

Sunseeker Resorts

by Allegiant

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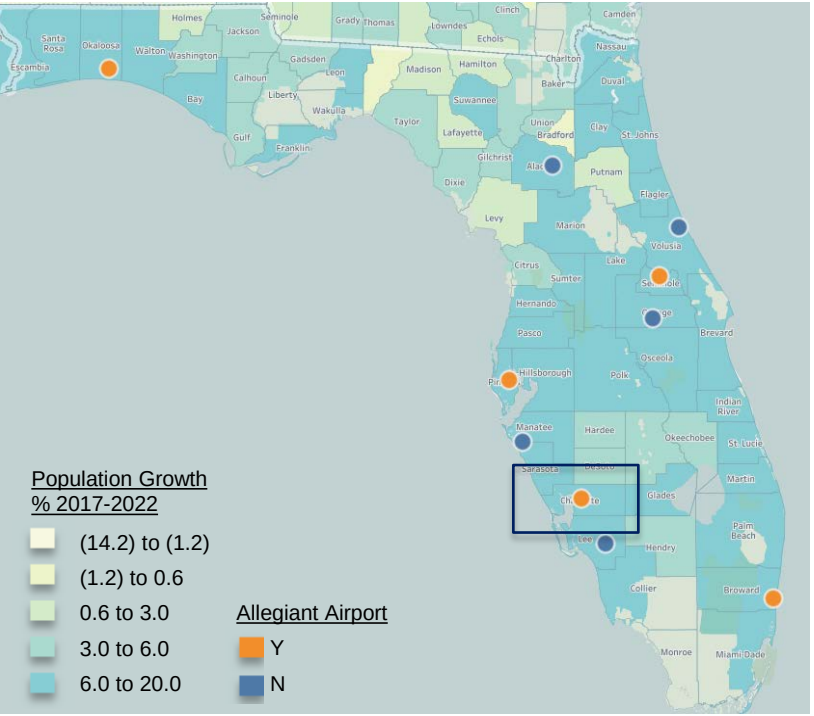
Introduction

- Why a resort?
- Why Port Charlotte?
- The resort plan
- Future opportunities

Why a Resort?

- Create and establish leisure brand
- Part of the customer experience not the transaction
- Integrate more of the travel experience
- Build more touch points for interaction with customer
- Participate in beyond airline revenue

Charlotte County Stats

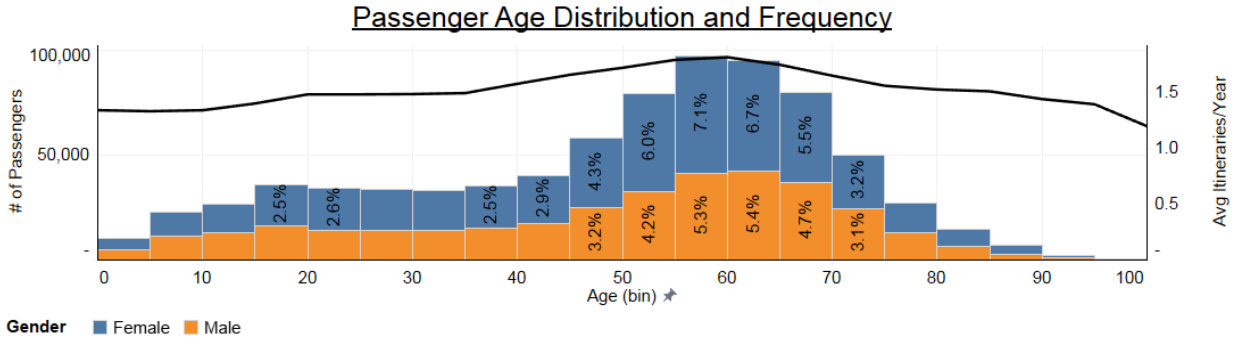


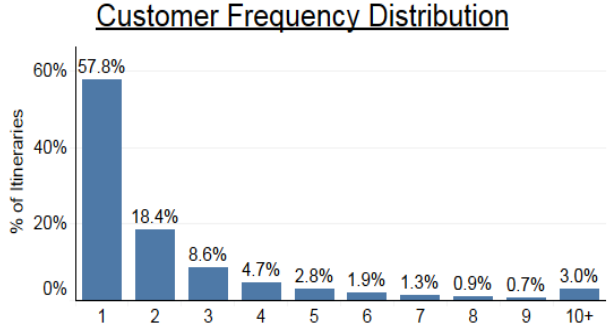
- Charlotte County
  - 3rd fastest growth rate in the state(1)
  - 8th fastest growth nationwide(1)
- Port Charlotte - 3rd best vacation home market(2)
- Constructed large parcel
- Ability to build resort community

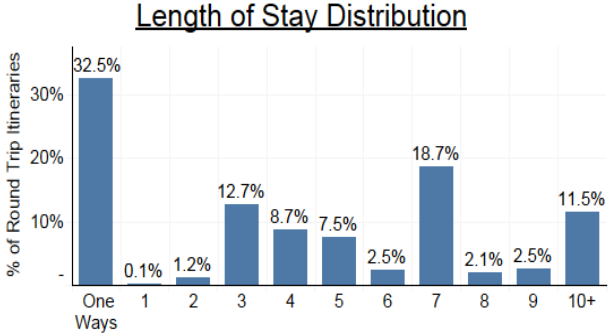
(1) – YOY 2016 - based On Southwest Florida Census: (published 3/17)
(2) – http://realtormag.realtor.org/daily-news/2017/07/11/2017

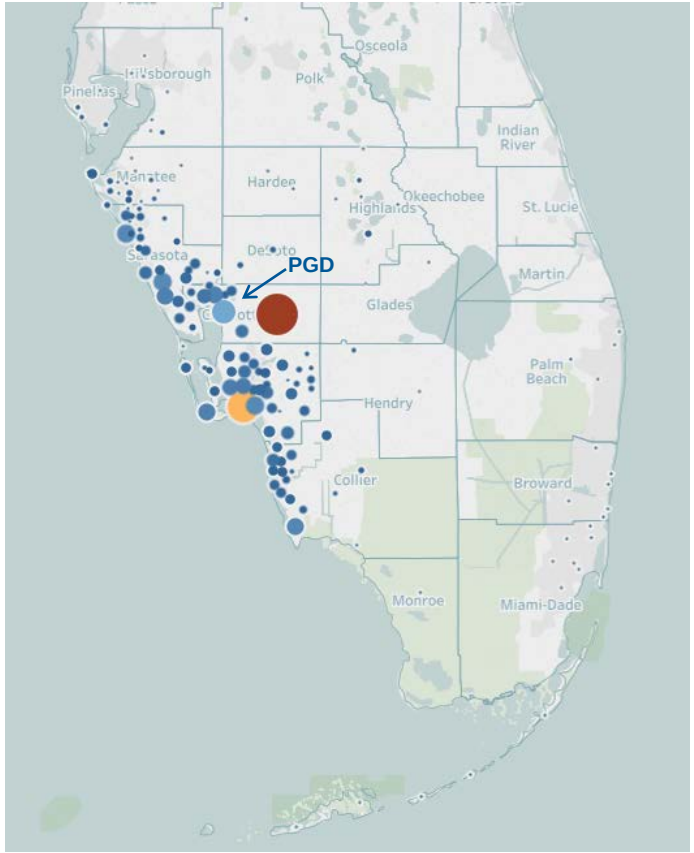
Allegiant PGD Destination Customer

- 19% YOY itinerary increase - 560K pax
- Avg. itineraries/year per passenger up 5.1% since 2014
- 4.6% of customers flown to PGD 8+ times
- 6th longest avg. stay Allegiant destinations
- Data represents TTM through Jul-17







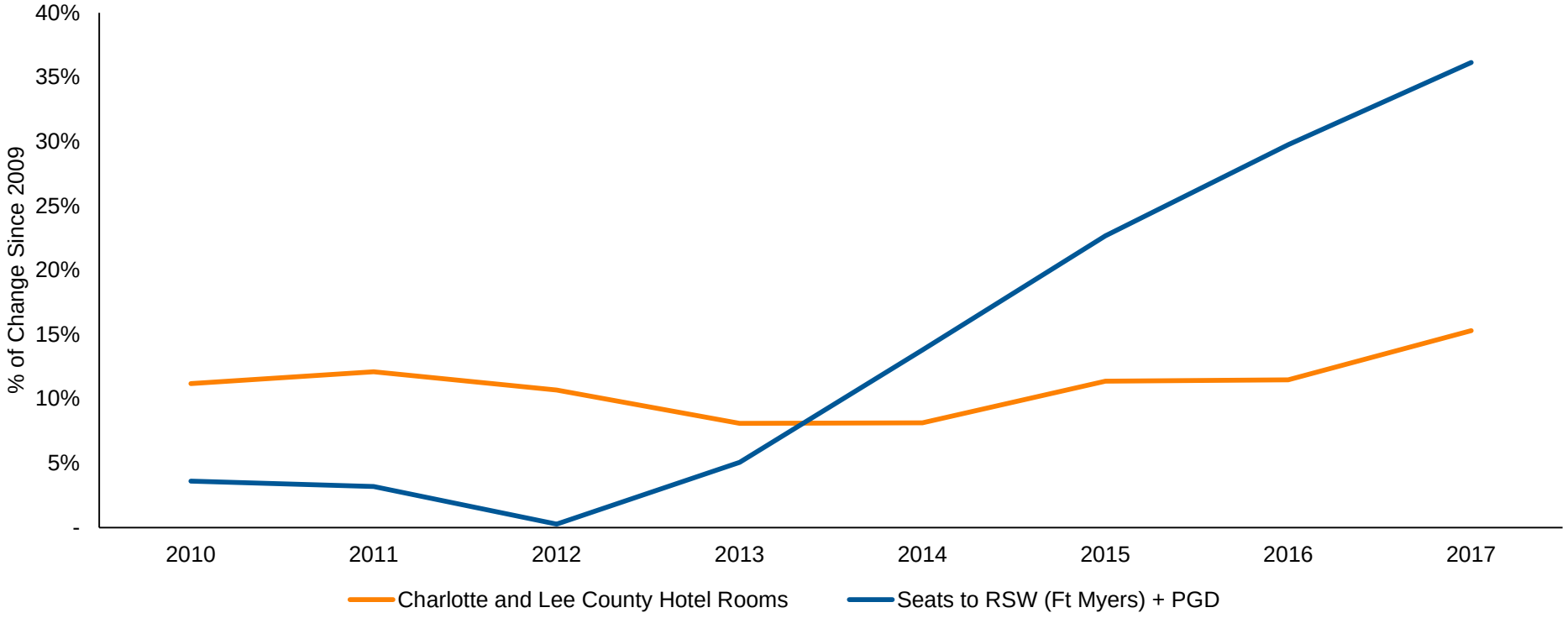


Geocode Data

- Map reflective of location of passenger at flight check-in(1)
- Customers traveling from Sarasota to Naples
- Data - August 2017

(1) - Data based on users of the Allegiant App for check-in

Charlotte and Lee County (Ft Myers) Rooms vs Traffic



Sunseeker Resorts Property Map



- Site on US-41 Tamiami
  - Daily traffic approx. 30,000(1)
  - Future traffic expected to reach 41,000+ by 2035(1)
- Site to include (current plan):
  - Hotel Tower – 75 rooms - provisions for future expansion
  - 7-8 Condo Towers – 700+ units
  - Marina
  - 10+ Restaurant/Bar Concepts/Retail
  - Largest resort pool in N. America; 10th largest world(2)
- Newest/largest condo resort on FL coast

(1) - FDOT 2016
(2) - https://en.wikipedia.org/wiki/List_of_largest_swimming_pools

Port Charlotte Project Plan

- Construct approximately 22 acre master planned resort
  - Phased build - 7-8 condo towers/pool – HOA owners
  - Sunseeker/Allegiant property
    - 75 room hotel Convention/meeting area
    - 10+ retail/eating sites Shopping/Doctor support
  - Sunseeker will manage construction and resort after completion
- Condos – no construction before sale – projected 30% down payment on sale
- Long term – resort will provide recurring revenue model
  - Possible over 1000 hotel rooms available in hotel pool, including participating condos
  - Revenues from restaurants, retail, marina rentals, parking, rent from vendors
- No reinvestment in condos – HOA fees expected to cover future internal/external maintenance
- No operating expenses on common areas (pool, etc.) – HOA Fees

Resort Operation Plan

- Allegiant will own and operate the following:
  - Hotel
  - All restaurants and bars
  - Retail, grocery, and other commercial spaces leased to third party operators
- Resident/HOA will own:
  - Condo units
  - Pool and related grounds
- Property – master planned:
  - Include tower HOAs with master association
  - Sunseeker will manage all rooms contributed to rental pool
  - No third party rental channels will be permitted (Airbnb, VRBO, etc.)
- Condos sold fully furnished - ensure consistency - provide feel of hotel room

Current Status - Plan

- Assembled Land – own 22+/- acres – water front property
- Land zoned for commercial/residential use – up to 9 stories
- City/County supportive
- Utilizing John R's contacts/experience
  - Started design - See pictures – Steelman Partners – world class
  - Begun adding staff – brand manager – very experienced
  - Construction – Project manager on board
- Finish negotiations with County/City on final details
- Start sales process – next 90 days
- Start construction first half of 2018



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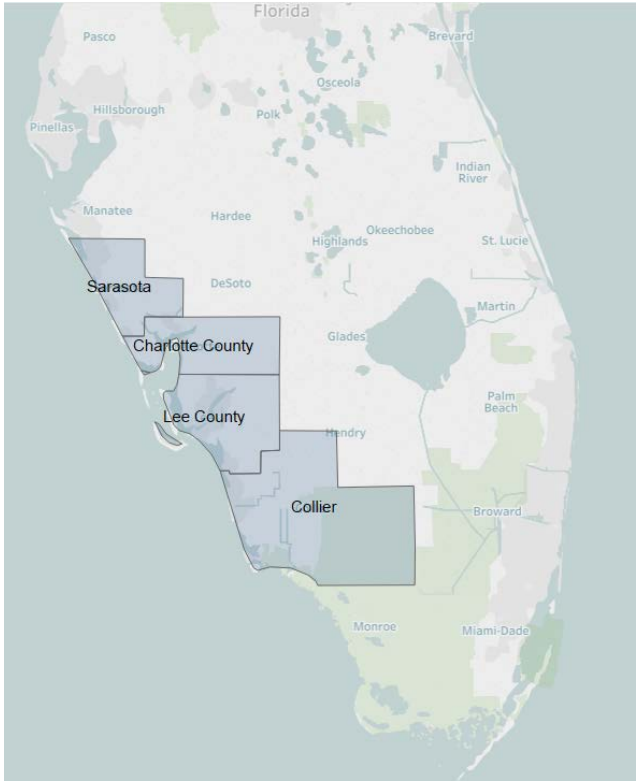
State of Market - Sales



- Condo Market – west coast of Florida
  - 1,000+ active listings Sarasota to Naples - $600K-$6M(1)
  - 89% built before 2011
  - 62% on the market for 6 months or more
  - 1,000+ sold in past year - $600K-$6M(1)
- Have solicited interest in condo units – used Allegiant Air database
  - 4,000+ expressions of interest (as of 8/17/17)
    - 100+ - pay over $1M
    - 400+ - pay $750K to $1M
    - Remainder – up to $750K
  - Convert the expressions of interest to:
    - Registrations of interest
    - Sale - non-refundable 30% deposit sought by year end
- Using Allegiant Air database – save up to 20% distribution costs
- Strategic goal – continue to build customer data base!

(1) - real estate data source: Zillow.com



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Resort Project Timeline

- Approval process (1Q-2Q18)
- Ground breaking (2Q-3Q18)
- Move-in ready date (4Q19-1Q20)
- Hotel opening (4Q19-1Q20)

Brand Strategy

- Allegiant has the rights to the following Sunseeker brands:
  - Resorts
  - Hotels
  - Residences
  - Management
- Plan to trademark food and beverage concepts
- Resort adds additional brands to Allegiant portfolio
- Opportunities for future franchising/licensing with both Sunseeker and food and beverage brands

Sunseeker Synergies

- Allegiant Mastercard/Loyalty Program
  - Exposure
  - Sign-ups
  - Redemption on all elements of project
- Selling hotel rooms
  - Use Allegiant Air data base – 7M+
  - 120 US Cities – strong presence in Florida origination cities – e.g. upper Midwest
  - Enhanced package with Air/car/events
- Airline synergies
  - Sunseeker - capacity to host large groups - sell to group/charter flights
  - Potential load factor impact - Sunseeker - more customers to Charlotte County
  - Potential new air package products leveraging frequency data - Florida pass
- Future areas – airline hotel sales have not kept up with passenger growth

Management Contracts

- Successful implementation will allow for hotel management contracts
- There are 500+ managed hotels in Florida outside of Orlando
- Target $150K-$1M per year management contracts – 20-200 room hotels
- Need to be in Allegiant Air's eco-sphere – no sales of independent hotel rooms
- Targeting 50-75 hotel management contracts in coming years
- Focus on Florida before looking beyond

Benefits of Allegiant as a Management Company

- Airline
- Closed distribution
- Branded credit card acceptance/point redemption
- Software solutions
- Brand exposure in source markets and inflight
- Branded restaurants
  - Registered/trademarked brands
  - Provide brand, concept, design/build oversight, menus, etc.

SUNSEEKER

RESORTS







Appendix

Resort Revenue Sources

- Sale of condo units
- Hotel rooms
- Management fee from renting out owners' condos as whole units or subdivided suites and rooms
- Restaurant/bar revenue
- Banquet revenue
- Commercial space rental
  - Grocery, hair salons, medical, etc.
- Marina slip rentals
- Bikes, paddle boards, wave runners, boat/fishing excursions, etc.
- Car rentals
- Rent/sell parking spots to condo owners
- HOA dues

Focus on airline operations

- Current management will maintain airline focus
- Allegiant brand critical to success of Sunseeker Resort
- Will add world class hotel management team
- Improve airline performance - focus of Exec Mgmt and teams
- Substantial operational performance improvement - July and August
- Completion 99.6% first 26 days of Aug - A14 8pts better than 2016

Drastic reduction in June / July / August Cancellations

Category	Aug 2017	Aug 2016	% Change	July 2017	July 2016	% Change	June 2017	June 2016	% Change
Scheduled Departures	6,146	5,917	**4%**	9,157	8,664	**6%**	9,128	8,181	**12%**
Actual Departures	6,121	5,769	**6%**	8,989	8,328	**8%**	8,865	7,905	**12%**
Cancellations	25	148	**(83%)**	168	336	**(50%)**	265	276	**(3%)**

August is through the 26th of 2017 and 27th of 2016