



FEASIBILITY STUDY
ARROYOS PRESERVE RV RESORT
LA PAZ VALLEY, AZ



DATE OF REPORT: DECEMBER 22, 2020

CLIENT:
LANDWAY DEVELOPMENT CORP.
C/O MR. JAMES KUNISCH
P.O. BOX 3704
GLENDALE, AZ 85322





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December 22, 2020

Landway Development Corp.

c/o Mr. James Kunisch
P.O. Box 3704
Glendale AZ 85322

Re: Contemplated 324-Space Arroyos Preserve RV Resort
La Paz County Parcel 302-32-012-A
56th Street
La Paz Valley, Arizona
Sage Commercial Advisory File No. 20-309A-09

Dear Mr. Kunisch:

At your request, we have analyzed the market and the proposed RV resort to be located on 56th Street in La Paz Valley, Arizona. The Arroyos Preserve is located in the great Sonoran Desert in La Paz Valley, Arizona, 15 miles east of the Colorado River. Easily accessed from the intersection of Interstate 10 and Arizona Hwy 95 (both major arteries of RV travel), it is 7.5 miles south of Quartzsite, Arizona.

Within a 20-mile radius of the subject, the region hosts 2 million seasonal visitors bringing hundreds of thousands of RVs into this area where there are no more than approximately 5,000 camping sites with utilities available. Seventy-five percent of these are rented annually or reserved ahead of time. This leaves less than approximately 1,500 available RV camp sites for the RVs passing through or that want to pull in and camp somewhere after spending time boondocking in the nearby BLM desert. Boondocking on vast BLM land is the preferred accommodation here.

The subject property consists of a roughly 50-acre site that is contemplated to be developed as the "Arroyos Preserve" RV resort that would contain 283 RV sites, 10 cabins, 22 platform/glamping sites and 9 tent sites. The resort will offer the following amenities: on-site convenience store, laundromats, propane and OHV fuel dispensing stations, electric bicycle and

ATV rental, clubhouse with conference center, swimming pool with Jacuzzi, professional kitchen, designated crafting areas, adult lounge and gaming area, pickleball courts, putting green course, kids playground, doggie area, archery pavilion, and bocce ball. Additionally, “round-up” areas with fire rings will be staged throughout the resort.

The recently formed Arizona Peace Trail (state- and local-sponsored off-road recreation route) travels past The Arroyos Preserve, adding welcome guests to the resort’s overnight and multi-day business. The subject will cater to off-road vehicle enthusiasts, particularly visitors who want to tour the Arizona Peace Trail, a 650-mile loop of off-roading trails and roads throughout western Arizona’s Sonoran Desert. ATV-friendly amenities will include a place to refuel, wash ramps, and a large meeting area for use as a trailhead.

The analysis and conclusions are found within the Executive Summary and the further details within the report.

The scope of the planned development appears appropriate for the market, and the proposed project is concluded to be feasible with more than adequate investment returns. Further detail is summarized in the Executive Summary and within the report. This study is subject to refinement as plans and scope of the development are more fully developed.

It is noted that during the time that this study was conducted, the markets and travel patterns have changed due to the COVID-19 crisis. This may have an impact in the short-term, but by the time the recommended improvements could be completed for construction, we have assumed that things will be more normalized. At a macro-level, this crisis is expected to continue to have a positive impact on the industry. Domestic (driving) travel has become more preferable to international travel and RVing offers a secure and private way to travel and experience the outdoors. Further detail is summarized in the Executive Summary and within the report.

We have studied the area and analyzed the RV resort market conditions. The results of our analysis are presented in this report. The analyses, opinions and conclusions were developed based on, and this report has been prepared in conformance with, our interpretation of the guidelines and recommendations set forth in the Uniform Standards of Professional Appraisal Practice (USPAP) as adopted by the Appraisal Standards Board of the Appraisal Foundation; the Code of Professional Ethics and Standards of the Appraisal Institute; and the Interagency Appraisal and Evaluation Guidelines dated December 2, 2010.

This report is for the sole use of the client; however, the client may provide only complete, final copies of the study in its entirety (but not component parts) to the county, potential users or buyers, or third parties who shall review such reports in connection with loan underwriting or securitization efforts. The appraiser is not required to explain or testify as to the study results other than to respond to the client for routine and customary questions. Please note that our



consent to allow this report prepared by Sage Resort Appraisal and Consulting or portions of such report, to become part of or be referenced in any public offering, the granting of such consent will be at our sole discretion and, if given, will be on condition that we will be provided with an Indemnification Agreement and/or Non-Reliance letter, in a form and content satisfactory to us, by a party satisfactory to us. We do consent to your submission of the reports to rating agencies, loan participants or your auditors in its entirety (but not component parts) without the need to provide us with an Indemnification Agreement and/or Non-Reliance letter.

The analysis is based on the extraordinary assumption that the described improvements will be completed within the next year. The reader should understand that the completed subject property does not yet exist as of the date of this report. Our feasibility study does not address unforeseeable events that could alter the proposed project, and/or the market conditions reflected in the analyses; we assume that no significant changes, other than those anticipated and explained in this report, shall take place between the date of inspection and stated date of opening. We have made no other extraordinary assumptions specific to this feasibility study. However, several important general assumptions have been made that apply to this feasibility study and our studies of proposed outdoor resorts in general. These aspects are set forth in the Assumptions and Limiting Conditions section of this report.

This report, in its entirety, including all assumptions and limiting conditions, is an integral part of, and inseparable from, this letter. A copy of this report and the field data supporting it will remain in our files for review on request.

It has been a pleasure to provide you with consulting services for this property. If you have any questions concerning the analysis, or if we can be of further service, please don't hesitate to contact me.

Respectfully submitted,
SAGE COMMERCIAL ADVISORY, LLC



Shari L. Heilala, MAI
President
Phone: 312.291.1921
Email: heilala@sagerealestate.com



CERTIFICATION

I certify that, to the best of my knowledge and belief:

- The statements of fact contained in this report are true and correct.
- The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions and are my personal, impartial, and unbiased professional analyses, opinions, and conclusions.
- I have no present or prospective interest in the property that is the subject of this report and no personal interest with respect to the parties involved.
- I have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.
- My engagement in this assignment was not contingent upon developing or reporting predetermined results.
- My compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.
- This appraisal assignment was not based upon a requested minimum valuation, a specific valuation, or the approval of a loan.
- I have not made a personal visit to the property that is the subject of this report.
- No one provided significant professional assistance to the person signing this report, unless otherwise noted.
- The reported analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice of the Appraisal Foundation, the Code of Professional Ethics, and the Standards of Professional Practice of the Appraisal Institute.
- The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.
- As of the date of issuance of this appraisal, Shari L. Heilala has completed the continuing education requirements for Designated Members of the Appraisal Institute.
- The indicated market value provided in this report is "as is" and is defined as "the value of the property in its current physical condition, subject to the zoning in effect as of the date of value".
- An analysis of current market conditions has been considered, and a reasonable marketing time for the property has been reported in this appraisal.
- The undersigned has performed no other services, as an appraiser or in any other capacity, involving the subject property within the three-year period immediately preceding acceptance of this assignment.



Shari L. Heilala, MAI



EXECUTIVE SUMMARY

Location:	56th Street, La Paz Valley, La Paz County, Arizona
Effective Date of Report:	December 22, 2020
Intended Use and User of Report:	Decision Making and Potential Financing Purposes / Landway Development Corp.
Property Type / Use:	Recreational / Proposed RV Resort
Land Area:	Approximately 50.00 acres
Improvements:	This analysis contemplates the development of an RV resort that would contain 283 RV sites, 10 cabins, 22 platform/glamping sites and 9 tent sites. The resort will offer the following amenities: on-site convenience store, laundromats, propane and OHV fuel dispensing stations, electric bicycle and ATV rental, clubhouse with conference center, swimming pool with Jacuzzi, professional kitchen, designated crafting areas, adult lounge and gaming area, pickleball courts, putting green course, kids playground, doggie area, archery pavilion, and bocce ball. Additionally, "round-up" areas with fire rings will be staged throughout the resort. The market rent and occupancy estimates assume that a very good quality resort will be built with competitive amenities as described herein. More detail is provided within the study.
Zoning Conformance:	The subject property is zoned PD, Commercial and Recorded Subdivision district, which allows RV parks, commercial businesses, glamping, tent, park model rentals and fee simple lot ownership. It is assumed that the development would comply with any necessary guidelines and restrictions.

Assessment and Taxes:	<table border="1"> <thead> <tr> <th colspan="2">ASSESSMENTS AND TAXES</th></tr> <tr> <th>302-32-012-A</th><th>2020</th></tr> </thead> <tbody> <tr> <td>Full Cash Value</td><td>\$91,752</td></tr> <tr> <td>Limited Property Value</td><td>\$74,646</td></tr> <tr> <td>Primary Assessed Value</td><td>\$9,010</td></tr> <tr> <td>Secondary Assessed Value</td><td>\$11,075</td></tr> <tr> <td>Primary Tax Rate</td><td>8.619%</td></tr> <tr> <td>Secondary Tax Rate</td><td>3.688%</td></tr> <tr> <td>Real Estate Taxes</td><td>\$1,108.88</td></tr> <tr> <td>Site Size (Acres)</td><td>50.00</td></tr> <tr> <td>Real Estate Taxes per Acre</td><td>\$22.18</td></tr> <tr> <td>Indicated Market Value</td><td>\$432,790</td></tr> </tbody> </table>	ASSESSMENTS AND TAXES		302-32-012-A	2020	Full Cash Value	\$91,752	Limited Property Value	\$74,646	Primary Assessed Value	\$9,010	Secondary Assessed Value	\$11,075	Primary Tax Rate	8.619%	Secondary Tax Rate	3.688%	Real Estate Taxes	\$1,108.88	Site Size (Acres)	50.00	Real Estate Taxes per Acre	\$22.18	Indicated Market Value	\$432,790
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Area and Market Trends:	<p>La Paz Valley and the surrounding areas have exhibited healthy growth in recent years. Both the tourism and RV industry markets are strong and in a period of growth. The area continues to attract thousands of ATV enthusiasts each year. The recently formed Arizona Peace Trail (state- and local-sponsored off-road recreation route) travels past The Arroyos Preserve, adding welcome guests to the resort's overnight and multi-day business. The subject will cater to off-road vehicle enthusiasts, particularly visitors who want to tour the Arizona Peace Trail, a 650-mile loop of off-roading trails and roads throughout western Arizona's Sonoran Desert. ATV-friendly amenities will include a place to refuel, wash ramps, and a large meeting area for use as a trailhead.</p>																								
Local Supply and Demand Factors:	<p>Within a 20-mile radius of the subject, the region hosts 2 million seasonal visitors bringing hundreds of thousands of RVs into this area where there are no more than approximately 5,000 camping sites with utilities available. Seventy-five percent of these are rented annually or reserved ahead of time. This leaves less than approximately 1,500 available RV camp sites for the RVs passing through or that want to pull in and camp somewhere after spending time boondocking in the nearby BLM desert. Boondocking on vast BLM land is the preferred accommodation here.</p>																								

Local Supply and Demand Factors (Continued):	The majority of the local parks are far inferior in quality, with limited amenities. There is a clear lack of good quality, paved resorts with proper amenities in the immediate market that cater to tourists. The subject will have a quality offering which will allow it to compete well in the market. Demand is considered adequate to support the development as proposed.
COVID-19 Impact:	<p>Overall demand for RVs and RV sites have been boosted by the COVID-19 pandemic. Following are some key examples:</p> <ul style="list-style-type: none"> ▪ RV rental platform Outdoorsy is seeing demand like never before. The business has grown 4,500% from March to June of 2020. ▪ About 20% of Americans surveyed indicated they are more interested in RVs as a recreation travel option in the aftermath of COVID-19 (the highest of any option tested), according to a recent poll conducted by the RV Industry Association (RVIA). ▪ Sales of Type B motorhomes, such as a Mercedes-Benz Sprinter, were up 90% in June 2020 compared with June 2019 and up 40% for the year. ▪ RV dealerships across the country are reporting higher than usual RV sales, with recent monthly sales exceeding that of prior years. This is driven by would-be travelers looking for options that minimize the risk of catching the virus. Many are first time buyers.

COVID-19 Impact (continued):	<ul style="list-style-type: none"> RVIA's September 2020 survey of manufacturers found that total RV shipments ended the month with 41,509 units, an increase of 31.2% from the 31,639 units shipped in September 2019. RV shipments are expected to surpass 400,000 wholesale units by the end of 2020. The new projection sees 2020 year-end total shipments at 424,400 units, which is a 4.5% gain over the 406,070 units shipped in 2019. Initial estimates for 2021 have a range of 494,400 to 519,900 units with a most likely outcome of 507,200 units. This is a significant 19.5% increase over 2020. The 2021 projection would represent the best annual total on measurable record for the RV industry, far surpassing the 504,600 units shipped in 2017.
Concluded Market Rates and Occupancy:	<p>We have projected initial average market daily rates for the RV sites at \$60 per day. The average market daily rate for the cabins is projected at \$150, with the glamping units also at \$150. The average rate for the tent sites is projected at \$30. Daily rates will vary above and below the averages based on season and day of the week. Our weekly market rent conclusion is based on a 5.5 multiplier of the concluded daily rates. The monthly rent conclusions are based on 2.3 times the weekly rate, and the annual / snowbird rate is based on 5 times the monthly rate. 30% of all RV site renters are projected to be daily, with 10% weekly, 20% monthly and 40% annual. No weekly or monthly rents are assumed for the cabins, glamping and tent sites.</p>

Concluded Market Rates and Occupancy (Continued):	Based upon our research, stabilized occupancy for the subject is estimated to be at or near 65% on an annual basis for the RV sites, glamping units and tent sites, and at 75% for the cabins. Due to the subject's new condition, location, quality and amenities, this is considered to be achievable, assuming strong marketing and excellent management. For all but the cabins, we have projected first year occupancy upon construction completion at 35%, increasing to 55% in Year 2 and reaching stabilization at 65% by the end of Year 3. The cabin occupancy is projected at 40% in Year 1, 60% in Year 2 and then stabilizing at 75% in Year 3. This is achievable particularly due to the location, quality and amenities of the resort, and assumes strong marketing efforts are occurring during the construction period. Rent is projected to grow at a rate of 2.5% per year. The occupancy rates are based on 365 days, with the resort operating year-round.
Feasibility Conclusion:	Based upon the evaluation of supply and demand, and depending upon confirmation of acquisition and construction costs, the development of a competitive RV resort in the market is feasible. The initial investment (based on a 50% loan-to-value ratio) has a payback period of under three years. The debt coverage ratio is healthy, starting at 1.58 in Year 1, 4.35 in Year 2 and increasing from there. The cash-on-cash return is projected at over 42% in Year 1, increasing to 71.9% in Year 2. The projected return on equity over the holding period is 68%.
Risk Factors / Negative Factors:	The projected occupancy and rates of return on the proposed development are contingent upon no additional new significant major competition entering the subject's trade area in the immediate future. Our research did not reveal any such formidable competition, but the competitive landscape could change quickly.

SCOPE OF WORK

The scope of this study relates to the extent and manner in which research is conducted, data are gathered and analysis is applied. The determination of the appropriate scope of work was made based upon numerous factors involving the client, intended use, intended user, subject characteristics and other assignment conditions. For this study, the following steps were completed by Sage Resort Appraisal and Consulting:

- Analyzed regional, city, market area, site, and proposed improvement data;
- Analyzed all sources of data and used our best judgment in determining total land, campsites, building size and amenities as used in this analysis;
- Reviewed micro / macro market, including tourism trends, outdoor resort market trends and more;
- Considered existing and planned competitive rental properties in the subject's region, including interviews with management staff where available;
- Reviewed data regarding zoning, utilities, city services and flood zone;
- Utilized market survey, primary research and other internet based information for rental rates, expenses, vacancy, absorption, and other information, as applicable;
- Considered comparable cost information from the Marshall Valuation Service Cost Guide and market sources;
- Concluded the feasibility and various measures of return on investment based on the concluded projections.

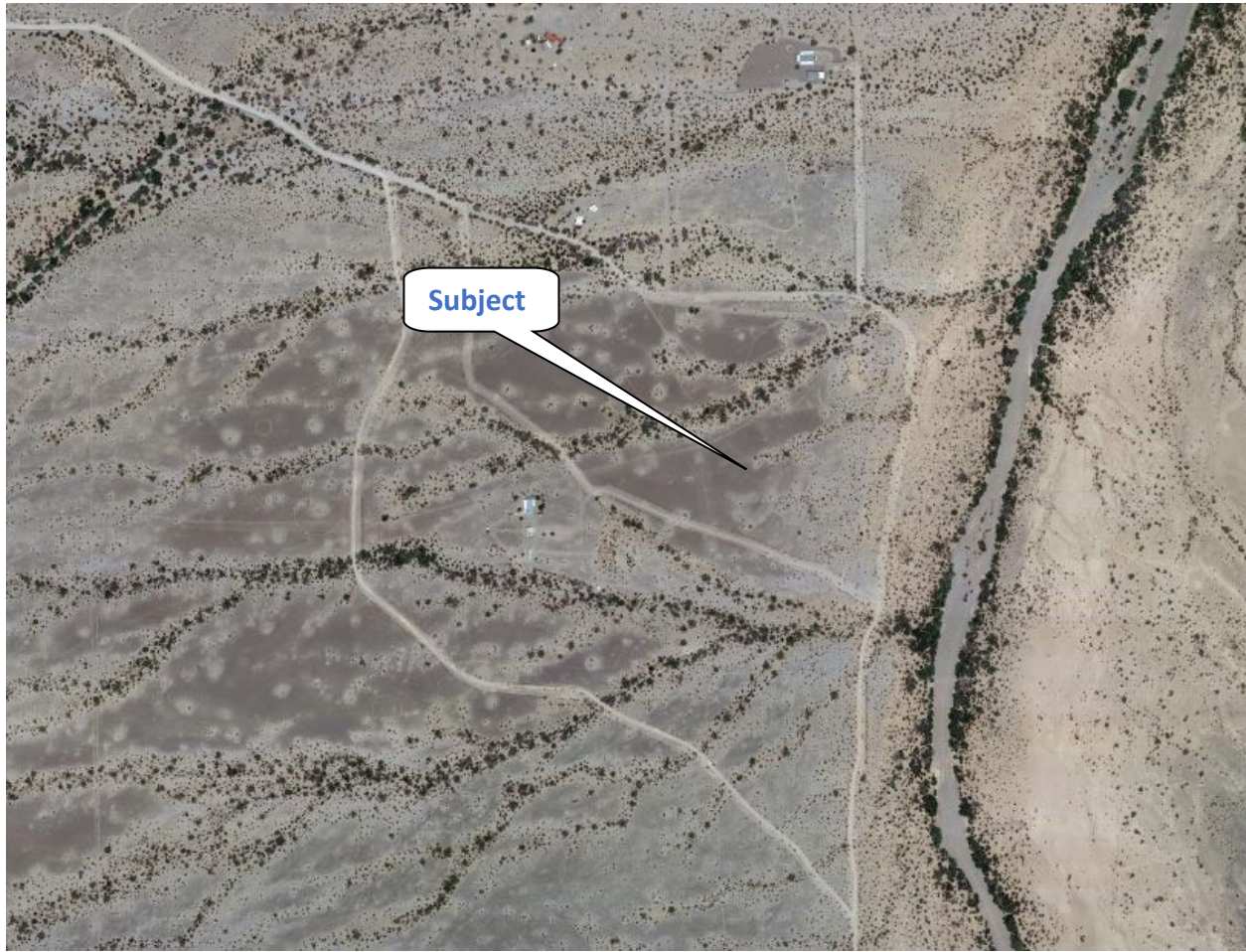
Ownership representatives provided us with the following information:

- Parcel number;
- Overall site layout;
- Descriptions and photos regarding proposed project and select competitors; and
- General (verbal) overview of concept.



SUBJECT PHOTOGRAPHS





AERIAL PHOTO

Source: Google Earth

The above aerial photograph is for illustrative purposes only and does not necessarily reflect all current subject and neighborhood improvements





SUBJECT SITE



SUBJECT SITE





SUBJECT SITE



SUBJECT SITE





VIEW OF KOFA FROM SUBJECT

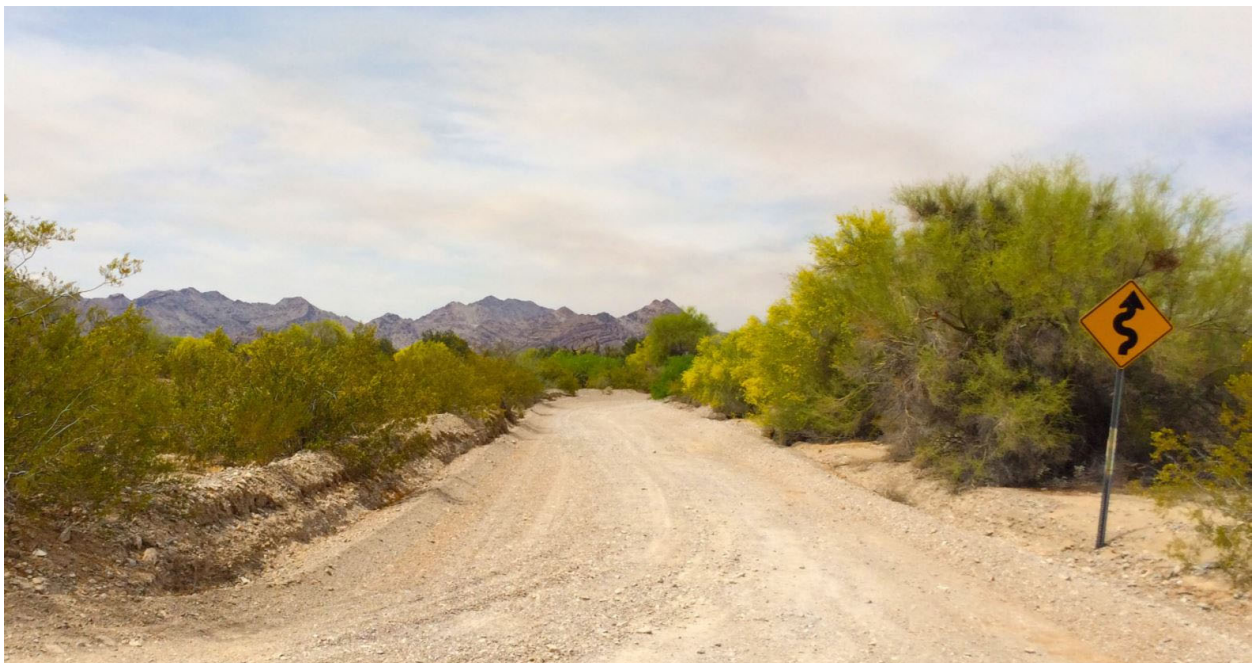


SUNSET VIEW FROM SUBJECT





VIEW FROM SUBJECT



BACK ROAD FROM SUBJECT



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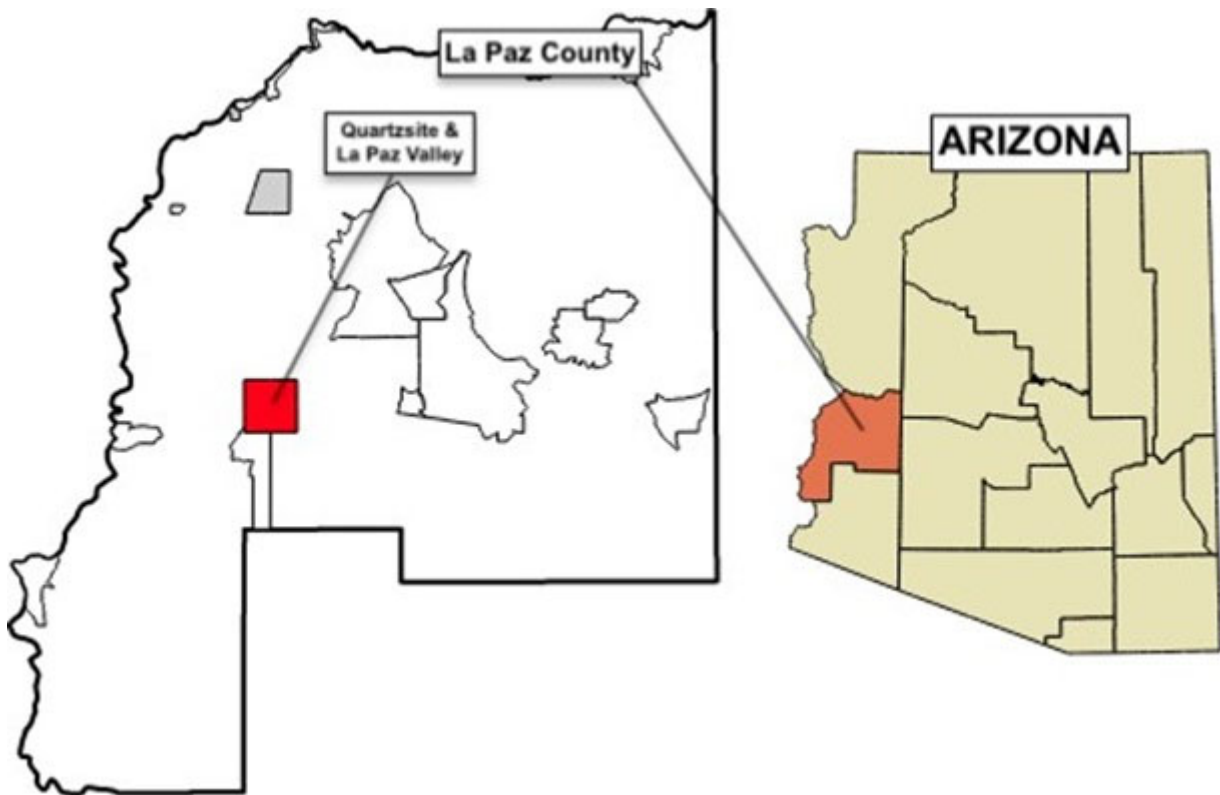
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AREA ANALYSIS



National and state economies suffered unexpected downturns early in 2020 due to the global COVID-19 pandemic. Relief measures were enacted to assist businesses nationwide.

ARIZONA ECONOMY

According to the University of Arizona EBRC, the Arizona recovery continued in the third quarter of 2020, although at a much slower pace than during the April-June period. The state has received a significant boost from the CARES Act, with just over \$40 billion in federal funds flowing to the state in the second quarter. That supported taxable sales and boosted the recovery in retail trade, warehousing, and transportation jobs. While construction employment rose modestly from June to October, housing permits surged, rising almost one-third over the year in the third quarter.

The outlook for Arizona remains unusually uncertain and continues to be dominated by the pandemic. The baseline forecast assumes that the outbreak recedes from summer highs, but



remains elevated. It also assumes significant federal stimulus in the fourth quarter of 2020. Under these assumptions, the state is forecast to return to pre-pandemic employment levels by mid-2021. The pessimistic scenario projects a slower recovery, with the state returning to its prior peak at the end of 2021.

Arizona added 55,600 jobs (seasonally adjusted) from June to October. Trade, transportation, and utilities added the most jobs during the period, followed by professional and business services; government; education and health services; leisure and hospitality; construction; other services; financial activities; and information. Manufacturing jobs were stable, while natural resources and mining jobs fell slightly. Overall, the state has now replaced 193,900 of the 294,600 jobs lost from February to April, for a 65.8% replacement rate. The nation has replaced 54.5% of the jobs lost from February to April.

The travel and tourism sector continues to struggle with the impact of the pandemic. Leisure and hospitality jobs in October were 54,500 below February. Through October, jobs at eating and drinking places have recovered much faster than jobs in accommodation or arts, entertainment, and recreation. Employment at eating and drinking places was down 9.7% in October, compared to -29.4% and -34.3% for accommodations and arts, entertainment, and recreation. It is noted that campgrounds and outdoor recreation are bright spots in this segment.

Two sectors posted more jobs in October than February: other services and trade, transportation & utilities. Retail and wholesale trade jobs were up slightly.

While construction jobs have weakened during the pandemic, housing permit activity has surged. Preliminary seasonally adjusted housing permit data suggest that statewide total permits were up 25.2% year to date through October compared to last year. Even so, house prices continue to rise at a rapid pace.

Current economic forecast data are generally optimistic from 2021 to 2024:

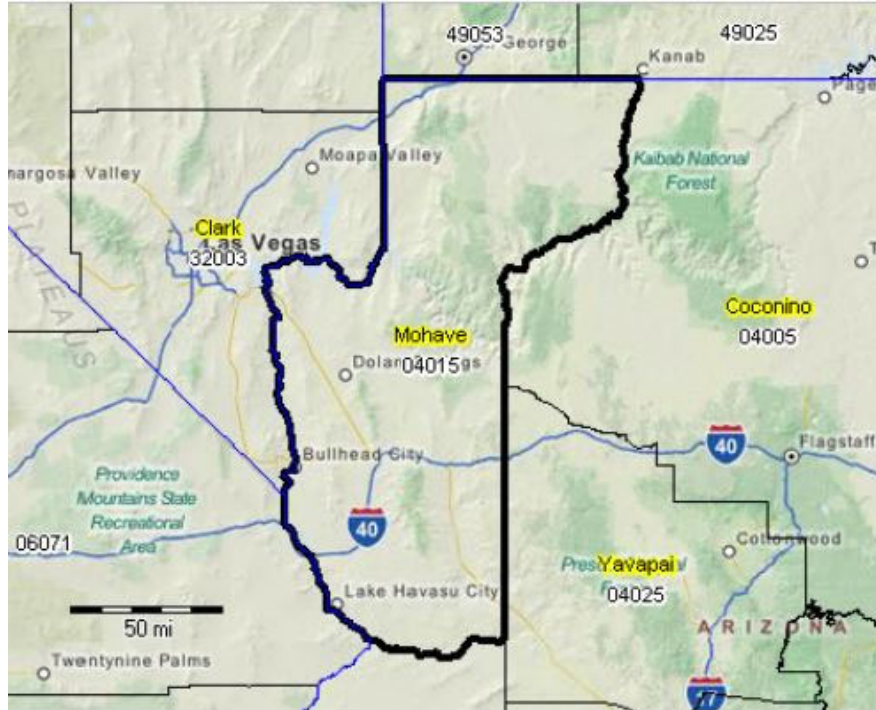


Arizona Economic Forecast Data (Statewide)

Arizona Forecast*	2020	2021	2022	2023	2024
Personal Income (\$ mil)	356,812	359,965	380,751	401,227	422,303
% Chg from Year Ago	6.4%	0.9%	5.8%	5.4%	5.3%
Retail Sales (\$mil)	119,528	128,953	134,238	140,018	146,378
% Chg from Year Ago	4.4%	7.9%	4.1%	4.3%	4.5%
Total Nonfarm Employment (000s)	2,878.5	3,002.0	3,099.1	3,165.8	3,229.1
% Chg from Year Ago	-2.0%	4.3%	3.2%	2.2%	2.0%
Population (000s), July 1st estimates	7,285	7,397	7,510	7,615	7,717
% Chg from Year Ago	1.4%	1.5%	1.5%	1.4%	1.3%
Residential Building Permits (units)	53,526	49,884	46,880	44,538	43,593
% Chg from Year Ago	14.9%	-6.8%	-6.0%	-5.0%	-2.1%

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LAKE HAVASU CITY-KINGMAN, AZ METROPOLITAN STATISTICAL AREA



The subject is not part of an MSA but is located closest to and south of the Lake Havasu City-Kingman, AZ Metropolitan Statistical Area (MSA). The MSA is located in northwestern Arizona and is comprised of Mohave County, with a population of 212,181 and an area of 13,461 square miles. Lake Havasu City is the largest city, with a population of 55,865, and Kingman, with a population of 31,013, is the county seat. Mohave County is geographically the second largest county in Arizona. The county is home to all or portions of seven national protected areas and also contains 18 official wilderness areas that are part of the National Wilderness Preservation System, most of which are managed by the Bureau of Land Management. The U.S. Forest Service and Bureau of Land Management owns 55.2% of the land in the county; Indian reservations comprise 6.7%; the State of Arizona owns 6.6%; individual or corporate ownership totals 17.2%; and other public lands account for 14.3%.

The MSA borders California to the southwest, Nevada to the west and northwest and Utah to the north and northeast. Surrounding counties include Washington County, Utah to the north, Kane County, Utah to the northeast, Coconino County and Yavapai County to the east, La Paz County to the south, San Bernardino County, California to the southwest, Clark County, Nevada to the west, and Lincoln County, Nevada to the northwest.

Major highways in the MSA include Interstate 15 and Interstate 40, Historic U.S. Route 66, U.S. Route 93, State Route 66, State Route 68, State Route 95, and State Route 389. There are nine public use airports within Mohave County. Major commercial airline travel is available in Las Vegas, NV at Las Vegas McCarran International Airport. Public transportation is available primarily within Kingman through Kingman Area Regional Transit and Bullhead City through Bullhead Area Transit. WestCare also provides service to senior citizens over the age of 60 outside of the Kingman and Bullhead service areas.

The MSA's economy is diverse. The following chart details total employment and percentage for each sector:



EMPLOYMENT BY SECTOR (IN THOUSANDS)		
Arts, entertainment, food & recreation services	13.7	20.4 %
Education, health care & social assistance	13.4	20.0 %
Retail trade	9.6	14.3 %
Construction	4.6	6.8 %
Professional, scientific, & administrative services	4.3	6.4 %
Transportation, warehousing, & utilities	4.0	6.0 %
Manufacturing	3.9	5.8 %
Public administration	3.7	5.6 %
Other services, except public administration	3.7	5.5 %
Finance, insurance & real estate	3.1	4.6 %
Information	1.1	1.7 %
Wholesale trade	1.0	1.5 %
Agriculture, forestry, fishing, hunting, & mining	0.9	1.4 %
<i>American Community Survey</i>		

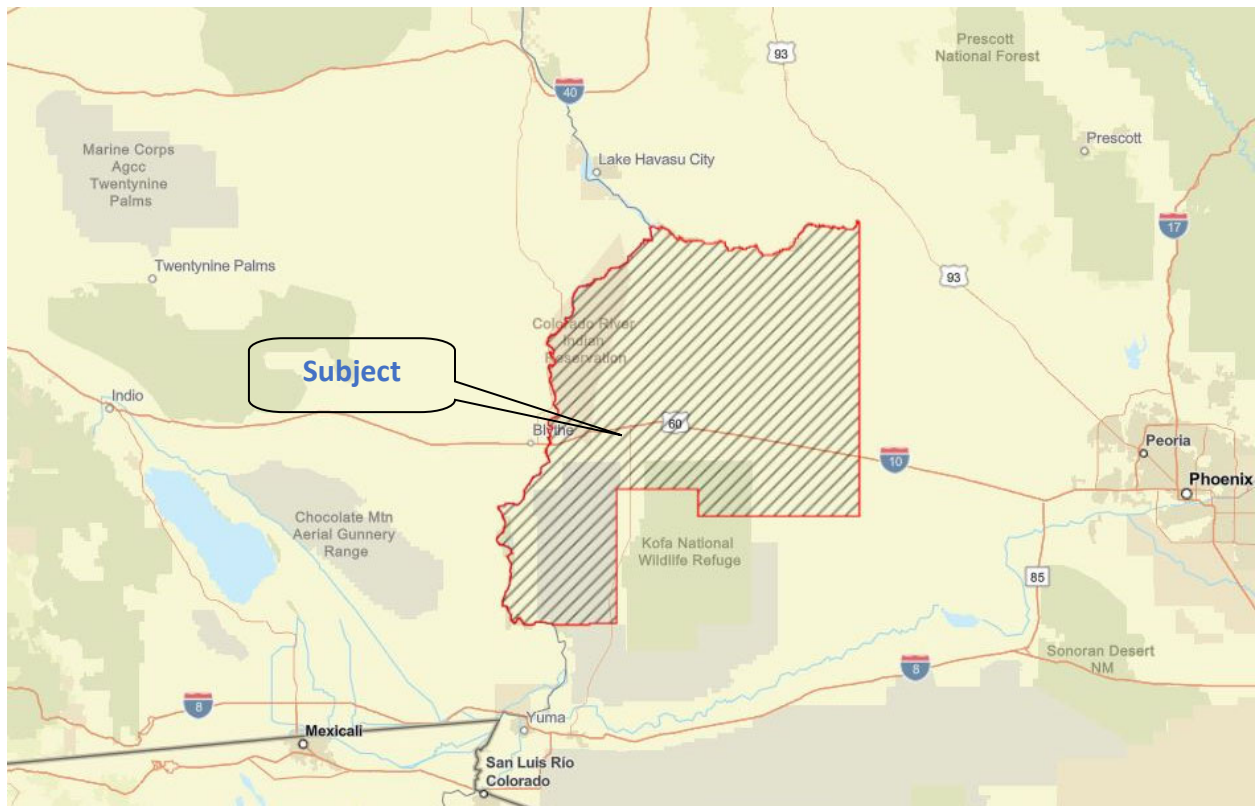
Kingman Regional Medical Center (KRMHC), is the largest employer in the county with more than 2,000 employees. Other top employers include Nucor Steel, Sterilite Corporation, McKee Fence, and American Woodmark Corporation.

The MSA is served by five unified school districts, one high school district, and seven elementary school districts. There are numerous private and parochial schools serving the area as well. Colleges within the county include Mohave Community College, Northern Arizona University – Kingman Campus, and Arizona State University Lake Havasu City Campus.

The area offers residents and visitors a wide variety of entertainment and cultural activities, boating, parks and recreational activities, quality healthcare and more, within an area with a better-than-average cost of living. The MSA boasts 1,000 miles of shoreline and is known as a great water sports center. The Colorado River as well as man-made lakes, Lake Mohave and Lake Havasu, play an important role in the growth of the county and in recreational opportunities.



LA PAZ COUNTY AREA




The subject is located within central La Paz County and the county seat is Parker. As of the 2010 census, its population was 20,489, making it the second-least populous county in Arizona. The estimated 2019 population is 21,908. Continued growth in the area is projected.

Since 2015, both income and population have been increasing in the county, as shown in the following chart:

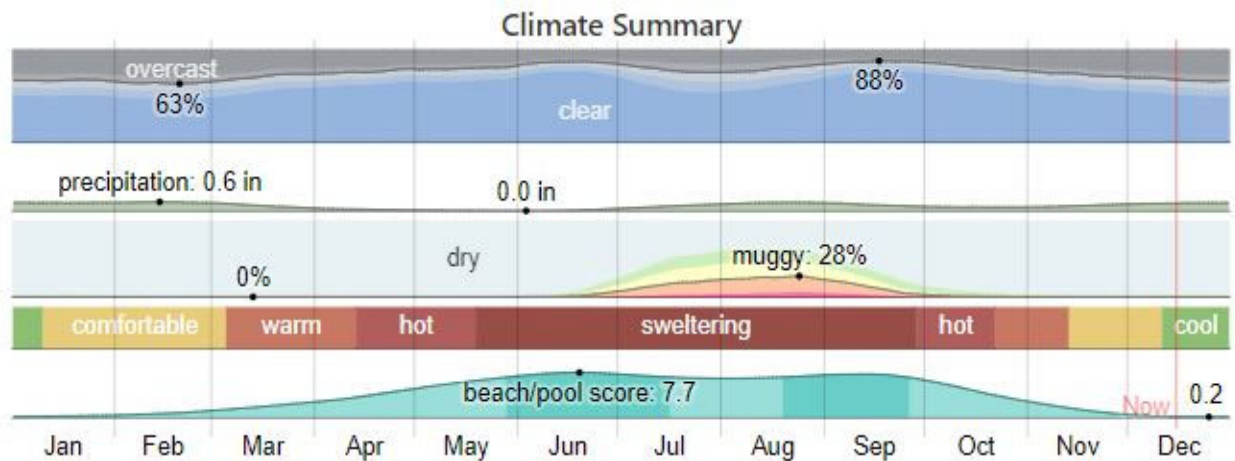


Personal Income, Population, and Per Capita Personal Income

Personal Income, Per Capita Personal Income, Population La Paz County, Arizona	2014	2015	2016	2017	2018	2019
<i>Bureau of Economic Analysis</i>						
Personal income (thousands of dollars)	561,564	611,925	644,213	646,651	678,882	717,797
% Chg from Year Ago	-0.39% ↓	8.97% ↑	5.28% ↑	0.38% ↑	4.98% ↑	5.73% ↑
Population (persons) 1/	20,516	20,466	20,648	20,706	21,039	21,108
% Chg from Year Ago	-0.03% ↓	-0.24% ↓	0.89% ↑	0.28% ↑	1.61% ↑	0.33% ↑
Per capita personal income (dollars) 2/	27,372	29,900	31,200	31,230	32,268	34,006
% Chg from Year Ago	-0.36% ↓	9.24% ↑	4.35% ↑	0.10% ↑	3.32% ↑	5.39% ↑
1/ Census Bureau midyear population estimates. 2/ Per capita personal income was computed using Census Bureau midyear population estimates.						
Published by  Economic and Business Research Center.						

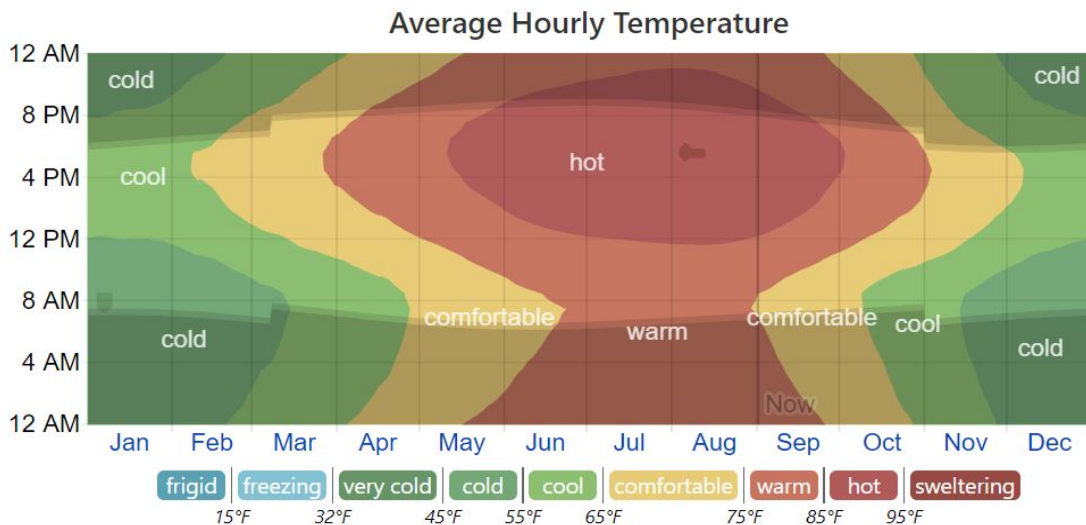
Weather

In Quartzsite and La Paz Valley, the summers are very hot, the winters are cool, and it is dry and mostly clear year round. Over the course of the year, the temperature typically varies from 42°F to 107°F and is rarely below 34°F or above 113°F.



The hot season lasts for 3.6 months, from May 30 to September 19, with an average daily high temperature above 98°F. The hottest day of the year is July 9, with an average high of 107°F

and low of 81°F. The cool season lasts for 3.1 months, from November 19 to February 22, with an average daily high temperature below 72°F. The coldest day of the year is December 26, with an average low of 42°F and high of 64°F. The figure below shows a compact characterization of the entire year of hourly average temperatures. The horizontal axis is the day of the year, the vertical axis is the hour of the day, and the color is the average temperature for that hour and day.



A wet day is one with at least 0.04 inches of liquid or liquid-equivalent precipitation. The chance of wet days in Quartzsite varies throughout the year. The wetter season lasts 8.1 months, from July 10 to March 14, with a greater than 6% chance of a given day being a wet day. The chance of a wet day peaks at 12% on August 24.

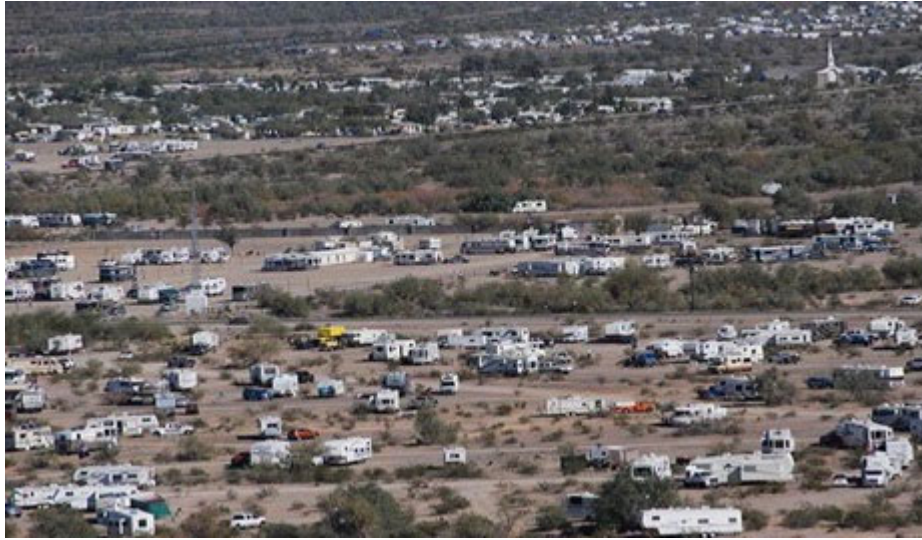
The drier season lasts 3.9 months, from March 14 to July 10. The smallest chance of a wet day is 0% on June 9. The tourism score favors clear, rainless days with perceived temperatures between 65°F and 80°F. Based on this score, the best times of year to visit Quartzsite for general outdoor tourist activities are from mid-April to mid-June and from mid-September to late October, with a peak score in the first week of October.





QUARTZSITE

Roughly nine miles to the north of the subject is Quartzsite, Arizona. Quartzsite is a small town about 130 miles west of Phoenix and 17 miles from the California border at the intersection of I-10 and Highway 95. This tiny desert hamlet of fewer than 4,000 people draws RVs from all over the country, even the world, with an exciting array of activities and events specifically designed for RVers. The town and immediate outlying areas are dotted with RV parks, from resorts to the most basic lots and with plenty of room in the desert. Thousands of acres of dispersed BLM camping draws upwards to a million visitors a year. Snowbirds enjoy the warm winters while camping in over 70 RV parks and 11,000 acres of BLM Long Term Visitor Area (LTVA), plus five 14-day free dispersed camping areas.



BOONDOCKING IN QUARTZSITE

With over a thousand vendors arriving each winter, Quartzsite is also known for its ATV friendly atmosphere. Off Road Vehicle (OHV) trails lead in all directions from town with beautiful desert scenery along the way.

Activities, events and services include seasonal restaurants, multiple swap meets & shows, gem & mineral shows/classes, live music, OHV trails, fine art/quilt/arts & craft shows, bingo, rock hounding, gold hunting, dancing, senior activities, RV dealers & repair and more. One of the most popular weekends in Quartzsite is in March for the Rock Fiesta. It takes place in the Sonoran Desert and offers live performances by bands and DJs:



ROCK FIESTA IN QUARTZSITE



IMMEDIATE AREA



The subject site is located west of US Highway 95, just north west of the center of La Paz Valley. The subject is surrounded on three sides by BLM land. The area is primarily rural in nature and surrounding uses consist primarily of desert land, with some residences. The site has access to the recently formed Arizona Peace Trail, a 650-mile loop of off-roading trails and roads throughout western Arizona's Sonoran Desert.

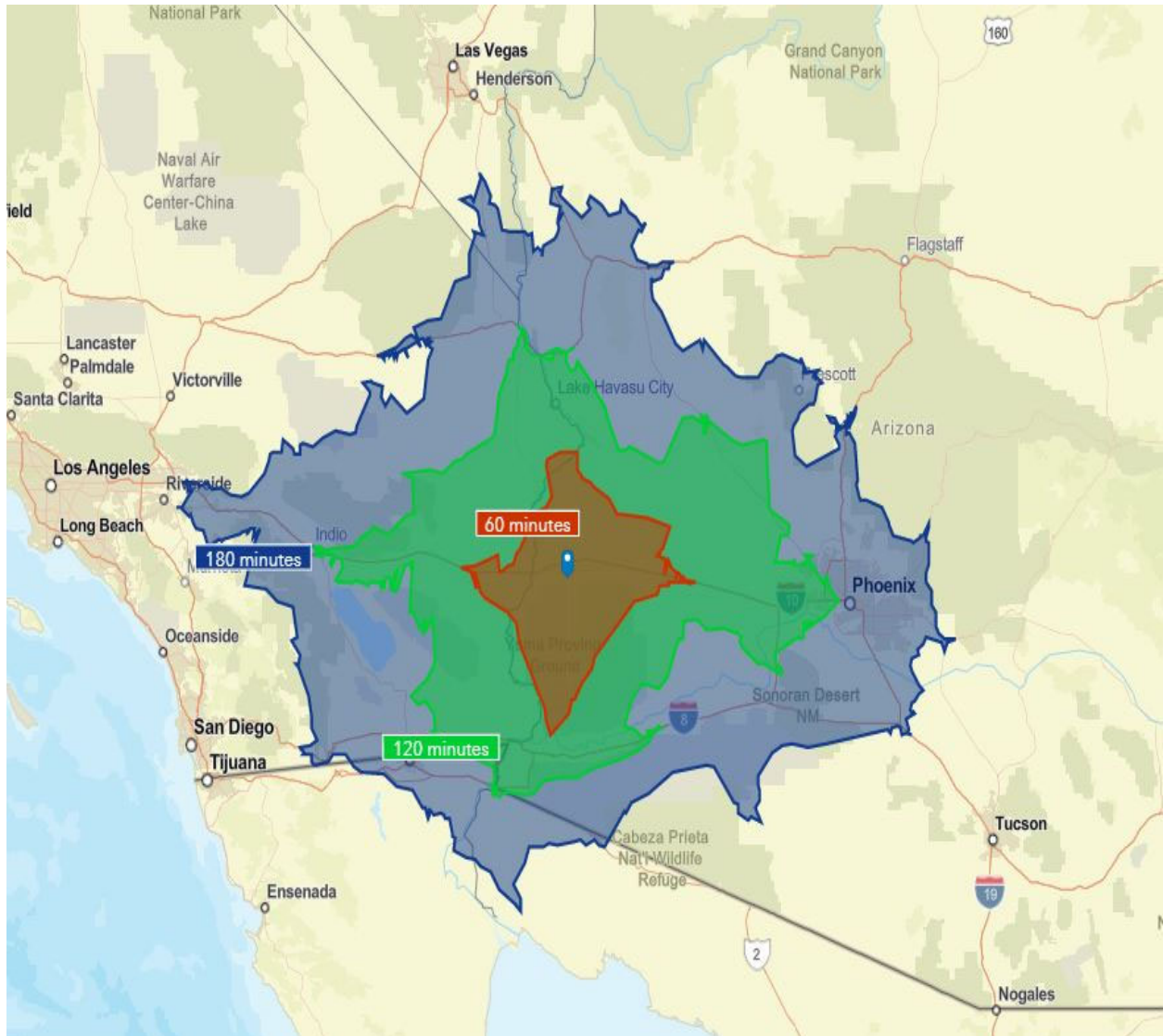
The subject is located within a one-day drive of roughly 26.3 million people:





The following summarizes key demographic factors within a 60-, 120-, and 180-minute drive from the subject:







Market Profile

50901-50999 Cholla Rd
50901-50999 Cholla Rd, Quartzsite, Arizona, 85346
Drive Time: 60, 120, 180 minute radii

Prepared by Esri
Latitude: 33.58405
Longitude: -114.25481

	60 minutes	120 minutes	180 minutes
Population Summary			
2000 Total Population	42,237	523,642	4,343,941
2010 Total Population	45,681	872,416	5,533,606
2020 Total Population	46,144	1,026,863	6,388,072
2020 Group Quarters	7,675	29,992	110,234
2025 Total Population	46,901	1,109,434	6,839,982
2020-2025 Annual Rate	0.33%	1.56%	1.38%
2020 Total Daytime Population	37,764	917,638	6,331,035
Workers	10,395	321,941	2,701,185
Residents	27,369	595,697	3,629,850
Household Summary			
2000 Households	14,090	174,934	1,589,047
2000 Average Household Size	2.54	2.88	2.67
2010 Households	15,348	286,267	2,026,712
2010 Average Household Size	2.44	2.96	2.68
2020 Households	15,871	333,889	2,325,632
2020 Average Household Size	2.42	2.99	2.70
2025 Households	16,172	360,248	2,486,811
2025 Average Household Size	2.43	3.00	2.71
2020-2025 Annual Rate	0.38%	1.53%	1.35%
2010 Families	9,866	215,085	1,357,546
2010 Average Family Size	3.01	3.39	3.25
2020 Families	10,117	250,586	1,545,360
2020 Average Family Size	3.00	3.41	3.28
2025 Families	10,289	270,391	1,648,325
2025 Average Family Size	3.01	3.42	3.29
2020-2025 Annual Rate	0.34%	1.53%	1.30%
Housing Unit Summary			
2000 Housing Units	21,807	222,047	1,840,947
Owner Occupied Housing Units	45.3%	58.7%	58.6%
Renter Occupied Housing Units	19.3%	20.1%	27.7%
Vacant Housing Units	35.4%	21.2%	13.7%
2010 Housing Units	23,896	364,931	2,436,379
Owner Occupied Housing Units	43.5%	54.1%	54.4%
Renter Occupied Housing Units	20.7%	24.3%	28.8%
Vacant Housing Units	35.8%	21.6%	16.8%
2020 Housing Units	24,405	411,973	2,717,301
Owner Occupied Housing Units	42.9%	56.0%	55.9%
Renter Occupied Housing Units	22.1%	25.1%	29.7%
Vacant Housing Units	35.0%	19.0%	14.4%
2025 Housing Units	24,849	441,281	2,897,243
Owner Occupied Housing Units	43.2%	56.8%	56.0%
Renter Occupied Housing Units	21.9%	24.9%	29.8%
Vacant Housing Units	34.9%	18.4%	14.2%
Median Household Income			
2020	\$41,049	\$58,380	\$62,134
2025	\$44,231	\$63,589	\$67,830
Median Home Value			
2020	\$106,429	\$225,897	\$270,238
2025	\$127,372	\$258,634	\$299,874
Per Capita Income			
2020	\$19,726	\$24,561	\$31,893
2025	\$21,567	\$27,538	\$35,358
Median Age			
2010	43.5	32.9	35.6
2020	45.0	34.4	37.0
2025	45.2	34.4	37.3

Data Note: Household population includes persons not residing in group quarters. Average Household Size is the household population divided by total households. Persons in families include the householder and persons related to the householder by birth, marriage, or adoption. Per Capita Income represents the income received by all persons aged 15 years and over divided by the total population.

Source: U.S. Census Bureau, Census 2010 Summary File 1. Esri forecasts for 2020 and 2025 Esri converted Census 2000 data into 2010 geography.

December 15, 2020





Market Profile

50901-50999 Cholla Rd
50901-50999 Cholla Rd, Quartzsite, Arizona, 85346
Drive Time: 60, 120, 180 minute radii

Prepared by Esri
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Longitude: -114.25481

	60 minutes	120 minutes	180 minutes
2020 Households by Income			
Household Income Base	15,871	333,879	2,325,605
<\$15,000	18.6%	8.4%	8.7%
\$15,000 - \$24,999	13.6%	8.8%	8.8%
\$25,000 - \$34,999	11.2%	10.0%	9.0%
\$35,000 - \$49,999	13.7%	13.8%	12.7%
\$50,000 - \$74,999	17.5%	20.9%	18.6%
\$75,000 - \$99,999	11.1%	15.2%	13.5%
\$100,000 - \$149,999	9.1%	14.6%	15.4%
\$150,000 - \$199,999	3.3%	4.9%	6.4%
\$200,000+	1.8%	3.5%	6.9%
Average Household Income	\$56,644	\$74,998	\$87,341
2025 Households by Income			
Household Income Base	16,172	360,238	2,486,784
<\$15,000	17.8%	7.2%	7.5%
\$15,000 - \$24,999	12.6%	7.8%	7.9%
\$25,000 - \$34,999	10.2%	9.0%	8.2%
\$35,000 - \$49,999	13.6%	13.0%	12.0%
\$50,000 - \$74,999	18.0%	20.4%	18.3%
\$75,000 - \$99,999	11.6%	15.7%	13.9%
\$100,000 - \$149,999	10.4%	16.6%	16.8%
\$150,000 - \$199,999	3.8%	6.0%	7.3%
\$200,000+	1.9%	4.4%	8.0%
Average Household Income	\$61,852	\$84,307	\$97,006
2020 Owner Occupied Housing Units by Value			
Total	10,476	230,495	1,517,515
<\$50,000	24.5%	6.8%	6.2%
\$50,000 - \$99,999	23.8%	6.2%	4.5%
\$100,000 - \$149,999	13.4%	9.6%	6.7%
\$150,000 - \$199,999	12.6%	17.5%	12.3%
\$200,000 - \$249,999	5.6%	19.1%	15.0%
\$250,000 - \$299,999	3.9%	14.2%	13.4%
\$300,000 - \$399,999	4.5%	14.8%	18.2%
\$400,000 - \$499,999	4.6%	6.2%	9.5%
\$500,000 - \$749,999	5.0%	3.8%	9.0%
\$750,000 - \$999,999	0.7%	0.9%	2.7%
\$1,000,000 - \$1,499,999	0.7%	0.4%	1.4%
\$1,500,000 - \$1,999,999	0.7%	0.2%	0.4%
\$2,000,000 +	0.0%	0.3%	0.8%
Average Home Value	\$181,120	\$256,939	\$334,122
2025 Owner Occupied Housing Units by Value			
Total	10,728	250,425	1,623,628
<\$50,000	22.2%	5.1%	4.7%
\$50,000 - \$99,999	20.9%	4.3%	3.1%
\$100,000 - \$149,999	12.6%	6.6%	4.7%
\$150,000 - \$199,999	11.7%	11.5%	8.4%
\$200,000 - \$249,999	5.7%	19.5%	14.3%
\$250,000 - \$299,999	5.1%	17.5%	14.9%
\$300,000 - \$399,999	6.0%	19.4%	20.9%
\$400,000 - \$499,999	5.8%	8.6%	11.4%
\$500,000 - \$749,999	6.8%	5.3%	11.0%
\$750,000 - \$999,999	1.2%	1.2%	3.5%
\$1,000,000 - \$1,499,999	1.3%	0.5%	1.7%
\$1,500,000 - \$1,999,999	0.8%	0.2%	0.5%
\$2,000,000 +	0.0%	0.4%	1.0%
Average Home Value	\$214,034	\$292,470	\$373,048

Data Note: Income represents the preceding year, expressed in current dollars. Household income includes wage and salary earnings, interest dividends, net rents, pensions, SSI and welfare payments, child support, and alimony.

Source: U.S. Census Bureau, Census 2010 Summary File 1. Esri forecasts for 2020 and 2025 Esri converted Census 2000 data into 2010 geography.

December 15, 2020



CONCLUSION

The subject's location in La Paz County is considered favorable and the local population, outdoor recreation and tourism growth trends support RV resort use. Real estate markets and property values are anticipated to remain generally strong for the foreseeable future, with likely growth overall in the long-term.



TOURISM ANALYSIS

NATIONAL TOURISM

Tourism is defined as visitors' spending during travel – whether for business, convention or conference travel, or the more familiar travel for leisure, vacation or to visit friends or relatives. Business travel accounts for about 30% of industry demand and leisure travel accounts for about 70% of demand. Major industries that benefit from tourism expenditure include domestic and international air transportation, accommodation services, food services, drinking places, automotive rental and travel agencies. For years global tourism has been increasing, both in sheer value and as an anchor in many countries' economies. International travel and tourism grew by 3.5% in 2019 compared to the previous year, according to the World Travel and Tourism Council, a London-based forum charting the global industry. That figure outpaced overall global economic growth for the ninth straight year.

Recent research articles and statistics regarding the national tourism industry are currently being subject to constant revision given the ever-changing nature of the COVID-19 pandemic. Half a year into the global coronavirus pandemic, people around the world remain largely grounded. As summer deepens across the country – a traditional time to take vacations – few industries have been hit as hard as tourism, a broad sector that includes transportation, lodging, restaurants, entertainment and venues such as parks, among others.

Now, a newly released report from the United Nations is charting how big the losses will be in global tourism, and which countries will be most adversely affected. The world's tourism industry is losing at least \$1.2 trillion, or 1.5% of global gross domestic product after four months of travel being shut down, according to research from the U.N.'s Conference on Trade and Development. Those numbers could nearly double to \$2.2 trillion and 2.8% of global GDP if the stoppage in international tourism lasts eight months; losses could soar to \$3.3 trillion (4.2% of global GDP) if international tourism shuts down for 12 months. Developing countries such as Jamaica, Kenya and Thailand that rely heavily on tourism will experience the greatest shocks to their economies, according to the report. But wealthy countries will be hit, as well. The United States will lose far more than any other country in dollar terms and nearly double that of second-place China.



The United States, which has recorded by far the most deaths due to the virus, has yet to escape a first wave of the pandemic as states that lifted lockdown restrictions in May and June are experiencing record numbers of new daily cases, a development forcing local officials to reinstall some degree of travel and other restrictions. The pandemic's impact on the U.S. is so great that when European Union officials decided to reopen the region to visitors from 15 countries, they excluded travelers from the U.S., as well as hard-hit Russia and Brazil.

Pre-pandemic, less than 20 percent of Americans spent time outdoors more than once a week, according to the Outdoor Industry Association. Since then, adult bike sales have risen 121 percent nationally; in Vermont, sales of fishing licenses have gone up 50 percent. In a recent McKinsey survey on how behaviors are changing because of Covid-19, 18 percent say they are spending more time outdoors, where transmission rates of the virus are believed to be lower.

Some regions across the United States are reopening their economies, but the threat of COVID-19 is still very real and very prevalent. Nonetheless, after months of lockdown and with summer in full swing, many Americans are desperate to get out of their homes for any kind of vacation, long or short.

Road trips—local and long distance—have dominated domestic travel in the United States this summer. Some people have turned to RVs and campers—even when they never thought they were those types of vacationers. Many people feel safer in the personal vehicle, inside controlled environments, and are now more aware of maintaining social distancing. For some Americans, the personal vehicle is their easiest and safest (and possibly most affordable) transportation option.

National parks and beach towns have become the most attractive destinations as travelers aim to take advantage of fresh air and nature amid warmer temperatures. According to TripAdvisor, major cities like New York City, Los Angeles, San Francisco, and Washington, D.C., are not seeing the volume of tourists they usually do during the summer. The most obvious reason is population density, which can make social distancing difficult, leaving many tourists uncomfortable about large crowds during a pandemic. Instead, there is a shift toward smaller cities. The pandemic has created a prime opportunity for the smaller, more rural communities to get back on their feet and attract tourists like never before. Travelers are 218% more likely to take a trip where they can relax compared with before the pandemic, and nearly two-thirds (59%) report they would prefer to go somewhere off the beaten path versus a popular destination, according to the online travel company.



In North and Latin America, TripAdvisor has seen a spike in searches for campgrounds, ranches, and beach motels, as well as lodgings featuring a variety of outdoor activities, such as boating, skiing, canoeing, and horseback riding. Affirm (payment service provider for the travel industry) also says accommodation sales went up by 119% in May 2020, compared with the month prior, with many consumers favoring merchants such as cabin rental firm Getaway and Great Wolf Lodge, a chain of hybrid hotels and indoor water parks.

Worsening outbreaks throughout much of the United States make it almost impossible to issue predictions as to when the U.S. tourism market might recover to pre-coronavirus levels of demand. Airline executives believe it will take an effective vaccine. But present demand and a desire to travel in the future are not one and the same. Consumer sentiment research shows the pandemic has hardly hampered travelers' desire of getting away, even if booking behavior has shifted to favor flexibility and last-minute planning.

A Harris Poll survey of 2,500 U.S. travelers in early May found the desire to travel had only increased as the crisis deepened. The results indicate travelers from the hardest-hit states were the most eager to travel within the following four months. Beyond concerns with public health risks, the Harris Poll discovered that wanting to connect with distant loved ones and a change of scenery were key factors motivating leisure travelers in all states. A craving for different surroundings was strongest among those in regions with the most severe coronavirus outbreaks.

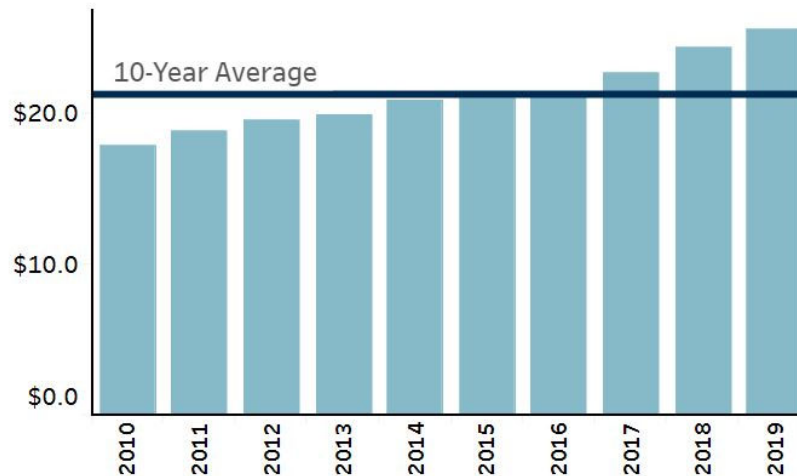
ARIZONA TOURISM

Arizona is ranked a top-three state for economic momentum and the fourth-fastest growing state in the country. Arizona's warm weather and magnificent natural beauty made tourism the number one export industry in Arizona in 2017. Top activities for visitors include shopping, national / state park visits, fine dining, landmark / historic site visits and hiking / backpacking. Approximately 46.8 million visited Arizona in 2019 (up from 45.5 million in 2018 and 43.9 million in 2017), who collectively spent \$25.6 billion in the state (up from \$24.4 billion in 2018 and \$22.7 billion in 2017). Direct travel spending has been steadily increasing over the past ten years, as shown in the following chart (source: Arizona Office of Tourism):



DIRECT TRAVEL SPENDING 10-YEAR TREND

Arizona Direct Travel Spending (Billions\$)



Source: Arizona Office of Tourism

Following are some key statistics related to Arizona's tourism industry:

- The Arizona travel industry experienced strong growth in 2019. Total direct travel spending increased by 4.7 percent from 2018 to 2019, in its tenth consecutive year of industry growth and its fifth consecutive year of exceptionally strong growth, following mostly modest increases in spending and related impacts since the recession of 2007 to 2009. Non-transportation visitor spending increased by 5.2 percent, following a 7.1 percent increase from 2017 to 2018. Travel spending in real (inflation-adjusted) dollars increased by 2.8 percent in 2019.
- Visitor air travel on domestic flights to Arizona destinations increased by 4.6 percent in 2019, following a 4.4 percent increase the preceding year.
- Direct travel-generated employment was 194,300 in 2019, which represents an addition of 2,000 jobs or an increase of 1.0 percent.
- The Gross Domestic Product (GDP) of the travel industry was \$10.9 billion in 2019. The travel industry and the microelectronics industry have been the top two export-oriented industries in the state in recent years.
- The \$3.78 billion in 2019 tax revenue equals an annual tax savings of \$1,400 for every Arizona household and supported 194,300 industry jobs.

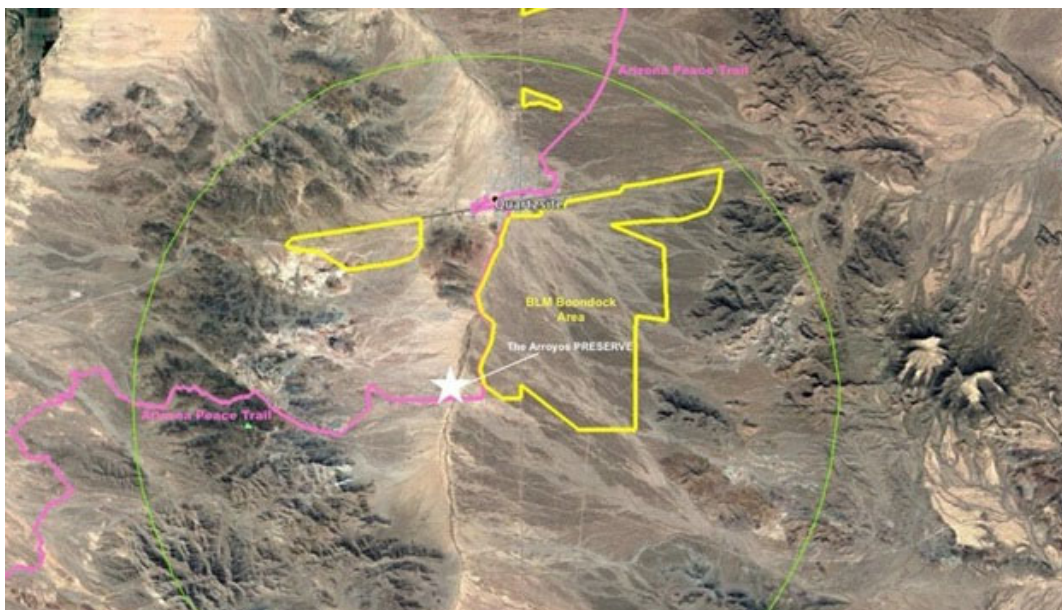
COVID-19 Impact

While the impact of the COVID-19 pandemic on Arizona's tourism has been significant, it is believed to be temporary and has hit the hotel and restaurant industries the hardest. The outdoor resort market (RV resorts and glamping) has not been adversely affected, as will be discussed further in the Outdoor Resort Market Analysis section of this report. As the pandemic continues, executive orders and guidance change frequently in response to the current national and local levels. As of May 16, 2020, Governor Douglas Ducey announced a "Stay Healthy, Return Smarter, Return Stronger" policy that promotes physical distancing while encouraging social connectedness and allows businesses to gradually and safely open in compliance with federal guidelines as the state continues to mitigate and prevent the spread of COVID-19.

LOCAL TOURISM

The subject's area offers a myriad of activities ranging from outdoor areas to explore from ATV trails, national parks, museums, live music, shopping, dining and wine-tasting and other outdoor recreation. The following list highlights some of the well-known attractions and things to do:

- 1) **Arizona Peace Trail** (0.3 miles from the subject) is an off roading area open to ATVs and off highway vehicles. The Arizona Peace Trail contains 650 miles of trails through the desert.



Arizona Peace Trail

- 2) **The Quartzsite Museum** (8.8 miles from the subject), also known as the Tyson Wells Stage Station Museum, offers free admission and displays many historic artifacts from the mining and pioneering days in Quartzsite.
- 3) **Archeological sites of interest** (21.3 miles from the subject) like the grinding holes and petroglyphs near on the east side of Tyson Walsh are remains of ancient history and are significant to the Native Americans of the lower Colorado River. Day trip to Dos Picachos Mountain and visit the mountain mine and its ruins and the nearby dripping springs.
- 4) **Kofa National Wildlife Refuge** (26.4 miles from the subject) supports a variety of desert wildlife and habitats. The wildlife refuge has nature trails for hiking and wildlife observation. It is also home to the Palm Canyon with native Arizona palm trees.



Wildlife at KOFA



Hiking at KOFA Wildlife Refuge



- 5) **Bouse Fisherman Intaglio** (32.5 miles from the subject) in Bouse, AZ is an archeological site that features a large geoglyph of a fisherman with a spear pointed at fish in the water. The geoglyph is related to the oral traditions of the Native Americans of the lower Colorado River.
- 6) **Colorado River** (42 miles north of the subject) accessible near Parker, AZ offers a wide variety of recreation on the water. These range from extreme water sports, boat anchoring at one of the river's lively party areas, fishing to simply enjoy exploring the beautiful mountain views along the river. Numerous watercraft rentals are also available.
- 7) **BlueWater Resort and Casino** (45 miles north the subject) in Parker, AZ is located on the banks of the Colorado River. Opened in June 1999, the casino features a 30,000 square foot gaming floor, more than 500 slots and video keno games, 8 gaming tables, a 400 seat bingo room, and 4 poker tables spreading Texas Hold'em in limit, spread limit, and no limit games. The mass gaming floor and High Limit lounge are open 24/7.
- 8) **Emerald Canyon Golf Course** (51 miles north of the subject) in Parker, AZ has been recognized as one of the most unique in the state, with a 4-star rating from Golf Digest. The 18-hole, par 72 championship Emerald Canyon Golf Course is carved out of the mountains and canyons overlooking the Colorado River. It was named "Best Exotic Course in Arizona" by The Arizona Republic and is a must-play for any true golf enthusiast.
- 9) **Cibola National Wildlife Refuge** (51.6 miles from the subject) also supports the preservation of desert habitat and wildlife. The wildlife refuge is located in the floodplain of the lower Colorado River.
- 10) **The Desert Bar** (53.6 miles from the subject) hosts live music shows with a scenic view. Visitors can enjoy music, food, and drinks at the bar in a town with no cell service, electricity, or water.
- 11) **Bill Williams River National Wildlife Refuge** (63 miles north of subject in Parker, AZ). This refuge sustains one of the highest diversity of wildlife and plant species within the lower Colorado River watershed and has been recognized by the national Audubon Society and the American Bird Conservancy as a birding area of global importance. It is open year-round.
- 12) **London Bridge** (80 miles north of the subject in Lake Havasu City). A highlight of the area is the historic London Bridge, which crosses a narrow channel of the Colorado River, from Lake Havasu to Thompson Bay. McColloch bought the bridge from the City of London in 1968 for \$2.5 million when London's bridge was being replaced. The bridge was disassembled in London and shipped to Lake Havasu City and was



reassembled over a three-year period at a cost of \$7 million. The hope was to attract tourists and prospective buyers of residential lots. Since its inauguration in 1971, it has become the second largest tourist attraction in Arizona, next to the Grand Canyon.

13) Lake Havasu State Park (83 miles north of the subject in Lake Havasu City). This state park is located on Lake Havasu and provides outdoor recreation opportunities including camping, boating and fishing. The park also offers the Arroyo-Camino Interpretive Garden, which displays local desert flora.

14) Joshua Tree National Park (102 miles west of subject in Joshua Tree, CA). Joshua Tree National Park is a vast protected area that is characterized by rugged rock formations and stark desert landscapes. The park straddles the Colorado Desert and the Mojave Desert. The park offers hiking trails that weave through the borders of Hidden Valley.

MAJOR LOCAL EVENTS

There are many events occurring year round in La Paz County. Following are some of the major events which draw tourists to the area each year:

- **The Quartzsite Sports, Vacation & RV Show** draws almost a million people every year in January to visit or participate in the event. The event is called one of the largest RV gatherings in the world.
- **Tyson Wells Rock and Gem Show** is a trade show held annually for ten days in January. Tyson Wells also hosts another rock and gem event at the end of January called the Sell-A-Rama, and a crafts fair in February.
- **Prospector's Panorama Christmas Gold Rush Days** is a craft show held in Quartzsite where crafters can buy and sell equipment, jewelry, crafts, fine arts and antiques. The fair also has food and live music. The fair begins in November and ends in December.
- **Annual Rice Ranch Yawl Come Show** is another seasonal market held in Quartzsite that showcases many unique merchants. The show is held from October to December.

TOURISM INDUSTRY CONCLUSION

The national tourism trends are positive, and consumer confidence remains strong. Local tourism demand indicators are also strong, and the subject is well-positioned in La Paz County.



National tourism overall has taken a significant hit due to the COVID-19 pandemic; however, it is shifting travel trends toward domestic driving and outdoor recreation trips. Many believe this impact will be felt through 2023 or longer. Local tourism demand indicators have been historically strong, and the subject is well-positioned in western Arizona. While the pandemic has had a negative effect in recent months, Arizona has remained generally open for business and both the short and long-term outlooks remain positive.



OUTDOOR RESORT MARKET ANALYSIS

RV RESORT & CAMPGROUND INDUSTRY

There are several types of RV parks and campgrounds. The main clientele of the park determines its classification. This classification has historically been divided into three major groups: 1) overnight, 2) destination and 3) residency parks. Ownership of individual RV lots has also become a recent growing trend.

Overnight RV Park

The occupants will stay at an overnight park during a trip to a specific destination. This park must be located near a major thoroughfare or be within close proximity to a major local attraction. The transient nature of the users does not warrant the availability of many amenities.

Destination Resort

A destination park will offer many more features and typically will command a higher rate than an average trailer and RV park. Travelers are attracted to such a site because of internal attractions that are either man made or natural. ***The subject will be a destination resort.***

Residency Park

Residency parks are similar to mobile home parks, they provide permanent and semi-permanent residence to its users and the typical occupant commits to longer seasonal or annual lease terms.

The campground and RV park industry operates recreational vehicle (RV) parks and campgrounds, as well as recreational and vacation camps. The industry also includes trailer / caravan parks and wilderness camps. Industry establishments cater to outdoor enthusiasts but commonly provide access to facilities such as washrooms, laundry rooms, recreation halls and playgrounds. The graphic on the following page summarizes key indicators in the industry, according to IBISWorld:



At a Glance

Key Statistics Snapshot

Total Revenue 2020  \$7.5bn	Annual Growth 2015-2020  3.2%	Annual Growth 2020-2025  1.5%
Profit Margin 2020  15.9%	Wages as a share of Revenue 2020  26.0%	Number of Businesses 2015-2020  1.0%

Key Trends

RV sales increased, translating into more potential customers for the industry

Interest in camping from Baby Boomers and Millennials has driven industry demand





Operators have been expanding and upgrading their parks to stay competitive

Stable and moderately low gas prices are forecast to benefit the industry's patrons

Rising popularity of luxury camping is expected to drive industry demand among millennials

Capital costs will rise as campgrounds continue to enhance their amenities

SWOT in the Industry

 Strengths	 Weaknesses	 Opportunities	 Threats
Low Volatility	Low & Increasing Barriers to Entry	High Revenue Growth (2015-2020)	Low Revenue Growth (2005-2020)
Low Imports	Low & Steady Level of Assistance	High Revenue Growth (2020-2025)	Low Outlier Growth
High Profit vs. Sector Average	High Capital Requirements	Inbound trips by non-US residents	Low Performance Drivers
Low Customer Class Concentration			Demand from recreational vehicle dealers
Low Product/Service Concentration			
High Revenue per Employee			

Executive Summary

Over the past five years, the Campgrounds and RV Parks industry has experienced steady growth. The industry is primarily driven by travel-related trends because trips to campgrounds and RV parks are considered cost-efficient alternatives to traditional vacations. An increasing amount of time spent on leisure and travel has contributed to steady growth for industry operators. Furthermore, rising employment and disposable income levels led to heightened levels of domestic travel during the five-year period. With consumer expenditure on travel growing, industry revenue is expected to grow at an annualized rate of 3.2% to \$7.5 billion over the five years to 2020, despite a 0.1% decline in 2020 alone. Profit, measured as earnings

before interest and taxes, has also expanded over the period to 15.9% of revenue as operators have increasingly charged premiums for added amenities at industry properties in response to customer demand.

Adults aged 50 and older, also known as the baby boomer generation, comprise a key customer segment for the Campgrounds and RV Parks industry. Baby boomers typically have more disposable income and leisure time available to spend on long vacations, which has benefited industry operators. Over the five years to 2020, the number of adults aged 50 and older has increased at an estimated annualized rate of 1.5%. However, younger generations are emerging as another key demographic, particularly millennials, who make up 41.0% of campers, according to the Campgrounds of America (KOA) North American Camping Report. This demographic shift will provide organic growth for industry operators moving forward.

Though industry operators are expected to perform well over the next five years, a volatile US dollar and economic uncertainty from the COVID-19 (coronavirus) epidemic could affect the industry. These factors may make international travel more complicated for US residents but increase inbound travel by non-US residents, which encourages US residents to travel domestically and foreign tourists to visit industry parks. Another promising trend is the potential for gas prices to remain low, because RV and campground patrons are often required to travel to their destinations via automobile. Over the five years to 2025, the world price of crude oil is anticipated to increase but still remain relatively low. During the period, industry revenue is forecast to increase at an annualized rate of 1.5% to \$8.1 billion.

Key External Drivers

Domestic Trips by US Residents - Domestic trips by US residents include all forms of travel, including RV travel. When the number of domestic trips by US residents rises, demand for campgrounds and RV parks typically improves. The number of domestic trips made by US residents is expected to decrease in 2020; however, this includes airplane travel. Domestic RV travel is expected to remain strong.

Demand from RV Dealers - Sales and shipments of RVs are indicators of demand for RV spaces in campgrounds and RV parks. When RV travel activity expands, sales and shipments of RVs increase. Similarly, when sales of RVs increase, more RV travel naturally ensues. As a result of these trends, demand at campgrounds and RV parks rises. Demand from RV dealers is expected to increase significantly on a forward looking basis.



RV shipments are expected to surpass 400,000 wholesale units by the end of 2020 with continued growth in 2021 to more than 500,000 units, according to a recent report published by the RV Industry Association (“RVIA”). The new projection sees 2020 year-end total shipments at 424,400 units, which is a 4.5% gain over the 406,070 units shipped in 2019, overcoming a nearly two-month RV industry shutdown due to the COVID-19 pandemic. Initial estimates for 2021 have a range of 494,400 to 519,900 units with a most likely outcome of 507,200 units. This is a significant 19.5% increase over 2020. The 2021 projection would represent the best annual total on measurable record for the RV industry, far surpassing the 504,600 units shipped in 2017. The projected 424,400 units in 2020 would be the fourth best annual total on record. Towable RV shipments are anticipated to reach 383,900 units in 2020 and 452,500 units in 2021. Motorhome shipments are projected to finish at 40,500 units in 2020 and 54,700 units in 2021.

According to RVIA president Craig Kirby, “the RV industry has experienced strong consumer growth over the past 10 years, but the recent soar in consumer interest in RVing driven by the COVID-19 pandemic has led to a marked increase in RV shipments to meet the incredibly strong order activity at the retail level. This new forecast confirms what we have been seeing across the country as people turn to RVs as a way to have the freedom to travel and experience an active outdoor lifestyle while also controlling their environment.”

Following is a recent eight-year history of RV shipments:

RV Shipment History

Year	RV Shipments	% Change
2021 Projected	507,200	19.5%
2020 Projected	424,400	4.5%
2019	406,070	-16.0%
2018	483,672	-4.1%
2017	504,599	17.2%
2016	430,691	15.1%
2015	374,246	4.9%
2014	356,735	11.1%
2013	321,127	12.4%
2012	285,749	13.3%

Source: www.RVIA.org



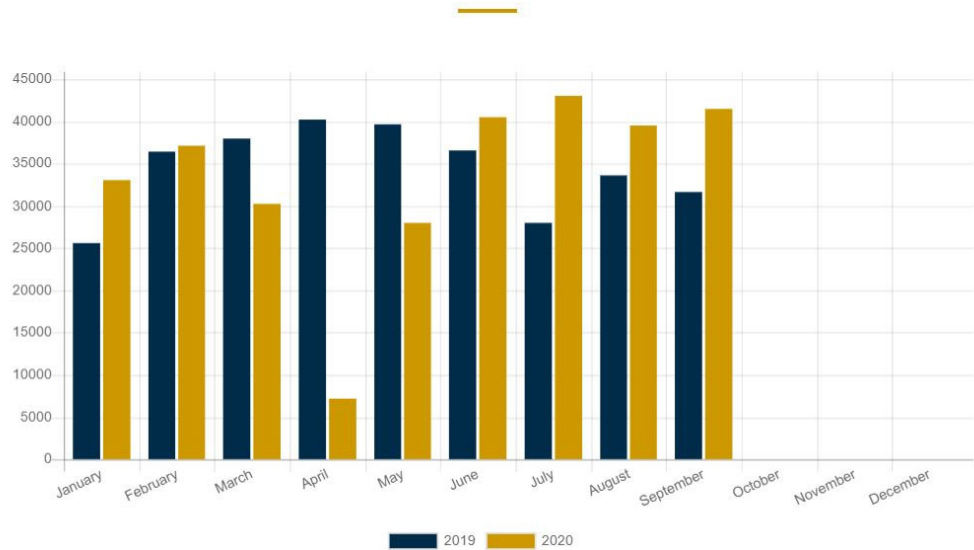
RVIA's September 2020 survey of manufacturers found that total RV shipments ended the month with 41,509 units, an increase of 31.2% from the 31,639 units shipped in September 2019. Towable RVs, led by conventional travel trailers, totaled 37,990 units for the month, an increase of 35.3% compared to last September's total of 28,085 units. Motorhomes finished the month with 3,519 units, down (-1.0%) compared to the September 2019 total of 3,554 units. For the year, total RV shipments stand at 300,100 units, down just 3.2% from one year ago as the RV industry continues to overcome the nearly two-month shutdown this Spring due to the Covid-19 pandemic.

Reflective of younger, first-time buyers interested in RVing and the continued rise in the #Vanlife phenomenon, Folding Camping Trailers and Type B RVs in the motorhome market continue to see strong gains:

Wholesale RV Shipments

	SEPT 2019	SEPT 2020	YOY Last Year	CUM. 2019	CUM. 2020	YOY To Date
Towables						
Travel Trailers (ALL)	21,253	29,476	38.7%	210,155	208,397	-0.8%
Travel Trailers - 5th Wheel	6,282	7,564	20.4%	56,055	56,415	0.6%
Folding Camping Trailers	287	641	123.3%	4,983	4,667	-6.3%
Truck Campers	263	309	17.5%	2,436	2,291	-6.0%
All Towable RVs	28,085	37,990	35.3%	273,629	271,770	-0.7%
Motorhomes						
Conventional (Type A)	1,200	1,048	-12.7%	12,636	8,625	-31.7%
Van Campers (Type B)	380	600	57.9%	3,152	4,671	48.2%
Mini (Type C)	1,974	1,871	-5.2%	20,521	15,034	-26.7%
All Motorhomes	3,554	3,519	-1.0%	36,309	28,330	-22.0%
Total RV Shipments	31,639	41,509	31.2%	309,938	300,100	-3.2%

Total Shipments Monthly vs. Last Year

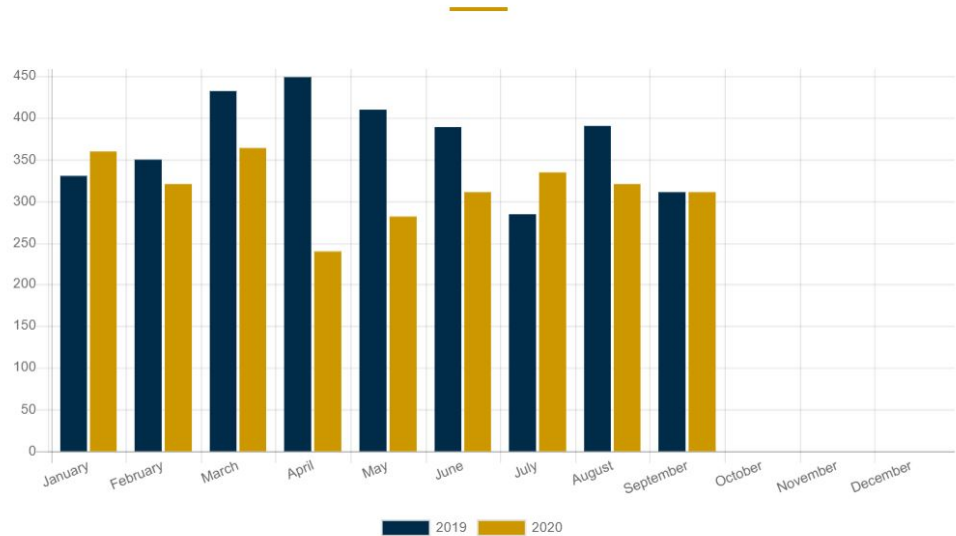


Park Model RVs ended the month down -0.3% compared to last September with 311 shipments:

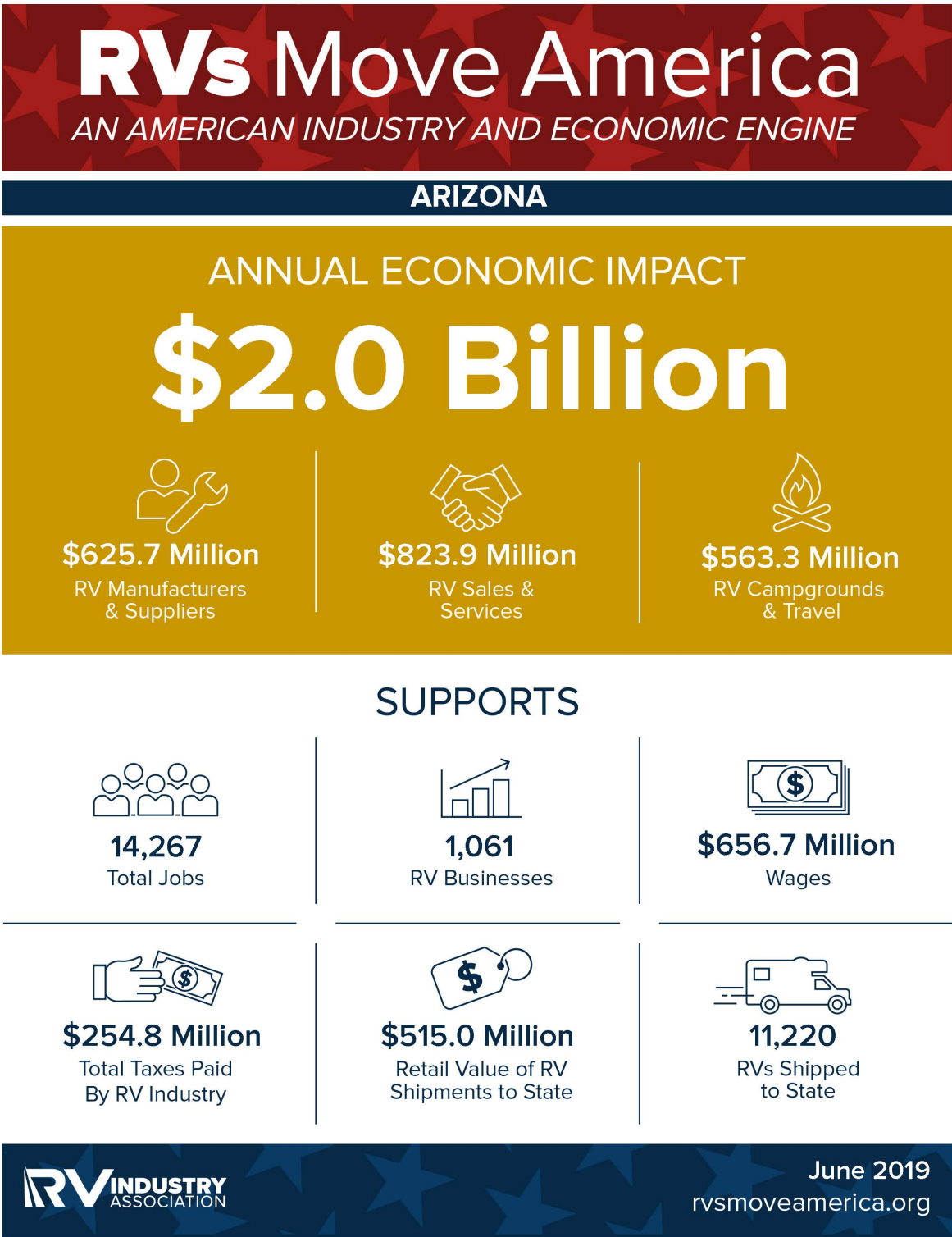
Park Model RV Shipments

	SEPT 2019	SEPT 2020	YOY Last Year	CUM. 2019	CUM. 2020	YOY To Date
Park Model RVs	310	311	0.3%	3,264	2,840	-13.0%

Monthly Shipments



The economic impact of the RV Industry in Arizona is significant, totaling \$2.0 billion annually:



Campground Industry Performance

According to RVIA (Recreational Vehicle Industry Association), the RV industry, which includes both motorhomes and trailers of all sizes, has over a \$114 billion economic impact in the U.S. The RV industry contributes more than 596,355 jobs and \$32.2 billion in wages to the U.S. economy.

Per Capita Disposable Income - Changes in individuals' disposable income levels significantly influence the amount that people travel. Given that travel is classified as a discretionary form of spending, individuals tend to travel more when disposable income levels are high. Therefore, growth in disposable income positively affects the industry. Per capita disposable income is expected to increase in 2020, representing a potential opportunity for the industry.

Number of Adults Aged 50 and Older - People aged 50 and older account for a significant share of total demand for RV parks. This age segment's share of the population is expected to rise with the progressive aging of the baby boomer population in the near future. The number of adults aged 50 and older is expected to increase in 2020.

Time Spent on Leisure and Sports - Industry performance is closely tied to the number of hours consumers devote to leisure in a given year. A decrease in leisure time hinders demand for overnight stays at campgrounds and RV parks, as consumers allocate less time to recreational and outdoor activities. In 2020 time spent on leisure and sports is expected to increase.

Inbound Trips by Non-US Residents - International visitors make up a small segment of the total visitors to RV parks and campgrounds. However, international visitors (e.g., backpackers) have some influence on demand for camping, especially in areas of natural interest, such as national parks. Inbound trips by non-US residents are expected to decrease in 2020.

Campground Industry Performance

The Campgrounds and RV Parks industry has expanded steadily, with revenue originally expected to increase at an annualized rate of 3.2% over the five years to 2020 to \$7.5 billion. Actual revenue increases in some markets have far exceeded this due to the COVID-19 pandemic.

The cost of using campground and recreational vehicle (RV) facilities is less expensive relative to other types of accommodations and, thus, is especially appealing to millennials and members of Generation X. Furthermore, rising disposable income and time spent on leisure and sports have



facilitated strong industry growth over the five years to 2020. As a result of these positive trends, revenue has climbed since 2015.

According to the RVIA, there are several key factors driving industry growth:

- RVs support a balanced and active lifestyle. In a Harris Interactive survey, owners reported that RV travel enables them to experience nature and outdoor activities and enjoy quality family time. RVers reported stronger bonds with loved ones and benefits to children. RVers also cited healthier eating on the road, sleeping in their own beds, and having their own bathroom facilities as advantages of RV travel.
- RV ownership and travel is a great value. A 2014 Vacation Cost Comparison prepared by PKF Consulting USA showed that a family of four can save 27-62% on vacation costs by traveling in an RV, even when factoring in ownership costs and fuel. For a two-person traveling party, savings are 11-48%. Even when fuel prices rise, more than 80% of RV owners say their RV vacations cost less than other forms of travel.
- RVs have uses as diverse as the people who own them. In addition to vacation travel, owners use RVs for tailgating, travel with pets, business, outdoor sports and other leisure activities.
- Shorter trips are closer to home. Research shows that RVers spend more time enjoying campgrounds and less on the road to save fuel and time. More than 90% of RVers take three or more mini-vacations per year. With more than 16,000 campgrounds nationwide, it is easy for RVers to stay closer to home.

Additional factors behind RV industry growth include:

- For most RV buyers, interest on their loan is deductible as second home mortgage interest.
- RV manufacturers are offering innovative new products that offer an optimal mix of size, amenities and price for today's budget-conscious consumers. Manufacturers are producing lightweight trailers and smaller, fuel-efficient motorhomes. Green technologies such as solar panels and energy efficient components are appearing on an increasing number of RV models.
- Lifestyle trends continue to spur demand for RVs. RV owners overwhelmingly said in recent surveys that their RVs make it easier to take more frequent weekend getaways or mini-vacations that accommodate busy family schedules.
- Technology has positively influenced the ability for people to be on the road longer. The growth in the ability to work remotely as well as homeschooling are increasing interest in RV / camping options and living.

Rising RV Sales

Key economic factors, such as an increase in disposable income levels and strengthening of the US dollar, have enabled consumers to spend more on vacations over the five years to 2020, and domestic travel rates have grown steadily. Over the five years to 2020, per capita disposable income has increased at an annualized rate of 2.2%. As individuals have more financial stability, they have increased flexibility to spend time outdoors and at campgrounds or RV parks. For example, time spent on leisure and sports has stayed relatively steady during the five-year period, increasing an annualized 0.3%.

Conversely, a strong US dollar tends to increase international travel by domestic travelers while deterring international travelers from visiting the United States. Over the five years to 2020, the trade-weighted index (TWI), which measures the strength of the US dollar compared to other currencies, has increased. Despite this strengthening, international trips by US residents actually declined during the period while domestic trips by US residents climbed at an annualized rate of 3.0%. Thus, increased leisure time and economic stability stateside have bolstered the popularity of camping and increased demand for campgrounds and RV parks.

Sales and shipments of RVs are directly related to demand for RV spaces in campgrounds and RV parks. When sales and shipments of RVs increase, RV travel naturally increases, resulting in greater demand for campgrounds and RV parks. The Recreational Vehicle Dealers industry, which sells new and used motorized and towed RVs, has experienced growth over the five years to 2020. Consequently, demand for campgrounds and RV parks has grown significantly as RV owners seek accessible travel destinations.

Nevertheless, domestic trips by US residents and inbound trips by non-US residents are both expected to drop in 2020. This comes largely as a result of the economic impacts of coronavirus. The pandemic has invoked fear and uncertainty over the economy and many countries are enacting travel bans and other restrictions, preventing nonessential travel. As previously mentioned, this impact is felt in domestic air travel, while domestic driving trips have been on the rise during the second half of 2020.

Favorable Demographics

RV communities tend to attract the aging population because they provide a sense of belonging and security. The aging of baby boomers, a segment of the US population that has grown at an annualized rate of 1.5% over the past five years, has boosted demand for industry services. The advantages of flexibility and freedom to visit several places, as well as the availability of a wide



range of services catered to that age group, have attracted this segment of the population to industry services. Thus, RV dealers sell significant volumes to customers who are retired or near retirement. Greater RV demand from this group has translated into more potential customers for the Campgrounds and RV Parks industry, as owners started to use new RVs and campers to go on vacations.

Simultaneously, younger customer groups are expanding as camping has increased in popularity as a less expensive type of vacation. Adults aged 20 to 65, which includes millennials and Generation X, is an increasing market segment driving the rising trend of camping. According to the 2019 KOA North American Camping Report, millennials and Generation X campers made up a combined 77.0% of total campers in 2018 (latest data available), a dramatic increase from the beginning of the current period. Furthermore, 96.0% of Generation Z campers enjoy camping with family and friends and 90.0% intend to camp as adults. Thus, while the industry has previously catered toward older generations, younger adults are demonstrating rising participation in camping, providing a key opportunity for industry operators.

Parks Get an Upgrade

Consolidation has become increasingly common among industry operators. After many interest rate cuts, the industry's largest companies have been enabled to expand, consolidate and upgrade existing properties. Over the five years to 2020, the number of industry locations is estimated to increase at an annualized rate of 1.1% to 15,0770.

Among the expansion and upgrades includes increased emphasis on RV park and campground amenities, which has put pressure on profit margins over the past five years. Many RV parks and campgrounds now offer facilities such as restaurants, swimming pools and game rooms to attract new visitors. Some industry operators also offer access to golf courses and spas. Pickleball is the latest “must-have” amenity. Consumer demand for more activities and amenities at RV parks and campgrounds has driven up capital costs, but also enabled operators to charge premiums on such services. Consequently, profit is expected to total an estimated 15.9% of industry revenue in 2020.

Building and maintaining these facilities increases the industry's initial capital costs and also acts to somewhat deter new, smaller companies from entering the industry, contributing to milder growth in enterprise numbers. These amenities have also caused the industry to require more employees and offer higher wages. Therefore, industry employment is estimated to



increase at an annualized rate of 2.3% to 56,510 workers in the five years to 2020, while industry wages rise at an annualized rate of 2.9%.

RV Industry Outlook

The Campgrounds and RV Parks industry's growth will persist over the five years to 2025; although volatility in fuel prices and demand from recreational vehicle dealers are expected to temper the growth rate somewhat. IBISWorld expects industry revenue to grow at an annualized rate of 1.5% to \$8.1 billion over the five years to 2025.

Travel Trends

Typically, a strong US dollar encourages domestic travelers to take trips abroad while dissuading international travelers from visiting the United States. The trade-weighted index, which measures the strength of the US dollar relative to the currencies of its trading partners, is expected to decrease over the five years to 2025, posing a potential opportunity to the industry. For example, over the five years to 2025, domestic travel by US residents is forecast to increase at an annualized rate of 1.7%, while inbound travel by non-US residents is expected to increase at an annualized rate of 2.4%, compared to a decline during the past five years. Although the outlook period kicked off with the negative impacts of coronavirus, demand is anticipated to pick back up and stay positive overall during the next five years.

While most travel is reliant on some sort of transportation, this industry is particularly dependent on driving; therefore, industry operators are negatively affected by high and rising gas prices. In 2020, the world price of crude oil is forecast to plummet, but in 2021 it is expected to jump back up, increasing at an annualized rate of 6.5% over the five years to 2025. Although oil prices are expected to rise after falling drastically during the past five years, they are expected to stabilize at a moderately low level in the next five years. Therefore, relatively low oil and, thus, gas prices could potentially help facilitate demand as campers take to the roads.

Youth Support Future Demand

In general, consumers are anticipated to have increased free time and disposable income that they can spend on outdoor excursions, such as camping trips. Over the five years to 2025, time spent on leisure and sports is anticipated to rise at an annualized rate of 0.4%, while per capita disposable income is expected to rise at an annualized rate of 1.8%, indicating people have more flexibility to take vacations and camping trips.



A promising case for long-term growth in RV sales is the aging baby boomer population. Baby boomers are expected to be wealthier and to live longer than previous generations, giving them more funds and leisure time, to the benefit of the Campgrounds and RV Parks industry. According to the RV Industry Association, one-tenth of vehicle owners in this age group also own RVs.

Additionally, millennials will continue to be a growing market for the Campgrounds and RV Parks industry. Rising popularity of luxury camping is expected to drive millennials to spend time at outdoor resorts, especially millennials with young children. The number of adults aged 20 to 64, which captures the millennial group, is expected to increase at an annualized rate of 0.2% over the five years to 2025. According to the 2019 KOA report, millennials are rapidly increasing participating in camping, as evidenced by the fact that in 2018 56.0% of new campers were millennials and 25.0% of new campers were members of Generation X (latest data available). With 90.0% of Generation Z respondents indicating that they intend to camp as adults, this trend is anticipated to continue over the next five years.

Profitability and Structure

Industry profit, measured as earnings before interest and taxes, is expected to increase over the five years to 2025 to 16.4%. Higher capital, labor and other expense costs will likely offset some gains in profit, but operators are expected to benefit from increasing demand and the ability to charge premium fees for more activities amenities (e.g., swimming pools and spas). Amid growing demand and rising capital costs as operators expand and upgrade their facilities, the number of industry enterprises is expected to increase at a mild annualized rate of 1.2% to 15,259 over the five years to 2025.

Similarly, industry employment is expected to increase at an annualized rate of 1.5% to 60,991 workers over the period. Like other hospitality industries, a high level of personal service that cannot be replaced with automation or technology is necessary to operate RV parks and campgrounds.

The following are several major indicators supporting future growth in the industry:

- RV ownership has reached record levels. More than nine million households now own an RV – the highest level ever recorded – a 16% increase since 2001 and a 64% gain since 1980.



- Population and demographic trends favor long-term RV market growth. Buyers aged 35-54 are the largest segment of RV owners. However, Millennials represent a growing segment in the industry, as younger people are embracing the RV / camper van lifestyle.
- Baby boomers are entering retirement. RV sales are expected to benefit as aging baby boomers continue to enter the age range in which RV ownership has been historically highest.
- Park Model Recreational Vehicles, or PMRVs, are one of the more unique products sold by the industry. Think of a PMRV as a tiny house situated on a trailer. In 2017, over 4,000 units were sold for the first time, reflecting an annual growth rate of 10%.

Occupancy

A recent report by ARVC 2019 Industry Trends and Insights indicates that the average occupancy for parks with full hookup sites is approximately 69%, which is up 2% on average over the prior year. The last known national occupancy statistic was published in 2012, when the National Association of RV Parks and Campgrounds estimated that the national average occupancy of all parks (based on days open) was near 57% in 2012, up from 56% in 2011.

Big Rigs

With approximately 15,000 RV parks in the United States, it is estimated that less than 1,200 are able to properly accommodate big rigs. Typically, a big rig is at least 40 feet in length, and it often pulls a car or trailer making them 60 to 90 feet in overall length. Considering multiple slide-outs, not only do they require a site that will accommodate their length, but adequate width of up to 35 to 40 feet is also required. Many RV campgrounds advertise that their parks are big rig friendly, but it is often just marketing and these parks do not properly accommodate the large vehicles. For example, the campsites may be wide enough in theory, but with the twists, turns, and trees taken into consideration, a genuine big rig will still have trouble maneuvering into the park. The length, width and clearance height of the space must be taken into consideration, in addition to the design and width of the interior campground roads.

KOA Report and Growing Millennial Demand

The 2019 Kampgrounds of America (KOA) North American Camping report has found that the popularity of camping has exploded in the past five years, adding more than 7 million new camping households since 2014. More than one million new households joined the camping



family in 2018 alone. The future for camping appears secure, with large increases in camping interest among every generation, including the emerging Generation Z (those born between 1995 and 2005). All groups included in the 2019 North American Camping Report data – both ethnic and generational – report that they intend to camp the same amount or more this year.

Private campgrounds in North America are preparing for this increase in camping by not only expanding sites on their parks when possible, but also adding the new, unique camping offerings campers say they want, from comfortable RV patio sites to more glamping tents and full-service cabins. More campgrounds are also in the works. Kampgrounds of America alone currently has 13 new campgrounds planned.

The following trends are reported by KOA, which are a continuance from prior years:

- After five years of surveying North American campers, the 2019 North American Camping Report shows the camping landscape is strong – new and life-long campers are committed to the outdoor camping lifestyle, as demonstrated by their diversity, camping more frequently and enthusiasm for using camping as a conduit to active outdoor lifestyles.
- Campers continue to increasingly camp closer to home. In 2014, about 13% of camping trips were under 50 miles from home. By 2018, that number had risen to 31%. While the ethnic and generational diversity of campers continues to grow, the differences between the groups, in regard to what they seek from the camping experience, continue to lessen.
- Campers continue to camp more. The number of campers who intend to camp three or more times each year continues to grow. Since 2014, the percentage of campers who camp three or more times annually has increased by 72%.
- More families are adopting the camping lifestyle, and they too intend to camp more than ever before. Since last year, about one million new camper households were added to those who consider themselves annual campers, with an estimated 7 million new camper households in the U.S. since 2014.
- Campers are making decisions about their camping based on their life stage, not just their ethnicity or generation. Families with young children, for instance, have much in common, regardless if the parents are millennials or from Generation X.



- Campers are increasingly seeing camping and other forms of outdoor recreation (hiking, biking, fishing, etc.) as one and the same. This is being driven primarily by younger campers.
- Campers are excited to try new and different methods of camping, including full-service cabins, “glamping” tents and van camping. Their excitement has spawned new and expanding extensions of the outdoor industry. Close to half of all campers surveyed said that they would like to experience glamping in the coming year, a rate that has more than doubled over the past 12 months.
- The importance of on-site recreation to campers increased in 2018 with a full 40 percent of campers selecting campgrounds around it, yet can also be seen to fluctuate based on campers’ stages in life.
- Receptiveness toward peer-to-peer RV rentals is also robust. The establishment and growth among companies offering peer-to-peer rental services has grown exponentially since the start of the report. Today, 60 percent of non-RV owners are likely to consider this approach when renting.

COVID-19 IMPACT

The World Health Organization (WHO) declared a pandemic March 11, 2020. By the third week in March, most states had declared a state of emergency and many had shelter-in-place and other restrictions in place for business, including RV manufacturing and RV campgrounds and resorts. As of early June 2020, all states had begun to reopen for business, at varying levels.

Since then, many national and state parks, corporate and private campgrounds and resorts have seen surges in year over year numbers. Camping and RV travel are deemed almost universally as flexible and safe ways to travel and vacation, not relying on public services. People are taking shorter trips (within a 300 mile radius of home). The RV industry is capitalizing on this surge with strong marketing, advocating the RV travel and camping benefits. The general public has seen international travel as not recommended during this time, leading industry professionals to predict a rapid comeback and a solid fall season, despite delays in production earlier in the year.

The confluence of safe travel, observing health precautions of social distancing, and the desire not to be house-bound, have increased awareness of the benefits of road travel and camping. Sales and rentals of RVs, campers, trailers have reflected the increased interest. Additionally,

the technology available to work remotely and to homeschool has added to the convenience and duration of travel.

While overall interest in traditional travel (airline, cruise ship) remains tepid among many consumers, RV camping leads in consumer confidence and interest across all age groups, with the highest rate of interest among those 18-34 years old. This bodes well for the industry, in that this younger generation may very well be repeat camping aficionados for decades. With on-line platforms offering RVs for rent, and the wide range of price points for van, camper and RV purchases, the world of camping has become increasingly accessible to people who now have an increased appreciation for all that camping can offer.

As mentioned elsewhere, the demand has increased, not only for camping vehicles but also for the accommodations at campgrounds and resorts to host this new wave of interested visitors.

MARKET ANALYSIS CONCLUSION

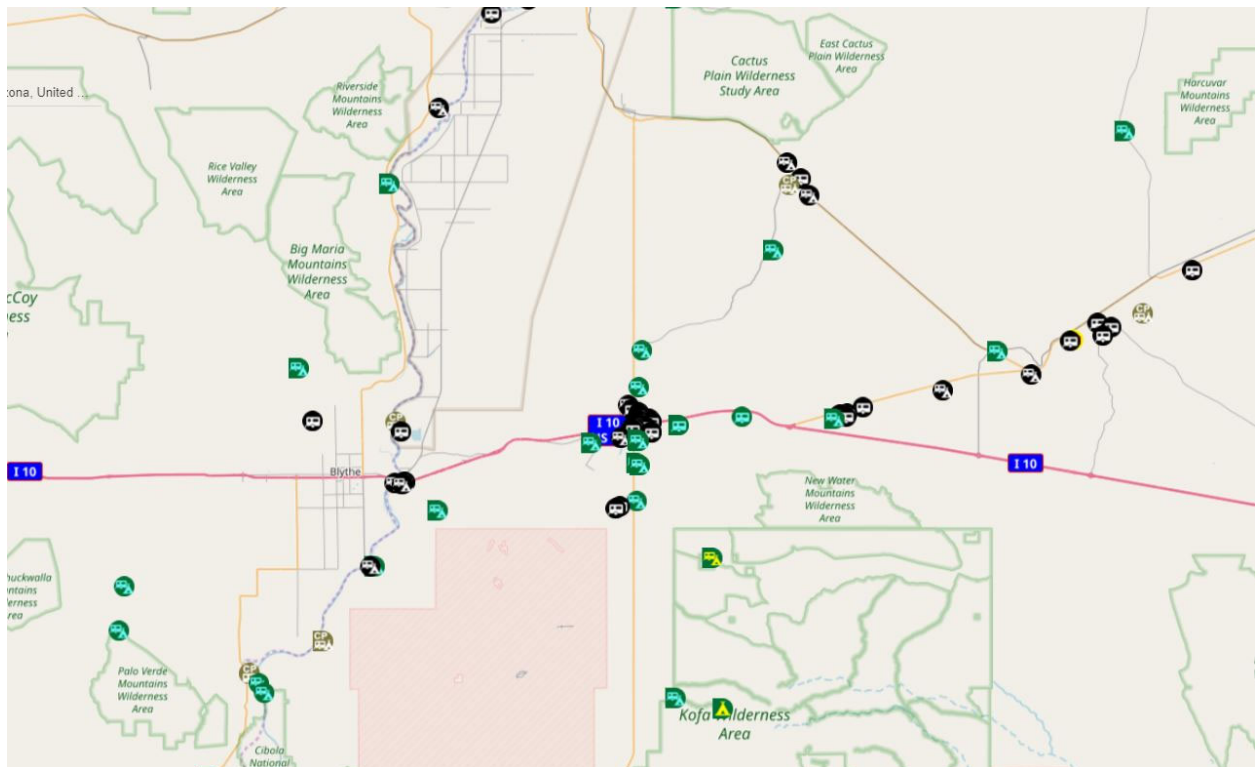
Our review of the market indicates continued strength in local demand for outdoor resorts, and the industry in general, with growing participation in camping from a variety of age groups and cultural groups. While RV shipments have slowed in the last year, the month of June was record-breaking and the new shipments are still some of the highest levels in history. The outlook for 2020 is for stabilization in shipments, with the potential for overall growth. Glamping / luxury camping is a rapidly growing trend, particularly with the younger age groups. The overall support for demand in the industry remains at very robust levels and there is still a stark shortage of RV resorts which can handle the large, modern big rigs on the roads today. The impact of the COVID-19 pandemic is anticipated to be neutral to positive overall. Driving trips and outdoor recreation have replaced other types of travel, and RV's offer a safe way to vacation. While some travelers cancelled plans for the summer, there are a significant number of new travelers now interested in RVing and camping as a safe way to vacation. Over the long-term, the impact is expected to be more positive, as the pandemic subsides and the pool of campers on the roads grows.



COMPETITIVE ANALYSIS

The subject's proposed improvements are assumed to be of good quality, with the amenities necessary to cater to visitors to the area. The proposed improvements are considered to be very competitive with the newer RV resorts across the region. Hundreds of thousands of RVs come to the subject's region; however, there are no more than approximately 5,000 camping sites with utility hookups available, and the majority of these sites are rented annually or reserved ahead of time. This leaves less than approximately 1,500 RV sites for the tens of thousands of RVs looking for hookup sites after spending time boondocking in the desert. Out of these few remaining spaces, an even smaller portion are moderate in quality with any substantial amenities.

There are over 60 RV parks within an approximate 45-mile radius of the subject, including BLM camping areas and towns such as Quartzsite.



Source: Allstays

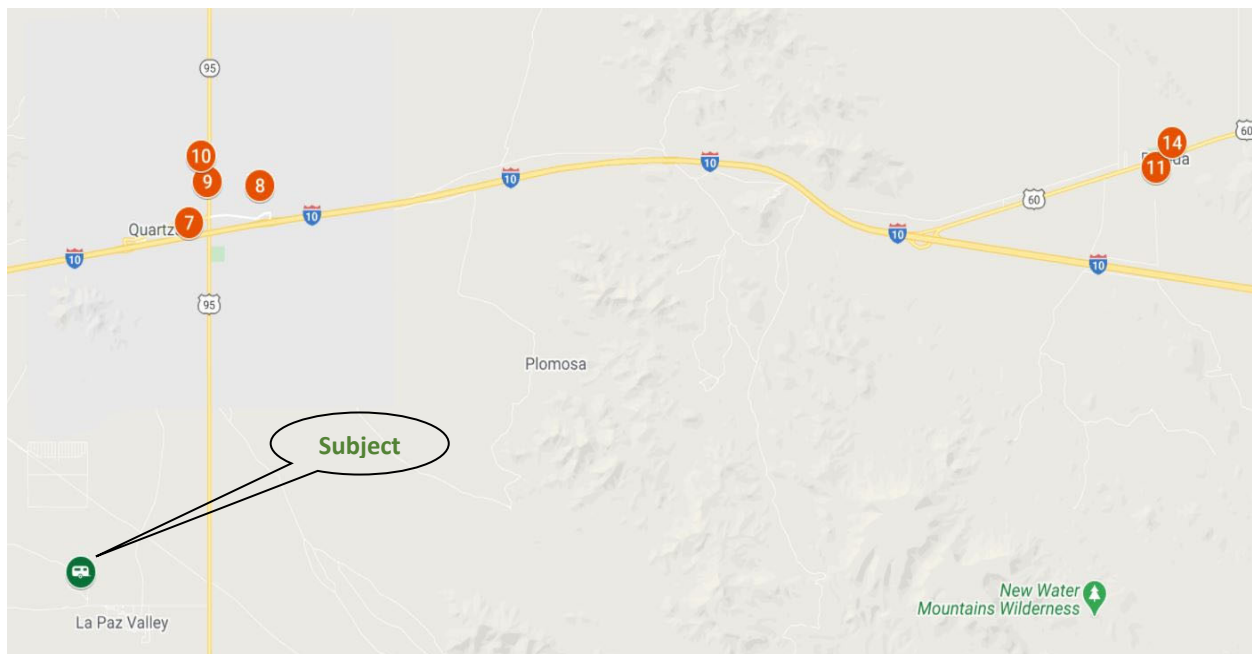


Within this radius, there is only one RV park that offers cabins: The Arizona Oasis RV Resort in Ehrenberg, Arizona, just across the border from Blythe, CA (26 miles west of the subject). This Colorado riverfront resort is an all gravel park, but it does have some pull-thru RV sites up to 70 feet in length. Only six competitors within this area offer a swimming pool:

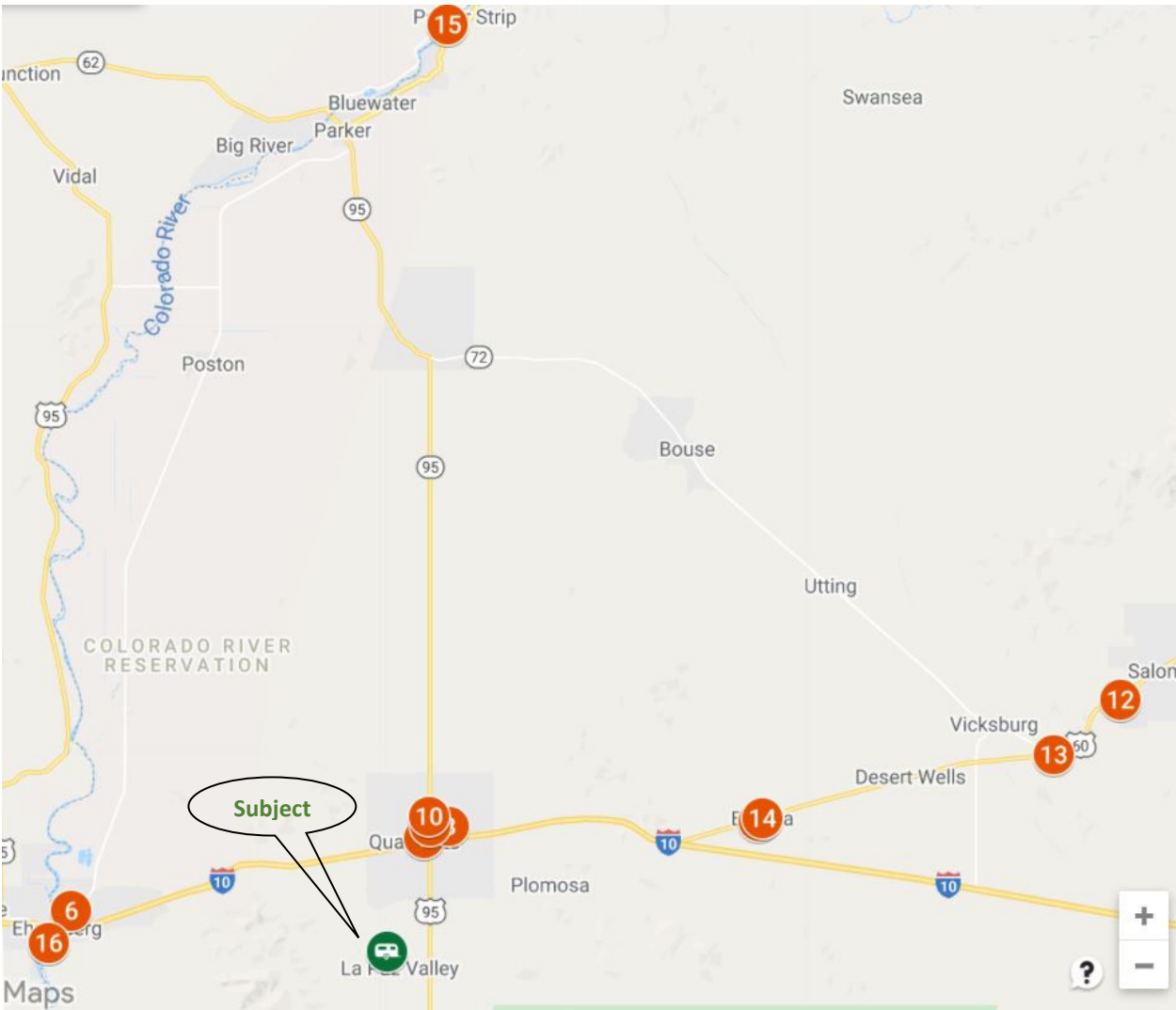
- Black Rock RV Village (24 miles northwest)
- Desert Gold RV Resort in Salome (24 miles northwest)
- The Arizona Oasis RV Resort (26 miles southeast)
- River Breeze RV Resort (26 miles west)
- Salome KOA in Salome (42 miles northwest)
- Desert Palms Golf and RV Resort in Salome (45 miles northwest)

Given the inferior nature of the local competition, our research extended to a greater geographic area to determine the rates and occupancy of more similar quality resorts. The following maps and tables summarize the location, rates and offerings of such competitors:

COMPETITIVE MAP (1 OF 2)












COMPETITIVE MAP (2 OF 2)










The first tables summarize the location, size and ratings for the resorts. The next tables feature a detailed rate breakdown, amenities and other pertinent details.



RV RESORT SUMMARY

RV Park / Resort	Website / Distance from Subject	Photo	# of Sites	Good Sam Rating
1 Sonoran Desert RV Park 800 Butterfield Trail, Gila Bend, AZ 85337	https://www.sonorandesertvrvpark.co 137 miles southwest of the subject		122	9.5 / 10 / 9.5
2 Shangri-La RV Resort 10498 N. Frontage Rd. Yuma, AZ 85365	https://shangrilarv.com/ 70 miles southwest of the subject		300	10/10/2010
3 Westwind RV & Golf 9797 South Frontage Road Yuma, AZ 85365	https://www.westwindrvgolfresort.co 71 miles southwest of the subject		1075	10/10/2010
4 The Palms RV Resort 3400 S Avenue 7 east, Yuma, AZ 85365	https://yumapalmsrvresort.com/ 73.9 miles southwest of the subject		453	NA
5 Copper Mountain RV Park, 39886 E. County 9 1/2 St. Tacna, AZ 85352	https://coppermountainrvpark.com/ 95 miles southeast of the subject		204	9 / 9.5 / 8.5
6 The Palms at River Edge, formally River Breeze RV Park, 50202 Ehrenberg/Parker Hwy Ehrenberg, AZ 85334	https://www.riverbreezerv.com/ 23.3 miles west of the subject		94	9.5 / 9.5 / 10
7 Holiday Palms RV Park 355 W Main Quartzsite, AZ 85346	http://holidaypalmsrv.com/ 9 miles north of the subject		243	9.5 / 9.5 / 8
8 Arizona Sun RV Park 715 E Quail Trail / 425 N Las Palomas Ave Quartzsite, AZ 85346	https://arizonasunrv.com/ 9.8 miles north of the subject		134	7 / 9 / 7.5
9 Scenic Road RV Park 480 N Central Blvd Quartzsite, AZ 85346	https://www.thescenicroad.com/ 9.2 miles east of the subject		97	7.5 / 8.5 / 8

RV RESORT SUMMARY (CONTINUED)

RV Park / Resort	Website / Distance from Subject	Photo	# of Sites	Good Sam Rating
10 Quail Run RV Park 918 N Central Blvd Quartzsite, AZ 85346	https://www.quailrv.com/ 9.4 miles north of the subject		168	9/10/2009
11 Desert Gold RV Resort 46628 E Hwy 60 Salome, AZ 85348	https://www.g7rvresorts.com/rv-park/desert-gold/ 25 miles northeast of the subject		550	10/9/2010
12 Salome KOA Harcuvar Dr, Salome, AZ 85348	https://koa.com/campgrounds/salome 43 miles northeast of the subject		125	8 / 8.5 / 7.5
13 Ramblin Roads RV Resort, 60655 E US Hwy 60 Salome, AZ 85348	https://ramblinroads.com/ 38.9 miles northeast of the subject		177	7 / 8 / 7.5
14 Black Rock RV Village 46751 E Hwy 60 Salome, AZ 85348	https://www.blackrockrv.com/ 24.7 miles northeast of the subject		408	9 / 10 / 10
15 Sundance RV Resort, 1201 Parker Dam Rd, Earp, CA 92242	http://sundancervresortca.com/ 52.4 miles north of the subject		115	NA
16 Arizona Oasis RV Resort 50238 Ehrenberg Parker	https://www.arizonaoasis.com/ 26 miles southeast of the subject		175	8.5 / 9 / 9

Source: www.goodsamclub.com and individual campsite websites / phone survey



RV RESORT SUMMARY - RATES AND AMENITIES

RV Park / Resort	Site / Rental Type	Season	Daily	Weekly	Monthly	Comments / Amenities
1 Sonoran Desert RV Park 800 Butterfield Trail Gila Bend, AZ 85337	Standard back-in / pull-thru Deluxe pull-thru Deluxe tent	All	\$42 - \$44 \$62 - \$69 \$37 - \$39	\$240 - \$250	\$394 - \$425+elec	Formerly Gila Bend KOA, located right off I-8. All gravel, recently updated. All pull-thru sites are 55' x 100', back-in are 55' x 85'. Compact sites for RVs under 30' are lower. Gravel roads and sites. Resort offers a heated swimming pool, large rec room, outdoor Veranda, putting green, horseshoes, petanque pit, multi-corral dog park, rock & cactus garden and outdoor meditation areas.
2 Shangri-La RV Resort 10498 N. Frontage Rd. Yuma, AZ 85365	Back-in Pull-thru	April 1 - September 30 October 1 - March 31 April 1 - September 30 October 1 - March 31	\$40 \$50 \$41.84 \$53	\$220 \$287 \$243 \$309	\$396.90+elec \$655.99+elec \$457.54+elec \$716.63+elec	55+ winter snowbird RV resort. More urban location. Mostly gravel sites (~30' x 55') with full hookups and 30/50 amp service. Amenities include a swimming pool, game room, fitness center, putting green & mini golf, horseshoes, shuffleboard, and pickle ball.
3 Westwind RV & Golf 9797 South Frontage Road Yuma, AZ 85365	Back-ins, 3 pull-thru sites	May - August September - April	\$60 \$50	\$250 \$300	\$900 January - April \$650 May - December	55+ RV resort, dense with mostly park models. Small (30' x 45') gravel sites with small concrete patios. Amenities include a swimming pool, game room, café and lounge, library, and ball room.
4 The Palms RV Resort 3400 S Avenue 7 east, Yuma, AZ 85365	Back-in	Fall Winter Spring Summer	\$37 \$56 \$33 \$44	\$119 \$350	\$750+elec \$1,209+elec \$750+elec	Higher end 55+ community RV resort with deeded lots and park models. Typical lot size of 44' x 68'. Paved streets and lots, with small concrete patios. Amenities include two swimming pools, tennis courts, billiards, ballroom, classes and activities.
5 Copper Mountain RV Park, 39886 E. County 9 1/2 St. Tacna, AZ 85352	Back-in	All	\$38	\$140	\$280+elec	Popular with ATVers. Small gravel sites (typically 45' x 50') with small concrete patios. Amenities include a rec hall, planned activities, shuffleboard, horseshoes, dog park, and ATV trail access. Common facilities are closed in the off season, April - October.
6 The Palms at River Edge, formally River Breeze RV Park, 50202 Ehrenberg/Parker Hwy Ehrenberg, AZ 85334	Back-in and pull-thru	Fall and winter	\$46	\$285	N/A	Colorado River frontage w/ boat ramp. Smaller gravel sites (typically 40' x 60') with concrete patios. Park models for rent. Amenities include a swimming pool, horseshoes, a rec hall, playground, and nature trails. The resort also has water activities on the Colorado River and does boat rentals.
7 Holiday Palms RV Park 355 W Main Quartzsite, AZ 85346	Back-in and pull-thru	December - March April - November	\$55 \$39	\$350 \$245	\$750+elec \$535+elec	Older, all gravel park, affordable option for snowbirds. Typical site size of 30' x 50'. Amenities include a swimming pool, rec hall, horseshoes, and game room.
8 Arizona Sun RV Park 715 E Quail Trail / 425 N Las Palomas Ave Quartzsite, AZ 85346	Back-ins, 8 pull-thrus	Non-January January	\$33 \$48	\$160+elec \$288	\$260+elec \$525+elec	Old, dated gravel park with small sites, typically 28' x 45'. The park offers basic amenities and horseshoes and a rec hall.
9 Scenic Road RV Park 480 N Central Blvd Quartzsite, AZ 85346	Back-in Pull-thru sites (65')	Fall Winter Spring and summer Fall Winter Spring and summer	\$30 \$37 \$30 \$34 \$44 \$36	\$175 \$190	\$411 \$426	Basic, low quality gravel park. Small sites, typically 30' x 40'. Park amenities include a rec hall and pavilion, horseshoes, nature trails, planned activities, and outdoor games.

RV RESORT SUMMARY - RATES AND AMENITIES (CONTINUED)

RV Park / Resort	Site / Rental Type	Season	Daily	Weekly	Monthly	Comments / Amenities
10 Quail Run RV Park 918 N Central Blvd Quartzsite, AZ 85346	Back-ins and pull-thrus	Winter (October - March)	\$38	\$207	\$325	Basic gravel park with small sites, typically 40' x 60'. Park amenities include a rec hall, horseshoes, nature trails, planned activities, and outdoor games.
		Summer (April - September)	\$25	\$175	\$275	
11 Desert Gold RV Resort 46628 E Hwy 60 Salome, AZ 85348	Back-ins, Pull-thrus	October - April	\$45	\$270	\$495+electric	Old, dense gravel park with small sites, typically 35' x 50'. Resort amenities include a swimming pool and hot tub, game room, exercise room, rec hall, mini golf, and nature trails.
		May - September	\$39	\$235	\$345+electric	
12 Salome KOA Harcuvar Dr, Salome, AZ 85348	Back-ins, 30 - 50 Amp sites	October - April	\$41	\$284	\$335 - \$386 + elec	Typical KOA property. All gravel sites with typical size of 30' x 50'. Campground amenities are basic and include a swimming pool, rec hall, game room, and horseshoes.
		May - September	\$41		\$288 - \$325 + elec	
	Pull-thrus, 50 amps, 55', 65', 90'	October - April	\$48	\$338	\$443 - \$473 + elec	
		May - September	\$46 - \$50		\$375 + elec	
13 Ramblin Roads RV Resort, 60655 E US Hwy 60 Salome, AZ 85348	Back-ins, Pull-thrus	Year round	\$35	\$225	\$475 + elec	Gravel park popular with ATVers, good desert landscaping. Small sites, typically 27' x 60'. Campground amenities are basic and include a game room, rec hall, archery range, horseshoes, enclosed dog run, and golf. Winter rates (6 months): \$1,525 plus elec.
	Tent sites	Year round	\$15			
14 Black Rock RV Village 46751 E Hwy 60 Salome, AZ 85348	Standard and Deluxe Back-in.	October - May	\$37	\$235	3 month stay \$1,350, 4 month stay \$1550, 5 month stay \$1750	One of the best parks in the area, with access to BLM land and trails. Popular with ATVers. Gravel park with small sites, typically 40' x 55'. Amenities include a dog park, swimming pool, hot tub, rec hall, shuffleboard, pickle ball, game room, exercise room, planned activities, nature trails, horseshoes, pavilion, and mini golf.
	Pull-thru	October - May	\$41	\$270		
	All	June - September	\$25	\$175		
15 Sundance RV Resort, 1201 Parker Dam Rd, Earp, CA 92242	Back-ins, Pull-thrus	Year round, summer holiday weekends are \$10 more daily	\$55-\$65	\$235 - \$345 for waterfront site with cabana	\$315 - \$465 for waterfront site with cabana + elec	Colorado River frontage and direct access to ATV trails. Gravel park, small sites typically 26' x 48'. Some have concrete pads. Resort amenities include a restaurant, beach front sites, club house, access to OHV trails, pickle ball, bocce ball, and horseshoes.
16 Arizona Oasis RV Resort 50238 Ehrenberg Parker Hwy, Ehrenberg, AZ	Standard	Weekday - Weekend	\$50 - \$65	\$300	\$475 - \$650 + elec	Family friendly RV resort on the Colorado River. Higher rates for covered sites and riverfront sites. Gravel roads and sites. Pull-thrus are 28' x 55' to 88', with back-ins at 30' x 50'. Cabins are basic, with no bathrooms or kitchens. Paved streets and gravel sites with concrete pads. Amenities include a swimming pool, spa, kiddie pool, clubhouse, activity center, playground, riverfront / beach activities, boat launch, storage. RV sites are transitioning to park model vacation homes.
	Premium	Holiday	\$75			
		Weekday - Weekend	\$60 - \$75	\$360	\$575 - \$750 + elec	
	Basic Cabin - 1 BR (no bath)	Holiday	\$85			
		Weekday - Weekend	\$75 - \$100	\$450	N/A	
	Basic Cabin - 2BR (no bath)	Holiday	\$135			
		Weekday - Weekend	\$80 - \$105	\$480	N/A	
		Holiday	\$140			

Source: www.goodsamclub.com and individual campsite websites / phone survey

The limited amount of private land in the area makes it unlikely that a competitive new-build is possible, and virtually impossible for the existing competition to expand with the features included in the subject's design. Our research revealed no new substantial competitor that will be opening within the subject's immediate area in the short term. The competitive environment could change quickly however, and it is recommended that this be revisited periodically.

The competitor's daily rates for RV sites range from \$25 to \$85. The subject's market rent should fall above the midpoint, within the lower part of the upper end of the competitive range.

The most relevant competition for determining market rates for the subject are Black Rock RV Village, the Shangri-La RV Resort and Arizona Oasis:

- **Black Rock RV Village:** As one of the better competitors to the subject, this park also has direct access to BLM land and trails, and is popular with ATVs. This competitor, however, offers only gravel roads and sites, and very small site sizes (40' x 55' for a typical site). The subject should be able to achieve rates significantly above the Black Rock daily rates of \$25 to \$41.
- **Shangri-La RV Resort:** This is a winter snowbird resort with mostly small gravel sites, with a typical back-in lot size of 30' x 55'. Rates range from \$40 to \$53. The subject should be able to achieve slightly higher rates with its quality and its larger lot sizes.
- **Arizona Oasis RV Resort:** This is a gravel / dirt park that offers good amenities and some larger sites. The location benefits from activities along the Colorado River. Excluding riverfront and covered sites, the RV site rental rates range from \$50 to \$85 per day. The upper end of the range is for peak holiday periods. This competitor provides a good benchmark for potential rental rates for the subject.

Most of the competitors are essentially at full occupancy during the prime winter season, according to our research. The hotter seasons are consistently at lower occupancy for most of the properties. It is anticipated that the subject could achieve full or nearly full occupancy in the prime winter months, due to its quality, features and location. The hot summer season will likely be closer to half occupied, on average. Competitive occupancies are estimated to range between 55% and 75% in the market.



CABINS AND GLAMPING TENTS

In order to determine the market rent for the cabins and glamping, we have surveyed similar options in the market, which are summarized in the following tables:



COMPETITIVE RESORT SUMMARY - BUNGALOWS / CABINS

Resort	Web Address	Location	State	Site / Rental Type	Nightly Rate	Size	Amenities
Shash Dine Eco Retreat	http://www.shashdine.com	Page	AZ	Cabin	\$150	2 Guests - 1 BR, 1 Bed (No Bath)	Breakfast of fresh fruit, breakfast bars, and your choice of coffee or Navajo Tea.
Capitol Reef Resort	https://capitolreefresort.com/	Torrey	UT	King Cabin	\$169 - \$369	4 Guests - 1 BR, 1 BA, 2 Beds, 430 SF	Outdoor heated pool, hot tub, horseback riding and llama adventures, breakfast buffet (seasonally). Modern room amenities.
				Two Bedroom Cabin	\$169 - \$369	6 Guests - 2 BR, 2 BA, 430 SF	
Yosemite Pines RV Resort	https://yosemitepinesrv.com/	Groveland	CA	Luxury Cabin	\$259 - \$429	Various Sizes - Sleeps 6 to 8	Onsite activities include playground / games area including a sand volleyball court, tetherball, bocce ball and horseshoes, large swimming pool, nature trails, BBQ area and deli.
Moab Springs Ranch	www.moabspringsranch.com	Moab	UT	Premium Double Bungalow	\$114 - \$341	4 Guests - 1 BR, 1 BA, 2 Beds	Outdoor pool, hot tub, private park, vineyard, trail access, campfire circle.
				Ranch House Bungalow	\$93 - \$341	4 Guests - 1 BR, 1 BA, 2 Beds, 480 SF	
				Premium Single Bungalow	\$104 - \$320	2 Guests - 1 BR, 1 BA, 1 Bed	
				Townhome	\$189- \$467	6 Guests - 2 BR, 2.5 Baths	

COMPETITIVE SUMMARY - BIG TIMBER WALL TENTS

Glamp	Web Address	Location	State	Site / Rental Type	Nightly Rate	Amenities
Shash Dine Eco Retreat	http://www.shashdine.com	Page	AZ	Bell Tent Glamping on Navajoland (2 beds) (Sleeps 4 people)	\$150 - \$200	Breakfast included. Solar powered, bedding, linens, wool blankets and sleeping bags, candles, candle lanterns, a flashlight, and a solar light. Books, games, snacks, juice, and water, soap, shampoo, toothpaste, tooth brush, and sanitary wipes. There are several well serviced, well maintained, and clean outhouses/portapotties on the property. Bathing water is provided in a container that is heated by the sun. There is a private "camp shower." The camp shower is a wood privacy structure with a snail style entrance. Parking is free.
Under Canvas Grand Canyon AZ Moab UT	https://www.undercanvas.com/camps/grand-canyon/	Grand Canyon Moab	AZ, UT	Big Timber Wall Tents	\$229 - \$424+	Upper end of the price range includes private en suite bathrooms. Wood burning stove with complimentary firewood. Raised wood floor stretching out to a private patio with deck lounge chairs
Under Canvas Zion Utah	https://www.undercanvas.com/camps/zion/	Zion	UT	Big Timber Wall Tents	\$209 - \$424+	Upper end of the price range includes private en suite bathrooms. Wood burning stove with complimentary firewood. Raised wood floor stretching out to a private patio with deck lounge chairs

Only one of the initial competitors offers cabin rentals, with basic cabins (no bathrooms or kitchens) ranging from \$75 to \$140 per night. The additional cabin rentals presented have rental rates ranging from \$150 to \$467 per night. The lower end of this range does not offer bathrooms, and the upper end are larger luxury cabins. The subject cabins are assumed to have bathrooms and accommodate up to four people. The big timber wall tent rentals range from \$150 to over \$424 per night. Given the subject's location and that the subject units will not have bathrooms, we anticipate the glamping tents to rent at the lower end of this range. The primitive tent sites have rental rates ranging from \$15 to \$39 per night.

MARKET RENT, RENTER BREAKDOWN AND OCCUPANCY CONCLUSION

The subject is assumed to be a good quality RV resort in excellent overall condition upon completion, offering competitive and unique amenities that match local demand. The overall outlook for the subject is considered positive as there is a shortage of quality competition in the subject's area.

We have projected initial average market daily rates for the RV sites at \$60 per day. The average market daily rate for the cabins is projected at \$150, with the big timber wall tent glamping units also at \$150. The average rate for the primitive tent sites is projected at \$30. Daily rates will vary above and below the averages based on season and day of the week. Our weekly market rent conclusion is based on a 5.5 multiplier of the concluded daily rates. The monthly rent conclusions are based on 2.3 times the weekly rate, and the annual / snowbird rate is based on 5 times the monthly rate. 30% of all RV site renters are projected to be daily, with 10% weekly, 20% monthly and 40% annual. No weekly or monthly rents are assumed for the cabins, glamping and basic tent sites.

Based upon our research, stabilized occupancy for the subject is estimated to be at or near 65% on an annual basis for the RV sites, glamping units and tent sites, and at 75% for the cabins. Due to the subject's new condition, location, quality and amenities, this is considered to be achievable, assuming strong marketing and excellent management. For all but the cabins, we have projected first year occupancy upon construction completion at 35%, increasing to 55% in Year 2 and reaching stabilization at 65% by the end of Year 3. The cabin occupancy is projected at 40% in Year 1, 60% in Year 2 and then stabilizing at 75% in Year 3. This is achievable particularly due to the location, quality and amenities of the resort, and assumes strong marketing efforts are occurring during the construction period. Rent is projected to grow at a rate of 2.5% per year. The occupancy rates are based on 365 days, with the resort operating



year-round. Considering the preceding analysis, the market rent and stabilized revenue projections are concluded as follows:

MARKET RENT / REVENUE ASSUMPTIONS

Market Rental Rates	RV Sites	Cabins	Glamping Units	Tent Sites
<i># of Sites</i>	283	10	22	9
Daily Rate	\$60	\$150	\$150	\$30
Weekly Rate	\$330	N/A	N/A	N/A
Monthly Rate	\$759	N/A	N/A	N/A
Annual	\$3,795	N/A	N/A	N/A
Renter Breakdown				
% Daily	30%	100%	100%	100%
% Weekly	10%	0%	0%	0%
% Monthly	20%	0%	0%	0%
% Annual	40%	0%	0%	0%
Stabilized Occupancy	65%	75%	65%	65%
Stabilized Revenue - Annual	\$2,138,529	\$410,625	\$782,925	\$64,058
Average per Day	\$31.85	\$150.00	\$150.00	\$30.00
Total Stabilized Revenue				\$3,396,137

MARKET ANALYSIS CONCLUSION

The subject will be in excellent overall condition upon completion. The following positive supply factors favor the subject property:

- The subject is well located in close proximity to the Arizona Peace Trail;
- The subject's lots will be larger than much of its competition, and its quality will be attractive in the market; and
- The subject will offer higher quality features and accommodations that are not prevalent in the market.

The subject's location and quality are its greatest assets. As a modern resort with quality offerings including paved roads and large site sizes, and unique glamping options, the subject property will be a premiere destination in the area. The overall outlook for the subject is considered positive.



SITE DATA

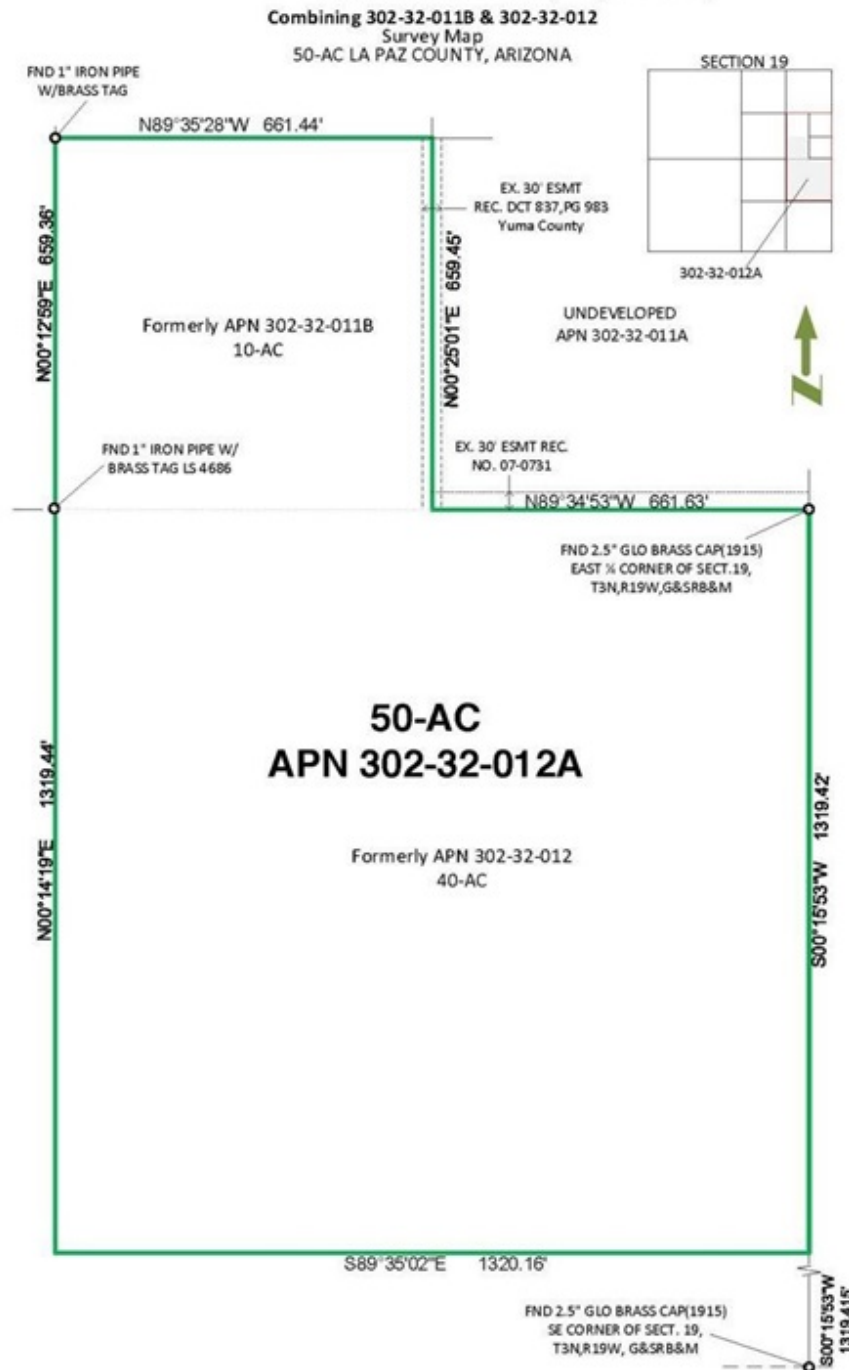
Location:	56 th Street, La Paz Valley, La Paz County, Arizona
Total Size:	Approximately 50.00 acres
Shape:	Irregular
Frontage:	Running from new, paved county road (56th Street) to 53rd Street, an east-west two-mile connection to AZ HWY 95, east of the project
Surrounding Uses:	Primarily residential and vacant desert land
Apparent Easements, Encroachments, or Restrictions:	We have assumed no adverse easements, encroachments or other conditions affect the marketability and utility of the site.
Topography and Drainage:	The overall topography of the area appears generally level and sloping from west to east. Surface drainage is assumed adequate.
Soil and Subsoil Condition:	Assumed sound; no soil report was provided.
Visibility:	Adequate
Street Improvements:	56 th street will be a two-way, two-lane asphalt paved local roadway.
Access:	Adequate, with assumed planned curb cuts
Zoning:	The subject property is zoned PD, Commercial and Recorded Subdivision district, which allows RV parks, commercial businesses, glamping, tents, park model rentals and fee simple lot ownership. It is assumed that the development would comply with any necessary guidelines and restrictions.



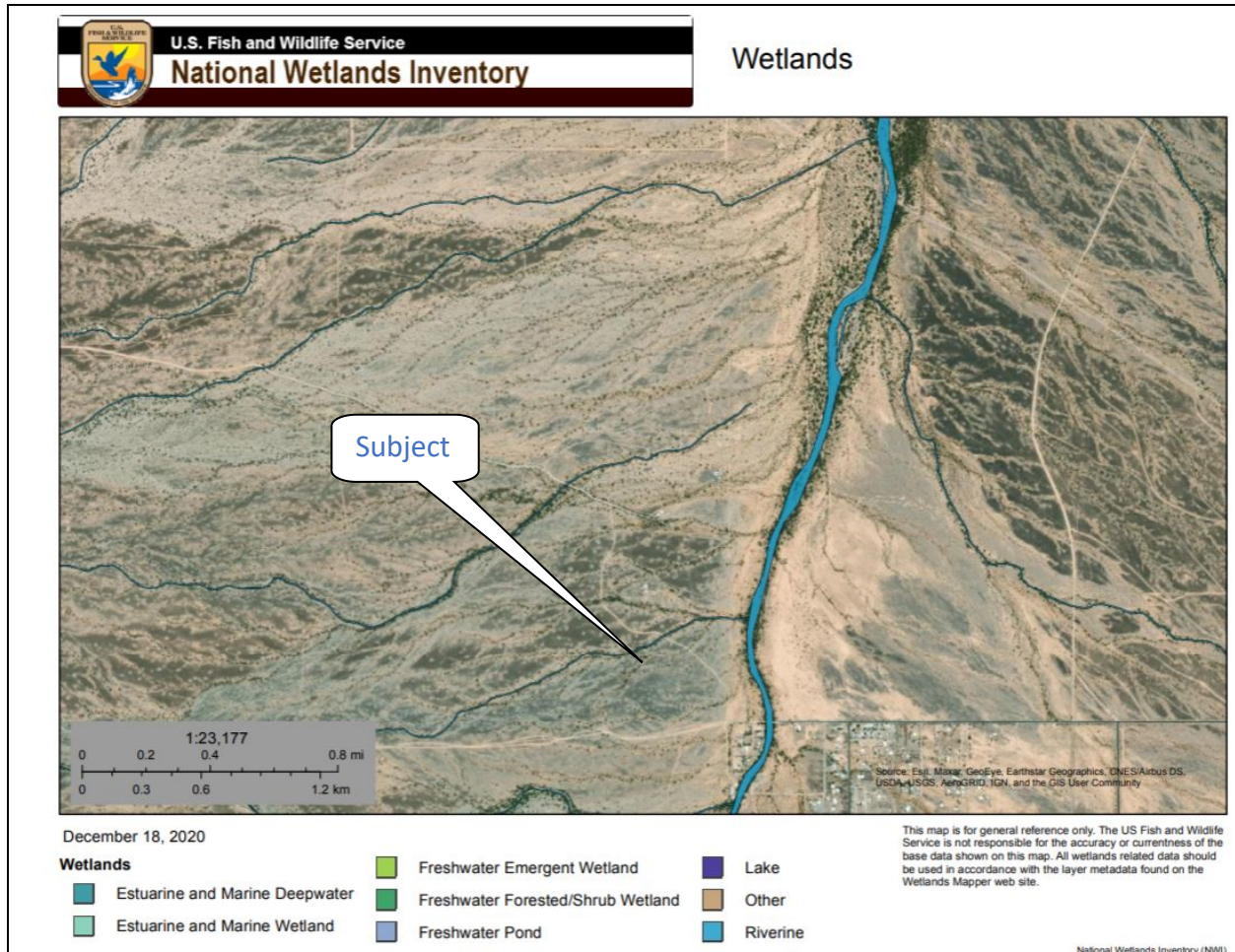
Flood Zone / Wetlands:	The subject is located within Zone X, which is an area of minimal flood hazard, per non-printed FEMA Community Panel Number 04012C1550C dated September 28, 2008.
Utilities:	Electricity: APS (Arizona Public Service) Sewer: Septic and Wastewater Treatment Plant Water: Two wells, with ADWR (Arizona Department of Water Resources) assurances of 100-year water supply Propane: Onsite distribution facility Phone: Cell service (all major carriers) Cable/Satellite: DirecTV or Dish Wi-Fi: Throughout the resort
Relationship of the Subject Site to its Surroundings:	Compatible with surrounding uses
Suitability for Development:	Suitable for a variety of uses, including an RV resort



SURVEY



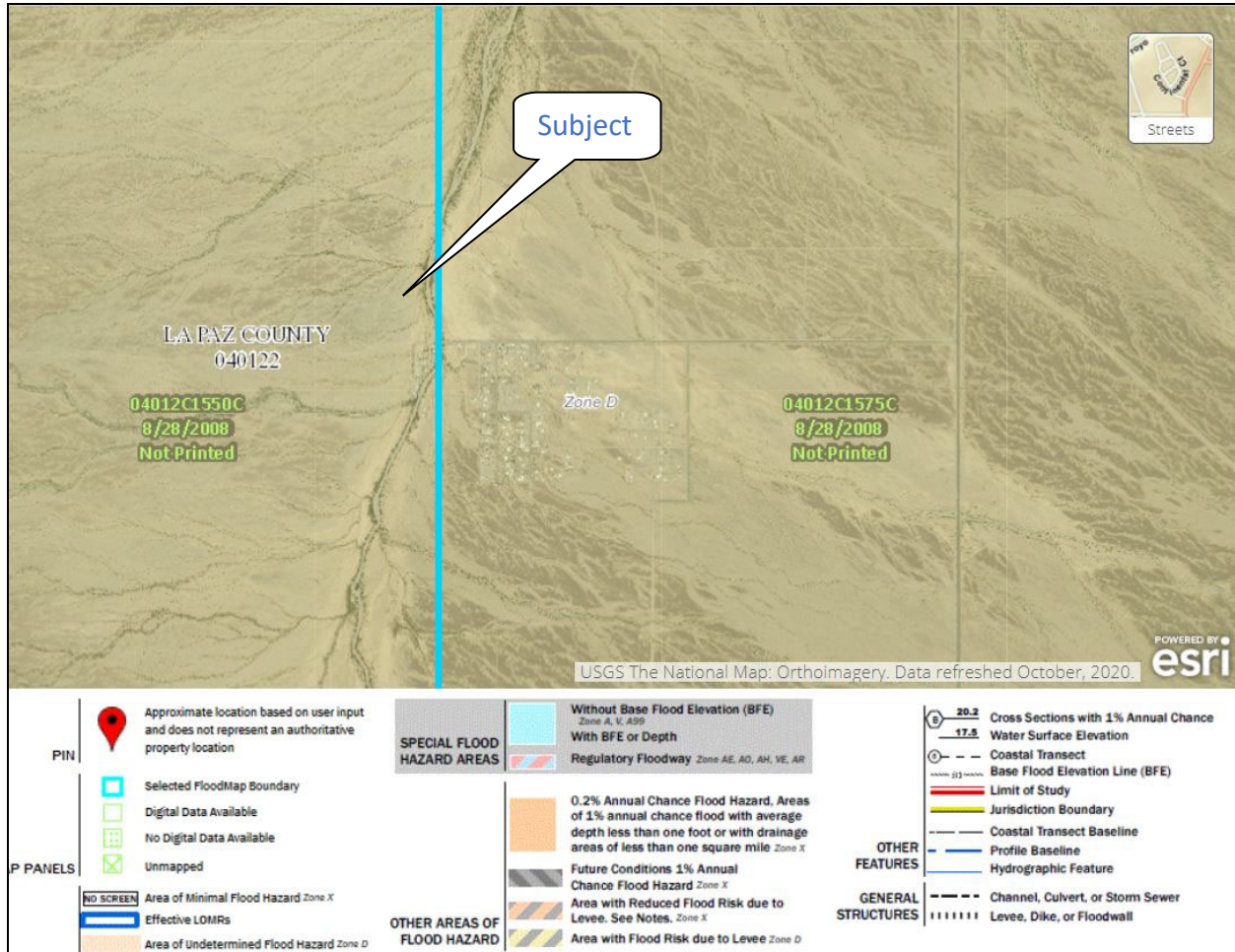
WETLANDS MAP



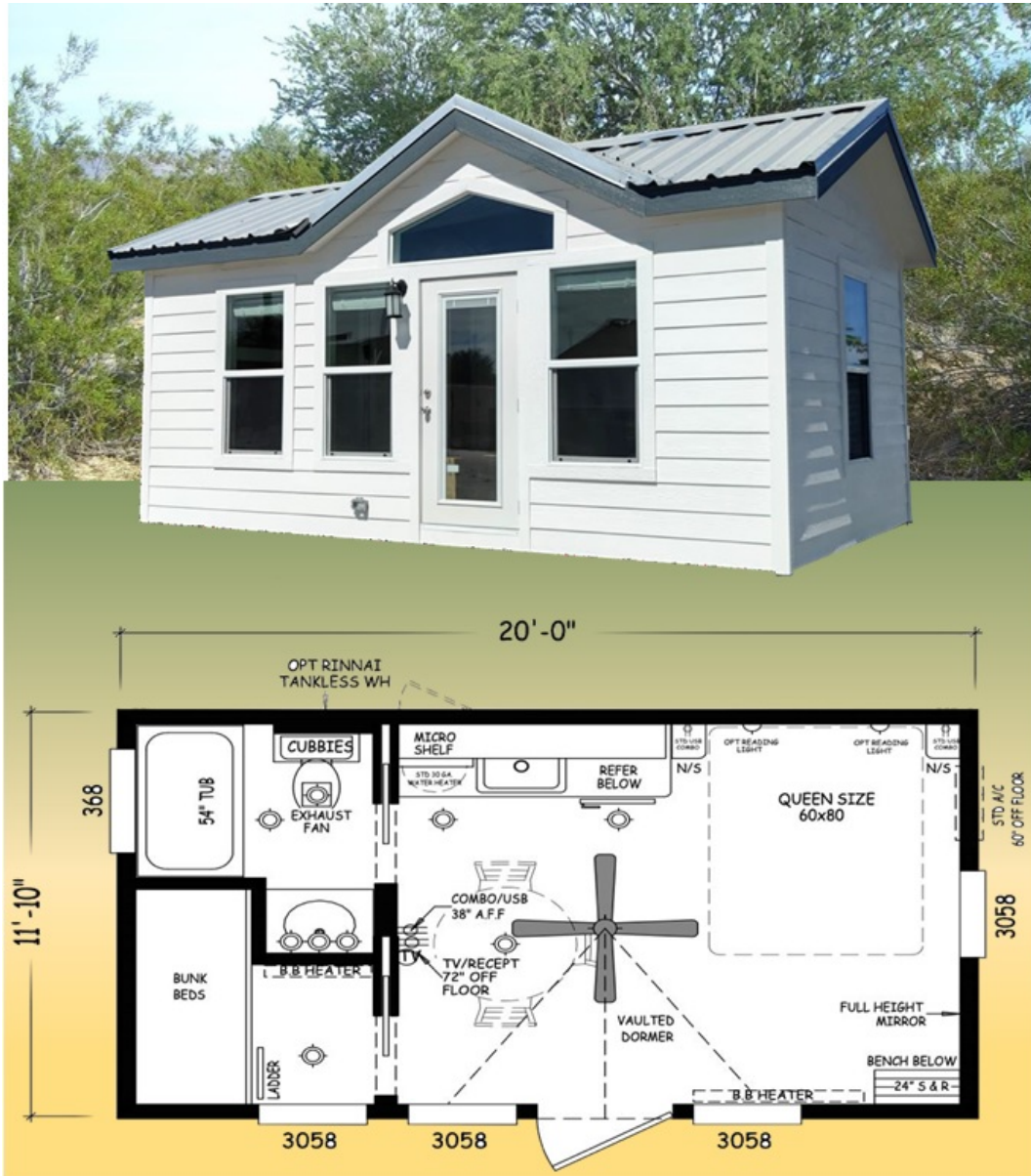
Source: National Wetlands Inventory (www.fws.gov)



FEMA FLOOD MAP







SLEEPS: 4

Glamping / Big Timber Wall Tents

Glamping platforms will be equipped with wall-tents and deck areas. Chairs and queen- or king-size bed (some with bunk beds) and ample shelf space are provided inside each glamping tent. The platforms are located to allow privacy for the guests, but also grouped into neighborhoods to give multiple families or travel clubs the opportunity to camp together near central fire ring “round-up” areas. Restroom facilities with showers are nearby, as is out-of-the-way, ample parking for cars, trucks and off-road vehicles.





Basic Tent Sites

The rustic tent sites are located away from the RV sites and will include a fire pit, picnic table and electricity. A regional dish washing station will be provided. Examples are as follows:



The subject's proposed improvements are assumed to be of good quality, competing extremely well with parks / resorts in the nearby area as well as the newer good quality resorts across the region. The proposed improvements are considered to be very competitive.





SITE PLAN





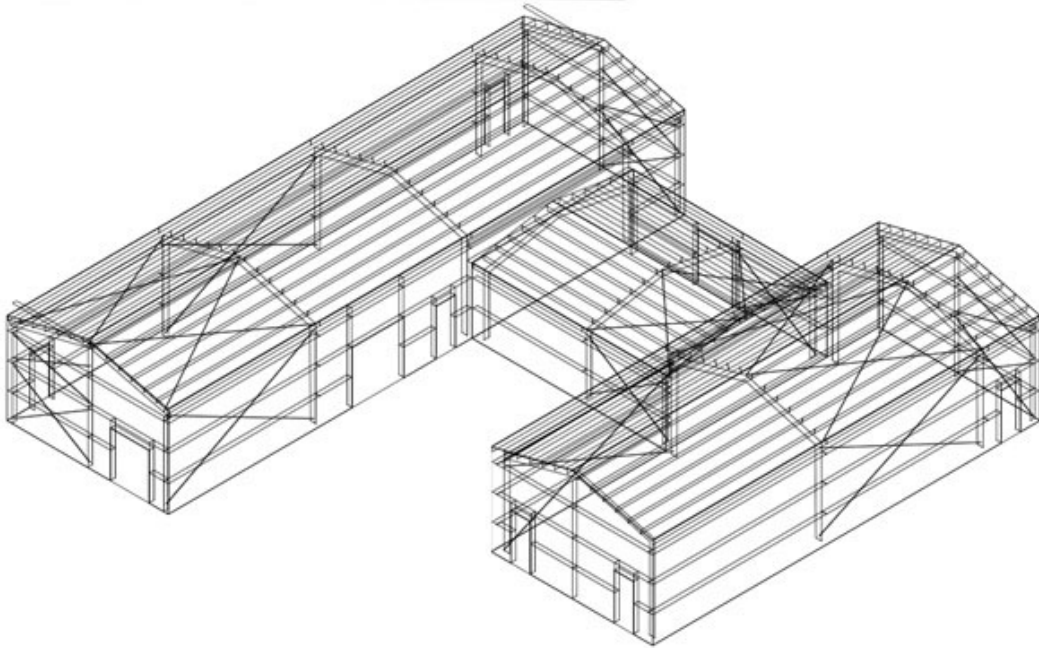
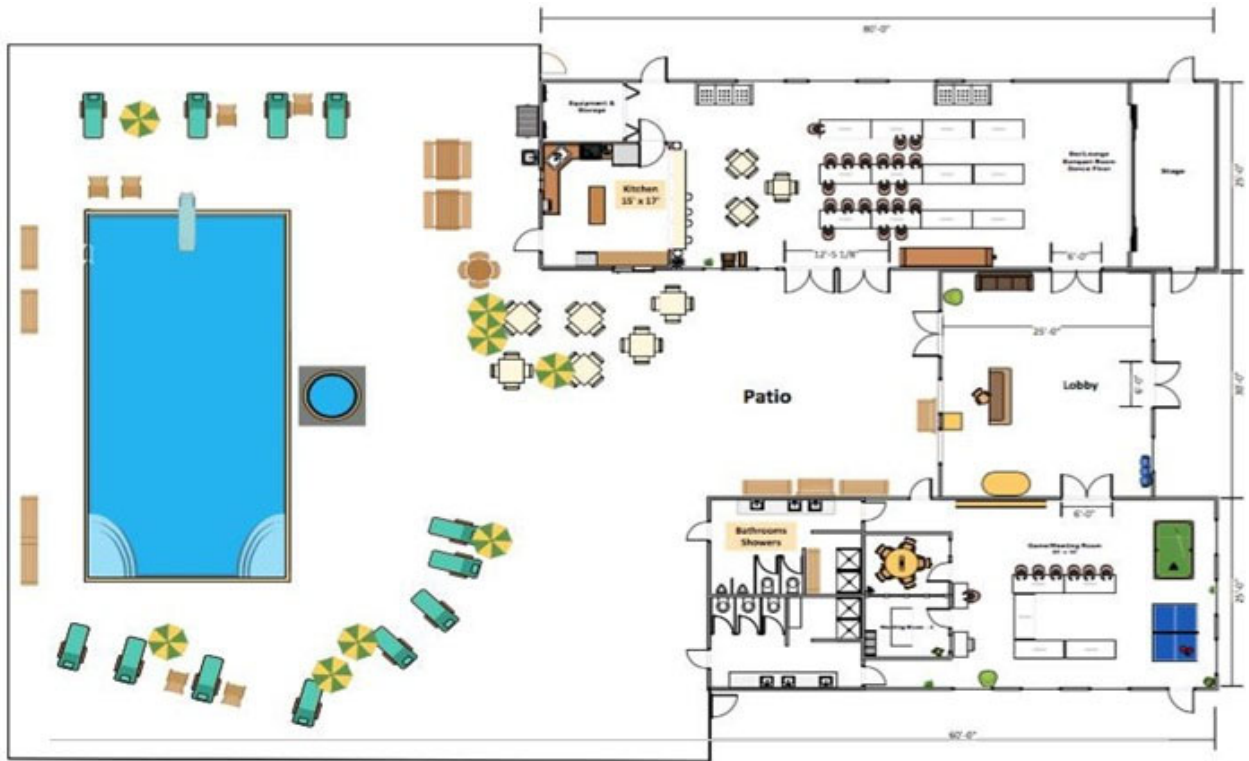


ENTRANCE DETAIL



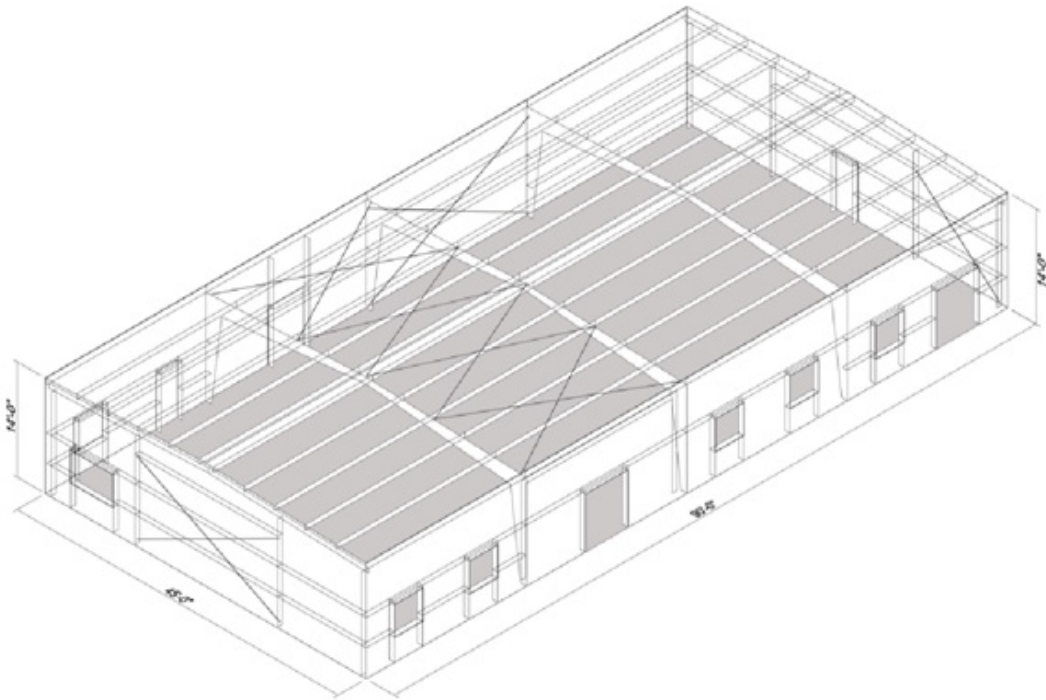
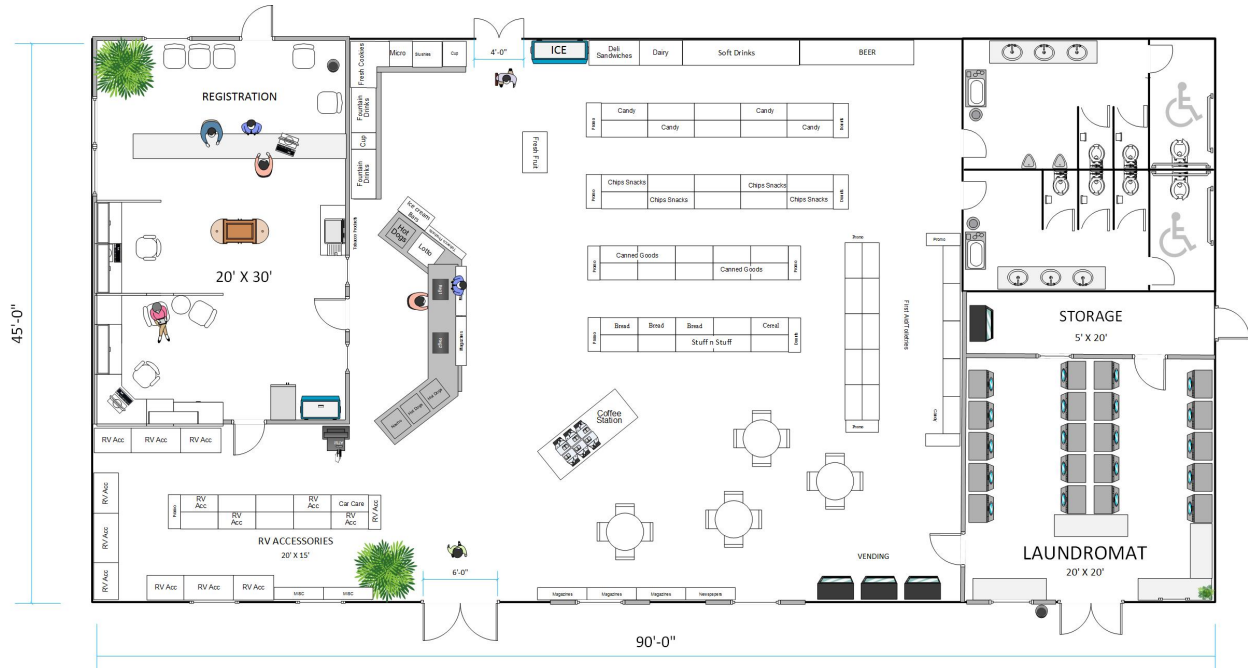
RECREATION VILLAGE DETAIL





CONFERENCE CENTER AND CLUBHOUSE / POOL





OFFICE AND CONVENIENCE STORE



INCOME AND EXPENSE PROJECTIONS

We have compiled a forecast of income and expense for the proposed RV resort. This forecast is based on the proposed improvements described herein, as well as the occupancy and average rate forecast discussed previously.

The forecast of income and expense is expressed in current dollars for each year. Income and expense estimates from the stabilized year forward exclude from consideration any abnormal relationship between supply and demand, as well as any nonrecurring conditions that may result in unusual revenues or expenses. The ten-year projection period reflects the typical holding period of similar real estate assets. In addition, the ten-year period provides for the stabilization of income streams and comparison of yields with alternate types of real estate. The forecasted income streams reflect the future benefits of owning specific rights in income-producing real estate.

In order to project future income and expense for the proposed subject resort, we have utilized our experience in the industry and a variety of data in our files.

Lodging Revenue

The market rental rates, renter type / duration breakdown and occupancy projections were analyzed and presented in the preceding section and are restated as follow:



INCOME AND EXPENSE PROJECTIONS

MARKET RENT / REVENUE ASSUMPTIONS

Market Rental Rates	RV Sites	Cabins	Glamping Units	Tent Sites
<i># of Sites</i>	283	10	22	9
Daily Rate	\$60	\$150	\$150	\$30
Weekly Rate	\$330	N/A	N/A	N/A
Monthly Rate	\$759	N/A	N/A	N/A
Annual	\$3,795	N/A	N/A	N/A
Renter Breakdown				
% Daily	30%	100%	100%	100%
% Weekly	10%	0%	0%	0%
% Monthly	20%	0%	0%	0%
% Annual	40%	0%	0%	0%
Stabilized Occupancy	65%	75%	65%	65%
Stabilized Revenue - Annual	\$2,138,529	\$410,625	\$782,925	\$64,058
Average per Day	\$31.85	\$150.00	\$150.00	\$30.00
Total Stabilized Revenue				\$3,396,137

Miscellaneous Income

Miscellaneous income has been projected based on 5% of total rental revenue, based on typical performance considering the subject's planned amenities. Sources of revenue in this category include retail store sales, propane & OHV fuel sales, laundry income, concession fees, electric bike rentals and ATV rentals. This is net of expenses and considered a conservative estimate.

COMPARABLE EXPENSES

In order to provide more insight into typical expenses at RV resorts, expense data for both newer and larger parks across the country are presented. This is summarized in the following tables in addition to the median expense results from the 2017 ARCV State of the Industry Report:



INCOME AND EXPENSE PROJECTIONS

EXPENSE COMPARABLES

	1			2			3		
Resort	Orange Grove			River			Hidden Valley		
Location	S. Calif			Tennessee			Pennsylvania		
Year Built	1988 / 2003			1992			1969		
# of Sites	177			306			490		
Expense Year	12-Mo Trailing Nov-18			2017			2017		
Occupancy	72%			34%			72%		
							<i>Seasonal</i>		
REVENUE (EGI)	\$1,435,206			\$2,581,099			\$786,619		
EXPENSES	Annual	Per Site	% of Rev	Annual	Per Site	% of Rev	Annual	Per Site	% of Rev
Variable									
Payroll / Payroll Tax Expense	\$210,868	\$1,191	14.7%	\$487,568	\$1,593	18.9%	\$103,633	\$211	13.2%
General & Admin	16,822	\$95	1.2%	160,069	\$523	6.2%	21,412	\$44	2.7%
Marketing / Advertising	38,180	\$216	2.7%	54,750	\$179	2.1%	2,294	\$5	0.3%
Repairs and Maintenance	85,659	\$484	6.0%	205,941	\$673	8.0%	41,441	\$85	5.3%
Management Fee	48,000	\$271	3.3%	-	\$0	0.0%	35,398	\$72	4.5%
Rubbish Removal	19,146	\$108	1.3%	-	\$0	0.0%	-	\$0	0.0%
Fixed									
Licenses, Fees, Permits	1,301	\$7	0.1%	-	\$0	0.0%	2,513	\$5	0.3%
Legal / Professional	13,391	\$76	0.9%	-	\$0	0.0%	-	\$0	0.0%
Utilities	203,896	\$1,152	14.2%	408,785	\$1,336	15.8%	115,992	\$237	14.7%
Insurance	26,438	\$149	1.8%	65,083	\$213	2.5%	26,380	\$54	3.4%
Real Estate Taxes	34,684	\$196	2.4%	67,030	\$219	2.6%	19,804	\$40	2.5%
Other Taxes	-	\$0	0.0%	13,956	\$46	0.5%	10,333	\$21	1.3%
Franchise Fee	-	\$0	0.0%	-	\$0	0.0%	-	\$0	0.0%
Other	42,099	\$238	2.9%	-	\$0	0.0%	-	\$0	0.0%
Total Expenses	740,484	\$4,184	51.6%	1,463,182	\$4,782	56.7%	379,200	\$774	48.2%
NOI	\$694,722	\$3,925	48.4%	\$1,117,917	\$3,653	43.3%	\$407,419	\$831	51.8%

INCOME AND EXPENSE PROJECTIONS

EXPENSE COMPARABLES (CONTINUED)

	4			5			ARVC SURVEY		
Resort	Deer Run			Club Royal Oak			ARVC - Resorts		
Location	Tennessee			Central Calif			w/ 150+ Sites		
Year Built	2001			1963/2009/2016			Industry Avgs		
# of Sites	88			100			Varies	Avg # of Full Hookups	
Expense Year	2017			2016			2017		
Occupancy	n/a			n/a			0%		
							-		
REVENUE (EGI)	\$678,555			\$557,556			\$846,900	Median	
EXPENSES	Annual	Per Site	% of Rev	Annual	Per Site	% of Rev		Per Site	% of Rev
Variable									
Payroll / Payroll Tax Expense	\$101,045	\$1,148	14.9%	\$46,902	\$469	8.4%	\$121,500	\$560	14.3%
General & Admin	22,869	\$260	3.4%	21,149	\$211	3.8%		\$0	0.0%
Marketing / Advert / Promo	13,560	\$154	2.0%	4,300	\$43	0.8%	14,500	\$67	1.7%
Repairs and Maintenance	30,325	\$345	4.5%	25,600	\$256	4.6%	35,000	\$161	4.1%
Management Fee	-	\$0	0.0%	-	\$0	0.0%	99,700	\$459	11.8%
Rubbish Removal	-	\$0	0.0%	3,926	\$39	0.7%		\$0	0.0%
Fixed									
Licenses, Fees, Permits	-	\$0	0.0%	399	\$4	0.1%	10,600	\$49	1.3%
Legal / Professional	-	\$0	0.0%	3,000	\$30	0.5%	5,200	\$24	0.6%
Utilities	155,692	\$1,769	22.9%	80,517	\$805	14.4%		\$0	0.0%
Insurance	12,715	\$144	1.9%	13,803	\$138	2.5%	17,500	\$81	2.1%
Real Estate Taxes	9,865	\$112	1.5%	36,000	\$360	6.5%	25,000	\$115	3.0%
Other Taxes	-	\$0	0.0%	-	\$0	0.0%		\$0	0.0%
Franchise Fee	-	\$0	0.0%	-	\$0	0.0%	51,800	\$239	6.1%
Other	-	\$0	0.0%	3,727	\$37	0.7%	50,500	\$233	6.0%
Total Expenses	346,071	\$3,933	51.0%	239,323	\$2,393	42.9%	431,300	\$1,988	50.9%
NOI	\$332,484	\$3,778	49.0%	\$318,233	\$3,182	57.1%			

I. Orange Grove RV Park, Bakersfield CA – This property has 177 RV sites which range in length from 65 to 90 feet long. The amenities include a 4,252 SF good quality lodge with recreation room, a manager 4 bedroom / 2 bath residence, a 2,400 SF barn with kitchen and BBQ facilities for large groups, swimming pool, 974 SF office with small store, exercise room, dog park and walking areas, RV and car wash, two separate 1,500 SF bath and laundry buildings and many orange trees. The property has a 721kw ground mount solar system which provides for 65% of the property's electrical needs. The roads are asphalt paved and the sites are gravel with small concrete patios. The resort was originally built in 1988, with an expansion in 2003. The overall expenses for this property are \$4,184 per site or 51.6% of EGI. This property has the following characteristics which may impact expenses differently than the subject:

- **Age** – The property is significantly older than the subject, which would tend to increase repairs and maintenance costs, reported at \$484 per site or 6.0% of EGI. All things being equal, the subject's expenses would be lower.
- **Size** – The property has fewer sites than the subject which decreases economies of scale. All things being equal, the subject's expenses per site would be lower in all categories.
- **Solar Power** – A solar power system for the subject is beyond the scope of this analysis; thus, its electrical expenses would be higher than this property, all things being equal.

II. River Plantation RV Resort, Sevierville TN – This property has 306 RV sites in the Smoky Mountains area. This includes 297 full hookup sites, 9 rental cabins and 209 RV storage spaces. The 59 pull-thru sites are 30' x 75' and the remaining back-in sites are 30' x 60'. Approximately 93.5% of the revenues are generated between March and December. The amenities include a recreation hall, two pools, a hot tub, lazy river, pavilion, playground, bath / laundry, an RV wash, a large conference center for groups and other recreational amenities. The roads are asphalt paved and most of the sites are gravel. The resort was built in 1992. The overall expenses for this property are \$4,782 per site or 56.7% of EGI. This property has the following characteristics which may impact expenses differently than the subject:

- **Age** – The property is significantly older than the subject, which would tend to increase repairs and maintenance costs, reported at \$673 per site or 8.0% of EGI. All things being equal, the subject's expenses would be lower.



- **Quality** – The gravel sites are inferior in quality but will require less maintenance. All things being equal, the repairs and maintenance expense would be higher for the subject.
- **Amenities** – The subject has fewer amenities, which would indicate lower expenses for the subject.

- **Age** – The property is significantly older than the subject, which would tend to increase repairs and maintenance costs, reported at \$85 per site or 5.3% of EGI. All things being equal, the subject's expenses would be lower.
- **Size** – The property has more sites than the subject which increases economies of scale. All things being equal, the subject's expenses per site would be higher in all categories.
- **Amenities** – The subject has fewer amenities, which would indicate lower expenses for the subject.
- **Quality** – The gravel sites are inferior in quality but will require less maintenance. The subject's site sizes are also assumed to be much larger. All things being equal, the repairs and maintenance expense would be slightly higher for the subject.
- **Seasonality** – This is a seasonal campground, which does not require full staff year-round. All things being equal, the subject's payroll and management expenses per site would be expected to be higher.



are generous in size. The amenities include a 25-acre lake, swimming pool, pavilion, chapel, store, deli, laundry / bathhouses, tennis courts and other outdoors sports / activity areas. The roads and sites are gravel. The resort was built in 2001. The overall expenses for this property are \$3,933 per site or 51.0% of EGI. This property has the following characteristics which may impact expenses differently than the subject:

- **Age** – The property is older than the subject, which would tend to increase repairs and maintenance costs, reported at \$345 per site or 4.5% of EGI. All things being equal, the subject's expenses would be lower.
- **Size** – The property has fewer sites than the subject which decreases economies of scale. All things being equal, the subject's expenses per site would be lower in all categories.
- **Quality** – The gravel sites are inferior in quality but will require less maintenance. All things being equal, the repairs and maintenance expense would be higher for the subject.

V. Club Royal Oak RV Resort, Kingsburg, CA – This property has 100 RV sites including 36 riverfront sites, 45 pull-thru sites and five tent sites. All sites are full hookup and they are somewhat generous in size. The amenities include an office, store, fitness center, dry sauna, RV storage, laundry / bathhouses, clubhouse (with pool table, draft, BBQ area and full high-end kitchen). The roads are asphalt paved and the sites are gravel. The resort was originally built in 1963 with renovations in 2009 and 2016. The property has a 169kw roof mount solar system on the covered RV storage area which provides for 90% of the property's electrical needs. The overall expenses for this property are \$2,393 per site or 42.9% of EGI. This property has the following characteristics which may impact expenses differently than the subject:

- **Age** – The property is older than the subject, which would tend to increase repairs and maintenance costs, reported at \$256 per site or 4.6% of EGI. All things being equal, the subject's expenses would be lower.
- **Size** – The property has fewer sites than the subject which decreases economies of scale. All things being equal, the subject's expenses per site would be lower in all categories.



- **Quality** – The gravel sites are inferior in quality but will require less maintenance. All things being equal, the repairs and maintenance expense would be slightly higher for the subject.
- **Solar Power** – A solar power system for the subject is beyond the scope of this analysis; thus, its electrical expenses would be higher than this property, all things being equal.

The subject will have a low projected real estate tax obligation compared to typical expenses. This is considered in our projections.

SUBJECT EXPENSE PROJECTIONS

The expense estimates in our pro forma consider our experience with other RV resorts as well as industry standards. Income and expense projection utilize a total of 324 sites for the purposes of this analysis. Expenses are grown at 2.5% per year in our analysis, unless otherwise noted.

Cost of Goods Sold

Given that the subject will be new, an operating history has not been established. The miscellaneous income projections are net of related expenses, thus no Cost of Good Sold expense is projected.

Marketing / Advertising

Marketing and advertising expenses of \$250 per site are projected based upon industry expenses. To help bring the property to stabilization, higher expenses of \$150,000 in Year 1 and \$125,000 in Year 2 are projected.

Real Estate Taxes

The subject's taxes are projected at \$100 per site starting in Year 2, growing at 2.5% annually. This is based on an analysis of the assessment ratio and tax rates, tempered by the comparable real estate taxes at campgrounds within La Paz County. The first year tax expense is projected at its current level.



Payroll / Payroll Tax Expense

A payroll expense of \$1,000 per site has been included in our pro forma. This is considered reasonable given the size of the property and the potential for savings via the utilization of workcampers.

Repairs and Maintenance

The subject property will be new and in excellent condition upon completion. A repairs and maintenance expense of \$500 per site has been included in our pro forma. This considers the new condition of the property and the level of the amenities planned.

Utilities

A utilities expense of \$1,500 per site has been included in our pro forma, based upon typical industry expenses. This category includes trash service and internet. An estimated deduction of -\$207 per site (calculated over the total number of sites) is applied to account for longer term renters who will pay their own electric.

Administrative Expenses

Administrative expenses, including legal and professional fees of \$100 per site has been included in our pro forma, based upon typical industry expenses.

Insurance

An insurance expense of \$150 per site has been included in our pro forma, based upon typical industry expenses.

Management Fees

Management expenses are estimated at 5% of effective gross income (EGI) based upon industry norms. If the project is self-managed, this fee can be retained by ownership.

Franchise Fees

The subject will not be franchised to the best of our knowledge; therefore, no franchise fee has been included.

Miscellaneous

A miscellaneous (travel / meals / entertainment / auto, etc.) expense of \$25 per site has been included in our pro forma.



Reserves for Replacement

The subject park's infrastructure and improvements will be new and in excellent condition. Replacement reserves are estimated at \$225 per site per year. This is equivalent to 2% of total revenues on a stabilized basis, which is typical. Although this is assumed to be a capital item by most income property investors, typical appraisal practice usually provides for inclusion of a replacement reserve line item.

TOTAL EXPENSES AND NET OPERATING INCOME

All expenses are grown at 2.5% per year. The total stabilized projected expenses (Year 3) excluding reserves are projected at \$1,349,911 or \$4,166 per site. This reflects a 36% expense ratio. Total stabilized (Year 3) net operating income is projected to be \$2,319,967 or \$7,160 per site. Our experience has indicated expense ratios range from 30% to 60% depending on the type and size of resort as well as the number of amenities. The ARVC Survey indicates an average expenses of \$1,988 per site with a ratio of 50.9%. The subject is below average on a percentage basis but above average on a per site basis. The expense ratio falls within the typical range for a new resort with offerings and amenities such as the subject. Therefore, the above projections appear reasonable based upon the subject's characteristics.

INCOME AND EXPENSE PROJECTIONS

Following are the income and expense projections for the subject:



INCOME AND EXPENSE PROJECTIONS

INCOME AND EXPENSE PRO FORMA											
YEAR		1	2	3	4	5	6	7	8	9	10 - Stabilized (Reversion)
REVENUE											
All Lodging Sites											
283	RV Site Occupancy	35%	55%	65%	65%	65%	65%	65%	65%	65%	65%
	Average Rental Rate / Day	\$31.85	\$32.65	\$33.46	\$34.30	\$35.16	\$36.04	\$36.94	\$37.86	\$38.81	\$39.78
	Site Nights	36,153	56,812	67,142	67,142	67,142	67,142	67,142	67,142	67,142	67,142
	RV Site Revenue	1,151,516	1,854,763	2,246,792	2,302,962	2,360,536	2,419,549	2,480,038	2,542,039	2,605,590	2,670,730
10	Cabin Occupancy	40%	60%	75%	75%	75%	75%	75%	75%	75%	75%
	Average Rental Rate / Day	\$150.00	\$153.75	\$157.59	\$161.53	\$165.57	\$169.71	\$173.95	\$178.30	\$182.76	\$187.33
	Site Nights	1,460	2,190	2,738	2,738	2,738	2,738	2,738	2,738	2,738	2,738
	Cabin Revenue	219,000	336,713	431,413	442,198	453,253	464,584	476,199	488,104	500,307	512,814
22	Glamping Occupancy	35%	55%	65%	65%	65%	65%	65%	65%	65%	65%
	Average Rental Rate / Day	\$150.00	\$153.75	\$157.59	\$161.53	\$165.57	\$169.71	\$173.95	\$178.30	\$182.76	\$187.33
	Site Nights	2,811	4,417	5,220	5,220	5,220	5,220	5,220	5,220	5,220	5,220
	Glamping Revenue	421,575	679,037	822,561	843,125	864,203	885,808	907,953	930,652	953,918	977,766
9	Tent Site Occupancy	35%	55%	65%	65%	65%	65%	65%	65%	65%	65%
	Average Rental Rate / Day	\$30.00	\$30.75	\$31.52	\$32.31	\$33.11	\$33.94	\$34.79	\$35.66	\$36.55	\$37.47
	Site Nights	1,150	1,807	2,135	2,135	2,135	2,135	2,135	2,135	2,135	2,135
	Tent Site Revenue	34,493	55,558	67,300	68,983	70,707	72,475	74,287	76,144	78,048	79,999
	Miscellaneous Net Income	5%	91,329	146,303	178,403	182,863	187,435	192,121	196,924	201,847	206,893

INCOME AND EXPENSE PROJECTIONS

The stabilized Year 3 pro-forma is as follows (derived from the preceding discounted cash flow):

DIRECT CAPITALIZATION - PROSPECTIVE "AS STABILIZED" (YEAR 3)				
REVENUE		Stabilized		
SITES			Per Site	
283	RV Site Revenue	\$2,246,792	\$7,939	
10	Cabin Revenue	431,413	\$43,141	
22	Glamping Revenue	822,561	\$37,389	
9	Tent Revenue	67,300	\$7,478	
	Miscellaneous Income	178,403	-	
Total Revenue		\$3,746,469	\$11,563	
EXPENSES		Total	Per Site	% of Revenue
	Marketing / Advertising	\$85,101	\$263	2%
	Real Estate Taxes	33,210	\$103	1%
	Payroll / Payroll Tax Expense	340,403	\$1,051	9%
	Repairs and Maintenance	170,201	\$525	5%
	Utilities (Includes Trash)	510,604	\$1,576	14%
	Utilities (Long-Term Elec Offset)	(70,541)	(217.72)	-2%
	Administrative Expenses	34,040	\$105	1%
	Insurance	51,060	\$158	1%
	Management Fee	187,323	\$578	5%
	Franchise Fee	-	\$0	0%
	Miscellaneous	8,510	\$26	0%
Total Expenses		\$1,349,911	\$4,166	36%
Reserves for Replacement		76,591	\$236	2%
Total Expenses including Reserves		1,426,502	\$4,403	38%
Net Operating Income (NOI)		\$2,319,967	\$7,160	62%
Overall Capitalization Rate (OAR)		10.00%		
Indicated Stabilized Value		\$23,199,673		
Value Conclusion, Rounded		\$23,200,000	\$71,605/Unit	
Matrix Analysis				
		9.50%	\$24,400,000	\$75,309/Unit
Sites	324	10.00%	\$23,200,000	\$71,605/Unit
		10.50%	\$22,100,000	\$68,210/Unit



FEASIBILITY ANALYSIS

Return on investment can be defined as the future benefits of an income-producing property relative to its acquisition or construction cost. The first step in performing a return on investment analysis is to determine the amount to be initially invested. For a proposed property, this amount is most likely to be the development cost. Based on the total development cost, an investor will utilize a return on investment analysis to determine if the future cash flow from a current cash outlay meets the investment criteria and at what level above or below this amount such an outlay exceeds or fails to meet these criteria.

As an individual or company considering investment in resort real estate, the decision to use cash equity, external capital or lender financing will be an internal one. The construction budget for the project, as estimated by Sage Resort Appraisal and Consulting, is illustrated on the following pages. The feasibility conclusion herein is subject to change based on changes in development costs. As such, it is recommended that actual construction bids or validation of these costs be secured by a third-party.

DIRECT COST

The Marshall Valuation Service (MVS) cost guide, published by Marshall and Swift, Inc., has been used to estimate the direct costs for the subject. Salient details regarding the direct costs are summarized in a subsequent table. Base building costs (direct costs), indicated by the MVS cost guide, are adjusted to reflect the physical characteristics of the subject. Making these adjustments, including the appropriate local and current cost multipliers, the Direct Building Cost is indicated. It should be noted that this category includes profit to the general contractor.

ADDITIONS

Additional items planned which are not considered in the direct building costs include the swimming pool, park model cabins, glamping units (big timber wall tents), pickleball courts and the FF&E.

INDIRECT COSTS

Several indirect cost items are not included in the direct building cost figures derived through the MVS cost guide. These items include developer overhead (general and administrative costs), land financing costs, property taxes, legal and insurance costs, local development fees



and contingencies, marketing and miscellaneous costs. For the subject, we have estimated indirect costs at 10.0% of the total direct costs.

ENTREPRENEURIAL PROFIT – POTENTIAL PROFIT TO OWNER / DEVELOPER

Entrepreneurial profit represents the return to the developer, and is separate from contractor's overhead and profit. This line item, which is a subjective figure, tends to range from 5% to 25% or more of total direct and indirect costs for most property types, based on discussions with developers active in this market. Given current market conditions and growing demand in the area, there is easily potential for a minimum of 30.0% profit to a developer on this project. It is noted that this is profit to the owner / developer, as the general contractor profit was already included in the Direct Building Cost.

COST PROJECTION

The cost estimates are presented as follows:



HARD AND SOFT COST PROJECTION			
Building Type:	RV Resort	Number of Camp Sites:	324
Quality/Condition:	Good / Excellent	Surface:	Paved
COST BREAKDOWN PER RV SPACE			
Engineering (Complete detailed plans and specifications, permits, bonds and survey)			\$1,810
Grading (Graded for drainage, view and appearance, roads roughed in)			\$1,720
Street Paving (2" asphalt on good base, some edging/curb, common prkg)			\$2,600
Patios and Walks (Avg 470 SF of concrete per space, including walks around common areas)			\$1,540
Sewer (4" service, 6" mains, 8" trunk, good code install, well vented / trapped)			\$1,720
Water (4" to 6" mains, good valve connections and hydrants at sites)			\$1,700
Electrical (Underground conduit, 100 to 200 amp hookups, good street lighting)			\$2,875
Buildings (Clubhouse / conf center, pavilion, store, office, laundry, showers etc)			\$3,775
Miscellaneous (Landscaping, sprinklers, large signs, roundup areas, chip & putt)			\$2,290
Subtotal Cost per Space			\$20,030
Cost Multipliers			
Current Cost Multiplier			1.07
Local Multiplier			0.95
Number of Spaces Multiplier			0.97
Gross Area per Space Multiplier			1.02
Final Cost Per Space			\$20,145
Number of Spaces			324
Total Base Building Cost			\$6,526,874
Additions			
Swimming Pool			\$150,000
Park Model Cabins (10)	\$40,000	Each	\$400,000
Glamping Units (22)	\$7,500	Each	\$165,000
Pickleball Courts (4)	\$32,000	Each	\$128,000
FF&E			\$200,000
Direct Building Cost (Includes Contractor Profit)			\$7,569,874
Indirect Costs	10.0%	of Direct Building Cost	\$756,987
Direct and Indirect Building Cost			\$8,326,862
TOTAL CONSTRUCTION COST			\$8,326,862
COST PER SITE			\$25,700

The total construction costs budgeted are \$8,326,862 or \$25,700 per site, excluding potential profit and the acquisition cost of the land.



COST PROJECTION - INCLUDING PROFIT

Potential Profit to Owner	30.0%	of Total Building Cost	\$2,498,059
Replacement Cost New			\$10,824,920
Accrued Depreciation			\$33,410
Incurable Physical Deterioration	0%	of Replacement Cost New	\$0
Functional Obsolescence	0%		\$0
External Obsolescence	0%		\$0
Total Accrued Depreciation	0%	of Replacement Cost New	0
Depreciated Replacement Cost			\$10,824,920
Land Acquisition			\$1,351,500
Total Estimated Construction Cost			\$12,176,420
Rounded			\$12,180,000
Cost per Site with Developer's Profit			\$37,593

RETURN RATE ANALYSIS

In order to develop an estimated debt service payment, the following *Realty Rates Investor Survey* is referenced:



RealtyRates.com INVESTOR SURVEY - 3rd Quarter 2020*						
RV PARKS & CAMP GROUNDS						
Item	Input					OAR
Minimum						
Spread Over 10-Year Treasury	1.27%	DCR Technique	1.35	0.039383	0.65	3.46
Debt Coverage Ratio	1.35	Band of Investment Technique				
Interest Rate	1.94%	Mortgage	65%	0.039383	0.025599	
Amortization	35	Equity	35%	0.080140	0.028049	
Mortgage Constant	0.039383	OAR				5.36
Loan-to-Value Ratio	65%	Surveyed Rates				5.10
Equity Dividend Rate	8.01%					
Maximum						
Spread Over 10-Year Treasury	8.78%	DCR Technique	2.05	0.124945	0.50	12.81
Debt Coverage Ratio	2.05	Band of Investment Technique				
Interest Rate	9.45%	Mortgage	50%	0.124945	0.062473	
Amortization	15	Equity	50%	0.182519	0.091260	
Mortgage Constant	0.124945	OAR				15.37
Loan-to-Value Ratio	50%	Survey				14.60
Equity Dividend Rate	18.25%					
Average						
Spread Over 10-Year Treasury	5.03%	DCR Technique	1.70	0.075094	0.58	7.34
Debt Coverage Ratio	1.70	Band of Investment Technique				
Interest Rate	5.70%	Mortgage	58%	0.075094	0.043179	
Amortization	25	Equity	43%	0.126210	0.053639	
Mortgage Constant	0.075094	OAR				9.68
Loan-to-Value Ratio	58%	Surveyed Rates				9.57
Equity Dividend Rate	12.62%					

*2nd Quarter 2020 Data

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The survey indicates loan-to-value ratios ranging from 50% to 65%, with an average of 58%. The interest rates range from 1.94% to 9.45%, with an average of 5.70%. The loan amortization terms range from 15 to 35 years, with an average of 25 years. Based upon the preceding survey, our experience in the market and the direction of the client, a 5.00% interest rate and



20-year term is assumed. This is within the range of the survey parameters. A 50% loan-to-value ratio is utilized. The financing assumptions are as follows:

Financing Assumptions	
Interest Rate (Annual):	5.00%
Interest Rate (Monthly):	0.42%
Term (Years):	20
LTV or % Financed:	50%
Mortgage Amount:	\$4,839,181
Monthly Payment:	\$31,936
Annual Debt Service:	\$383,237

Mortgage Constant Calculator		
Mortgage		
Constant	Interest Rate	Term (Yrs)
0.079194689	5.00%	20

Note: Calculated on a monthly basis

RETURN ANALYSIS

Following is an estimate of the cash-on-cash return (after debt), debt coverage ratios and the payback period of the equity investment:

CASH ON CASH RETURN (AFTER DEBT)

YEAR	1	2	3	4	5
NOI	\$604,050	\$1,667,825	\$2,319,967	\$2,422,119	\$2,482,672
<u>Less: Debt Service</u>	<u>\$383,237</u>	<u>\$383,237</u>	<u>\$383,237</u>	<u>\$383,237</u>	<u>\$383,237</u>
NET INCOME TO EQUITY	\$220,812	\$1,284,587	\$1,936,730	\$2,038,882	\$2,099,435
Debt Coverage Ratio	1.58	4.35	6.05	6.32	6.48
Cash on Cash Return	4.6%	26.5%	40.0%	42.1%	43.4%
Payback Total:	\$220,812	\$1,505,400	\$3,442,129	\$5,481,011	\$7,580,446

YEAR	6	7	8	9	10
NOI	\$2,536,734	\$2,600,152	\$2,665,156	\$2,789,096	\$2,850,618
<u>Less Debt Service</u>	<u>\$383,237</u>	<u>\$383,237</u>	<u>\$383,237</u>	<u>\$383,237</u>	<u>\$383,237</u>
NET INCOME TO EQUITY	\$2,153,497	\$2,216,915	\$2,281,919	\$2,405,858	\$2,467,381
Debt Coverage Ratio	6.62	6.78	6.95	7.28	7.44
Cash on Cash Return	44.5%	45.8%	47.2%	49.7%	51.0%
Payback Total:	\$9,733,942	\$11,950,857	\$14,232,776	\$16,638,634	\$19,106,015
Payback Time	Under 3 Years				
EQUITY INVESTMENT*	\$4,839,181				

* 50% of cost, excludes developer profit



The subject has positive cash-on-cash return starting in Year 1. Starting in Year 2, the debt coverage ratio exceeds the upper range of the ratios noted in the *Realty Rates* survey (maximum of 2.05).

The yield to the lender based on a 50% debt contribution equates to approximately 5.37% (rounded), calculated as follows:

RETURN TO THE LENDER

Year	Total Annual Debt Service		PV Factor @ 5.37%		Discounted Cash Flow
Loan:	-\$4,839,181				
1	\$383,237	x	0.949005	=	\$363,694
2	383,237	x	0.900610	=	\$345,147
3	383,237	x	0.854683	=	\$327,546
4	383,237	x	0.811098	=	\$310,843
5	383,237	x	0.769735	=	\$294,991
6	383,237	x	0.730482	=	\$279,948
7	383,237	x	0.693231	=	\$265,672
8	383,237	x	0.657879	=	\$252,124
9	383,237	x	0.624331	=	\$239,267
10	3,645,527 *	x	0.592493	=	\$2,159,948
Value of Mortgage Component					\$4,839,181

*10th year debt service plus outstanding mortgage balance

In order to project the equity component yield, the reversionary sale price of the subject must be projected. The **terminal capitalization rate**, also known as the exit rate, is the rate used to estimate the resale value of a property at the end of the holding period. The expected net operating income (NOI) per year is divided by the terminal cap rate (expressed as a percentage) to get the terminal value at the end of the holding period. The previously presented *Realty Rates Investor Survey* indicated overall capitalization rates ranging from 5.10% to 15.37%, with an average of 9.57%. Terminal capitalization rates are typically slightly higher than overall (going-in) capitalization rates. For purposes of this analysis, we have applied a terminal capitalization rate of 11.0%. This reflects the current market for such resort investments and also considers the subject property's attributes. Terminal capitalization rates have generally remained stable over the past few years. With an estimated selling and closing cost based on



4% of the sales price, the reversionary value and sales proceeds (after mortgage payoff) are estimated as follows:

REVERSIONARY VALUE / SALES PROCEEDS

Year 10 NOI		\$2,850,618
Terminal Cap Rate		11.0%
Reversion		\$25,914,712
Less Selling / Closing Costs	4.0%	(\$1,036,588)
Less Mortgage Balance		(\$3,262,290)
Sales Proceeds		\$21,615,833

Following is a summary of RV resort sales with capitalization rate data:



SUMMARY OF IMPROVED SALE COMPARABLES

No.	Location	Date	Price	Land Size (Acres)	RV Spaces	Price per RV Space	OAR	Comments
1	River Plantation RV Resort, 1004 Parkway, Sevierville, TN	May-19	\$23,000,000	44.7	308	\$74,675	7.4%	River Plantation RV Resort. Good Sam Rating of 8.5/10/9.5. 299 sites & 9 cabins. Many amenities including two pools, lazy river, large conference center, RV & bus wash, fitness center and more. Nearly 60% of the sites are gravel. Cap rate is pro forma. Listing price was \$24,260,000.
2	Treasure Isle RV Park, 205 Treasure Isle Rd., Hot Springs, AR	Mar-16	\$2,200,000	23.3	65	\$33,846	8.9%	Located on Lake Hamilton. All full hookup spaces. Gravel roads and sites. 45 are pull thrus (24'x 55'). 12 are lakefront sites. New swimming pools and bathhouses in 2016.
3	Junction West RV Park & Storage, 793 22 Rd, Grand Junction, CO	Apr-20	\$4,300,000	9.2	71	\$60,563	9.0%	Junction West RV Park & Storage. 9 / 9.5 / 10 Good Sam Rating. 69 RV sites with hookups (predominantly pull-thru sites), 8 tent sites, 2 cabins and 152 RV storage sites. Full service RV wash, exercise room, splash pad, playground and more. Gravel sites. List price was \$4,700,000. Marketing time was slightly over a year.
4	Jellystone Park Camp-Resort, 650 Sky View Ln, Larkspur, CO	Oct-16	\$4,700,000	39.2	128	\$36,719	7.0%	Buyer also purchased adjacent 65 acres of land for add'l \$2.7M to expand park. Pool, jumping pillow, pond w / beach, playground, sport courts, pavilion. Average condition. Price per RV site excludes 20 tent sites.
5	Former Durango KOA Holiday RV Park, now Oasis RV Resort & Cottages, 30090 Highway 160, Durango, CO	Feb-20	\$3,860,000	16.2	92	\$41,957	10.1%	Oasis RV Resort & Cottages. Good Sam Rating - 8.5 / 9.5 / 8.5. Gravel roads and sites. 9-hole mini-golf course, heated pool, game-room with T.V. lounge and pool table, playgrounds, covered pavillion, general store, and dog park. Now open year round. The property previously sold in May of 2018 for \$3,500,000. List price was \$4,700,000. The sales price per site accounts for the cabins but excludes 13 tent sites.
6	Pecan Park RV Resort, 650 Pecan Park Rd., Jacksonville, FL	Jun-16	\$7,000,000	22.0	183	\$38,251	7.7%	Pecan Park RV Resort. Good Sam Rating of 10 / 10 / 9. List price was \$7.5M. Swimming pool, fishing pond, on-site storage. Paved sites and concrete pads. All pull-thru sites, mostly 40' x 70'.
7	Circle H RV Ranch, 1107 S. 18th Street, Yakima, WA	Jan-20	\$2,858,600	4.8	65	\$43,978	7.9%	This is the sale of a 65 site RV park situated on the east side of the City of Yakima. It has nearby access to Interstate 82. Amenities include a clubhouse, pool, restrooms, showers and laundry. Paved roads and sites. The property was listed for about 115 days. The purchase also includes a small, 55 unit self-storage facility adjacent to the RV park.

The capitalization rates on the above stabilized resorts range from 7.0% to 10.1%. While our analysis for the subject indicates a higher terminal cap rate at the end of the holding period, this is a reflection of the risk prior to construction and stabilization of the property. Once



construction is complete and operations are stabilized, a likely capitalization would be in the middle of the range of comparables, between 8% and 9% or better.

The equity component yield is then approximately 35.45% (rounded), calculated as follows:

EQUITY COMPONENT YIELD

Year	Net Income to Equity		PV Factor @ 35.45%		Discounted Cash Flow
Equity:	-\$4,839,181				
1	\$220,812	x	0.738278	=	\$163,021
2	1,284,587	x	0.545055	=	\$700,170
3	1,936,730	x	0.402402	=	\$779,344
4	2,038,882	x	0.297085	=	\$605,720
5	2,099,435	x	0.219331	=	\$460,471
6	2,153,497	x	0.161927	=	\$348,710
7	2,216,915	x	0.119547	=	\$265,027
8	2,281,919	x	0.088259	=	\$201,401
9	2,405,858	x	0.065160	=	\$156,766
10	24,083,214 *	x	0.048106	=	\$1,158,551
Value of Equity Component					\$4,839,181

**10th year net income plus sale proceeds*

CONCLUSION

In determining the potential feasibility of the Arroyos Preserve RV Resort, we analyzed the outdoor resort market, researched the area's economics, projected estimated development costs, and prepared a ten-year forecast of income and expense, which was based on our review of the current and historical market conditions, as well as comparable income and expenses in our files.

The subject development is concluded to be feasible, as the rates of return are well above market parameters. The proposed subject resort has an opportunity to capitalize on a strong market in an area of excess demand and inadequate supply for quality offering such as the



subject. Based on our market analysis, there is sufficient market support for the proposed resort.

This analysis is based on the extraordinary assumption that the described improvements have been completed within the next year. The reader should understand that the completed subject property does not yet exist as of the date of this report. Our feasibility study does not address unforeseeable events that could alter the proposed project, and/or the market conditions reflected in the analyses; we assume that no significant changes, other than those anticipated and explained in this report, shall take place between the date of inspection and stated date of opening. Further refinement of the planned improvements may impact both costs and revenues, and actual cost quotes are recommended based on a full scope of the planned improvements. The use of this extraordinary assumption may have affected the assignment results. We have made no other extraordinary assumptions specific to this feasibility study. However, several important general assumptions have been made that apply to this feasibility study and our studies of proposed resorts in general. These aspects are set forth in the Assumptions and Limiting Conditions section of this report.



ASSUMPTIONS AND LIMITING CONDITIONS

1. We have no present or contemplated future interest in the property appraised nor any personal interest or bias on the subject matter or the parties involved in the study.
2. No responsibility is assumed for matters legal in nature. No investigation has been made of the title to or any liabilities against the property appraised. The study presumes, unless otherwise noted, that the owner's claim is valid, the property rights are good and marketable, and there are no encumbrances which cannot be cleared through normal processes. It is assumed that no private deed restrictions exist which limit the subject in any way.
3. All data set forth in this report are true and accurate, to the best of our knowledge. Although gathered from reliable sources, no guarantee is made nor liability assumed for the accuracy of any data, opinions, or estimates identified as being furnished by others which have been used in formulating this analysis. It is assumed that all factual data furnished by the client, property owner, owner's representative, or persons designated by the client or owner to supply said data are accurate and correct unless otherwise specifically noted in the feasibility report. Information and data referred to in this paragraph include, without being limited to: numerical street addresses, lot and block numbers, Assessor's parcel numbers, land dimensions, square footage area of the land, dimensions of the improvements, gross building areas, net rentable areas, usable areas, unit count, room count, rent schedules, income data, historical operating expenses, budgets, and related data. Any material error in any of the above data could have a substantial impact on the conclusions reported. Thus, Sage Resort Appraisal and Consulting (hereinafter referred to as "SCA") reserves the right to amend conclusions reported if made aware of any such error. Accordingly, the client-addressee should carefully review all assumptions, data, relevant calculations, and conclusions within 30 days after the date of delivery of this report and should immediately notify SCA of any questions or errors.
4. The value estimate contained within this report specifically excludes the impact of structural damage or environmental contamination resulting from earthquakes or other



causes. It is recommended that the reader of this report consult a qualified structural engineer and/or industrial hygienist for the evaluation of possible structural/environmental defects, the existence of which could have a material impact on market value.

5. Land areas and descriptions used in this study were obtained from public records and have not been verified by legal counsel or a licensed surveyor. The land description is included for identification purposes only and should not be used in a conveyance or other legal document without proper verification by an attorney.
6. Unless otherwise specified, a survey indicating the specific flood zone location on the subject site has not been provided. It is assumed accurate and we reserve the right to revise our opinion of value should a survey be provided that indicates the specific location of a flood zone on the site.
7. No soil analysis or geological studies were ordered or made in conjunction with this report, nor were any water, oil, gas, coal, or other subsurface mineral and use rights or conditions investigated. Substances such as asbestos, urea-formaldehyde foam insulation, other chemicals, toxic wastes, or other potentially hazardous materials could, if present, adversely affect the value of the property. Unless otherwise stated in this report, the existence of hazardous substance, which may or may not be present on or in the property, was not considered by the appraiser in the development of the conclusion of fair market value. The stated value estimate is predicated on the assumption that there is no material on or in the property that would cause such a loss in value. No responsibility is assumed for any such conditions, and the client has been advised that the appraiser is not qualified to detect such substances, quantify the impact on values, or develop the remedial cost.
8. No environmental impact study has been ordered or made. Full compliance with applicable federal, state, and local environmental regulations and laws is assumed unless otherwise stated, defined, and considered in this report. It is also assumed that all required licenses, consents, or other legislative or administrative authority from any local, state, or national government or private entity organization either have been or can be obtained or renewed for any use which the report covers.



9. Maps, plats, sketches, graphs, photographs and exhibits included in this report are presented only as aids in visualizing the property and its environment. Although the material was prepared using the best available data, it should not be considered as a survey or scaled for size. Data relative to size and area of the subject and comparable properties has been obtained from sources deemed accurate and reliable, unless specifically stated otherwise. Exhibits are not to be relied upon or removed from this report for separate utilization.
10. Unless a nonconformity has been stated, defined, and considered in the feasibility report, it is assumed that all applicable zoning, use regulations, licenses, certificates of occupancy and restrictions have been complied with and will be renewed. Further, it is assumed that the utilization of the land and improvements is within the boundaries of the property described and that no encroachment or trespass exists unless noted in the report. Unless otherwise noted within the body of the report, it is assumed that no changes in the present zoning ordinances or regulations governing use, density, or shape are considered.
11. The following is assumed, unless otherwise specifically noted within the body of this feasibility report: the existing improvements on the property or properties being appraised are structurally sound, seismically safe and code conforming; all building systems (mechanical/electrical, HVAC, elevator, plumbing, etc.) are in good working order with no major deferred maintenance or repair required; the roof and exterior are in good condition and free from infraction by the elements; the property or properties have been engineered in such a manner that the improvements, as currently constituted, conform to all applicable local, state, and federal building codes and ordinances. SCA professionals are not engineers and are not competent to judge matters of an engineering nature. SCA has not retained independent structural, mechanical, electrical, or civil engineers in connection with this study and, therefore, makes no representations relative to the condition of improvements. Unless otherwise specifically noted in the body of the report: no problems were brought to the attention of SCA by ownership or management; SCA inspected less than 100% of the entire interior and exterior portions of the improvements; and SCA was not furnished any engineering studies by the owners or by the party requesting this study. If questions in these areas are critical to the decision process of the reader, the advice of competent



engineering consultants should be obtained and relied upon. It is specifically assumed that any knowledgeable and prudent purchaser would, as a precondition to closing a sale, obtain a satisfactory engineering report relative to the structural integrity of the property and the integrity of building systems. Structural problems and/or building system problems may not be visually detectable. If engineering consultants retained should report negative factors of a material nature, or if such are later discovered, relative to the condition of improvements, such information could have a substantial negative impact on the conclusions reported in this study. Accordingly, if negative findings are reported by engineering consultants, SCA reserves the right to amend the study conclusions reported herein.

12. Unless otherwise stated, all furnishings, equipment and business operations, except as specifically stated and typically considered as part of real property, have been disregarded with only real property being considered in the report. Any existing or proposed improvements, on or off-site, as well as any alterations or repairs considered, are assumed to be completed in a workmanlike manner according to standard practices based upon the information submitted to SCA. This report may be subject to amendment upon re-inspection of the subject subsequent to repairs, modifications, alterations and completed new construction. Any estimate of market value is as of the date indicated; based upon the information, conditions and projected levels of operation.
13. The value or values presented in this report are based upon the premises outlined herein and are valid only for the purpose or purposes stated.
14. The date of value to which the conclusions and opinions expressed apply is set forth in this report. Unless otherwise noted, this date represents the last date of our physical inspection of the property. The estimate of market value is subject to change with market fluctuations over time. The value opinion herein rendered is based on the status of the national business economy and the purchasing power of the U.S. dollar as of that date. This study is based on market conditions existing as of the date of this study. Per our engagement terms, we are under no obligation to revise this report to reflect conditions or events which occur subsequent to the date of this study. If such revisions are requested, a new engagement is required. We assume no responsibility for changes



in market conditions or for the inability of the owner to obtain financing or to locate a purchaser at the appraised value. We do not warrant that the subject property will sell at our final conclusion of value.

15. Testimony or attendance in court or at any other hearing is not required by reason of this study unless arrangements are previously made within a reasonable time in advance.
16. One or more of the signatories of this feasibility report is a member or associate member of the Appraisal Institute. The Bylaws and Regulations of the Institute require each member and candidate to control the use and distribution of each feasibility report signed by them.
17. Possession of this report or any copy thereof does not carry with it the right of publication. No portion of this report (especially any conclusion to use, the identity of the appraiser or the firm with which he/she is connected, or any reference to the Appraisal Institute, or the designations awarded by this organization) shall be disseminated to the public through prospectus, advertising, public relations, news, or any other means of communication without the written consent and approval of SCA.
18. The report is for the sole use of the client; however, the client may provide only complete, final copies of the feasibility report in its entirety (but not component parts) to third parties who shall review such reports in connection with loan underwriting or securitization efforts. The appraiser is not required to explain or testify as to feasibility results other than to respond to the client for routine and customary questions. Please note that our consent to allow a feasibility study prepared by SCA or portions of such report, to become part of or be referenced in any public offering, the granting of such consent will be at our sole discretion and, if given, will be on condition that we will be provided with an Indemnification Agreement and/or Non-Reliance letter, in a form and content satisfactory to us, by a party satisfactory to us. We do consent to your submission of the reports to rating agencies, loan participants or your auditors in its entirety (but not component parts) without the need to provide us with an Indemnification Agreement and/or Non-Reliance letter.
19. Client shall not indemnify Appraiser or hold Appraiser harmless unless and only to the extent that the Client misrepresents, distorts, or provides incomplete or inaccurate



study results to others, which acts of the Client approximately result in damage to Appraiser. Notwithstanding the foregoing, Appraiser shall have no obligation under this Section with respect to any loss that is caused solely by the active negligence or willful misconduct of a Client and is not contributed to by any act or omission (including any failure to perform any duty imposed by law) by Appraiser. Client shall indemnify and hold Appraiser harmless from any claims, expenses, judgments or other items or costs arising as a result of the Client's failure or the failure of any of the Client's agents to provide a complete copy of the feasibility report to any third party. In the event of any litigation between the parties, the prevailing party to such litigation shall be entitled to recover, from the other, reasonable attorney fees and costs.

20. The Americans with Disabilities Act (ADA) became effective January 26, 1992. We have not made a specific compliance survey and analysis of this property to determine whether or not it is in conformity with the various detailed requirements of the ADA. It is possible that a compliance survey of the property together with a detailed analysis of the requirements of the ADA could reveal that the property is not in compliance with one or more of the requirements of the act. If so, this fact could have a negative effect upon the value of the property. Since we have no direct evidence relating to this issue, we did not consider possible noncompliance with the requirements of ADA in estimating the value of the property.
21. SCA assumes that the subject of this feasibility report will be under competent and prudent management and ownership; neither inefficient nor overly efficient.
22. Any value estimate provided in the report applies to the entire property, and any division or pro ration of the title into fractional interests will invalidate the value estimate, unless such pro ration or division of interests has been set forth in the report. Further, the distribution of the total valuation in this report between land and improvements applies only under the existing program of utilization. Component values for land and/or buildings are not intended to be used in conjunction with any other property or study and are invalid if so used.
23. Acceptance of, and/or this feasibility report constitutes acceptance on the above conditions.



ADDENDA





LANDWAY DEVELOPMENT CORP.

September 11, 2020

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courtroom testimony and related services are required, our fees will be billed separately. Payment of such litigation support and related fees will be payable in advance regardless of the outcome of any such legal proceedings.

SCOPE OF WORK – Following is a description of the scope of work to be provided within the feasibility study:

I. Site Analysis

- Zoning and local restrictions
- Land and physical restrictions
- Availability of utilities
- Surrounding properties and transportation linkages

II. Local Area Analysis

- Location characteristics and factors
- Demographics, employment, services, etc.
- Recreation, tourism and attractions
- Other potential demand factors
- Area development and changes

III. Market Analysis

- Tourism and RV resort industry analysis
- Competitive summary including:
 - Competitive attributes and amenities
 - Analysis of competition for its ability to handle big rigs
 - Detailed summary and analysis of competitive rental rates
 - Detailed summary regarding occupancy / usage of competition including telephone interviews to gather more insight on usage / seasonality
- Summary of any planned (but not yet built) new competition

IV. Subject Positioning and Pricing

- Provide range of potential rental rates
- Provide range of potential stabilized occupancy rates
- Recommend amenities and features for the project

V. Cost Estimate / Income and Expense Pro Forma

- Project hypothetical income, occupancy and stabilization time for potential development
- Provide estimates of operating expenses, including comparables, trends and typical ranges
- Conclude a detailed pro forma with an NOI through stabilization
- Provide preliminary construction cost estimate
- Estimate return on investment
- Feasibility conclusion and recommendations



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Date _____



QUALIFICATIONS OF APPRAISER

**SHARI L. HEILALA, MAI
SAGE COMMERCIAL ADVISORY, LLC
PRESIDENT**

As the principal of Sage Commercial Advisory LLC, Shari brings over 25 years of commercial real estate experience with extensive experience in both appraisal and corporate real estate.

Prior to establishing Sage Commercial Advisory, Ms. Heilala was an Executive Vice President at Argianas & Associates for 10 years. In this role she provided appraisal services, served as the primary liaison for three major bank clients and managed a team of up to five appraisers. Her management duties included training, appraisal review and client communication. Shari's appraisal experience includes all property types located throughout the United States. She has appraised over 100 different investment grade properties totaling 20 million square feet valued at over \$2.0 billion. Representative investment grade properties appraised include the Ritz Carlton in Chicago, Woodfield Mall in Schaumburg, Tri-State Center in Northbrook, the Scott Foresman Headquarters in Glenview, a 35-building portfolio of industrial properties in Elk Grove Village, Michael's Terrace Condominiums in Chicago and the Bird Island Flats Air Cargo Area in Boston. Shari has also appraised a wide variety of over 300 non-investment grade properties of virtually every significant property type. She has developed specific expertise in many areas, but particularly sports and leisure properties including marinas, campgrounds, golf courses and sports complexes. She is also particularly adept at valuing auto dealerships, restaurants, subdivisions and various ground lease positions.

Shari's prior appraisal positions were with the Cushman & Wakefield and American Appraisal. Before joining Argianas & Associates, she was a director in the Global Corporate Services Group of Cushman & Wakefield (C&W). In this position, she was responsible for the implementation and ongoing delivery of real estate services to their corporate clients in the Midwest region, as well as portfolio administration on a national basis. She had direct involvement in over 20 accounts, with clients such as American Express, General Motors, Kemper Insurance, Kraft Foods and Lucent. She managed teams around the region to deliver global services involving transactions, lease administration, appraisals, strategic planning and property, facility and construction management. Ms. Heilala has managed more than 100 commercial real estate transactions in 20 different countries, totaling over 3 million square feet.

Representative List of Outdoor Resort Engagements

<i>Property</i>	<i>Location</i>	<i>Type</i>
Ashland/Huntington KOA	Argillite, KY	Existing 103-Site RV Park
Buckeye RV Park	Buckeye, AZ	Permitted 800-Site RV Resort
Bella Terra Resort	Foley, AL	Permitted 171-Site Deeded Lot Luxury RV Resort
Belle Cypress RV Resort	Avondale, LA	Permitted 181-Site RV Resort
Bienville RV Resort	White Springs, FL	Feasibility Study for RV Resort w/ Park Model Cabins
Bradford Run	Aguanga, CA	Permitted 179-Site Park Model RV Resort
Catskill Adventure Resort	Wurtsboro, NY	Existing 241-Site RV Park
Camp Matziv	Cassopolis, MI	Existing 50-Acre Campground



Confidential	Austin, TX	Feasibility Study for RV and Glamping Resort
Confidential	Northern Arizona	Appraisal and Feasibility Study for Glamping Resort
Confidential	Northern California	Proposed 460-Site RV Resort
Cottonwood Creek RV Resort	Ennis, TX	Proposed 211-Site RV Resort
Double Down RV Park	Vinton, LA	Proposed 97-Site RV Park
Durango RV Resort	Red Bluff, CA	Permitted 174-Site RV Park
Grand Riviera RV Resort	Foley, AL	Permitted 400-Site RV Resort
Jellystone Park Camp-Resort	Warrens, WI	Existing 587-Site RV Park with Water Park
ILA RV Resort	Mayer, AZ	Proposed 54-Site RV Resort
Kingdom Campground	Lyndonville, VT	Proposed 100-Site RV Park
LaPorte Road RV Park	New Buffalo, MI	Proposed 220-Site RV Resort
Lakeside RV Resort	Tonganoxie, KS	550-Site Luxury RV Resort w/100-Room Hotel
Leisure Lake Membership Resort	Joliet, IL	Existing 265-Site RV Resort
London Bridge RV Resort	Lake Havasu, AZ	Proposed 56-Site Deeded Lot RV Resort
Loop 363 RV Park	Temple, TX	Feasibility Study for Proposed 207-Site RV Park
Moore Haven Lake Estates	West Palm Beach, FL	Proposed 250-Site Deeded Lot Luxury RV Resort
Open Air Resort	Harker Heights, TX	Proposed 150-Site RV Resort
Pegasus Landing	Blairsville, GA	Proposed Luxury RV Park
Pelican Point RV Park	Plaquemine, LA	Permitted 62-Site RV Park
Pinetop RV Resort	Pinetop-Lakeside, AZ	Proposed 161-Site RV and Cabin Resort
Purple Sage RV Resort	Soap Lake, WA	Proposed RV Resort
Ragged Mountain RV Resort	Danbury, NH	Proposed RV and Glamping Resort
Riverbend Glamping Resort	Gallatin Gateway, MT	Proposed 57-Site Glamping Resort
Royal York Golf Course	Armstrong BC, Canada	Feasibility Study for RV Resort
RV Lakefront Resort	Ardmore, OK	Proposed 946-Site RV Resort
Snowflake RV Resort	Snowflake, AZ	Proposed RV and Park Model Resort
Sonora Lake RV Resort	Gila Bend, AZ	Proposed 70-Site RV Resort
Southern Escape RV Resort	Oatmeal, TX	Proposed 160-Site RV Resort
St. Ives RV Park	Alvin, TX	Proposed 296-Site RV Resort
Stinson RV Park	Campbell, TX	Feasibility Study for Expansion/Upgrade of RV Resort
Stateline RV Resort	Post Falls, Idaho	Proposed RV Resort
Sugar Hill RV Ranch	Anna, TX	Proposed 78-Site RV Resort
Sundowner RV Park	Princeton, TX	Proposed 102-Site RV Park
Table Rock Canyon	Branson, MO	Proposed RV, Cottage & Retirement Home Resort
To Be Determined	Durango, CO	General Market / Feasibility Study for RV Resort
To Be Determined	College Station, TX	Feasibility Study for RV and Glamping Resort
To Be Determined	Fayetteville, AK	Feasibility Study for RV Resort / RV Storage
To Be Determined	Lakeside, AZ	Proposed RV Resort
To Be Determined	Ludington, MI	Appraisal of Proposed RV Resort
To Be Determined	Ocala, FL	Feasibility Study for RV Resort
To Be Determined	Odessa, TX	Feasibility Study for RV Park
To Be Determined	Sebring, FL	Feasibility Study for RV Resort
To Be Determined	Snowflake, AZ	Proposed RV Resort
Tower Park Marina & Resort	Lodi, CA	Existing 352-Site Campground with 80-Slip Marina
Trail and Hitch Hotel & RV Park	Meeker, CO	Appraisal of Tiny Home Hotel and RV Resort
Willow Creek RV Park	Franklin, NC	Proposed 215-Site RV Park

Education

Shari graduated from the University of Wisconsin-Madison with a bachelor's degree in Business Administration in Real Estate and Finance. She holds her Masters of Corporate Real Estate from CORENET

Global. She has also attended classes at Northwestern's Kellogg School for Management. She has completed the following Appraisal Institute courses:

Uniform Standards of Professional Practice
Business Practices and Ethics
Real Estate Appraisal Principles
Basic Valuation Procedures
Residential Case Studies
Highest & Best Use and Market Analysis
Basic Income Capitalization
Advanced Applications
Advanced Cost and Sales Approach
Advanced Income Capitalization
Report Writing and Valuation Analysis
An Introduction to Valuing Commercial Green Buildings
Appraising the Appraisal: Appraisal Review - General
Fundamentals of Separating Real and Personal Property from Intangible Business Assets

Professional Affiliations

Shari is a Member of the Appraisal Institute. Shari is a Certified General Real Estate Appraiser in the States of Illinois, Indiana, Iowa, Florida, Michigan, New York and Wisconsin. She is also a licensed real estate managing broker in the State of Illinois. In 1996, she was honored as Cushman & Wakefield's National Outstanding Corporate Services Professional.

