HOTEL FEASIBILITY STUDY
FOR THE VILLAGE OF CANAL FLATS
RFP No.: 2018-004

Proposal for Services

Prepared by:
CBRE Hotels
Valuation and Advisory Services

Prepared for:
Adrian Bergles, CAO
Village of Canal Flats
8866 Grainger Road, Canal Flats, BC, V0B 1B0
Email: cao@canalflats.ca
April 23, 2018

Mr. Adrian Bergles, CAO
Village of Canal Flats
8866 Grainger Road
Canal Flats, BC
V0B 1B0

Email: cae@canalflats.ca

RE: Proposal for Services: Hotel Economic Feasibility Study – Canal Flats RFP # 2018-004

Dear Mr. Bergles:

In response to the above-noted RFP #2018-004, CBRE Hotels is pleased to submit this proposal to undertake a Hotel Economic Feasibility Study that will evaluate the market feasibility of additional hotel development in Canal Flats, British Columbia. The report(s) will be prepared by CBRE Limited (“CBRE”) for Adrian Bergles, CAO, Village of Canal Flats (the “Client”).

It is our understanding that since the Village’s mill operation closed in 2015, Canal Flats has gone through some economic challenges. In addressing these challenges, the 2016 Economic Development Strategy has identified 2 complementary goals:

1. To generate employment, recreational property owner transition to more full-time status in Canal Flats, and development of employment centre lands (the former mill-owned lands); and
2. To Build a Distinctive Community (downtown quality of place and work-live planning policy, and specified quality of life initiatives).

In addressing these goals, through imaginative, market-based opportunities, the Town has recently issued the following 4 complimentary RFPs that will enable Canal Flats to transition from its former industrial economy to diverse, self-sustaining tourism and smaller industry/services/entrepreneurial economy:

1. Official Community Plan (OCP) and Zoning Bylaw (#2018-001);
2. Industrial Land Strategy (#2018-002) that will complete business modelling for large block employment centre lands;
3. Visualization of Mixed Use Revitalization (#2018-003) that will translate OCP concepts to streetscape visualization that can be used for marketing/investment attraction purposes; and
The purpose of the subject study is to examine the market potential for hotel development in the Village of Canal Flats, as a potential investment opportunity for private-sector development. Within the scope of this assignment, CBRE will provide recommendations as to the appropriate size, facilities/amenities and potential branding and/or concept of the property to develop to maximize the economic feasibility of the project based on 2 product scenarios: 1) Highway commercial accommodation and 2) Resort-based accommodation.

The CBRE Hotels practice is the largest firm offering professional services to the Canadian hospitality and tourism industries. We are familiar with the Columbia Valley accommodation market. We have completed other recent assignments in the area and we maintain the most extensive database on the performance of the accommodation sector in Canada and our sample of hotels’ monthly top line performance for properties is extensive. On an annual basis we also obtain the Financial Statements from over 600 hotels and resorts across Canada, with strong representation from hotels in British Columbia and elsewhere in similar resort markets in Western Canada. Therefore, within our confidential database we have a good handle on the strength and health of the market.

The following pages outline CBRE’s experience and the work program, which will be undertaken in the conduct of this assignment.
**PROPOSAL SPECIFICATIONS**

<table>
<thead>
<tr>
<th>Client Identification:</th>
<th>Mr. Adrian Bergles, CAO Village of Canal Flats</th>
</tr>
</thead>
<tbody>
<tr>
<td>Property Type</td>
<td>Hotel</td>
</tr>
<tr>
<td>Purpose:</td>
<td>To undertake Hotel Economic Feasibility Study</td>
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<tr>
<td>Intended Use:</td>
<td>Financing</td>
</tr>
<tr>
<td>Report Type:</td>
<td>Narrative</td>
</tr>
<tr>
<td>Effective Date:</td>
<td>January 1, 2020</td>
</tr>
<tr>
<td>Fee:</td>
<td>Total Professional Fees $13,275 plus expenses ($1,011) plus 5% GST = $15,000.00</td>
</tr>
<tr>
<td></td>
<td>The fee quoted is includes applicable taxes and travel and disbursements. Should significant additional time be required to complete our assignment due to unforeseen complications, additional requests, changing parameters, etc., we reserve the right to review our fees accordingly. We will keep you informed on a timely basis of any difficulties that arise and their impact on our assignment.</td>
</tr>
<tr>
<td>Retainer:</td>
<td>$9,214.00 (Phase 1 Fees plus 5.0% Goods and Services Tax (GST))</td>
</tr>
<tr>
<td>Payment Terms:</td>
<td>Final payment is due and payable upon the earliest delivery date of either the final report or within thirty (30) days of your receipt of our preliminary value or draft report.</td>
</tr>
<tr>
<td>Report Copies:</td>
<td>CBRE is committed to becoming carbon neutral. You may join us in achieving this goal by accepting a PDF electronic copy of each Appraisal Report in Adobe PDF format. One (1) bound final copy of each appraisal will be provided upon request. Additional copies can be purchased at a charge of $150.00 per copy</td>
</tr>
<tr>
<td>Report Delivery:</td>
<td>Reports will be emailed to Mr. Adrian Bergles at the above mentioned address.</td>
</tr>
<tr>
<td>Delivery Schedule:</td>
<td>The draft report(s) will be issued in 13 weeks from project commencement.</td>
</tr>
<tr>
<td>Acceptance Date:</td>
<td>These specifications are subject to modification if this proposal is not accepted within five (5) business days from the date of this Proposal.</td>
</tr>
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</table>

This scope and the engagement is subject to the details provided in Schedule A, B, C and D.
We appreciate this opportunity to be of service to you on this assignment. Should you have any questions or comments, please contact David Ferguson at 778-372-1941 or Kirstin Hallett at 778-372-1942.

Sincerely,

David Ferguson, AIC Candidate
Director
CBRE Hotels
Valuation & Advisory Services
Phone: 778-372-1941
david.ferguson@cbre.com

Kirstin Hallett, AIC Candidate
Director
CBRE Hotels
Valuation & Advisory Services
Phone: 778-372-1942
kirstin.hallett@cbre.com

AGREED AND ACCEPTED

Client Authorized Signature Authority for Client

Name (please print) Title (please print)

Date Phone Number

Email Address Fax Number

Retainer Enclosed: $9,214.00, including GST

Please make cheque payable to “CBRE Limited” and send to 145 King Street West, Toronto, ON, M5H 1J8

Or, wire transfer to:
Scotiabank
P.O. Box 4234
Postal Station A
Toronto, ON. M5W 5P6

Bank # 0002
Transit # 47696
Account# 476961027018
Swift# NOSCCATT
1.0 PROPOSED PROJECT PLAN

PHASE 1

Start Up Meeting
- Ensure there is a mutual understanding of goals, objectives, reporting dates, and deliverables.
- Receive any relevant background information on the community to be provided by the Village of Canal Flats.
- Receive any relevant information on potential/proposed sites.

Economic and Tourism Review
- Assess current economic factors that may impact a hotel/resort development including local economic factors such as nature of business in the community, rate of development, and projections for future industrial, residential, and retail growth.
- Review data such as building activity reports, employment and population growth, and levels of commercial, industrial, tourism and leisure/recreation growth.
- Review the existing and future inventory of local tourism infrastructure such as attractions, parks, and recreational opportunities.
- Review of tourist arrival statistics and projections for future growth in the area (where available).
- Review previous studies and plans as they relate to tourism and accommodations (where available); and
- Identify/review complementary businesses, attractions, local features and events that may facilitate or support overnight accommodations.

Historic Market Performance Review
- Selection of an appropriate competitive set of hotels for the property
- Review of the existing properties in the competitive market, including facilities, amenities, branding, etc.
- Review of the most recent 3-5-year performance of the market

Stakeholder Consultation
- Undertake stakeholder interviews in the market area (in-person and telephone) including discussions with existing accommodation operators, municipal stakeholders (ie. economic development, planning, tourism, etc) as well as operators/managers of key demand generators such as major employers, local attractions, major event organizers or similar.

Facilities Recommendations
- Provide recommendation for a proposed highway commercial hotel and resort-based facility program and make recommendations on the most appropriate facilities mix for the proposed hotel/resort based on the foregoing research including room count, F&B facilities, meeting space size and configuration as well as other facilities and amenities and branding options.

Site Evaluation Overview
- Comment on the key location/site considerations for the development of a hotel/resort in the community relative to the qualitative factors which developers consider when selecting sites for hotel development.
- We would comment on the specific characteristics of the site that satisfy these criteria.

Interim Reporting Memo
- Preparation of a preliminary reporting memo outlining the research, analysis and conclusions drawn from the preceding work program.
PHASE 2

Market Projections
- Projection of annual supply growth for the market over the projection period based on a review of potential/proposed/under construction hotel properties in the competitive market
- Projection of annual demand and ADR growth on a segment by segment basis for the competitive market based on market research and information gathered from interviews with municipal officials and existing hotel operators

Property Market Projections (Top Line)
- Projection of the property’s market and ADR penetration levels on a segment by segment basis to determine the occupancy and ADR levels for the two product types over the projection period

Property Operating Projections
- Projection of the property’s ANOI (Adjusted Net Operating Income) based on the projected occupancy and ADR curve, assuming a normalized, stand-alone operation and taking into consideration standard underwriting criteria (for each product type)

Property Operating Projections
- On the basis of the analysis and projections over the course of the study, we would determine an Indication of Supportable Investment for the subject development utilizing the Discounted Cashflow approach to valuation with the application of market driven capitalization and discount rates (for each product type)
- The Supportable Investment would be related to an initial capital cost estimate for the hotel. By relating costs to supportable investment, this would provide a general indication of the economic viability of the project (under the two development scenarios)
- Under the assumption of traditional debt/equity financing investment the potential investment returns to the developer would be identified, for each product type.

Reporting
- Preparation of a full narrative Accommodation Needs Study report. As needed, we would also provide a PowerPoint presentation via webex that summarizes the research and analysis, key findings, and implications in order to facilitate a discussion amongst Town Council and any other key stakeholders as identified by the Town.
2.0 INNOVATION
Using our analysis in Phases 1 and 2 as a basis, we will provide our recommendations as to any possible suggestions or opportunities that could enhance the viability of the project. Drawing on our extensive experience from projects with similar mandates, we would identify the requirements to move the project forward, from the perspective of both private sector developers and public sector partners, giving consideration but not limited to the following:

- Joint venture participation
- Facility/Capital cost sharing
- Property tax relief
- Development charge relief
- Property tax relief
- Development charge relief
- Shared services/operating costs
- Funding and/or financing Assistance

3.0 PROJECT RESOURCES

David Ferguson is a Director with CBRE Hotels Valuation and Advisory Services group in Canada and is based in the Vancouver Office. David would take the role of Project Consultant. David joined CBRE Hotels in 2015, with CBRE’s acquisition of PKF Consulting Canada. David had worked in the Vancouver office of PKF since 1997 and had also previously worked in PKF’s Toronto office several years earlier. His consulting experience has included numerous feasibility studies and valuations for a diverse range of projects, including hotels, resorts, golf courses, recreation facilities and attractions in Canada, particularly throughout the western provinces and the three northern Territories. Other project experience includes Economic Impact studies and assignments that featured conference facilities, wellness/fitness facilities and spas. David also spent more than six years in various management capacities in hotel operations, including with Delta Hotels and Resorts and Metropolitan Hotels, where he participated in budgeting, financial reporting and revenue management among his multifaceted responsibilities.

Kirstin Hallett is a Director with CBRE Hotels Valuation and Advisory Services group in Canada. Kirstin would take on the role of Project Consultant.

Kirstin joined CBRE Hotels in 2015 with the CBRE’s acquisition of PKF Consulting Canada, where she was Senior Consultant. Kirstin had been with PKF since 2008. Prior to joining PKF, Kirstin was employed in sales and marketing with Pan Pacific Hotels in Whistler, British Columbia where she gained extensive experience in meeting/conference sales, conference services, and corporate and leisure travel sales, as well as hotel operations and revenue management.

At CBRE, Kirstin has worked on numerous resort and hotel feasibility studies and hotel appraisals and valuations for both full and limited service hotels throughout Canada. Other project assignments have included portfolio valuations, asset advisory, tourism opportunities analyses, conference centre feasibility studies and impact studies.

Kirstin recently co-lead the hotel feasibility study for the City of Maple Ridge, BC and previously worked with the Town of Sylvan Lake, AB and the City of Nelson, BC on hotel and conference centre needs assessments.

Kirstin is currently a Candidate Member of the Appraisal Institute of Canada.

Resumes for David and Kirstin have been included in Appendix A.
### 4.0 REFERENCES AND RELEVANT EXPERIENCE

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<tr>
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<tbody>
<tr>
<td>Client Name:</td>
<td>Mr. Bill Corsan</td>
</tr>
<tr>
<td>Client Title:</td>
<td>Manager, Real Estate</td>
</tr>
<tr>
<td>Organization:</td>
<td>City of Nanaimo Community Development Department</td>
</tr>
<tr>
<td>Telephone:</td>
<td>250-755-4426</td>
</tr>
<tr>
<td>Email:</td>
<td><a href="mailto:Bill.corsan@nanaimo.ca">Bill.corsan@nanaimo.ca</a></td>
</tr>
<tr>
<td>Description:</td>
<td>CBRE was retained by the City of Nanaimo to update a Market Study for the Vancouver Island Conference Centre and assess the viability of hotel development adjacent to the Conference Centre, with the results of that study, if positive, being utilized in attracting private sector investment to the project. The primary objective of the study was to update the 2004 VICC Market Feasibility Study to reflect market conditions in 2016 and determine in there is sufficient market support for an adjacent hotel, and identify the ideal product in terms of number of rooms, facilities, amenities and concept based on market demand and economic viability.</td>
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<tr>
<th>Municipal Client:</th>
<th>Market Study with Operation Projections, 2018 Proposed Hotel and Seniors Apartments, Neepawa, MB</th>
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<tbody>
<tr>
<td>Client Name:</td>
<td>Ms. Marilyn Crewe</td>
</tr>
<tr>
<td>Client Title:</td>
<td>Economic Development Officer</td>
</tr>
<tr>
<td>Organization:</td>
<td>Town of Neepawa, MB</td>
</tr>
<tr>
<td>Telephone:</td>
<td>204-476-7600</td>
</tr>
<tr>
<td>Email:</td>
<td><a href="mailto:edo@wcwave.ca">edo@wcwave.ca</a></td>
</tr>
<tr>
<td>Description:</td>
<td>CBRE was retained by the Town of Neepawa to prepare a preliminary assessment of the potential for a new hotel and seniors apartments development to be constructed on a site at the corner of Highway 5 North and Rutledge Road, in Neepawa, Manitoba.</td>
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<tr>
<th>Municipal Client:</th>
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<tbody>
<tr>
<td>Client Name:</td>
<td>Mr. Lino Siracusa</td>
</tr>
<tr>
<td>Client Title:</td>
<td>Manager, Economic Development</td>
</tr>
<tr>
<td>Organization:</td>
<td>City of Maple Ridge, BC</td>
</tr>
<tr>
<td>Telephone:</td>
<td>604-467-7319</td>
</tr>
<tr>
<td>Email:</td>
<td><a href="mailto:lsiracusa@mapleridge.ca">lsiracusa@mapleridge.ca</a></td>
</tr>
<tr>
<td>Description:</td>
<td>CBRE was retained by the City of Maple Ridge to prepare a hotel feasibility study for the City, identifying the recommended product based on market demand and economic feasibility. The study was intended to help the City to attract private sector development, as well as to consider what initiatives the City could implement to help support the project and whether a Shared Accommodation Strategy was a viable option for the City.</td>
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<tbody>
<tr>
<td>Client Name:</td>
<td>Mr. Manlio Marescotti</td>
<td>Mr. Jeff Curry</td>
<td>Mr. Brian Leon</td>
</tr>
<tr>
<td>Client Title:</td>
<td>Vice President, Development</td>
<td>Senior Director of Development</td>
<td>Managing Director – Franchise Growth</td>
</tr>
<tr>
<td>Organization:</td>
<td>Marriott Hotels of Canada</td>
<td>Hilton Worldwide</td>
<td>Choice Hotels</td>
</tr>
<tr>
<td>Telephone:</td>
<td>(905) 366-5240</td>
<td>(514) 695-6798</td>
<td>(905) 624-7817</td>
</tr>
<tr>
<td>Email:</td>
<td><a href="mailto:manlio.marescotti@marriott.com">manlio.marescotti@marriott.com</a></td>
<td><a href="mailto:jeff.curry@hilton.com">jeff.curry@hilton.com</a></td>
<td><a href="mailto:brian.leon@choicehotels.ca">brian.leon@choicehotels.ca</a></td>
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<tbody>
<tr>
<td>Client Name:</td>
<td>Mr. John Maxwell, CPA, CA</td>
<td>Mr. Steve McCulloch</td>
<td>Mr. Mark Kay</td>
</tr>
<tr>
<td>Client Title:</td>
<td>Director, Risk Management</td>
<td>VP, Credit Risk Management</td>
<td>President</td>
</tr>
<tr>
<td>Organization:</td>
<td>Roynat Capital</td>
<td>Business Development Bank of Canada (BDC)</td>
<td>CFO Group</td>
</tr>
<tr>
<td>Telephone:</td>
<td>(905) 335-6794</td>
<td>(416) 973-0051</td>
<td>(905) 477-6542 ext. 222</td>
</tr>
<tr>
<td>Email:</td>
<td><a href="mailto:maxwellj@roynat.com">maxwellj@roynat.com</a></td>
<td><a href="mailto:steve.mcculloch@bdc.ca">steve.mcculloch@bdc.ca</a></td>
<td><a href="mailto:mark.kay@cfoigroup.com">mark.kay@cfoigroup.com</a></td>
</tr>
</tbody>
</table>
Over the past 4 years, CBRE Hotels has completed the following assignments, working with municipalities in evaluating the potential for hotel development.

**CENTRAL ALBERTA ACCOMMODATION NEEDS STUDY**

Tourism Red Deer, AB, 2018

The Central Alberta Tourism Alliance retained the services of CBRE’s Tourism & Leisure Group to assess the opportunity of enhancing existing facilities and developing new fixed roof and non-fixed roof accommodations, which have the potential to strengthen Central Alberta’s position as a significant year-round tourism destination and prime location for small business events in the next 10 to 15 years. The Study Objectives include:

- To assess the existing supply – existing accommodation supply and proposed new supply in each community;
- To analyse current demand – existing levels and patterns of demand in the region;
- To project future demand – based on tourism trends and existing/proposed tourism product in the region;
- To project future supply requirements – identification of accommodation requirements based on existing supply and future demand for fixed roof accommodations only in relevant partner communities;
- To identify development opportunities – for fixed roof accommodations only based on future supply requirements at the community level (not site-specific); and
- To develop a strategic implementation plan – including the roles and requirements of partner municipalities and other catalyst organizations in moving forward with the strategic plan.

**HOTEL FEASIBILITY STUDY**

Maple Ridge, British Columbia, 2017

CBRE Hotels was retained in July 2017 to conduct a hotel feasibility study for the City of Maple Ridge, BC. The study purpose was to address three options for potential development including private sector hotel development, private sector hotel development with city incentives or joint venture participation, and a shared accommodations strategy. The workplan involved a competitive market analysis, site analysis, stakeholder engagement and interviews and an investment analysis/framework.

**ACCOMMODATION NEEDS STUDY, PRINCE EDWARD COUNTY**

Prince Edward County, Ontario, 2017

CBRE Hotels was retained in April 2017 by the Municipality of Prince Edward County to help determine whether there is an opportunity to develop additional roofed accommodation facilities in the County, and ultimately what type of facilities should be developed. The work plan involved a regional economic and tourism review, competitive accommodation market analysis, and extensive stakeholder engagement to determine appropriate facilities for the County under two potential alternative developments. The study also included a site selection analysis and market projections.

**BURKS FALLS ACCOMMODATION NEEDS ASSESSMENT & ECONOMIC IMPACT STUDY**

Burks Falls, Ontario, 2017

CBRE Hotels was retained in January 2017 to conduct an Accommodation Market and Economic Impact Study for a potential hotel development in Burk’s Falls (and area), Ontario. The primary objective of this study is to determine the viability and market support for overnight and medium stay accommodations directly within the community of Burk’s Falls, Armour and Ryerson. Additional objectives are to identify the ideal lodging product for the community in terms of number of rooms, facilities and amenities and concept based on market demand and economic viability, and to enhance the awareness of the economic impact of having overnight accommodations in the community.

**ACCOMMODATION NEEDS STUDY, TOWN OF LAKE SHORE**

Lakeshore, Ontario, 2016

CBRE Hotels was retained by the Town of Lakeshore to conduct a needs accommodation study for the Town of Lakeshore. CBRE Hotels evaluated local market, economic, and tourism conditions to determine the local community’s ability to generate demand for overnight accommodations. Recommendations were provided on the optimal development location for a proposed hotel as well as the type, size and amenities that should be developed in the Town. On the basis of the research, analysis and recommendations, CBRE prepared occupancy and ADR results for the first five years of operation for the potential hotel reflecting the seasonality of the market. At the conclusion of the engagement, CBRE prepared a Report summarizing the research, analysis, findings and conclusions including the projections for each development scenario.
ACCOMMODATION NEEDS STUDY, TOWN OF PETROLIA
Petrolia, Ontario, 2015
CBRE Hotels was retained by the Town of Petrolia to conduct a needs accommodation study for the Town of Petrolia. CBRE Hotels evaluated local market, economic, and tourism conditions to determine the local community’s ability to generate demand for overnight accommodations. Recommendations were provided based on two development scenarios; a limited service hotel and an Inn property, as the Town’s Victoria Playhouse provided a unique source of demand. On the basis of the research, analysis and recommendations CBRE prepared occupancy and ADR results for the first five years of operation for each potential hotel property. At the conclusion of the engagement, CBRE prepared a Report summarizing the research, analysis, findings and conclusions, including projections for each scenario.

HOTEL MARKET STUDY WITH OPERATING PROJECTIONS
Morden, MB, 2015
In December 2015, CBRE Hotels completed a Hotel Market Study with Operating Projections for the development of a proposed hotel in Morden, Manitoba on behalf of the Morden Community Development Corporation. The City wanted to assess the market and economic potential of a new hotel in order to attract investor interest. Tow specific sites were identified by municipal officials for consideration and CBRE undertook an analysis for each from a market perspective.

HOTEL AND CONFERENCE CENTRE FEASIBILITY STUDY
Sylvan Lake, AB 2015
The CBRE Team was retained by the Town of Sylvan Lake to conduct a feasibility study for a proposed conference centre and hotel in the Town of Sylvan Lake, Alberta. CBRE completed the Phase 1 Market, Facility and Site Assessment in May 2015 and upon the Town’s request moved forward with the Phase 2 Market and Financial Feasibility Study in October 2015. Phase 1 included a market, facility and site assessment that focused on identifying the potential type of facility that may be supported in Sylvan Lake in terms of both a conference centre and a hotel, while Phase 2 included a financial and operating assessment of the proposed facility with respect to expected capital and operating costs, operating and development considerations, and economic and community benefits.

FEASIBILITY STUDY FOR PROPOSED CONFERENCE CENTRE
Nelson, BC 2015
CBRE Tourism and Leisure Services Group was retained in March 2015 by the City of Nelson, British Columbia. City officials, along with the Nelson Civic Theatre Society to examine the feasibility of developing a conference centre as an addition to their existing Civic Centre, which also included a performing arts component. An Architect had already developed conceptual plans and high-level order of magnitude capital costs for the proposed conference facility. CBRE’s role was to determine where there would be sufficient demand for use of the conference centre and provide financial operating projections to determine the viability of the initiative.

HOTEL MARKET STUDY WITH OPERATING PROJECTIONS
Souris, MB 2014
CBRE Hotels completed a Hotel Market Study with Operating Projections for the development of a proposed hotel in Souris, Manitoba on behalf of the Souris & Glenwood Community Development Corporation. The municipality wanted to assess the market and economic potential of a new hotel in order to attract investor interest.
5.0 PROJECT TIMELINE, PRICING AND PAYMENT SCHEDULE

We are prepared to commence the assignment immediately upon receiving your authorization to proceed and the requested retainer.

The pricing for the performance of the Services described in this proposal are on a Fixed Price basis, including all expenses.

Anticipated Start Date: Week of May 22, 2018
Research/Consultation Phase: May to July 2018
Submission of Phase 1 Report: Week of July 9, 2018
Submission of Draft Final Report: Wed. August 15, 2018
Anticipated Project Completion: September 7, 2018

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<tr>
<th>Step</th>
<th>Task</th>
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<tr>
<td>Step 1.1</td>
<td>Project Orientation (Start Up Meeting #1)</td>
<td>1</td>
<td>Week of May 22, 2018</td>
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<td>Step 1.2</td>
<td>Economic and Tourism Review</td>
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<td>Step 1.3</td>
<td>Historic Market Performance Review</td>
<td>2-6</td>
<td>June 2018</td>
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<td>Step 1.4</td>
<td>Stakeholder Consultation</td>
<td>2-6</td>
<td>June 2018</td>
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<td>Step 1.5</td>
<td>Facilities Recommendations</td>
<td>2-6</td>
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<td>Site Evaluation Overview</td>
<td>2-6</td>
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<tr>
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<td>Interim Report Memo Submission (Meeting #2)</td>
<td>7</td>
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<td></td>
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<td>8</td>
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<tr>
<td>Step 2.1</td>
<td>Market Projections</td>
<td>9-12</td>
<td>July/August 2018</td>
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<tr>
<td>Step 2.2</td>
<td>Property Market Projections (Top Line)</td>
<td>9-12</td>
<td>July/August 2018</td>
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<td>Step 2.3</td>
<td>Property Operating Projections</td>
<td>9-12</td>
<td>July/August 2018</td>
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<td>Draft Final Report Presentation (Meeting #3)</td>
<td>13</td>
<td>Wed. August 15, 2018</td>
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<td>Step 2.4</td>
<td>Final Report Submission</td>
<td>16</td>
<td>September 7, 2018</td>
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<tr>
<td></td>
<td>Final Report Presentation</td>
<td>TBC</td>
<td>TBC</td>
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Our professional fees and expenses to undertake the recommended components of the study would be $15,000, including all taxes and expenses, as detailed in the following exhibit. In addition to administration and reporting costs, expenses include: travel, accommodation and meals to participate in the Project Orientation as well as regular project meetings via conference calls. Taxes vary by province in which travel/expenses are booked and/or incurred.
Advisory Services Agreement
Hotel Economic Feasibility Study, Canal Flats, BC
Page 13
April 23, 2018

We are prepared to commence the assignment upon receiving your authorization to proceed and the requested retainer.

We require a retainer of $9,214 (Phase 1 Professional Fees plus taxes). The balance of the professional fees and expenses will be invoiced in conjunction with the Draft Final Report.

All accounts becoming past due by 30 days or more are charged interest at the rate of 1.5% per month (19.6% per annum) commencing the 30 days past due date and compounded monthly thereafter.

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<th>Phase</th>
<th>Task</th>
<th>DF</th>
<th>KH</th>
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<td>Phase 1</td>
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<td>Total Study Budget</td>
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<td>Final Invoice</td>
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<td>$5,511.00</td>
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COMPANY BACKGROUND

CBRE Hotels

CBRE is the world’s largest real estate services provider, with a preeminent leadership position in virtually all key business centers globally. The firm has more than 44,000 employees (excluding partner and affiliate companies) operating in 349 offices in 42 countries. CBRE Hotels, a specialized advisory group within CBRE, provides owners, operators, financial institutions, developers and investors in the hotel sector with a single global source for lodging and hospitality brokerage, valuation, consulting, research and capital markets services. CBRE Hotels is comprised of over 375 dedicated hospitality professionals located in 60 offices across the globe.

CBRE has offered hotel valuation services in Canada for over 20 years. The CBRE Hotels Valuation and Advisory Services group has historically been primarily focused on hospitality valuation. In 2013, CBRE Hotels relationship with the industry was formally recognized when the firm was awarded the Pinnacle Award for Hotel Industry Supplier of the Year by Hotelier Magazine.

In 2015, CBRE acquired PKF Consulting’s Canadian practice which brought expertise and depth in advisory services and industry monitoring to the Hotels group. This acquisition followed CBRE’s 2014 acquisition of PKF Consulting’s US practice. The CBRE Hotels practice is the largest firm offering professional services to the Canadian hospitality and tourism industries.

With the acquisition of PKF Consulting Inc., CBRE now maintains the only proprietary data base on the accommodation industry in Canada. On an annual basis about 650 properties (120,000 rooms) provide us with their detailed operating statements, while on a monthly basis we obtain and monitor the rate and occupancy of 1,900 properties representing over 60% of the Canadian industry’s 370,000 rooms. The CBRE database has been in place for over 20 years. The confidentiality of individual property data is of the utmost importance; however we have the ability to examine the top line, operating structure and bottom line performance of these individual properties, and bring that knowledge to our engagements.

The CBRE Hotel group in Canada is comprised of 20 professionals located in Vancouver, Calgary, Montreal and Toronto and provides development, valuation, advisory and brokerage services to over a billion dollars’ worth of hotel assets annually to owners, lenders, purchasers and developers.

These services include:

- Market and Economic Feasibility Studies
- Estimates of Value/ AACI or MAI Appraisals
- Acquisitions and Underwriting Due Diligence
- Asset Evaluations
- Operational Reviews
- Management Contract Negotiations
- Brokerage
- Franchise Agreement Negotiation
- Litigation Support
- Asset Management/Owners Representation
- Strategic Planning
- Economic Impact
- Industry Assessments
- Capital Markets

CBRE’s Valuation and Advisory Team includes a group of 52 personnel across Canada including 24 accredited AACI appraisers who service all aspects of the commercial real estate sector. Within that team, the CBRE Hotels group offers 11 professionals who focus exclusively on servicing the needs of the hospitality and tourism industry in Canada. This is the largest and most qualified group in Canada, with over 200 years of combined operational, development, valuation and advisory experience specific to the hospitality and tourism industry. Each of these professionals is a member of one or more of the Valuations and Advisory sectors leading accrediting bodies including the Appraisal Institute of Canada, the Royal Institution of Chartered Surveyors, the International Society of Hospitality Consultants, and the Canadian Association of Management Consultants.

CBRE Hotels is actively involved in the industries that it serves. Our team members regularly present at industry conferences, author articles for industry journals and sit on numerous committees and boards. This involvement includes memberships in over 25 industry associations across Canada, providing the opportunity to keep in touch with and provide feedback to the industry.
CBRE Tourism & Leisure Group

Tourism & Leisure Group has extensive experience in Canada’s tourism and leisure sector, including:

- Attractions
- Convention and Conference Centers
- Recreation Facilities (ski resorts, marinas, golf courses, campgrounds, etc.)
- Spas
- Multi-use and Waterfront Developments
- Public Assembly Facilities
- Institutional Accommodation and Recreation facilities
- Gaming

In addition to serving clients who represent private investment interests, CBRE’s Tourism & Leisure Group is frequently engaged in a consulting capacity by national, provincial and municipal governments and indigenous groups. We have a demonstrated knowledge of and relevant experience working with many non-profit organizations, including industry associations and destination marketing organizations. Our staff also compiles and prepares statistical and trend information, undertakes tourism surveys and conducts public consultation, and joint ventures frequently with architects, attraction planners, recreation consultants, land use planners, engineers, primary research firms and other outside experts.

Our services include:

- Market and Economic Feasibility Studies
- Strategic Planning
- Tourism Business Planning
- Tourism Master Planning
- Organizational Assessments
- Site Assessments
- Operational Reviews
- Needs Assessments
- Economic Impact Assessments
- Tourism Investment Opportunities & Strategies
- Industry Surveys & Trends Analysis

Industry Monitoring and Publications

The CBRE Hotels group maintains comprehensive industry database and publishes a number of industry monitoring pieces including:

Trends in the Hotel Industry Operations Report
This statistical review of operating and financial information is voluntarily contributed by hotels, motels and resorts from across Canada. CBRE Hotels Trends database contains in excess of 650 properties representing over 120,000 rooms. The most recent 2017 edition offers readers a summary of the national accommodation market performance for the year ending December 31, 2016 in addition to a complete comparative analysis of 2015 and 2016 operating results.

Trends in the Hotel Industry National Market Report
On a monthly basis, CBRE Hotels obtains and monitors the occupancy, average daily rate and revenue per available room of 1,900 properties representing over 60% of the Canadian industry’s 400,000 rooms. Top-line operating results are tracked nationally and by region; province; key urban markets and submarkets across Canada.
Canadian Lodging Sector Economic Impact Report
An annual analysis of the economic impact of the hotel industry in Canada on behalf of the Hotel Association of Canada (HAC). This includes a summary of the distribution of hotels and hotel rooms by province as well as the direct and indirect revenues and employment generated by the hotel sector on a national and provincial level.

Canadian Cap Rates & Investments Insight Report
A quarterly snapshot of Canadian commercial real estate cap rates and investment trends in major markets across a variety of asset classes.

Commercial Real Estate Outlook
An annual outlook for the Canadian Commercial Real Estate market examining the hotel sector in conjunction with the office, industrial, and residential sectors in major markets across Canada.

Canadian Hotel Lenders Survey
A survey examining the 2016 hotel lending environment within Canada and expectations for 2017.
SCHEDULE B

REQUIRED INFORMATION

- Any information available on potential sites/locations
- Any economic or tourism related information available for Canal Flats
SCHEDULE C

TERMS AND CONDITIONS

1. This Proposal and the Advisory and/or Appraisal Report to be prepared by CBRE shall be subject to General Assumptions and Limiting Conditions which are attached as Schedule “D” hereto. These Terms and Conditions and the General Assumptions and Limiting Conditions shall also be specifically included in the Advisory and/or Appraisal Report, failing which these Terms and Conditions, and the General Assumptions and Limiting Conditions, shall be deemed to have been specifically incorporated by reference into the Advisory and/or Appraisal Report, as though set out in full in the Advisory and/or Appraisal Report itself.

2. The Client in accepting, by its signature, this Proposal, has specifically agreed to the Terms and Conditions set out herein; and the General Assumptions and Limiting Conditions attached to this Proposal as Schedule “D”.

3. This Proposal, and the Advisory and/or Appraisal Report to be prepared by CBRE, is intended for the exclusive use of the Client, and is not intended to be prepared for, given to, or relied upon, by any other person or entity, without the express prior written consent of CBRE, and the appraiser who authored the Advisory and/or Appraisal Report.

4. In the event the Client requests additional services beyond the scope or purposes stated in this Proposal, the Client agrees to pay CBRE an additional charge for such services, plus reimbursement of expenses, and all applicable taxes, regardless of whether any or all completed appraisal reports have been delivered to the Client at the time of the request.

5. In the event the Client fails to make payments to CBRE, when due and payable, then from the date due and payable until paid, the amount due and payable shall bear interest at a monthly rate of one and one-half (1.5%) percent or eighteen (18%) percent per annum.

6. In the event the CBRE appraiser preparing this Advisory and/or Appraisal Report for the Client, is requested to give testimony in any judicial or quasi-judicial process or hearing, an additional fee will be charged for the CBRE appraiser’s time, which shall be calculated and payable in the amount of Four Hundred Dollars ($400.00) per hour, plus applicable taxes. This hourly billing rate shall be applied to document review, preparation for testimony, all meetings related to testimony, attendance at and during any hearing or court proceeding as required, and all travel time.

7. The data gathered in the course of the preparation of the appraisals to be provided hereunder (except data furnished by Client) and the appraisal reports themselves, are, and will remain, the property of CBRE. With respect to data provided by Client, CBRE shall not violate the confidential nature of the appraiser-client relationship by improperly disclosing any confidential information furnished to CBRE. Notwithstanding the foregoing, CBRE is authorized by Client to disclose all or any portion of the Advisory and/or Appraisal Report, to be prepared hereunder, and the related data, and any working papers related thereto, to appropriate representatives of the Appraisal Institute if such disclosure is required to enable CBRE to comply with the Bylaws and Regulations of the Appraisal Institute, as now or hereafter in effect, and in any judicial or quasi-judicial proceeding if disclosure is required by the Client, or by the process, or by order of the trier of fact.

8. CBRE assumes that there are no major or significant items in the preparation of the Advisory and/or Appraisal Report that would require the expertise of a professional building contractor or engineer. If such items need to be considered in CBRE’s preparation of the Advisory and/or Appraisal Report required hereunder, such services shall be provided by others at a cost which shall not be included in, or be any part of the fee stipulated in this Proposal.

9. Client acknowledges that CBRE is being retained hereunder as an independent contractor to perform the services described herein and nothing in this Proposal, and the preparation of the required Advisory and/or Appraisal Report shall be deemed to create any other relationship between Client and CBRE. This assignment shall be deemed concluded and the services hereunder completed upon delivery to Client of all the appraisal reports required herein.
10. Client shall provide CBRE with such materials with respect to the preparation of the Advisory and/or Appraisal Report required hereunder as are requested by CBRE and in the possession or under the control of Client. Client shall provide CBRE with sufficient access to the Property to be appraised and hereby grants CBRE permission to enter upon the Property for the purposes of preparing the Advisory and/or Appraisal Report, unless CBRE has specifically agreed in advance, and in writing, to the contrary.

11. CBRE agrees to indemnify, defend, and hold harmless the Client, as well as the Client’s directors, officers, employees, agents, and representatives, from and against all claims, liabilities, judgments, actions, penalties and other expenses, including court costs and solicitor fees and applicable taxes, arising from any established gross negligence or willful misconduct on the part of CBRE in connection with the preparation of the Advisory and/or Appraisal Report.

12. The Client agrees to indemnify, defend, and hold harmless CBRE, as well as CBRE’s directors, officers, employees, agents, and representatives, from and against all claims, liabilities, judgments, actions, penalties and other expenses, including court costs and solicitor fees and applicable taxes, arising from any incorrect information supplied by the Client to CBRE, or any material fact or documentation known by the Client, which the Client fails to disclose to CBRE.

13. In the event:
   a) the Client requests the consent of CBRE to disclose the Advisory and/or Appraisal Report to a third party, and CBRE provides the Client with CBRE’s written consent to disclose the Advisory and/or Appraisal Report to such third party; or
   b) CBRE otherwise agrees in writing to the disclosure of the Advisory and/or Appraisal Report to a third party;

then the Client agrees to indemnify, defend, and hold harmless CBRE, as well as CBRE’s directors, officers, employees, agents, and representatives, from and against all claims, liabilities, judgments, actions, penalties, and other expenses, including court costs and solicitor fees and applicable taxes, arising from the disclosure of the Appraisal Report to the third party, and not attributable to any established gross negligence or willful misconduct on the part of CBRE in connection with the preparation of the Advisory and/or Appraisal Report.

14. Under no circumstances whatsoever shall CBRE be liable to the Client for any special, consequential, punitive, or incidental damages, of any kind whatsoever, arising in any manner whatsoever, from this Proposal and the Appraisal Report. Furthermore, in no event whatsoever shall CBRE’s total liability to the Client for direct, indirect, or any other damages whatsoever, arising in any manner whatsoever, from this Proposal or the Advisory and/or Appraisal Report exceed, in the aggregate, the sum of ten thousand Canadian dollars ($10,000.00 CAD).

15. This Proposal, including Schedules “A”, “B” and “C”, and the Advisory and/or Appraisal Report constitutes the entire agreement between the parties concerning the subject matter hereof, and supersedes all other prior proposals, agreements (whether oral or written), representations, statements, negotiations and undertakings as they relate to the subject matter of this Proposal.

16. The headings inserted in this Proposal are for convenience of reference only and, in no way define, limit or enlarge the scope or meaning of any of the terms and conditions contained in this Proposal.

17. Should any provision of this Proposal be unenforceable at law, it shall be considered separate and severable from the remaining provisions of this Proposal, which shall continue in force and shall be binding as though such provision had not been included.

18. This Proposal shall not be assignable by the Client and CBRE without the express prior written consent of the other of them. This Proposal shall be for the benefit of and shall be binding upon the heirs, successors and the permitted assigns of the Client and CBRE.

19. The validity, construction and performance of this Proposal and the Advisory and/or Appraisal Report shall be governed by the laws in force and effect in the Province where the Real Estate resides. The Client and CBRE hereto attorn to the jurisdiction of the Courts of such Province, with respect to all disputes regarding the validity, construction, performance, enforceability, and interpretation of this agreement.
20. Any amendments or modifications to the Proposal shall not be effective unless in writing and signed by both the Client and CBRE.

21. Draft copy of all reports would be issued for your review. If you defer our issuance of the final report more than 30 days beyond the delivery of the preliminary and/or draft reports, we may be required to update our research and analysis at an additional fee.
ASSUMPTIONS AND LIMITING CONDITIONS

1. Unless otherwise specifically noted in the body of the report, it is assumed that title to the property or properties appraised is clear and marketable and that there are no recorded or unrecorded matters or exceptions to title that would adversely affect marketability or value. CBRE is not aware of any title defects nor has it been advised of any unless such is specifically noted in the report. CBRE, however, has not examined title and makes no representations relative to the condition thereof. Documents dealing with liens, encumbrances, easements, deed restrictions, clouds and other conditions that may affect the quality of title have not been reviewed. Insurance against financial loss resulting in claims that may arise out of defects in the subject property’s title should be sought from a qualified title company that issues or insures title to real property.

2. Unless otherwise specifically noted in the body of this report, it is assumed: that the existing improvements on the property or properties being appraised are structurally sound, seismically safe and code conforming; that all building systems (mechanical/electrical, HVAC, elevator, plumbing, etc.) are in good working order with no major deferred maintenance or repair required; that the roof and exterior are in good condition and free from intrusion by the elements; that the property or properties have been engineered in such a manner that the improvements, as currently constituted, conform to all applicable local, provincial, and federal building codes and ordinances. CBRE professionals are not engineers and are not competent to judge matters of an engineering nature. CBRE has not retained independent structural, mechanical, electrical, or civil engineers in connection with this appraisal 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 CBRE by ownership or management; CBRE inspected less than 100% of the entire interior and exterior portions of the improvements; and CBRE was not furnished any engineering studies by the owners or by the party requesting this appraisal. 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 appraisal. Accordingly, if negative findings are reported by engineering consultants, CBRE reserves the right to amend the appraisal conclusions reported herein.

3. Unless otherwise stated in this report, the existence of hazardous material, which may or may not be present on the property, was not observed by the appraisers. CBRE has no knowledge of the existence of such materials on or in the property. CBRE, however, is not qualified to detect such substances. The presence of substances such as asbestos, urea formaldehyde foam insulation, contaminated groundwater or other potentially hazardous materials may affect the value of the property. The value estimate is predicated on the assumption that there is no such material on or in the property that would cause a loss in value. No responsibility is assumed for any such conditions, or for any expertise or engineering knowledge required to discover them. The client is urged to retain an expert in this field, if desired.

We have inspected, as thoroughly as possible by observation, the land; however, it was impossible to personally inspect conditions beneath the soil. Therefore, no representation is made as to these matters unless specifically considered in the appraisal.

4. 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 unless otherwise stated. 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 CBRE. This report may be subject to amendment upon re-inspection of the subject property 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.
5. 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 appraisal report. Unless otherwise specifically noted in the appraisal report, CBRE has no reason to believe that any of the data furnished contain any material error. Information and data referred to in this paragraph include, without being limited to, numerical street addresses, lot and block 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, CBRE 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 CBRE of any questions or errors. CBRE does not make any representation or warranty, express or implied, as to the accuracy or completeness of the information or the state of affairs of the real property furnished by the Client to CBRE and contained in any appraisal report prepared by CBRE.

6. The date of value to which any of the conclusions and opinions expressed in this report apply, is set forth in the Letter of Transmittal. Further, that the dollar amount of any value opinion herein rendered is based upon the purchasing power of the Canadian Dollar on that date. This appraisal is based on market conditions existing as of the date of this appraisal. Under the terms of the engagement, we will have no obligation to revise this report to reflect events or conditions which occur subsequent to the date of the appraisal. However, CBRE will be available to discuss the necessity for revision resulting from changes in economic or market factors affecting the subject.

7. CBRE assumes no private deed restrictions, limiting the use of the subject property in any way.

8. Unless otherwise noted in the body of the report, it is assumed that there is no mineral deposit or subsurface rights of value involved in this appraisal, whether they are gas, liquid, or solid. Nor are the rights associated with extraction or exploration of such elements considered unless otherwise stated in this appraisal report. Unless otherwise stated it is also assumed that there are no air or development rights of value that may be transferred.

9. CBRE is not aware of any contemplated public initiatives, governmental development controls, or rent controls that would significantly affect the value of the subject.

10. The estimate of Market Value, which may be defined within the body of this report, is subject to change with market fluctuations over time. Market value is highly related to exposure, time promotion effort, terms, motivation, and conclusions surrounding the offering. The value estimate(s) consider the productivity and relative attractiveness of the property, both physically and economically, on the open market.

11. Any cash flows included in the analysis are forecasts of estimated future operating characteristics are predicated on the information and assumptions contained within the report. Any projections of income, expenses and economic conditions utilized in this report are not predictions of the future. Rather, they are estimates of current market expectations of future income and expenses. The achievement of the financial projections will be affected by fluctuating economic conditions and is dependent upon other future occurrences that cannot be assured. Actual results may vary from the projections considered herein. CBRE does not warrant these forecasts will occur. Projections may be affected by circumstances beyond the current realm of knowledge or control of CBRE.

12. Unless specifically set forth in the body of the report, nothing contained herein shall be construed to represent any direct or indirect recommendation of CBRE to buy, sell, or hold the properties at the value stated. Such decisions involve substantial investment strategy questions and must be specifically addressed in consultation form.

13. Also, unless otherwise noted in the body of this report, it is assumed that no changes in the present zoning ordinances or regulations governing use, density, or shape are being considered. The property is appraised assuming that all required licenses, certificates of occupancy, consents, or other legislative or administrative authority from any local, provincial, nor national government or private entity or organization have been or can be obtained or renewed for any use on which the value estimates contained in this report is based, unless otherwise stated.
14. The report has been prepared at the request of the client, and for the exclusive (and confidential) use of the client. The report may not be duplicated in whole or in part without the specific written consent of CBRE nor may this report or copies thereof be disclosed to third parties without said written consent, which consent CBRE reserves the right to deny. If consent is given, it will be on condition that CBRE will be provided with an Indemnification Agreement and/or Non-Reliance letter, in a form and content satisfactory to CBRE, by a party satisfactory to CBRE. Exempt from this restriction is duplication for the internal use of the client-addressee and/or transmission to attorneys, accountants, or advisors of the client-addressee. Also exempt from this restriction is transmission of the report to any court, governmental authority, or regulatory agency having jurisdiction over the party/parties for whom this appraisal was prepared, provided that this report and/or its contents shall not be published, in whole or in part, in any public document without the express written consent of CBRE which consent CBRE reserves the right to deny. Finally, this report shall not be advertised to the public or otherwise used to induce a third party to purchase the property or to make a “sale” or “offer for sale” of any “security”. Any third party which may possess this report is advised that they should rely on their own independently secured advice for any decision in connection with this property. CBRE shall have no accountability or responsibility to any third party.

15. Any value estimate provided in the report applies to the entire property, and any pro ration or division 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.

16. 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 appraisal and are invalid if so used.

17. The maps, plats, sketches, graphs, photographs and exhibits included in this report are for illustration purposes only and are to be utilized only to assist in visualizing matters discussed within this report. Except as specifically stated, data relative to size or area of the subject and comparable properties has been obtained from sources deemed accurate and reliable. None of the exhibits are to be removed, reproduced, or used apart from this report.

18. No opinion is intended to be expressed on matters which may require legal expertise or specialized investigation or knowledge beyond that customarily employed by real estate appraisers. Values and opinions expressed presume that environmental and other governmental restrictions/conditions by applicable agencies have been met, including but not limited to seismic hazards, flight patterns, decibel levels/noise envelopes, fire hazards, hillside ordinances, density, allowable uses, building codes, permits, licenses, etc. No survey, engineering study or architectural analysis has been made known to CBRE unless otherwise stated within the body of this report. If the Consultant has not been supplied with a termite inspection, survey or occupancy permit, no responsibility or representation is assumed or made for any costs associated with obtaining same or for any deficiencies discovered before or after they are obtained. No representation or warranty is made concerning obtaining these items. CBRE assumes no responsibility for any costs or consequences arising due to the need, or the lack of need, for flood hazard insurance.

19. Acceptance and/or use of this report constitutes full acceptance of the Contingent and Limiting Conditions and special assumptions set forth in this report. It is the responsibility of the Client, or client’s designees, to read in full, comprehend and thus become aware of the aforementioned contingencies and limiting conditions. Neither the Appraiser nor CBRE assumes responsibility for any situation arising out of the Client’s failure to become familiar with and understand the same. The Client is advised to retain experts in areas that fall outside the scope of the real estate appraisal/consulting profession if so desired.

20. CBRE assumes that the subject property analyzed herein will be under prudent and competent management and ownership; neither inefficient nor super-efficient.

21. It is assumed that there is full compliance with all applicable federal, provincial, and local environmental regulations and laws unless noncompliance is stated, defined and considered in the appraisal report.

22. No survey of the boundaries of the property was undertaken. All areas and dimensions furnished are presumed to be correct. It is further assumed that no encroachments to the realty exist.
23. The property has been valued on the basis that the property complies in all material respects with any restrictive covenants affecting the property and has been built and is occupied and is being operated, in all material respects, in full compliance with all requirements of law, including all zoning, land use classification, building, planning, fire and health by-laws, rules, regulations, orders and codes of all federal, provincial, regional and municipal governmental authorities having jurisdiction with respect thereto. There may be work orders or other notices of violation of law outstanding with respect to the real estate as described in the report. However, such circumstances have not been accounted for in the appraisal process.

24. No inquiries have been placed with the fire department, the building inspector, the health department or any other government regulatory agency, unless such investigations are expressly represented to have been made in the report. The subject property must comply with such regulations and, if it does not comply, its non-compliance may affect the market value of the property. To be certain of such compliance, further investigations may be necessary.

25. Because market conditions, including economic, social and political factors, change rapidly and, on occasion, without notice or warning, the estimate of value expressed herein, as of the effective date of this appraisal, cannot be relied upon as of any other date without subsequent advice of CBRE.

26. Client shall indemnify and hold CBRE fully harmless against any loss, damages, claims, or expenses of any kind whatsoever (including costs and reasonable attorneys’ fees), sustained or incurred by a third party as a result of the negligence or intentional acts or omissions of Client, and for which recovery is sought against CBRE by that third party.
APPENDIX A
RESUMES
Experience

David Ferguson is a Director with CBRE Hotels Valuation and Advisory Services group in Canada and is based in the Vancouver Office. David joined CBRE Hotels in 2015, with CBRE’s acquisition of PKF Consulting Canada. David had worked in the Vancouver office of PKF since 1997 and had also previously worked in PKF’s Toronto office several years earlier. His consulting experience has included numerous feasibility studies and valuations for a diverse range of projects, including hotels/motels, resorts, heli lodges, golf courses, recreation facilities and attractions. Other project experience includes Economic Impact studies and assignments featuring conference/convetion spaces, food and beverage, wellness/fitness facilities and spas. David also spent more than six years in various management capacities in hotel operations, including with Delta Hotels and Resorts and Metropolitan Hotels, where he participated in budgeting, financial reporting and revenue management among his multifaceted responsibilities. David is a Candidate Member with the Appraisal Institute of Canada and is in the process of attaining the AACI designation.

Representative Assignments

Hotel & Resort Development Evaluations, Appraisals, Valuations & Operational Reviews

British Columbia – Vancouver, Richmond, North Vancouver, Burnaby, Surrey, Langley, Maple Ridge, Coquitlam, Squamish, Whistler, Pemberton, Seaton Portage, Abbotsford, Chilliwack, Hope, Kamloops, Sun Peaks, 108 Mile, Kelowna, Penticton, Oliver, Osoyoos, Quesnel, Salmon Arm, Shuswap, Prince George, Bella Coola, Fort St. John, Terrace, Courtenay, Victoria, Malahat, Maple Bay/Duncan, Ladysmith, Nanaimo, Ucluelet, Tofino, Campbell River, Fernie, Sparwood, Cranbrook, Revelstoke, Kicking Horse Mountain Resort (Golden), Panorama Resort


Saskatchewan/Manitoba – Regina, Saskatoon, Weyburn, North Battleford, Prince Albert, Moose Jaw, Swift Current, Rosetown, Winnipeg, Brandon, Thompson, Dauphin, Flin Flon, Portage La Prairie

Other Markets:

- Territories - Yellowknife, Inuvik, Iqaluit
- Quebec - Montreal, Levis, Sherbrooke, Trois Rivieres, Beauport, Quebec City
- Ontario - Toronto, Kingston, Barrie, North Bay, Trenton, Belleville, Ottawa, Windsor, London, Kawartha Lakes
- Nova Scotia – Yarmouth
- USA/Intl. - Kalispell/Flathead Lake (Montana), Salt Lake City, Panama, Bahamas

Economic Impact Assignments

- Economic Impact of Pacific National Exhibition, Vancouver
- Economic Impact of Proposed Arena/Entertainment Complex at West Edmonton Mall
- Economic Impact of Gallery of Aboriginal Art (Operates as Bill Reid Gallery of Northwest Coast Art), Vancouver

Education

- Graduate – Ryerson University School of Hospitality & Tourism Management
Kirstin Hallett is a Director with CBRE Hotels Valuation and Advisory Services group in Canada. Kirstin joined CBRE Hotels in 2015 with CBRE’s acquisition of PKF Consulting Canada, where she was Senior Consultant. Kirstin had been with PKF since 2008. Prior to joining PKF, Kirstin was employed in sales and marketing with Pan Pacific Hotels in Whistler, British Columbia where she gained extensive experience in meeting/conference sales, conference services, corporate and leisure travel sales, as well as hotel operations and revenue management.

At CBRE, Kirstin has worked on numerous resort and hotel feasibility studies and hotel appraisals and valuations for both full and limited service hotels throughout Canada. Other project assignments have included portfolio valuations, asset advisory services, tourism opportunities analyses, conference centre feasibility studies and impact studies.

Kirstin is currently a Candidate Member of the Appraisal Institute of Canada.

**Representative Assignments**

**Hotel & Resort Development Evaluations, Appraisals, Valuations & Operational Reviews**

- **Alberta**: Airdrie, Blackfalds, Calgary, Canmore, Cold Lake, Edmonton, Fort McMurray, Grande Prairie, Lacombe, Leduc/Nisku, Lethbridge, Olds, Red Deer, Rocky View County, Sylvan Lake,

- **British Columbia**: 108 Mile, Burnaby, Campbell River, Coquitlam, Courtenay, Cranbrook, Golden, Kelowna, Langley, Maple Ridge, Nelson, Penticton, Prince George, Revelstoke, Richmond, Sechelt, Sidney, Surrey, Tofino, Vancouver, Victoria, Williams Lake, Whistler

- **International**: Panama City, Panama

- **Other Markets**: Etobicoke, Hamilton, Markham, Mississauga, Newmarket, Niagara Falls, Ontario, Richmond Hill, St. Catharine’s, Timmins, Toronto, Waterloo

- **Saskatchewan/Manitoba**: Regina, Saskatoon, Weyburn, Estevan, Shaunavon, Winnipeg

**Education**

- Bachelor of Commerce, Hotel Management, University of Victoria
- Diploma, Hotel & Restaurant Management, Douglas College