

PAHRUMP VALLEY WINERY/NEVADA WINE CELLARS

REVISED VERSION (4) 9 – 1- 16

COVER

Pahrump Valley Winery
Offering

Award-winning winery business an hour from Las Vegas!

COVER PAGE

If you're surprised to learn: that just 50 minutes from Las Vegas is a winery with more than 430 national awards; that there is an opportunity to open a "tasting room" location on or near the famed Las Vegas Strip, and that you have potential access to more than 43 million new customers - hold onto your corkscrews, this offer will have you singing Viva Las Vegas!

Gladstein Group (logo)

*For more information or to schedule a showing contact:
Sam Gladstein: 702-992-7657; info@gladsteingroup.com
Price available on request.*

EXECUTIVE SUMMARY

Located a 50-minute scenic drive from the famed Las Vegas Strip in Pahrump, Nevada, the Pahrump Valley Winery is owned and operated, since 2003, by Bill and Gretchen Loken. The owners have invested more than \$1.7 million on renovation, expansion and fixed assets since 2005. Pahrump Valley Winery generates the vast majority of its revenue through the sale of bottled wine directly to consumers via its tasting room, and through food and beverage sales via its Symphony's Restaurant. The Pahrump Valley Winery wine portfolio includes three brands produced from grapes grown on-property along with grapes purchased from Nevada and California growers. The wines have received more than 430 national awards. Pahrump Valley Winery and its Symphony's Restaurant have a loyal following among Las Vegas and Southern Nevada residents in addition to national and international visitors who frequent the Las Vegas Strip.

Management has successfully placed Pahrump Valley Winery on a path of consistent growth. Combined revenue for the winery and restaurant has grown from \$1.6 million in 2009 to \$2.8 million in 2015 for an average growth of 10.75% per year. Forecasted combined revenue for 2020 is \$4.1 million. Gross profit margin has averaged 41% per year. The average wine price per bottle has increased from \$10.67 in 2010 to \$15.42 in 2015. Restaurant covers increased from 29,500 in 2010 to 50,200 in 2015 with restaurant revenues growing 102% since 2010.

Accelerating the winery's growth potential further is its grandfathered status under Nevada's new wine industry law. As such, Pahrump Valley Winery is the only Nevada winery positioned to open a second location in Las Vegas/Clark County including, but not limited to, a retail outlet, tasting room or full-service restaurant with bar. At the second location, the winery may sell an equal number of wine cases sold annually at the Pahrump location. The wine sold at the second location does not need to be produced or bottled at the second location or at the Pahrump location.

Situated on approximately 4.5 acres with an adjoining undeveloped 10.5 acres, Pahrump Valley Winery is nestled at the base of Charleston Peak mountain and surrounded by the Mojave

Desert. The winery facility, which is approximately 12,000 sq.-ft., has an inviting tasting room and gift shop. The property also features the Symphony's Restaurant, which was renovated and enlarged in 2003 and 2014, and has a seating capacity of 128.

In the planning and permitting phase is a new 7,800 sq.-ft. production and storage facility, which once completed, can increase production and capacity from the winery's current level of 7,500+ cases annually to over 24,000 cases of wine per year and capabilities to bottle substantially more bulk wine

In addition to its own vineyard featuring Syrah and Zinfandel grapes, the winery has exclusive relationships with most of the existing Nevada growers and longstanding relationships with many diverse California vineyards.

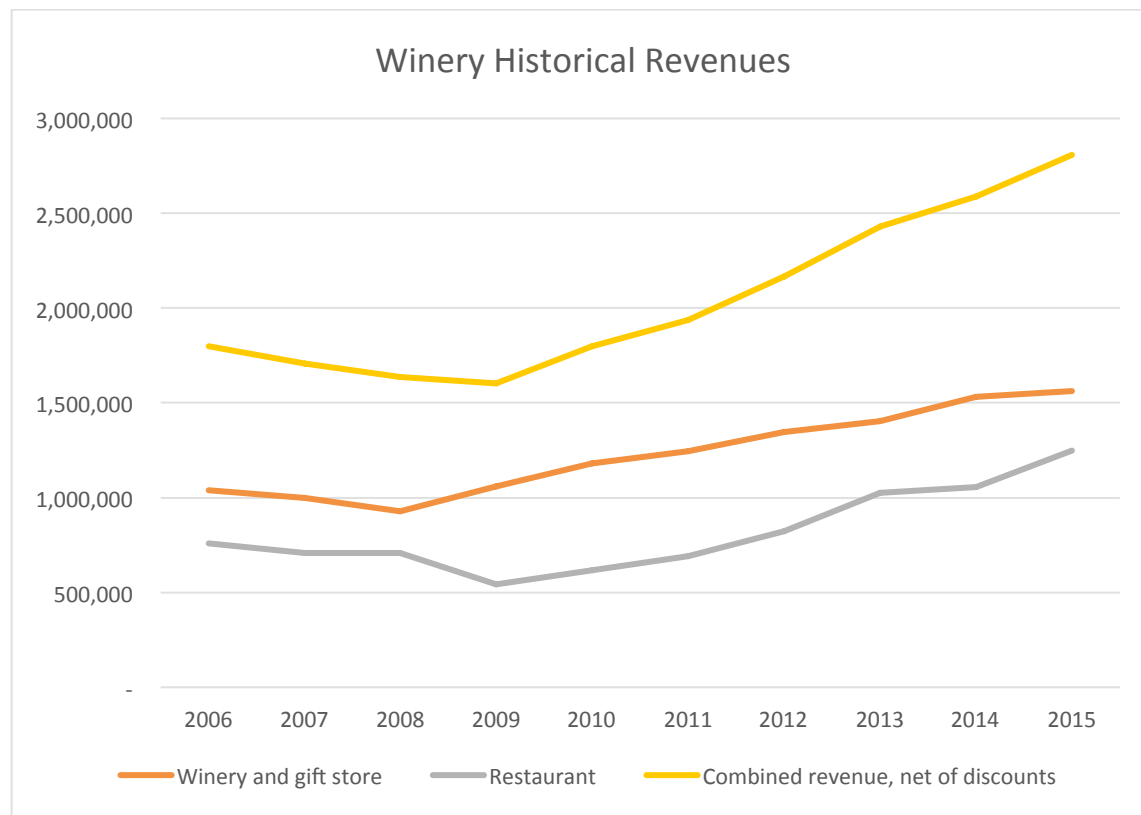
The improvements made to the physical infrastructure in combination with an excellent management structure and thorough execution of management's strategic plan has created a "turn-key" operation with a sound foundation for continued growth for the next owners.

The winery has the potential to generate significantly higher revenues and profits going forward.

STEADY REVENUE GROWTH

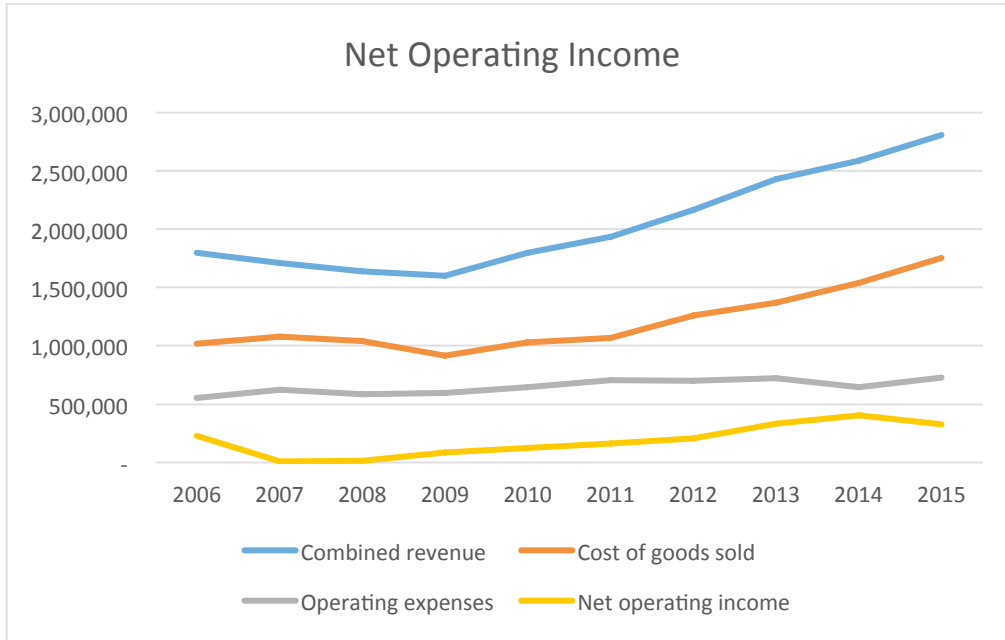
Highlights

Management has successfully established Pahrump Valley Winery as an award-winning profitable brand with the potential to generate significantly higher revenues.



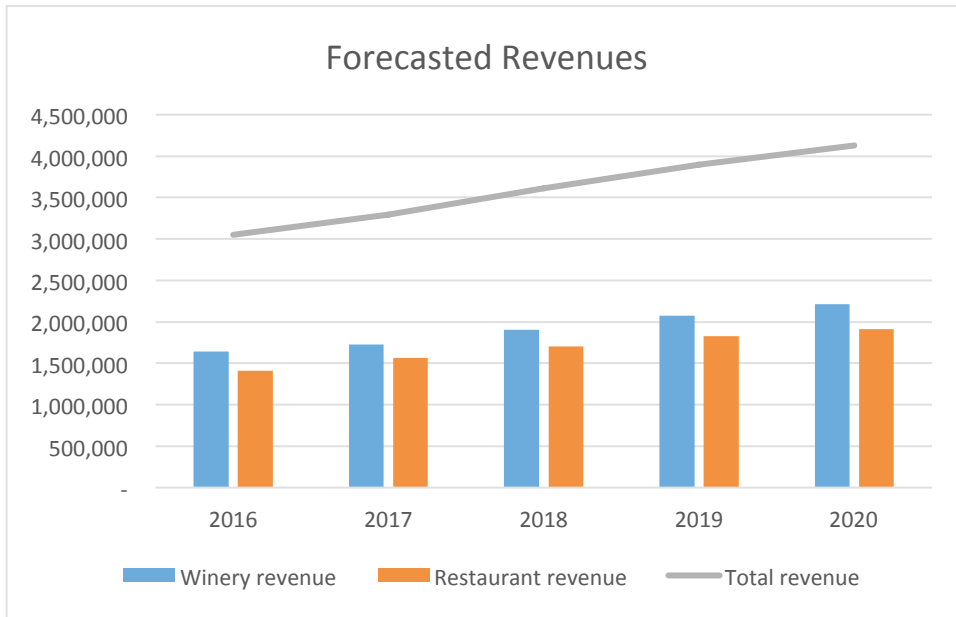
Net operating income has trended up since 2009. During this same period, operating expenses have consistently decreased as a percentage to revenue. The exception being 2015 during

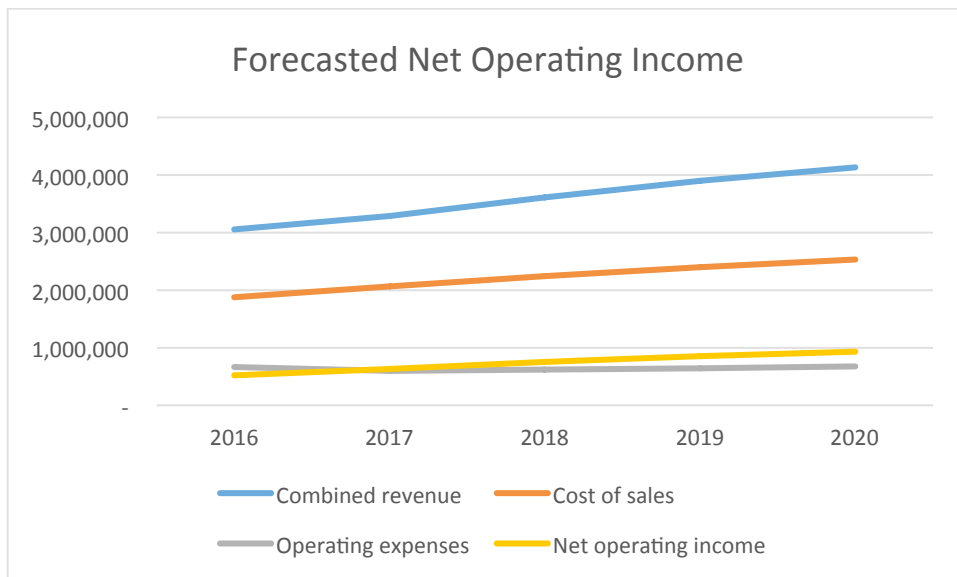
which time the owners invested in lobbying efforts to secure the passage of Nevada' new wine industry legislation.



Forecasted Results

Forecasted projections assume the completion and operation of the property's new 7,800 sq.-ft. production and storage facility. Projections do not include the addition of a second location in Las Vegas.





PROXIMITY TO LAS VEGAS

Pahrump Valley Winery is approximately 60 miles west of Las Vegas, the Entertainment Capital of the World and easily one of the most exciting cities on the planet, visited by more than 43 million tourists in 2015.

The winery's proximity to Las Vegas presents a unique opportunity to reach an expansive market and to benefit from the city's vast regional, national and international marketing efforts.

The following provides a profile overview of Las Vegas visitors and potential Pahrump Valley Winery customers.

- Las Vegas attracts in excess of 43 million visitors annually. Of that number 25% are from California. 16% are international.
- 66% of Las Vegas visitors are over 40 years old including 22% (30 to 39); 23% (40 to 49); 15% (50 to 59); 9% (60 to 64), and 19% 65 or older. According to a recent study, 39 % of wine in the U.S. is consumed by Boomers (46 to 64); 22 % by Generation X (34 to 45); 16% by Millennials (21 to 33), and 23% by those over 65.
- 50.8% of Las Vegas visitors were male and 49.2 were female.
- Only 8% of Las Vegas visitors travel with someone under 21 years of age.
- 26% of Las Vegas visitors have a household income of more than \$100,000 annually; 23% (\$60,000-\$79,999), and 17% (\$80,000-\$99,999).
- In 2015, Las Vegas had 149,213 hotel/motel rooms with a weekend occupancy rate of 93.7% and a mid-week occupancy rate of 85.2%. The national hotel occupancy rate is 65.6%.
- In 2015, Las Vegas hosted 21,306 conventions with 5,891,151 attendees.
- The Las Vegas Convention and Visitors Authority spends in excess of \$150 million annually through marketing and advertising to attract leisure and business visitors to Las Vegas.
- The median amount that diners spend on a bottle in Las Vegas is \$22. The U.S. average is \$18.95

- In 2015, 92 million gallons of alcohol were distributed in Nevada, the highest since 2009.
- According to Business Insider, Nevada is sixth in the nation for wine consumption.

Additionally, Pahrump Valley Winery benefits from Pahrump, Nevada’s growing reputation as a destination that attracts high-income individuals. Among those attractions are:

- The Spring Mountain Motor Resort and Country Club is home to the exclusive Ron Fellows Corvette Driving School, Cadillac V-Series Academy, Radical Racing School, and the SCCA License Recommendation School. The ultimate destination for discriminating motorsports enthusiasts, the racetrack and resort-style country club premium amenities include a clubhouse, condominiums, private garages, racquetball court and a 4.5-acre freshwater lake.
- The Pahrump area is a destination for adventure-seeking Las Vegas locals and tourists who enjoy hiking, mountain biking, rock climbing and off-roading.

UNDER NEW LEGISLATION PAHRUMP VALLEY WINERY IS THE ONLY NEVADA WINERY UNIQUELY POSITIONED TO OPEN A SECOND LOCATION IN LAS VEGAS CREATING THE OPPORTUNITY TO REACH LAS VEGAS’ 43 MILLION VISITORS

For Pahrump Valley Winery, Nevada’s new wine industry legislation opens the door for tremendous growth. The following is a quick overview of Pahrump Valley Winery’s advantageous position and opportunities for growth as it relates specifically to the state’s new legislation.

Quick Facts

- Pahrump Valley Winery is grandfathered into Nevada’s new wine industry legislation.
- Until the passage of new legislation, wineries were not allowed to operate in Clark County. Las Vegas is located in Clark County.
- There are four wineries in Nevada including two in Northern Nevada and two in Southern Nevada. Of those four, Pahrump Valley Winery is the only winery considered to be commercially viable, and the only one ideally positioned to benefit from Nevada’s new wine industry legislation.

New Legislation and Its Effect on Pahrump Valley Winery vs. New Nevada Wineries

Pahrump Valley Winery	New Nevada Wineries
Pahrump Valley Winery can open a second location in Las Vegas, including the Las Vegas Strip. Options for a second location can include, but are not limited to, a retail outlet or restaurant with full-service bar or a hybrid of both to showcase wine portfolios.	New wineries entering the Nevada market are only permitted one location. That location cannot have a restaurant nor a Nevada privileged liquor license.
Pahrump Valley Winery’s status under the new legislation allows the winery to sell at its second location an equal number of wine cases sold annually at the Pahrump location.	Not applicable since new wineries are only permitted one location.
Wine sold at the second location does not have to be produced or bottled at the second	Not applicable since new wineries are only permitted one location.

location nor does it need to be produced or bottled at the Pahrump location.	
Pahrump Valley Winery's grandfathered-status allows the winery to import an unlimited amount of out-of-state wine, juice and fruit until October 1, 2025.	Per new legislation, new wineries are immediately limited to a maximum of 1,000 cases from out-of-state. After 1,000 cases, 25% of all wine produced must be made with Nevada fruit. This provision is immediate for new wineries.
Beginning in 2026, 25% of wine produced must be made with Nevada grown grapes. Pahrump Valley Winery currently produces nearly 25% of its wines from Nevada grapes. The addition of new vineyards insures the availability of Nevada grapes and allow for vast increase in production.	As stated above, new wineries must immediately adhere to "25% of wine produced must be made with Nevada grown grapes" after having imported a maximum of 1,000 cases from out-of-state.
Pahrump Valley Winery is allowed to have a Nevada privileged liquor license.	New wineries will not be allowed to have a Nevada privileged liquor license.

OPPORTUNITY FOR GROWTH

Pahrump Valley Winery is a compelling opportunity for buyers including established wineries seeking to expand their market reach, and individuals or purchase groups wishing to invest in a turn-key winery and restaurant operation.

- Capitalize on Pahrump Valley Winery's grandfathered status under new Nevada wine industry legislation allowing the winery an essentially exclusive opportunity to open a second location Las Vegas.
- Increase production capabilities following completion of planned expansion of new production/storage facility.
- Open brand to wholesale channels including leveraging long-standing association with distributors.
- Increase wine club revenue stream, capitalizing on opportunities presented by the tremendous numbers of out-of-state visitors to the Las Vegas-area and Southern Nevada region.
- Leverage Pahrump Valley Winery's award-winning reputation in order to drive additional direct-to-consumer brand and sales.
- Capitalize on the winery's established restaurant brand to further drive direct-to-consumers wine sales and increase food and beverage revenues.
- Expand market reach and brand exposure with enhanced marketing initiatives and referral source outreach.
- Increase special event capacity including the conversion of existing production and storage facility to an event venue suitable for private events such as weddings or corporate retreats. Fully utilize landscaped lawn area, with a performance stage, for both private and public events.
- Expand portfolio of wines including potential for Reserve Wine.
- Development of adjacent 10.5 acres suitable for new vineyard, Bed & Breakfast, additional parking or warehouse.

ESTABLISHED BRANDS

Pahrump Valley Winery

The Pahrump Valley Winery and Tasting Room attracts a flourishing and steadfast following from Las Vegas and Southern Nevada locals, and U.S. and international Las Vegas Strip visitors. Known as a “Nevada Treasure” Pahrump Valley Winery attracts more than 100,000 visitors each year to its tasting room, gift shop and Symphony’s Restaurant. It’s estimated that more than 50% are return customers. Pahrump Valley Winery’s reputation for award-winning wines and the casual refinement of its restaurant has captured the attention of such major media outlets as NBC’s Today Show, CNN and the LA Times making it a “must-visit” destination among Las Vegas visitors and local residents alike.

Winery and Tasting Room

The winery facility includes a tasting area, barrel cellar, wine lab and gift shop in addition to office space, a private one bedroom / one bath apartment; storage facility and loading dock. Expansion plans include a 7,800 sq.-ft. production and storage facility with a 24,000-case capacity annually.

Symphony’s Restaurant

The Pahrump Valley Winery experience includes the warmth and elegance of the fashionable, yet informal, Symphony’s Restaurant known for its continental entrees and wine-pairings. The restaurant was completely renovated in 2003 including a state-of-the-art kitchen. In 2014, an additional expansion was completed more than doubling the seating capacity to 104 plus a 24-seat private dining/meeting room and enlarging the kitchen. The award-winning restaurant consistently receives a “4.5 Star” and 98% “very good to excellent” Trip Advisor rating, and “excellent” Zagat rating. The restaurant also has received Trip Advisor’s “Award of Excellence” for five consecutive years and was voted Nevada Magazine’s “Best Restaurant in Southern Nevada” in 2015 and 2016. Host to state Governors, celebrities, international visitors, and Las Vegas and Southern Nevada residents, the Symphony’s Restaurant offers a unique dining experience as guests enjoy the tranquil dining room that overlooks vineyards providing a one-of-a-kind experience in the desert.

Award-Winning Wine Portfolio

Pahrump Valley Winery produces Nevada and California wines with 72-79% of wine sales direct-to-consumer. The wines have received more than 430 national awards. The winery currently produces three brands: Charleston Peak, primarily produced from multiple sources of California grapes and consisting of traditional wines such as Chardonnay, Pinot Grigio, Merlot and Cabernet; Pahrump Valley, which are sweeter and fruitier and also produced from California grapes, and the winery’s newest brand Nevada Ridge, produced from Nevada grapes.

NOTE TO MIKE: Please “pretty-up” the below award chart.

Pahrump Valley Winery National Awards 2004 - 2016

Double Gold – Best In Competition	1
Gold – Best In Class	3
Double Gold	7
Gold – Chairman’s Award	1
Platinum - One of 8 Best of Show Nominees	1
Gold	59
Silver	195
Bronze	167

Vineyards

Pahrump Valley Winery currently grows Syrah and Zinfandel on the equivalent of two acres with another eight acres available for planting. The winery also has established relationships with several Nevada growers that sell exclusively to Pahrump Valley Winery. The total acreage from these "other" vineyards is more than 20 acres with approximately 13,000 vines. Approximately two thirds of the vines have been confirmed in test plots. These vines are new and have not yet been commercially harvested. 100's of additional and adjoining acres, with water rights, are available for future plantings.

Nevada Grapes

- Zinfandel - current
- Syrah - current
- Primitivo - current
- Barbera - current
- Tempranillo - current
- Cinsault - current
- Mourvedre - current
- Small amounts of Merlot, Ruby Cabernet and Cabernet Sauvignon - current
- Symphony - 3,000 new plantings 2016
- Malbec - 2,100 new plantings 2016
- Chardonnay - 1,000 new plantings 2016
- Sauvignon Blanc - 1,000 new plantings 2015
- Riesling - 1,100 new plantings 2015

Events, Outdoor/Indoor Space

The property's ample landscaped lawn space is ideal for outdoor special events. Each year Pahrump Valley Winery hosts "The Grape Stomp" attracting thousands of people over a two-day period. The winery also has sponsored music events, which were popular attractions for Las Vegas and Southern Nevada residents. The infrastructure, including a performance stage, is in place for large and frequent events. In addition, plans have been approved for the conversion of the existing storage facility into a banquet room for weddings, corporate events, private parties and "winemaker" dinners with a capacity of 80+ sit down guests, which will allow for aggressive marketing of lucrative private and public special events.

Permits and Licenses

- Nevada Permit for Drinking Establishment
- Nevada Food & Liquor Packaging Permit
- Nevada Winemaking Permit
- Nevada Sales Tax Permit
- US Department of Treasury TTB Winery Permit
- Nevada Permit for Food Establishment
- Nevada State Business License
- Nye County Liquor License
- Pahrump Business License

History

Bill and Gretchen Loken took control of Pahrump Valley Winery in 2003. Recognizing its potential, the couple immediately began renovating the entire property installing a new, fully functional wine production cellar. In 2003 and 2014, the couple upgraded and renovated the property's Symphony Restaurant. Additionally, the Lokens hired famed Napa Valley wine-maker Thomas Rivers Brown, as a consultant to apprentice Gretchen during the early years as she

acquired her certification in wine making from The University of California at Davis. Within a few short years, the winery would create award-winning wines and become a dining destination attracting Las Vegas locals and tourists. In 2005, the winery released "Nevada's first ever" commercial red wine: the 2005 Zinfandel, which won "Gold" at the Pacific Rim International Wine Competition, making it Nevada's first Gold medal winner for a home grown wine.

NOTE TO MIKE RE: HISTORY. To emphasize the importance of the Lokens hiring a "famed Napa Valley wine-maker" as a consultant, **in the layout, please do a pull-out for -- The Lokens hired famed Napa Valley wine-maker Thomas Rivers Brown, as a consultant to apprentice Gretchen during the early years as she acquired her certification in wine making.** **NOTE TO SAM:** Perhaps the Lokens have a photo of Gretchen working side-by-side with Brown in the winery.

PROPERTY OVERVIEW MAP

Actions needed:

Design map of property including identification of buildings, vineyards, amenities, undeveloped land, etc.

The property's main building contains:

- A completely remodeled and expanded tasting room/gift shop and a comfortably furnished lounge area with fireplace.
- A recently renovated 128 seat, white linen restaurant with beautiful views of the vineyard, a temperature controlled wine bottle cellar that holds 1,200 bottles for restaurant guests, and newly expanded and upgraded kitchen space to meet restaurant needs.
- Wine production, barrel storage, case good storage, loading dock, and wine laboratory.
- A 1 bedroom/1 bath owner's apartment
- Several storage areas

Grounds include:

- Vineyard
- Newly landscaping with lovely trees and shrubs
- Separate utility garage
- Large stage at the edge of the property's lawn suitable for various events.
- 10.5 acres of adjoining land, a portion of which has been graded for overflow parking
- Helicopter landing space (pads must be installed)

Sam Gladstein
Principal
Gladstein Group
ERA Real Estate

NOTE TO SAM: Do you want your photo here?

Since the inception of his real estate career in 1991, Sam Gladstein's visionary instincts have continually propelled him to the forefront of his field.

As the founder of the Gladstein Group, Sam's commercial and residential clients benefit from his extensive experience, marketplace knowledge, shrewd marketing, proven negotiating acumen and distinguished reputation for exceptional results. The Gladstein Group is the go-to real estate firm for high-end commercial and industrial properties, and luxury residential

properties, offering marketing and sales solutions for buyers, sellers, developers and investors. The firm's residential division also represents clients across a broad spectrum of residential transactions.

Prior to establishing the Gladstein Group, Sam served as vice president of operations for the Newland Real Estate Group, the largest private developer of planned residential and urban mixed-use communities in the United States. Prior to Newland, Sam worked with the publicly-held Fortune 500 company Toll Brothers, considered the nation's leading luxury home builder.

While the information in this document has been obtained from sources believed to be reliable, it is not guaranteed to be complete or accurate. Prospective buyers are advised to independently verify the accuracy and completeness of all information.