

The ARROYOS PRESERVE

RV Park and Resort (SHOVEL-READY New Build)

Location: S. W. Arizona Sonoran Desert

Property Type: RV Park & Resort, Hospitality Cabins & Glamping, Vacation Rental(s), Recreation & Conference Center

Gross Land Area: 50-Acres

Number of Units: 324 Rental Sites

Valuation: \$24.4 million – M.A.I. Appraised Feasibility Study at stabilization 36-Months from completion

PHASE-1

Seeking Investment: \$3.113 million to build Phase-1

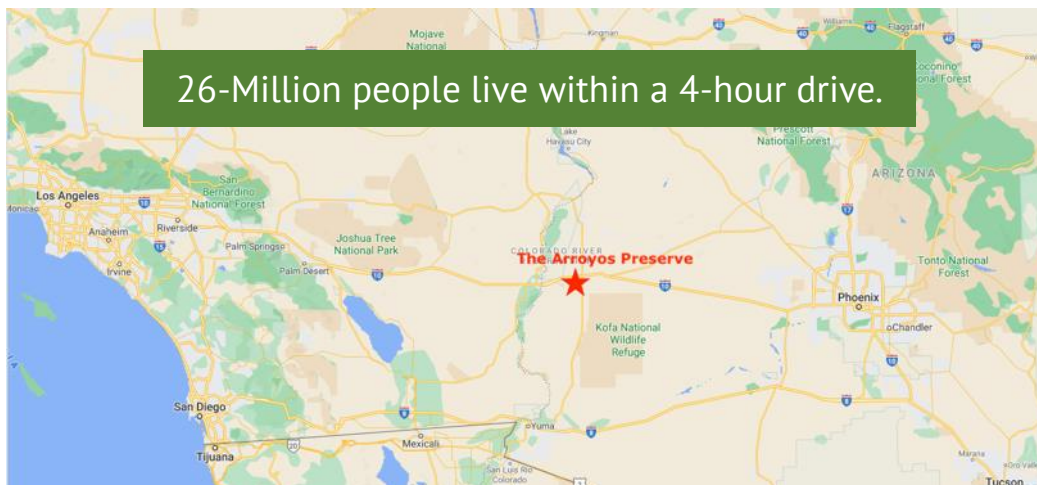
Equity Stake Offered: Yes

Terms: Negotiable- Debt + Equity – Developer will contribute 50-Acres Entitled Land

Phase-1 Number of Units: 92 Rental Sites, 14-Acres

Phase-1 Amenities Include: Convenience Store/Clubhouse, Recreation Zone

Hold Time: 24-Months estimated before 1st Exit Window



The Arroyos Preserve

“A Desert Garden Lodging and Recreation Destination”

La Paz Valley, Arizona



Project Outline

PHASE-1 INVESTMENT SUMMARY

August 4, 2021

CONFIDENTIAL

Draft

LANDWAY DEVELOPMENT CORP

James Kunisch — 760-505-8999 — jim@landarizona.net



Project Description - 50-Acres in La Paz Valley, Arizona

The Arroyos Preserve is a shovel-ready new-build project located in the Arizona Sonoran Desert in a spot that for decades hosts hundreds of thousands of seasonal RVs - parking without utilities in BLM-designated areas (boondocking).

The Arroyos Preserve RV Park and Resort plan is an advanced outdoor hospitality destination that expects to elevate the future of lodging and camping in Southwest Arizona, where the guest *experience* is priority number one.

With 324-rental sites¹,

- It incorporates a *Hospitality Hub* setting with guest-focused services and amenities:
 - Surrounded by BLM “desert garden” land
 - Comfortable hospitality suites (cabins)
 - Large landscaped RV sites
 - Well-appointed remote glamping accommodations
 - Conference Center with clubhouse for efficient work and meeting spaces (#WFH - WorkFromHere)
 - Convenience store, laundromats & restaurant/snack bar
 - Indoor & outdoor recreation activities (pool/Jacuzzi, pickleball, archery, golf-putting course, electric bike rentals, etc.)
- Fee-simple premium parcels can be sold.
 - 7,000- to 15,000-sq.ft. lots
 - Unique sales strategy to increase profit & reduce risk

There’s never been sufficient parking available with utilities in the territory, and no quality destination park exists within 100-miles to accommodate luxury-minded RVers. The area has no alternative lodging either, and nothing for the growing off-road recreation fun-seekers on the area’s Arizona Peace Trail.

¹ 324-sites: 283 RVs, 10 Hospitality Suites (Cabins), 22 Glamping, 9 Tents



Virtual Overlay of Project



- The 50-acre site is currently owned by Landway Development Corp and is valued at \$1.6 million based on its original acquisition price and the total amount spent to obtain the zoning and required development entitlements to begin constructing the project.
- The Project will be built as a top-rated RV park & resort by establishing a luxury destination and hospitality hub for visitors and guests.

The Company intends to build the Project in THREE PHASES.

PLAN FOR PHASE-1 (14-Acres)

- The 50-acres of entitled land (valued at \$1.6 million) will be contributed to the Project as equity at a valuation of \$1.2 million in exchange for a Land Release Fee payment of \$400 thousand (see Summary of Project Costs, pg. 7).
- Develop 92 rental sites for RVs, hospitality suites (cabins), glamping and tents
- The projected cost of Phase-1 is \$4.313 million including the value of the land. Excluding the land value, the project cost is \$3.313 million and includes construction, working capital, land release and loan origination fees, and closing costs (see Summary of Project Costs, pg. 7).
- To begin the Project a new entity will be formed to accept the entitled land and finance the construction of Phase-1.
- The funding of \$3.113 million will come from investor(s), half of which will be debt at 50% loan-to-cost ratio (\$1.556 / \$3.113).
- The investment-to-value ratio is 39% based on the estimated Project value of \$8 million at the end of Phase-1 build and stabilization. This estimated value is found using a 9% cap rate on the estimated Phase-1 NOI (stabilized \$360 thousand), plus estimated value of the unimproved land that awaits the final Phases of construction. (\$3.1 / \$8.0).
- Assuming the Project were liquidated after 3-years for \$8 million, the Return on Investor's funds could approximate 45%.
- The Developer includes team members who developed, managed and marketed The Arroyos Quartzsite, a 104-lot residential subdivision of deeded lots for custom homes in Quartzsite, Arizona. The subdivision was constructed on time and within budget.

Phase-1 Financing

- \$3.113 million investor(s) funding
- Interest rate, terms and equity stake to be determined
- Loan payoff through project sale or new institutional loan or PPM equity raise

Summary of PHASE-1 Project Costs

PURCHASE, CONSTRUCTION and ASSUMPTIONS

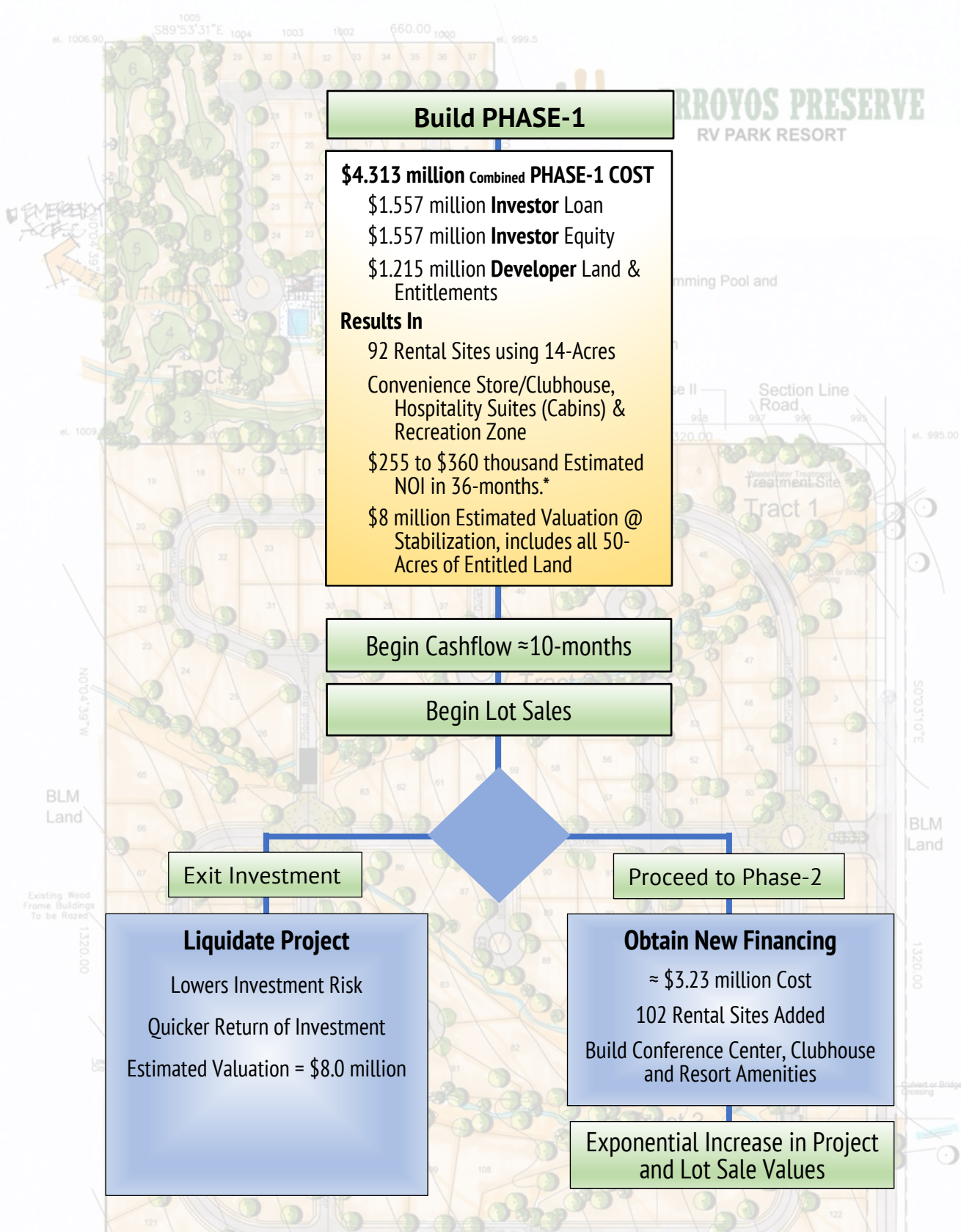
14-Acres

92-Rental Sites

PHASE-1 VALUATION ²		\$	8,000,000
Land Purchase - 50 Acres		\$	1,600,000
Entitlements (Zoning, Engineering, Water, Wastewater, etc.)			included
Construction Costs - PHASE-1		\$	1,732,840
Construction Contingency		\$	86,168
Construction Management		\$	216,605
Working Capital, Including Initial Marketing		\$	86,642
Franchise Fee & Add'l Engrng (Contingency)		\$	42,000
Equipment Costs - Used Golf Carts, etc.		\$	16,500
RV Park Model - Cabins (Combination of cash & cashflow financing) ³		\$	235,000
Mortgage Loan Payoff		\$	200,000
Closing Costs/Fees (Origination, Closing, Legal, etc.)		\$	97,245
Total Project Value, INCLUDING Entitled 50-acres of Land		\$	4,313,000
Land Value		\$	1,600,000
Total Costs to Build, NOT INCLUDING Land		\$	2,713,000
Land Release Fee		\$	400,000
Total Uses		\$	3,113,000
Cost Per Site, incl. Project Elements Apportioned to final Phases		\$	31,000
FINANCING ASSUMPTIONS			
- INVESTOR Debt	} \$3.113 million	\$	1,556,500
- INVESTOR Equity		\$	1,556,500
- Seller Entitled Land Cost		\$	1,200,000
Total Sources		\$	4,313,000
Loan to Cost Ratio [1.556/3.115]			50%
Investment to Valuation Ratio [3.113/8.000]			39%

² This estimated value is found using a 9% cap rate on the estimated Phase-1 stabilized NOI of \$360 thousand, plus estimated value of the entitled, unimproved land that awaits the final Phases of construction.

³ Interim cashflow allowances to stabilization are expected to provide additional funding for cabin purchases.



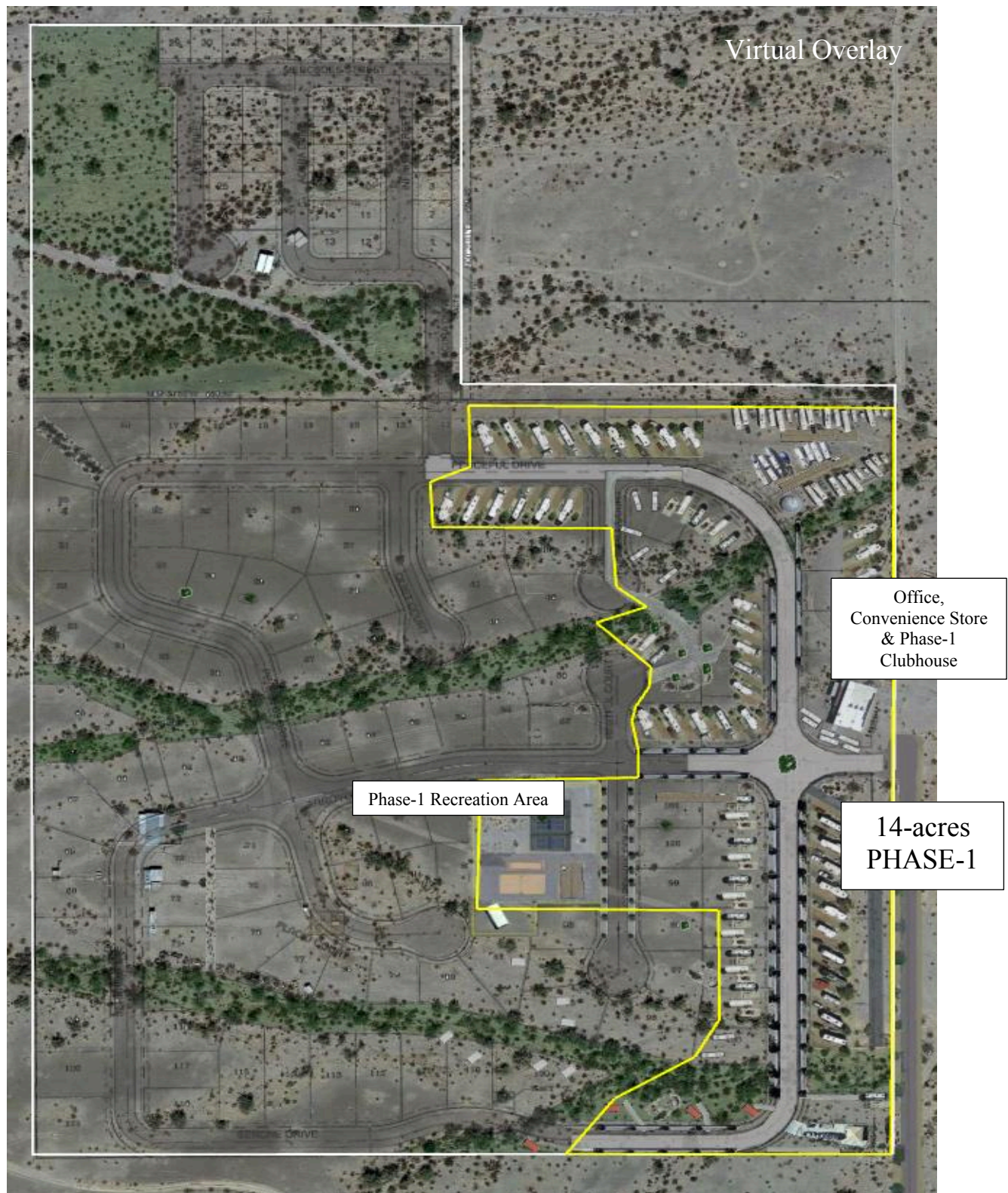
*Note: The Feasibility Study would indicate \$360 thousand NOI with 92 rental sites; however, considering Phase-1 lacks the full-park amenities, and with a worse-case projection for rates, the NOI could be as low as \$255 thousand.

According to the MAI appraised feasibility study for this project, The Arroyos Preserve RV Park and Resort can provide a compelling investment return if developed as proposed in the business plan.



Phase-1 occupies 14-acres and provides 92 rental sites—73 RVs, 7 Hospitality Suites (Cabins), 8 Glamping 4 Tent sites.

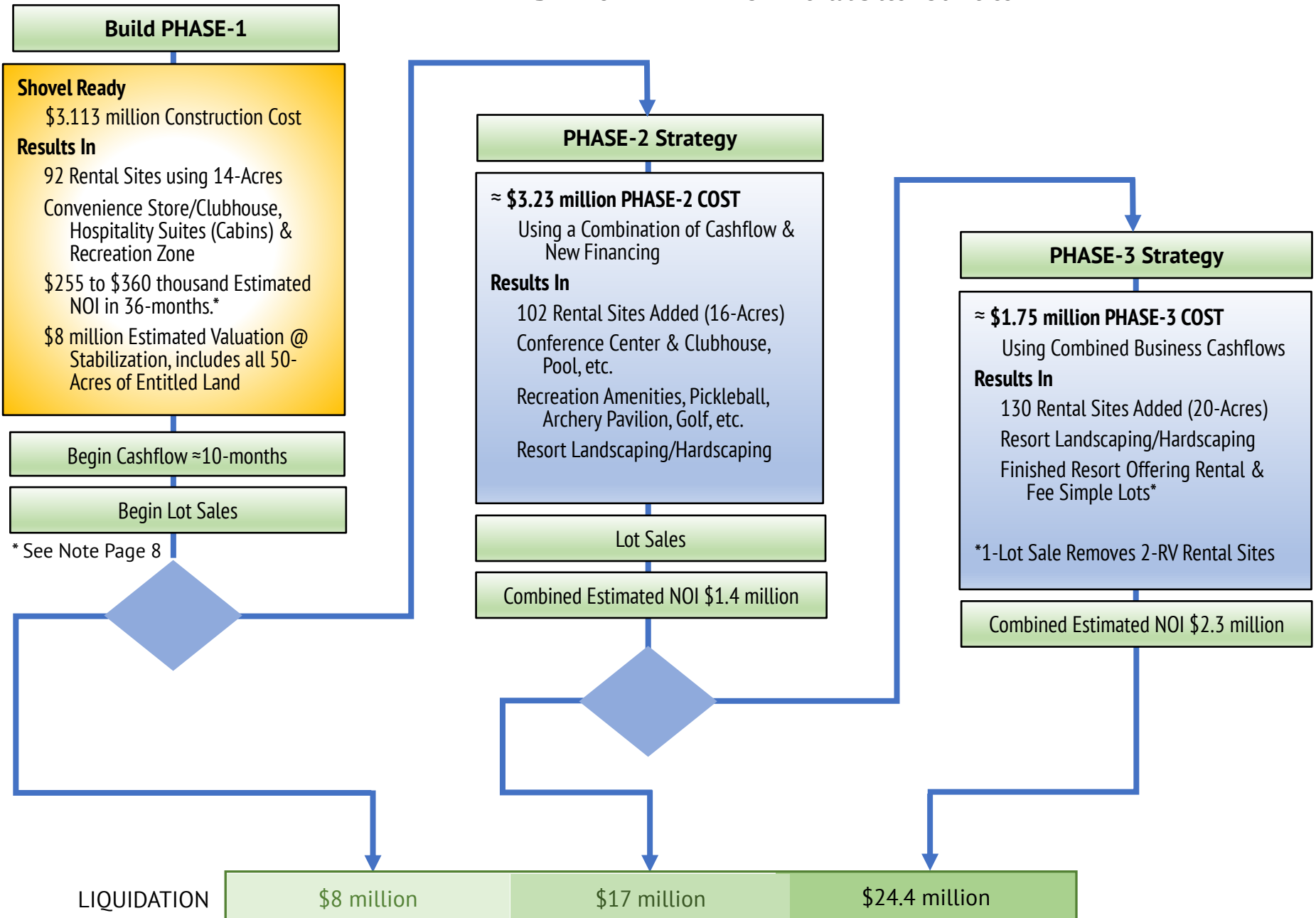
Phase-1 Construction Cost estimate is \$3.1 million. The estimated stabilized NOI after 3-yrs. ≈\$255 to \$360 thousand.



The ARROYOS PRESERVE

(New Build) RV Park & Resort – Southwest Arizona Sonoran Desert

DEVELOPMENT PLAN 324 Rental Sites - 50-Acres



Projected Terminal Value (9% Cap Rate + Value of Land in Future Phase(s))

WITH BOTH PHASES COMPLETED, The Arroyos Preserve Project will offer accommodations for all travelers with, or without an RV.

While this development is located in an RV haven, the location is also now experiencing growth in off-road recreation popularity. And, located within a few hours' drive from Phoenix and Southern California business centers, our elevated hospitality accommodations are designed to offer efficient work and meeting spaces, as well as amenities for socializing and recreation during corporate retreats.

The focus of The Preserve's development will be its *hospitality hub* including a conference center, snack bar/restaurant, convenience store, rentals and many recreation options on site. The guests also have many options for day trips to hike/tour the Kofa Wildlife Refuge and nearby gold mines, play regulation golf and enjoy casino gaming, or adventure on the Colorado River and much more from a base camp at The Preserve.



All guests will enjoy the park's gracious accommodations, but will also prize the unobstructed views, sunsets, and star-filled nights without light pollution.

- Guests traveling *with* an RV will enjoy premium landscaped sites.
- Guests traveling *without* an RV will be given equivalent premium accommodations.

- A convenience store to pick up supplies, ATV wash ramps, and fuel stations will serve park guests as well as the general public from the surrounding area.
- The deluxe offerings will give confidence to new campers who want a reliable, comfortable experience.
- Easily accessed from the intersection of Interstate 10 and Arizona Hwy 95 (both major arteries of RV travel), interstate travelers will have a quality, overnight accommodation option.
- Corporate retreats seeking more diverse venue options will find all the amenities for work and play.

— *The Recreational Vehicle Industry Association predicts, “...61 million Americans plan to go RV-ing in the next 12 months, as interest in the outdoors and camping have become priorities for travelers desiring a unique experience in nature with comfort.”*





Luxury sites for upscale rigs

**Rustic Convenience —
coffee mid-day and
early afternoon ice
cream**



Big Rig Casita party

BIG RIG CASITA STRATEGY (for Consideration)

The Arroyos Preserve enjoys a unique zoning classification, allowing the development as a hybrid park. By including the sales of fee-simple lots with the hospitality rental business, the Company would generate increased revenue that can be utilized to retire debt or for use in the construction or business development in the park.

Building a BIG RIG CASITA on a premium lot during Phase-1 showcases a quality example of a luxury home site, one that initially would be in the rental inventory of the park business. The single site-built or multi-unit structure would be built to dock a large motorhome.

As part of the 324 rental sites, The Preserve has many exclusive lots (7,000 - 15,000 sq. ft.). that can be developed for rent and for sale.

The benefit of the Big Rig Casita Strategy is to develop interest in lot ownership in the hybrid luxury resort while making it available for premium rent. Additionally, pricing the CASITA well above comparable properties in the area establishes a new “price point,” reflecting the value of the amenities included in the resort and the desert garden setting extending for thousands of acres.

Although the sale of a lot removes it from the park’s rental inventory (booking revenue), the HOA fees and revenue generated by the store, rental concessions and other services will continue to provide income to the Company from this lot.

While underway with the Phase-2 buildout and testing revenue generation from fee-simple lot sales, the Company can assess the highest and best direction to finish the park, i.e., what ratio of remaining lots should be developed for rent or for sale.

Maximizing resale value of the entire project to a portfolio buyer is the objective.



Investing in “RV Park and Resort” Real Estate

RV Park and Resort properties offer greater income diversification and stability than traditional rental real estate investment options. The traditional rental framework is subject to competition and relies on finding the right tenant and proper budgeting for vacancies and maintenance. Long-term rental agreements can be problematic and government mandated eviction moratoriums mean ongoing uncertainty for investors. RV Park and Resort properties and “short-term rentals”, on the other hand, have always drawn from a much stronger rental population, and now have expanded beyond the stereotypical retired RVer. The outdoor lifestyle has been embraced by a far wider population with disposable income than previously, now including not only “baby-boomers”, but also GEN X and millennial adventure seekers, as well as including off-road enthusiasts and families desiring an outdoor experience with amenities. The market is broadening further yet to embrace corporate retreat business. (#WFH - WorkFromHere)

The RV Park and Resort Real Estate “business” benefits from key elements in its revenue stream. 1) Dynamic pricing now allows the Company to adjust “rates” according to demand. 2) The number and quality of amenities that are offered yield ancillary income: laundromats, convenience store, recreation rentals, snack bar/restaurant, etc. 3) Finally, appreciation of the “real estate” itself may offer substantial benefit to the overall investment.

As in any business endeavor, an RV Park and Resort business flourishes with excellent management. An affiliation with an industry park management leader adds a seasoned methodology for success. With guidance from experienced on-site management, high-quality guest services and top-level resort amenities, the rental rates and occupancies can achieve far greater investment return results than other classes of real estate income properties. The right balance of accommodation types will serve the diverse camping interests from a larger base of customers.

With an appropriate capital structure for development, an RV Park and Resort investment can quickly optimize the business income and its ultimate property valuation, thereby benefiting investors with faster and greater returns.

In newly built projects, infrastructure and accommodations/amenities are state-of-the-art and give investors assurance of minimal maintenance costs during the holding term.

Notes Regarding the Feasibility Study

The Company is well-qualified to execute the development plan, and is managed by professionals experienced in land development, finance and hospitality in the California and Arizona real estate markets. ⁴

The Company's primary focus is to create and maintain a valuable asset for the period necessary to achieve optimal valuation, and then work to provide for a profitable exit for its investor(s).

In a comprehensive examination of current trends in outdoor hospitality, the Company vetted the investment opportunity by commissioning an MAI appraised Feasibility Study to determine the proposed business metrics (rental rates and occupancies) in the various classes of accommodation offerings in the proposed location.

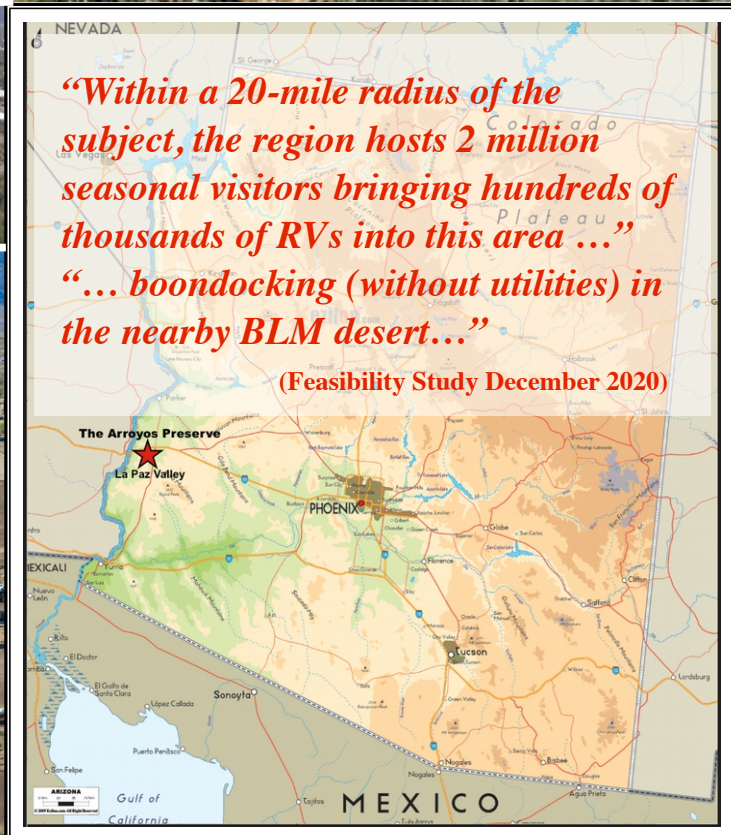
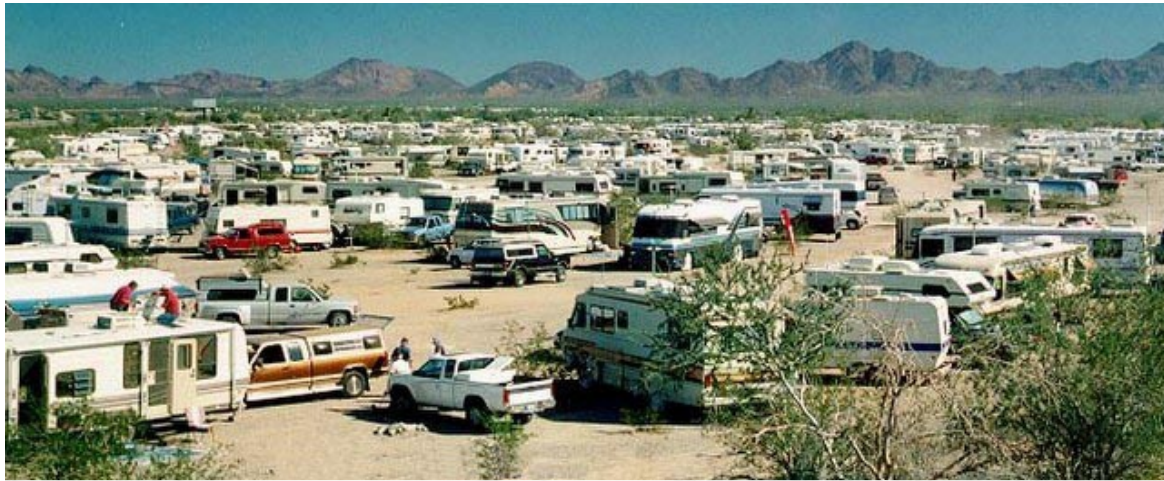
The Arroyos Preserve RV Park and Resort is a compelling hospitality and real estate investment opportunity, and has been found "feasible".

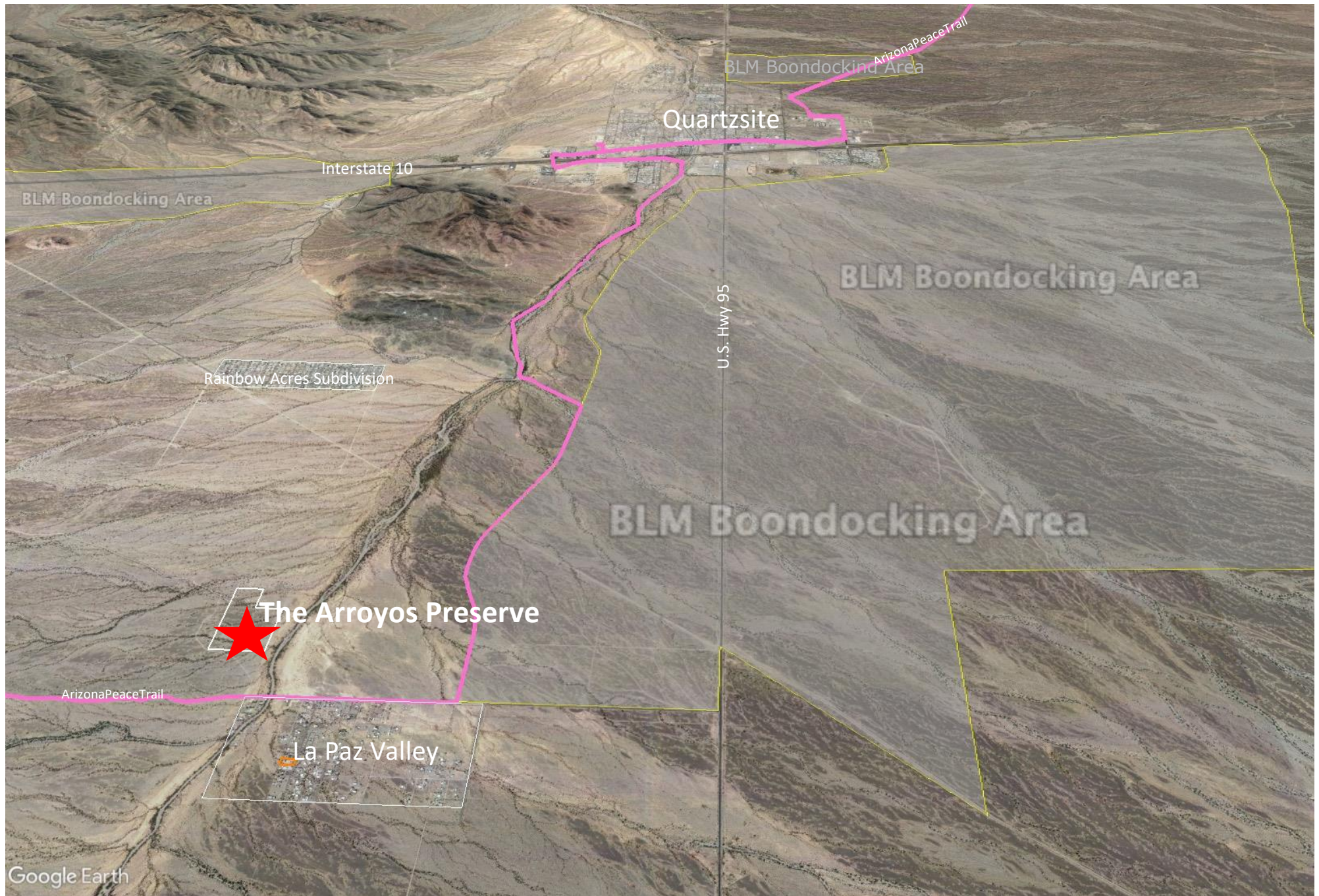
"The subject development is concluded to be feasible, as the rates of return are well above market parameters. The proposed subject resort has an opportunity to capitalize on a strong market in an area of excess demand and inadequate supply for a quality offering such as the subject. Based on our market analysis, there is sufficient market support for the proposed resort."⁵



⁴ Company principals' detailed qualifications provided in a follow-up report.

⁵ December, 2020 Feasibility Study is available upon request.







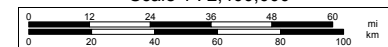
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Scale 1 : 2,400,000



1" = 37.88 mi

Data Zoom 5-6