



BERNARDUS

Lodge & Winery
Carmel Valley, California

BERNARDUS LODGE

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*Lodge & Winery
Carmel Valley, California*



*Charleston Chicago Denver Ithaca London Los Angeles
Naples Phoenix Richmond San Francisco
Tampa Vancouver*

Stephen Mills
Paramount Lodging Advisors West
P: (303) 800-4482
E: smills@paramountlodging.com

Michael Kitchen
Paramount Lodging Advisors West
P: (312) 239-0584
E: mkitchen@paramountlodging.com

Scott Griemann
Paramount Lodging Advisors West
P: (415) 439-5310
E: sgriemann@paramountlodging.com

BERNARDUS

*Lodge & Winery
Carmel Valley, California*

<i>Executive Summary</i>	<i>5</i>
<i>Property Description</i>	<i>8</i>
<i>Market Overview</i>	<i>24</i>
<i>Competitive Position</i>	<i>31</i>
<i>Financial Summary</i>	<i>37</i>



This Offering Memorandum (the "OM") is provided to you (the "Prospective Purchaser") in connection with, and solely for evaluating, the potential acquisition by Prospective Purchaser of the Bernardus Lodge and Winery ("Property") in Carmel Valley, California. The potential acquisition of the Property shall herein be referred to as the "Transaction". The OM has been provided to you subject to the terms of the Confidentiality Offering Agreement you have previously executed for the Property and is considered a part of the Confidential Information (as defined in the Confidentiality Offering Agreement). The Confidential Information may not be distributed, disseminated, furnished, or made available to any other party without the prior written consent of Paramount Lodging Advisors, Inc. ("PLA") and/or the Property owner ("Owner") or as permitted under the Confidentiality Offering Agreement. The Property is being sold "as is, where is". The information supplied herein is based on data provided by the Owner, PLA, and other third parties. While the information is believed to be reliable, it does not contain all of the data necessary to evaluate the Transaction. Further, neither the Owner nor PLA makes any representation or warranty, expressed or implied, as to the accuracy or completeness of the information. The Prospective Purchaser is advised to not rely upon the Confidential Information and to verify said information independently. It is the responsibility of the Prospective Purchaser to retain qualified experts to evaluate the Transaction. The Owner of the Property is under no legal obligation to sell the Property to any prospective purchaser unless and until such time as a written purchase and sale agreement has been fully negotiated, executed, and delivered by Owner. Offered under California Division of Real Estate License #01856239.



MOST RECENT AWARDS & ACCOLADES

2012 Forbes (Mobil) Travel Guide
Four-Star Awards
Bernardus Lodge
The Spa at Bernardus Lodge
Marinus Restaurant

2012 Travel + Leisure 500
World's Best Hotels and Resorts

2011 Readers' Choice
Andrew Harper's Hideaway Report
Food & Wine Resorts 2011

2011 Smart Meetings
Platinum Choice Award Winner

2012 AAA Travel Services
Four Diamond Award
Bernardus Lodge

Wine Spectator
Grand Award – Marinus
Award of Excellence – Wickets Bistro

2011 Spas of America
The Best of the Best – Spas of
America's Top 50 Spas of 2010

BERNARDUS

Executive Summary



Paramount Lodging Advisors ("PLA") has been exclusively engaged to sell Bernardus Lodge and Winery, a premier destination resort and production winery in Carmel Valley, California. Located 12 miles from Carmel-By-The-Sea and Pebble Beach, the Forbes four-star resort offers 57 luxury guestrooms, two restaurants including the acclaimed Marinus Restaurant, a full service spa and nearly 4,000 square feet of indoor meeting and event space. In addition to the resort, the fee simple interest offered includes over 50 acres of vineyards on three separate sites. Bernardus Winery currently produces 50,000 cases of renowned wine annually. The wines are produced from estate grown grapes and additionally from grapes sourced from select long-term contracted growers. The company also owns Will's Fargo restaurant in Carmel Valley Village. The three businesses: Bernardus Lodge, Bernardus Winery & Vineyard, and Will's Fargo are offered as an enterprise with some flexibility to bifurcate the businesses.

Boundless opportunity awaits new ownership, as operational upside and expansion potential to both the lodge and the winery allow for tremendous revenue and income growth. Current ownership has attained the necessary entitlements for 16 additional luxury units at Bernardus Lodge. The resort is offered unencumbered of brand and management, allowing new ownership to align with one of the premiere luxury brands.

Irreplaceable Location

Carmel Valley and the surrounding Monterey Peninsula is one of the most sought after vacation destinations in the world for the sophisticated leisure traveler. Just 14 miles from Monterey Regional Airport and 12 miles from Carmel-By-The-Sea and Pebble Beach, Bernardus Lodge is easily accessible and nearby some of the top tourist attractions in Northern California. Well-positioned resorts in the region have continually outpaced national trends as a result of limited new supply due to strong barriers to entry. Bernardus Lodge is located directly off of Carmel Valley Road, which connects to Highway One approximately 10 miles from the hotel. Bernardus Lodge benefits from its Carmel Valley location tucked in the Santa Lucia Mountains, allowing more sunshine and stable weather versus the coastal competition.

Brand Recognition and Accolades

Throughout the last decade, Bernardus Lodge has achieved some of the highest honors by Mobil, AAA, Travel + Leisure, Conde Nast, Andrew Harper and more. Marinus restaurant at Bernardus Lodge has continually been one of the top-rated restaurants in the San Francisco Bay area by Zagat. In addition, wine varieties produced by Bernardus Winery have received tremendous acclaim from Wine Spectator, Wine Enthusiast Magazine, and Robert Parker amongst others. Bernardus is one of the most recognizable entities in the region, yet there is opportunity to expand its greatness.





Expansion and Value Enhancement

The property owns entitlement rights for 16 additional luxury units on the 25.5-acre site where the Bernardus Lodge currently stands. Renderings have been completed which reflect higher tier suites, which upon completion would significantly improve average daily rate. The design of these units allows some flexibility to meet a new owners objective. The addition of new ultra-luxury units will position the resort to compete with a more elite competitive set comprising the best resorts in California.

Management and Brand Flexibility

Considering the resort is being offered unencumbered by brand and management, a new owner may seek affiliation with one of the premier luxury hotel companies. This would open up the resort to a strong reservation system and loyal guest following. Bernardus Lodge is currently affiliated with The Leading Hotels of the World, Andrew Harper's QClub and American Express Fine Hotels and Resorts. Centralized services through a large brand network can improve operational efficiencies. Current rooms, food and beverage, and undistributed expenses are higher than industry standards. These cost savings would immediately improve the profitability of the resort.

BERNARDUS

Property Description

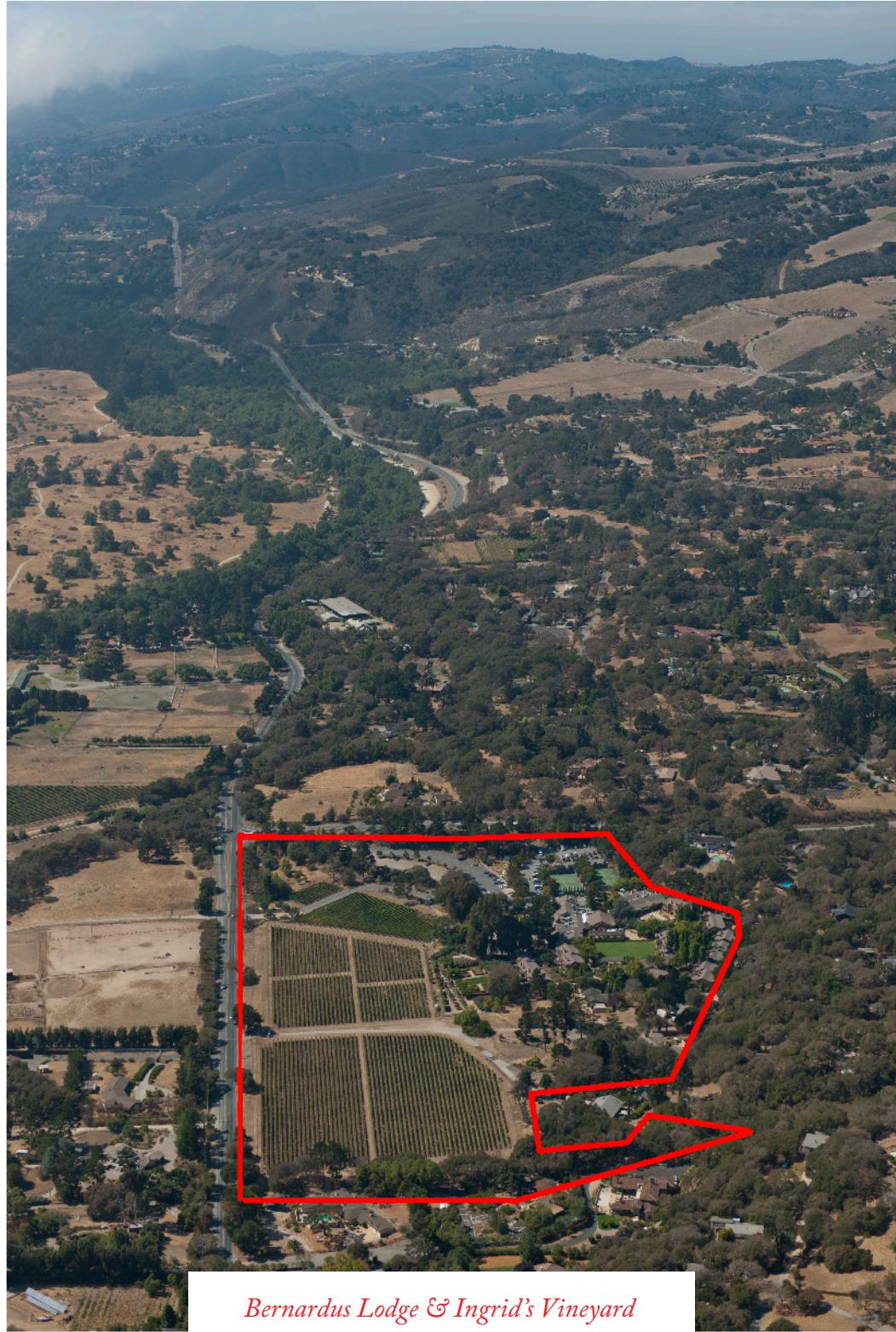


Bernardus Lodge

Bernardus Lodge is a boutique luxury Resort offering the finest in accommodations and culinary adventures. The 57 luxury rooms are located inland amongst the Santa Lucia mountain range where the weather is sunny. All guestrooms have limestone fireplaces and two person bathtubs with private balconies or patios depending on the view. Each guest is welcomed with a glass of wine at check in and escorted to room by concierge. A complimentary wine pantry and welcome amenity is provided to each guest and fresh cut flowers are provided. The resort has nearly 4000 square feet of meeting space all with windows or access to outside. There is over 5000 square feet of outdoor space that includes a rose garden, an organic vegetable garden and a wedding site amongst ten acres of wine producing grapes. Bernardus Lodge continues to win top awards for its culinary and spa facilities.

Bernardus Winery

Bernardus Winery is located approximately ten miles southeast of Carmel Valley Village with frontage on Parrot Ranch Road, a two-lane county maintained road. The property consists of five parcels, containing a gross land area of 73 acres and is currently devoted to residential, winery, vineyard, and some wildlife habitat use. The winery and vineyard operations utilize portions of three parcels and occupy approximately 30 acres. The remaining acreage consists of tree and bush covered rolling terrain that acts as a buffer area for the winery and wildlife habitat. The vineyard consists of 6.36 net vine acres on two small plots. There are a total of 4.08 net vine acres planted as Cabernet Sauvignon, which were planted in 1999 on 8' by 6' spacing. The Petit Verdot, which contains 2.28 net vine acre, was planted in 1991 and 2001, and is on 8' by 4' spacing. The winery is a 50,000 case facility, which consists of two structures: the winery and a barrel storage and bottling facility near the road. The residences on the property house employees of the winery.



Bernardus Lodge & Ingrid's Vineyard



Bernardus Winery & Featherbow Vineyard



Marinus Vineyard



Bernardus Lodge

AMENITIES

Bernardus Lodge offers array of amenities indicative of its luxury classification which include the following:

- Outdoor Pool and Spa
- Full Service Spa
- Two Tennis Courts
- Two lawn Bocce Ball Courts
- Croquet Court
- Fitness Center
- Business Center
- Car Service
- Wine & Cheese Service on Arrival
- Nightly Turn Down Service
- Fresh Fruit and Local Roses Daily
- Complimentary Snack Pantry
- Twice-daily Maid Service
- Complimentary Wi-Fi Internet Throughout Property
- Room Service

BERNARDUS LODGE

ADDRESS	415 Carmel Valley Road, Carmel Valley, CA
YEAR BUILT	August 1999
NUMBER OF ROOMS	57
NUMBER OF BUILDINGS	13
TOTAL ACRES	25.34 Acres
IMPROVED ACRES	14.14 Acres
SURPLUS LAND AREA	10 Acres Vineyard, 1.2 Acres Open
GROSS BUILDING AREA	59,500 SF
RESTAURANT/LOUNGE	Marinus Restaurant, Wickets Restaurant and Bar
TOTAL MEETING SPACE	3,714 SF (2,160 SF Largest Meeting Space)
SPA / FITNESS	7,000 SF
OWNERSHIP INTEREST	Fee Simple (Baylaurel LLC) for Lodge, Leasehold for Vineyard (Bernardus LLC)
ZONING	Commercial Lodging, Agriculture Vineyard (LDR/1-D-S&VO-D-S&PQP-D-S)
PARCEL #	187-131-044
BRAND AND MANAGEMENT	Unencumbered

DESIGN AND LAYOUT

Bernardus Lodge has approximately 500 feet of frontage on the north side of Carmel Valley Road and extends 600 feet on average north. Approximately 10 acres of vineyard separate the improvements from the road and provide a barrier from any traffic noise. The front entrance to the hotel is accessed from a long driveway from Carmel Valley Road. The property contains 13 building structures, of which, nine are detached guest room buildings. The main lodge building houses the lobby, registration desk, the two restaurants, and offices. Upon entering the main lodge, the registration desk is immediately to the left. Just beyond the front desk to the left is a large sitting room with a limestone fireplace and new furniture. Further beyond the sitting room, towards the rear of the main lodge, is the concierge desk to the right and the two restaurants off to the left. The meeting/event space, spa & fitness facilities, and a special function building occupy the remaining buildings. The pool is located at the northern end of the property on the main level surrounded by guestroom buildings and the spa.





Warming Pool at Bernardus Spa

GUESTROOMS

The 57 spacious luxury rooms at Bernardus Lodge are spread amongst 6, two-story and 3, single story buildings. All of the guestrooms are exterior corridor. There are two types of rooms offered: 11 "luxury" rooms measuring 710 square feet and 46 "deluxe" rooms measuring 570 square feet. Each room has a fireplace and French doors that open onto spacious patios or balconies with breathtaking views of the vineyards and the Santa Lucia Mountains.

GUEST ROOMS

TOTAL GUESTROOMS	57
"DELUXE" (570 SQ. FEET)	
King Guestrooms	42
Queen/Queen Guestrooms	4
"LUXURY" (710 SQUARE FEET)	
King Guestrooms	11
HANDICAP ACCESSIBLE GUESTROOMS	4
ROOMS WITH PRIVATE HOT TUBS	2





Guestrooms are carpeted with painted walls and textured paint or wood beam ceilings. Luxurious bathrooms each feature a stand-in shower, oversized soaking tub, private toilet room, and his and her vanity area. Each guestroom is furnished with a King featherbed or two queen beds, a dresser, antique armoire, 32" or 35" televisions, a writing desk, and dining table with seating for two.

In addition to the aforementioned furnishings, the guestrooms at Bernardus Lodge feature the following amenities:

- Fireplace
- French doors onto a private garden patio or balcony
- Goose down comforter and Italian linen
- Cable television
- On-demand movies (Lodnet)
- Video Check-out
- Complimentary wireless internet access (WiFi) and Ethernet connection
- CD player
- Two-line cordless phone with voicemail (3 units per room)
- Coffeemaker
- Copper-top complimentary "wine grotto" mini-bar with Bernardus wines
- Welcome snacks and beverages
- Individual climate controls
- Safe
- Hair dryer
- Iron/ironing board
- Dataport



Chef's Table at Marinus Kitchen

FOOD AND BEVERAGE

Bernardus features two restaurants and one bar/lounge. Wickets is the more casual café and lounge serving three meals per day, seven days per week from 7 am to 10 pm. Wickets has 38 indoor seats, including six bar stools, and seating for 80 on the patio.

Marinus is a formal, chef-driven gourmet restaurant, which consistently ranks amongst the top restaurants in the Bay Area. The Marinus Wine List features more than 1,800 labels and upwards of 34,000 bottles. Marinus serves dinner only from 6 pm to 10 pm on Wednesday through Sunday evenings and also features both indoor and patio dining with combined seating for 110.

MARINUS ACCOLADES

- Wine Spectator's Grand Award recognized Marinus as one of the best in the world for wine lovers since 2001
- Wine Enthusiast Magazine's "America's 100 Best Wine Restaurants", 2011
- Recognized by Zagat Survey for the Top Restaurant in the Bay Area, Most Romantic, Best Wine List South of San Francisco, and the Bay Area's top vote-getter for "worth a trip"
- Forbes (Mobil) Four-Star Rating, 2001, 2002, 2003, 2004, 2007, 2008, 2009, 2010, 2011, 2012
- Honored by Monterey County Weekly for "Best Restaurant in Monterey County" since 2004
- Voted World's Best Resort Restaurant in 2003 by Andrew Harper's Hideaway Report.

Since 1999, acclaimed Chef Cal Stamenov has acted as culinary director for the dining venues of Bernardus Lodge. His 30-year career spans some of the most renowned and awarded restaurants throughout the United States and Europe. Stamenov's cuisine is rooted in the subtle yet elegant uses of local organic produce and seafood, and artisan farmed meats. His menus bring out the pure flavors of each fresh ingredient and seamlessly incorporate the herbs, vegetables and myriad varieties of indigenous tomatoes he grows in his own two-acre garden at Bernardus Lodge.

In addition to the restaurant outlets, Bernardus Lodge offers room service from 7 am to 10 pm and cocktail service in the main lodge and on the patio from 7 am to 12 am. Three private dining rooms can be booked on request. The Chef's Table at Marinus is a table for up to five diners located directly in the kitchen of Marinus. The Wine Cellar Table seats up to eight guests and is located directly in the Wine Cellar where guests are surrounded by upwards of 34,000 bottles of wine. The Magnum Room is a private dining room seating up to 12 guests at a grand 7-foot round table.

The kitchen is equipped with one Thermal Rite walk-in freezer, two Thermal Rite walk-in coolers, and two commercial dishwashers. The kitchen space and equipment is in excellent working condition.





MEETING & BANQUET

Bernardus Lodge has 3,714 square feet of conference space split amongst four separate areas. The kitchen at Bernardus services the banquet dining. In addition, the outdoor space is often used for events and weddings. Bernardus Lodge hosts over 20 weddings each year with an average revenue per wedding of over \$20,000 and 18-20 distinct garden, culinary, wine and spirits events annually on site.

NAME	SIZE (SF)	MAX. CAPACITY
Meritage Ballroom	2,160	200 Persons
Harvest Room	816	80 Persons
Semillion Conference Suite	450	20 Persons
Magnum Boardroom	288	12 Persons

SPA

The Spa at Bernardus continues to be recognized by Forbes (Mobil) as one of the top 50 Spas in the country. The spa facility is approximately 7,000 square feet and features seven treatment rooms, separate locker rooms, saunas, and steam rooms. The facility also has an outdoor soaking pool, salon, and houses the fitness center. The fitness center is equipped with a Life Fitness treadmill, elliptical trainer, stationary bikes, summit climber, and free weights.

PARKING

The property includes 160 paved parking spots with an unpaved overflow lot with capacity for approximately 40 vehicles. The parking lot contains five handicapped accessible spaces and conforms to zoning requirements.

INGRID'S VINEYARD

Approximately 10 acres of the property, located near the front, southerly portion of the site, have been improved with 3.04 acres of Chardonnay and 3.78 acres of Pinot Noir grape vines and trellises. The vines were planted in 2000 and are owned and operated by Bernardus Winery. The vineyards are leased to Bernardus Winery for \$4,800 per year. This is considered a "pocket to pocket" lease and would terminate upon the sale of Bernardus Lodge & Winery.



CAPITAL IMPROVEMENTS

Since the start of 2011, ownership has spent \$690,000 in capital improvements including upgrades to the guestrooms, Marinus restaurant, public areas, and equipment.

ITEM	DATE	DESCRIPTION	COST
Soft Goods Upgrade	November 2011	All guestrooms updated with new couch, chairs, cushions, bed skirts, and fabrics	\$400,000
Public Areas Upgrade	September 2011	Marinus Restaurant, chairs, carpet, lighting, painting, art, table linens	\$20,000
Food & Beverage Outlet Upgrades	May 2012	Several pieces of furniture reupholstered	\$150,000
Major Equipment Replacement	February 2011	Five golf/utility carts	\$120,000
			TOTAL: \$690,000

LODGE EXPANSION OPPORTUNITY

Bernardus Lodge received and holds a current Combined Development Permit consisting of an Administrative Permit, General Development Plan and Design Approval which allows the construction of 16 additional (1,000 sq. ft.) hotel units, and a 3,000 square foot, two-story maintenance, storage and office building on the existing site. Said permit was approved on July 29, 2009.



Bernardus Winery

STRUCTURE	SIZE (SF)	YEAR BUILT
Winery	14,716	Various
Redwood Deck	1,595	1992
Staff Room/Shop	695	
Residence 1	1,752	1990
Warehouse	4,800	1989
Residence 2	1,650	1993
Redwood Deck	450	1991

WINERY BUILDING

The full-service winery has a use permit that allows for the production of 50,000 cases of wine annually. The design of the winery is modern, technology is advanced, and the equipment is in very good condition, hence, it is well suited for premium wine production.

The total gross building area is 14,716 square feet with 11,020 square feet on the upper level and 3,696 square feet on the lower level. The upper level consists of 7,040 square feet of barrel storage, 2,099 square feet of tank storage, a 1,721 square foot hospitality center, and a 160 square foot office. The lower level consists of 3,030 square feet of barrel storage, a 570 square foot wine library, and 96 square foot wine cellar. A 1,595 square foot redwood deck is attached to the hospitality center on the north side of the winery.

A section of the winery is an older winery building that has been renovated, and additional construction has been completed to increase the winery size over a period of several years, with the most recent expansion completed in 1993.

WAREHOUSE

Like the winery building, the warehouse is in very good working condition. The 4,800 square foot building was constructed in 1993 and houses wine barrel storage and the bottling line, as well as storage for miscellaneous equipment. The bottling line contains approximately 720 square feet, and is temperature controlled. Case good inventory is currently housed offsite at a leased warehouse location in Salinas, CA.

BERNARDUS WINERY

ADDRESS
GROSS LAND AREA
IMPROVEMENTS

OWNERSHIP
PARCEL NUMBERS

21810 Parrot Ranch Road, Carmel Valley, CA
73 Acres
14,716 SF winery, 1,595 SF redwood deck,
695 SF staff room/shop, 4,800 SF warehouse,
1,752 SF residence, 1,650 SF residence, and
6.36 Acres of vineyard
Fee Simple (Bernardus LLC)
418-251-009, 418-281-002, 418-281-024,
418-281-048, and 418-281-049

BERNARDUS VINEYARD

The Bernardus Vineyard is located approximately seven miles southeast of Carmel Valley Village, off Cachagua Road. The 91.63 acre property is comprised of three separate parcels which all include portions of the vineyard. Of the gross land area, approximately 52 acres are considered to be usable, of which, 37.77 acres have been improved with planted vineyard. The original vineyard was planted in 1990, mostly on its own rootstock. The newer vines, which were planted in 1999, 2001, and 2010 are planted on disease resistant rootstock. The majority of the planted vineyard is Cabernet Sauvignon along with Cabernet Franc, Merlot, Petit Verdot, Malbec, and Petit Syrah varietals. In addition to the vineyard, the site includes a residence, storage building, and equipment shed.

BERNARDUS VINEYARD

ADDRESS
GROSS LAND AREA
IMPROVEMENTS

OWNERSHIP
PARCEL NUMBERS

18190 Cachagua Road, Carmel Valley, CA
91.63 Acres
4,378 square foot storage building with an attached
800 square foot tractor shed, a 1,560 square foot
residence, 2,400 square foot equipment storage
shed, and 37.77 acres of vineyard
Fee Simple (Bernardus LLC)
417-062-042, 417-062-043, and 417-062-044





ADDITIONAL LAND

The additional 55.37-acre parcel is located off of Cachagua Road seven miles southeast of Carmel Village. While the steep terrain of the property does not allow for agriculture, it could be sold to an investor wanting to build a home or as additional space for an adjoining landowner.

ADDITIONAL LAND

ADDRESS

Off Cachagua Road, Carmel Valley, CA

GROSS LAND AREA
55.47 Acres

IMPROVEMENTS
None

OWNERSHIP
Fee Simple (Bernardus LLC)

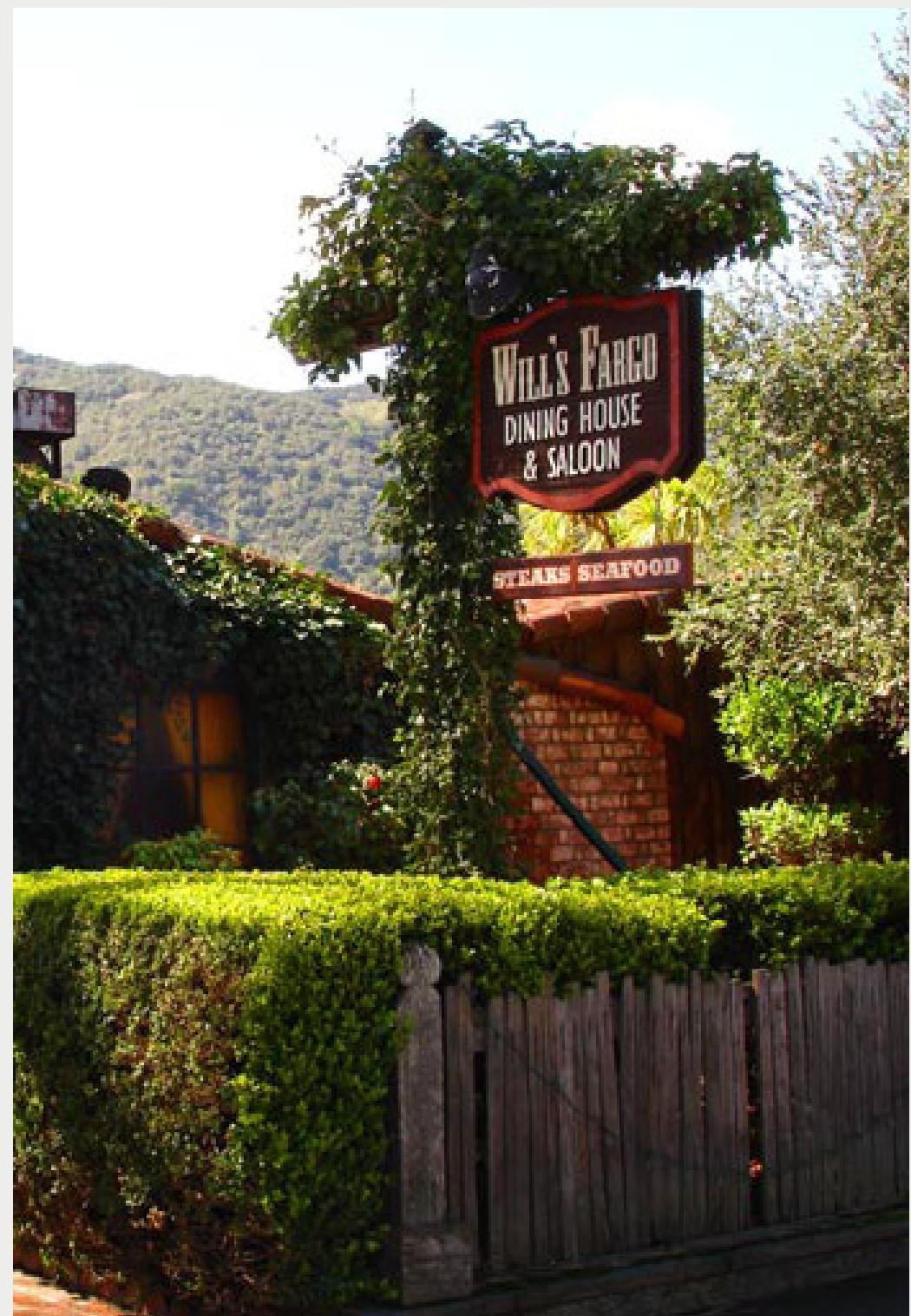
PARCEL NUMBERS
417-062-045

TASTING ROOM AND EXECUTIVE OFFICES

The 5,066 square foot building houses the tasting room and executive offices and is located off of Carmel Valley Road in Carmel Valley Village. The tasting room is open from 11 am to 5pm everyday, where guests can choose between a standard or reserve tastings for \$7.50 or \$15 respectively. There is ample parking onsite and potential to expand tasting room, and/or add an outside patio. The tasting room opened in 1996 and was the first tasting room in CV Village (now there are 18).

WILL'S FARGO RESTAURANT

Will's Fargo Restaurant is located on Carmel Valley Road in Carmel Valley Village. The 4,266 square foot restaurant was built in 1959 and acquired by Baylaural Corporation in 2002. Will's comfortable, old-fashioned flavor has been maintained from it's original roots while its reputation for excellent dining and service has been renewed under the direction of Chef Cal Stamenov, who also oversees the culinary program at Bernardus Lodge. Will's serves dinner from 4:30 pm on Thursday-Tuesday year-round and offers lunch during the peak months of July through September. Will's Fargo offers both indoor and outdoor seating as well as private dining. The tradition of Will's Fargo has long been a local's favorite. Recent upgrades to the restaurant include new carpeting and kitchen hood system in 2012. The front and back patio were brick-scaped in 2006 and a fire-pit was installed on the back patio.



BERNARDUS

Market Overview



Monterey County

Monterey County is located 120 miles south of San Francisco and 345 miles north of Los Angeles. It is divided into three regions: Monterey Peninsula (which includes Monterey, Carmel-by-the-Sea, Carmel Valley, Big Sur, and Pebble Beach), North County, and the Salinas Valley. At 3,771 square miles, the county is roughly 1.5 times larger than the state of Delaware and with a population of approximately 415,057, it is roughly similar in size and population to Santa Barbara County.

The economy is primarily based upon tourism in the coastal regions and agriculture in the Salinas River valley. The 99 miles of picturesque Pacific coastline, including State Route 1, Big Sur, and 17-Mile Drive on the Monterey Peninsula has made the county world famous. The county features the Monterey Bay Aquarium, three historic missions, 40,000 acres of premium vineyards, 24 world-class golf courses, more than 125 galleries, nine museums, 700 restaurants, and over 250 lodging properties.



CARMEL VALLEY

Set against the Santa Lucia Mountains in northern Monterey County, Carmel Valley is characterized by small, farms, ranches, single-family homes, and some commercial use keeping the area free of heavy traffic and relatively untapped. The main artery through Carmel Valley is Carmel Valley Road, which starts at Highway 1, just south of Carmel and winds 12 miles east along the Carmel River and ends up at Carmel Valley Village. The Carmel Valley area comprises approximately 25,000 acres. The largest land use is the Garland Ranch Regional Park at 4,000 acres, which is open for day-use activities, including hiking, biking, and horseback riding along the willow-lined banks of the Carmel River.

Carmel Valley enjoys moderately warm temperatures year-round and can be as much as 20 degrees warmer than the coastal cities in the summer months. Carmel Valley has earned its "sunny" name because its neighbors to the west are known for dense fog when the weather warms up. The sunshine and warm weather in Carmel Valley, coupled with the close proximity to the areas main attractions, makes it a premier resort destination in Monterey County.

Travel and Tourism

Monterey County welcomes approximately 8.1 million leisure and business travelers each year. Tourism in Monterey is a \$1.978 billion industry, ranking 11th highest county for tourism expenditures in the state. The average daily expenditure for travelers to Monterey County is \$122.86 per person with a mean visitor household income of \$98,625. The core markets include the San Francisco Bay Area, Central Valley, and Los Angeles. Day trips make up approximately 50% of all vacations with an average length of stay of 1.91 days (3.05 days for overnight stays). Peak season in Monterey County is the summer months of June through September; shoulder season is October, November and April, May; and off-peak season is December through March.

TRANSPORTATION

Highway Access

The major transportation system in the County is via private automobile by way of Highways 101 and 1. Highway 101 runs north/south from San Francisco, along the West Bay, and through San Jose toward Los Angeles. Highway 1, the Pacific Coast Highway, runs north/south from coastal California and through Big Sur. Highway 1 is often recognized as one of the most scenic driving routes on the planet given its dramatic views along the coast.



MONTEREY REGIONAL AIRPORT

Monterey Regional Airport [MRY] is a regional airport located three miles southeast of the central business district of Monterey and 13.7 miles from Bernardus Lodge. MRY has over 100 arrivals and departures daily with direct flights to Honolulu, Las Vegas, Los Angeles, Denver, San Francisco and Phoenix. Alaska Airlines (Horizon Air), Allegiant Air, American Eagle, United Express, and US Airways Express fly MRY. In 2011, passenger enplanements for MRY totaled 181,640.

DISTANCES / DRIVING TIMES

FROM SAN FRANCISCO	120 miles / 2.5-3 hours
FROM SAN JOSE	70 miles / 1 hour 20 minutes
FROM SANTA CRUZ	45 miles / 1 hour
FROM SACRAMENTO	190 MILES / 3.5 HOURS
FROM LOS ANGELES	378 miles / 6-7 hours



MINUTES FROM MRY (Monterey Regional Airport)	TIME
Monterey/Pacific Grove.....	10 MIN
Seaside/Sand City.....	10 MIN
Carmel-by-the-Sea.....	12 MIN
Marina.....	15 MIN
Pebble Beach.....	20 MIN
Moss Landing.....	25 MIN
Salinas.....	25 MIN
Carmel Valley.....	25 MIN
Big Sur.....	45 MIN
Soledad.....	60 MIN
San Jose.....	60 MIN
San Francisco.....	2 HR
Sacramento.....	3 HR
Los Angeles.....	5 HR 30 MIN



Major Attractions

CANNERY ROW

One of America's most well known streets, named for Steinbeck's novel, Cannery now houses a variety of shops, restaurants, hotels, and the Monterey Bay Aquarium. Bernardus Lodge is located approximately 16 miles southeast.

MONTEREY BAY AQUARIUM

The Nation's top ranked aquarium by Zagat features 200 galleries and exhibits showcasing the Monterey Bay's marine life and habitats. It is the regions most visited attraction, welcoming 1.8 million visitors annually. The Monterey Bay Aquarium is located on Cannery Row on the Pacific Ocean in Monterey.

17-MILE DRIVE

The scenic road through Pacific Grove and Pebble Beach hugs the Pacific coastline and passes by famous golf courses and mansions. The 17-mile long scenic loop has five entrances and serves as the main road through the gated community of Pebble Beach.

BIG SUR

One of the most picturesque places in the country, Big Sur encompasses a 90-mile stretch of dramatic coastline from Carmel to Hearst Castle. A collection of restaurants, inns, and camping spots can be found about 25 miles south of Carmel.

FISHERMAN'S WHARF

The historic wharf in Monterey was once used as an active wholesale fish market and eventually became a tourist attraction with shops and restaurants.

CARMEL-BY-THE-SEA

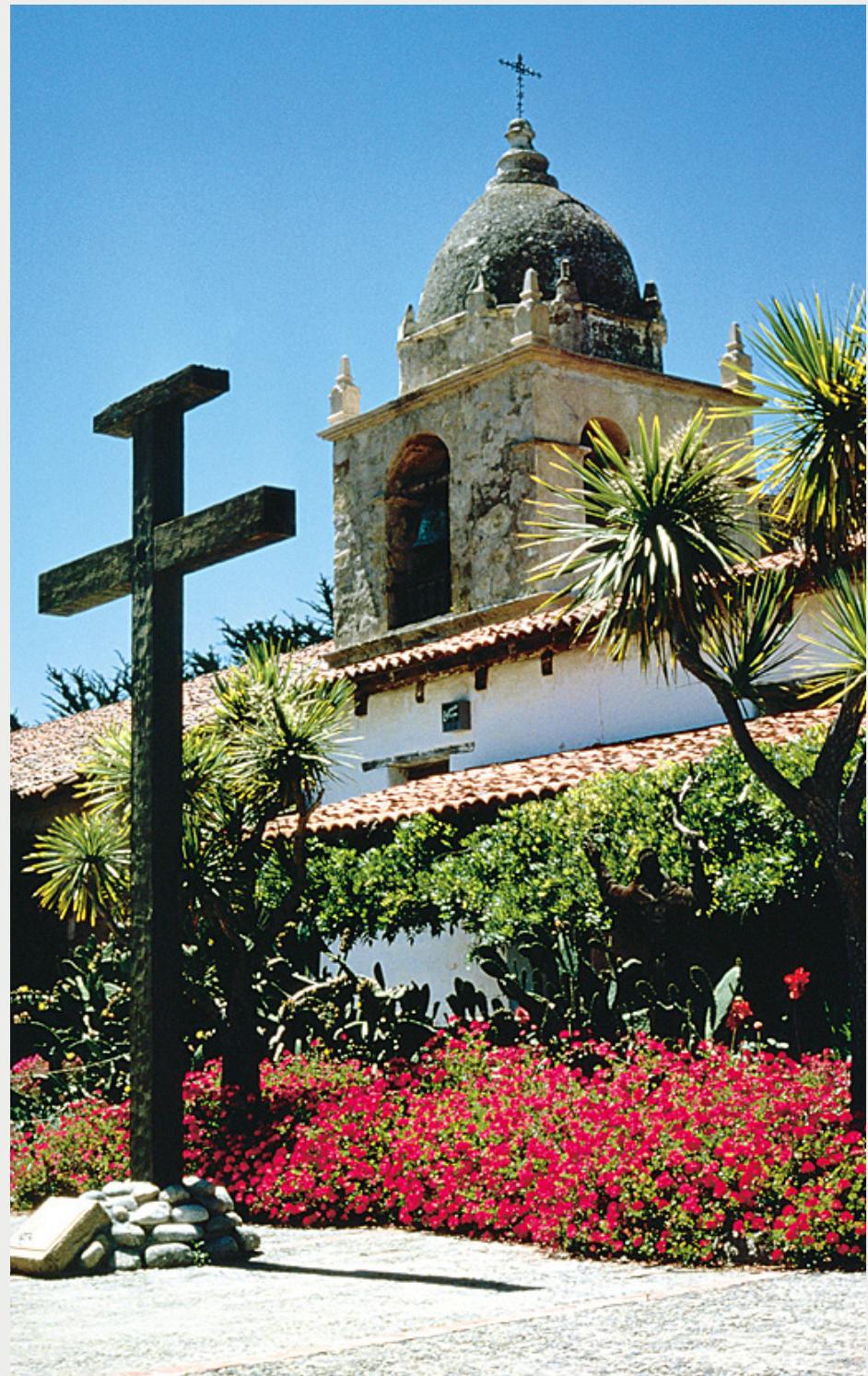
The charming village, just one square mile, is loaded with restaurants, boutique shops, and over 100 art galleries. Carmel Mission, a Roman Catholic mission church, is also a major attraction. The National Historic Landmark church still holds regular masses as well as plays venue to concerts, art exhibits, lectures, and numerous other events. Carmel-by-the-Sea, also known simply as Carmel, is located approximately 11 miles from Bernardus Lodge.

GOLF

Ranked the number one golf destination in the world by Golf Digest Magazine, Monterey County features 24 public and private golf course playable year-round in a variety of scenic settings. From the world-famous Pebble Beach Golf Links to the oldest golf course in continuous operation west of the Mississippi, Monterey County offers some of the finest fairways in the world. Four world-class golf courses are located near Bernardus Lodge in Carmel Valley: the Golf Club at Quail Lodge, the champions course at Carmel Valley Ranch, and two courses at Rancho Canada Golf Club.

OUTDOOR ACTIVITIES

With such a vast amount of land dedicated to national and state parks, Monterey County is naturally a huge draw for those who enjoy the outdoors. Recreational activities in the region include SCUBA diving, sailing, kayaking, whale watching, fishing, camping, horseback riding, skydiving, hiking, and biking.



Events

Nearly 300 special events take place in Monterey County annually including the AT&T Pebble Beach Pro-Am Golf Tournament, Monterey Jazz Festival, races at Mazda Raceway Laguna Seca, Concours d'Elegance, Big Sur Marathon and other food, wine, cultural and family festivals.

MAJOR MONTEREY COUNTY EVENTS ESTIMATED 2012 ATTENDANCE

AT&T National Pro Am	140,000+
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MAZDA RACEWAY LAGUNA SECA EVENTS

Rolex Grand Am Series	28,000
Red Bull U.S. Grand Prix	136,000
Rolex Monterey Historic Automobile Races	50,000+
American Le Mans Series	36,000
Porsche Rennsport Reunion	50,000
Ferrari Racing Days	18,000

California International Airshow	45,000+
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Sea Otter Classic	60,000+
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California Rodeo Salinas	50,000+
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Monterey County Fair	70,000
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Monterey Jazz Festival	40,000+
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Pacific Grove Good Old Days	35,000
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Monterey Auto Week & Pebble Beach Concours d'Elegance	50,000+
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BIG SUR MARATHON

Athletes	10,000+
Exposition	18,000

Monterey Blues Festival	30,000+
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Castroville Artichoke Festival	30,000
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Vineyard Market Overview

American Viticultural Area (AVA) is a term that refers to the wine grapes' place of origin. A vineyard's location is made up of a synthesis of geography, climate, soil types, and viticultural practices. These elements combine to provide characteristics that make the grapes from each location unique. Within the world-class designation of Monterey County, the region boasts nine AVAs that have been identified as truly one-of-a-kind wine growing districts: Monterey, Santa Lucia Highlands, Arroyo Seco, San Lucas, Hames Valley, Chalone, Carmel Valley, San Barnabe, and San Antonio Valley.

Bernardus Winery is located in the Carmel Valley AVA. This is California's 13th oldest AVA. The first vineyards planted in Carmel Valley were in the 1800's. Commercial grape growing began in 1968, with 40 acres of Cabernet Sauvignon planted in the Cachagua region. In 1983, 19,200 acres of Carmel Valley were granted the AVA designation. Of the 19,200 acres, approximately, 300 acres are under vine. Most of vineyards within Carmel Valley AVA are located above 1,000 feet in the Santa Lucia Mountains. The majority of the planted acres are allocated to the red Bordeaux varietals Cabernet Sauvignon and Merlot. The well-drained soils in the area, along with warm days and cool nights, produce rich and flavorful wines.

Renewed interest in the wine grape industry during the 1990's has substantially increased the vineyard plantings in Monterey County. Wine grapes are now the seventh largest commodity. There are approximately 43,321 bearing acres and 2,572 non-bearing acres planted to vineyard in Monterey County.

BERNARDUS

Competitive Position



State and Regional Lodging Performance

Through the first half of 2012, the state of California hotel performance has outpaced the national hotel performance by 2.1% as California was up 10.1% in RevPAR versus 8.1% for the entire U.S. While the California Central Coast RevPAR changed (+9.2%) was somewhat below California, the Monterey/Salinas MSA within the Central Coast tract experienced a RevPAR increase of +13.4%. Only Oakland, San Francisco/San Mateo, and San Jose-Santa Cruz experience a more significant RevPAR increase year-over-year than Monterey/Salinas.

The California resort market was up 9.7% in RevPAR through the first half of 2012, driven almost equally by increases in occupancy (+4.8%) and ADR (+4.6%). California luxury hotels were up 10.2% in RevPAR during this same period.



COMPARABLE LODGING PROPERTIES

Monterey County has a total of 252 lodging properties totaling 12,004 hotel rooms. These properties range from campgrounds and very small inns to ultra-luxury hotels and golf resorts. There are 32 classified luxury resorts in California's Central Coast.

Specific to Monterey County, the following lodging properties are considered luxury classification:

PROPERTY	ROOMS	DISTANCE FROM BERNADUS LODGE
Stonepine Estate	18	3.7 Miles
Casa Palmero	24	13.5 Miles
The Lodge at Pebble Beach	161	13.5 Miles
The Inn at Spanish Bay	269	14.5 Miles
Post Ranch Inn	39	17.4 Miles
Ventana Inn & Spa	60	17.6 Miles

Luxury resorts in Napa and Sonoma should also be considered competitors of Bernardus Lodge given both areas are world-class destinations and draw similar visitors. While Bernardus Lodge benchmarks against several competitive sets including large and small luxury resort properties from Santa Barbara to Sonoma, the primary competitive set is comprised of resort of similar size, product offering, and inland location, as detailed below.



CASA PALMERO AT PEBBLE BEACH

Casa Palmero has 24 guestrooms and is located approximately 25 minutes from Bernardus Lodge. It sits in the Pebble Beach Forest across from The Lodge at Pebble Beach. The resort has the feel of a large house with 24 nicely appointed and spacious guestrooms. All rooms have wood burning fireplaces and complimentary honor bars, excluding alcohol. 50% of the guestrooms have private outdoor Jacuzzis. A complimentary nightly reception that includes food & beverage as well as a complimentary breakfast basket delivered to the rooms each morning, are standard amenities. Guests of Casa Palmero have access to four world-renowned golf courses as well as both the Lodge and Inn at Spanish Bay resorts. The resort has no restaurant; guests must walk to the Lodge for dining. Other weaknesses include no meeting space and minimal recreational amenities, with the exception of a pool. Casa Palmero is affiliated with Preferred Hotels and American Express Fine Hotels & Resorts.

CORDEVALLE

Cordevalle, a Rosewood resort, is located in San Martin (on the outskirts of Gilroy) and is approximately one hour and 15 minutes from Bernardus Lodge. It has 45 rooms that include spacious Bungalows, large Fairway Homes or secluded Villas. The resort features oversized and updated guestrooms (550 – 1,100 square feet), some with private outdoor showers and whirlpools, state-of-the-art A/V in their meeting facilities, 18-hole golf course on property, butler service, beautiful grounds including a Vineyard and a full service spa and salon. Weaknesses include location of the Resort (very remote - nothing within walking distance or a short car ride), limited meeting space including an undersized Ballroom, poor cellular service, mediocre food and beverage product and a long walk to guestrooms, with most requiring transportation via golf cart. Cordevalle is affiliated with American Express Fine Hotels & Resorts.

AUBERGE DU SOLEIL

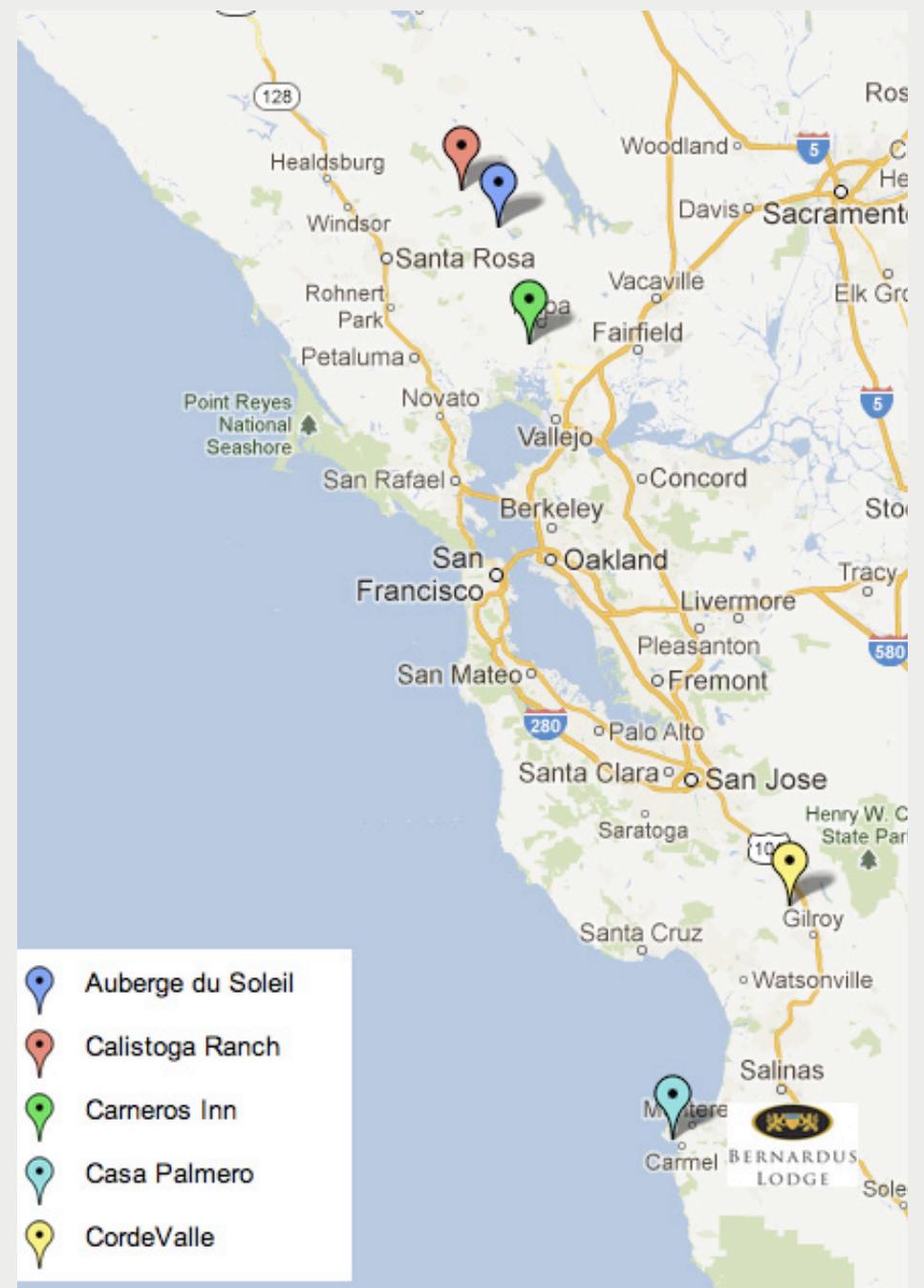
Auberge du Soleil, an Auberge resort, offers 50 luxury rooms and suites ranging from 500-1,800 square feet. The resort is located in Rutherford, California, approximately three and a half hours north of Bernardus Lodge. The romantic European-style country inn is nestled in a 33-acres olive grove overlooking Napa Valley. Since opening in 1985, Auberge du Soleil has been synonymous with fine dining. The resort offers two dining options. Most rooms feature large private terraces, up to 55" plasma televisions, fireplaces, soaking tubs, and stocked pantry. The resort is distant from local leisure activities and noise can be a major issue with adjoining rooms. Auberge du Soleil is affiliated with Relais & Chateaux.

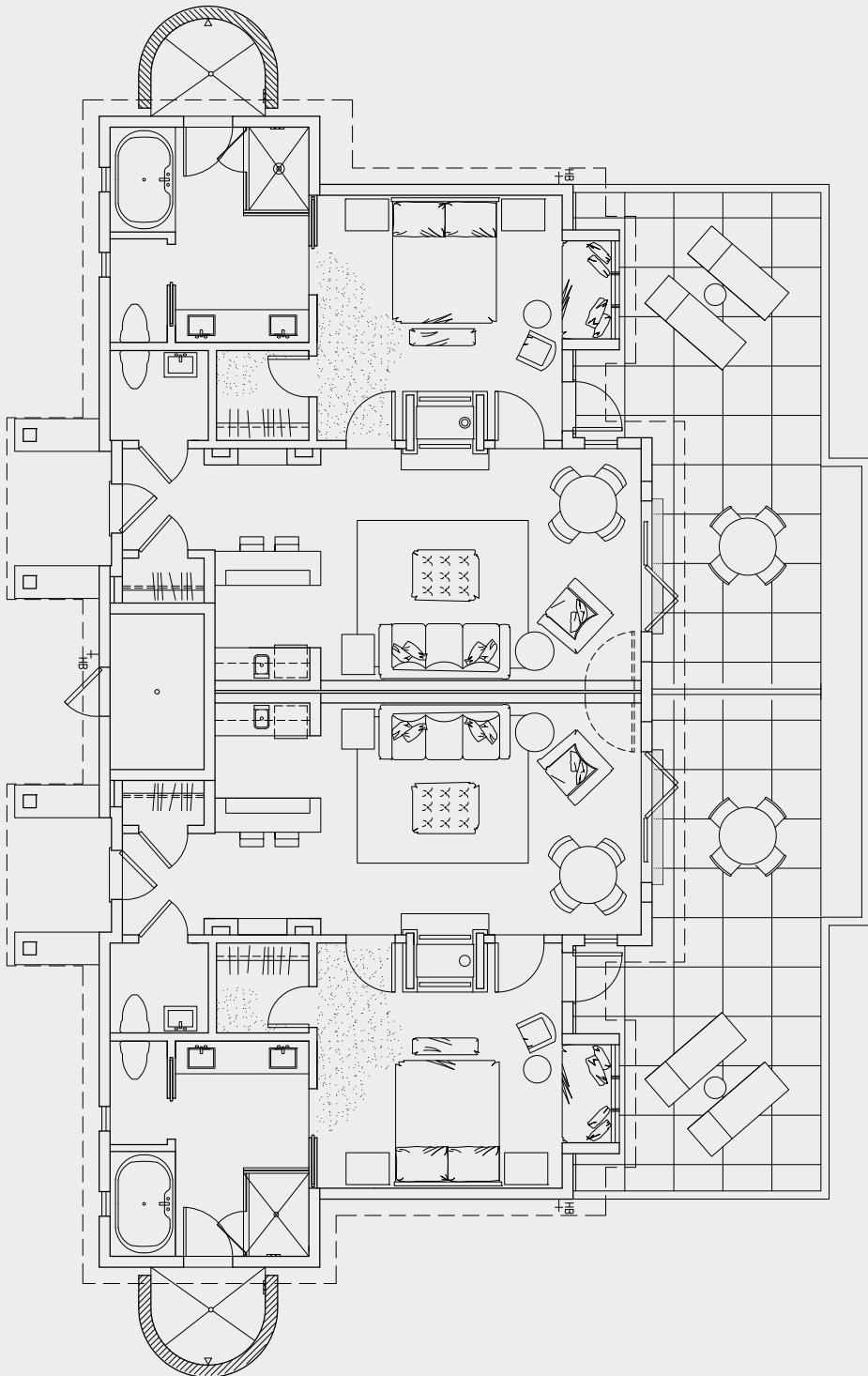
CALISTOGA RANCH

Calistoga Ranch, an Auberge resort, opened in 2004 and is located in Calistoga, CA approximately three and a half hours from Bernardus Lodge. The 46 guest lodges at Calistoga Ranch are comprised of a series of free-standing rooms, with natural cedar exteriors and relaxed décor, an indoor/outdoor living experience set amongst tall pines, and forest and mountain views. The resort features very large accommodations (600 – 3,000 square feet) that include fireplaces, an indoor bath and outdoor bath garden and luxury amenities including custom toiletries, complimentary mini-bars, entertainment centers with TV, DVD and CD players, high-speed internet access, iPod docking stations and two-line phones. The resort offers a full service Spa and fitness facility as well as daily complimentary 50-minute recreational activities. They also offer a Mercedes-Benz "Drive Program", which allows guests to use of a car during their stay. Weaknesses include the somewhat small and very limited meeting, event and wedding space. Also the property has very limited privacy as the Lodge buildings are very close together with some overlooking others. Due to the secluded location cellular coverage is limited and Internet speed is slow. Guests also incur long up-hill walks to the restaurant, spa and meeting space. Calistoga Ranch is a member of Small Leading Hotels of the World.

THE CARNEROS INN

The Carneros Inn, a PlumpJack resort, offers 86 individual cottages starting at 450 square feet, including 10 suites with over 1800 sq. feet of indoor/outdoor space and private villas with 2400 square feet of indoor and 1400 square feet of outdoor space. The cottages combine a country feel with contemporary conveniences in a "village-styled" design in a very secluded 27-acre environment. Rooms feature heated bathroom floors, outdoor showers, wood-burning fireplaces, Brazilian cherry wood floors, private patio with teak furniture and gas heaters, garden, flat screen TV's, DVD players, wireless internet and upgraded Italian linens. The resort offers several onsite dining options including FARM as the high-end offering. The resort is very secluded and not conveniently located for area activities. The Carneros Inn is affiliated with Preferred Hotels and American Express Fine Hotels & Resorts.





Repositioned Performance Upside

When compared to the previously detailed competitive set of small luxury destination resorts in Northern California, the RevPAR penetration for Bernardus Lodge on a trailing twelve-month basis is 52.9%, due to a strong gap in average daily rate (50.3% ADR penetration). While the locations of the competitive set hotels vary, they are all located inland and have a similar in product quality and amenities to Bernardus Lodge. However, over the last two years, the competitive set has experienced RevPAR growth of 14% and 9.9% while Bernardus Lodge was down -1.1% in RevPAR in T12 August 2011 and up 2.6% as of T12 August 2012.

While Bernardus Lodge has lagged the competitive set in growth over the last two years, the expansion opportunity for a new owner should allow for Bernardus Lodge to significantly gain ground over the next several years. The entitlements for 16 luxury 1,000 square foot units will allow a new owner to significantly improve hotel ADR upon the opening of these units. Furthermore, a new brand and/or reservation affiliation may allow Bernardus Lodge to improve its penetration against this set.

Upon absorption of the new luxury units, PLA anticipates Bernardus Lodge to improve its RevPAR penetration versus the competitive set to 75%. This is represented by an approximately \$600 stabilized, year three ADR for Bernardus Lodge compared to a nearly \$800 ADR for the competitive set.

New Development

Quail Lodge & Golf Club in Carmel Valley, Calif., announced plans in August to re-open the resort's 90-room hotel in April 2013. The hotel has been closed since November 2009, while Quail Lodge Golf Club has continued operation.

Quail Lodge management plans to rejuvenate the hotel by investing \$28 million to renovate all guest accommodations and public areas and to address the needs of the golf course. The revitalized hotel will be renamed "The Quail Lodge & Golf Club" and repositioned as a family-friendly destination offering exceptional value, accommodations, resort activities and facilities for leisure travelers as well as groups.

As the Quail Lodge will be repositioned as a 3.5 to 4-star hotel, it will not directly compete with Bernardus Lodge. Furthermore, due to high barriers to entry in the region, there is no new supply anticipated in Monterey County in the foreseeable future.



BERNARDUS

Financial Summary



Financial Summary

The following pages include consolidate financials for Bernardus Lodge, Bernardus Winery, and Will's Fargo Restaurant. In addition, PLA has prepared a Pro Forma for Bernardus Lodge, which is based on our understanding of the property and operating performance of similar hotels.



BERNARDUS LODGE

The PLA prepared Pro Forma anticipates the completion of the additional 16 luxury units by Year 2. These units, pushing the total key count to 73 rooms, not only allows for growth in Rooms Revenue, but also Food & Beverage Revenue (includes Banquets and Events), and Spa Revenue. In addition, the increased key count allows for scalability and reductions to operating costs. Current operating expenses for Bernardus Lodge are much greater than industry standards and beyond typical expense margins for similar luxury resort properties. The Pro Forma herein applies ideal expense margins moving forward as a world-class luxury resort offering.

BERNARDUS WINERY

Bernardus Winery sales have shown steady growth year-over-year even through recent economic conditions due in part to strong distribution relationships. Approximately 80% of Bernardus wine is sold domestically and 20% internationally. The top domestic markets include California, New York, Texas, Illinois, and Pennsylvania while the top international markets are Holland, Finland, Aruba, and Turks & Caicos. The excess land for development allows for an expansion of the winery and vineyards or the sale of private home sites. Bernardus Winery has long term contracts in place with select high quality growers. The Bernardus Tasting Room was a pioneer in Carmel Valley Village as a wine destination, which encompasses nearly 20 tasting rooms today.



AMERICANS WITH DISABILITIES ACT DISCLOSURE

The United States Congress has enacted the Americans with Disabilities Act. Amongst other things, this act is intended to make many business establishments equally accessible to persons with a variety of disabilities. Modifications to real property may be required. State and local laws may also mandate changes. The real estate brokers in this Transaction are not qualified to advise you as to what, if any, changes may be required now, or in the future. A prospective buyer should consult the attorneys and qualified design professionals of their choice for information regarding these matters. Real estate brokers cannot determine which attorneys or design professionals have the appropriate expertise in this area.

HAZARDOUS MATERIALS DISCLOSURE

Various construction materials may contain items that have been or may, in the future, be determined to be hazardous (toxic) or undesirable and may need to be specially treated, handled or removed. For example, some transformers and other electrical components contain PCBs, and asbestos has been used in components such as fire-proofing, heating and cooling systems, air duct insulation, spray-on and tile acoustical materials, linoleum, floor tiles, roofing, dry wall and plaster. Due to prior or current uses of the Property, the Property may have hazardous or undesirable metals, minerals, chemicals, hydrocarbons, or biological or radioactive items (including electric and magnetic fields) in soils, water, building components, above or below-ground containers or elsewhere in areas that may or may not be accessible or noticeable. Such items may leak or otherwise be released. Real estate agents have no expertise in the detection or correction of hazardous or undesirable items. Expert inspections are necessary. Current or future laws may require clean up by past, present and/or future owners and/or operators. It is the responsibility of the buyer to retain qualified experts to detect and correct such matters and to consult with legal counsel of their choice to determine what provisions, if any, they may wish to include in Transaction documents regarding the Property.

RADON GAS DISCLOSURE

Radon is a naturally occurring radioactive gas that, when accumulated in a building in sufficient quantity, may present health risks to persons who are exposed to it over time. Levels of radon that exceed federal or state guidelines have been found in buildings in the United States. Additional information regarding radon and radon testing may be obtained from the applicable governmental entity.