree usually takes 2-3 years to produce fruit again. There are many new trees that have not fully matured.

There are specialty crop trees which have been primarily used for family consumption but could be marketed to local fruit stands such as the guavas and cherimoyas.

The grove can be converted to organic which pays a higher price for the harvest once fully converted.

Due to the views, the single-family home could be converted to a retreat or center to direct agrotourism to the ranch.

Online marketing and direct sales is another possibility as well as having a fruit stand with produce and products from the farm.

A specialty nursery is another potential option for year-round cashflow.