

From: Chris Fairlee cfairlee@koa.net
Subject: RE: Quartzsite KOA
Date: December 17, 2017 at 11:20 AM
To: James Kunisch jim@landarizona.net



Jim,

general I believe your numbers seem very reasonable. We'll see roughly 90-92 nights per year on the average deluxe cabin but that incorporates both year-round and seasonal park averages. RV pull-thru sites at 35% occupied seems reasonable as well. At \$3500/year on the annuals does that include any utilities?

You may end up producing a bit more in the store if merchandised appropriately. It seems like you'll be a substantial distance from other stores so campers will have to purchase goods from your store, correct? The rest actually looks pretty good.

Respectfully,

Chris Fairlee

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From: James Kunisch [mailto:jim@landarizona.net]
Sent: Thursday, December 14, 2017 7:22 AM
To: Chris Fairlee <cfairlee@koa.net>
Subject: Quartzsite KOA

Good morning, Chris...

Haven't been able to get my head up from the desk in working on the investor package all week. Cancelled my trip to Arizona. It just keeps going and going, trying to get things as correct as possible.

I need to push through this one area as I button up the numbers: Can you confirm broadly, what a typical vacancy rate might be for a seasonal RV campground park? Bearing in mind we're going to be heavily promoting the recreational component of our project, we're hoping to capture a good deal of millennials to extend our season, as they make us their destination.

We realize every park is unique (averages based on the park's rates and location, etc), but for our projections, we're wanting to use a 20% occupancy, 80% vacancy average for all rentable sites. This means RV pull throughs might be 35% occupied, while luxury cabins 15%.

Would you think these number are fairly reasonable? Conservative? If you're unable to answer due to concerns over influencing investor decision, I would not quote you, or might you refer us to a source where we can get some comfort in our assumptions?

Thank you, Jim

KOA Income Assumptions – CAMPING RATES

There are THREE main areas of the park:

AREA-1 – South Area, **109 spaces** for 94 Mobile Homes and 15 Private Homes/Villas;

AREA-2 – North Area, **138 spaces** for RV Campsites with 46 Pull-Through and 44 Back-In spaces, 24 Mobile Home spaces, 12 Cabins, 12 Glamping Units and Laundry;

AREA-3 – Recreation Village, **65 spaces** for 29 RV Campsites (Back In), 8 Cabins, 8 Glamping Units, Tent Area, Camp Store, Rental Concessions and Laundry.

CAMPING RATES

RV Campsite – Back In, 73 spaces

\$47-\$60/Day, at 80% vacancy in AREA-2 (rented 80 days/yr), and 70% vacancy in AREA-3 (rented 110 days/yr)

RV Campsite – Pull Through, 46 spaces

\$54/Day, at 80% vacancy in AREA-2 (rented 80 days/yr)

Cabins, Furnished with Kitchenettes, 12 units

\$110/Day, at 85% vacancy in AREA-2 (rented 55 days/yr), and 70% vacancy in AREA-3 (rented 110 days/yr)

Cabins, Furnished, no Kitchen, 8 units

\$90/Day, at 85% vacancy in AREA-2 (rented 55 days/yr), and 70% vacancy in AREA-3 (rented 110 days/yr)

Glamping Units, 20 units

\$65-\$75/Day, at 85% vacancy in AREA-2 and AREA-3 (rented 55 days/yr)

Annual RV and Mobile Home Spaces, 118 spaces

\$3,500/Yr, at 15% vacancy in AREA-1, and 10% vacancy in AREA-2

Tent Spaces, 20 spaces

\$35/Day, at 87% vacancy in AREA-3 (rented 45 days/yr)

Site Built Homes/Villas, 15 sites

\$1,000/Mo for year-round living in AREA-1. These home sites are premium lots with exclusive desert garden settings and would eventually be offered for fee-simple ownership, but would be available for Mobile Home rentals until either built upon or sold.

OTHER INCOME

Laundry, 2 Facilities

\$55/Day among eight machines between facilities located in AREA-1 and in AREA-2.

Camp Store/

\$40,000/Yr. from store sales located in AREA-3

ATV Equipment Rentals and ATV Equipment Sales, Concession Operator percentage of sales or annual lease \$30,000/Yr. from operation located in AREA-3

Propane Sales and/or Other, Concession Operator

\$20,000/Yr.

JK

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