



Paradise Springs

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1

Executive Summary

Property Overview

Northgate Commercial Real Estate alongside with Marcus & Millichap have been selected to exclusively market a "Secret Place" - Paradise Springs is located on one hundred secluded acres at 5,200 ft. elevation just off of Highway 41 near the south entrance to Yosemite National Park and is surrounded by the Sierra National Forest. The foothills town of Oakhurst, Bass Lake, the historic Sugar Pine Railroad, Badger Pass Ski Resort, and Yosemite National Park are minutes away. This property defies description - it must be seen to be fully appreciated and to comprehend the underutilized potential this amazing property offers the next ownership. This stunning property features a main lodge, The Villa, that has seven cozy bedrooms and sleeps twenty and comes with an upscale commercial kitchen and dining room that seats fifty guests facing a large stone fireplace. The Bella Pavilion is a large reception and banquet hall with another commercial kitchen and stone fireplace making it the perfect facility for weddings, anniversary, business meetings, or any large function. Additionally, there are four secluded cottages tucked around this mountain hideaway each one has a modern kitchen, full bath, wood burning fireplace, decks, bbq's outdoor fire pits and some with lake views.

The onsite infrastructure includes multiple septic systems; a water storage (25,800 gal.) and underground delivery system that delivers natural pure Sierra Mountain spring water to all buildings and cottages; a generator driven electrical system that delivers underground power to each structure as well as outdoor lighted pathways; propane gas is also delivered underground from the onsite storage tank compound. All services are oversized to accommodate future expansion, and everything built and installed was performed and approved with required permits and county inspections.

The asking price of **\$4,500,00** is well below replacement costs and supported by a MAI Appraisal conducted in 2016

Property Overview

- Tremendous upside potential: current utilization is only 99 days per year. At a 60 % utilization, usage would increase more than double to 219 days (221%)!
- Increased utilization could occur with no capital investment - all infrastructure and facilities are in place and adequate to handle the increased usage.
- Plenty of land for enlarging Paradise Springs, only a small portion of the 100-acre property is currently developed.
- Already approved Use Permits allow for an additional 54,420 sq. ft. of Cabins plus RV/Glamping/Camping Sites - accommodations for an additional 465 guests.
- Sierra Mountain Crystal Clear Spring Water storage capacity is 25,800 gal. Onsite propane storage capacity 3,500 gal. Two 80 KW diesel generators - all with capacity for additional development
- Property is minutes from Oakhurst; Bass Lake; Sugar Pine Railroad; Badger Pass Ski Resort and Yosemite National Park.



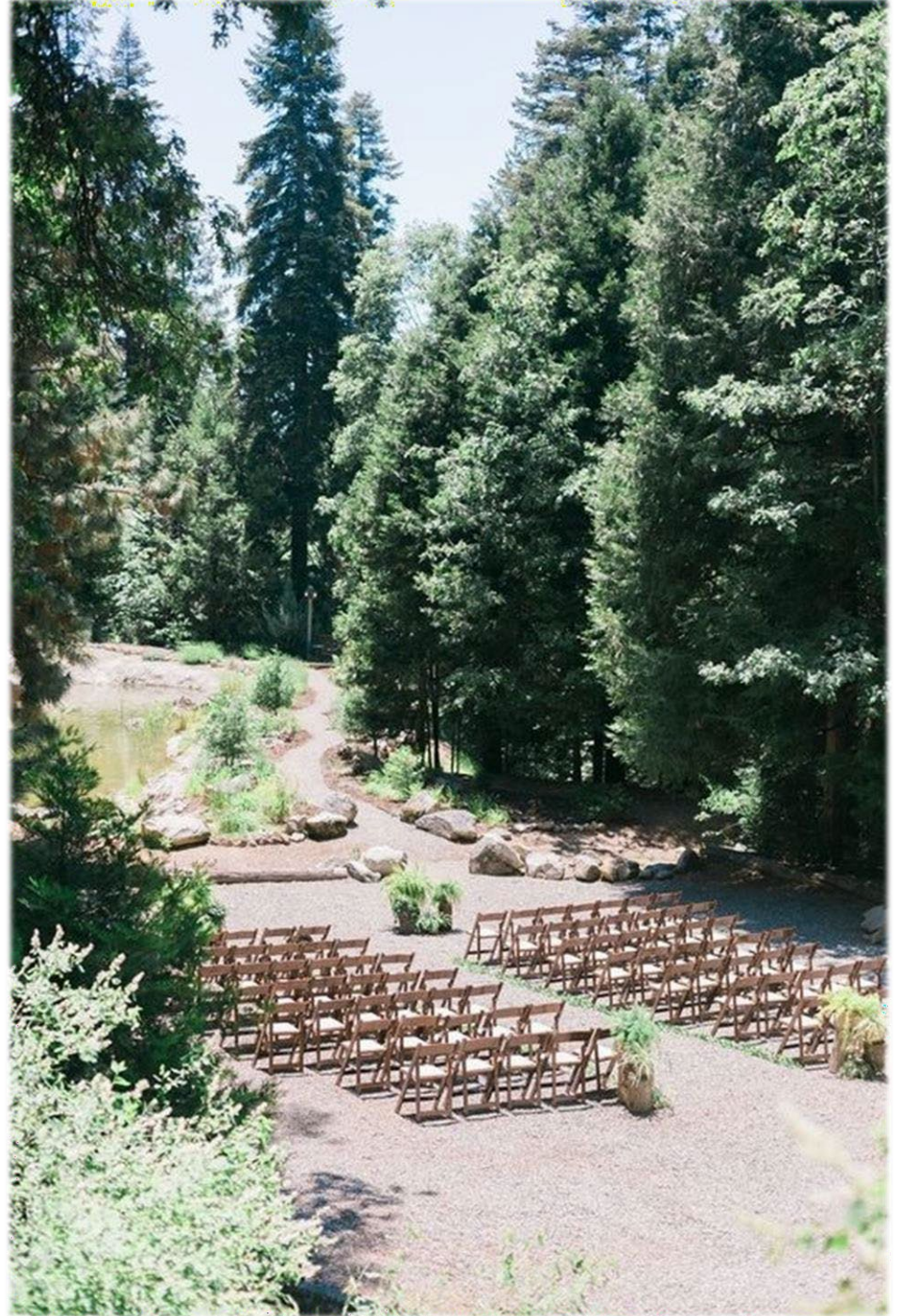


52770 Rd 632 | Oakhurst, California



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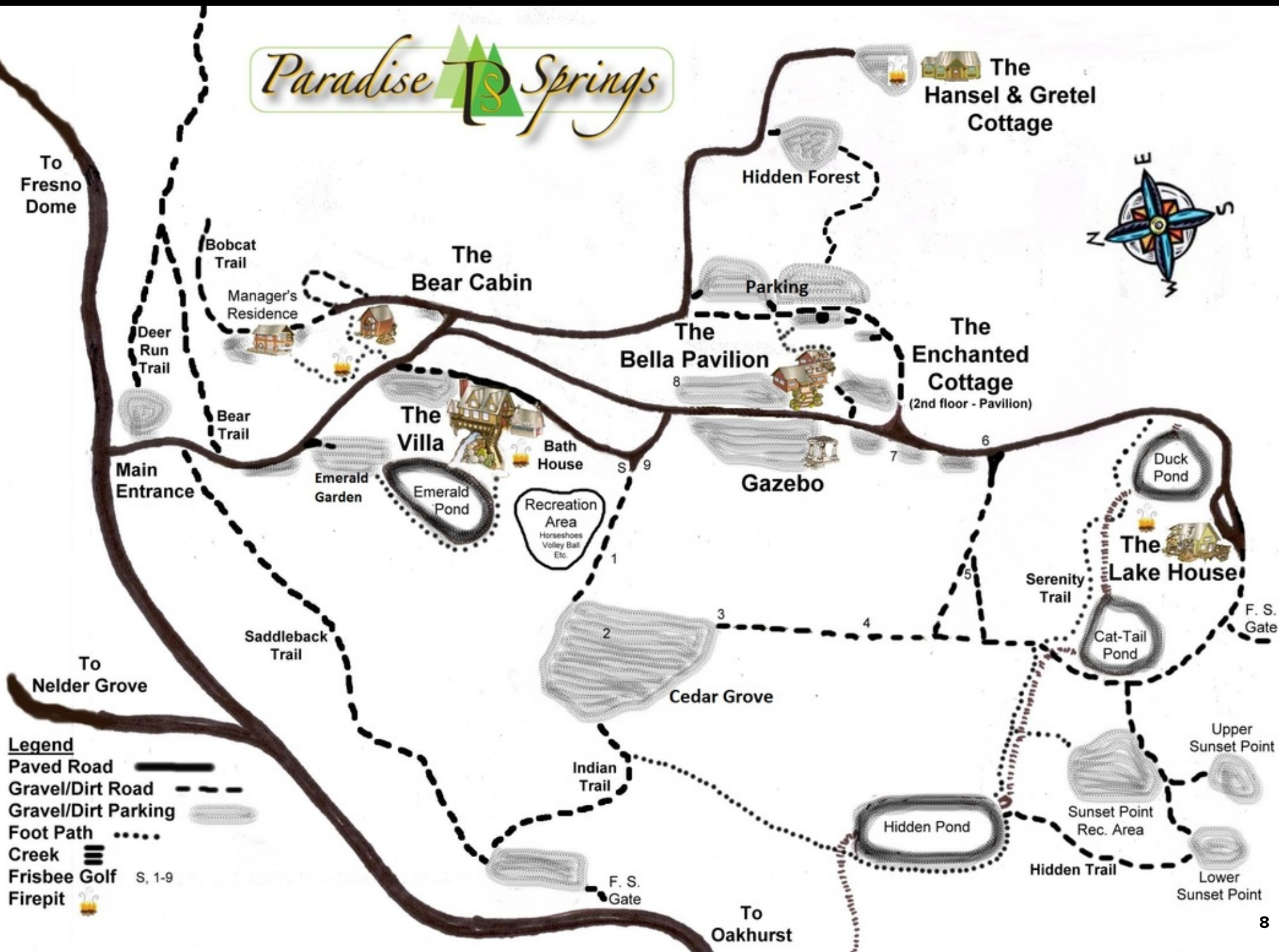


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Maps

Paradise Springs

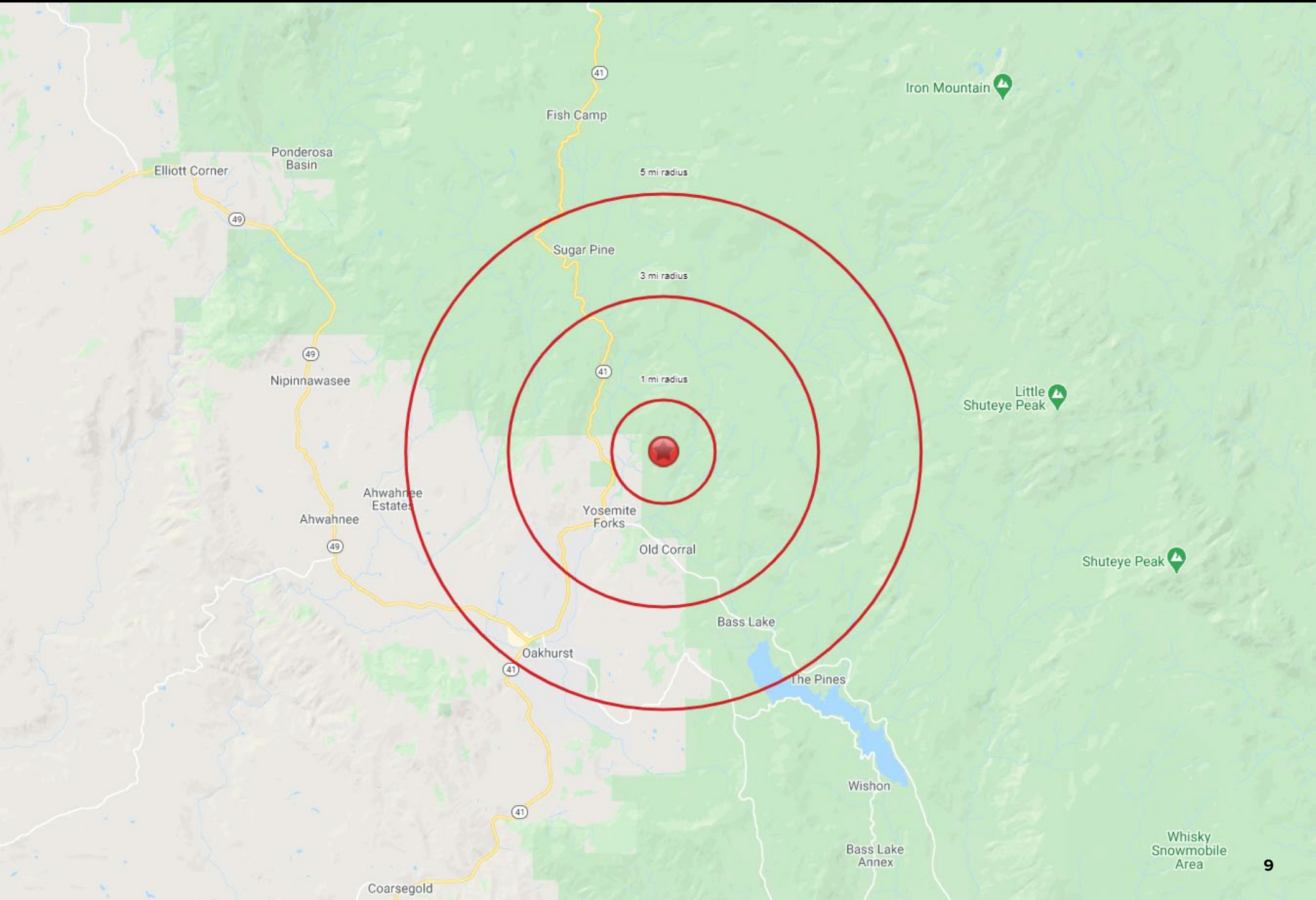
To Fresno Dome

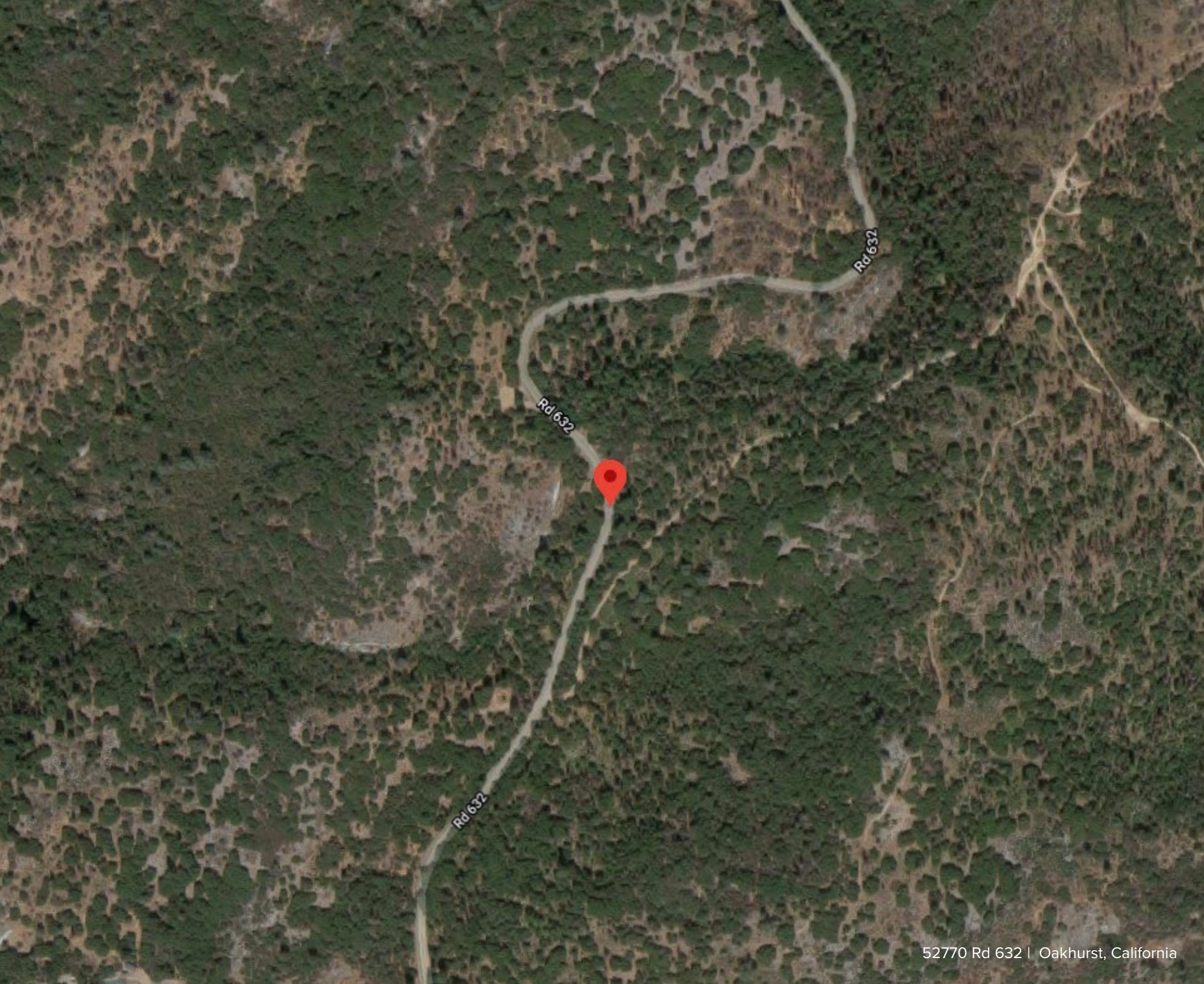


- Legend**
- Paved Road ———
 - Gravel/Dirt Road - - - - -
 - Gravel/Dirt Parking [stippled area]
 - Foot Path ·····
 - Creek [wavy line]
 - Frisbee Golf S, 1-9
 - Firepit [fire icon]

Regional Map

52770 Rd 632 | Oakhurst, California





Aerial View



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Financial Analysis

Proforma- Executive Summary

Under the current ownership since 2001, Paradise Springs has evolved as a labor of love –painstakingly restored and expanded utilizing timbers harvested and milled from the property ultimately transitioning this remote forest property from a family retreat and weekend “getaway” into an extremely “in-demand” and hot venue spot for weddings, anniversaries, corporate retreats and similar venues. Ownership has created relationships with near by vendors, caterers, housekeeping, and other services to accommodate the needs of their clients. All business goodwill and customer contacts will be transferred to a new owner and included in the sale. Visit property website at: <http://www.paradis Springsmountain.com/index.html>.

Current operations are predominately weekends only – commencing mid - April and ending mid – November. This only utilizes the property for approximately 99 days per year (33weekends x 3 days = 99 days) or a 27% annual occupancy. Additionally, the entire property is currently being rented out on a bulk rate per event basis – not per rented room/cabin.

With obvious adjustments to operations and management the property should easily perform the market average of 60% annual occupancy. Attaining this level of performance should only require adjustments to management with no additional capital investment. The buildings are comfortably furnished, fully equipped and together with the infrastructure improvements, all have been meticulously maintained.

The attached proforma reflects the seller’s current average daily rate based on the “bulk rate” per event income. A market survey shows that the average daily rates on a “per bed” basis near Yosemite are substantially higher, leaving room for further increases to a new owner’s revenue. Currently there is no additional income generated from food & beverage or party rental items being either supplied by outside caterers or included in the bulk rate per event.

Existing management and employees are interested in possibly staying on with new ownership or can assist with transitioning to a new management team.

Any potential buyer shall perform their own financial analysis and determine market feasibility to their own satisfaction and careful due diligence and not solely rely on the information contained herein.



Historical P&L

	2018		2019		2020		PROFORMA	
Departmental Expense								
Rooms	\$16,022	4.7%	\$17,203	4.7%	\$20,192	4.7%	\$44,877	4.7%
Food & Beverage	\$79,080	23.4%	\$84,905	23.4%	\$99,655	23.4%	\$115,632	12.2%
Other Operated Depts & Rentals	\$66,383	19.6%	\$71,311	19.6%	\$83,698	19.6%	\$36,074	3.8%
Total Departmental Expenses	\$161,485	47.8%	\$173,419	47.8%	\$203,545	47.8%	\$196,583	20.8%
Gross Operating Income	\$176,689	52.2%	\$189,671	52.2%	\$222,622	52.2%	\$750,592	79.2%
Undistributed Operating Expenses								
Administration & General	\$24,357	7.2%	\$26,153	7.2%	\$30,697	7.2%	\$25,007	2.6%
Marketing	\$8,831	2.6%	\$9,480	2.6%	\$11,127	2.6%	\$24,731	2.6%
Franchise Fees	\$3,087	0.9%	\$3,315	0.9%	\$3,891	0.9%	\$3,087	0.3%
Utility Costs	\$5,763	1.7%	\$6,187	1.7%	\$7,262	1.7%	\$16,140	1.7%
Property Operations & Maintenance	\$1,240	0.4%	\$1,333	0.4%	\$1,564	0.4%	\$3,476	0.4%
Total Undistributed Operating Expenses	\$43,278	12.8%	\$46,468	12.8%	\$54,541	12.8%	\$72,441	7.6%
Gross Operating Profit	\$133,411	39.5%	\$143,203	39.4%	\$168,081	39.4%	\$678,151	71.6%
Fixed Expenses								
Property Taxes	\$6,084	1.8%	\$6,254	1.7%	\$6,528	1.5%	\$48,603	5.1%
Insurance	\$22,089	6.5%	\$22,530	6.2%	\$22,981	5.4%	\$23,441	2.5%
Lease Expense	\$0	0.0%	\$0	0.0%	\$0	0.0%	\$0	0.0%
Total Fixed Charges	\$28,173	8.3%	\$28,784	7.9%	\$29,509	6.9%	\$72,044	7.6%
Total Expenses	\$232,938	68.9%	\$248,671	68.5%	\$287,595	67.5%	\$341,068	36.0%
Amount Available for Debt Service & Other Fixed Charges	\$105,238	31.1%	\$114,419	31.5%	\$138,572	32.5%	\$606,107	64.0%
Capital Replacement Reserve	\$0	0.0%	\$0	0.0%	\$0	0.0%	\$28,415	3.0%
Management Fee	\$26,550	7.9%	\$28,506	7.9%	\$33,458	7.9%	\$37,887	4.0%
Net Operating Income (EBITDA)	\$78,688	23.3%	\$85,913	23.7%	\$105,114	24.7%	\$539,805	57.0%

Notes: 1.) Housekeeping (Proforma) based on industry average of \$22/day/room. 2.) Proforma Marketing and Promotion based on industry average of 3% of room revenue. 3.) Proforma Real Estate Taxes reflect the purchase price of \$4,100,000. 4.) Proforma Food & Beverage (Housekeeping) is based on industry average of \$22/room/day (24 rooms x 219 days x \$22.00 = \$115,632).

Value Considerations

Year	Gross Revenue	Net Operating Income	Cap Rate	Utilization
2018	\$338,174	\$78,688.00	1.92%	25% Actual
2019	\$363,089	\$85,913.00	2.10%	25% Actual
2020	\$427,917	\$105,114.00	2.56%	27% Booked
Proforma	\$1,578,625	\$947,175.00	21.00%	60% Projected

Notes:

1.) Year 2020 weekends (3 days each) were completely booked with reservations extending out to 2021, but due to COVID-19 most all events were carried forward into 2021. An effort is now commencing to fill underutilized mid-week slots in 2021 and beyond. As a result, net operating income is expected to increase dramatically.

2.) Proforma projections are based on improving utilization and an additional \$1,660,600 of capital expense necessary to develop out all approved entitlements and assumes projected 60% utilization over an 8-month season.

Development Projection Scenario to Full Build Out

Proforma Scenario NO. 1

Assumes no additional capital improvements, only adjustments to operations and management to increase utilization to 60% annual occupancy. (see owner prepared income & expense analysis)

Capital Expenditure: Only increased cost of management and operations
Annual increase in income: \$947,175

Proforma Scenario NO. 2

Refurbish and equip 3 existing unused cabins - approximately 1,566 sq. ft.

Capital Expenditure: \$156,600 (assumes \$100 per sq. ft. construction & FFE)
Annual increase in income: \$108,800 (per owner prepared income & expense analysis)
ROI (Gross) : 70%
Less Expenses: \$46,784 (assumes 56% of gross)
NOI: \$62,016 57.00%

Proforma Scenario NO. 3

Develop 32 new additional cabins - per existing approvals (9,709 sq. ft.)

Capital Expenditure: \$960,000- (assumes \$30,000 per cabin construction & FFE)
Annual increase in income: \$384,000 (per owner prepared income & expense analysis)
ROI (Gross) : 40%
Less Expenses: \$165,120 (assumes 56% of gross)
NOI: \$218,880 57.00%

Proforma Scenario NO. 4

Development of 50 rentable RV camping spaces (20'x40' for each space) per existing approvals. includes underground water and electrical hook-ups to each site. (40,000 sq. ft.)

Capital Expenditure: \$500,000 - (assumes 50 spaces x \$10,000 per space)
Annual increase in income: \$476,000 (per owner prepared income & expense analysis)
ROI (Gross) : 95.20%
Less Expenses: (\$71,400) (assumes 15% of gross)
NOI: \$404,600 81.00%

Proforma Summary

<u>The potential for additional income is derived from the following:</u>				<u>Estimated Cost</u>	<u>Estimated Gross (ROI)</u>	
1.)	Implementation of Proforma Scenario No.1			\$4,500,000	\$947,175	21%
2.)	Implementation of Proforma Scenario No.2			\$156,000	\$108,800	69%
3.)	Implementation of Proforma Scenario No.3			\$960,000	\$384,000	40%
4.)	Implementation of Proforma Scenario No.4			<u>\$500,000</u>	<u>\$476,000</u>	<u>81%</u>
	Total			\$6,160,000	\$1,915,975	31% Avg.
	Less Operating Expenses				(\$694,941)	36% of ROI
	NOI				\$1,221,029	19.82%

Notes:

- Proforma analysis is based on current approved Entitlements for Development under existing Conditional Use Permits issued by the County of Madera (Permit # 62-82, March 29,1962; Permit # 63-144, July 2, 1962; Permit # 72-99 and Planning Commission Minute Order #1225, both dated May 1, 1972, all verified by M. Patricia Jensen, Architect and current owners. Total building area allowed is 60,695 sq. ft.
- Capital Expenditure estimates were prepared by the owner who is a licensed general building contractor and has completed all existing renovations to the existing structures as well as improvements and the expansion of all underground utilities and road improvements.
- Owner prepared Current and Additional Income Potential on Existing Approved Entitlements, dated June 12, 2020; Map showing Completed Existing Improvements; Map ("Draft") showing 50 "tenting units" (20' x 40' RV Spaces); and Map showing layout of approved entitlement coverages per existing conditional use permits will be made available to a potential buyer upon request.
- Any potential buyer is advised to perform their own financial analysis and determine the market feasibility to their own satisfaction and perform careful due diligence and not solely rely on the information contained herein. Marcus & Millichap and agents shall not be responsible for any buyer's failure to undertake their own investigations and analysis.



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Market Comparables



PARADISE SPRINGS
52770 Rd 632, Oakhurst, CA, 93644



Asking Price	\$4,500,000
Price/Room	\$145,161
CAP Rate (proforma)	20%
Interest	Fee Simple
Total No. of Rooms	31
Year Built / Renovated	1963 / 2001

Underwriting Criteria – Proforma			
Room Revenue	\$1,915,975	Occupancy	60%
Total Revenue	\$1,915,975	ADR	\$282.22
NOI	\$1,221,029	Rev PAR	\$169.33

CLOVIS CASTLE
16393 Auberry Road, Clovis, CA, 93619



Asking Price	\$5,470,000
Price/Room	\$1,094,000
Price/SF	\$563.92
Interest	Fee Simple
Total No. of Rooms	5
Year Built / Renovated	2001

NOTES
Being sold as a private residence and built in 2001 it has been used as a wedding venue from 2009-2015 and it still could be. The house features 5 bedrooms, 6 bathrooms a chef's kitchen with commercial grade appliances and a 7 car garage. There are no overnight accommodations and the grounds are nicely landscaped and there are two possible wedding venue sites.

SONNY MEADOWS
5657 Worman Road, Mariposa, CA, 95338



Asking Price	\$7,999,000
Price/Room	\$999,875
Price/SF	\$0.41
Interest	Fee Simple
Total No. of Rooms	8
Year Built / Renovated	1995

NOTES
The property includes a contiguous meadow consisting of 87 acres and a 3,300 square foot lodge overlooking the property. The lodge has 8 bedrooms and 8 bathrooms. Current and potential income sources include: Logging, Christmas Tree Farm, Spring Water, Camping, Cattle Ranching. Perfect set-up for a dude ranch or family, educational or church camp. The land produces 7,500 gallons of spring water a month. Potential uses are unlimited!!

LODGE AT PAINTED ROCK

2906 Pearl Harbor Drive, Lake Isabella, CA, 93240



Asking Price	\$2,500,000
Price/SF	\$0.82
Interest	Fee Simple
Total No. of Rooms	0
Year Built / Renovated	2001/2010

NOTES

Extensive entitlement process has already been completed and the Lodge now holds a fully approved conditional use permit (CUP) to become a destination retreat with 50+ overnight accommodations. Most infrastructure is already in place, just awaiting a buyer to add the lodging units and reap financial reward. The property currently contains a spectacular 7,200 square-foot timber lodge used as a community event and dining center.

SORENSEN'S RESORT

14255 State Route 88, Hope Valley, CA, 95120



Close of Escrow	8/16/2019
Asking Price	\$4,900,000
Price/Room	\$103,333
Price/SF	\$218.28
Interest	Fee Simple
CAP Rate	9%
Total No. of Rooms	30
Year Built / Renovated	1890

NOTES

Sorensen's Resort is located in California's serene Hope Valley at 7,000 ft. elevation and near Lake Tahoe. Operating year round this resort features 19 cabins nestled in close proximity and surrounding a cafe and office and is very similar to Paradise Spring, but at a higher elevation and lacks facilities to host large groups or events.



20 Market Overview

Tourism to Yosemite National Park Creates \$624,129,000 in Economic Benefits

A new National Park Service (NPS) report shows that 4,009,438 visitors to Yosemite National Park in 2018 spent \$495,245,000 in communities near the park. That spending supported 6,184 jobs in the local area and had a cumulative benefit to the local economy of \$624,129,000.

“Over 4 million visitors a year come from California, across the United States, and all over the world to experience the natural and cultural wonders of Yosemite National Park,” said Yosemite Superintendent Michael Reynolds. “We are proud to work with our gateway communities to help park visitors discover deep and lasting connections to Yosemite and the surrounding area. National park tourism is a significant driver in the national economy, returning \$10 for every \$1 invested in the National Park Service, and it’s a big factor in our local economy as well. We appreciate the partnership and support of our gateway partners and neighbors.”

The peer-reviewed visitor spending analysis was conducted by economists Catherine Cullinane Thomas and Egan Cornachione of the U.S. Geological Survey and Lynne Koontz of the National Park Service. The report shows \$20.2 billion of direct spending by more than 318 million park visitors in communities within 60 miles of a national park. This spending supported 329,000 jobs nationally; 268,000 of those jobs are found in these gateway communities. The cumulative benefit to the U.S. economy was \$40.1 billion.

Lodging expenses account for the largest share of visitor spending, about \$6.8 billion in 2018. Food expenses are the second largest spending area and visitors spent \$4 billion in restaurants and bars and another \$1.4 billion at grocery and convenience stores.

Visitor spending on lodging supported more than 58,000 jobs and more than 61,000 jobs in restaurants. Visitor spending in the recreation industries supported more than 28,000 jobs and spending in retail supported more than 20,000 jobs.

Report authors also produce an interactive tool that enables users to explore visitor spending, jobs, labor income, value added, and output effects by sector for national, state, and local economies. Users can also view year-by-year trend data. The interactive tool and report are available at the NPS Social Science Program webpage: <https://www.nps.gov/subjects/socialscience/vse.htm>

Yosemite Park Statistics

Yosemite might be our nation's 3rd national park, but it sparked the idea of national parks. Twenty-six years before it was a national park, President Lincoln signed the Yosemite Land Grant on June 30, 1864, protecting the Mariposa Grove and Yosemite Valley. It was the first time the government protected land because of its natural beauty so that people could enjoy it, and we're still benefiting from their foresight today. Thanks to John Muir's passionate writing to further protect the delicate ecosystem of the High Sierra, Yosemite later became a national park.

Yosemite is home to one of the tallest waterfalls in the world. At 2,425 feet, Yosemite Falls is one of the tallest on the planet, but did you know, it's actually made up of three separate falls? Upper Yosemite Fall, the middle cascades and Lower Yosemite Fall make up Yosemite Falls, which can be seen from numerous places around Yosemite Valley.



MADERA

OVERVIEW

Located roughly three hours from Los Angeles and San Francisco, the Madera metro is a light manufacturing hub for lumber, refrigeration equipment and agricultural goods. The metro lies in the heart of the San Joaquin Valley and encompasses all of Madera County. The city of Madera is the county seat, the largest municipality with 64,200 people and the only city in the metro with more than 20,000 residents.



METRO HIGHLIGHTS



AGRICULTURAL FOUNDATION

Supported by the lumber industry and a growing wine industry, the local economy generates a broad array of agricultural-related employment.



POPULATION GROWTH

The population growth rate exceeds the national average, with nearly 10,000 additional residents expected to call the region home through 2023.



TOURIST DESTINATION

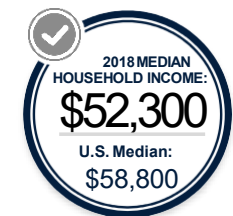
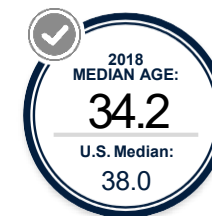
An active tourism industry is supported by the abundant natural scenery and multiple wineries in the county.



ECONOMY

- Dense forests throughout the county support a number of logging-related corporates including Georgia-Pacific and Certain Teed Corp.
- The agricultural roots of the area are underpinned by the San Joaquin Wine Co., whose operations are mostly located in Madera County. Additionally, Lion Brothers Farm and Lamanuzzi & Pantaleo Cold Storage support the broader agricultural farming base.
- Educational needs are met by two local colleges: San Joaquin Valley College Madera and the Madera Community College Center.

DEMOGRAPHICS



* Forecast

Sources: Marcus & Millichap Research Services; BLS; Bureau of Economic Analysis; Experian; Fortune; Moody's Analytics; U.S. Census Bureau

Demographics



Population	1 mi	3 mi	5 mi
2020 Estimated Population:	91	1,673	7,072
2025 Projected Population:	94	1,730	7,383
2010 Census Population:	80	1,589	6,751
2025 Projected Growth:	0.7%	0.7%	0.9%

Households

2020 Estimated Households:	41	760	3,171
2025 Projected Households:	43	794	3,337
2010 Census Households:	35	701	2,925
Projected Growth:	0.9%	0.9%	1.0%

Businesses

2020 Estimated Total Businesses:	0	40	499
2020 Estimated Total Employees:	3	212	3,578

Income

2020 Estimated Average Household Income:	\$46,641	\$55,517	\$68,777
2020 Estimated Median Household Income:	\$44,624	\$43,647	\$60,732
2020 Estimated Per Capita Income:	\$21,185	\$25,335	\$30,889

Race & Ethnicity

2020 Estimated White:	85.5%	86.5%	87.5%
2020 Estimated Black/African American:	1.3%	1.5%	1.2%
2020 Estimated Asian/Pacific Islander:	3.5%	3.1%	2.4%
2020 Estimated American Indian/Native Alaskan:	2.9%	2.6%	2.2%
2020 Estimated Hispanic:	13.4%	13.6%	16.9%
2020 Estimated Other Races:	6.8%	6.3%	6.7%

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